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ECONOMICS
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Capital Strike by Big Business ?

Mid-term Poll Prospects

Consultancy in Management Innovations

Uncertainties in the New Year

Banks' Role in Economic Growth

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Capital Strike by Big Business?

WHEN the Prime Minister, Mrs. Indira Gandhi, claimed at her recent Press conference that there was considerable improvement in the economy in the past one year, she was politely questioned on the basis for her optimistic evaluation. Taken aback a little, Mrs. Gandhi quickly conceded that the economic situation was "not ideal" and blamed, as usual, big business for the current lag in investments. She accused some industrialists of "very deliberately" holding up new investments in the hope of forcing her Government to change its policies. Coming as it does soon after the decision of Mrs. Gandhi to seek "a fresh mandate from the people", her unjustified charge against the business community has apparently cut the latter to the quick.

If, as the Prime Minister says, industrialists are on a "capital strike", what prevents the Government from going ahead with its own investments in the public sector? Should not the Government, committed to undiluted socialism of the Russian brand, welcome a development in which the much-maligned Birlas and Tatas voluntarily make way for smaller and new entrepreneurs to come in? Even now, it is not too late for the Prime Minister to come out with facts and figures of public and private-sector investments since the commencement of the Fourth Plan and the progress on projects taken up by them in the last 21 months. That will leave the electorate to decide for itself where the ultimate blame rests.

It is common knowledge that proposals of the larger industrial undertakings for fertiliser projects are being shunted from one Ministry to another without letting the new investments to be made. In the public sector, the expansion programmes of the Bhilai steel plant and of Bokaro are yet to be approved, even though the Government is only too well aware of the growing shortage of steel in the country. Progress on the preliminary work on the three steel plants in the south is held up due to the controversy on who should be the consultants. In the meantime, the Central Minister for Steel, Mr. B. R. Bhagat, has no hesitation in publicly acknowledging the failure of the Government's steel policy and warning the nation of the acute shortage of steel continuing throughout the 'seventies.

Steel is certainly not a private-sector responsibility and the record of the two private-sector plants will certainly go to show that they have, compared with the public-sector plants, fared better in the past year. Durgapur is in a mess and the Prime Minister has been a helpless spectator of what has been happening in Durgapur and elsewhere in West Bengal. If anything, the business community needs to be commended for braving the climate of violence and disorder in West Bengal and not losing its nerves. If Mrs. Gandhi had instead turned her anger against elements indulging in brutal violence, she would have improved her image in the eyes of the public which is stupified by a total lack of concern among power-crazy politicians in New Delhi for the safety of lives and property of their voters.

If it was the Prime Minister's point that the investment climate in the country today was "excellent", she was undoubtedly raising a very controversial point. Even those business men whom she is accusing of holding up investments agree that the potential is good but not the climate. With successive good harvests for four years, the agricultural economy is passing through a boom and the resources generated in the rural areas could be mopped up for investment

in new lines of production. In fact, industrialists go a step farther and suggest that there is a good potential for stepping up industrial production at an annual rate of 15 per cent or 18 per cent, against 8 per cent or 10 per cent envisaged by the Planning Commission.

Where then is the snag ? The Government says it is in the minds of industrialists and the latter point an accusing finger at the Government policies and programmes. Mrs. Gandhi said in her Press conference that the Government was committed to promoting "a mixed economy" and had, therefore, demarcated clearly the areas in which the public sector would be the sole investor, the areas in which the big business groups could operate and the areas reserved for the middle-level and small entrepreneurs. If the purpose is really to have a mixed economy that will be both efficient and effective, then what is required is not the creation of "cattle sheds" for different categories of investors but to let them operate in a mixed manner in all major and minor sectors of the economy. If the public sector can take up consumer industries, it stands to reason that the private sector should be allowed to come into the areas reserved for the public sector. The promotion of a competitive economy alone can yield the desired results in the long run.

The economy is now at the cross-roads. After having had a run of favourable monsoons, it may not be surprising if there is a failure of rains in several parts of the country this year. In fact, critics of Mrs. Gandhi's Government contend that this was one of the compelling thoughts behind the decision for a mid-term poll. For the next three months at least, nothing will move in the economic Ministries and the economy will gather momentum only after the installation of a new Government at the Centre. Much will depend on the character and composition of the new Lok Sabha and the new Government at the Centre. Whatever may be the political complexion of the new Government, it has to be noted that its policies and programmes will have to be such as to give a push to the economy on the right lines. The current drift must be ended. But for the improvement in the food supplies, the economy might have been worse and the rise in prices would have been much higher than the 7 per cent recorded for 1970. The immediate need will be to identify the areas of shortages and initiate measures which would go to relieve them and keep the economy moving on an even keel.

Much time had been wasted in the last few months on reviving the old and meaningless controversy between the public and private sectors. Perhaps the political parties wish to keep it alive for election purposes. But if national interest is to have a priority over petty party considerations, it is essential to give this controversy a decent burial here and now. It is futile to think that the public sector could ever manage solely the diverse and difficult responsibilities imposed by an expanding economy. Nor would it be possible for the private sector to take up—with its limited resources—projects that call for massive investment. A compromise has to be found without curtailing the freedom of either sectors. The joint-sector concept will be worth pursuing—at least for this reason. The elections might end many of the uncertainties and it is up to the political party or parties that would come to power at the Centre to take the right road to progress and give the country the much needed stability with growth.

Mid-term Poll Prospects

THE stage is now set for the election to the Lok Sabha, and all political parties in the country are busy formulating their election strategies. The Prime Minister, Mrs. Indira Gandhi, has certainly taken a bold decision in advising the dissolution of the fourth Lok Sabha a year ahead of schedule, although it was known for quite some time that she was left with no other alternative but to opt for a mid-term poll. When the decision was announced, the Opposition parties protested that the Prime Minister was not well within her right to ask for fresh elections. They appealed to the President, Mr. V. V. Giri, to install a national Government at the Centre till the elections were completed and a new Parliament came into being. While it is difficult to support the argument that the President should not have accepted the advice of the Prime Minister to dissolve the Lok Sabha, there is certainly some force in the demand that the Prime Minister and her colleagues must function only as a caretaker Government and not as a full-fledged Government competent to take policy decisions. The Prime Minister, however, declared that her Government was not a mere caretaker Government and that the status of her colleagues was the same as it was when the Lok Sabha was alive.

The Constitution clearly lays down that the Cabinet functions on the principle of collective responsibility and the Ministers owe their existence to Parliament. It is true that the Cabinet is there to aid and advise the President, but it would be contrary to parliamentary practice to lay down the dictum that a Cabinet can function without reference to Parliament. The Prime Minister is at best the head of a caretaker Government now, and it would be wise on her part not to embark on major policy decisions. She has claimed that her Government could even have recourse to ordinances which could subsequently be ratified by the new Parliament. But this would be a mockery of democracy. It is now too late in the day to argue whether the Prime Minister was justified in seeking recourse to a mid-term poll. Most Opposition parties have realised this and they are now busy finalising their future course of action. The Organisation Congress, the Jana Sangh and the Samyukta Socialist Party have decided to fight the election on the basis of a common minimum programme, although each Party will have its own election manifesto. This three-Party alliance would pose a formidable challenge to the Congress (R) in Uttar Pradesh and Bihar which between them return about 140 members to the Lok Sabha. This alliance is open to the other democratic Opposition parties. The Swatantra Party has not joined the alliance yet, but the National Executive of the Bharatiya Kranti Dal has decided not to have electoral adjustments with any party. All these parties have one aim, namely, to prevent the Congress (R) from coming to power again at the Centre but how far they will succeed in this venture is anybody's guess.

There is an increasing realisation in the country that Mrs. Gandhi's Government has not been able to lift the economy from the morass into which it has fallen. Unemployment has been on the increase and the climate for private investment is not encouraging, thanks to the unimaginative economic policies pursued by the Government in the name of socialism. Having been a party to the stagnation that has set in, it was wrong on the part of the Prime Minister to have come forward with the statement that the private entrepreneurs were deliberately holding back investment. And there is no answer to the charge that the public sector has failed to deliver the goods in spite of the fact that hundreds of crores of rupees have been invested in it. The rise in prices has been staggering, but the Prime Minister claims that things have improved in the past few months.

Added to this is the confusion created in the country by the spread of the cult of violence. Only the other day, the Vice-Chancellor of the Jadavpur University, Dr. Gopal Sen, was murdered in cold blood and this is only one of the many ghastly incidents that have been taking place in West Bengal almost every day. And yet so many political parties do not hesitate to demand that there should be elections to the West Bengal Assembly. The more prudent course would have been to postpone elections to Parliament also in the State. But in her anxiety to delink the parliamentary elections from the Assembly elections, since this alone would give the Prime Minister a decisive political advantage, the question of elections to the West Bengal Assembly has been left undecided. She must also realise that it would be dangerous to hold elections in West Bengal twice within a short period—one for Parliament and the other for the State Assembly. If the law and order situation is not good enough for Assembly elections, they cannot be so for parliamentary elections either.

It is too early to say whether the Congress (R) would have an absolute majority in the new Lok Sabha. It will need at least 50 seats more than what it had in the dissolved Lok Sabha. If, on the other hand, the leading Opposition parties play their cards well, it is quite possible that the Prime Minister will not be able to realise her ambition of securing an absolute majority in the new Lok Sabha. While the people at large are anxious to have a stable Government at the Centre, they are equally anxious that they should not return to power a party which has no faith in democratic principles and practices. A new stage has now been reached in the politics of the country and it is for the first time that a powerful alliance is pitted against the Party in power. The next few weeks are bound to witness vast changes. It is to be hoped that whatever changes do take place prove beneficial to the nation.

Role of Institutional Investors

IN its first half year in office, Britain's Conservative Government has not fulfilled its promise to check inflation, but it has firmly established its promised attitude to the private sector. In both personal and corporate affairs, private enterprise must be mainly self-reliant; the Government will provide financial help only in "special cases". Rolls-Royce is the most prominent of them. When the principle of this philosophy was outlined before the election last June, it seemed to apply to the responsibilities and opportunities of individuals and of manufacturing and trading firms. It is now evident that its practice involves also profound changes in the financial system. Prime Minister Edward Heath stated this implication clearly in a recent speech: "We are placing the responsibility for the financing of companies and the promotion of changes in industrial structure firmly back to the market, where it belongs."

The theme has been elaborated—with significantly different emphases—by the Secretary for Trade and Industry, Mr. John Davies, and by the Governor of the Bank of England, Sir Leslie O'Brien. Both are aware that the demise of the Industrial Reorganisation Corporation (sponsored and financed by the Government, therefore a misfit in the new scheme of things) will leave a gap in the services for industry unless private enterprise forms "a new-type I.R.C." Mr. Davies has questioned whether "the traditional structure of relationships within the City and between the City institutions and their industrial clients" are, in such matters, appropriate; whereas Sir Leslie—who is by no means convinced that, in such matters particularly or in monetary affairs generally, "market forces" can do all that the Government requires of them—has said rather wistfully that "we shall feel the lack of some organisation that can keep a general eye on British industry and help it to use its resources to the benefit of us all".

The problem was clarified but not solved—rather complicated—by Rolls-Royce. This famous Company, essential to Britain's defence force, and the only effective challenger outside Russia to the two major American aero-engine makers, was so burdened by the cost of its technology that its continued existence was dependent on additional financial help. But from whom? The Government, committed to the principle that companies should solve their own problems, using the facilities of "the market", was reluctant. "The market" could not regard an investment in Rolls-Royce as a commercial proposition. Yet Rolls-Royce had to be saved. So the Government swallowed its pride, overcame its reluctance, and agreed to provide most of the additional finance required for the dollar-earning RB-211 engine that was the main cause of the trouble, while the Bank of England persuaded two commercial banks (to which the Company was already indebted) to provide supplementary assistance.

The rôle of "the market" in this distressing saga is significant. It was stated that of a total of £60 million of new money, the Government would contribute £42 million and "the banks" £18 million. Persevering politicians extracted from Mr. Davies (who, with his colleagues, had desperately evaded their questions) an admission that "the banks" included the Bank of England —a public institution. Details of its participation were withheld, but the City believed that it committed itself to £8 million. Mr. Davies's defence that the Bank was not "drawing upon its public institutional character" in this operation could not conceal the essential fact that (if the City's assessment was correct) "the market" was contributing only £10 million of the total £60 million. The first major act of "disengagement" was singularly unimpressive.

Rolls-Royce is "a special case" in the sense that its technology, whether for defence or for commerce, is exceptionally costly. But all advanced technology costs more than ordinary development, and involves more than ordinary financial risks. Lord Blackett, President of the Royal Society, has warned companies that resources spent on research and development may be wasted unless adequate finance for "the follow-through"—which he estimates at rarely less than ten times the cost of initial R and D in an advanced technology product—is assured. It is arguable that "the market" can never provide enough risk capital for advanced technology, and that a nation must decide whether a part of public funds shall be used for

it or many promising projects shall be abandoned.

Mr. Davies has evaded this problem of participation (in restructuring as well as technology) by attributing deficiency to the City's institutions, implying that their relations with industry are less developed, less practical, than their European counterparts. The City feels that using moral pressure (and the Bank of England) to persuade institutions to bear risks that on commercial grounds they would avoid is no way to operate the free market in which the Government professes to believe. However, willingly or reluctantly, Britain's financial institutions are becoming more involved in industry and trade, managerially as well as financially. If they invest money entrusted to them (investment, in this sense, includes bank credit), they cannot disclaim responsibility for the companies that use the money. It is conventionally argued that their duty is to invest only in well-managed businesses, and that if their judgment of quality is proved wrong, they can react only passively (waiting and hoping) or negatively (withdrawing their money), because they are not competent to reorganise managements. But in many cases of unsatisfactory performance in recent years, institutional investors have reacted positively, initiating or supporting "ginger groups" to strengthen management, inject dynamism and effect economies.

When the dominant shareholders in nearly all major companies are (in some combination) insurance companies, pension funds, investment trusts, and unit trusts, the ultimate responsibility is theirs. It is arguable that this responsibility should be formally recognised in "a new-type I.R.C." (including banks, as lenders); which (among other functions) could "buy" managerial skill. Yet the potential implications of such a financial power bloc, which could eventually bring most of British industry under the City's direct or indirect control, are widely different from the Government's concept of a free economy, operating by "market forces". The Government, in general "disengaged" from public financing of industry, might find itself "engaged" in supervision of private financing of industry. Allocating capital in a modern society is a very complicated task. As Sir Leslie O'Brien has observed, "what was done 35 years ago" may not be possible now.

Nine-point Plan for Cotton

THE nine-point plan announced by the Central Minister of Foreign Trade, Mr. L. N. Mishra, to deal with the cotton situation without resorting to block closure has had no immediate effect on the market; cotton prices have, in fact, scaled new peaks. The complete indifference shown by the market is more an indication of its lack of faith in the Government's ability to implement the plan than of the adequacy or otherwise of the measures proposed for resolving the "crisis". The nine-point plan is quite comprehensive. Very briefly stated, the measures aim at easing speculative pressures on demand, restraining physical demand for ensuring an equitable distribution of available (scarce) supplies and augmenting the supply through imports of cotton/staple fibre on an emergency basis. The suspension of futures trading in *kapas* (unginned cotton) and the squaring-up of all outstanding contracts at the closing rates on 3rd December, reduction of the period for non-transferable specific delivery contracts from six months to three months, the requisitioning of a proforma in respect of all details of daily transactions by the Forward Markets Commission and the tightening of the credit screw by the Reserve Bank of India—all these are designed to ease speculative pressures which have tended to exaggerate the temporary imbalance in the demand-supply equation. The squaring-up of all outstanding contracts in Wagad, CO2 and Bengal Deshi should take a considerable speculative load off the market. In closing the futures market in *kapas*, the Forward Markets Commission has only made amends for its past mistake. There could be no justification for futures trading in *kapas* when hedge trading in cotton is banned.

With a view to easing the pressure of demand on the current tight supply, Indian cotton stock limits of mills have been reduced by one to one-and-a-half months' average monthly consumption, according to regions; it is only in the case of mills run by growers' co-operatives that there is to be no change and these mills will continue to be allowed to keep stocks at the level of six months' consumption. Stock limits for mills in Bombay and Ahmedabad—the two major centres—have been reduced to one month's consumption. Mills having stocks in excess of the new limits will not be allowed to buy more cotton till their stocks come down below the ceiling. The Indian Cotton Mills Federation has been asked to evolve a voluntary scheme for mutual help to the needy mills. Both mills and traders are required to submit immediately special stock returns to the Textile Commissioner and the erring mills are to be "severely dealt with". The State Governments have been asked to take similar action in respect of co-operative marketing societies and traders under their control.

The current shortage is sought to be relieved through a speedier movement of the crop to the market and hurried imports, on a commercial basis, of 100,000 bales of cotton from the U.S.A. and 150,000 bales of staple fibre. Since imports of 453,000 bales already released out of the original import programme for 825,000 bales depend on the shipment schedule already contracted, special measures have been initiated to secure an expeditious release of the remaining quota of 60,000 bales of global cotton and 312,000 bales of U.S. cotton under P. L. 480. The staple length limit for imports against the current release has been reduced from the usual 1-1/16 inches to one inch in order to make available this type of cotton which has been in short supply for the weaker and exporting mills.

If effectively implemented, the nine-point plan should help achieve the objective of maintaining uninterrupted production without prejudicing the interests of the growers. Effective implementation cannot, however, be taken for granted. Stock limits have not always been properly observed in the past and there have been numerous instances when mills and traders have not submitted their periodic returns of stocks and consumption and got away without any penalty. The Textile Commissioner will have to deal with the situation firmly. The trade and industry would do well to extend their full co-operation to the Government and be thankful to it for not resorting to drastic measures like quota system, price control and rationing. New Delhi could not have been more generous to the industry. Unless one is to dismiss the latest crop estimate of 5.7 million bales put up by the Cotton Textile Consultative Board at its last meeting on 7th December as yet another wild guess, there is no reason to take a very alarming view of the cotton shortage, although exorbitant raw material prices do pose a serious problem for the weaker units in the industry. And if all the 1.325 million bales of cotton which are now planned for import arrive during the current season, the overall supply could turn out to be somewhat better than in 1969-70. The way the cotton crisis has been worked up makes one wonder whether this is part of some grand design. The game has paid. The industry has succeeded in persuading the Government to arrange massive imports. Many outside the textile industry might wonder whether scarce foreign exchange is being judiciously spent. After all, raw material shortages are hampering production in many sectors of the economy.

CURRENT COMMENT

I.D.A.

Credit for Agriculture

India's efforts to sustain the momentum of growth in agriculture by enabling a larger number of farmers to take advantage of the new farming technology will be supported by a credit of $24.4 million from the International Development Association (I.D.A.). The credit, part of the Association's continuing programme to assist India in expanding credit facilities to farmers, will provide funds for minor irrigation, land levelling and farm mechanisation in Andhra Pradesh. Two previous I.D.A. credits, totalling $62.5 million, are assisting similar agricultural credit programmes in the States of Gujarat and Punjab. The project will bring major benefits to the Indian economy in the form of increased production of foodgrains and other crops, resulting in better income and job opportunities for farmers. The increase will come both from better yields and higher cropping intensity and from an expansion of the cropped area in Andhra Pradesh by 123,500 acres. The production of foodgrains alone will increase by 160,000 tons a year.

Under the programme being assisted by the I.D.A. credit, medium and long-term institutional credit will be provided to farmers for the installation of about 1,350 tube-wells and 14,000 dug-wells and for improving some 5,000 existing dug-wells. In addition, about 20,000 electric and oil engines will be financed to pump water from the wells. Most of the investment in land levelling will be on small farms within the two major irrigation schemes of Nagarjunasagar and Pochampad. The project also provides for consultants' services to a State Ground Water Directorate to be established. About 31,000 individual on-farm investments will be made under the programme. Investments in farm mechanisation will finance the purchase of 1,500 tractors, as well as tractor implements and trailers. To ensure that the benefits of the programme are available to small-scale farmers, a farmer is not required to farm a minimum acreage to be eligible for purchasing a tractor under the project. The total cost of the project is estimated at $45 million. The I.D.A. credit will finance the foreign exchange costs of $7.1 million and about $17.3 million equivalent of local expenditures. The balance is being provided by the Andhra Pradesh Co-operative Central Land Mortgage Bank, participating farmers, commercial banks and the Agricultural Refinance Corporation (A.R.C.), which also will be the channel for the I.D.A. finance. The interest-free I.D.A. credit will be extended to the Government of India for a period of 50 years, including ten years of grace.

ELECTRONICS

Wide Scope

Addressing the fourth annual meeting of the Instrumentation and Electronics Division of the Indian Engineering Association held recently in Calcutta, the outgoing chairman, Mr. P. K. Mitra, said that the instrumentation and electronics industry had been able to survive the recent recession and to sustain its growth rate. The chairman listed the following impediments which stood in the way of the industry's development: (1) freedom and diversification of existing units; (2) banning of C.K.D. imports; and (3) liberalisation of import of essential components which could not be produced economically by individual units. Speaking on the importance of standardisation, the chairman called upon all units in the industry individually to co-operate with the I.S.I. and help it to frame, on an urgent basis, a standard for all equipment manufactured by them. With the restrictions imposed by the Government of India on foreign collaboration and know-how, it was now imperative to keep pace with technological advancement by being in touch with the various developmental and research laboratories in the country.

Speaking as the chief guest, Mr. Sanjoy Sen, chairman of the Indian Engineering Association, said that the electronics industry in India had good scope for export. He mentioned Japan as a major market for electronics components and felt that Calcutta being geographically closer to Japan than the other regions, it would be worth while to set up in the city a large-scale project for the manufacture of electronic components for export.

TYRES

Reduction in Prices

The automotive tyre industry has voluntarily decided to reduce the retail prices of tyres and tubes for trucks and buses and rear tractors in the replacement market by over Rs. 7 a tyre with effect from 1st January, 1971. These tyres and tubes constitute a major part of the industry's production. The smooth operation of the road transport industry and agriculture is dependant on these tyres. It will be recalled that the tyre industry has recently taken a number of steps to ensure that consumers of tyres and tubes are able to obtain their requirements at fair prices. These measures were taken to bring down the high prices of tyres which are now in short supply. This shortage is the result of heavy production losses recently suffered by the industry due to a four-month strike in a tyre factory and "go-slows" in some others. The tyre industry has not increased its selling prices since 1968 although production costs have risen sharply in the meantime. This has resulted in a declining profitability.

ECONOMIC DEVELOPMENT

Link with Social Justice

Addressing the Rotary Club of Calcutta recently, Mr. S. S. Kanoria, vice-president of the Federation of Indian Chambers of Commerce and Industry, said that the basic issue before the people in the coming election to the Lok Sabha would be how to achieve economic development with social

justice. Mr. Kanoria did not consider these two objectives as two horses pulling in opposite directions. Far from being in conflict, they are complementary. If the Government and the business community are talking from across the barricades, it is because of their failure to appreciate each other's point of view. This credibility gap should be bridged. It is not true that business men want economic development at the cost of social justice. Modern technology and economies of scale have made mass production possible. But mass production implies mass consumption. Unless people have sufficient purchasing power, the entire economic system would creak. Mr. Kanoria said that the modern way to wealth was not through the exploitation of men but through a rational application of technology.

FLOUR

Problems of Millers

At the annual general meeting of the Calcutta Flour Mills Association held recently in Calcutta, Mr. Santanu Chaudhuri, chairman, said that the country has witnessed a substantial increase in its food production, especially that of wheat. In West Bengal, which is traditionally a rice-eating State, the consumption of wheat products has been on the increase. It is also heartening to see that West Bengal is becoming an established wheat growing State. Although the inflow of wheat products from other States into West Bengal has caused some problems, the decision taken to enlarge the wheat zone is a step in the right direction. With the increased output of indigenous wheat, the Government of India might clamp a ban on wheat imports in the near future. The Association's experience in milling indigenous wheat has not been happy. The chairman has regretted that the industry is not supplied with red and white varieties of wheat in the ratio of 70:30 according to the agreement.

MONEY MARKET

Tight Conditions

The short-term money market has been extremely tight during the past week. The call rate rose from 7 per cent to 10 per cent at the end of last year, mainly due to the keen demand generated by window-dressing operations. With the beginning of the New Year, the market has steadied itself and the rate, after initially opening at 7 per cent, has risen to 7½ per cent, with stray transactions taking place at 7¾ per cent. On most occasions, the market has closed with borrowers over at 7½ per cent. The supply of gunny bills has been small while there has been a good supply of tea bills. The demand for remittances has been mainly nominal. The pound-sterling has strengthened further against most major foreign currencies during the past week.

The latest statement of scheduled commercial banks for the week ended 25th December, 1970, shows a rise of Rs. 60.91 crores to Rs. 4,473.08 crores in advances, compared with the previous week. Deposits have risen by Rs. 44.75 crores to Rs. 6,070.46 crores. Banks have reduced their borrowings from the Reserve Bank by Rs. 23.99 crores to Rs. 302.19 crores and have increased their investment by Rs. 3.83 crores to Rs. 1,345.50 crores.

CORRESPONDENCE

The Cotton Crisis

(To The Editor of "Capital")

Sir,

With reference to the letter of Mr. E. W. D. Jeffares, published in your issue of 17th December, 1970, I entirely agree with him that the crux of the cotton crisis is the low yield an acre. I would, however, like to point out that a comparison of yield with Pakistan is not correct. A major portion of Pakistan's acreage is in West Punjab which is irrigated and the average yield in Pakistan is 274 lbs an acre. The comparable area in India is East Punjab. Here the cotton yield is about 300 lbs.

As for irrigated areas of Maharashtra, the yield an acre is about 300 lbs. In other irrigated areas also, the yield is about 300 lbs. It does not, therefore, look probable that this yield can be raised by 300 lbs an acre in the near future. This is not to suggest that further efforts should not be made in irrigated areas. The point is that even if the increase in irrigated areas is 50 per cent, it will give an assured supply of at least 500,000 additional bales. Also, more areas can be brought under irrigation and an expenditure of even Rs. 100 crores on irrigation projects (small and big) will repay itself in four or five years' time.

Yours etcetera,
D. P. Messman

Bombay, 4th January, 1971

A YEAR OF GRACE

IT might possibly be an exaggeration to describe the year which ended on Saturday last as *annus mirabilis*, nevertheless it cannot be denied that it was a time of remarkable occurrence and far-reaching change. This is true whether we survey mankind from China to Peru or confine our observations to the wide-flung British Empire: the proposition still holds good if we further narrow our outlook to India alone. To merely enumerate the capital events of the world's history would require the amplitude of a magazine article; with the limited space at our command, we can offer no more than a compendious review of the conditions obtaining in India and the factors influencing them. But though a bird's-eye view of the universe is beyond our scope, it is yet permissible to sum up in a sentence the mental impression we bring away from that experience. In spite of much reactionary impulse and gloomy superstition, 1910 A.D. will shine like a beacon light in the history of civilisation, for it is illuminated by a succession of grand manifestations of the power and dignity of the human race. For India, in common with the whole British Empire, the death of King Edward VII and the succession of his eldest surviving son George V to the throne were events of the first importance. Barely eight months have elapsed since they happened and alternate echoes of sorrow and hope are still to be heard in a land which made personal obeisance to both father and son. Memorials are being raised in every province and State to perpetuate the claims of Edward the Peacemaker on the love and loyalty of his Indian peoples.

FROM
CAPITAL
5th January, 1911

A Ditcher's Diary

EVENTS SEEM TO TAKE NO NOTE OF the march of time on the Gregorian calendar. The first day of the New Year did not look fundamentally different from any in 1970. The Prime Minister, Mrs. Indira Gandhi, was said to be still examining a date for a West Bengal Assembly poll, the E.P.C. was still unable to find a basis for an electoral understanding with the Bangla Congress, Mr. Nijalingappa was still hoping for a democratic alliance, and people in Calcutta were pondering the daily toll of violence. The only amusing novelty was introduced by Mr. M. S. Golwalkar, the R.S.S. chief, in the form of a call for a "crusade against communalism". Events abroad underwent no greater change. The Americans entered the eleventh year of their involvement in the Vietnam war with the number of Americans dead estimated at more than 53,000; but, welcoming the reprieve for six Basques in Spain and two Jews in Russia, the Pope declared: "We thus have the delight of tasting what peace is like." Since most of Europe was in the grip of a bitter cold wave, New Year's Day was singularly uneventful; even bathers who traditionally take a dip in the sea at Marseilles stayed out of the water. The preceding night, however, had expectedly been more lively, and 25 Russians had braved the cold to swim the Moscow river. Reports of New Year's Eve revelries have come in from other parts of the world as well, and the general lassitude on the first day of 1971 must have been largely due to the after-effects of an excessive intake of ethyl alcohol. I was interested in the *Statesman's* editorial reflections on "the morning after", and glad to note that these were not painfully righteous. Nothing is quite so intolerable during a hangover as solemn advice. But I can perhaps add a little to the purely practical advice. One expert recommends mashed potato and butter as a useful fortification before heavy drinking, and milk to reduce the acidity accompanying a hangover (fruit juice, though soothing to a parched throat, is contra-indicated at this stage). As for the relative hazards of different kinds of booze, spirits without any special character such as vodka are said to be the least contaminated by congenerics. My own experience tells me that the local brews cause no greater misery than the scandalously expensive imported stuff. But this may be a case of the grapes being sour, even when the grapes have been turned into sweet or dry wine, if not a delicately potent liqueur.

THE ELECTORAL ALLIANCE announced on Sunday night did not appear quite as grand as it had promised to only a day earlier. Any grandiose epithet was advisedly omitted from the joint declaration, which referred to a "front" but refrained from giving it any further label. It was not the Swatantra Party's decision alone which diminished the total effect; even more important was the absence of a statement of positive aims. Mr. Masani was entirely right in insisting on an agreed programme, without which an electoral alliance can be no more than an expedient combination likely to disintegrate after the immediate tactical engagement has been fought. Dissolution is almost certain in the event of defeat; even success will not necessarily sustain unity, for the issues evaded at this stage can only become more intractable when the question will be one of sharing power. It was rather typical of the motivations behind the alliance that Mr. Charan Singh insisted on his being designated shadow Prime Minister. When a mere shadow can give rise to such blatant claims, it should not be difficult to imagine how unedifying the post-election disputes are likely to be. A common programme is, of course, no guarantee of united functioning; the United Fronts in West Bengal fell apart in spite of elaborately agreed programmes. But a programme has not lost all popular appeal. In West Bengal, for example, parties as disparate as the Bangla Congress and the Marxist Communists gained not a little from the semblance of unity before the elections. The alliance forged in New Delhi does not make any of the constituent parties more attractive than before; association does not alter the image. The Bangla Congress became acceptable to "progressive" voters by its association with the leftists as the Marxists seemed relatively harmless, indeed almost respectable, in the company of nationalist and democratic forces. No such thing has happened through the New Delhi alliance; all that the constituent parties have gained is an assurance that they will not be fighting one another. This is no small advantage; and if the Swatantra and the B.K.D. change their minds and join the alliance, Mrs. Gandhi will be pitted against a very formidable com-

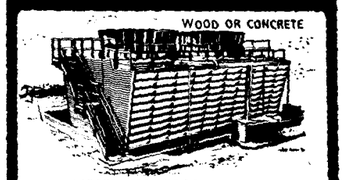
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bination. Yet the combination can count only upon committed support, and the nature of the commitment may reinforce the Prime Minister's radical appeal which makes a virtue of its essential vagueness.

MY GREAT HOPE FOR 1971 IS THAT WE shall see a substantial reduction—nay, the complete elimination—of kidnapping as an international political weapon. Fortunately, I think we shall, although it would be difficult to draw such a cheerful conclusion from what happened in the closing months of 1970. What makes me so sanguine is the growing evidence that kidnapping no longer seems to pay—that Newton's third law of motion, "action and reaction are equal and opposite", is beginning to assert itself in this particular field of human endeavour. Admitted that the kidnappers of the British diplomat in Canada were provided with the passage to Cuba they demanded—where, incidentally, they have been under arrest ever since and will probably wind up in a labour camp. But their original aims were frustrated because the Canadian Government simply rejected them. Similarly in Brazil, and, of course, in Spain. The Basque nationalists' kidnapping of the West German diplomat was perhaps the best example of this application of Newton's third law to political matters that we had in 1970. All those public expressions of support for General Franco may have been just too stage-managed to be true. Yet they served to concentrate Spanish public opinion, if not in favour of Franco, at any rate against the Basques. As things turned out, sympathy for the kidnappers was much more widespread in France, which of course has a small but contented Basque minority of its own, than it was in Spain. Thus kidnapping is already becoming counter-productive, and that is why I am so hopeful we shall soon have seen the last of it. Incidentally, aircraft hijacking is noticeably in decline too. After the Palestinian commandos so badly damaged their case by their own spectacular success, hijacking seems to have become a spent force. Perhaps the multiplication of armed guards on aircraft has had something to do with it. My guess is that it is now both too dangerous for the hijacker and not sufficiently profitable for anybody. This year could be the one in which the world gets its first effective international charter against hijacking. If so, then it may well come too late.

THE OFFER OF NAVAL-BASE FACILITIES which Mauritius has made to Britain could prove to be the most successful attempt we have seen yet to sabotage the Tory Government's propensity for arming South Africa. Certainly it is more promising than the blackmailing tactics attempted by Zambia and Tanzania, to which Mr. Heath reacted so emotionally, and indeed it could provide a welcome face-saver in the event he should choose to back down. If he does not, then he must find himself deprived of his main policy rationalisation when he faces the Commonwealth Prime Ministers in Singapore next week. Mauritius was probably not serious in suggesting to Britain that she use her own naval strength to offset Russian encroachment into the Indian Ocean instead of arming South Africa. The Royal Navy is no longer capable of providing a credible presence outside home waters. British and Australian ships together might amount to something, especially if supplemented by the U.S. Navy. But the American attitude to the Indian Ocean situation remains perhaps the most puzzling aspect of it. While some sources in London are already talking about the "Russian Ocean", and not without obvious reasons, Washington stays remarkably complacent, and has all long pointedly refused to be impressed with the British arguments for strengthening South Africa. It is even suspected in London that the Americans may actively be inviting the Russians to play a more positive rôle in the Indian Ocean.

AT THE BEGINNING OF THIS WEEK, West Bengal was still guessing about State-level elections. The Prime Minister's hesitations were clearly due to political calculations, for she obviously hopes to gain by delinking the parliamentary poll from the pulls of Assembly elections. But she may also have had a deeper purpose in keeping West Bengal's political parties on the tenterhooks for more than a week; it may have been one way of exerting pressure on the Eight-Party Combination to make up its mind about joining hands with the Bangla Congress and, indirectly, with the Congress (R). At one stage it appeared that the suspense might wear down the opposition from such quarters as the Forward Bloc and the S.U.C. But even on Tuesday morning no agreement had been reached, and the political parties were not exactly amused by New Delhi's continued evasiveness. In fact, the C.P.I.(M) threatened dire consequences if the uncertainty persisted beyond this week. Predictably, therefore, the political atmosphere in Calcutta during the past one week lacked the entertaining elements of poll preparations. Only some unemployed engineers in Hooghly district provided a little diversion by announcing that they would contest the Lok Sabha elections since they could not trust anyone else truly and effectively to represent their interests in Parliament. Some people elsewhere in the country have had brighter ideas. Didn't someone ask for a loan from one of the nationalised banks, specifically in order to meet his election expenses? I should have thought that an election contest is a progressive enough cause to be served by nationalisation, but the bank turned down the application. The film stars who are planning to run for the Lok Sabha are unlikely to be in need of financial assistance, but extravagant spending may put income-tax people again on their trails. I wonder, however, how many stars will finally dare the dust of electioneering, let alone emerge luminously in the Lok Sabha. Miss Sharmila Tagore would have been no less picturesque a candidate than Mrs. Tarakeshwari Sinha, and the Jana Sangh would have had a convincingly non-communal candidate in Ayesha Begum. Although she has disappointed us, we still have faith in Miss Suchitra Sen from Purnea. I heard that Mr. Raj Kapoor was also considering a contest, but I could not decide whether to take the report seriously since it came immediately after the release of his film *Mera Nam Joker*. A veteran parliamentary reporter tells me that Mr. Kapoor need not discard his latest rôle if he becomes a representative of the people, that he may in fact face stiff competition.

AN OFFICIAL PRESS RELEASE SAYS that "the sale of Nirodh has sharply increased in small towns, and particularly those with a population of less than 100,000 have accounted for one-third of the total sales of condoms". Why are big cities like Calcutta and Bombay lagging behind? Will the Central Minister for Family Planning please enquire?

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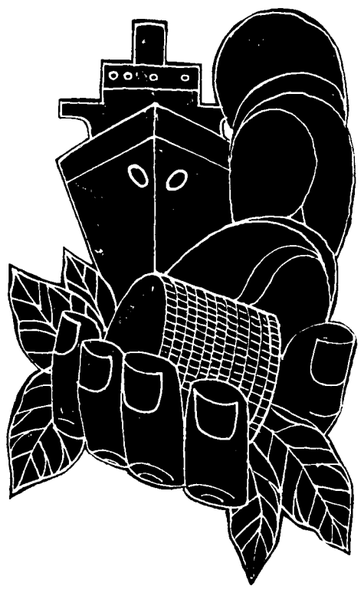
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MANAGEMENT

The Role of Consultancy in Management Innovations—II

By Brigadier B. M. Chakravarti
Director,
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An apex level management counselling agency can reinforce the effectiveness of the chief executive of an organisation by providing him with specialised extensions of his own activity and which would confine its attention to apex level problems only. This is the second in a series of two articles. The first appeared last week.

THE management configuration of multiple-point operating responsibility and single-point accountability results in the behavioural phenomenon of increasing isolation for the chief executive as discussed earlier. The chief executive's operating record will depend solely on his choice of second-line managers and the effectiveness of the delegation. Business undertakings in India often tend to minimise the effect of this phenomenon by attempting to create multiple levels of accountability, which diffuse the principle of unity of command and tend to make the chief executive dis-functional. The creation of multiple levels of accountability does not relieve the chief executive from his overall accountability to operate the unit successfully.

The traditional management consultancy services, as seen to exist, are oriented towards reinforcing the "skills and techniques" required at operating levels well below that of the apex level manager. While, therefore, they do fulfil the rôle of providing supplementary strength to the body and base of the pyramid, they do not (except as a by-product) provide the chief executive with the support required to discharge effectively the total planning and control functions without restricting the delegation of operating responsibilities.

Basic Contradiction

The effectiveness of the chief executive is measurable by the board of directors in relation to the interests of the investor. The basic contradiction in the apex level manager's operating pattern is caused by the need to account for historical results and current trends while simultaneously discharging his primary rôle of planning for future growth and opportunity-exploitation. The impact of this contradiction is particularly relevant in the Indian context where current trends are subject to continual distortions by fluctuations in external environmental circumstances, leaving the chief executive very little choice between the alternative courses of current remedial action and creative planning for growth.

This contradiction can be substantially mitigated by an apex level management counselling agency which would reinforce the effectiveness of the chief executive by providing him with specialised extensions of his own activity, and which would confine its attention to apex level problems only. This service could also fulfil the function of correcting the refractory effect of visualising a problem from the intense level of involvement necessary for the chief executive, whose analysis will be subject to an element of residual subjectivity which would operate against the identification of the geometry of the problem in its integrated form. This service would be structured towards a problem identification and solution programme in its integrated elements, which is the only possible approach from the apex manager's viewpoint.

The Three-tier Approach

The nature of this specialised service should possess the flexibility for all levels of business evolution, *i.e.,* from project implementation to remedial action, and would be expected to tackle the solution of current problems as well as future opportunity identification. The agency conferring this service should be able to (a) identify itself and work with the apex manager in the accurate diagnosis of existing problems and future opportunities; (b) formulate plans and effective monitoring criteria for the solutions to problems and for the exploitation of the latent opportunities; and (c) at the ultimate stage, be willing to provide the operative aid by involving itself in the interim management of the company, if so requested.

This three-tier approach to consultancy in business management systems at the apex level, on the part of an outside agency, could place at the disposal of the chief executive, a range of skills and a new capability through which he would view the business situation without the behavioural pressure of isolation. In addition, the very nature of an apex management counselling service, embodying the characteristics of identifying the integrated elements of a problem in any situation, would also make it eminently suitable for utilisation as a "think-tank" by the units in the defence services, R and D establishments, urban planning organisations, service-oriented institutions like hospitals, hotels, educational institutions, airlines as well as public enterprises.

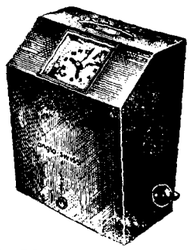
To be effective as an extension of the apex manager's functions, the agency for providing the service visualised should necessarily include in its staffing, personnel who have a record of service at the level of chief executive or in the key functions at a level one below that of the chief executive. The specialisation of such personnel would be towards "action-oriented" operational thinking rather than only excellence in tools and techniques. This agency would, of course, have at its disposal a back-up team of analysts and functional specialists. The accent would be on the subordination of techniques to the objectives of the undertaking, although the range of skills and techniques available at its disposal could be of the highest order. The identification of outlook will be with the macro-concept of business objectives, as atomisation of this fundamental characteristic would reduce the service to the level of mere knowledge-dispensing service.

It is realised that in the Indian context the requisite staffing may be of comparatively high cost, but it is believed that the personnel available for this agency should be able to justify this by result-oriented innovation in the application of management sciences towards the realisation of its corporate goal, namely, effective service to the chief executive.

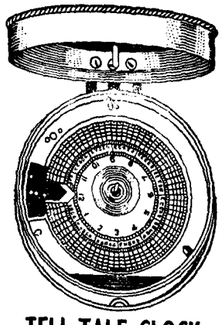
The structure visualised for this agency is an organisation headed by an "integrator" or director with a record of operational achievements at the apex level, who would be the main conceptualiser and who would be assisted by a team of functional specialists with service experience at a level only one step removed from the chief executive. In view of the high level of service required by such an



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agency, it would be advisable, initially at least, to seek the assistance or collaboration of a similar foreign agency which has acquired considerable expertise in rendering such services.

Spin-off Benefit

As a result of the growth of total Systems and Management skills within the agency in course of time, the following penumbral services would also come within its professional competence and scope, as a spin-off benefit from the agency's mainstream activity of apex-level counselling: (1) Company or unit discard policy evaluation; (2) identification and selection of target companies for take-over considerations; (3) post-takeover assimilation management; (4) interim management during the revival of acquired companies; (5) corporate-level contract management and negotiation counselling; (6) counselling service for conglomerate reconstruction; (7) inter-company investment management; (8) acquisition merger consultancy; (9) interim management of companies or key functions therein; (10) foreign collaboration strategy and evaluation of schemes; (11) financial appraisals and audit; (12) intra-group resource optimisation; and (13) management development for the apex level and one below succession.

It is recognised that an agency to be able to realise the objectives enumerated above, particularly at the apex-level of the corporate organisation, must set for itself a rigid code of conduct based on which an enduring client-consultant relationship is established. The cardinal principles to guide the orientation of the agency's activities should be the following:

(a) It shall turn down an assignment which either exceeds its competence, or even more important does not appear to it to be what the client really needs or should do. Similarly, it shall not undertake any assignment whose objective is not clear or appears to be in conflict with socially desirable ends.

(b) It shall maintain the confidence entrusted to it by the client, and shall not divulge such specific information as may come into its possession during the course of its achievement.

(c) It shall not serve clients under terms and conditions which tend to interefere with, or impair, its objectivity, independence or integrity.

(d) It shall maintain a wholly professional attitude towards those it serves, those who collaborate and members of other professions and fellow consultants.

Need for Collaboration

Since the consulting agency of the type described here is rather new in this country, it would be well advised to have a perennial source of the specialised information bank—in the form of a technical collaboration with an organisation abroad which has had considerable background experience of a similar nature. The ready access to such an information source would not only enrich the quantity of the service but it would also compress the time required for implementation of the revival actions, by eliminating the experimentation phase which would, otherwise, be inevitable. In the case of management action—time being related to cost—it would considerably reduce the cost of the service itself by rapidly expediting the process of organisational adjustments to the changed needs of the current times.

To sum up, the management of any enterprise that follows a future course based primarily upon the ways and means of the past may well be courting trouble. Those in command need the awareness of and the sensitiveness to the current trends and forces of the economy and the necessary interpretative skills to act effectively to face these forces.

As long as the operating conditions of today remain oppressively time consuming, the opportunities for forthcoming years would remain obscure. For survival and growth of an enterprise, today's chief executive urgently needs some reinforcement to his capability. He needs to be able to look ahead, be prepared for the future, and be able to understand the profile of risks and opportunities in the current socio-economic context of the country. Much of this new knowledge can be obtained by the chief executive by self-education. But for some others he has to look out. The lonesome chief executive could thus have a competent and friendly "agency" at his call which can provide him with the required "interaction" for bridging the capability-gap, to enable him to deal with the future with greater confidence.

(Concluded)

SPECIAL ARTICLES

Will the New Year See the End of Political and Economic Uncertainties?

(BY A SPECIAL CORRESPONDENT)

The New Year begins with a lot of political and economic uncertainties. Will the country show its capacity and political courage to fight the battle for the nation's economic survival ?

THE year 1970 has ended on a restrained note. The political instability has been matched by economic uncertainty, a fresh wave of labour unrest followed by a boost to wages, costs and prices presages the worsening of inflationary pressures, tensions have been gathering fresh strength from frustration and sectoral pressures, and the Government has given the impression that it has lost its grip on the economy. The crisis of confidence has tended to deepen, with the situation in West Bengal going from bad to worse, and the country is confronted with prospects of an industrial recession. A broad idea of the political malaise developing in the country can be had from recent developments. The Bihar fortress of the Requisitionist Congress has fallen to the Opposition, the Rajya Sabha had to be abruptly adjourned without finishing the last day's agenda, and the Centre unable to resolve the border dispute between Mysore and Maharashtra chose to make Parliament the battleground by cutting across Party loyalties.

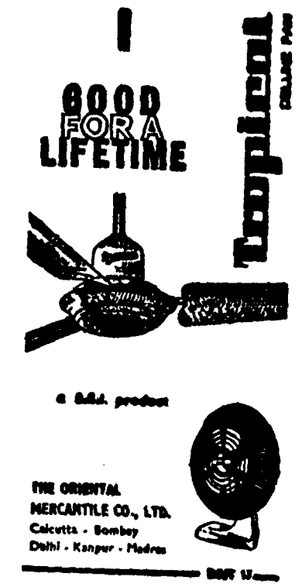
The behaviour of the economy in 1970 is a source of anxiety for two reasons. First, it bears the stamp of the Fourth Plan finalised only nine months ago. Secondly, within the short period, major calculations have been upset. Industrial production may at best show a gain of 7 per cent in contrast to the Plan's expectations of 9 per cent or 10 per cent. The shortages of agricultural and industrial raw materials, particularly cotton and steel, have increased unutilised capacity. The Government has promised to bridge the gap with imports when exports may at best be maintained at the 1969 level. After forecasting that the foodgrains output would increase by 5.8 per cent to 99.5 million tonnes in 1969-70, the Central Food Ministry has confidently stated that it would rise to 104 million tonnes in 1970-71. But the off-take from fair price shops has not shrunk, the buffer stock net of current releases is less than three-fourths of the target of 5 million tonnes, and New Delhi is anxious to renew the P.L.-480 Agreement with the U.S.A. in order to obtain 3 million tonnes of grains in 1971. At the same time, the States have been pressurising the Centre to release them from the responsibility of food management.

The volume of money supply is being expanded at twice the growth rate in real terms, the banks' liquidity has been badly strained, and the credit mechanism has developed cracks. The States have been resorting to larger overdrafts and the Central finances are anything but satisfactory. Over the year, the official index of wholesale prices has been pushed up by 7 per cent; but the rise in retail prices of vegetables and pulses varies between 20 per cent and 30 per cent. Two problems worrying the Government most stem from growing unemployment and labour unrest. To assess the magnitude of unemployment and to suggest measures for reducing it, a commission has been appointed. Meanwhile, the new industrial policy aimed at ending feudalism in industry and encouraging new enterprises—particularly in the small and medium sectors—has only resulted in a sharp drop in new industrial investment in the private sector. Although the Government has claimed that it would increase investment in the public sector, the actual position is to the contrary.

In August 1969, the jute workers' indefinite strike was shortened by forcing the industry to accept a burden of Rs. 9 crores in terms of cost. The past year's indefinite strike was settled by promising the workers in advance a minimum increased bonus for three years and a gratuity scheme. But the Government as an employer is being put to a severe test by its employees. The strike of Indian Airlines' pilots has ended. The agitation of Government employees for better emoluments has not subsided.

What are the prospects for 1971? The mid-term poll is now certain and the wooing of the voters has already started. Credit to farmers has been liberalised, small-scale industry has been promised more funds at less cost, and banks will soon be directed to provide credit to the jobless. Besides, a million jobs are to be created in the community development blocks. The State Governments have been announcing subsidies for a variety of projects in the rural areas. It looks as though money will be flowing freely in coming months, the Security Printing Press will work overtime, and the demand for goods and services will be pushed up substantially when production problems are getting worse.

Sandwiched between costs and prices, industry is likely to experience more difficulties in future. Apart from shrinking profit margins, its major anxiety will stem from the shortages of raw materials and industrial unrest. And there remains the biggest question mark whether the monsoon would continue to be favourable for the fourth year in succession. The fate of the Fourth Plan hangs in the balance and the problem of internal instability superimposed on external



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insolvency looms large over the horizon. From now on the anxiety will be about what sort of a Government will emerge from the mid-term poll and whether it will have the capacity and political courage to fight the battle for the nation's economic survival.

The Issues before the Commonwealth Prime Ministers' Conference

(BY A SPECIAL CORRESPONDENT)

The most important issue before the forthcoming Commonwealth Prime Ministers' conference will be the increasing interest shown by the Big Powers to establish their naval presence in the Indian Ocean. The approach of the small powers should be to make a demand for a common control of the Ocean and keep it as a nuclear free zone.

THE Commonwealth Prime Ministers' conference to be held in Singapore from 14th January will debate the British arms supply to South Africa, the Anglo-American bases in the Indian Ocean and the U.K.'s entry into the Common Market. The British decision to supply arms to South Africa will undoubtedly be the most explosive of the three main issues. But of far greater import perhaps is the increasing interest shown by all the Big Powers—the U.S.A., the U.K., Russia and China—to establish their naval presence in the Indian Ocean. The immediate provocation has been provided by the Anglo-American decision to set up a base—euphemistically called a communication centre—at a coral atoll called Diego Garcia, about 1,000 miles off the southern tip of India in the Indian Ocean. It will be run under the British sovereignty and most of the equipment will be American. But as the Central Defence Minister, Mr. Jagjivan Ram, said in Parliament some time ago, the Russians had more warships, many of them equipped with electronic spy equipment, in the Indian Ocean than any other power. The U.S.A. and the U.K. consider it their duty to match the Russian presence in every strategic area in self-defence and to maintain a balance of power in the high seas.

The western powers complain that Russia has in this region a number of shore facilities which are denied to them. They feel that the service facilities available to the Russians in Visakhapatnam are more than the mere normal repair service available to other countries. They also feel that the Russians are fairly well provided in other parts of the Ocean such as Mauritius and the east African coast, notably Tanzania. Countries of this region "crow loudly" whenever they see any western military moves but do not protest against the growing Russian and Chinese presence there. The desire of the Afro-Asian countries unanimously expressed at the Lusaka conference some months ago to keep the Indian Ocean "a nuclear free zone of peace" is laudable. But it is losing its edge due to the prevarications of these countries and the double standards they apply in dealing with the western and communist powers. Their protests against the Anglo-American communications base would have carried more weight had they objected equally forcefully to the far larger Russian presence in the Indian Ocean.

The issue involved today is far weightier than the comparative strength of the two Super Powers in this area or of turning the Indian Ocean into a war zone in the conventional sense. The little realised fact is that the world is fast entering an era when the oceans, particularly the sea-beds, will occupy a very important place in the global economy. The hard ground in the depth of the ocean, sometimes some thousands of feet below the surface, will be coveted like dry land. The trend is towards imperialism on the high seas. Military experts believe that the safest place to lodge weapons and communication systems is not any corner of land but the deepest depths of the oceans. While the deadly nuclear missiles and other weapons and detection systems on land can be destroyed or immobilised by the enemy, those planted on or under the sea-bed are the most difficult to detect.

In this age of peace through deterrence, the greatest deterrent to a potential enemy is the power of retaliation one has kept hidden in the bottom of the sea. So rapidly is the science of submarine warfare developing that even the Polaris system—the intermediate-range ballistic missiles that can be fired from a submerged vessel—is becoming outdated. The race seems to have already begun to mine the seas literally with all kinds of undersea installations, some of which will be pure military posts under the cover of civilian uses of research and development. The most powerful weapon of the 'eighties that is now being developed is the "hunter-killer" submarine which will be able to go anywhere to hit its target without fear of detection. This deep vehicle will not be just another submarine. It will contain specialised equipment of the type that the Russians have now put on the moon in their Lunokhod vehicle.

The increasing reliance on this new weapon is due to the inability of the so far known methods of detection to intercept such vehicles below a certain depth. According to Professor William A. Nierenberg, Director of the Scripps Institution of Oceanography in the USA, "the fundamental reason why the oceans are attractive to military planners is that, to a first approximation, the submerged weapon is invisible. Electromagnetic sensors of any practical use have limited range in sea water. The only reliable sensor of any range is acoustic-sonar, which detects submerged objects by their reflection or emission of acoustic waves. However, even today's relatively crude nuclear submarine employs a team well skilled in contending with sonar, and anti-submarine warfare has become an engineer's nightmare because of the need to exploit to the extreme this one sensor". Detection is made difficult by the effects on sonar of abrupt temperature changes between water layers, of the biological "deep scattering layer", of the deep sound transmission channel and of the internal waves below the surface. There are besides other obstacles to detection which naval experts of the Big Powers hope to take advantage of in locating their deadliest weapons in the bottom of the sea.

Should mankind survive this mad nuclear race with its numerous other ramifications of pollution and chemical and biological warfare, the benefits of the oceans in peace will, in time to come, prove to be even greater. They will provide abundance of food, cheap movement and

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even living space for hundreds of millions of people. Their wealth of water, power and minerals is considered by present-day standards unlimited. This is why along with sea-based weapons are being developed a variety of amphibian vehicles and fast-moving hovercrafts of 5,000-ton capacity which would skim over the surface of the ocean.

All this explains why the Super Powers are today engaged in the battle of the seas. Very shortly they will be joined in a big way by China and Japan to be followed by others in this scramble. Large areas of the oceans may be virtually seized and carved out as individual possessions of the Big Powers. The Afro-Asian and Latin American countries have, therefore, to assert themselves in a fashion different from their recent behaviour. It is not enough to play one Super Power against another. What is needed is a demand for a common control of the ocean resources. The United Nations has been passing resolutions every year since 1965 urging all countries to refrain from militarising the Indian Ocean but evidently with poor results. The idea has been often mooted that the oceans, specially their depths, should be declared the property of the United Nations to be developed and exploited by the world body for the benefit of all. If only the Big Powers could be persuaded to agree to this suggestion, it might mark the beginning of a new world order.

Scope for Exporting Non-traditional Goods to Russia

(BY A SPECIAL CORRESPONDENT)

The need for India to undertake intensive market research in Russia has become imperative as that country offers good scope for non-traditional exports. If India can offer competitive prices and conform to delivery schedule, it would not be difficult for her to exceed the export targets proposed in the new trade agreement with Russia.

THE five-year Indo-Russian trade agreement, concluded recently in New Delhi, envisages a 15-per cent annual increase in India's exports to Russia. Many new products are going to be exported, such as electric motors, aluminium cables, garage equipment, wire ropes, spectacle lenses, paints and varnishes, dyestuffs, shoes and cigarettes. The agreement marks a major landmark in the Indo-Russian trade relations. But its implementation will depend on the extent to which India is able to produce a surplus of goods so that she can fully meet her commitments to Russia after satisfying the domestic needs.

Although India's exports to Russia in recent years have had a spectacular rise, it seems that this has been more due to the efforts of the importing country than the aggressive sales promotion of Indian exporters. In fact, there has been little of market research, publicity campaign, and sales drive by Indian exporters or their organisations. There have been occasional visits of trade delegations from India to Russia in recent years. But their visits have been of too short a duration to be able to make any worthwhile study of the Russian market. The Indian Jute Mills Association has been sending a trade mission to Russia almost every year. But it has been keeping its report to itself.

In contrast to India's indifference to do market research in Russia, other countries have been making continuous and vigorous efforts to study the trends in consumption in various parts of that country and adjust their export strategy accordingly. According to Mr. Ramachandran who as a senior official of the Central Ministry of Foreign Trade had played a prominent part in developing India's trade with east Europe (he is now a director of the Minerals and Metals Trading Corporation of India), Japanese firms have been sending large teams to Russia and other countries of east Europe for market study. He revealed in a speech at a seminar in New Delhi in April 1970 that if any one visited Russia, he would find 20 or 30 Japanese business men in each hotel in Moscow and a like number in each of the Republican capitals. Mr. Ramachandran added, "They stay for considerable periods of time. There are some who have been staying for even years in the Russian capital studying the consumer taste of the people. They visit departmental stores; they see where the queues are the longest; they talk to people and they transmit the information to their countries. The institutional approach to market research is being attempted by them with no small degree of success."

It is surprising that India has not done any market study of Russia even for tea although that country has now become India's second largest customer next to the U.K. India's tea exports to Russia in 1969 amounted to 25 million kilograms, an increase of 2.6 million kilograms over the previous year. Indian teas seem to enjoy a monopoly in Russia. For, India supplied 25 million kilograms of tea out of Russia's total imports of 28 million kilograms in 1969. The other suppliers are Ceylon, North Vietnam and until recently China and Hongkong. Although Indian teas hold a strong position in Russia, it is worth while to study this market to explore the scope for more exports.

The need for India to undertake market research in Russia has become imperative because of the increasing level of consumption in that country and the opportunity it provides to India to step up the export of non-traditional goods. A report from Moscow says that in the first nine months of 1970 as compared with the corresponding period of the previous year, the output has gone up by more than 1,000 million roubles worth of garments, 37 million pieces of knitted outer garments, 31 million pairs of leather footwear, 198 million roubles worth of edible fish products, 1.5 million tons of butter, cheese, and other dairy produce in terms of milk, 720 million tins of canned food, 43,000 tons of synthetic detegents, 375,000 radios and radiograms, 330,000 household refrigerators and 170 million roubles worth of furniture.

India's exports of some consumer goods to Russia have been increasing in recent years. For example, the export of medicinal and pharmaceutical products increased from Rs. 29.18 lakhs in 1967-68 to Rs. 49.50 lakhs in 1968-69 and Rs. 57.68 lakhs in 1969-70. Tea exports rose from Rs. 19.80 crores in 1967-68 to Rs. 25.87 crores in 1969-70, coffee from Rs. 4 crores to Rs. 5.15 crores, and cashew kernels from Rs. 9.19 crores to Rs. 24 crores. The export of footwear has declined from Rs. 3.41 crores in 1967-68 to Rs. 2.87 crores in 1968-69 and Rs. 2.86 crores in 1969-70. The export of cinematographic

films after increasing from 103 kilometres valued at Rs. 4.69 lakhs in 1967-68 to 133 kilometres valued at Rs. 5.86 lakhs in 1968-69 has declined to 70 kilometres worth Rs. 4.16 lakhs in 1969-70. Intensive market research, frequent personal contacts, and, above all, the maintenance of competitive prices, timely delivery and product quality should help India to exceed the export targets proposed in the new trade agreement.

Meanwhile, the Government of India should circulate the full text of the trade agreement among industrial and commercial organisations. It is also necessary to be specific in mentioning the items which are indicated in the agreement as being available for export. Very often, the commodities in the trade agreements are described vaguely, which does not help the business men to identify them clearly. For example, there is no point in mentioning items like paint and paper unless it is clarified what categories are in demand in Russia. It is also necessary to inform Indian exporters about the names and addresses of the importing organisations in Russia. The Central Ministry of Foreign Trade should not rest content merely with the signing of the agreement. It is essential to take the follow-up measures in close co-operation with industry and trade.

Significance of the New Delhi Muslim Convention

(BY A SPECIAL CORRESPONDENT)

The recent New Delhi convention of the Muslims has served a useful purpose. It has made them as well as the Hindus aware of the true state of the Muslim community in India.

THE recent Muslim convention in Delhi has done one great good. It has set everybody thinking about the problem of Muslims of India. All newspapers and leading politicians have expressed their views on it. Nearly all have deplored its conclusions, particularly its resolve to function as a political body and put up its own candidates for elections to Parliament and the State Assemblies.

But it might be worth while considering the good points that have emerged from it. In the first place, it has enabled the Muslim community to let off some of its pent-up resentment against the Hindu majority for alleged injustices, some real and some imaginary. As any psychologist would say, airing of imaginary grievances is perhaps as useful for the health of an individual or society as of real ones. The one great advantage of a democracy is that it solves a great many issues through mere discussion and ventilation of grievances. The outspoken and provocative tone of the speeches made at the convention is indicative of the fullness of Indian democracy and the freedom of expression that the Muslim minority shares with the Hindu majority in equal measure. And this perhaps can be cited as the second advantage of the convention.

Thirdly, the fairly large dissenting voice at the convention that was gagged by its organisers shows that the Muslim community, despite its numerous handicaps, is in sound health. It is not bigoted as some Hindu fanatics who look at it through coloured glasses think it to be. It has its own extremists and liberals who do not see eye to eye with each other. This shows that the community has not given up hope. The moment it does it will, willy-nilly, close its ranks. To the nation's leaders it is a timely warning to act while there is still time to save the community from such depths of despair and the nation from a possible disaster.

And finally, perhaps the greatest good the convention has done is to hold a mirror before the Muslims of India and point out to them the social backwardness of their community in comparison with Muslims elsewhere. The resolution adopted by the convention forbidding the authorities from trying to introduce any change in the "personal laws" of the community showed more than anything else how far the community has yet to go. When even sober and somewhat conservative Muslim leaders, including the convention's President, Mr. Badruddin Tyabji, express disappointment and helplessness over the resolution, it gives the younger forward-looking generation among the Muslims an opportunity to think deeply about what is wrong with the community.

For all these reasons, the convention can be said to have served a useful purpose, that of making both the Hindus and the Muslims aware of the true state of the Muslim community in India. Everyone is free to draw his own conclusions from the proceedings. But no one can deny that certain facts of life in this country have been laid bare for everyone to see. It is one of the tragedies of life, even in democracies, that certain awkward facts are never talked about, not even in private.

Should the Muslims give serious thought to the recommendations of the convention, they would not find it difficult to realise that they gain nothing and lose much by its move to have separate candidates of an all-India Muslim party at the elections. Even in the elections held in 1936 in united India under the Constitution of 1935—when Muslims constituted nearly 30 per cent of the population and the Muslim League was at the peak of its glory under the leadership of Mr. Jinnah—the idea of separate Muslim seats did not succeed. The Muslim League won less than 25 per cent of the seats reserved for Muslims. What was so difficult for the Muslim League then under most favourable conditions would seem very nearly impossible now. The idea of an all-India Muslim party to represent Muslims in Parliament and the legislatures just will not work. It will be defeated, above all, by the Muslims themselves. This shows the almost impossible task before any new party which tries to control the minds and franchise of the nearly 55 million Muslims of India. It will lead the community farther from the mainstream of national life without any impact in the Lok Sabha or the Assemblies.

The convention was well-timed in so far as it was held shortly after the elections in Pakistan which not only brought the downfall of the mullahs and dictators but also exploded the myth of the two-nation theory on which Pakistan was created. The elections showed that the East Bengalis and West Pakistanis could not hold together except in a very loose kind of confederation. Merely being Muslims did not make the two far-flung peoples—separated by the Indian land mass—one nation. It would perhaps be even more difficult for the Muslims of Uttar Pradesh and those of Kerala to build a common and separatist political identity than it is for the Muslims of West Pakistan and East Bengal.

SPOTLIGHT ON STATES

Maharashtra : Implications of the Essential Services Maintenance Bill

(BY A SPECIAL CORRESPONDENT)

DURING the Nagpur session of the Maharashtra legislature, the Opposition staged a walk-out in both the Houses after the Bill to convert the Essential Services Maintenance Ordinance into a statute was passed in both the Houses by a majority. In the course of the debate the State Finance Minister, Mr. S. K. Wankhede, justified the Government action in promulgating the Ordinance and seeking to replace it by a Bill. He denied that the Bill was undemocratic and retrograde as stated by some members. It was necessary to ensure the continuance of public services essential to the community. The State Government employees had earlier gone on a day's mass casual leave and later took a similar "leave" for three days.

The Government did not have the powers to ensure the maintenance of essential services. It, therefore, felt the need to arm itself with powers similar to those enjoyed by the Central Government under the Centre's Essential Services Maintenance Act. Mr. Wankhede referred to the steps taken by the Government to meet its employees' demands for revision of their emoluments. The dearness allowance had been revised on seven occasions. The Government, and especially the Chief Minister, had discussions with the leaders of the employees' confederation several times before. He would have met them again but they chose to go on an uncalled-for strike. The strike was unconditionally called off. Mr. Wankhede defended the measure as an enabling provision which must be in the Government's armoury, although he wished the Government would have no occasion to use it. In the course of the debate, one member observed that a public servant should not have the right to strike and commended the measure as an indispensable piece of legislation. Another member said that the Government should have taken the step earlier. The strikers would not be pardoned by the people for denying milk to children and for leaving hospital patients unattended.

One of the members, on the other hand, felt that the right to strike should not be denied as long as no provision was made for compulsory arbitration. This point of view, however, overlooks that strikes by Government servants stand on a different footing from those in industry In an industrial enterprise there is the safeguard that if wages are increased beyond its capacity, it may try to pass on the extra burden to the consumer by increasing the prices of its products and in the last resort it can close down. But a Government cannot close down. It has no other alternative but to find moneys for meeting the additional expenditure if it accepts the demands of its servants for higher emoluments. The moneys have to be found by raising taxation or by deficit financing. The legislature in a democratic country must have the final authority in such matters and cannot abdicate its responsibility and agree to accept as binding the decision of an arbitrator as to what expenditure should be incurred on the pay and dearness allowance of Government servants. Mr. Wankhede denied that the measure was inspired by the Centre. He observed that the State Government took no directions from Delhi on internal matters and that "we are capable of running our own administration".

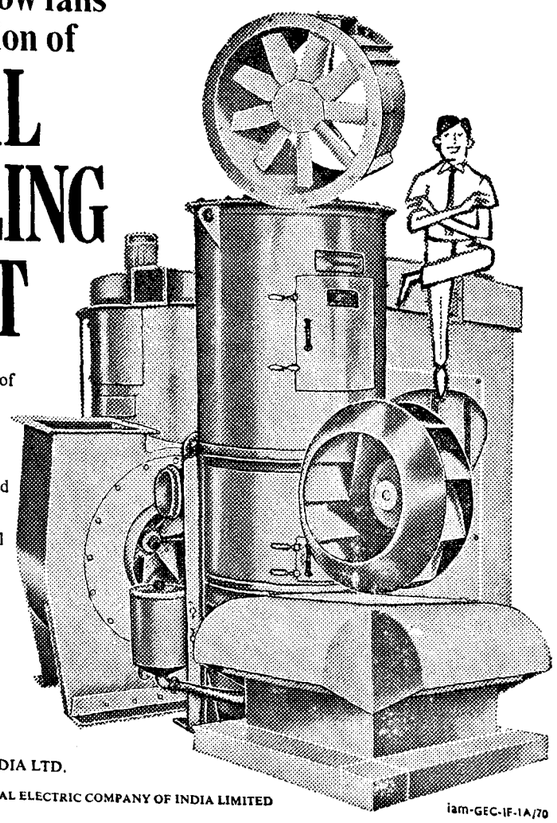
On a motion in the State Legislative Council raising a discussion on the decision of the Maharashtra Government to set up separate development corporations for the three regions of Vidarbha, western Maharashtra and Konkan, the Opposition assailed the Government for its neglect of Vidarbha, Marathawada and Konkan. Replying to the charge, the Chief Minister, Mr. V. P. Naik, explained the Government's efforts to attain uniform development of the State in various spheres. As for the Vidarbha region, he said that the development achieved during the last 14 years was clearly proved by the great strides the region had made. When Vidarbha was in Madhya Pradesh, the experts committee had given its finding that irrigation projects were not necessary for Vidarbha as it had sufficient rainfall for its crop produce. It was in 1956, when Vidarbha was merged with the then bilingual Bombay State, that the then Chief Minister, Mr. Y. B. Chavan, took the decision to allocate Rs. 5 crores for irrigation and roads in Vidarbha. This burden had fallen on western Maharashtra and Mr. Naik was happy to say that it shared it willingly.

As for the industrial development of Nagpur and its surrounding areas, the main hurdle was insufficient power supply and water. The Pench project had been undertaken by the Government to remove the water supply problem. The super thermal power project in Karadi was to be constructed at a cost of Rs. 102 crores which was the biggest project of its kind and, when completed, would supply all the power needed for the industries in this region. The Government had embarked on a development plan with the district and not the region as a unit. The development corporations were a major step taken by the Government to fulfil the expectations and aspirations of the people of the State for development. One of the members expressed the view that the holding of chairmanship of the corporations by big industrialists was a sad commentary on the socialist objectives of the Government. The Chief Minister strongly defended the association of well-known industrialists like Mr. Naval Tata, Mr. Arvind Mafatlal and Mr. B. D. Garware with development agencies like the M.S.I.D.C. and M.F.S.C., observing that "we must take advantage of their experience".

PEOPLE AND PERSONALITIES

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MONEY AND BANKING

The Role of Banks in Promoting Economic Growth—I

By K. Kogga

Banks have been assigned an important rôle in promoting India's economic growth. Their first task is to spread the banking habit among the people. This is the first in a series of three articles. The other two will be published subsequently.

FOURTEEN major Indian commercial banks, with deposits of not less than Rs. 50 crores each on the last Friday of June 1969, were taken over by the Government of India by an Ordinance on 19th July, 1969. The Government had already a hold over almost 27 per cent of the banking business with the takeover of the Imperial Bank of India and its conversion into the State Bank of India in 1955, with the Government holding its shares to the extent of 92 per cent. But in the case of these fourteen banks, the Government acquired their entire ownership against payment of compensation.

"An institution such as the banking system, which touches and should touch the lives of millions, has necessarily to be inspired by a larger social purpose and has to subserve national priorities and objectives. Banks play a vital role in the functioning of any economy. To those who have money to spare banks are the custodians of their savings. To the millions of small farmers, artisans and self-employed persons, a bank can be a source of credit. Even established trade and industry, big or small, cannot function or expand without adequate bank credit on reasonable terms. For our growing number of educated men and women, banks offer an opportunity for employment, which at the same time is an opportunity for service to society. To those who do not have business of their own, banks like the postal system or the railways provide a facility for our daily life." Thus the Prime Minister summarised the important rôle of banks.

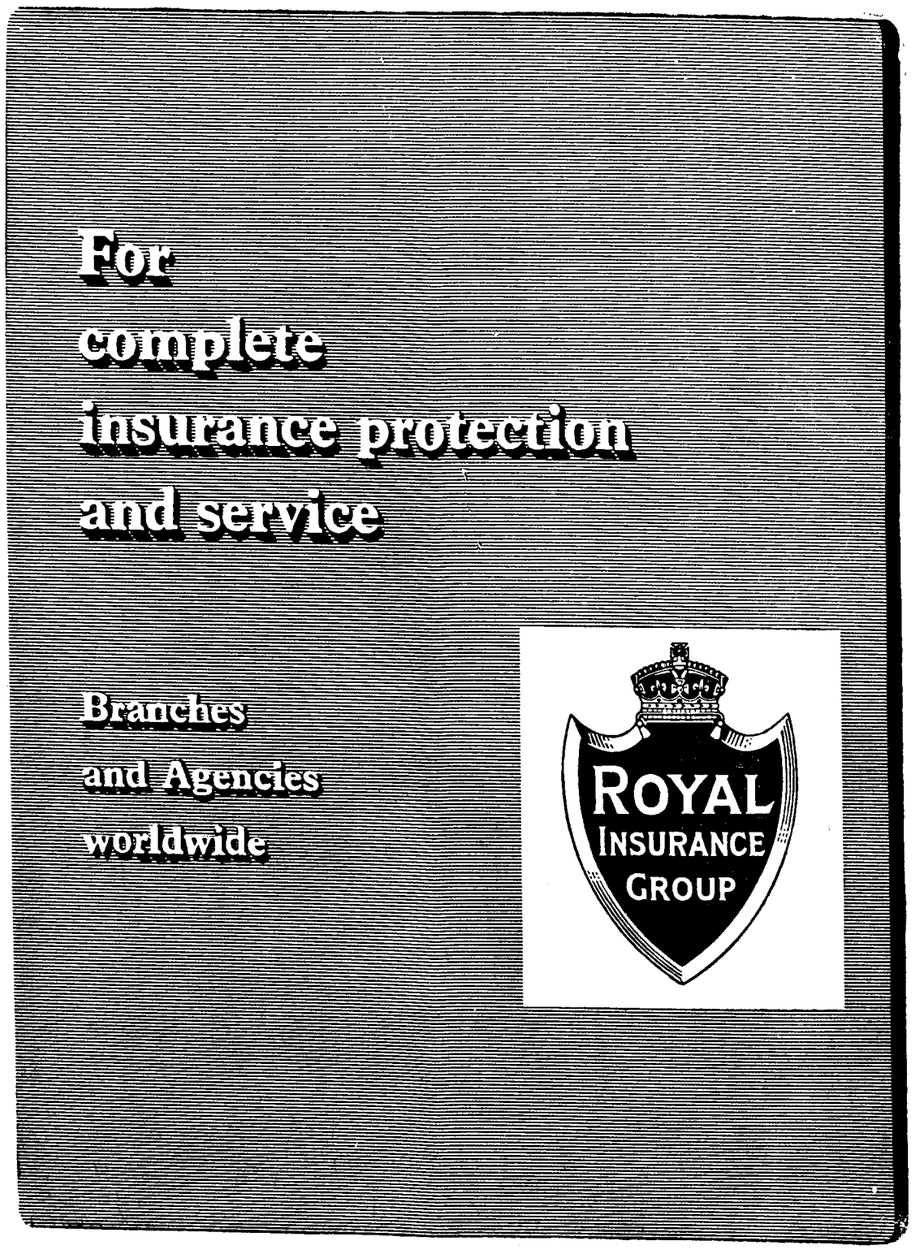
It is necessary first to understand what the banking system is and what rôle it has and can play and how best it can be made to play such a rôle. The banking system is an important factor in the financial structure of any country. The rôle of banks is creative and purposeful. The twin objectives of banks are, first, to mobilise the savings of the people and, secondly, to direct them into productive channels. It is not an easy task to mobilise savings and bring them into the banks. In simple terms savings are the excess of income over expenditure. The primary question is, first, what is the quantum of income and, secondly, is it sufficient to meet the expenditure? Income is what one earns and expnditure is what one spends. Normally one cannot spend more than what he earns but one can always spend less than what he earns. Thus savings are what one does not spend, that is, an expenditure postponed to a future date. Why should one postpone expenditure is a question analogous to why one should earn at all. Obviously one has got to meet one's needs and having satisfied them fully or partly, one would obviously be concerned about the morrow. It just would not do to say "let us live today and tomorrow will take care of itself", for, just as today, tomorrow also the needs will be there and, therefore, one must always try to save something for the morrow.

Such savings, however meagre they may be at the individual level, together constitute the savings of the community and provide for investment—a source of capital required for the development of the community. Savings, when they remain with the people, do not serve any economic purpose; they should, therefore, come into the coffers of the banks. The basic purpose of banking habit, that is, depositing savings with the banks, therefore, is to mobilise deposits. That is the primary task of banks. Banks do not keep the money thus collected with themselves but they, in turn, channelise their deposits towards productive and profitable purposes. Banks thus play a crucial rôle by collecting deposits from those who have savings and lending such deposits to those who need finance. This process thus helps in the rise of savings and investment and thereby accelerates economic growth.

This is not all. Deposits enable banks to create money. When banks lend money, they do not just part with cash. All that they do is to allow the borrowers to draw upon them to the agreed extent by means of cheques provided by them. When such cheques are issued by the bank's constituents or borrowers, the recepients of such cheques deposit them with their banks, which in turn creates deposits with other banks. This is what is known as the multiple creation of credit and banks are known not only as purveyors of money but also as credit merchants. Thus banks are able not only to shift or transfer purchasing power from those who save to those who use such savings but also to increase the total purchasing power and thereby enable borrowers to acquire real resources for use in new investments. Therefore, everyone casts a wistful eye at the banks and raises an accusing finger at them as the real cause of imbalance and inequalities. Consequently, the banking system cannot escape some measure of control over its operations and hence the observation of the Prime Minister, quoted earlier.

Nevertheless, it is incontrovertible that banks must have adequate deposits and deposits come from the people and people must necessarily have faith and confidence in the banking system in order to induce them to put their savings in the banks. Apart from the central bank, the monetary authority maintains its hold over the banking system; the Government which acts through it also seeks to prevent abuses of the enormous economic power wielded by banks and also to protect the interests of the depositors so that their confidence is not shaken and money does not shy away from the banking system. Hence the overwhelming concern in the Banking Regulation Act for "the interests of the depositors". Another important factor in the deposits position of banks is that not all their deposits are necessarily savings nor do they pool all the available savings. A large portion of their deposits represents demand deposits, that is, deposits repayable on demand while time deposits, that is, deposits repayable after a certain stipulated period may be taken as savings.

(To be continued)



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AVIATION AND TOURISM

India Prepares for the Introduction of Jumbo Jets

(BY A SPECIAL CORRESPONDENT)

VERY soon, if everything goes according to schedule, the *Boeing 747*s, each carrying 300 to 400 passengers and a massive load of baggage, will crowd Indian airports. In fact, the airports in Bombay, Delhi, Calcutta and Madras are almost ready to receive such planes as Air-India has already placed orders for three *747*s, involving a total investment of Rs. 80 crores. There is a proposal for placing an order for the fourth one in the near future. Air-India expects to receive two such Jumbos in 1971, the third one in March 1972 and the fourth one by March 1973.

Incidentally, India's all four international airports, according to the Civil Aviation authorities, are perfectly suitable for the operation of the *Boeing 747*. In fact, they point out, the *Boeing 707* aircraft is operating for nearly ten years from these four international airports which have withstood the strain. As such, "there should be no doubt of their adequacy when *747s* operate." Furthermore, the manufacturers of the *Boeing 747* have claimed that this aircraft has been so designed as to operate at any airport that can accept the *Boeing 707*. According to some civil aviation experts, however, the parking areas, passing clearances and the over-pass strength of the four airports require reviews due to the size and weight of the *Boeing 747*.

The transition to the Jumbo, is going to be an expensive affair, more so when at all stages highly sophisticated machinery and equipment involving large investments are required to offer training facilities to pilots and others concerned. For instance, one can easily imagine the magnitude of such expenses when to train the *Boeing 747* pilots, a flight simulator at a cost of about Rs. 2.21 crores has already been acquired by the Corporation from a Canadian concern. This computer-controlled simulator, a replica of the *Boeing 747* cockpit, which is capable of simulating on the ground normal manoeuvres and emergencies that might occur in actual flights, has the advantages of effecting considerable saving in money and flying time. For example, it is estimated that while a normal training on board a *Boeing 707* costs around Rs. 10,000 an hour, the simulator will only require Rs. 750 an hour. A Jumbo with a 180 feet long cabin, four galleys and with a capacity to sit 362 passengers (58 in the first class and 304 in the economy class) will have to be manned by a large crew.

The training section of Air-India's engineering department is humming with activity as 64 senior engineers and technical officers of the airline, directly connected with the planning and operation of the *Boeing 747*, have already been trained and the same number are now undergoing training. The maintenance engineers are also being trained in Air-India's engineering school which is expected to be self-sufficient, under the guidance of a large number of U.S. trained instructors, to offer training facilities at all levels by the time the *747* starts arriving. The plant technicians are silent workers behind the scene. They will operate the large plants to meet the vital requirements like power for the air-conditioning equipment and are being instructed in the school. Two groups of technicians have left for the U.S.A. and France for intensive plant training. The Technical Committee has approved the procurement of machine tools and equipment worth £15 million and the entire list of inventories is expected to be in stock by April 1971.

No doubt, the Jumbos are almost there. But the huge outlay has caused concern to certain critics. They have pointed out that when other international airlines are considering effecting alterations in their fare structures to attract the revenue-yielding traffic to the maximum as also reduced excursion fares for the low-income tourists, it is doubtful whether Air-India will be commercially benefited from such a costly venture. They believe that the problem of the industry is not of greater speed or increased capacity but of greater costs. In this context, some have commented that the "*747* is bus travel at taxi fares", that "it is not as customer satisfying as the smaller fan jets" and wished that the "Jumbo had never been born." It is interesting to note here the findings of a market survey conducted by the Boeing Co., makers of the *747*. It said that most passengers preferred the aircraft for its spaciousness, and 33 per cent for the seat comfort and flight performance.

The economic potential of the Jumbo strongly supports the new transition in air travel. Indeed, it is estimated that the *747* will carry about 2.5 times the air-freight carried in a *DC-8I* aircraft. The operating costs will also be considerably reduced. This will be possible as the handling equipment has been developed to load and unload 30-tonne cargo to or from the Jumbo in 12 minutes time. The additional capacity of the Jumbo has reduced the seat-mile costs. Naturaly, the public reaction to the Jumbo is favourable. It has been claimed that the *747*, in terms of seat or tonne-mile costs, will be 30 per cent cheaper than the *707*.

The prospect of mass air traffic in the 'seventies makes it imperative to introduce the *747*. Incidentally, the Director-General of the International Air Travel Association has observed that the scheduled domestic and internatoinal passenger traffic is expected to rise at an annual average rate of 12 per cent till 1980. Some aviation experts, therefore, believe that airline economies will be possible through reductions in operational and maintenance costs. Since the inauguration of Jumbo service, the *747* has been averaging a passenger load of nearly 70 per cent. The stage is being set, slowly but steadily, for the onset of the Jumbo jet era.

LUFTHANSA

Services to Bombay

Lufthansa will commence services to Bombay on 1st April, 1971. The new Bombay service which Lufthansa will operate twice weekly follows the granting of traffic rights by the Indian Government during negotiations with West Germany in Bonn in October 1970. Lufthansa's new two traffic points in India became New Delhi and Bombay; they were formerly New Delhi and Calcutta. A spokesman of the airline said that the Bombay services follow directly the concentration of German investment in the Bombay area.

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INVESTMENT

Shares Steady : Operators Ignore Political Uncertainties

THE stock markets have commenced business for the New Year on a very steady note. They have not allowed themselves to be perturbed by political uncertainties in the wake of the dissolution of Parliament for the mid-term poll, indicating that they have acquired a measure of immunity from political developments. The way Lyons Range has continued to put up a brave front amidst increasing political terrorism is indeed remarkable. Elections have, however, cast their shadow on the markets. Political uncertainties have affected turnover. Operators are inclined to toe a cautious line, and trading has become a dull affair.

With the Bombay, Madras and Ahmedabad markets closed for Christmas and the New Year and Lyons Range inclined to mark time, the volume of business put through during the past week has been extremely small. The only redeeming feature of an otherwise unexciting week is that the markets have managed to record small net gains on a wide front. With the corporate news of a mixed nature and the money market developing an acute stringency, the stock markets could not have given a better account of themselves. Equity prices will continue to fluctuate, but it is doubtful whether the markets will turn livelier till the elections are out of the way. Also there seems little chance of the markets staging any sustained and impressive recovery in the near future. The economic prospect has been getting increasingly blurred by the political fog. Political uncertainties can easily affect the economic outlook adversely if the decision-making process gets further delayed. Already New Delhi has little reputation for prompt decisions and the economic situation contains many disturbing features. Industrial production and exports are lagging behind the Plan targets and the economic tempo has slackened considerably. Despite a good monsoon for the fourth successive year and reasonably satisfactory crops, prices continue to rise steadily, thereby aggravating social tensions.

So far the overall performance of the corporate sector has been reasonably encouraging. But several units are now beginning to fear about the erosion of margins as a result of cost inflation. Controlled industries are the worst hit. At the moment, the markets' attention is focussed mainly on the possible outcome of the forthcoming elections. For only a strong and a viable Central Government can push through the programme for an accelerated economic progress.

Government securities have been featureless during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have also lacked interest. Turnover has been small due to the shortage of offerings. State Government loans have received selective support.

The Calcutta stock market has remained subdued this past week despite a limited recovery towards the close. Turnover, by and large, has remained restricted due to the absence of demand. The dissolution of the Lok Sabha for a mid-term poll has not produced much effect on the market, but a section of operators have extended their follow-up support in the belief that there may not be significant changes at the Centre. Towards the close of the past week, there have been scattered gains helped by replacement buying. Among engineering shares, Indian Iron remained sluggish in the initial phase, but have recorded some improvemnt towards the close. Guest, Keen, Williams have been better while Burn have shown a minor improvement. Among paper shares, Orient, Ballarpur, Seshasayee, Straw Products, Titaghur and Tribeni Tissues have met with support due to the shortage of paper. Coal shares have been neglected except South Karanpura and Western Bengal Coal. Miscellaneous shares have shown divergent trends. Hindustan Motors have improved towards the close while India Tobacco, Union Carbide, Indian Oxygen and Hindustan Aluminium have been transacted. Tea shares have received selective support.

Dalal Street has had only one session during this past week. Activity in *kerb* trading during the year-end holidays was negligible. But the general trading sentiment has been steady. The market reopened on 4th January with most shares recording small gains over their year-end prices. The improvement has been due more to the scarcity of offerings than to any important investment or speculative support. A few selected shares have evoked support on special considerations. Delhi Cloth have responded well to the four-for-five bonus issue. Food Specialities have steadied on the announcement of a bonus issue on a one-for-five basis. The outstanding bright spots include Century Enka, Indian Dyestuff, Orissa Cement, Standard Mill, Century and Ceat Tyres. Steels have been barely steady while engineering shares have made a little better showing. Cotton mill shares are firmer despite the soaring cotton prices. Rayons have held firm on moderate support. Dyes and chemicals are steadier, as are cement and shipping shares. Sugar shares are out of favour. Paper shares have displayed a steady tone. Tyre shares have ruled steady to firm.

The Madras stock market has remained closed during the past week due to the year-end and New Year holidays. Activity has, however, shown an improvement since the market opened on Monday. Planting shares have received selective support. The shares in this section which have been transacted are Malankara Rubber, Consolidated Coffee and Nelliampathy Tea. In the textile section, Madura and

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Acme Pig Iron
Adoni Spinning
Ashok Leyland
Balmadies Plantations
Blue Mountain
F.A.C.T.
French Motor Car
Glaxo Laboratories
Hindustan Motors
Indian Airlines
Investment Trust
Jaypore Sugars
J. K. Steel
Kothari Textiles
Paper Products
Precision Bearings
Sakthi Sugars
South India Steel
Textool
Union Bank
Universal Steel
Waterfall Estates
Western Bengal Coal

Lakshmi Mills have met with buying enquiries. Among bank shares, Indian Overseas have received support. In the miscellaneous section, Aluminium Industries and India Cements have been quoted while Ashok Leyland have received better buying enquiries.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/25—20/60—20/25—20/60—(36/15)

Burrakur Coal 12/30—12/30—12/30—12/30—(13/50)

Dunlop India 36/25—36/25—36/25—36/25—(30/00)

Guest, Keen, Williams 26/85—27/25—26/75—27/00—(13/45)

Hindustan Motors 13/95—14/77—13/95—14/65—(15/58)

Indian Aluminium 33/00—33/00—32/65—32/90—(30/15)

Indian Cable 15/35—15/40—15/35—15/40—(12/50)

Indian Copper 4/03—4/03—4/00—4/00—(3/97)

J. K. Cotton 11/40—11/40—11/40—11/40—(11/30)

Jaipur Udyog 9/25—9/40—9/25—9/40—(9/80)

Orient Paper 35/95—37/45—35/95—37/40—(30/75)

Orissa Cement 18/20—19/00—18/00—19/00—(11/60)

Rohtas Industries 6/75—6/85—6/70—6/85—(7/38)

Indian Airlines Earns a Record Profit

INDIAN Airlines has made the highest ever net profit of Rs. 2.28 crores in 1969-70. This has been due to the improved average load factor of 77 per cent and better and rational utilisation of all resources. The increase in fares, which came into effect from November 1969, contributed to the rise in revenue by Rs. 1 crore. The airline carried 2.25 million passengers in 1969-70, as against 1.96 million in 1968-69, an increase of 14.8 per cent. The foreign exchange earnings of the airline during the year under review amounted to a record figure of Rs. 8.50 crores. The outgo of foreign exchange on revenue account was Rs. 4.15 crores in 1969-70, as against Rs. 3.99 crores in the previous year, giving a net foreign exchange earning of Rs. 4.35 crores, compared with Rs. 3.62 crores.

The revenue maintained a steady rising trend, the total revenue amounting to Rs. 47.12 crores, as against Rs. 40.40 crores in 1968-69. The expenditure for the year increased from Rs. 38.74 crores in 1968-69 to Rs. 44.84 crores. This has been due to the rise in expenditure under "pay and allowances, fuel and oil and depreciation". The operating profit amounted to Rs. 3.38 crores (against Rs. 3.57 crores). After taking into account the payment of interest to the Government on loan capital and credit financing charges on loans for the purchase of aircraft, spare engines and spares, the year's working profit resulted in a net profit of Rs. 2.28 crores, thus showing a 15.5 per cent rate of return on the equity capital of Rs. 14.72 crores. This is in addition to the contribution of Rs. 3.54 crores to the Central exchequer by way of Customs and excise duty on aviation fuel and oil.

The very high cost of aviation fuel and oil accounted for 28 per cent of the operating expenses; in the case of other airlines, the percentage of oil and fuel costs to operating expenses varied between 7 per cent and 15 per cent. The operating revenue an available tonne kilometre has shown a rise from Rs. 1.93 to Rs. 2.06 and the operating expenses from Rs. 1.76 to Rs. 1.90. I.A.'s plea to the Government of India to exempt it from this increase in excise duty had been rejected. The Government's decision to allow the airline to purchase seven *Boeing 737-200* aircraft will cost it Rs. 33.35 crores. I.A. has placed an order with Hindustan Aeronautics Ltd for ten more *HS-748* aircraft; five are expected to be delivered during 1971-72 and the rest in 1972-73. With the addition of more *HS-748s, Dakota* services were reduced to four. As a result the total aircraft revenue kilometres flown rose by 3.355 million to 43.539 milion.

HINDUSTAN MOTORS

Dividend Skipped

IN their latest report for the year ended March 1970, the directors of Hindustan Motors Ltd say that the Company's working has been adversely affected causing severe financial losses. The cost of production has been continuously rising, mainly because of the increased prices of steel and other raw materials. The working has also been interrupted as a result of go-slow, stoppage of work, strikes, agitation and acts of violence. The profit has declined from Rs. 1.23 crores to Rs. 43.62 lakhs, after providing Rs. 3.77 crores (against Rs. 3.60 crores) for depreciation and having written back Rs. 66 lakhs and Rs. 15.41 lakhs from development rebate reserve and provision no longer required, respectively. General reserve receives Rs. 45 lakhs (against nil). In view of the Company's poor working results because of the unremunerative prices of finished products and the rising cost of production, the ordinary dividend has been skipped, against a taxable ordinary dividend of 10 per cent in the previous year. After adjustments, there is a carry-forward of Rs. 2.24 lakhs, against Rs. 15.24 lakhs brought in. Sales are up from Rs. 46.60 crores to Rs. 48.09 crores. The Company has produced 22,250 cars and 1,525 trucks. Although the production of cars has been slightly higher than that of the previous year, it has been below the planned target, the directors say.

FRENCH MOTOR CAR

Loss Incurred

THE French Motor Car Co. Ltd has shown disappointing working results for the year ended March 1970. The Company has incurred a loss of Rs. 15.44 lakhs, against one of 4.40 lakhs, after providing Rs. 2.08 lakhs (against Rs. 2.10 lakhs) for depreciation. In view of the loss sustained, the directors do not recommend any dividend. Development rebate reserve gets Rs. 5,460 (against Rs. 1,069). Sums of Rs. 4.62 lakhs (against Rs. 73,508) from reserve for loss on investments and of Rs. 2.30 lakhs (against Rs. 3.38 lakhs) from general reserve have been transferred. With other adjustments, there is a debit balance of Rs. 8.57 lakhs to be carried forward. It is stated that a serious setback has been caused by industrial unrest throughout the country during the year as a result of which vehicle supplies stopped for a time and were drastically reduced.

ASHOK LEYLAND

Record Sales

THE full report of the directors of Ashok Leyland Ltd for the year ended September 1970 says that the production and sale of 5,103 of the Company's Comet passenger and goods vehicles exceeded the highest level in all the years of operation. This was possible in spite of the difficult supply position of steel throughout the year. The net profit for the year amounts to Rs. 108.99 lakhs, after providing Rs. 69.38 lakhs for depreciation, Rs. 3.36 lakhs for development rebate reserve and Rs. 106 lakhs for taxation. This compares with the previous year's net profit of Rs. 96.63 lakhs, after providing Rs. 63.48 lakhs for depreciation, Rs. 17.21 lakhs for development rebate reserve and Rs. 88 lakhs for taxation. With Rs. 47,343 being excess provisions, the total surplus comes to Rs. 109.47 lakhs. Out of this, a sum of Rs. 17 lakhs (against nil) is transferred to debenture redemption reserve. The dividend at 9½ per cent (against 9 per cent) accounts for Rs. 73.99 lakhs. The balance of Rs. 18.47 lakhs is transferred to general reserve.

J. K. STEEL

Dividends Skipped

THE turnover of J. K. Steel and Industries Ltd during the year ended June 1970 shows an increase of 32.6 per cent at Rs. 2.48 crores. In spite of the improvement recorded in production and sales, the Company has incurred a loss of Rs. 11 lakhs (against Rs. 18 lakhs) due to the steep rise in the wage bill, erratic supply of raw materials and higher raw material costs. The directors have decided to skip dividends on both preference and equity shares considering the deficit. The transfer of an amount equivalent to the deficit for the years 1968-69 and 1969-70, including depreciation, has been made from general reserve. It is, however, heartening to note that the Company's working has shown considerable improvement during the past six months. Production and sales have

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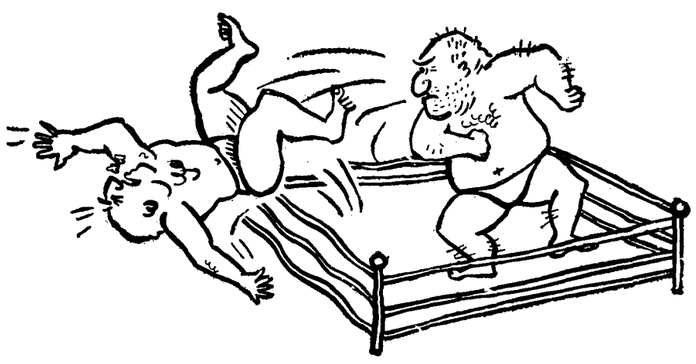
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High cotton prices are beating India right out of the export market



Foreign exchange may soon become foreign to one of India's biggest exchange earners!

India's cotton textiles bring in foreign exchange to the tune of Rs 120 crores a year. Now all this stands to be wiped out with one fell blow—the blow dealt by the acute cotton shortage and the resulting increase in cotton prices.

In the last three months cotton prices have gone up by 35%; and since January 1967 by about 85%, thereby raising the cost of production of cloth by nearly 40% and that of yarn by nearly 55%. As anyone knows this must inevitably create an impact not only on exports but also on domestic consumers.

On the international front disaster looms large. We are pricing ourselves right out of the export markets we've nurtured with so much care. No new export bookings are being made. And many mills who have entered into longterm export commitments are faced with heavy losses.

The critical cotton situation is cutting both ways. Because of the shortage the country is importing cotton—and paying dearly for it. An estimated Rs 100 crores in 1969-70, very much more in 1970-71. Instead of paying out our precious foreign exchange to farmers abroad, why don't we let the Indian farmer benefit? A concerted programme to increase the yield per hectare will benefit everyone concerned.

The fight for export markets is worse than a free-style wrestling match. Does it make sense for India to enter this arena without strengthening her sinews?

INDIAN COTTON MILLS' FEDERATION

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materially improved and the Company has been able to return to profitable working.

TEXTOOL

Bigger Loss Incurred

THE working of Textool Co. Ltd for the year ended April 1970 has resulted in a net loss of Rs. 31.52 lakhs, after providing Rs. 4.93 lakhs for depreciation and after writing off machinery in process to the extent of Rs. 4.68 lakhs. This loss compares with the previous year's loss of Rs. 23.19 lakhs, after providing Rs. 5.15 lakhs for depreciation. Adding to the year's loss of Rs. 31.52 lakhs a sum of Rs. 176.82 lakhs being the loss brought forward from the previous year, and Rs. 6,000 being contributions, the total loss comes to Rs. 209.61 lakhs which is being carried forward.

F.A.C.T.

Bigger Turnover

THE full report of the directors of Fertilisers and Chemicals, Travancore Ltd for the year ended March 1970 says that, as a result of the intensification of sales and market development operations, turnover has risen from Rs. 19.23 crores in the preceding year to Rs. 26.06 crores in 1969-70. The sale of 67,200 tonnes of nitrogen, 17,600 tonnes of P_2O_5 and 97,200 tonnes of N.P.K. mixtures and complex contributed to this turnover. Nitrogen sales include 87,600 tonnes of urea in which the Company traded as part of the market development programme for Cochin Phase-I. The report adds that the Company has stabilised its organisation in the four southern States so that it can handle effectively the production from both the Cochin plant and the Udyogamandal plant after the Stage IV expansion programme. It is also said that N.P.K. mixtures continue to be popular. The present trend is to move from hand-mixing to machine-mixing to make granulated mixtures and N.P.K. complexes. A mixing plant with granulation facilities is being installed in Cuddalore. The Company is also converting one of the existing plants in Udyogamandal to make N.P.K. complex.

The second phase of the Cochin project is being planned for the manufacture of high analysis N.P.K. complex mixtures. The directors state that the Stage IV expansion, to raise ammonia capacity of the Udyogamandal division to 340 tonnes a day and the production of ammonium phosphate 20:20 grade to 181,000 tonnes a year, will be ready for commissioning by the end of 1970. The Cochin project will be commissioned by May or June 1971. The report also says that the expansion of the Cochin project to make N.P.K. complex fertilisers has been accepted, in principle, by the Government of India. The project cost is estimated at Rs. 45 crores. The project report, now with the Government, envisages the production of 485,000 tonnes of N.P.K. complexes. The project is expected to be financed by a loan from the World Bank.

Mainly due to shortfalls in production, the Company incurred a loss of Rs. 167.06 lakhs during the year, after charging Rs. 297.24 lakhs to interest and depreciation and also after writing back Rs. 22.75 lakhs from development rebate reserve no longer required.

KOTHARI GROUP

A Better Year

FOUR of the five companies in the Kothari group—Blue Mountain, Waterfall Estates, Balmadies Plantations, Kothari Textiles and Adoni Spinning—have produced improved results for the year ended August 1970. Only Balmadies Plantations, which is a small Company, has not fared well. The directors have not recommended any dividend as these companies are under a merger proposal. According to the provisions of the scheme of amalgamation, the profit and loss of the amalgamating companies for the period commencing from 1st September, 1969, will be that of the new company and will be available to the new company to be disposed of in the manner it may deem fit.

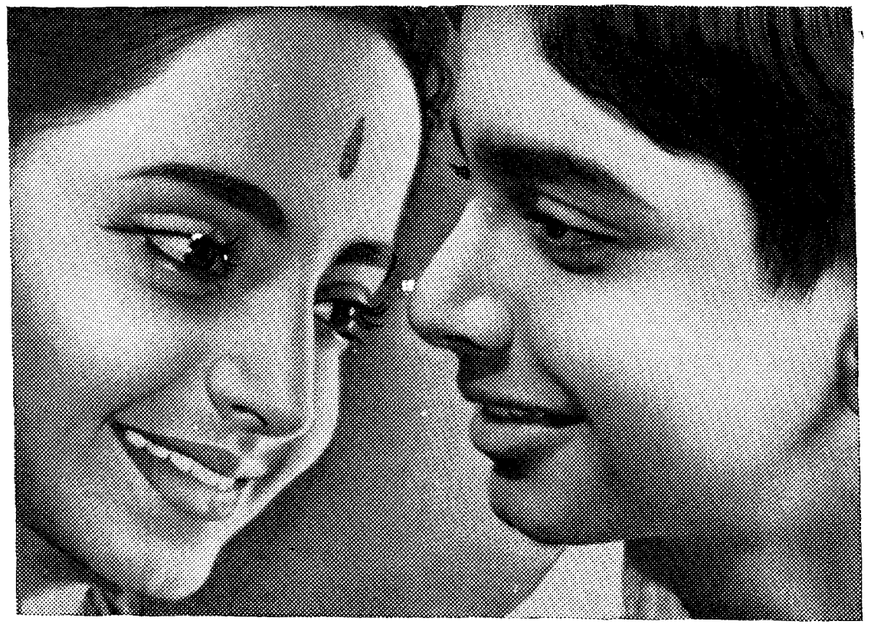
Blue Mountain Estates and Industries Ltd: According to the preliminary figures, the profit of the Company amounts to Rs. 7.92 lakhs, after providing for depreciation and taxation. This compares with the previous year's profit of Rs. 3.92 lakhs, for a period of 14 months ended August 1969. Provision for depreciation amounts to Rs. 7.97 lakhs (against Rs. 6.89 lakhs). Taxation accounts for Rs. 4 lakhs (against Rs. 4.90 lakhs). A sum of Rs. 14,718 has been transferred from development rebate reserve to the profit and loss appropriation account.

Waterfall Estates Ltd: The Company has earned a profit of Rs. 5.28 lakhs, after providing for depreciation, development rebate and taxation. This compares with the profit of Rs. 4.72 lakhs for the previous year of 14 months ended August 1969. Provision for depreciation amounts to Rs. 6.90 lakhs (against Rs. 5.34 lakhs). Taxation accounts for Rs. 5 lakhs (same). Development rebate reserve gets Rs. 53,982 (against Rs. 26,161). A sum of Rs. 88,027 has been transferred from development rebate reserve to the profit and loss account.

Balmadies Plantations Ltd: The Company has incurred a net loss of Rs. 52,885, after providing for depreciation, as against a loss of Rs. 52,131 for the previous 15 months ended August 1969. Provision for depreciation amounts to Rs. 16,544 (against Rs. 18,470).

Kothari Textiles Ltd: The Company has earned a profit of Rs. 6.84 lakhs, after providing for depreciation, development rebate and taxation. This compares with the profit of Rs. 4.34 lakhs for the previous eight months ended August 1969. Provision for depreciation comes to Rs. 11.31 lakhs (against Rs. 8.73 lakhs). Development rebate reserve gets Rs. 3.65 lakhs (against Rs. 1.24 lakhs). Taxation takes away Rs. 12 lakhs (against Rs. 5.50 lakhs). A sum of Rs. 2.12 lakhs has been transferred from development rebate reserve to the profit and loss appropriation account. Provision for taxation no longer required and written back is Rs. 4 lakhs.

Adoni Spinning and Weaving Co. Ltd: The Company has earned a profit of Rs. 4.11 lakhs, after providing for depreciation and development rebate reserve and taxation. This compares with the loss of Rs. 2.05 lakhs, after providing depreciation of Rs. 3.50 lakhs in the previous eight months ended August 1969. Provision for depreciation amounts to Rs. 7 lakhs (against Rs. 3.50 lakhs). Development rebate reserve gets Rs. 99,852 (against Rs. 32,819) and taxation accounts for Rs. 60,000. A sum of Rs. 18,765 has been transferred from development rebate reserve to the profit and loss appropriation account. Provision for taxation no longer required and written back is Rs. 98,550.



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UNION BANK

Merger Scheme

YET another residual bank—the Union Bank of India Ltd—is seeking to merge with a prominent industrial house—Mahindra and Mahindra Ltd—to make a profitable and productive use of the compensation money received by it. The bank has received Rs. 3.10 crores by way of compensation. After making provision for the tax liability as well as accruals and disbursements till the effective date, it is estimated that the bank will have a sum of about Rs. 2.7 crores. This will be made available to Mahindra and Mahindra Ltd to finance its expansion programme. The Company owns an industrial licence to raise its installed capacity from the present 10,000 vehicles to 25,000 vehicles a year. The current demand for the Company's vehicles is extremely good and the Company expects it to rise to about 20,000 vehicles a year over the next five or six years. The Company also expects a substantial increase in exports of its vehicles and in its other activities which include the export and import of steel, machine tool sales and business of instrumentation, electronics and agro-aviation division.

A scheme of amalgamation of the residual bank with Mahindra and Mahindra has already been approved by the boards of the two Companies. The scheme, subject to the approval of the Government, will come into force with effect from 1st May, 1971. It will be implemented after the approval of the shareholders of the two Companies at separate meetings to be convened under the directions of the High Court. Under the terms of the proposed amalgamation, every holder of two shares of the Union Bank of India Ltd of the paid-up value of Rs. 5 each will be entitled to receive (a) one equity share of Mahindra and Mahindra Ltd of the paid-up value of Rs. 10 each, and (b) one convertible bond of Rs. 6 bearing interest at the rate of 8 per cent a year and redeemable after 8-1/2 years. Dissenting members of the Union Bank will be paid at the rate of Rs. 9 a share. Ten bonds of Rs. 6 each will be convertible into three shares of Mahindra and Mahindra at the end of five years from the date of coming into force of the scheme at the option of the shareholders. The Company reserves the right by giving six months' notice to repay such bonds that have not been converted into equity shares, from time to time, after eight years and within 12 years from the date of issue.

According to the scheme, a shareholder holding two shares of the bank will get in value an equity share and convertible bond of an aggregate of Rs. 23.50, that is, approximately Rs. 11.75 a share, yielding an annual income of 79 paise a share, subject to tax, on the basis of the present dividend of Mahindra and Mahindra. The shares of Mahindra and Mahindra to be issued to the shareholders of the Union Bank will rank *pari passu* with the existing shares from the date of the implementation of the scheme and will be entitled to the dividend from that date. The directors of the Union Bank of India Ltd expect to declare and pay a dividend of about 60 paise a share before the scheme comes into force.

If the scheme goes through, Mahindra and Mahindra will have to issue 1.25 million equity shares of Rs. 10 each and 1.25 million convertible debentures of Rs. 6 each. On the basis of the equity dividend of 11 per cent, the liability against the additional shares works out to Rs. 13.75 lakhs. The prospects of increased activity in operations of Mahindra and Mahindra are such that the additional liability can be easily met. Interest liability on convertible bonds amounting to Rs. 6 lakhs a year will form a part of the operating expenses of the Company.

GLAXO LABORATORIES

Uncertain Outlook

GLAXO Laboratories (India) fared rather badly during the year ended June 1970. Despite a 10 per cent rise in turnover from Rs. 24.40 crores to Rs. 26.91 crores, its gross profit declined by nearly 16 per cent from Rs. 5.12 crores to Rs. 4.28 crores. The Company's chairman, Mr. Iain Mackinnon, has attributed the "disappointing" trading results to a combination of factors, notably the continuing rise in material and wage costs, voluntary reductions in certain products made early in the year and in 1968-69 and the "serious disruption to the pharmaceutical market" in the last quarter of the year caused by speculation and uncertainty about the Government's intentions. Mr. Mackinnon told the shareholders' annual meeting on 4th December that it was impossible to forecast the overall effect of the new price control measures, effective from August, on the Company's sales and profits in the current year (1970-71). Negotiations with the Government on the Company's pricing policy were completed only recently and the results were not yet known. He, however, assured the shareholders that the management would try to minimise the "inevitably adverse effects" on the profitability of pharmaceutical operations. This will be done by increasing further the emphasis on other products, such as family products whose sales had shown good progress in the first four months of the current year, animal health products and laboratory chemicals. Moreover, the Company would put greater emphasis on restraining cost increases and, where possible, endeavour to achieve cost reductions. The chairman stated that the Board accepts "the need for firm action to control the upward spiral of other costs and expenses".

Referring to the uneconomic price fixed for vitamin A and the consequent dilemma faced by the Company in regard to its future export policy, Mr. MacKinnon expressed the confidence that the Company's case as presented to the authorities is "an exceptionally strong one" and must make an impact on official thinking. He assured the shareholders that the Company's business would be maintained in the "highest state of efficiency" so that whatever may be happening to others, Glaxo will weather the storm.

Mr. MacKinnon disclosed at the meeting that the Company had been awarded the single largest order ever placed by Russia in India for beta-ionone. The value of this contract is over Rs. 50 lakhs, covering supplies for the first ten months of 1971. The chairman stated that this contract represented a significant stepping up of the rate of the Company's exports of beta-ionone. By itself, the transaction will not add to the Company's profits but it represents a measure of the Company's faith that the Government's future pricing policy in this field will be realistic.

Replying to shareholders' queries, the chairman ruled out the possibility of a bonus issue in the near future as it was not deemed to be in the interest of the shareholders in the prevailing circumstances. The Company's working in the current year has been satisfactory so far, in that production in all the departments has been higher and this trend is expected to be main-

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tained in the remaining months of the year.

Mr. MacKinnon informed the shareholders that he had signified his intention of resigning from the chairmanship in the near future and that the Board had indicated its intention of appointing in his place Mr. J. S. Raj who was recently elected a non-executive director of the Company.

INVESTMENT TRUST

Dividend Maintained

THE directors of the Investment Trust of India Ltd have maintained the dividend at 8 per cent for the year ended September 1970. The net profit amounts to Rs. 84,482 after providing Rs. 8,000 for taxation. This compares with the previous year's profit of Rs. 80,893. There was no tax provision last year. With Rs. 4,097 brought forward, the total surplus available for appropriation comes to Rs. 88,579. Out of this, a sum of Rs. 5,000 is transferred to general reserve. The dividend at 8 per cent absorbs Rs. 80,000. The balance of Rs. 3,579 is being carried forward. During the year, the dividend income from investments improved to Rs. 91,895 (against Rs. 88,607).

WESTERN BENGAL COAL

Satisfactory Results

THE Western Bengal Coal-Fields Ltd has achieved satisfactory working results during the year ended March 1970. Sales are up from Rs. 3.25 crores to Rs. 3.39 crores, and the pre-tax profit has risen from Rs. 30.30 lakhs to Rs. 34.13 lakhs, after providing Rs. 20.67 lakhs (against Rs. 11.32 lakhs) for depreciation. In view of the Company's better performance, the taxable ordinary dividend has been raised from 8 per cent to 8½ per cent. This works out to a yield of 12.4 per cent at the present price of Rs. 6.87 a share of Rs. 10 each. Allocations include Rs. 5.25 lakhs (against Rs. 2.70 lakhs) for development reserve and Rs. 12.70 lakhs (against Rs. 14.30 lakhs) for taxation. General reserve absorbs Rs. 9 lakhs (against Rs. 11.50 lakhs) and dividend equalisation reserve Rs. 8.50 lakhs (against Rs. 8.24 lakhs). After transferring Rs. 2.79 lakhs (against Rs. 6.48 lakhs) from development reserve and making other adjustments, there remains a balance of Rs. 14,138 which is proposed to be carried forward, against Rs. 5,653 brought in. Raisings rose from 966,133 tonnes to 1,047,743 tonnes and despatches from 990,989 tonnes to 998,714 tonnes. The development programme of the Company's various collieries has progressed satisfactorily.

ACME PIG IRON

U.S. Loan Extended

A U.S. Government loan extended to Acme Pig Iron and Centrifugal Pipe Works Ltd will help meet India's growing demand for a variety of iron and steel products. The Company will be producing steel abrasives, alloy steel castings, and steel crushing balls in collaboration with Wheelabrator Corporation of Mishawaka, Indiana, the U.S.A., and Tilghman Wheelabrator (a British affiliate of the American firm). Many of these products are currently imported. By manufacturing them, Acme expects to effect considerable saving in foreign exchange currently spent on imports. At a later date, the Company will reactivate its existing plant in Khopoli, near Bombay, to produce pig iron.

The loan agreement was signed on 29th December, 1970, by Mr. L. Paul Occhsli, Deputy Director of the U.S.A.I.D. mission in India, and Mr. S. H. Commissariat, managing director of Acme.

PAPER PRODUCTS

Better Results

PAPER Products has reported substantially improved results for the year ended July 1970, with sales up by 25.6 per cent from Rs. 3.48 crores to Rs. 4.37 crores and the gross profit by 56.3 per cent from Rs. 15.20 lakhs to Rs. 23.77 lakhs. The Company is back again to the dividend list after a lapse of one year with a payment of 12 per cent. Last year, the board had skipped the dividend and proposed instead a one-for-five bonus issue. The proposal to issue bonus shares in lieu of dividend was turned down by the Controller of Capital Issues in terms of the new guidelines. The directors have now revived the earlier move and have proposed a bonus issue on a one-for-five basis.

After providing Rs. 13.26 lakhs (against Rs. 12.72 lakhs) for depreciation, Rs. 90,000 (against Rs. 1.26 lakhs) for development rebate and Rs. 3.30 lakhs (against nil) for taxation, the net profit for 1969-70 amounts to Rs. 6.31 lakhs, against Rs. 1.22 lakhs in the preceding year. After adjustments, the surplus of Rs. 7.16 lakhs (against Rs. 2.21 lakhs) has been transferred to general reserve.

The Company's flexible packaging division did well, with sales moving up from Rs. 2.58 crores to Rs. 3.37 crores. This growth is being maintained in the current year also; sales during the first four months are stated to be 17 per cent higher than in the same period of 1969-70. The Company has acquired a conversion plant in Nagpur which is in operation since October last. Sales of the paper unit in Roha were higher at Rs. 1 crore, against Rs. 90 lakhs in 1968-69, but its working in the current year has been affected by a major breakdown of the paper machine. However, the directors hope that after the replacement of the damaged parts and modifications of the machine, production will improve during the remaining part of the year. The Company's subsidiary, Premier Paper Mills, has turned the corner and made a net profit of Rs. 5.43 lakhs.

Paper Products has embarked on an expansion scheme for its flexible

WORKS BY

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packaging and paper divisions. It proposes to add an extrusion coating plant to the Nagpur packaging unit. A firm order for the plant has been placed with a U.K. firm and the plant is expected to arrive by the end of 1971. The Company has arranged loans for Rs. 49 lakhs to implement the Nagpur project and a Rs. 50-lakh scheme has been drawn up to raise the paper production in Roha by 4,000 tonnes; the scheme has been approved by the Government.

PRECISION BEARINGS

Good Performance

THE Precision Bearings India has done very well during the year ended August 1970 and this has enabled it to wipe off the accumulated losses and build reserves. With turnover rising by 43.2 per cent from Rs. 1.41 crores to Rs. 2.02 crores and the gross profit up by as much as 173 per cent from Rs. 22.29 lakhs to Rs. 60.97 lakhs, the ratio of profit to sales has improved from 15.8 per cent to 30 per cent. After providing Rs. 14.25 lakhs (against Rs. 10.49 lakhs) for depreciation and amortisation, the profit works out to Rs. 46.72 lakhs, against Rs. 11.80 lakhs in the preceding year. After some adjustments, there is a surplus of Rs. 40.43 lakhs. Out of this a sum of Rs. 28.92 lakhs has been utilised to wipe off the outstanding deficit and the balance of Rs. 11.49 lakhs has been transferred to reserves. The Company's order-book is full till the end of 1971. If the present market conditions continue, the directors expect a further substantial improvement in turnover during the current year.

SAKTHI SUGARS

Loss Incurred

THE directors of Sakthi Sugars Ltd have announced a lower dividend of 6 per cent for the year ended June 1970. The Company had paid a dividend of 12 per cent for the previous year. But the shareholders ought to derive some comfort from the fact that the directors have at all recommended a dividend in spite of the loss in working. The Company has incurred a loss of Rs. 4.93 lakhs, after providing Rs. 15.23 lakhs for depreciation. This compares with the previous year's profit of Rs. 17.35 lakhs after providing Rs. 13.74 lakhs for depreciation. The surplus brought forward from the previous year was Rs. 8,995 to which is added a sum of Rs. 4.84 lakhs transferred from general reserve. The total surplus comes to Rs. 4.92 lakhs which is adjusted against the year's loss. The preference dividend is to be paid out of dividend reserve to which a sum of Rs. 6.10 lakhs has been transferred from general reserve.

JAYPORE SUGARS

Sharp Fall in Profit

THE working results of Jaypore Sugars Co. Ltd for the year ended June 1970 are in line with the general pattern of the sugar units in the south. In spite of a loss in working after depreciation, the directors have recommened a dividend of 10 per cent on ordinary shares, as against 12 per cent in the previous year. The dividend is to be paid from reserves and from certain write-backs. According to the preliminary figures, the profit, before depreciation and taxation, amounts to Rs. 5.09 lakhs showing a sharp decline from the previous year's profit of Rs. 60.34 lakhs. In common with the other units, there was lower recovery and also lower prices for sugar in the open market. Provision for depreciation amounts to Rs. 29.87 lakhs (against Rs. 37.20 lakhs). Taxation accounts for Rs. 26,000 (against Rs. 22.92 lakhs). A sum of Rs. 12.25 lakhs from development rebate reserve and another sum of Rs. 18.20 lakhs from general reserve are transferred to the profit and loss account. Appropriations include the transfer of Rs. 7.57 lakhs (against Rs. 8.84 lakhs) to dividend reserve. A sum of Rs. 29.89 lakhs is transferred to the profit and loss account, being excess provision for depreciation in earlier years, written back. A special depreciation reserve is created and a sum of Rs. 29.89 lakhs is transferred to this reserve.

SOUTH INDIA STEEL

A Bad Year

THE ordinary shareholders of South India Steel and Sugar Ltd have to go without a dividend for the year ended June 1970. The Company had paid a dividend of 12 per cent in the previous year. The satisfactory working result of the steel section of the Company has been more than offset by the loss of the sugar section, leading to a net loss in working. The Company has incurred a net loss of Rs. 30.76 lakhs, after providing Rs. 14.44 lakhs for depreciation and Rs. 64,000 for development rebate reserve. This compares with the previous year's profit of Rs. 28.41 lakhs, after providing Rs. 21.65 lakhs for depreciation and Rs. 1.40 lakhs for development rebate reserve. The surplus brought forward from the previous year is Rs. 75,948, to which is added a sum of Rs. 38.77 lakhs being excess depreciation in previous year written back. Thus the total surplus available comes to Rs. 39.53 lakhs. Out of this, short provision for taxation relating to the earlier year amounted to Rs. 1.12 lakhs. The preference dividend recommended for the year at 9.3 per cent amounts to Rs. 1.64 lakhs. A sum of 6 lakhs (against 16 lakhs) is transferred to general reserve. After deducting the year's loss of Rs. 30.76 lakhs, there is a balance of Rs. 1,000 which is carried forward.

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UNIVERSAL STEEL

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UNIVERSAL Steel Castings and Forgings proposes to enter the capital market some time in January to raise Rs. 45 lakhs in equity and preference shares to finance a part of the cost of its new project to manufacture special steels. The capacity of the plant which is to be set up in Faridabad will have a capacity of 15,000 tonnes a year to begin with. The capacity is proposed to be doubled in the second year of production. The entire equipment of the project is to be obtained from indigenous sources. The project is estimated to cost Rs. 95 lakhs which is proposed to be met by the capital issue of Rs. 75 lakhs and loans amounting to Rs. 20 lakhs from financial institutions. The issued capital of the Company consists of Rs. 60 lakhs in equity shares and Rs. 15 lakhs in preference shares. Out of this, the promoters and their friends and associates have already taken up equity shares worth Rs. 15 lakhs and they will subscribe for another Rs. 10 lakhs of equity shares. The balance is to be offered for public subscription. The management expects the Company to be able to declare a maiden dividend in the very first year of its working.

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COMMODITIES

Expert Team to Survey Possibility of Setting up Modern Jute Mills

THE Government of India has announced its intention of setting up a jute corporation in the public sector soon to implement the official price-support programme for ensuring a fair return to jute growers as well as to purchase raw jute for building up a buffer stock. Giving this information to the Lok Sabha recently, the Central Foreign Trade Minister, Mr. L. N. Mishra, said that the price-support operations by the State Trading Corporation so far had failed to meet the specific needs. The proposed corporation would undertake the export of jute goods and the import of raw jute, when necessary, to prevent undercutting. Complimenting growers on their splendid success in raising the output of raw jute from 1.6 million bales in 1947 to some 6 million bales now, Mr. Mishra expressed the view that "they have not been given a fair deal". The jute corporation, he said, would come to their aid.

The Government also proposed to appoint a special team to conduct a survey on the feasibility of setting up modern jute mills in Bihar, Orissa, Assam and Andhra Pradesh. The team would be asked to submit its report within three months, he added. The basic intention was to set up new and modernised mills in the major growing States to help make a proper use of fibre grown there and to ensure a fair return to growers. The mills planned for Bihar would be situated in the main jute-growing belt in the north-eastern districts of Purnea, Saharsa and Darbhanga. The Minister felt that the "case is strong" for the location of jute mills in the four States which did not have them so far. The Government's preference for modern jute mills was ascribed to the high costs of production in the outmoded mills in West Bengal. The lower production costs, Mr. Mishra continued, would enable India to compete better in the world market. Secondly, the Government preferred the new jute mills to come up in the public or co-operative sectors for the heavy financial outlays involved in such projects. But he added that he had no objection to grant licences to private entrepreneurs and special facilities would be given to them for the purpose.

Using Broadloom Caddis

The Indian jute industry has been steadily increasing its broadloom production during recent years to keep pace with the demand for backing cloth for the tufted carpets being manufactured in the U.S.A. in larger and larger quantities. On the other hand, mainly due to the high price of the products, the industry has nearly lost all its sacking markets to Pakistan. There has also been a steady decline in hessian exports which has been ascribed to the keen competition from synthetic as well as from the Pakistani jute industry. Consequently, Indian jute mills have reduced their sacking production and have gradually switched over to broadlooms. The rise in carpet-backing production has, however, brought in its wake the serious problem of utilising the wastes. Previously, the caddis of broadloom products were used up in the production of sacking. But since the decline in the production of heavy goods, the economic utilisation of broadloom caddis is posing a challenge to the industry.

Raising the Support Price

A fervent plea for raising the official support price of raw jute from Rs. 40 to Rs. 50 a maund, f.o.r. Calcutta ready basis Assam Bottoms, was recently made by Mr. N. C. Jhawar, president of the Jute Balers Association, at the annual meeting in Calcutta. Mr. Jhawar said that an upward revision of the price would "induce the cultivators to produce better crop by putting more inputs". The revision, he observed, was imperative as the price had remained at the present level of Rs. 40 since 1967 while the production cost of fibre had risen sharply during the intervening period. He stated that a "guaranteed remunerative price, in addition to facilities like a liberal distribution of fertilisers and pesticides and retting water is essential for achieving an increase in the yield which has been quite unsatisfactory at 2.5 bales an acre even during the 1969-70 season".

Referring to the availability of fibre during the current season, Mr. Jhawar said that the crop might be safely taken at 6 million bales, despite late sowing. This, together with an opening carryover of 1.4 million bales, was adequate to meet the full requirements of the country. The decision of the Central Government not to allow fibre imports was, therefore, very wise, since uncalled for imports would have depressed fibre prices, besides costing the country a lot of foreign exchange.

Gunny Exports Down

The data on exports released by the Directorate of Commercial Intelligence and Statistics reveal that against a nominal increase in overall exports to Rs. 1,395.38 crores during the year ended June 1970, from Rs. 1 391.86 crores for the preceding 12-month period, the share of jute goods in the total trade has slumped from 16.4 per cent (Rs. 228.10 crores) to 12.9 per cent (Rs. 179.42 crores). The adverse effect of the complete suspension of port activities in Calcutta during the 66-day strike by bargemen between end-May and end-July has affected the overall offtake. Carpet-backing exports have been the worst casualty, declining from Rs. 104.69 crores to only Rs. 79 crores; hessian from Rs. 94.46 crores to Rs. 78.56 crores, sacking from Rs. 14.79 crores to Rs. 11.47 crores, cotton bagging from Rs. 5.48 crores to Rs. 4.46 crores and miscellaneous goods from Rs. 8.69 crores to Rs. 5.94 crores.

Gunnies Erratic

After resuming on an extremely buoyant note on brisk covering by shorts and shippers against their immediate open positions and also in connection with the year-ending adjustment of accounts, the Calcutta gunny market developed erratic conditions during the past week. Activities were interrupted by the end-year closure of bank accounts and the New Year holidays. Since the resumption of work by operatives in jute mills after the recent strike, mills were able to arrange deliveries against their overdue commitments. But because of the heavy oversold position, particularly for ready and near

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positions, they were unable to make any fresh offer in spite of the extremely bullish conditions in the market. The market appeared to be practically in the control of bulls. The clearance of a sizable overload and the elimination of some bulls, who had built an extensively long position during the strike period, paved the way for the emergence of a sharp reaction which, however, was short-lived. The earlier buoyant spell aroused stiff resistance from major overseas and internal consumers, besides the Government of India agencies. The activities of mills had been thrown completely out of gear during the strike and they were unable to compile and submit the essential returns concerning production, despatches, fibre purchases and receipts and the like. In the absence of these material data, jute industry and trade circles were unable to take a view about the near and far-term prospects for the industry. Mill managements were still making a careful assessment of the precise financial implications of the latest strike settlement terms. Since mid-week, there was a heavy setback induced by profit-taking by the bulls at the highest levels and also due to the acute stringency and highest-ever cost of credit. The shortage was so pronounced that it ruled out the advisability of carrying over the outstandings to the next year. Both hessian and sacking for December and January deliveries were affected although the prices of January-March and far forward positions were subject to minor fluctuations. But since the reopening after the holidays, the market turned extraordinarily firm with the bulls resuming control of the market. In the hedge market, erratic conditions prevailed throughout the week in line with the trend in the spot market. Prices of February delivery 40in. 10oz. hessian and B Twills futures were earlier marked much higher over their preceding week-end levels due to brisk short-covering prior to the annual settlement of accounts. But subsequently, there was a moderate setback as the technical position turned more in favour of the bears. Around the close, the bulls again got the upper-hand with the elimination of the weaker ones and the clearance of a lot of market load. The Vigilance Committee of the East India Jute and Hessian Exchange Ltd had a tough time in enforcing the restrictions imposed by the Forward Markets Commission. Turnover was moderate. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Jan.	Jan.-Mar.	Apr.-June
40in. 7½oz.	68.25	68.25	67.25
40in. 8oz.	—	—	—
40in. 10oz.	86.75	87.75	87.00
B Twills	*281.00*	*281.00*	*273.00*
Heavy Cees	281.00	281.00	273.00
Cornsacks	—	—	—
A Twills (U.S.)	344.00	343.00	333.00
Liverpools	318.00	318.00	309.00

Fibre Hesitant

The raw jute market opened firm with the brisk absorption by mills and mill agents of selected grade fibre. But offers were few and easily absorbed. With the clearance of these, there remained a predominance of lower grade fibre in the market which failed to meet the qualitative requirements of the industry, leading to the emergence of a dull trend. There was no improvement in arrivals in the upcountry markets and Cossipore. Some weak holders turned keen on disposing of their holdings on the eve of the annual closure of accounts. The possibility of large-scale arrival of detained jute specials in Cossipore also accentuated the bearishness. Turnover was small and the closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	January-February		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	153.40	147.36	55.00
Northern Jute	148.70	140.66	52.50
Western Desal Jute	142.00	133.96	50.00
Selected Daissee Assam-Agartala	159.41	151.38	56.50
Tossa	160.75	152.72	57.00
Mesta :			
Assam Mesta	142.00	133.96	50.00
Selected Daissee Murshidabad	136.64	128.60	48.00
Bihar Dist.	128.60	120.57	45.00

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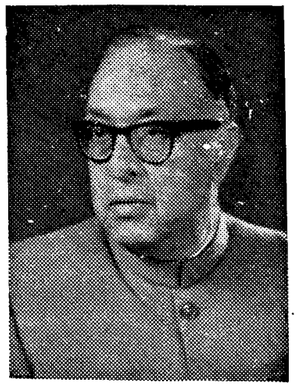
SPEECH OF THE CHAIRMAN, SHRI B. VENKATAPPIAH

Statement of the Chairman, Shri B. Venkatappiah, at the 1st Annual General Meeting of the Shareholders held in New Delhi on December 26, 1970.

Gentlemen

It gives me great pleasure to welcome you all to this first annual general meeting of the share holders of the Rural Electrification Corporation. The Directors' Report and the Statement of Accounts for the year ended March 31, 1970, have already been circulated to you and with your permission I shall take them as read.

2. We have had only about 8 months of working during the year, the Corporation having been registered on the 25th of July, 1969. That within this very short period it has been possible for the Corporation to complete the preliminary formalities and begin its operations by sanctioning loans to a few State Electricity Boards is indeed gratifying. Two kinds of loans were sanctioned during this period. The first category related to loans sanctioned to 5 pilot rural electric cooperative societies to enable them to undertake the initial organisational activities, including the preparation of detailed project estimates. A loan of Rs. 1.00 lakh was sanctioned to each of the 5 pilot rural electric cooperatives for this purpose. This loan helped the societies to prepare themselves for taking up the operational phase of their programme. The second category, which in magnitude was much larger than the first one, related to rural electrification schemes sponsored by State Electricity Boards. During the year 12 such schemes sponsored by six State Electricity Boards were approved by the Corporation for a total loan assistance of Rs. 588.819 lakhs. These schemes are phased over a period of 3-5 years and aim at electrifying 707 villages and energising 18,995 irrigation pumpsets. Five of these schemes are for backward areas. One significant feature of these schemes is that all of them are oriented towards energisation of irrigation pumpsets. In addition, these schemes also provide for supply of power to a good number of small industries. Roughly 73% of the total load anticipated at the end of the fifth year is accounted for by agricultural connections and 14% by industrial connections leaving the balance of 13% for domestic uses, commercial establishments and street lights. This shows that all these 12 schemes are oriented towards productive activities which



Shri B. Venkatappiah

will help the economic development of the areas covered.

Sanction of Schemes

3. It may be relevant at this stage to give some account of the further progress made in the scrutiny and sanction of schemes sponsored by State Electricity Boards in the period since 1st April, 1970. As has already been noted in the Directors' report, the additional number of schemes sanctioned during this period is 72, involving a total loan of Rs. 3877 lakhs and aiming at provision of power for 1,08,424 irrigation pumpsets and 20,273 small industries. Taking the picture as a whole, a total number of 83 schemes (exclusive of one sanctioned scheme since withdrawn by Tamil Nadu Electricity Board) have been sanctioned involving a total loan of Rs. 4417 lakhs. These schemes provide for power connection to 1·25,822 irrigation pumpsets and 20,808 small industries. As in the earlier instalment of 12 schemes sanctioned prior to 31st March, 1970, the schemes sanctioned in the subsequent period also are oriented towards irrigation pumpsets which account for 72% of the total load provided for in these schemes as at the end of the fifth year. The load on account of small industries accounts for 18%, thus making a total of 90% on account of agriculture and small industries. The consideration of as many as 83 schemes within a period of about 9 months (from March 1970 when the first batch of schemes were approved by the Corporation and upto the 1st week of December, 1970) has been possible on account of the prompt steps taken in the first few months after the inception of the Corporation to evolve the norms of viability, criteria of assistance and terms and conditions of loans, and the quick response made by State Electricity Boards in preparing schemes for presentation to the Corporation. In fact, the rapidity with which schemes started coming in from the State Electricity Boards in the first few months clearly proved the deeply felt but largely unsatisfied need for rural electrification in various parts of the country. The finances provided by the Rural Electrification Corporation are meant to be additive to the resources available to State Electricity Boards from the State plans, market borrowings and other sources. The over-all share of the Corporation in the total financial resources available for rural electrification in the IV Plan period is about 35%. The greater portion of the rural electrification programme is financed by State plan resources and market borrowings of State Electricity Boards. In investing these resources, State Electricity Boards generally follow their own norms of remunerativeness which are different from and in most cases lower than those prescribed by the Corporation in respect of schemes financed by it. This is a limiting factor in the way of improving the over-all remunerativeness of rural electrification programmes in the country. In view of the commitments of the State Electricity Boards to improve their over-all rate of return, it is necessary that the gap between the two types of investments is reduced as far as possible over a period of time and the yard-sticks of remunerativeness levelled up to the specifications which have been suggested by the Corporation after wide consultation and much consideration. When I say this, I should not be understood to

mean that the Corporation is unaware of or indifferent to the requirements of various areas which are economically backward. In fact the Corporation has framed terms and conditions for schemes in backward areas which are considerably softer than those for other areas. The details may be seen in the Directors' report. The Corporation has endeavoured to encourage Electricity Boards to send in as many schemes as possible from backward areas and 36 schemes out of 83 approved by the Corporation (as on 2nd December, 1970) fall in this category. The loans approved for these 36 schemes amount to Rs. 1862 lakhs, which works out to 42% of the total loans sanctioned by the Corporation for 83 schemes. In considering the backwardness of an area, the Corporation pays particular attention, among other things, to the degree of rainfall, availability of irrigation, level of agricultural production, the strength of the institutional set-up for credit and extension services geographical features of the area, the nature of the population, average cost of electrification per pump-set, etc. These are not exhaustive criteria and it is open to State Electricity Boads to suggest for consideration any other factors which in their opinion are relevant for determining the classification of a given area. The data available in the large number of schemes already approved for backward areas is now being analysed in depth so as to draw useful guide-lines for the future.

Co-ordination Problems

4. Following from the basic approach adopted by the Corporation, namely, that a rural electrification scheme should be economically viable and should aim at stimulating the economic development of the project area, certain problems of coordination have arisen. A rural electrification scheme is not a scheme only for certain physical construction activities; it is part of an integrated development project and its success depends on the timely and coordinated performance of other supporting activities. For example, the largest consumer of power in the rural areas is generally, agriculture. The number of agricultural connections contemplated in a scheme will materialise only if certain other things are assured, viz., the willingness of the farmer to make a prior investment on a well/tubewell and a pumpset, and the ability of the agricultural extension agency to convince the farmer that the investment will be worth his while. This pre-supposes a considerable amount of coordination with agricultural extension activities. The feasibility of successful operation of electrified wells would also pre-suppose studies by the State Ground Water Board or other concerned technical agency for ascertaining the adequate availability of ground water. Similarly, the consumption of power for small industries pre-supposes detailed surveys regarding the potential for the growth of industries in a particular area. Both during the formulation of a scheme and in the course of its implementation continuous coordination between the State Electricity Board on the one hand and the authorities in charge of agriculture and industries on the other, is essential. The Corporation has accordingly conveyed some suggestions to the State Governments and State Electricity Boards for setting in motion an appropriate machinery for ensuring coordination in these sectors of activity. It is encouraging to note that some State Governments and State Electricity Boards have already considered the problem and initiated suitable arrangements for coordination.

5. One important responsibility accepted by the Corporation is to encourage the cooperative form of distribution of electricity in the rural areas. The Corporation has already sanctioned, in addition to the pre-construction loan of Rs. 1.00 lakh to each project as earlier mentioned, project loans totalling Rs. 1281 lakhs for the five pilot cooperative projects in the States of Andhra Pradesh, Gujarat, Maharashtra, Mysore and Uttar Pradesh. Two of these projects, viz. those in Mysore and Andhra Pradesh, have already taken over the distribution work from the State Electricity Boards. Project loans to the extent of Rs. 128 lakhs have been released to them by the Corporation to enable them to take over the existing assets from the respective State Electricity Boards and commence their operations. It may not be out of place to mention here the special features of the assistance provided by the Corporation to promote the pilot cooperative projects. Firstly, the Corporation has provided technical assistance to the cooperatives for preparing the detailed project estimates. Secondly, the Corporation has sanctioned loans to cover the full cost of the projects without stipulating that the cooperatives should provide any margin out of their own resources. The loans have been sanctioned on very favourable terms and conditions. For example, the loans are to be repaid over a period of 35 years with a moratorium in the first five years in the re-payment of principal. The loans carry interest at 4% for the first 10 years, 5% in the next 5 years and 5½% for the next 5 years and 6% for the next 15 years, after allowing a rebate of ¼% at all stages for punctual payment. The interest for the first 5 years however, will be remitted by the Corporation if the cooperative agrees to credit the amount equivalent to interest to a special reserve fund to be used for certain specified purposes outside its normal business. These terms and conditions are even more liberal than those prescribed for schemes of back-ward areas sponsored by State Electricity Boards. In addition to these preferential terms provided by the Corporation, the State Governments and State Electricity Boards have also provided certain concessions and facilities. The State Governments have agreed to provide full and unconditional guarantee on behalf of the societies for payment of the interest and repayment of the principal to the Corporation. The State Electricity Boards have agreed to transfer the assets in the project area to the societies on the basis of the book value of the assets. Some of them have also agreed to supply grid power at a concessional rate. It is hoped that the pilot electric cooperatives will, by their successful operation, justify the special concessions extended to them and pave the way for the establishment of some more rural electric cooperatives in due course. The initial problems of operation and management of these cooperatives were considered in a conference held last month under the auspices of the Corporation and some useful guidelines were evolved. In pursuance of a recommendation of this conference a working group has been constituted to study the accounting procedure and evolve a suitable system of accounts for adoption by the pilot societies.

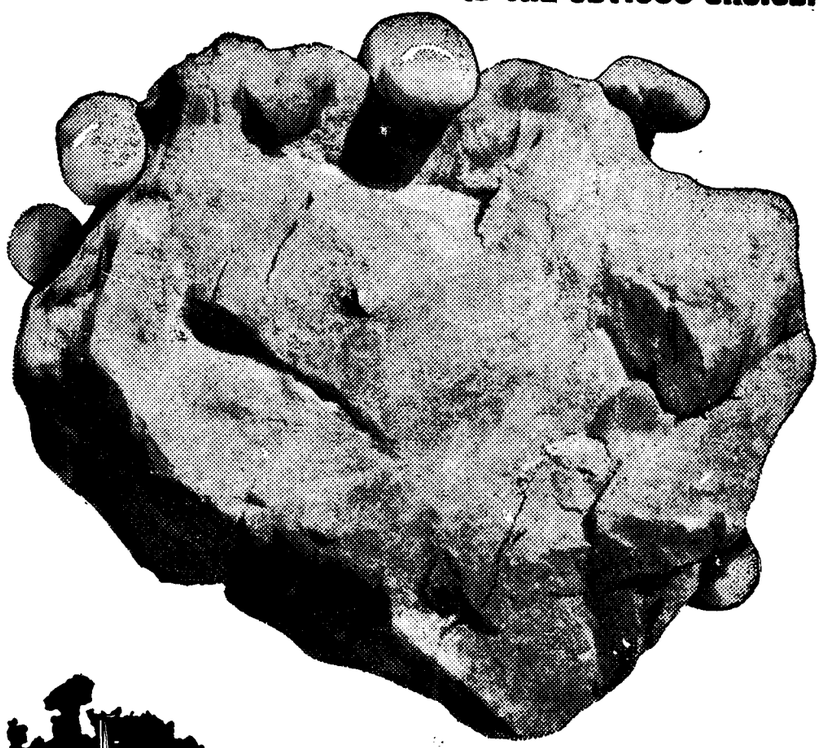
The Future

6. I shall now touch on a few important matters which are engaging our attention and on which we expect to take concrete steps in the near future. The first matter to which I shall refer relates to the standardization of specifications for materials and of construction practices in the field of rural electrification. As you are aware, the Indian Standards Institution has

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worked out standards of some of the basic construction materials required in rural electrification. The specifications, however, do not cover all items and even in those items for which specifications have been standardised, the practices adopted by different State Electricity Boards are not uniform. There is, therefore, much scope for evolving standardised designs and specifications and ensuring the actual use of standardised designs and materials in the work of rural electrification. The estimates of cost for various items of work such as construction of a low tension line per k.m. or the erection of a transformer of a certain capacity vary greatly from State to State. The variations are not related only to local factors like cost of transportation and cost of local labour; there are wide variations in the manufacturers' prices also. Standardisation can lead to economy in costs and help the even flow of supplies by making it possible for manufacturers to keep in stock materials of standard specifications and designs instead of having to tailor their manufacturing capacity every time to the varying requirements of different Electricity Boards. I am happy to say that the Corporation has already applied itself to the task of evolving standard specifications and designs, in consultation with the State Electricity Boards, the Central Water & Power Commission and the principal manufacturers of electrical equipments. A special cell has been set up in the Corporation to attend to this work. It is encouraging that State Electricity Boards have welcomed this move by the Corporation and have expressed their readiness to cooperate with the Corporation in this important task. Some preliminary suggestions have already been worked out by the standardisation cell in the Corporation and conveyed to the State Electricity Boards and it is proposed to have a comprehensive discussion on the subject in a conference which is being sponsored by the Corporation early next month.

7. The other point to which I would refer is the scheme for floatation of rural debentures by State Electricity Boards so as to augment the financial resources available for rural electrification by tapping the rural savings. The All-India Rural Credit Review Committee suggested that the Rural Electrification Corporation should subscribe to special rural electrification bonds which might be floated by State Electricity Boards some what on the lines on which the Reserve Bank of India had been subscribing to rural debentures floated by cooperative land development banks. The Corporation has been considering the formulation of a detailed scheme so as to help State Electricity Boards to mobilise additional resources for rural electrification by enabling them to tap rural savings on the basis of matching subscription by the Corporation. Preliminary discussions have been held with some State Electricity Boards and also with the Reserve Bank of India, on some of the issues involved, such as whether the debentures are to be ear-marked for schemes in specific areas or are to be available generally for expenditure on rural electrification; and whether the rural debentures should be open only to individuals or also to institutional subscribers. The question of the rate of interest payable to the Corporation on the portion of the debentures to be held by it will also have to be considered in the context of whether the debentures are to be guaranteed by the Government or not. The Finance Act, 1970 contained an indication of a general scheme of floatation of rural debentures by approved institutions so as to help mobilisation of rural savings for utilisation in projects in the rural areas. On the basis of the preliminary discussions we have had with the Reserve Bank of India, I am happy to say that the Reserve Bank has constituted a working group to examine generally the scope of floatation of rural debentures and, in particular, that of rural electrification bonds, as well as the terms and conditions on which the floatations may be made. It is hoped that the deliberations of this group will give us a concrete frame-work of a scheme of rural electrification bonds so that the Corporation may be in a position to assist the State Electricity Boards to float such bonds in the near future. It is wellknown that some State Electricity Boards are already mobilising local resources by collecting various amounts from the intending consumers either as deposits or as loan or as outright payment. With the formulation and implementation of a scheme of rural electrification bonds, it may be possible to achieve a greater degree of uniformity in the matter of attracting people's contributions to the resources needed for the rural electrification programme.

8. In conclusion I should like to express my gratitude to the Central Government and its concerned agencies, the State Governments, State Electricity Boards, pilot rural electric cooperatives and the United States Agency for International Development for the help and cooperation they have extended to the Corporation in its work. I would thank my colleagues on the Board for the assistance I have received from them throughout the year. I also wish to express my appreciation of the work done by the officers and staff of the Corporation. We have made a good start in the first year of our operations, and I have no doubt that the Corporation will make steady progress towards the fulfilment of its goals and develop into a key institution for stimulating the economic development of the rural areas.
Thank you.

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

CAPITAL

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BANK OF BARODA

BALANCE SHEET AS AT 31st DECEMBER, 1969

CAPITAL AND LIABILITIES	Rs. P.	Rs. P.
1. CAPITAL :		
Paid-up Capital (Wholly owned by the Central Government)		2,50,00,000.00
2. Reserve Fund and other Reserves :		
Reserve Fund under Section 17 of the Banking Regulation Act, 1949 including Share premium Rs. 94,63,760.00	3,43,51,755.04	
Development Rebate	1,72,750.00	
		3,45,24,505.04
3. Deposits and other Accounts :		
Fixed Deposits (Including employees' security deposits Rs. 18,64,786.70)	1,97,35,97,452.34	
Savings Bank Deposits	90,65,40,544.36	
Current Accounts, Contingency Accounts, etc.	66,89,96,425.75	
		354,91,34,422.45
4. Borrowings from other Banking Companies, Agents, Etc. :		
(i) in India	23,99,20,633.53	
(Includes an amount of Rs. 8,17,19,553.53 borrowed from the Industrial Development Bank of India and Rs. 1,01,080.00 borrowed from the Agricultural Refinance Corporation)		
(ii) outside India	11,33,985.51	
		24,10,54,619.04
Particulars :		
(i) Secured :		
(a) by part of Investments and Bills per contra	8,65,10,452.75	
(b) under the Refinance Scheme of the Industrial Development Bank of India *vide* 5.1. (i) *per contra*	7,68,53,167.00	
(c) Under the Refinance Scheme of the Agricultural Refinance Corporation ...	1,01,080.00	
(ii) Unsecured :		
(a) under the Refinance Scheme of the Industrial Development Bank of India *vide* 5.1. (i) *per contra*	48,66,386.53	
(b) Others	7,27,23,532.76	
5. Bills Payable		4,46,35,794.91
6. Bills for Collection being Bills Receivable as per contra :		
(i) payable in India	18,10,97,091.89	
(ii) payable outside India	9,00,82,146.55	
		27,11,79,238.44
7. Other Liabilities :		11,15,09,691.63
Including :—	Rs. P.	
(a) Branch Adjustments	4,36,79,598.99	
(b) Net amount realised to date in respect of assets under collection of the former New Citizen Bank of India Ltd. :		
(i) in India	4,91,377.85	
(ii) in Pakistan pending repatriation	4,919.80	
8. Acceptances, Endorsements and other Obligations per contra		22,47,03,434.65
9. Assigned Capital Under Banking Act of Kenya (East Africa) per contra		63,00,000.00
10. Profit and Loss :		
Balance of Profit carried forward from 1968	62,908.80	
Add : Profit for the period 1-1-1969 to 18-7-1969	21,85,086.24	
	22,47,995.04	
Less : Amount transferred to Reserve Fund under Section 17 of the Banking Regulation Act, 1949	22,47,995.04	
	Nil	
Profit for the period from 19-7-1969 to 31-12-1969 as per Profit and Loss Account ...	34,31,792.28	
Less : Amount transferred to Reserve Fund under Section 17 of the Banking Regulation Act, 1949	7,00,000.00	
Balance being amount to be transferred to Government in terms of Section 10(7) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 ...		27,31,792.28
Carried Over ...		451,07,73,498.44

BANK OF BARODA

BALANCE SHEET AS AT 31st DECEMBER, 1969

PROPERTY AND ASSETS	Rs. P.	Rs. P.
1. CASH :		
In hand and with Reserve Bank and State Bank of India (including foreign currency notes)		27,08,44,810.79
2. Balances with other Banks :		
(i) in India on Current Account	43,30,391.26	
(ii) outside India on Current Account	1,76,49,166.47	
(iii) outside India on Deposit Account	9,19,21,368.07	
		11,39,00,925.80
3. Money at Call and Short Notice		8,75,54,398.62
4. Investments at Market Value :		
(i) Securities of the Central and State Governments and other Trustee Securities ...	97,78,55,762.06	
Treasury Bills of Central Government	Nil	
(ii) Shares :		
(a) Fully Paid Preference Shares	35,32,428.00	
(b) Fully Paid Ordinary Shares	1,34,02,930.70	
(c) Partly Paid Preference Shares		
(d) Partly Paid Ordinary Shares	45,72,170.00	
(iii) Debentures or Bonds	1,81,49,659.00	
(iv) Other investments :		
(a) Foreign Government Loans and Treasury Bills and other Trustee Securities	5,68,31,146.50	
(b) Fully Paid Ordinary Shares (foreign)	1,02,090.00	
(v) Gold	Nil	
		107,44,46,186.26
5. Advances : (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)		
	Rs. P.	
I. Loans, Cash Credits, Overdrafts, etc. :		
(i) in India	173,87,97,861.19	
(includes an amount of Rs. 8,17,19,553.53 relating to medium-term advances in respect of which finance has been obtained from the Industrial Development Bank of India and Rs. 1,01,080.00 obtained from the Agricultural Refinance Corporation as *per contra*)		
(ii) outside India	16,06,32,744.19	
	189,94,30,605.38	
II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments)		
(i) payable in India	27,54,81,796.89	
(ii) payable outside India	16,32,36,063.56	
	43,87,17,860.45	233,81,48,465.83
Particular of Advances :		
(i) Debts considered good in respect of which the banking company is fully secured	185,97,72,480.98	
(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security including advances under joint and several promotes	11,11,27,852.89	
(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal securities of the debtors	36,72,48,131.96	
(iv) Debts considered doubtful or bad, not provided for	Nil	
	233,81,48,465.83	
(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	24,42,146.05	
(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
(vii) Maximum total amount of advances, including temporary advances made at any time during the period to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ...	24,42,146.05	
(viii) Maximum total amount of advances, including temporary advances granted during the period to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	
(ix) Due from banking companies	28,73,127.53	
6. Bills Receivable being Bills for Collection as per contra :		
(i) payable in India	18,10,97,091.89	
(ii) payable outside India	9,00,82,146.55	
		27,11,79,238.44
7. Constituents' Liabilities for Acceptances, Endorsements and other Obligations per contra		22,47,03,434.65
8. Amount Remitted Towards Assigned Capital Under Banking Act of Kenya (East Africa) per contra		63,00,000.00
Carried Over ...		438,70,77,460.39

BANK OF BARODA—Cont'd.

BALANCE SHEET AS AT 31st DECEMBER, 1969

CAPITAL AND LIABILITIES—*Contd.*	Rs. P.	Rs. P.
Brought Forward ...		451,07,73,498.44
11. Contingent Liabilities :		
(i) On partly *paid shares of Joint Stock Companies* ... ... Rs. 45,91,700.00		
(ii) Claims against the banking company not acknowledged as debts Rs. 22,56,977.60		
(iii) Money for which the banking company is contingently liable (including Rs. 8,50,102.75 for guarantees given on behalf of the directors and the officers of the Bank) ... ... Rs. 71,63,09,881.05		
(iv) Liabilities on Bills of Exchange re-disounted ... ... Rs. 4,51,55,330.64		
(v) Liability on account of outstanding Forward Exchange Contracts for purchases and sales ... ... P Rs. 14,76,66,384.53		
S Rs. 19,15,86,064.40		
Note : (1) No provision has been made for future gratuities to the staff in the accounts, the liability for which has not been ascertained.		
(2) No returns have been received from Narayangunj branch (East Pakistan). The latest available returns relating to the 30th June, 1965 have been incorporated in the accounts.		
(3) No credit has been taken for the estimated appreciation of Rs. 25,12,516.00 in the value of the *Kampala Property* transferred to the Bank of Baroda (Uganda) Ltd., on 1-11-1969. Appreciation will be credited when actually realised by receipt of *remittance from Uganda.*		
TOTAL ...		451,07,73,498.44

Profit and Loss Account for the Period from 19th July, 1969 to 31st December, 1969

EXPENDITURE	Rs. P.	*INCOME* (*Less* provision made during the period for bad and doubtful debts and other usual or necessary provisions)	Rs. P.
1. Interest paid on deposits, borrowings, etc. ...	6,36,72,382.35	1. Interest and Discount	10,07,41,475.92
2. Salaries and Allowances and *Provident Fund*, etc.	3,73,80,457.30	2. Commission, Exchange and Brokerage	1,84,30,552.62
3. Directors' and Local Committee members' fees and allowances	Nil	3. Rents	1,99,681 68
4. Rent, Taxes, Insurance, Lighting, etc.	47,83,056.79	4. Net profit on sale of investments, gold and silver, land, premises and *other assets*	Nil
5. Law Charges	48,758.86	5. Net profit on revaluation of investments, gold and silver, land, premises and other assets ...	Nil
6. Postages, Telegrams and Stamps	18,48,177.02	6. Income from non-banking assets and profit from sale of or dealing with such assets	Nil
7. Auditors' Fees	2,81,286.83	7. *Other receipts*	Nil
8. Depreciation on and repairs to the banking company's property	19,17,884.66	TOTAL ...	11,93,71,710.22
9. Stationery, Printing, Advertisement, etc. ...	27,10,970.20		
10. Loss from sale of or dealing with non-banking assets	2,110.17		
11. *Other Expenditure*	32,94,833.76		
12. Balance of Profit	34,31,792.28		
TOTAL ...	11,93,71,710.22		

Note : Particulars of remuneration relating to the Custodian paid or provided for during the period.

1. *Salary*	32,516.10
2. Allowance *(entertainment)*	2,709.70
3. Sitting Fees	Nil
4. Bonus	Nil
5. Bank's contribution to Provident Fund	2,709.70
6. Payment by way of gratuities, pensions or otherwise in excess of the Bank's contribution and interest thereon	Nil
7. Medical Insurance Premium	500.00
8. The monetary value of any other benefits or perquisites (calculated in accordance with income-tax rules	5,753.00
TOTAL ...	44,188.50

BOMBAY,
25th November, 1970.

S. J. ASLOT
Chief Accountant

M. G. PARIKH
Custodian

B. CHATURVEDI
D. K. DESAI
H. A. MOHITE
C. D. DATEY
M. K. VENKATACHALAM
} *Directors*

BANK OF BARODA—Cont'd.

BALANCE SHEET AS AT 31st DECEMBER, 1969

PROPERTY AND ASSETS—*Contd.*	Rs. P.	Rs. P.
Brought Forward ...		438,70,77,460.39
9. Premises Less Depreciation :		
Cost as on 31st December, 1968	3,23,52,994.53	
Add : Additions during the period 1-1-1969 to 18-7-1969	54,32,347.60	
	3,77,85,342.13	
Less : Deductions during the period 1-1-1969 to 18-7-1969	—	
	3,77,85,342.13	
Less : Depreciation written off upto 18-7-1969	50,38,761.74	
Written down value as at 18-7-1969	3,27,46,580.39	
Add : Additions during the period 19-7-1969 to 31-12-1969	39,85,458.18	
	3,67,32,038.57	
Less : Deductions during the period 19-7-1969 to 31-12-1969	15,60,969.79	
	3,51,71,068.78	
Less : Depreciation written off for the period 19-7-1969 to 31-12-1969	4,64,246.35	
		3,47,06,822.43
10. Furniture and *Fixtures* Less Depreciation :		
Cost as on 31st December, 1968	3,15,45,030.86	
Add : Additions during the period 1-1-1969 to 18-7-1969	34,15,598.20	
	3,49,60,629.06	
Less : Deductions during the period 1-1-1969 to 18-7-1969	1,17,660.91	
	3,48,42,968.15	
Less : Depreciation written off upto 18-7-1969	1,53,98,985.95	
Written down value as at 18-7-1969	1,94,43,982.20	
Add : Additions during the period 19-7-1969 to 31-12-1969	28,07,962.48	
	2,22,51,944.68	
Less : Deductions during the *period 19-7-1969 to* 31-12-1969	3,08,935.88	
	2,19,43,008.80	
Less : Depreciation written off for the period 19-7-1969 to 31-12-1969	14,27,907.22	
		2,05,15,101.58
11. *Other Assets* :		
(i) Shares of Bank of Baroda (U.K.) Nominee Ltd. (Subsidiary)	1,334.49	
(ii) Shares of Bank of Baroda (Uganda) Ltd. (Subsidiary)	42.00	
(iii) Application Money for Shares of Bank of Baroda (Uganda) Ltd. (Subsidiary) ...	2,10,00,412.03	
(iv) Interest accrued on Investments	1,43,37,391.03	
(v) Other accrued income	55,68,591.63	
(vi) Stamps and *Stationery*	49,24,013.40	
(vii) Amount recoverable in cash or kind	1,02,83,839.72	
(viii) Clearing Adjustments	53,50,778.34	
(ix) Advance *Payment* of Income Tax	59,64,750.00	
(x) Amount due from Bank of Baroda (Uganda) Ltd. (Subsidiary)	10,42,961.40	
(xi) Silver	Nil	
		6,84,74,114.04
TOTAL ...		451,07,73,498.44

B. CHATURVEDI
D. K. DESAI
H. A. MOHITE
C. D. DATEY
M. K. VENKATACHALAM
} *Directors*

REPORT OF THE AUDITORS

To
THE PRESIDENT OF INDIA :

1. We have audited the *foregoing* Balance Sheet of Bank of Baroda as *of 31st December*, 1969 *and* also the *foregoing Profit* & Loss Account of the Bank for the period 19th July, 1969 to the 31st December, 1969, in which are incorporated the returns of 81 Branches audited by us, 104 Branches audited by other auditors and the unaudited *returns in respect of* 244 Branches not visited by us, for the exclusion of which Branches from audit, *concurrence* of the Reserve Bank of India was obtained.

2. The Balance Sheet and Profit and Loss Account have been drawn up in forms 'A' and 'B' respectively of the *Third* Schedule of the Banking Regulation Act, 1949. Accordingly, they disclose such matters as were required to be disclosed in the case of banking companies prior to nationalisation by virtue of the provisions of the said Act as read with the related provisions of the *Companies* Act, 1956. Subject to the limitations of such disclosure and on the *basis* of the audit indicated in the first paragraph, we report that :—

(a) In *our opinion* and to the best *of our information* and the *explanations* given to us and as shown by the books of the Bank :—
  (i) *The* Balance Sheet *read with the notes* thereon is a full and fair Balance Sheet containing the necessary particulars and it is properly drawn up so as to exhibit a true and fair view of the affairs of the Bank as at 31st December, 1969 ;
  (ii) the Profit and *Loss Account read* with the notes thereon shows a true balance of profit for the period covered by the Account ;
(b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary *for the purposes* of our audit and have found them to be satisfactory ;
(c) The transactions of the Bank which have come to our notice have been *within the powers of the Bank* ;
(d) The returns received from the officers and branches of the Bank have been found adequate for the purposes of our audit.

BOMBAY,
Dated 23th December, 1970.

K. S. AIYAR & CO.
Chartered Accountants.

N. M. RAIJI & CO.
Chartered Accountants.

M. P. CHITALE & CO.
Chartered Accountants.

BANK OF BARODA

SCHEDULE

Profit & Loss Account of the Bank of Baroda Limited for the Period from 1st January, 1969 to 18th July, 1969 taken over by the Bank of Baroda.

EXPENDITURE	Rs. P.	INCOME (Less Provision made during the period for bad and doubtful debts and other usual or necessary provisions)	Rs. P.
1. Interest paid on deposits, borrowings, etc. ...	7,02,60,487.07	1. Interest and Discount	11,76,50,430.32
2. Salaries and Allowances, Provident Fund and Bonus to Staff etc.	4,47,08,453.45	2. Commission, Exchange and Brokerage	1,70,21,396.18
3. Directors' and Local Committee Members' fees and allowances	1,38,549.14	3. Rents	3,20,604.89
4. Rent, Taxes, Insurance, Lighting, etc.	52,98,132.69	4. Net Profit on sale of investments, gold and silver, land, premises and other assets	Nil
5. Law Charges	1,77,886.58	5. Net Profit on revaluation of investments, gold and silver, land, premises and other assets ...	Nil
6. Postages, Telegrams and Stamps	22,95,517.58	6. Income from non-banking assets and profit from sale of or dealing with such assets	3,606.96
7. Auditors' Fees	1,08,554.98	7. Other Receipts	3,464.12
8. Depreciation on and repairs to the Banking Company's Property	19,45,751.48		
9. Stationery, Printing, Advertisement, etc. ...	31,09,086.74		
10. Loss from sale of or dealing with non-banking assets	Nil		
11. Other Expenditure	47,13,540.50		
12. Amount transferred to Reserve Fund on Head Office Assigned Capital in Uganda	58,456.02		
13. Balance of Profit	21,85,086.24		
TOTAL ...	13,49,99,502.47	TOTAL ...	13,49,99,502.47
Note : Particulars of remuneration relating to the Chairman paid or provided for the period :			
1. Salary	38,483.85		
2. Allowance (Entertainment)	4,040.30		
3. Sitting Fees	Nil		
4. Bonus	Nil		
5. Bank's contribution to Provident Fund	3,206.95		
6. Payment by way of gratuities, pensions or otherwise in excess of the Bank's contribution and interest thereon	Nil		
7. Medical Insurance Premium	416.67		
8. The monetary value of any other benefits or perquisites (calculated in accordance with income-tax rules)	1,650.00		
TOTAL ...	47,797.77		

BOMBAY,
Dated 14th December 1970

S. J. ASLOT
Chief Accountant

M. G. PARIKH
Custodian

BANK OF BARODA (U) LIMITED, P. O. BOX 7197, KAMPALA (UGANDA)

(Incorporated in Uganda on 1st November 1969 Under Companies Act 1958)

BALANCE SHEET AS AT 31ST DECEMBER, 1969.

	U. Shs. Cts.	U. Shs. Cts.	Indian Rs.	Indian Rs.
Current Assets :				
Cash and Balance with other Bankers, Call and Short		36,206,979.20		38,017,328.15
Investments (At cost) :				
Uganda Government Stock (Market Value U. Shs. 9,029,500)		9,182,500.00		9,641,625.00
Advances :				
Advances, Loans, Foreign and Local Bills purchased, Bills discounted ...		36,264,483.55		38,077,707.65
Constituents' Liabilities for Engagement				
(As per contra)		21,188,311.25		22,247,726.80
Other Assets :				
Stamps, Stationery, and amounts receivable	451,174.75		473,733.50	
Branch Adjustment Account	211,279.80		221,843.90	
		662,454.55		695,577.40
Fixed Assets :				
Premises, Furniture and Fixture (At cost less Depreciation on Furniture and Fixture)		5,667,313.45		5,950,679.10
		109,172,042.00		114,630,644.10
Represented By :				
Current Liabilities, Provisions and other Accounts :				
DEPOSITS AND OTHER ACCOUNTS :				
Fixed Deposits	13,145,024.40		13,802,275.60	
Savings Bank Deposits	31,732,444.20		33,319,066.40	
Current Accounts Contingency Accounts etc.	19,567,476.60		20,545,850.45	
		64,444,945.20		67,667,192.45
Other Liabilities :				
Amounts due to Parent Company	3,090,684.10		3,245,218.30	
Bills and Drafts payable	285,655.95		299,938.75	
		3,376,304.05		3,545,157.05
Bills for collection being Bills Receivable (As per contra)	17,753,641.75		18,641,323.85	
Engagements on behalf of the customers (As per contra)	3,434,669.50		3,606,402.95	
		21,188,311.25		22,247,726.80
Capital and Reserves :				
Share Capital :				
AUTHORISED				
1,000,000 Shares of Shs. 20 each	20,000,000.00		21,000,000.00	
		...		...
ISSUED AND PAID-UP				
2 Shares of Shs. 20 each	40.00		42.00	
Shares Application Money	19,999,960.00		20,999,958.00	
	20,000,000.00		21,000,000.00	
Reserve Fund and other Reserves :				
Statutory Fund under Banking Act 1969 ... ... 32,489.10				
Balance of Profit and Loss Account 129,956.40	162,445.50		34,113.55	
			136,454.25	
		20,162,445.50		21,170,567.80
		109,172,042.00		114,630,644.10

Note : Rate of Exchange U. Sh. 1=Rs. 1.05
Signatories were directors before 1st May 1970.

As per our report attached.

PATEL, SHAH & JOSHI,
Chartered Accountants

31st August, 1970.

Certified correct.
Bank of Baroda (U) Ltd.

N. A. PARIKH
N. B. DESAI
A. G. DESAI
S. C. SHAH
} *Directors.*

BANK OF BARODA (U) LTD., KAMPALA (UGANDA)

(Incorporated in Uganda on 1st November 1969 Under Companies Act 1958)

Profit and Loss Account for the Period from 1st November, 1969 to 31st December, 1969

	U. Shs. Cts.	U. Shs. Cts.	Indian Rs.	Indian Rs.		Ug. Shs. Cts.	Indian Rs.
Interest paid on Deposit Account		230,110.15		241,615.70	Interest and Discounts	818,802.60	859,742.75
Salaries, Allowances and Staff Welfare:					Commission, Exhange and Brokerage ...	196,867.70	206,711.10
Directors	18,207.60		19,117.95		Rent Income	47,391.10	49,760.65
Staff	247,331.45		259,698.00		Other Income	482.50	506.60
		265,539.05		278,815.95			
Rent, Taxes, Insurance and Lighting ...		52,000.45		54,600.50			
Postages, Telegrams and Stamps		12,870.70		13,514.20			
Auditor's Fees ...		3,750.00		3,937.50			
Stationery, Printing and Advertisement ...		15,103.55		15,858.70			
Repairs and Upkeep to Bank's Property ...		29.45		30.90			
Other Expenditure including Depreciation ...		138,763.00		145,701.15			
Statutory Reserve ...		32,489.10		34,113.55			
Reserve for Corporation Tax		182,932.05		192,078.70			
Net Profit		129,956.40		136,454.25			
		1,063,543.90		1,116,721.10		1,063,543.90	1,116,721.10

NOTES ATTACHED TO & FORMING PART OF BALANCE SHEET AS AT 31-12-69.

(1) All Assets and Liabilities of Bank of Baroda as on 31st October 1969 have been taken over at Book Value by this Bank on incorporation.

(2) Market Value of Investments (Uganda Government Stock) have been shown at U. Shs. 9,029,500 (Indian Rs. 9,480,975). Adequate provision fo Depreciation in value of Investments has been made during the period.

(3) Bank's liability against issue of Guarantee on behalf of their customers amounted to U. Shs. 673,051 (Indian Rs. 706,703/55) which include amount of guarantee given for Officers and Directors of the Bank in U. Shs. 109,500 (Indian Rs. 114,975) to Uganda Immigration Department.

(4) Some of the Assets of the Bank are still in old names of the Bank (i.e. Bank of Baroda Limited, and/or Bank of Baroda).

(5) Current Assets and Current Liabilities in Foreign Currency have been shown in Books at the approximate rate of Exchange ruling during th period.

(6) FIXED ASSETS:

(a) *Premises*—Plot No. 18, Kampala Road and Allidina Visram Street, Kampala have been taken by this Bank from Bank of Baroda at Bo Value as on 31st October 1969;

(b) *Furniture & Fixtures*—Furniture & Fixtures of Bank of Baroda have been taken over by this Bank at cost as on 31st October 1969 le depreciation as provided in the books. Any new addition or sale during the period have been accounted for at cost less amounts writte off as depreciation.

(7) Securities in respect of advances are in the name of Bank of Baroda Limited, and or Bank of Baroda, awaiting transfers to this Company.

BANK OF BARODA (U) LTD., P. O. BOX 7197, KAMPALA (UGANDA)

(Incorporated in Uganda on 1st November 1969 Under Companies Act 1958)

REPORT OF THE AUDITORS TO THE MEMBERS OF BANK OF BARODA (U) LTD., KAMPALA (UGANDA)

We have audited the attached Balance Sheet of *Bank of Baroda (Uganda) Ltd.*, as at 31st December 1969, and also the attached Profit and Loss Account for the period ended on that date and have to report as under:—

(a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

(b) In our opinion, Proper Books of Accounts, as required by Companies Act 1958 have been kept so far as appears from examination of those books and proper returns adequate for the purpose of our audit have been received from Branches;

(c) The Balance Sheet and Profit & Loss Account, dealt with in this report are in agreement with the Books of Accounts and the returns from Branches of the Bank;

(d) In our opinion, and to the best of our information and according to the explanation given to us the said accounts together with notes thereon give the information required by the Company's Act 1958 and;

(i) The Balance Sheet gives a true and fair view of the state of affairs of the Bank as on 31st December 1969, and

(ii) Profit and Loss Account gives a true and fair view of profit for the perid ended upon that date.

PATEL, SHAH & JOSHI,
Chartered Accountants.

KAMPALA,
Dated 31st August, 1970.

THE BANK OF BARODA (U.K.) NOMINEES LIMITED, LONDON

DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER, 1969

The Directors submit their report and the audited accounts for the year ended 31st December, 1969.

Principal Activity

The Principal activity is the holding of securities as nominee.

State of Affairs

The company has had no income from the date of incorporation to date; all expenses have been paid by the parent company.

Directors

Mr. E. St. C. Almeida was appointed an alternate Director for the periods 18th November, 1968 to 31st May, 1969, 20th June, 1969 to 30th June, 1969, 21st August, 1969 to 2nd September, 1969 and 14th October, 1969 to 23rd October, 1969. Otherwise the composition of the Board remained unchanged during the year.

The Directors at 31st December, 1969, were:

MR. R. C. SHAH
MR. M. A. BARRETTO

Mr. R. C. Shah held 1 ordinary share jointly with, and as nominee of, the parent company. The directors had no other interests in the shares of the company.

Auditors

Messrs. Spicer and Pegler, Chartered Accountants, have indicated their willingness to continue in office.

R. C. SHAH, *Director.*
M. A. BARRETTO, *Director.*

16th January, 1970.

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COMPANY AND PUBLIC NOTICES

STATE BANK OF INDIA

NOTICE

NOTICE is hereby given that th Principal Register and the Branch Registers of the State Bank of Indi will be closed for transfer of share from Friday, the 5th February 197 to Saturday, the 20th February 1971 both days inclusive.

R. K. TALWAR
Chairman.

Bombay, 16th December 1970.
25th Aghn, 1892 (Saka).

MACNEILL & BARRY, LIMITED

NOTICE is hereby given that th Board of Directors of this Compan has sanctioned payment of the divi dend on the Preference Share Capita of the Company for the half-yea ended 31st December, 1970.

Payment will be made on or afte 1st February, 1971 to those Preferenc Shareholders whose names appear o the Company's Register on that date or in accordance with their instruc tions.

The Preference Share Transfer Books of the Company will be closed from the 27th January to the 1st February, 1971, both days inclusive.

By Order of the Board
S. C. BHANDARI
Secretary.

2, Fairlie Place,
Calcutta-1, 4th January, 1971.

DIVIDENDS DECLARED OR PROPOSED

French Motor Car Co. Ltd—Nil

Western Bengal Coal-Fields Ltd—8 p.c. (0), subject to tax

Hindustan Motors Ltd—Nil (0)

Associated Cement Corporation Ltd- Rs. 12 per share (0), subject to ta

Shalimar Rope Works Ltd—7½ p.c. (subject to tax

Clive Row Investment Holding C Ltd—36 P (Int) (0) per share, subje to tax

STATISTICS

Stock and Share Prices

The following are the official quotations of the Calcutta, Bombay and Madras Stock Exchanges. Fuller details relating to the accounts of companies are published in the final week's issue of 'Capital' every month.

CALCUTTA

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	14-12-70	30-12-70
BANKS			Rs.	Rs.
Allahabad Bank	13	13	160/00	160/00
Bank of India	20	20	127/50	130/50
Bank of Baroda	17	18	95/00	97/00
Central Bank of India	20	20-8*	67/50	70/50
Chartered Bank	15	15	sh. 39/3	39/3
Hongkong & Shanghai	sh. 10 2/5	sh. 12⅛	£10¼	£10¼
Indian Bank	15	15	169/00	162/00
Indian Overseas Bank	11	11	171/00	169/00
National & Grindlays	13⅓	13-9	sh. 52/9	sh. 52/9
Punjab National Bank	22	22	23/25	24/19
United Bank of India	7½	7½	8/94	8/69
United Commercial	14	14	101/00	96/00
Union Bank of India	12	12	8/60	8/50
COAL				
Amalgamated	12½	7½-10*	8/62	8/62
Bengal	10	12-12*	158/00	157/00
Bokaro & Ramgur	...		12/00	12/00
Borrea	Nil	5-15*	15/00	15/00
Burrakur	13	Nil-12*	12/12	12/06
Central Kurkend	...	...	3/44	3/44
East Indian	15	Nil-Nil*	6/94	7/00
Equitable	Nil	Nil-Nil*	5/31	4/75
Karanpura Devt	2	Nil-5*	7/44	7/44
Karanpura Collieries	10	12-20*	11/00	10/87
Katras Jherriah	5	10-10*	10/56	10/50
New Beerbhoom	8	12	15/44	13/94
New Manbhoom	Nil	Nil-Nil*	4/25	4/25
Pench Valley	12½	7½-10*	8/37	7/62
Raneegunge	5	7½-10*	11/06	11/06
Rewa	12½	12½-15*	26/37	26/37
Sendra	3½	3½-7½*	4/06	4/06
South Karanpura	2½	10-20*	14/81	14/75
Standard	Nil	5-10*	7/00	6/81
Union	Nil	Nil	5/00	5/00
Western Bengal	7½	7½-8*	7/87	6/91

*1969

	Dividend per cent		Latest Market Quotations as available until	
JUTE	1967	1968	14-12-70	30-12-70
			Rs.	Rs.
Agarpara	5	5	6/25	6/06
Alexandra	Nil	...	25/50	25/50
Alliance	Nil	...	17/25	17/25
Anglo India	2½	2½-2½*	99/00	100/00
Auckland	Nil	Nil-Nil*	59/00	59/00
Bally	10	10-10*	11/87	11/75
Baranagore	Nil	Nil-Nil*	72/00	71/50
Birla	15	15-15*	20/50	20/70
Budge Budge Amal.	Nil	Nil-Nil*	7/44	7/59
Champadany	Nil	Nil-5*	13/25	13/25
Chitavalash	Nil	Nil	5/00	6/25
Dalhousie	Nil	Nil-Nil*	37/50	37/50
Empire	Nil	Nil	4/25	4/62
Fort William	2½	Nil	14/44	14/44
Ganges	5	Nil	6/75	6/75
General Industrial	6	9-10*	11/56	11/56
Gourepore	5	5-Nil*	6/87	6/35
Hastings	4	2½	104/00	104/00
Hooghly	10	10-10*	9/37	9/37
Howrah	Nil	Nil	6/15	6/15
Hukumchand	Nil	Nil-Nil*	10/75	10/75
India	Nil	3½-5*	6/69	6/69
Kamarhatty	Nil	Nil-Nil*	80/00	80/00
Kanknarrah	Nil	Nil-Nil*	24/00	28/00
Kelvin	Nil	Nil	22/50	20/00
Khardah	Nil	Nil-Nil*	5/19	4/94
Kinnison	Nil	Nil	24/00	20/00
Lansdowne	Nil	Nil	31/50	25/50
Lawrance	3	2-Nil*	36/00	25/50
Megna	6	Nil-Nil*	3/19	5/00
National	Nil	10	7/50	7/50
Nellimaria	6	4	8/25	7/87
New Central	...		3/94	3/72
Northbrook	10	Nil-10*	10/94	10/69
Nuddea	2½	2½-Nil*	5/00	4/50
Presidency	Nil	...	1/19	0/87
Reliance	Nil	Nil	5/10	4/81
Titaghur	Nil	Nil	10/31	10/12
Union	Nil	Nil	44/00	44/00
Waverley	15	15-6*	3/81	3/69
COTTON TEXTILES				
Bharat Commerce	15	15-15*	19/25	18/75
Birla Cotton	10	10-10*	14/50	14/50
Bowreah	17½	17½-17½*	21/87	13/44
Cawnpore Textile	Nil	10-8*	3/28	3/00
Delhi Cloth & Genl	12	6-12*	70/44	84/31
Dunbar	5	Nil-Nil*	10/06	9/50
Elgin	10	10-8*	7/56	7/25
J. K. Cotton	15	5-6*	12/00	11/40
Jaya Shree	5	Nil-Nil*	4/60	4/53
Jagatjit	10	...	8/81	8/81
Jiyajeerao	10	...	24/25	25/12
Orissa Textiles	Nil	Nil	3/44	3/06
Rampooria	Nil	Nil	3/25	3/25
Swadeshi	2½	5-5*	11/50	11/50

TEA	Dividend per cent 1967	1968	Latest Market Quotations as available until 14-12-70	30-12-70
ASSAM			Rs.	Rs.
Amluckie	2	Nil	9/00	9/00
Anand Bag	7½	5-10*	33/25	33/25
Assambrook Estate	9	10	8/81	9/06
Baghmari	Nil	Nil	4/56	4/56
Basmatia	15	Nil-12½*	10/00	10/00
Bateli	12½	5	16/00	16/00
Betjan	2½	Nil-15*	11/56	11/50
Bishnauth	8	Nil-Nil*	7/25	7/00
Bormah Jan	12½	10	7/44	7/44
Dejoo Valley	2½	...	7/06	7/06
Dhelakhat	5	Nil	8/81	8/81
Dhunseri	13	13-10*	10/25	10/25
Dibrugarh	30	30	19/12	19/12
Dimakusi	15	12½-12½*	14/44	14/50
Gillapukuri	Nil	...	12/06	12/06
Grob	6	Nil-Nil*	3/87	3/65
Hoograjuli (Assam)	9	...	15/06	20/50
Hoolungooree	Nil	Nil-12½*	97/00	97/00
Joonktollie	12½	...	14/50	14/50
Jutlibari	10	10-20*	16/12	16/12
Ledo	7½	5	9/50	9/50
Methoni	13	6-7*	10/00	10/25
Mothola	8	10-10*	133/00	133/00
Murphulani (Assam)	20	13-13*	9/00	9/00
	20.63	7½-7½*	11/31	11/31
Naga Hills	15	15-10*	15/25	15/25
Namburandi	20	20	9/00	9/00
Rajgarh	10	Nil-12½*	10/31	10/31
Sapoi	Nil	...	11/00	8/00
Teloijan	4	Nil-4*	3/25	3/25
Tengpani	10	10-20*	59/00	59/00
Tezpore	15	5-5*	11/94	12/00
Tyroon	6	Nil	20/12	20/12
CACHAR				
Eastern Cachar	Nil	Nil	4/94	4/87
Hattikhira	Nil	Nil-Nil*	7/25	7/75
North Western	6	...	90/00	77/00
Rungamattee	12½	7½	10/12	8/05
Sonai River	Nil	Nil	3/25	3/25
DARJEELING				
Chamong	6	2	5/25	5/25
Gielle	10	10	7/00	7/00
Longview	4	Nil	3/37	3/37
Margaret's Hope	12½	12½	7/62	7/62
Mim	13	Nil-Nil*	150/00	150/00
Nargi Farm	15	12½	10/62	10/62
Okayti	10	2½	600/00	600/00
Poobong	Nil	Nil	9/94	9/94
Runglee Rungliot	17½	7½	136/00	136/00
Soom	17½	10-5*	17/31	17/31
Sungma	8	8	7/56	7/56
Teest Valley	10	10	8/87	8/19
DOOARS				
Banarhat	20	5-Nil*	85/50	92/00
Bhatkawa	6	...	5/81	5/81
Birpara	12	5-Nil*	86/50	80/00
Carron	10	Nil	170/00	170/00
Ellenbarrie	10	Nil	80/00	85/00
Gairkhat	20	3½-Nil*	7/10	7/10
Hasimara	Nil	Nil	4/06	3/70
Huldibari	10	10	5/00	5/19
Jaybirpara	Nil	Nil	9/20	9/20
Killcott	14	12½-5*	9/37	9/25
Oodlabari	8	...	6/75	7/00
Rajabhat	Nil	...	3/05	3/75
Rydak	15	7½-5*	8/75	9/00
Sarugaon	...	...	26/87	26/87
TERAI				
Belgachi	10	6-Nil*	19/00	19/00
Gungaram	Nil	Nil	56/50	56/50
New Chumta	10	7	5/25	5/25
New Terai	2½	6	15/31	15/31
Pahargoomiah	Nil	Nil	9/56	9/56
Tirrihannah	50	5	70/00	70/00
SYLHET				
New Samanbagh	Nil	Nil	5/75	5/00
Patrakola	Nil	Nil	44/50	44/50
MINING				
Indian Copper	8	9-9*	4/00	4/03
Orissa Minerals	5	5-10*	12/94	12/62
CEMENT & LIME				
Ashoka Cement	10	7-6*	5/03	5/03
Bengal Potteries	9	9-Nil*	1/75	1/81
Bisra Stone Lime	Nil	12½	14/00	14/00
Dalmia Cement	12½	12½-12½*	13/87	14/3
Jaipur Udyog	10	10-10*	9/75	9/5
Kalyanpur Lime	8	6	11/75	11/6
Orissa Cement	11	11	17/85	18/6
Sone Valley	Nil	Nil	1/56	1/5
CHEMICALS				
Alkali & Chemical	18	5-10*	30/87	30/
Bengal Chemical	10	7½-7½*	50/00	48/
Calcutta Chemical	18	...	21/25	21/
Chemicals & Fibres	27½	27½-27½*	49/12	46/
Indian Explosives	15	15-15*	23/75	25/
Smith Stanistreet	18	15-15*	5/40	5/
ELECTRICITY				
Benares Elec	6	6-Nil*	13/75	13/
Calcutta Elec	9	9	19/50	19/
Dishergarh Power	12½	9-9*	10/37	10/
Jubbulpore Elec	10	10-10*	13/50	13/
Patna Electric	11	11-11*	12/44	12/
Sijua (Jheriah) Elec.	10	11-11*	8/31	8

	Dividend per cent 1967	1968	Latest Market Quotations as available until 14-12-70	30-12-70
ENGINEERING			Rs.	Rs.
Bhartia Electric Steel	2½	Nil-Nil*	7/81	7/50
Binani Metal	12	5	5/12	5/12
Braithwaite India	6	Nil-Nil*	6/56	6/19
Bridge & Roof	10	10-8*	35/19	35/19
Britannia Engineering	Nil	...	1/50	1/50
Biecco Lawrie	17½	10-Nil*	12/00	12/00
Burn (Engineering)	Nil	Nil	61/00	61/25
Calcutta Steel	12½	12½-Nil*	6/50	6/69
Engel India	Nil	...	3/94	3/81
Escorts Ltd	10	13	21/87	21/87
Guest Keen Williams	Nil	Nil-8*	26/20	27/25
Hindusthan Wire	...	...	9/81	10/00
Hooghly Docking	Nil	Nil-Nil*	31/00	31/00
Hope's Metal	Nil	Nil-Nil*	2/62	2/62
Indian Iron & Steel	8½	Nil-5*	14/00	13/80
Indian Standard Wagon	Nil	Nil-Nil*	5/00	5/06
Indian Steel & Wire	24	20-20*	26/87	26/87
Industrial Containers	3	8-12½*	11/75	11/75
Jay Engineering	Nil	8-10*	13/81	13/94
J. K. Steel	10	Nil-Nil*	8/12	8/25
Jessop & Co	12½	Nil-Nil*	7/19	6/69
Kumardhubi Eng	Nil	Nil-Nil"	3/00	3/06
Machinery Mnfg	Nil	Nil	7/31	7/31
Marshall Sons (India)	8	4-Nil*	1/14	1/12
Saran	10	Nil-6*	10/25	10/25
Sen Raleigh Industries	9	10	8/19	8/19
Simon Carves	7	7	7/19	7/62
Steel Containers	15	20-20*	22/50	20/12
Textile Machinery	Nil	Nil-Nil*	10/15	10/75
Wellman Incandescent	8	8-8*	9/25	9/25
SUGAR BREWERIES				
Balrampur	Nil	8-10*	3/00	2/56
Belsund	10	13½-13½*	8/69	8/69
Carew	Nil	6-Nil*	7/50	7/50
Cawnpore	Nil	Nil-Nil*	6/25	6/25
Champaran	Nil	15-5*	11/62	11/62
Durbhanga	Nil	10-7½*	6/06	6/06
Ramnugger Cane	8	20-10*	9/44	9/44
Baza Buland	Nil	Nil-Nil*	2/06	1/94
Shree Krishna Gyan	5	6-Nil*	4/12	4/09
United Provinces	10	12½-10*	7/00	7/00
MISCELLANEOUS				
Aluminium Corporation	12	12-10*	14/19	14/12
American Refrigerators	15	10	7/50	7/50
Andrew Yule	...	10-10*	9/00	7/87
Angelo Bros	16	17½-7½*	8/06	8/00
Asiatic Oxygen	Nil	...	3/37	3/19
Assam Match	14	15-17*	20/62	21/00
Associated Battery	15½	16-18*	33/50	31/19
Avery	12	12-13.8*	13/00	13/75
Balmer Lawrie	12	8	75/00	67/50
Bararee Coke	20	20-20*	16/25	16/25
Birds Investments	Nil	Nil-Nil*	2/50	2/50
Britanina Biscuit	20	18-22*	37/50	36/87
British India Crop	Nil	Nil-Nil*	4/31	4/19
British Paints	10	10	21/62	21/81
Brook Bond India	...	13½-17½*	27/50	26/37
Clive Row Investment	4	4½	7/06	7/06
Dr Paul Lohmann	Nil	Nil-Nil*	4/12	3/50
Duncan Brothers	12	12-12*	116/00	116/00
Dunlop India	17½	17½-20*	36/25	36/25
East Anglia Prastics	6	5-6*	5/69	4/37

MISCELLANEOUS—Contd.	Dividend per cent 1967	1968	Latest Market Quotations as available until 14-12-70	30-12-70
			Rs.	Rs.
Eastern Investments	4	4½-9½*	7/69	7/69
Electric Construction	10	10-Nil*	22/25	21/62
English Electric	Nil	Nil-Nil*	15/50	15/50
Fort Gloster Industries	2½	2½	194/00	170/00
French Motor	Nil	Nil-Nil*	14/12	14/12
Ganges Rope	20	15-7½*	184/00	184/00
Gillanders Arbuthnot	12½	12-6*	7/25	7/25
Godfrey Phillips (India)	35	35	49/50	49/50
Goodyear India	15	15-17½*	52/75	52/69
Gramophone Co.	...	15*	23/50	23/25
Gwalior Rayon	16½	17½-17½*	42/06	42/06
Hindustan Aluminium	10	10-10*	34/37	34/00
Hindustan Motors	12½	12½-10*	14/40	14/10
Hindusthan Pilington	Nil	...	7/60	9/12
Hindusthan Sanitary Wares	10	10-10*	15/25	15/25
Hindusthan Wire Pro	...	...	25/25	25/25
India Tobacco	10	11-13*	17/00	16/37
Inchek Tyres	Nil	Nil-6*	9/25	9/62
Indian Aluminium	17½	14-14*	33/10	33/90
Indian Cable	15	5-2½*	14/40	15/40
India Carbon	16	16-16*	32/37	32/37
Indian Oxygen	12	12-12*	23/69	23/25
Indian Rubber Mfg.	Nil	Nil	21/00	21/00
Indian Tack & Nail	1½	3-5*	8/15	8/15
Indian Wood Products	9	9-15*	14/31	14/31
J. K. Synthetics	12½	12½-12½*	40/87	39/12
Jardine Henderson	7	4-Nil*	35/00	37/00
Jay Shree Tea & Ind.	11½	10-10*	16/81	16/87
Kesoram Industries	16	13½-13½*	17/00	15/80
Macneill & Barry	5	5-5*	40/00	40/00
Martin Burn	12½	6-10*	7/75	7/75
McLeod & Co.	Nil	Nil	190/00	190/00
Metal Box Co of India	12	9-9*	13/56	13/69
Metal Distributors	...	...	7/19	7/12
Mohan Meakin	17½	9	13/44	13/12
National Insulated Cable	20	5-5*	9/12	9/31
National Pipes & Tubes	10	5-2½*	7/62	7/62
National Rolling & Steel	20	5-2½*	6/44	5/44
National Rubber Mfrs.	12	12-5*	9/06	9/06
National St Duncan	Nil	...	269/00	233/00
National Tobacco	5	8½-9*	14/12	14/50
Phillips Carbon	15	15-15*	22/19	21/62
Philips India	19	20-23*	40/00	40/00
Rallis India	13	13-13*	152/00	152/00
Rohtas Industries	Nil	Nil-Nil*	6/80	6/85
S. S. Duncan	15	22½-22½*	39/75	40/00
Shaw Wallace	15	15-15*	22/37	22/56
Stewarts & Lloyds	Nil	Nil-10*	14/19	14/37
Union Carbide	15	15-15*	30/31	30/50
Universal Cable	10	10-10*	16/19	16/69
Usha Martin	Nil	Nil-5*	16/62	16/87
Walford Transport	7½	7½-7½*	0/94	0/87
Woolcombers of India	Nil	3-6*	12/12	11/81
INSURANCE				
Concord of India	15	20-20*	12/12	12/12
Hercules	15	18-21½*	23/12	23/12
Ruby General	12½	12½-12½*	15/25	14/94
Triton	12½	12½-17½*	136/00	136/00
FLOUR MILLS				
Bengal	3	3-4*	13/12	13/12
Hooghly	Nil	Nil-10*	19/75	19/75
United	5	5-5*	19/25	19/25

*1969

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended		
	25-12-70	18-12-70	26-12-69
Liabilities—			
Notes in Banking Dept. ...	13,46,82	16,59,64	35,38,44
Notes in Circulation ...	40,05,48,22	40,36,23,87	36,00,75,68
Total Notes Issued ...	40,18,95,04	40,52,83,51	36,36,14,12
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	3,11,42,00	3,11,42,00	2,21,42,00
Total of A ...	4,93,95,11	4,93,95,11	4,03,95,11
B. Rupee Coin ...	57,67,11	56,55,90	69,93,15
Rupee Securities ...	34,67,32,82	35,02,32,50	31,62,25,86
Total	40,18,95,04	40,52,83,51	36,36,14,12
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	2,78,51,74	2,79,50,94	2,30,03,37
2. State Govts. ...	6,98,90	5,62,62	5,12,18
(b) Banks—			
(i) Scheduled Banks ...	1,88,88,12	2,00,65,33	1,76,03,37
(ii) State Co-operative Banks	7,89,49	8,16,66	7,76,43
(iii) Non Scheduled State Co-operative Banks ...	71,16	70,65	58,62
(iv) Other Banks ...	40,18	28,05	25.27
(c) Others	86,16,65	91,79,17	2,10,32,26
Bills Payable	54,67,26	61,09,69	47,70.02
Other Liabilities	81,58,24	76,08,40	66,19,27
Total	11,64,81,74	11,82,91,51	11,64,00,81
Assets—			
Notes			
Rupee Coin	13,46,82	16,59,64	35,38,44
Small Coin	3,95	2,33	3,87
Bills Purchased and ...	4,41	4,31	6,44
Discounted:—			
(a) Internal			
(b) External	38,19,19	29,10,56	1,47,00,02
(c) Govt. Treasury Bills ...	1,05,75,43	1,09,04,36	2,05,96,61
Balances held abroad ...	92,59,90	97,79,52	1,12,51,18
Investments			
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ..	1,81,95,09	1,75,43,85	1,70,19,77
Loans and Advances to:—			
(i) Scheduled Banks ...	3,02,19,40	3,26,18,35	91,90,48
(ii) State Co-operative Banks	2,91,31,12	2,89,53,01	2,90,73,26
(iii) Others	2,15,90	5,18,65	2,51,53
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,23,59	34,28,30	31,37,68
(ii) State Co-operative Banks	21,48,04	21,41,78	15,84,88
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,57,02	9,57,02	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	5,30,30	5,30,30	6,55,17
National Industrial Credit (Long Term Operational) Fund	27,68,71	27,68,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	38,82,87	35,70,82	37,90,16
Total — —	11,64,81,74	11,82,91,51	11,64,00,81

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended		
	25-12-70	18-12-70	26-12-69
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,53,61,00	1,46,13,00	1,38,45,35
(2) From others ...	25,14,26,00	24,84,69,00	21,40,79,21
(b) Borrowings from Banks	29,35,00	29,69,00	27,68,69
(c) Others	1,52,10,00	1,54,47,00	1,23,09,22
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,08,89,00	1,07,17,00	1,04,07,49
(2) From others ...	32,76,62	32,64,50,00	27,93,58,83
(b) Borrowings from Banks	7,25,00	11,82,00	7,71,63
(c) Others	38,58,00	39,17,00	29,49,74
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	18,91,00	24,01,00	23,51,13
(b) Time Liabilities ...	67,05,00	66,47,00	65,52,59
(iv) Borrowings from Reserve Bank	6,16,21,00	6,38,10,00	3,80,77,33
(v) Cash	1,66,09,00	1,69,59,00	1,38,53,77
(vi) Balances with Reserve Bank	1,91,89,00	1,94,14,00	1,72,22,54
(vii) Balances with other banks in current account ...	74,27,00	74,71,00	56,42,65
(viii) Money at call and short notice	44,01,00	47,45,00	50,92,45
(ix) Investments in Central and State Govt. Securities ...	13,99,32,00	13,95,49,00	12,64,73,86
(x) (a) Loans, Cash Credits and Overdrafts ...	37,09,60,00	36,68,16,00	31,02,44,67
(b) Due from banks ...	4,80,27,00	4,74,27,00	4,41,53,99
(xi) Inland Bills purchased and discounted	6,33,04,00	6,14,85,00	4,02,54,34
(xii) Foreign bills purchased and discounted ...	1,98,54,00	1,97,99,00	1,83,33,91
(xiii) Total of X, XI and XII ...	50,21,45,00	49,55,27,00	41,29,86,91

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960=100)

	1970	1969	1968
January	186.8	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	179.4	169.5	150.8
May	174.2	165.6	153.8
June		169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1

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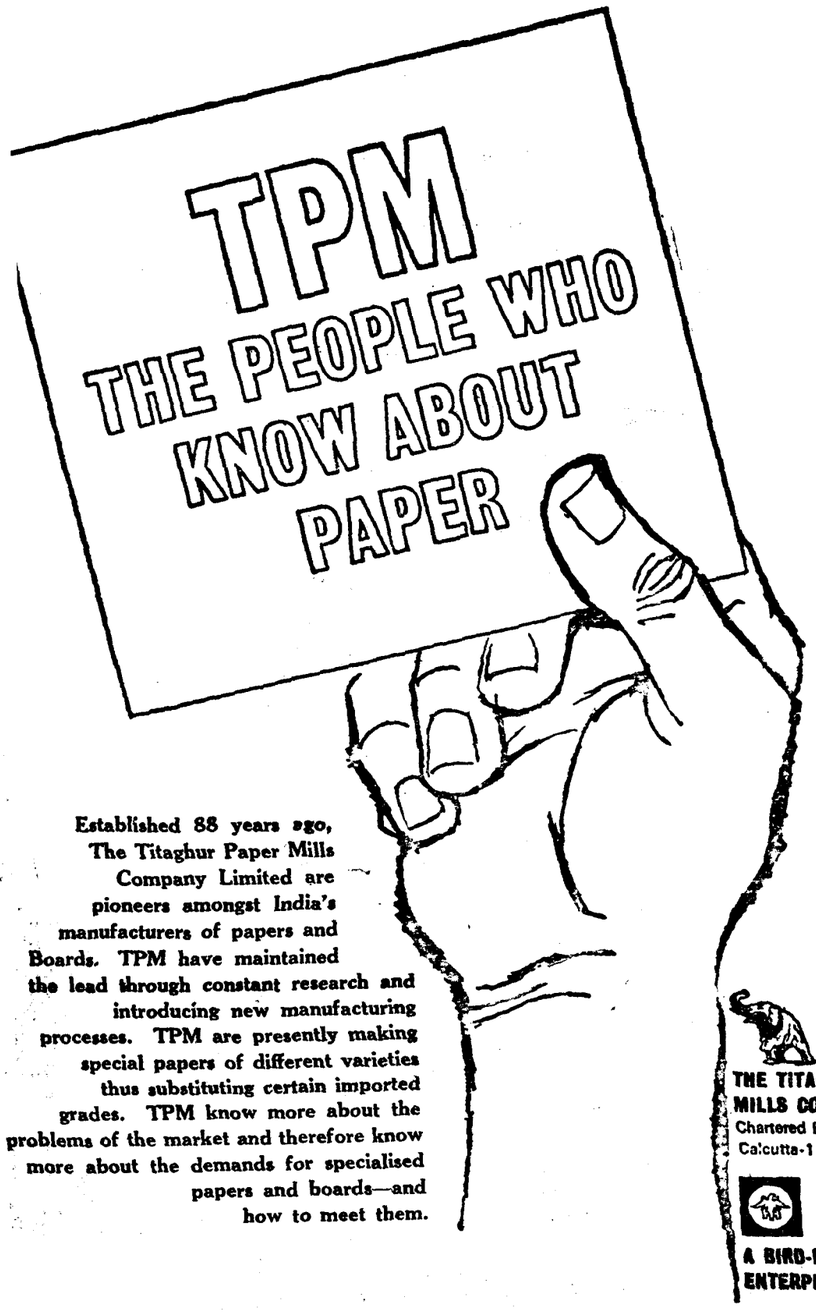
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The Bank Rate Hike

THE Reserve Bank of India has tightened the credit screw further. Bank rate has been stepped up from 5 per cent to 6 per cent—effective from 9th January—which takes it back to the level obtaining before 2nd March, 1968, when the last change in the rate was made. Simultaneously, the minimum net liquidity ratio, governing the structure of penal interest rates on accommodation in excess of what banks are eligible to borrow at Bank rate, has been raised from 33 per cent to 34 per cent with effect from 29th January. The statutory liquidity ratio has, however, been kept unchanged at 31 per cent. The two measures taken after "a careful review of the present monetary and price situation" seek to contain the rising trend in money supply and impose "a degree of restraint on credit expansion". While the 1 per cent increase in Bank rate would make credit costly, the increase in the net liquidity ratio would take away about Rs. 55 crores of lendable resources, thereby bringing the penal rate nearer. Banks have been advised that while adjusting these changes, they should ensure that, on average, the increase in the rate charged by them on advances is only about 1 per cent.

The Reserve Bank has taken care to see that the priority sectors continue to enjoy refinance facilities on concessional terms. Despite the increase in Bank rate, exporters and primary co-operative credit societies will continue to get their refinance at 4.5 per cent, irrespective of the net liquidity ratio. There is to be no change in the method of calculation of refinance facilities for short-term credit to small-scale industry and agriculture, but they will have to pay 1 per cent more because of the hike in Bank rate. Refinance at Bank rate would be given in respect of advances for food procurement operations up to 50 per cent of the increase over the outstanding level of such advances as on 30th October, 1970. Similarly, rediscounting of bills under the new bill market scheme would continue to be at Bank rate irrespective of the net liquidity ratio. The Reserve Bank will continue to consider on merits the provision of discretionary accommodation in exceptional cases at Bank rate to ease the liquidity pressure on individual banks arising out of sudden or specially heavy but genuine demands for credit for high priority purposes.

In his letter to commercial banks explaining the new measures, the Reserve Bank Governor, Mr. S. Jagannathan, has expressed concern over the price situation and the 12 per cent increase in money supply with the public in 1970, resulting to a significant extent from a larger credit expansion in the commercial banking system. Credit expansion during the current busy season has outpaced deposit growth forcing the banking system to resort to massive borrowing from the Reserve Bank. Between 30th October and 1st January, deposits have expanded by Rs. 175 crores, against Rs. 122 crores in the corresponding period of the 1969-70 busy season, while credit has expanded by Rs. 249 crores, against Rs. 204 crores. Borrowings from the Reserve Bank have gone up sharply by Rs. 200.44 crores to Rs. 351 crores, against Rs. 59 crores in the same period of the previous busy season. While a large part of the expansion of bank credit is attributable to the requirements of food procurement and other priority sectors, the rate at which bank credit has been expanding is a matter of concern.

While credit will undoubtedly become costlier and scarcer, it is doubtful whether it will help contain inflationary pressures and hold the price line. In a sellers' market, the enhanced cost of credit might serve as an inflationary fuel as the burden can be easily passed on to the consumer. Besides, the volume of bank credit em-

ployed in commodity markets is relatively small and speculative activity is being financed largely with unaccounted money. This explains why commodity markets have taken no serious notice of the new credit restraints. Even the stock market, which cannot easily ignore the hike in Bank rate, has staged a brisk rally after an initial panicky sell off. It is arguable that credit restraints designed to contain inflationary pressures could have just the opposite effect if they hamper production. Restricted recourse to the lender of last resort might mean that the organised sector of the economy will have to experience the shortage of credit with adverse impact on productive effort. Enquiries from informed sources indicate that a sizable chunk of refinance that banks have sought from the Reserve Bank has gone into food procurement and to supporting foodgrains prices. The non-priority sector has been finding it increasingly difficult to secure all its credit requirements.

In Indian conditions, even most effective credit control can have only a marginal effect on prices. And even this may not be achieved if there is no check on the Government's unproductive expenditure and the authorities are unable to enforce a stricter financial discipline on the economy. This does not mean that credit does not require to be strictly regulated. Whether or not credit control can have any significant impact on the price situation, credit will need to be regulated as long as it remains scarce. This underlines the need for a bold and imaginative drive for deposit mobilisation. In order to encourage savings and further assist deposit mobilisation, the Reserve Bank has raised the rates of interest on various categories of deposits with effect from 11th January. The increase in interest rates is welcome, but it is doubtful whether the small increase will provide enough attraction to depositors when other sources offer much better returns.

Since changes in Bank rate in India have been very infrequent—seven since independence—they have come to be regarded as a drastic step. That the authorities should have had to resort to such a step within ten weeks of the announcement of the credit policy for the current busy season seems rather surprising. And there are not a few who are inclined to the view that the timing of the Bank rate hike and the brake on credit expansion is to a large extent political. It is pointed out that an impression is sought to be created that the authorities are no silent spectators to the disturbing price situation.

However, if the Reserve Bank had had its way and did not have to bother about the cost of borrowing to the Government, it might have stepped up Bank rate much earlier. There has been a marked change in the economic situation from the time that Bank rate was reduced by 1 per cent to 5 per cent in March 1968. There have been unmistakable indications of a shift towards dearer money. Credit control measures taken by the Reserve Bank from time to time have tended to make credit more and more costly. Bank rate has for long been completely out of alignment with the effective rates of interest in the organised money market. It has seldom had much relevance except for Government borrowing and investment in gilt-edged securities. Only recently, it has come to acquire some significance because of the refinance facilities offered at Bank rate to the priority sectors. Since Bank rate has been kept artificially low to enable the Government to borrow cheap, it has never proved to be an effective instrument of credit control. Even in an organised money market, Bank rate has not proved to be an effective instrument of credit control. How much potent will it be in India where the money markets are still not organised as in the developed western economies? There is no denying, however, that the latest Bank rate hike has given a severe psychological jolt to trade and industry. Should it be welcomed when the country's economic growth rate is still sluggish by any standards?

The Economy Before Polls

THE country goes to the mid-term poll for the Lok Sabha from 26th February to 4th March, nearly three years after the last general election. The step, although unprecedented, is not sudden. The Prime Minister, Mrs. Indira Gandhi, has taken it after carefully assessing the probabilities as well as possibilities of the response to her call. Yet it is odd for two reasons. First, the parliamentary polls will be delinked from the elections to the State legislatures, except in the case of Tamil Nadu and West Bengal. Secondly, she is not sure about what has prompted her to resort to seek a vote of confidence. In a broadcast to the nation, Mrs. Gandhi had claimed that she wanted "to cut through the difficulties" created by the "reactionary forces" and "vested interests" in her attempts to "accelerate the pace of social and economic reforms." But at the Press conference that followed, she had confessed that the difficulty arose not because she did not have a majority in Parliament but because some of the parties would not like to discuss certain matters. It is naive to believe that the country's Prime Minister is helpless just because a section of the Opposition would not talk to her on an issue.

The pundits on constitutional law will have to take cudgels against her claim that hers is not a care-taker Government and that it is competent to take policy decisions and issue ordinances. One had thought that Mrs. Gandhi's Government being responsible to Parliament ceased to be so after the House was dissolved and became a care-taker Government for the period intervening between the date of dissolution of Parliament and the date of installation of the new elected Government. Could it be that she had taken this extreme position simply because there was a suggestion that she should resign or should give an opportunity to the Opposition for inflicting defeat? But the Opposition's logic had been knocked down by its own failure to push through any of the six no-confidence motions it moved during the past one year. One personally welcomes the mid-term poll because Mrs Gandhi wants to pursue policies for which she did not have the mandate from the electorate in March 1967. She is emphatic that the fundamental right to property conferred by the Constitution requires to be abolished. What is, however, not clear is how she is going to do that even after getting the mandate. In her opinion the Constitution does not provide for convening the Constituent Assembly. The only alternative for her is to seek "other" ways. Will the Supreme Court's independence be undermined?

Mrs. Gandhi has claimed that the Indian economy is sound and the investment climate is good but the only trouble is the reluctance of the private sector not to take advantage of it in order to force her to make concessions. But the record may be put straight on the basis of her broadcast. She said: "Economic difficulties and the growing impatience of the people are being exploited by political elements, especially extremists and communalists. This has led to the breakdown of law and order and dislocation of normal life. The challenge posed by the present critical situation can be met only by the proper and effective implementation of our secular and socialist policies and programmes through democratic processes." What is her analysis of the current situation? First, it is critical because there has been a breakdown of law and order and dislocation of normal life. Secondly, the failure to maintain law and order and normal life is attributable to economic difficulties and the growing impatience of the people. Thirdly, these difficulties are being exploited by political elements. To put it more explicitly, political elements have been exploiting the failure of the Government. Mrs. Gandhi wants to cover it with the aid of her secular and socialist policies and programmes through democratic processes.

Before turning to her cure, it would be profitable and educative to assess the course of the economy since Mrs. Gandhi's Government was installed in power by the united Congress in March 1967. First, there is the claim of "green revolution". Mr. M. L. Dantwala has observed at the annual conference of the Indian Economic Association held recently in Gauhati that it is confined to wheat and is not traceable to the Government policies or institutional reforms. The official price policy in respect of foodgrains only followed the prices and at best it can be said that institutional reforms have succeeded where the high-yielding varieties are popular. The point of emphasis is that water supply and water management are more important than institutional reforms. Without elaborating the issue raised by Mr. Dantwala, it would be worth while to turn to food management. The Planning Commission has been emphasising for the past three years that a buffer stock of 5 million tonnes of foodgrains must be built up and an equitable distribution of food will have to be supported by a firm procurement policy. Even after claiming the impressive progress of the "green revolution", the buffer stock is hardly three-fourths of the target and the Government is frantically seeking 3 million tonnes of P.L. 480 grains in 1971.

Industrial production has increased in the three years since 1966 at an annual average rate of 4.3 per cent, and in 1970 the rise may not be more than 5.5 per cent. Even this modest improvement has been brought about by reducing shortages of raw materials through higher imports. In contrast to the target of 7 per cent export growth, exports during the current fiscal year may not reach last year's level. Higher imports can be financed only by incurring a very heavy payments deficit. Is the Government sure that the quantum of external assistance will be enough to bridge the gap? The volume of money supply during 1970 has risen by a little over 11 per cent, as against 9.7 per cent in the preceding three years, *i.e.*, at more than twice the rate of growth of national income. This should serve as an unpleasant reminder of the fact that the Government has lost its grip over the economy. This is further illustrated by the widening gap between the growth of bank deposits and bank credit. In 1970, deposits rose by 16.7 per cent while credit expanded by as much as 21.9 per cent.

In the name of financing development programmes, the Government has been expressing its determination to appropriate a larger slice of the growing national income. In actual practice, the proportion of national income appropriated by the Central and State Governments has declined by 3 per cent. This phenomenon is to be traced to the hard fact that while the law of diminishing returns has been operating in the case of taxation on the "rich" the Government wants to soak, the latter is unable to tap the beneficiaries of its policy of income redistribution. That money has gone into consumption. The results are underlined by the behaviour of wholesale prices of commodities. During the first three fiscal years, the wholesale price index moved up on an average by 4.8 per cent. During the past eight months, it has risen further by 6.1 per cent. Is this the price stability on the basis of which growth and social justice were sought to be built? The answer has been provided by the mounting wave of industrial unrest and higher wage costs as a result of consumer living costs going up every year by about 4½ per cent. It is interesting to note that in spite of the tall claims about growth and social justice, the volume of employment in the organised sector has been rising at an annual rate of anything between 1.8 per cent and 2.5 per cent and the lack of job opportunities has led to massive unrest. This problem cannot be solved by reducing the admission to educational institutions or by creating a million jobs in the community development blocks on the eve of the election or by asking nationalised banks to finance the jobless.

The hard fact needs to be faced that the economic activity has been expanding at a rate at which the gap between new jobs and job seekers is reduced. But the solution sought by the Government is to achieve the opposite. In an article to the special supplement of *The Times*, Professor D. R. Gadgil, Deputy Chairman of the Planning Commission, has summed up the problem very well. After referring to the shortcomings of policies, administrative inefficiency and corruption, Mr. Gadgil observes: "Too sharp a movement in the direction of either ideology would necessarily jeopardise, to a dangerous extent, one or the other objective." Mrs. Gandhi owes an explanation to the electorate how she is going to reconcile this warning with her assurance to meet the challenge with the aid of socialist policies and programmes through democratic processes.

Self-reliance with Foreign Food?

HABITS die hard, and the most difficult to leave is the habit of depending on others, be it for a loan or charity. One of the most unfortunate features of independence in many developing countries is that political slavery has been replaced by a kind of economic servitude which they do not wish to shake off. The latest reported decision of the Central Government to seek the import of another 3 million tonnes of foodgrains under the P.L. 480 agreement is an example of this trait. Precious rice is rotting in Punjab *mandis* for want of wagons. Procurement of wheat and rice has been generally halting and below targets. What is worse, despite four consecutive bumper crops, State purchases have been far below the needs of the public distribution system, let alone meet the needs of the

buffer stock operation. Last year, the Government sold through fair price shops nearly 9.5 million tonnes of foodgrains, but bought only about 6 million tonnes. The performance is believed to be similar this year.

Against this background, the Government's loud promises of attaining self-sufficiency by 1972 sound hollow. If the country cannot meet its normal needs, not to mention keeping something in reserve, even during an unprecedented succession of bumper harvests, will it not be in a plight in a lean year? How will it keep the poorer sections fed and prevent prices from having a free run of the market in such a crisis? What will happen to its determination to escape the humiliation of roaming the globe with a begging bowl? All these questions today seem to be only of academic interest to the planners and administrators who are bent on depending on the P.L. 480 agreement.

The experience of the cotton fiasco is still fresh in everybody's memory. It shows the wide gap between the Government's promises of self-sufficiency and its achievement. While in foodgrains, the outlook has been considerably more heartening than in cash crops, the slow move towards self-sufficiency in the past few years suggests that the situation may not be quite as bright even in food as is suggested by official spokesmen. As the elections draw near, these claims may become further removed from the reality. The fortress of self-sufficiency may collapse like a house of cards with one whiff of drought conditions. It appears that by self-sufficiency, the Government means the theoretical capacity to produce just enough foodgrains to feed the nation on the present semi-starvation diet, which is all that the common man can afford at current prices in a year of plenty.

Three questions emerge from the present situation. Why has the Government been slow to procure enough foodgrains from the internal produce? Is the decision to import foodgrains motivated primarily by the habit of depending on P.L. 480 for reducing the budgetary deficits? And, finally, is the "green revolution" moving at a slower pace than was expected when the promise of self-sufficiency by 1972 was made? Saving is implied in self-sufficiency of any kind. Without it, the first abnormal situation would lead to scarcity and the need for external resources. The richest man would turn bankrupt if he did not have a large reserve for any exigency. The Government's announcement two years ago, which has been reiterated many times since, not to import any foodgrains after 1971, implied a resolve to resort to large-scale procurement immediately. Without it, self-sufficiency would prove to be a utopian idea.

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Many factors seem to have stood in the way. The first has been the lack of funds. The Government lacks the resources to make unlimited purchases. But it must be stated here at once that the buffer stock operation is perhaps the only area in which the Government can resort to limitless deficit financing without creating inflation. In fact, the creation of paper money to buy food for tomorrow would be the greatest safeguard against a sharp rise in prices in the future. Furthermore, it would prevent the cornering of surpluses by speculators—a phenomenon which often leads to large-scale diversion of scarce bank finance into unproductive channels and creates all kinds of distortions in the economy even in years of plenty.

The Centre also seems to have found it hard to reconcile the conflicting pulls of its own well-meaning but politically ineffective advisers like the Agricultural Prices Commission on the one hand and the food surplus States which wanted to get rich quick on the other. In the end, the States with their powerful voice and pressure lobbies prevailed. Restrictions on the movement and sale of foodgrains, especially wheat, were lifted one after the other. This satisfied the farm lobby and benefited producers and speculators but it reduced the flow of foodgrains to the Government stores. With the honourable exception of Punjab, procurement was well below the targets in all other States. In many States like West Bengal and Andhra Pradesh, the political uncertainties, the chaotic state of law and order and the indifference of the State Governments to the whole scheme of procurement thwarted the Centre's plan. For although the food policy is the Centre's subject, procurement is basically the prerogative of the State Government and even the Food Corporation acts merely as its agent. But it was not all the fault of the States, since apart from the shortage of money, the Centre was also short of storage space and often also of wagons to move the accumulated foodgrains from the *mandis* during harvest.

More vulnerable is the financial implication of the proposed P.L. 480 deal. P.L. 480 grains will bring about Rs. 200 crores in budgetary assistance and thus augment the dwindling "External Assistance" which forms a sizable part of the resources listed in the annual Central Budget. The rupee counterpart funds accruing from the proposed new agreement would be negligible, as 80 per cent of the price may have to be paid in dollars. But the immediate relief to the Government will be considerable. External grains will also check food prices from rising, it is believed. As should be evident from the prohibitive figure of the current annual foreign loan repayments which are tending to approach the total aid inflows, such external reliefs as the Government seeks in its Budget can mean serious trouble in the future. If this habit continues, the country will be caught in an unending and vicious spiral to borrow more and more only to be able to repay past debts.

The most demoralising aspect of the reported decision to import large quantities of foodgrains in 1971 is, however, the suspicion it arouses that the Government's claims about the "green revolution" may be highly exaggerated. Even without imports, there would be few who would believe that the Government's target of about 130 million tonnes of foodgrains in the last year of the Fourth Plan is attainable. Even if there are no droughts and there are new spectacular breakthroughs in food technology—especially in rice—the maximum output that can be hoped for in 1973-74 will be between 110 million and 115 million tonnes. This would be below and not above the full needs of the people if the objective is to give all of them two square meals a day.

CURRENT COMMENT

TEA

Entry Tax Abolition

Addressing the annual general meeting of the Calcutta Tea Traders Association in Calcutta recently, the chairman, Mr. U. K. Patel, said that one of the new subjects the Association had to deal with was the question of having new auction centres for the purpose of selling tea. Calcutta had traditionally been the only auction centre in so far as the tea trade in north-east India was concerned, but the picture appeared to be changing due to a variety of factors. The Government of Assam had always been very keen to start a tea auction centre in that State, and the question of having auction sales in Gauhati came up for consideration before the Association. In view of the importance of the matter, it was decided in the early stages that it should be considered in detail at the highest level of the trade and industry, *i.e.*, by the Consultative Committee of Tea Trade Associations and the Consultative Committee of Plantation Associations. These two bodies jointly came to the conclusion that to avoid any disruption of the tea trade in Calcutta, and at the same time to fulfil the wishes of the Assam Government, it should be recommended that teas should initially be stored, catalogued and sampled in Gauhati, but the actual auction sales should take place in Calcutta. But this suggestion was not found acceptable to the Government of Assam. The Gauhati auctions have since started and an increasing number of chests are being put up for sale at these auctions.

Since the Association's main function is to run the tea auctions in Calcutta, it is extremely keen to maintain the importance and the prominent position of the Calcutta auctions and that of the tea trade itself in Calcutta. With this end in view, and also because of the apprehension that larger quantities of tea might be diverted to the Gauhati auctions in the near future, the Association has urged the Government of West Bengal that the entry tax which is payable on teas entering Calcutta be abolished. The Association feels that the imposition of this tax acts as a disincentive to producers to continue to bring their teas to Calcutta.

PAPER

Creation of New Capacity

As a consequence of the rapid increase in demand for paper required for writing, printing and paper-based packaging, it has become necessary to plan the expansion of the existing paper mills, or the establishment of new units. It has been estimated that an additional capacity to the tune of 400,000 or 500,000 tonnes of pulp and paper will have to be created to satisfy increased requirements. This would amount to installing eight or ten integrated pulp and paper mills of an average capacity of 150 tonnes a day. There is a substantial gap between the existing capacity of pulp and paper machinery and the anticipated requirement by the end of the Fourth Plan. Furthermore, the present indigenous capacity and know-how is inadequate to meet the needs of integrated pulp and paper plants of capacity above 100 tonnes a day. In this context, the Government wants to encourage the creation of new capacity for the manufacture of integrated large-sized pulp and paper plants, particularly of 150 tonnes a day capacity and above as well as specialised individual equipment like continuous digester, soda recovery plant, simplex and duplex cutter, super calendar, suction coach roll, slitter rewinder, and coating plant. The Government would also consider requests for foreign collaboration for the technical know-how. Proposals are, accordingly, invited from prospective entrepreneurs.

AGRICULTURE

From Stagnation to Growth

In his presidential address to the annual conference of the Indian Economic Association held recently in Gauhati, Mr. M. L. Dantwala analysed the reactions of the economists who had keenly watched Indian agriculture's "failures and success". He explained the factors which were responsible for the stagnation and growth of agriculture in the context of the situations obtaining in many of the developing economies. For the period 1950 to 1965, with which the "failure" of agriculture is associated, a reference to the state of affairs from 1901 to 1950 is relevant. A study by Mr. S. R. Sen shows that during the first 24 years, foodgrains production in India increased by 0.3 per cent a year. During the next 24 years, it actually declined at an annual average rate of 0.02 per cent. For the first 15 years of the 30-year period—1936-37 to 1965-66—foodgrains production declined by 0.68 per cent a year. It shows that for nearly 50 years foodgrains production was almost stagnant. Mr. George Blyn's study of agricultural output, availability and productivity in India from 1891-1947 confirms Mr. Sen's conclusions. Population during the entire reference period increased at an annual rate of 0.67 per cent. As a result, the *per capita* all-crop output declined sharply, and the index number, with 1891 as the base year, dropped to 84.2 in 1946. In India, between 1949-50 and 1964-65, the compound rate of growth (1949-50 to 1951-52 equals 100) of production was 2.98 per cent for foodgrains and 3.19 per cent for all crops. The productivity growth rate was 1.60 per cent for both. If, however, the base for the calculation of percentage increase is shifted to the period 1952-53 to 1954-55, the compound rate of foodgrains production would decline to 2.50 per cent, and for productivity to 1.51 per cent. According to Mr. Dantwala, this was certainly not stagnation, but in view of the annual growth of population by 2.5 per cent, the balance between food and population became precarious. He said it should be possible to identify the inhibiting factors which were present during the stagnation period but were absent during the success period.

STOCK EXCHANGES

Seminar in Calcutta

Inaugurating the seminar on stock exchanges sponsored by the Chartered Institute of Secretaries India Association in Calcutta on Saturday, Mr. A. V. Sheth, president of the Calcutta Stock Exchange, said that the mixed economy of India had recognised the important rôle of the private sector in assisting the economic development of the country. Introducing the subject of the seminar, Mr. A. K. Mukherjee, Assistant Secretary of the Calcutta Stock Exchange, observed that a balanced growth of the public and private sectors could alone lead to the projected economic development of the country. Dr. B. B. Ghosh, Executive Director of the Calcutta Stock Exchange, said that the evolution and growth of stock exchanges in India

had been concurrent and associated with its economic development. Mr. R. B. Shah, Custodian of the United Commercial Bank, observed that having accepted the principle of joint-stock companies, one had to accept a number of investors. An investor invests in shares for two reasons, first, capital appreciation and secondly, a reasonable return on investments. The function of a stock exchange is that of a trustee as far as investors are concerned. Mr. K. K. Dutt, Managing Director of Place, Siddons and Gough, dealt with the rôle of the brokers with reference to the investing public.

PLASTICS

New Manufacturing Process

A new manufacturing process of major significance to the plastics industry has been invented by I.C.I. The process provides an economic and rapid mass production method for an entirely new range of composite plastics products, which in turn will open up many new applications for plastics. The process allows "sandwich" structures to be made with, for example, a solid plastic outer skin and a central core of foamed plastic. They are made in a single high speed manufacturing operation in injection moulding machines, especially constructed from standard units. The sandwich moulding process has been developed by I.C.I. to the manufacturing scale after several years of research. The Company intends to license it on a world-wide basis.

The process will enable plastics to compete more effectively with metals, particularly in applications where rigidity and good surface finish are required. The automobile industry could be a major potential user for body panels and trim. Other likely outlets are the electrical industry (TV and radio cabinets, washing machines, and refrigerators); building (basins, baths, sinks and partitions); packaging (boxes, trays and pallets); and engineering (gear wheels and other components). Announcing the details of the process at the Welwyn Garden City headquarters of I.C.I. Plastics division, Dr. A. H. Willbourn, research and development director, said that I.C.I. set out several years ago with the objective of finding ways of making large area structures of greater rigidity out of plastics by economic and rapid production methods.

E.C.G.C.

Cover for Projects Abroad

The Export Credit and Guarantee Corporation (E.C.G.C.) has evolved a policy to cover construction works contracts entered into by Indian parties with overseas Governments or Government agencies. Some Indian firms are now in a position to secure orders for the execution of turnkey projects and other civil engineering works in foreign countries. Such firms require support to be able to compete with their counterparts in industrially advanced countries which are already well-established in this line of business. In undertaking construction works in foreign countries the risks involved are comparatively more than in the export of goods because in construction works the chances for disruption of the works and for disputes between the contracting parties are more.

The E.C.G.C.'s construction works policy will cover risks like default of the "employer", *i.e.*, Government buyer, delay in the transfer of payments to India, war between the employer's country and India, civil war or similar disturbances in the employer's country, and imposition of new import restrictions in the employer's country or export restrictions in India. The E.C.G.C. will indemnify the Indian contractor to the extent of 85 per cent of the loss due to any of the risks insured under the policy.

MONEY MARKET

Call Rate Rises

The short-term money market has been fairly tight during the past week, with the call rate rising from 7½ per cent to 9 per cent at the close. There has been a fair supply of tea bills while that of gunny bills has been negligible. The demand for remittances has been small. The pound-sterling has strengthened appreciably against most major foreign currencies during the past week.

BRITISH INVESTMENT IN INDIA

A CORRESPONDENT writes in Current Coin: On 20th December, Mr. George Paish, the Editor of the *Statist* read an interesting paper to the Royal Statistical Society on "Great Britain's Capital Investments in Individual Colonial and Foreign Countries". I extract the paragraph dealing with India. "The amount of visible capital we have found for our great Indian empire is no less than £365,000,000, the larger portion of which has been for the construction of railways. The capital of the railway companies is £137,000,000, and the Government loans of £179,000,000 have mainly for railways purposes. The capital of tea companies provided by our investors is nearly £20,000,000. No one can doubt the beneficent effect upon the prosperity of India of this expenditure of British capital for the development of the natural resources of the country, and the linking up of district with district, which has so powerfully helped to diminish the severity of famines. This great sum has been lent to India at an exceptionally low rate of interest, and having regard to the immense increase in the wealth of the Indian people which has resulted, and is resulting, from the construction of railways, the burden of the low interest charge is quite negligible. Probably the improvement in the condition of the people resulting from railway construction has been one of the most potent factors in maintaining the loyalty of the vast popularities of India to the British empire. Lord George Hamilton, Ex-Secretary of State for India, who presided, said that some years ago the Indian Government was supposed to be in a bad way because they were constantly borrowing. But the whole of the sums so borrowed were applied to public works and to railroads, and he believed the results of the policy of judicious borrowing was that the Indian Government now had a better balance-sheet than almost any Government in the world, because their assets more than covered their liabilities. This is something for Mr. Gokhale and other austere financial critics to ponder over.

FROM
CAPITAL
12th January, 1911

A Ditcher's Diary

WHATEVER ITS EXPECTATIONS from the Lok Sabha poll, and I cannot see how they can be high, the C.P.I. (M) is said to be very confident about the Assembly prospects in West Bengal. Its optimism, I am told, is based largely on its organisational consolidation in the villages; its chances in Calcutta cannot have improved from the violent clashes it has had with other parties and groups. In fact, it faces a combined opposition all over the State; whatever the differences between the Congress (O), the Congress (R), the Bangla Congress and the eight-party combination, all of them seem equally determined to keep the Marxists out of power. Since this has become almost a question of survival, tacit adjustments—if not an open agreement—may yet bring the E.P.C., or at least the bulk of the combination, very close to the Congress (R) and the Bangla Congress. Paradoxically, however, the way the Marxists have been designated the main enemy by virtually all other parties may have helped the former to emerge before the electorate as the Party that counts most in the State. In any case, that seems to be the Marxists' own calculation. An electorate weary of two long spells of United Front in-fighting, may well plump for the strongest party in the field, whatever its character, in the hope of some stability. It all depends on whether the arguments showing the Marxists to be primarily responsible for the past and continuing instability have failed to carry conviction. I do not know; I am not even sure how far the ordinary voter in this State cares for stability or what he or she means by it. I wonder if there can be much stability either at the Centre or in the States, and most people now seem inured to an increasingly uncertain political climate. After all, Orissa seemed to have one of the stablest State Governments in the country; but the Swatantra-Jana Congress alliance has gone the way of all coalitions. And yet the State will probably have another coalition, for I cannot see any single party winning an absolute majority. Even West Bengal may again be ruled by a patchwork coalition. Non-Marxist circles do not think that the C.P.I.(M) will be able to form a Government on its own or with the support of its satellites in the newly-designated United Left Front; but most of them concede that the Marxists may still emerge as the largest single Party, which may be followed by large-scale defections from rival camps. The R.S.P. seems to be already keeping its options open; nothing like an open mind when the outcome is less than certain.

THE PATTERN OF THE PARLIAMENTARY contest has already emerged with some clarity. The alliance formed under the leadership of the Congress (O) is now a force of impressive size. What was originally conceived of as a combination of avowedly right-wing parties would have been incomplete without the Swatantra, even though Mr. Nijalingappa was evidently unwilling to forgo the advantages, particularly in U.P. and Bihar, of an understanding with the S.S.P. for the sake of any kind of "likemindedness". Parties as unlike each other as the Swatantra and the S.S.P. have found common ground only in their disapproval of Mrs. Indira Gandhi. Whether "Indira Hatao" will be a sufficiently rousing slogan to sway a majority of voters remains to be seen; but a combined challenge to the Congress (R) will certainly be a major factor to reckon with. Now that four parties have come together, can the B.K.D. remain resolute in its decision to go it alone? Mrs. Gandhi, on the other hand, seems to be relying more on her own strength than on such support as she may elicit from other parties, which has ironically placed both the P.S.P. and the C.P.I. in unenviable positions. It is now clear that her crusade against the conservatives will not give much comfort to the pro-Moscow communists; indeed, she will be particularly careful not to alienate such conservative elements as are not already committed to supporting the right-wing parties. And if she returns to power, the realities of the economic situation are bound to make her radicalism still more muted. That, of course, is a matter for future debate; for the present, she must retain much of her radical image. Her campaign themes are predictable; but her opponents are still handicapped by the absence of an agreed programme to be presented to the public. The Swatantra Party's readiness to accept the Congress (O) resolution of 28th June as its election manifesto may have been a self-denying gesture for



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the sake of unity, but clearly Mr. Masani is not altogether inspired at the prospect of a combined contest without a common statement of aims. He has even declined to give a label to the four-party front, since it is not his baby. I wonder why newspapers have gone on referring to a National Democratic Front when, as Mr. Masani disclosed last Saturday, even the word "democratic" was dropped on 2nd January at the insistence of the S.S.P. And a third front, mentioned by Mr. E. M. S. Namboodiripad, is unlikely to have more than marginal significance at the national level, even if it is designated as both "radical" and "democratic".

THE MID-TERM ELECTIONS IN THE United States had been a disappointment to President Nixon, although surely no surprise; but for the uncommitted political observer they were pure joy. To me it seems quite clear that President Nixon did badly not because he struck the wrong note on Vietnam or civil order, but for the simple reason that his economic policies are not liked. It matters not at all that in effect he abandoned ultra-tight money nearly six months ago, and now seems hell bent for the greatest, and most damaging, inflation in all American history. The electorate is not interested in what Professor Friedman believes can be the ultimate benefits of monetary regulation. What the man in the U.S. street is aware of is the fact that since President Nixon took over, prices have continued to rise and jobs have been harder to get, even hold. In other words, the President has succeeded in resurrecting the old Republican ghost, the very one that lost him his first Presidential election to John F. Kennedy. As usual, there is a lesson in it for us all; but especially it seems to me for countries which are also trying to use Professor Friedman's measures to curb their inflations, such as Britain. It is simply this: using monetary control to stabilise an inflationary situation takes too long in a democracy. Under a totalitarian regime, it may be possible to conduct economic experiments which require as long as three years to prove their point. In democracies, elections supervene. So just how is inflation to be tackled? I must say honestly I do not know, unless as already inferred, it is to replace democracy with something stronger. It would indeed be a remarkably ironic twist if communism were eventually to become the universal answer, not to the weakness of the hungry worker

desperate to maintain his subsistence living standards against the rapacious capitalist, as Marx once predicted, but to the weakness of the capitalist, desperate to maintain a return on his investment, against the rapacity of invincibly-organised labour, greedy to exploit its monopoly. Yet that seems to be the way things are turning out.

WHY, OH WHY, DID THAT NOBEL Prize have to be awarded to poor Solzhenitsyn? You will never convince me that the consequences were not foreseen, and that therefore the entire gesture was not as cruel as it is pointless. Now we can confidently assume that Solzhenitsyn will become another Pasternak, and his "crimes against the Soviet people" be visited on his friends, relations as well as on him personally. And all because the Nobel selection committee cannot resist the temptation to twist the Russian Government's tail from time to time. There is no excuse; the decisions behind the Nobel awards are usually diplomatic enough in other respects. Would it not be better, one might ask, to announce along with each set of prizes that consideration of all Soviet nationals had been specifically excluded because Russia is a closed society and persistently persecutes its more brilliant and original thinkers? I believe so; that way at least some moral impact might be made without compromising individuals and their innocent friends. Now it would seem the unfortunate Solzhenitsyn faces the alternative of being hounded from the country he loves, from which he derives his entire literary inspiration, or else being sent to a labour camp where, presumably, he is unlikely to find much time for writing. Deplorable? Yes. But predictable and avoidable too. There is nowadays a growing number of Russian emigré writers, just as there was in Tsarist days. Eventually, one must hope, they too are going to spearhead a new revolution of thought which will overthrow the bureaucratic constraints which again paralyse Russian intellectual life.

AS I REPORTED SOME TIME AGO, THE communist regime in Hungary makes a pretty penny from a State-owned match-making service; but it was left to a Frenchman to suggest that prostitution be brought under State control. Every Government exercises some control in the form of restraints and regulations; the "woman in the street" has certain curbs imposed on her calling even when the profession is not altogether banned. But what a Gaullist deputy of the French National Assembly has been advocating is not control of this nature; he wants prostitution to be brought under the management of the State. He is realistic enough to recognise that prostitution persists in spite of a French ban on brothels and will survive any further prohibitory laws; so he wants that all citizens are at least assured of "medical and moral protection". Why should not the State itself run brothels where women would work willingly and be able to leave whenever they want to? A new Brothels Bill is said to enjoy considerable support in the French National Assembly. But both the prostitutes and their potential customers seem unimpressed and totally uninterested. One tart told a correspondent of the *Los Angeles Times*: "Can you imagine me working as a civil servant?" And one Frenchman conjured up a procedural nightmare: faceless clerks examining one's identity card, health certificate and various other documents, then asking one to fill in a form in triplicate with three photographs, and after a long wait stamping the form "approved" and then telling the applicant to come back punctually at an appointed hour on the following day when a girl would be ready. It is possible to think of many hilarious variations on this procedural theme; the main point is that no one but a few fadists can seriously regard prostitution as an activity suited to the public sector. Both the seller and the buyer in this trade seem to be firm believers in private enterprise. A girl interviewed in a Paris bar pointed out that she kept what she earned, but once the State got into the act as much as 70 per cent of her earnings would perhaps be taken away in taxes. The State might also claim a direct share of the profits, or perhaps grab all the earnings of girls employed as prostituting civil servants on low wages. Surely this would be the worst form of State capitalism!

A RHODE ISLAND STATE LEGISLATOR has proposed a tax on love, which he predicts will net in $30 million for the State's coffers in the first year. Here is a novel idea for Central Finance Ministry officials who are racking their brains to find out fresh sources of taxation in the next Budget. Will the State Governments also clamour for a share from the proceeds of the tax on love?

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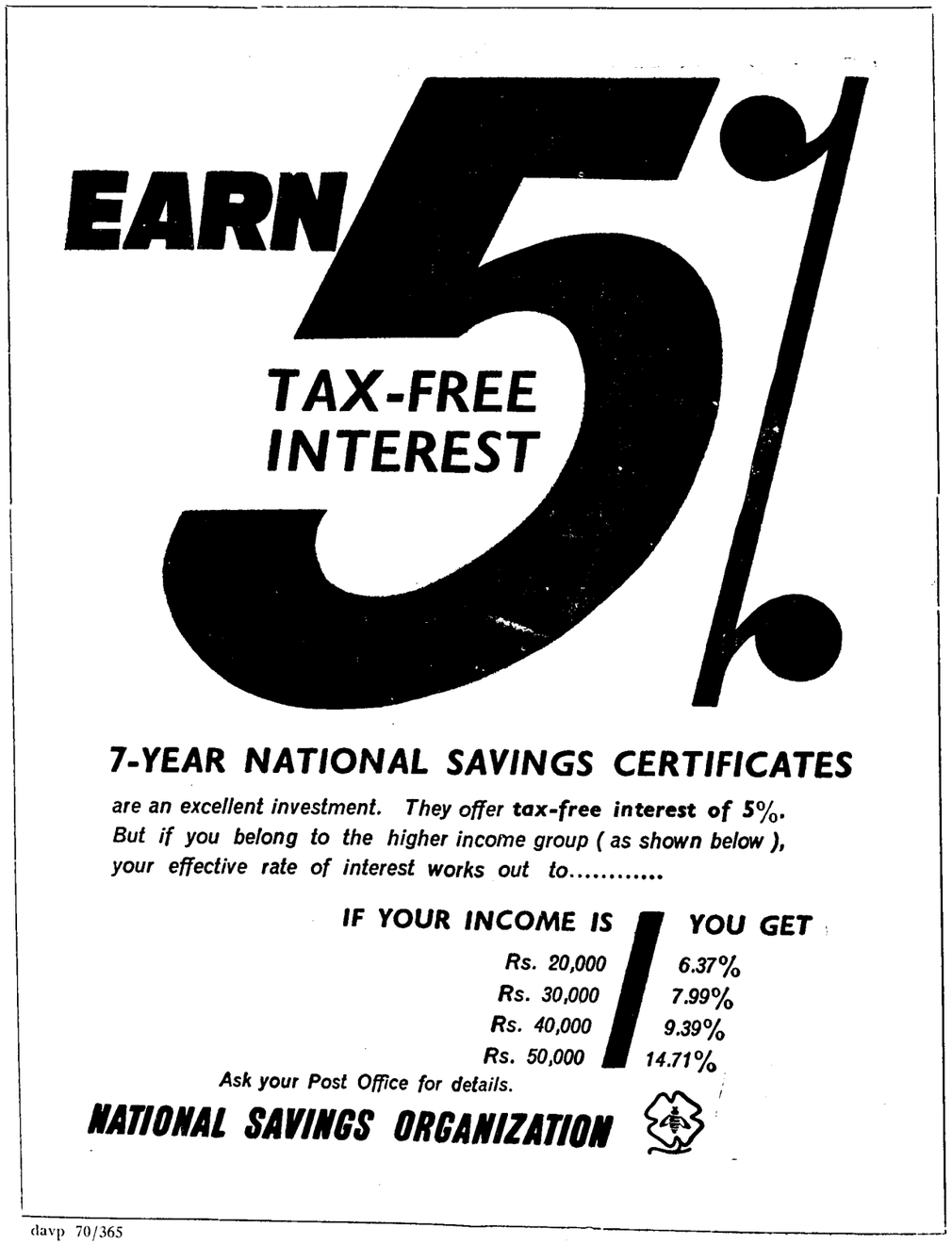
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MANAGEMENT

How to Reduce Costs in a Business Enterprise

By R. P. Nadkarni

High cost is like a disease for which an accurate diagnosis forms the first part of the treatment, the other being the timely administration of proper medicines. Similarly, the timely recognition of the high cost areas itself is half the solution for the problem.

TODAY, the spiralling prices have engulfed everybody—right from the common man struggling to make both ends meet to an industrial magnate trying hard to survive in his own field. The law "survival of the fittest" holds good also for the economic life of any industrial organisation. In other words, an organisation can continue to exist only if it is able to earn a net profit. Industrial units do attempt to attain the set production, sales or profit targets. They should not, however, remain content when they achieve or even surpass the targets, particularly in the context of today's rising costs and shrinking profit margins, but should rather interrogate themselves: "At what cost did we achieve this?" and seek an answer to this vital but oft-overlooked question, by honestly taking a critical, unbiased and searching look at the business—its costs *versus* profits. They must know what the costs are, where the cost centres lie, how they affect the profits and how they can be controlled.

Two Types of Costs

Any activity, productive or unproductive, in the attempt to attain the target costs a firm something. If it is a productive activity, well, it may gain something but should it turn out to be unproductive, it definitely may lose something. To run business more profitably, therefore, the firm must be able to identify and mitigate or eliminate the incidence of unproductive activities and also reduce the cost of productive activities. Costs may be classified into only two simple types—"obvious" costs and "obscure" costs. "Obvious costs" are incurred when a company purchases materials, machines, fuel or power, or builds structures for production or storage, pay the staff their salaries, spend on packaging and forwarding of goods. Such costs are readily recognisable and can be brought down easily if an attempt is made. "Obscure costs" are those that get buried under the names depreciation, obsolescence and opportunity loss. Costs are also obscured by capital locked in idle or overstocked inventories, static finished products, idle godowns and storage places, and idle machines. Such costs, being hidden, must first be uncarthed so that they can be controlled.

It is a common practice to maintain some sort of periodical cost statements showing a break-up of costs under various heads. It is the analytical study and intelligent interpretation of cost data, and not their mere preservation for historical records, that really enable one to identify high cost heads. One may, therefore, try to interpret a specimen cost statement.

Cost head	Cost in a year (Rs. lakhs)	Percentage of total cost
Raw materials ...	3.80	38
Auxiliary materials ...	1.30	13
Electricity	0.50	5
Fuel	0.80	8
Water	0.30	3
Rent for godowns ...	0.20	2
Salaries of staff and workers	1.20	12
Salaries of executives and supervisors ..	0.60	6
Depreciation of machines	0.50	5
Depreciation of buildings	0.20	2
Packing and forwarding	0.45	4.5
Stationery	0.05	0.5
Conveyance allowance	0.04	0.4
Overtime	0.06	0.6
Total	10.00	100.00

The "obvious costs" are no doubt high—raw and auxiliary materials (51 per cent), electricity, fuel, water charges (16 per cent), salaries and overtime (18.6 per cent), packing and forwarding (4.5 per cent). The "obscure costs" amount to about 10 per cent and consist of godown rent (2 per cent), depreciation (7 per cent), and stationery expenses and conveyance allowance (1 per cent). One thus finds that, while the chunk of "obvious costs" lies in materials and manpower, the costs on account of depreciation and rent form the lion's share of "obscure costs". Now, if one is able to reduce materials cost, say, by just 10 per cent, one will save Rs. 51,000 a year, whereas if one cuts down conveyance allowance and overtime even by 100 per cent (which is very difficult to do), one may save only Rs. 10,000 a year. Materials being inanimate are better manageable than human beings who have to be tackled on emotional and psychological fronts—a complex task indeed. Then, why not do easy things first and reap valuable benefits?

Manpower costs may be tackled in a similar way. In the example given in the table on this page, staff costs 12 per cent while executives cost only 6 per cent. One may, therefore, be tempted to take up a workload study of staff with priority. But, one should not forget all about the executives, because one executive costs three or four times more than a clerk or six to eight times more than a worker! So one should closely examine how effective and useful the executives are. Effort should be made to improve their productivity as well. In fact, productivity is like water—it flows easily down the channels.

Cost Reduction Techniques

There are different techniques for reducing different types of costs. For example, through "product design study", one can reduce the overall cost of a product. Such a study enables one to manufacture the product economically, sell it at a competitive price and facilitate its erection, operation and maintenance. Is not it easier and cheaper to make a correction at the blueprint stage in a design office than during the manufacturing stage on a production floor? "Process study" is useful to bring to light uneconomical, inefficient and unnecessary processes or operations. As a result, a cheaper process of manufacture can be evolved either by a technological change or by improving the methods of manufacture. Effecting a technological change may involve some expensive research. But, methods improvements are generally easier and more economical to apply. Rearranging the sequence of operations or performing a few operations at a time or eliminating some of them can reduce the cost of handling and manufacture of a product. These may involve the

purchase of new equipment or a change in the lay-out of existing machines and a suitable allocation of duties to staff members.

By "material consumption study", economical quantities of materials (raw as well as auxiliary materials like lubricating oils, consumable stores, and machinery spares) can be determined for a given production target. Losses through wastages, leakages, pilferages, etcetera, can be reduced. Standards of consumption can be laid down and material costs controlled. Proper salvaging of materials can ensure profitable recovery. While "quality control" is useful for reducing rejects, "inventory control" is extremely helpful in controlling stock levels and capital blocked in them. Through "inventory control," order quantities, ordering levels, minimum stock levels and maximum stock levels for materials can be established to ensure a minimum employment of capital. "Workload study" enables one to determine the requisite work force to meet a given output. It can also bring to light inefficient work practices, uneven work distribution, improper work-flow and inadequate manpower utilisation.

Item		Years					
		1960	1961	1962	1963	1964	1965
Total turnover (Rs. lakhs)	...	10	12	14	15	17	20
Total costs (")	...	2.00	2.50	3.00	3.75	4.10	4.30
Net profit (")	...	0.50	0.60	0.66	0.72	0.75	0.82
Cost/turnover index	...	0.20	0.21	0.214	0.25	0.24	0.215
Cost/profit index	...	4.00	4.16	4.54	5.21	5.50	5.21
Profit/turnover index	...	0.05	0.05	0.047	0.048	0.044	0.041

One can apply all the above-mentioned techniques right from the stage of receipt of raw materials to the stage of packing and despatch of finished goods through all the intermediate stages of manufacture, storage and inspection. But, before taking up any particular subject for study, its priority should be decided on the basis of benefits that the study would bring about. Based on the studies of materials consumption, manpower, machine utilisation, inventories, etcetera, one can set standards for each of these cost heads. For example, x lbs of raw material a unit of finished goods, y pieces of output a manday or z tons of output a machine-shift. We can compare the actual output achieved with the standards output and determine the "index of performance". Such a comparison enables one to concentrate on operations or items with low performance indices. For an organisation having branches at different places, inter-branch comparison of indices such as cost incurred a unit of production or sales turnover could bring to light branches incurring high costs. Suitable steps could then be taken to tackle them.

Cost Trend Study

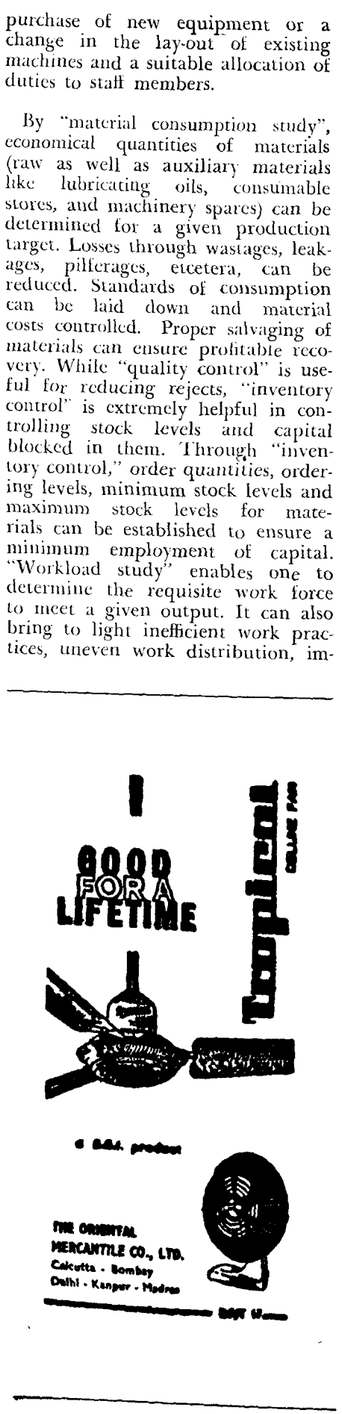
"Cost trend study" is another useful means of controlling costs. If one takes the indices of costs of different activities for a number of consecutive years, one will be able to see their trend and act correctively in time when the trend of cost of any particular activity is seen to be rising. Another concept under the "trend study" is the examination of the trend of "cost *per* unit profit" index from year to year. This index indicates the behaviour of cost incurred to earn a unit profit and is a pointer towards the true performance of a business. A firm may increase its total sales for the successive year and earn a higher profit in absolute terms. Even the cost a unit turnover may show a fall. But, with all this, the business performance in terms of the net profit earned a unit cost may go down. This will be clear from the table above.

One finds that the turnover, costs and profit in absolute value increases from year to year. One may examine the performance for 1963 and 1964. One notices that the cost-turnover index (C.T.I.) has declined from 0.25 to 0.24. This situation is not an altogether happy one, if one also looks at the cost-profit index (C.P.I.) for these years, which has increased from 5.21 to 5.50. In other words, in 1964 there was a higher cost (5.50) to earn a unit profit than in the year 1963 (5.21). Thus, productivity on the profit-cost front declined, although the productivity on cost-turnover improved.

Business Performance

At this stage, one might argue that the rate at which profit is earned a unit turnover should be the criterion for judging the business performance. This, however, does not always hold good as can be seen from the comparison of performances during 1964 and 1965. Although the rate of profit earned a unit turnover was higher in 1964 than in 1965 (0.044 *versus* 0.041), the cost incurred to earn the unit profit was also higher in 1964 than in 1965 (5.50 *versus* 5.21). The judging of performance should, therefore, in the ultimate analysis, be done on the basis of the cost-profit index.

High cost is like a disease for which an accurate diagnosis forms the first part of its treatment, the other being the timely administration of proper medicines. Similarly, a timely recognition of the high cost areas itself is half the solution for the problem. To solve the other half, one must apply appropriate techniques of cost reduction. In other words, to be able to reduce costs, one must first know them well.



SPECIAL ARTICLES

Will the Common Man be Better off after the Mid-term Elections?

(BY A SPECIAL CORRESPONDENT)

No party, excepting perhaps the Communists, is anxious to take an extreme posture either to the left or to the right. The emphasis will be obviously on votes and not on the future of the voter.

WITH the announced time-table for the elections to the Lok Sabha now revised, it is obvious that the Central Ministry will not be constituted before 15th March. Its colour and content will be a hazardous guess since no single party can expect to secure an outright majority. Whether a coalition having no common programme will be able to tackle economic issues while learning to live together is also open to doubt. It looks as though a period of a greater measure of political instability lies ahead. Although the Swatantra Party was at first reluctant to rally round the grand alliance because of its not being based on a common programme, the "common urge" to dislodge Mrs. Indira Gandhi from power apparently weighed more heavily and it has finally decided to become a partner of the alliance. But the B.K.D. has chosen to remain outside the grand alliance because it hopes to "acquire a larger number of seats" on its own. Thus the Organisation Congress, the Swatantra, the Jana Sangh and the S.S.P. have veered round electoral adjustments at the national level to keep Mrs. Gandhi out. On the other hand, the Congress (R) would prefer a similar adjustment at the State levels.

Whether the four Parties having different programmes will remain together over the adjustment issue in order to keep Mrs. Gandhi out will be known in another fortnight. One has his own reservations. At any rate, their chances of entering into a similar arrangement at the State levels are slender. Interestingly enough, the four partners have been professing to keep the communists out; but the S. S. P. has been seeking an adjustment with the Marxists just because they are opposed to Mrs. Gandhi. The Congress (R) has been experiencing similar difficulties at the State levels. It is thus obvious that there will be too many parties aspiring for the seats which would add an element of uncertainty to the final results. The second feature of the election campaign is that no party, excepting perhaps the Communists, is anxious to take an extreme posture either to the left or to the right. Thirdly, each national party has sought to cross party loyalties over regional issues in order to win the elections. Cumulatively, although the elections will be fiercely fought, the voters will be left to their own wisdom, intuition and preferences instead of being influenced by each party's election manifesto.

Although the Congress (R) was expected to issue its manifesto early in the week, it has not been able to finalise it because it is in search of words milder than its professed intentions. In contrast to the earlier threats of amending the Constitution with a view to abolishing the fundamental right to property, it would probably prefer to emphasise its commitment to the right to property of small landholders, small business men and small men, while denying it to feudals, big business and the moneyed few. A ceiling on urban property, curbs on conspicuous consumption, workers' participation in industry and profits and a ceiling on incomes at 40 times the lowest *per capita* income to be progressively reduced to 20 times are some of the items already favoured to woo the majority. But there is no indication so far of any promise being held out of the inflationary pressures being arrested, economic growth being pushed forward, and the unemployment problem being solved. The emphasis will be obviously on votes and not on the future of the voter.

This is, however, not to say that the Government is not worried over the price upsurge during the pre-election period. The Prime Minister has directed all Ministries to postpone consideration of proposals for price increases already before them. This implies that the manufacturers will be forced to accept the squeeze at the cost of their profits. Coal, steel, controlled cloth, aluminium and paper are some of the commodities where the consumer will gain on the price front but, will probably lose on the supply front. A selective effort to woo industries purely on the basis of their command over voting power is also expected to be made. Small enterprises have been singled out for fresh favours. The Central Minister of Foreign Trade, Mr. L. N. Mishra, has threatened rayon spinners with the imposition of control over production, prices and distribution of rayon yarn if a voluntary agreement with weavers is not feasible. On top, the State Trading Corporation will import 1,000 tonnes of nylon yarn during the next three months. New Delhi has issued licences for importing 6,000 tonnes of soda ash and is toying with the idea of importing additional 500,000 bales of cotton.

Simultaneously, steps are being taken to meet local demands. The procurement price for Safri 17 variety of rice in Chhatisgadh district in Madhya Pradesh has been raised by 10 per cent to Rs. 67 a quintal. The Life Insurance Corporation has been asked to provide an additional sum of Rs. 10 crores for urban housing and the Maharashtra State will have a prefabricating housing unit of the Hindustan Housing Factory. The Dharamsey Morarji's fertiliser project has been given clearance by making it an exception to the declared policy of import of liquid ammonia being allowed only for public-sector undertakings. And the rural areas have been promised that from next year, Rs. 50 crores will be spent every year to employ 420,000 unemployed youth at off-season rates.

But growth has already proved elusive. The hope of getting steel from Bokaro will have to be deferred to the Fifth Plan. Uttar Pradesh has been obliged to impose a cut of 25 per cent on power supply till June-end and Punjab and Haryana have been facing a similar prospect. Money is getting increasingly tighter and costlier and the small change has been commanding a premium. Companies relying heavily on deposits find themselves in an uncomfortable position to meet the maturing liabilities, when it is not easy to recover the dues on scheduled dates. The vicious circle has been set in motion.

The decision to hold elections to the West Bengal Legislative Assembly along with the parliamentary elections has demoralised the State administration and industrialists. With the prospect of a communist-controlled Ministry coming to power,

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nervousness in West Bengal can be readily understood. But a greater worry stems from the threat of the Central and State Government employees to launch an offensive in April. What next ? The aspirants for the seats of power have no time to provide the answer.

The Ways and Means of Tackling the Price Inflation

By M. B. Lal

In a developing economy high demand is the first requisite of rapid growth. Instead of curbing the demand, it should be met with more production.

THE current price crisis is both good and bad. It is the manifestation of the explosion of demand that has come in the wake of the "green revolution." The farmer with his pockets bulging with money is out on a spending spree. This should have been foreseen perhaps. It was not. The result is that instead of pushing prices down, the "green revolution" has sent them shooting up. Today's situation may not be really alarming if the correct lessons are drawn from it. The first is that for a stable growth of the economy, agricultural and industrial growth must go hand in hand. If there is a shortfall in the supply of foodgrains, prices will rise. But if there is plenty of grains but a shortage of other items, prices will still rise, for, as the age-old adage says, "man does not live by bread alone". And this is more true of modern man.

In a developing economy high demand is the first requisite of rapid growth. It should not be curbed. It should be met with more production. This is necessary not just to pander to the people's acquisitive instinct but basically to provide more jobs and put the economy on the move. If India is to hit the point of take-off through free economy, full advantage must be taken of the demand and supply cycle. It has its strains but it works if it is allowed to work. In the present situation it is not as if the economy is not moving at all. As the recent World Bank report on the Indian economy since independence rightly points out, much has indeed been achieved in the past two decades. A real breakthrough has been made both in industry and agriculture. In agriculture the hump of the food crisis seems to have been crossed. In industry India is perhaps technologically the most advanced among the developing countries. All this is no mean achievement within about 20 years.

Indian and foreign industrialists see the vast expanding market in India for all kinds of products. They are anxious to invest here and to set up factories for export to neighbouring countries. This is a tribute as much to the economic promise that India holds as to the soundness and stability of its political system.

Any discussion of the causes of the current inflationary trends without taking into account these helpful factors would be self-defeating. It would prevent one from putting one's finger on the right spot while trying to locate the cause of the crisis. The cause, simply stated, is that while in agriculture the Government realised the gravity of the crisis fairly early in the 'sixties and strained every nerve to solve it, a similar realisation in industry has not yet come. Part of the crisis is admittedly due to the imbalances in the growth of the various sectors of the economy that are inevitable in a growing economy. But the major blame must be laid at the door of the authorities who see red—or is it blue?—at the very sight of rapid industrial growth by individual industrialists. While farmers who produce more are given prizes and decorations by the President, the industrialist who makes goods by his managerial skill, enterprise and ingenuity—not to mention his capacity to take risks—at once becomes a suspect and a marked man in the eyes of the authorities. The country cannot eat the cake of economic prosperity and have it too. Other countries which gave the same honoured place to their industrialists as to their distinguished farmers have made much more rapid progress. The Japanese miracle is largely the miracle of unfettered enterprise as the German miracle was before it.

The Government realised fairly soon that it could not afford to fritter away resources on unproductive areas of agriculture. Consequently the strategy of intensive development was conceived and it yielded results. There is no reason why a similar approach in industry could not be conceived to get out of the present morass. Scarce inputs like special steels, power and imported raw materials should be generously provided to keep the wheels of industry moving. The answer to the foreign exchange crisis lies in exporting more and importing more and not in importing less which would inevitably lead to uneconomic production, high prices of Indian exports and the killing of the nascent Indian export effort. To put the perspective straight, India has done well in the last year or two to open up new markets for its non-traditional goods, particularly engineering items. But the gains could be lost if the economy of scale, so essential in the present-day world when thinking of production for export, is lost sight of.

The recent report of the Reserve Bank on the economy between July 1969 and June 1970, provides some helpful pointers to the causes of the current industrial slow-down and the remedy. There was stagnation in the public sector investment, project assistance was uncertain, the private sector was lukewarm to new investment, short-term import of commodities like cotton was difficult to arrange, and deposit mobilisation was slow while credit was liberalised mainly in the rural sector. Reading between the lines of the R.B.I. report, the bottlenecks to industrial growth seem obvious. In the euphoria generated by bank nationalisation commercial credit has been flowing into the rural areas at a rate faster than is good for the economy or the banking system. An area which has been saturated with money as a result of four successive bumper crops is being pumped with more money. This leads to two evils: first, much of the bank credit gets channelled into unproductive and often speculative expenditure, sometimes defeating the object of certain credit restrictions aimed at curbing speculation in scarce commodities. And, secondly, the farmer's new wealth does not fully come out for investment on inputs, such as tubewells, tractors and fertilisers since he is often tempted to take recourse to easy credit.

In their zeal to fulfil targets and earn praise officials of the co-operative departments of the States and also of the nationalised banks have

been distributing credit indiscriminately, saturating the countryside with money without considering the possible harmful effects on the economy. Such a policy might help the Congress (R) to win votes but may not necessarily help accelerate development. The farmer is not the only person in whose hands the Government has been putting money rather liberally. The vast army of the working class, mainly employees of the Central and State Governments and the banks, have also benefited from the largesse. In a desperate effort at appeasement, possibly with an eye on the coming elections, money supply at the lower levels is being stepped up. This would be a good thing if the increased currency were to be matched with more goods in the market. But alas, more goods are not there at all.

The result is that instead of distributing goods, the Government is distributing more and more money every time there is pressure from the organised groups among the lower strata of society. There seems to be enough money for every one except those who need it to produce more goods. Draconian measures, such as the threat to convert institutional loans into equity, have been devised to discourage them from expanding their capacity.

Equally important is the need to look at the causes of the stagnation in the public sector to which the World Bank study makes a reference. The public sector is today the key sector of the economy and not much can be achieved in the private sector unless the former grows at a firm pace. By adopting a dog-in-the-manger policy, the public sector has debarred the private sector from undertaking production of basic inputs. Thus the entrepreneur must pay for the sins of beaurocracy which rules the State-owned plants that produce essential materials, such as special steels, power, chemicals and a variety of other needs of industry.

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Secondly, each type of products requires a discreet treatment from the point of view of marketing so that some of them may be marketed abroad directly or through agents appointed in foreign countries; some may require demonstration and after-sales service and others may not. Thirdly, the products may require different types of treatment in manufacture and processing, in transport and handling and in shipping. Agricultural commodities, minerals and manufactures of various kinds have different requirements in this respect. Last but not least, some of the exports are made by the manufacturing enterprises themselves and some may be through the trading organisations in the public sector, like the S.T.C., M.M.T.C. and H.H.E.C. The nature of activities is different in these two cases. This discussion excludes the purely trading activities of public-sector units. It also does not attempt giving any quantitative estimates of the export potential of the sector.

The estimate of the internal demand of public-sector units can be seen from two points of view. First, at the time of establishment of these units, the demand of their products was estimated in the project reports. This demand for different goods has been an important factor in determining the size of investment for this sector over the past decade. Secondly, the demand is estimated at a point of time and over a period of time in view of the developments in various spheres of the economy. In many of these units, the critics have contended, the demands have been over-estimated. The instances of over-estimation are cited as those of iron and steel, machine tools, drugs and pharmaceuticals, coal, etcetera. In the short term, certain developments in the economy have also affected

demand from time to time. The recession witnessed in the recent past is one such development. In some specific cases, a slower rate of rise in public investment has also rendered certain goods surplus. Both these instances are relevant in the present context in view of the fact that the availability of exportable products would depend on the installed capacity and the internal demand, taking the capacity utilisation as constant.

In a transitional economy, the internal demand is likely to rise over a period of time in certain cases, to remain at about the same level after picking up the momentum and to fall in many cases when the nature of the products precludes marketing the same products to the same customers over and over again. Capital goods and even consumer durables have the last noted tendency in conditions where the expansion in demand is outpaced or exceeded by the production capacity. The effect of these is a mixed one; the good aspect of it is in terms of the urge created for marketing these so-called surplus products overseas. The alternative is to under-utilise the installed capacity. This factor is invariably gathering larger momentum because of the positive likelihood of the economy switching over to competition from a state of insulation. Marketing overseas will then have a more positive rationale, as an outgrowth of marketing in the domestic market. Even now, the public-sector units are competing internally among themselves and with private-sector units either wholly or partly. This competition is expected to be more keen in the near future.

The capacity installed in many of the public-sector units has remained unutilised. In some of the units, the extent of utilisation has been as low as 40 per cent. In many cases, official circles have favoured that the incremental products arising out of a fuller utilisation of capacity should be earmarked for export. However, while there may be some justification for taking such a step, it is more important first to determine the inhibiting factors against a fuller utilisation of capacity for making sure which of these factors are beyond management control. It is necessary that the priority sectors in the economy do get their quota on a preferential basis. This question has already acquired some significance in this country and the export policy of the Government in regard to some items has already come under fire. In some other cases the removal of the impediments to a higher utilisation of capacity has been beyond the control of the enterprises. The intervention by the Government in such cases has, however, been hesitant and insensitive, to say the least. The impact has told on the units in manifest terms.

The import of raw materials, spares and components to facilitate the utilisation of unutilised capacity in the engineering industry offers a case in point. For quite some time, this has been a bottleneck which needs to be attended on a priority basis. In some cases in the public sector, in which the under-utilisation of capacity has been due to the shortage of raw materials, spares and components, both indigenous and imported, it has been mooted in certain quarters that the Government should arrange to supply these items to the units on a priority basis, even if such supply means the diversion of these goods from other industries. On their part, these units then should export the incremental products on the incremental costs basis. While the possibility of increasing exports through this means is not ruled out, it is necessary that the reasons for under-utilisation of capacity should first be properly determined and export possibilities mainly arising from this factor assessed.

A blanket measure on these lines would not be advisable as it may ultimately sap the vitals of these units. Proper discretion needs to be exercised in this respect for avoiding pitfalls. Particularly, the system of incremental-cost pricing would have many delicate issues involved. Careless handling may be dangerous. One can mention that the case of steel exports from public-sector plants should be properly enquired into for determining the cost-effectiveness of export in the prevailing conditions. Even after giving due credit for the promotional effort towards exports, the question may be asked, should public-sector units export steel when it necessarily results in the diminution of steel supplies for the purpose of the country's industrial development in different sectors? The same question arises about exporting iron ore.

An extremely desirable kind of potential seems to have been in the making for some time now. Excepting rather casual mention of this in annual reports, not much discussion has taken place on this trend; for instance, export earnings of the Hindustan Antibiotics from royalties on patents like Hamycin—an anti-fungus antibiotic. The Company's earnings on this account are as yet small, but this is the type of things on which much will depend in future. On the same trail, the export of chloral hydrates from Hindustan Insecticides and of by-products from Hindustan Steel is a case in point. The export of by-products from H.S.L. is an elaborate activity, although it comprises a fraction of the Company's total exports. Indian Rare Earths, Hindustan Machine Tools and some other units have also adopted policies that would be ultimately beneficial to the country as also to the units themselves. However, these lines are as yet shadowed due to several reasons, one of which is perhaps that not much discrimination is made between different types of efforts of individual units.

The know-how already developed in many of the public-sector units can be exported in different forms quite profitably not only to the neighbouring developing countries but also to the developed countries. For export of technical know-how, a small start has already been made for organising the efforts and a consortium has been set up for building up steel and engineering units in some developing countries. There exists a lot more scope in this direction. Know-how available within the public sector can be classified as follows: (a) Purely technical and techno-managerial; (b) organisational and managerial; and (c) accounting, cost and management accounting, financial and legal.

To summarise, in determining the export potential of the public-sector units, it would be necessary to have proper classification of the products according to whether priority should be given to exports or to domestic consumption and whether there exists under-utilised capacity and the reasons therefor, apart from the known and potential internal and overseas demand. A greater stress is required on the possibilities of export of know-how; the present preoccupation with the export of only technical know-how ignores the almost equal potential for exporting organisational and managerial know-how. Import substitution should be treated on par with exports and should be given incentives on similar lines. Exporting under distress has already caused some harm to the economics of these enterprises. It is necessary for the units to calculate the effects in the long and the short run. In some cases, exporting has already become a craze, in so far as their products are sold abroad at throw-away prices.

been distributing credit indiscriminately, saturating the countryside with money without considering the possible harmful effects on the economy. Such a policy might help the Congress (R) to win votes but may not necessarily help accelerate development. The farmer is not the only person in whose hands the Government has been putting money rather liberally. The vast army of the working class, mainly employees of the Central and State Governments and the banks, have also benefited from the largesse. In a desperate effort at appeasement, possibly with an eye on the coming elections, money supply at the lower levels is being stepped up. This would be a good thing if the increased currency were to be matched with more goods in the market. But alas, more goods are not there at all.

The result is that instead of distributing goods, the Government is distributing more and more money every time there is pressure from the organised groups among the lower strata of society. There seems to be enough money for every one except those who need it to produce more goods. Draconian measures, such as the threat to convert institutional loans into equity, have been devised to discourage them from expanding their capacity.

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SPOTLIGHT ON STATES

Will the D.M.K. be Able to Repeat Its Performance in Tamil Nadu ?

(BY A SPECIAL CORRESPONDENT)

REACTIONS to the mid-term elections to the Lok Sabha and the Tamil Nadu Assembly have been mixed among the political parties in that State. The D.M.K.'s popularity has not suffered materially, although it is obvious that the Chief Minister, Mr. K. Karunanidhi, seems to feel that the election success of his Party is unlikely to be as spectacular as it was in the previous occasion. The Chief Minister has some trump cards with him to influence the masses, particularly those who go more by emotion and prejudices than by reason. Mr. Karunanidhi's decision to meet the Prime Minister underlines his anxiety to thrash out many issues like the Cauvery waters dispute with Mysore, the latter having decided to go ahead with the work of the Hemavathi project. Although Mr. Karunanidhi will discuss matters like setting up a naphtha cracker plant in Tamil Nadu, the question of the mid-term elections in the State and the outlook are bound to figure prominently.

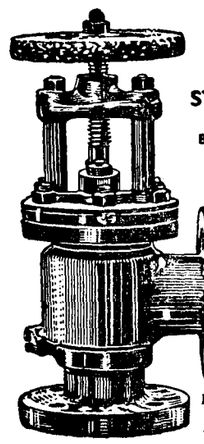
The general feeling among the people in Tamil Nadu is that the position of the D.M.K. is not as strong now as it was at the time of the last elections. The main reason for this is the breakaway of the Swatantra Party. What is more, Mr. K. Kamaraj, leader of the Organisation Congress has been doing for some time past a good election propaganda throughout the State and the unity of purpose between the Congress (O) and the Swatantra has weakened the D.M.K.'s following. The language issue and the unusual and rather unwanted emphasis on the Tamil language as the medium of instruction have disillusioned even those people who would otherwise find no fault with the D.M.K. Government. The intelligentsia in particular, which tilted the balance in favour of the D.M.K. in the last elections, has now been antagonised by the unwise language policy of the Government. It seems that the D.M.K. Government wanted to make up the lost ground by attaching excessive importance on the Tamil language and thus reducing the following of the Congress (O) and the Swatantra which do not apparently exhibit any fanaticism about Tamil.

One important thing which the D.M.K. Government has overlooked is the growing frustration among the educated unemployed, who have multiplied tremendously in the last few years. Although the D.M.K. calls the students' agitation against the Tamil medium in colleges as politically motivated, as it suits the Party at the moment, the student community which has no leaning towards any political party has turned hostile to the policy and not the D.M.K. It is clear that any party which over-emphasises the importance of the regional language at the cost of employment opportunities will lose its popularity.

In a way, the position of the Congress after Mr. Nehru can be compared with the position of the D.M.K. after Mr. C. N. Annadurai. The dynamism and the personal power which Mr. Annadurai yielded over the masses are no longer there. In fact, there has been some rethinking even among the members of the D.M.K. The disillusionment and the defeat of some Congress leaders after Mr. Nehru should provide a lesson for the D.M.K. which has now to work realistically in the changed circumstances.

This is not to say that Mr. Karunanidhi is less competent. In fact, he has earned a name not only among the Party members, but also outside the Party. In the economic and industrial spheres, the D.M.K. Government has been showing considerable interest and realism. The labour and industrial policies are flexible and industrialists generally appreciate the pragmatism of the Government. What is, however, significant is the strengthening of relations between the Swatantra and the Congress (O) in Tamil Nadu. In spite of propaganda pulls in the State by political parties, the people are becoming more conscious of the need to elect persons who are dependable and are capable of delivering the goods.

Industrialists and investors in Tamil Nadu have reacted to the decision to hold mid-term elections with a note of caution. The uncertainties associated with the result of mid-term elections have upset the programme and schedule of two industrial missions. The industrial team headed by Mr. D. C. Kothari, president of the Federation of the Indian Chambers of Commerce and Industry, which was to go to West Germany in the second week of January, is likely to postpone its visit. This delegation is a follow-up of the industrial and trade collaboration on the report of the Abs mission from West Germany. The team seems to think that, with a caretaker Government in the country, it may not be possible for it to discuss things with precision and authority. The Japanese industrial mission, which is scheduled to come to India in February, may be prevailed upon to postpone its visit by a few months. Industrial circles feel that no decisions will be taken by the Government for setting up any new industry or collaboration for another six months or so. In other words, there will be an economic pause in the country until after the elections are over and a stable Government is formed at the Centre.



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An Important Court Decision on Enquiries Concerning Misconduct

(BY A SPECIAL CORRESPONDENT)

THE Supreme Court has recently given an important decision relating to misconduct enquiries in Dalmia Dadri Cement Ltd. *versus* Mr. Murari Lal Bikaneria (Civil Appeals Nos. 968-972 of 1966). This was an appeal from an order of a Tribunal dismissing an application by the appellant Company for the grant of permission or approval of an order of dismissal. The respondent was charge-sheeted for certain misconduct and found guilty in a domestic enquiry. As the appellant had some doubt whether the respondent was a protected workman, it submitted an application for permission to dismiss him under the provisions of Section 33 (3) of the Industrial Disputes Act before the Industrial Tribunal. The main grievance put forward by the respondent was that the appointment of an outsider as enquiry officer was unprecedented and that the enquiry officer was biased against the workers and wanted to conclude the enquiry hastily. This was done, it was alleged, with a view to victimise him because he was the president of a recognised union affiliated to the Indian National Trade Union Congress.

The Tribunal dismissed the application of the Company. Among the reasons given, the Tribunal took exception to the Director Secretary's approval of the report of the enquiry officer. It was of the view that this should have been done by the Works Manager himself who dismissed the respondent, that he did not bring his independent decision to bear on the question and he merely accepted the recommendation of the Director Secretary. This, in the view of the Tribunal, vitiated the order of dismissal. The Tribunal also took exception to the appointment of an outsider as enquiry officer. He noted that the enquiry officer was an advocate practising in Delhi and was a junior lawyer, at times engaged to appear in cases with the counsel for the appellant. He further remarked that the enquiry officer was "at pains to prepare a very legalistic record which may ostensibly show that a very proper enquiry was made".

The Supreme Court found itself unable to accept the conclusions of the Tribunal. It observed: "The Tribunal seems to have been greatly impressed by the fact that instead of appointing some one in the appellant's factory itself as enquiry officer the Works Manager had brought in an outsider who was no other than a junior advocate occasionally assisting the Company's counsel. The Tribunal's view that this was wholly unwarranted and was done with the purpose of loading the dice against the workmen appears to be unreasonable. Merely because the enquiry officer was a junior advocate and that he had on occasions been engaged by the appellant, it is not possible to take the view that he would necessarily be biased against the workmen. It would not have been at all difficult for the Works Manager to appoint as enquiry officer some person of the factory itself over whom he was likely to have greater influence than an outsider. As he himself was going to be a witness in the enquiry he entrusted the appointment of enquiry officer to the Director of the Company. We find nothing unfair in this and are unable to take any exception to the course adopted".

The Supreme Court referred to its decision in the case of Saran Motors *versus* Vishwanath and another (1964-2 LL.J. 139) in which the Court rejected the objection as to bias of the enquiry officer on the ground that the enquiry officer had at times been engaged by the appellant as a lawyer in industrial matters and had been entrusted with the work of holding enquiries on some previous occasions, observing that the mere fact of a person's occasional employment as a lawyer by the employer did not render him incompetent to hold a domestic enquiry. There was sufficient evidence before the enquiry officer to come to the conclusion arrived at by him.

As for the view of the Tribunal that the Works Manager had not brought his independent decision to bear on the question but merely accepted the recommendation of the Director Secretary, the Supreme Court observed that the Tribunal was not right. The material portion of the order read: "I have gone through the enquiry proceedings and accept the findings of the enquiry officer. I am satisfied that proper enquiry was given to you to defend yourself and the charges have been duly proved in the enquiry". The Supreme Court did not accept the view that the Works Manager did not apply his mind to the facts before ordering the dismissal of the workman. The mere fact that he had referred to the opinion of others in the order did not exclude him from forming his own view which was the same as that of the Director. No exception could be taken of the fact that he had also referred to such opinion. In the result, the appeal of the Company was allowed.

This case (and the other case referred to by the Supreme Court) are, therefore, authority for the view that a lawyer who has on occasions been engaged by a company in industrial matters is not incompetent to hold a domestic enquiry. A lawyer, it might be mentioned, is responsible for his conduct to the Court and it is not to be supposed that he would be biased in favour of the company while an officer of the company holding an enquiry would not be so. An officer empowered to dismiss need not make the enquiry himself. If the order shows that he has gone through the enquiry proceedings and agrees with the findings of the enquiry officer, the order cannot be challenged on the ground that he did not apply his mind, because he does not give reasons in his own words. But he can give his reasons for agreeing with the findings of the enquiry officer. It is, however, desirable, and perhaps necessary, that when standing orders prescribe an appeal to a higher officer of the company, the appellate officer should give his reasons at least briefly for agreeing with the enquiry officer who has passed the order of dismissal. But the enquiry officer giving his findings should give reasons. As observed by the Supreme Court in the case of Khardah and Co. *versus* the workmen (1963-2-L.L.J. 452), the enquiry officer need not write a very long or elaborate report, but since his findings are likely to lead to the dismissal of the employee, it is his duty to record clearly and precisely his conclusions. Unless such a course is adopted, it would be difficult for the Industrial Tribunal to decide whether the approach adopted by the enquiry officer was basically erroneous or whether his conclusions were perverse.



MONEY AND BANKING

Uncharitable Criticism Affects Confidence in Banks—II

By K. Kogga

Unfair criticism is often made of the central banking authorities and the commercial banks. This should be avoided since it proves damaging to the banking system. This is the second in a series of three articles. The first article appeared in the issue of 7th January. The third one will appear next week.

ALTHOUGH indigenous bankers have been prominent through the centuries, modern banking in India owes its emergence to foreign contacts and is largely based on the British pattern. Initially the three Presidency banks were set up with the assistance of the Government. The Allahabad Bank is the oldest among the banks now in existence, having been established in 1865, the Oudh Commercial Bank established in 1881 was perhaps the first joint-stock bank started under Indian management followed up by the Punjab National Bank in 1894 and the Peoples Bank of Lahore in 1901. The first bank to be established on European lines was the Bank of Hindusthan started by the agency house of Alexander and Co. in 1770 and the first bank to be started on the principle of limited liability was the General Bank of India, established around 1785. Only the Allahabad Bank and Punjab National Bank have survived the successive spate of bank failures.

The *Swadeshi* movement of 1905 gave a fillip to Indian enterprise and many banks were started under the *Swadeshi* spirit. Notable among these are the Bank of India and Canara Bank in 1906, Indian Bank in 1907, Bank of Baroda in 1908 and Central Bank of India in 1911. Thus by 1913, there were 44 Indian joint-stock banks. The first World War provided a great stimulus for the establishment of a large number of banks and despite some notable failures, the country had 725 banks at the end of 1939. The second World War again had a tremendous impact on the Indian banking system and there was a phenomenal growth of banking both in terms of resources and number of offices, although the number of banks remained more or less the same. The enactment of the Banking Companies Act, 1949, was an important landmark in the banking annals of this country so much so that apart from the various other provisions, the very requirement of a licence to do the business of banking and the minimum capital and reserves required to start with was a deterrent to the establishment of any new bank and only one bank was started after 1950, namely, the Krishnaram Baldeo Bank, Gwalior.

The significant fact which attracted attention and which is inescapable is that the banks operate on a very low capital base. Of the 585 banks as at the end of 1943, only 82 had paid-up capital and reserves of over Rs. 5 lakhs each, while 135 had between Rs. 1 lakhs and Rs. 5 lakhs and the remaining below Rs. 1 lakh each. Even the amendment of 1962 to the B. R. Act laid down as low a figure as Rs. 50,000 for banks functioning prior to 1962 and Rs. 5 lakhs for banks commencing business thereafter as against their unlimited deposit liabilities, although the main Act also stipulated that not less than 20 per cent of the profits of each year should be transferred to the reserve fund.

The 14 major commercial banks had a total paid-up capital of Rs. 28.5 crores and their owned funds (capital and reserves) were of the order of Rs. 66 crores, as against their deposits as at the end of 1968 of Rs. 2,741.60 crores. This goes to show that banks mainly deal with other peoples' money, the other people are the depositors, that is, society or the public and, therefore, the direction of those funds should seek to achieve the maximum social good according to national priorities. There cannot be any argument against this. But the basic fact which cannot and should not be overlooked is that the deposits belong to the public and these deposits are repay-

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able whether on demand or otherwise and the strength and stability of the banking system stems from such capacity to meet the demands of the depositors which arises from the safety of the funds. This entirely depends upon the character and direction of its lendings as also the capacity and calibre of its borrowers. The safety of the funds should not under any circumstances be ignored without jeopardising the "interests of the depositors" which is of paramount consideration, or else there would be no deposits at all.

Not all the demonstrations and the overwhelming support generated by bank nationalisation has contributed nor has anyone sought to cash on it by urging the people to contribute to the growth of deposits without which the banks cannot function. In plain words, nationalisation by itself has not yielded, nor could or would yield, any results. All it has succeeded in achieving at the moment is to displace the owners, the shareholders; and the Government has paid a heavy price by way of compensation compared with what it has to pay to the shareholders of the Reserve Bank of India when it was nationalised in 1949 or the State Bank of India in 1955. The success or failure of this bold measure would, therefore, depend upon the course to be pursued by the banking system and the directions given to it for the purpose, namely, mobilisation of deposits and extension of credit to desirable ends.

Criticism is often levelled both against the central banking authorities and the commercial banks. The State Bank too has come into the limelight off and on, not always on sound or justifiable grounds. If, therefore, one tries to understand the position before drawing a conclusion or levelling any charges or criticism, it would help avoid a lot of controversy which often proves damaging. Since banking is based on faith and confidence reposed in it by the public in general, any adverse comment is likely to cause damage to such faith and confidence. Banks are, therefore, scared of any adverse publicity lest the very super-structure of confidence should collapse on the slightest rumour.

Once there is a rumour there is a run on the banks and demands for repayment of deposits. The deposits are lent out and they in turn are used to acquire various assets. The advances cannot be recalled at once nor on that ground repayments of deposits delayed. It takes time to realise securities offered for such advances and even when resorted to as a last resort, in a forced sale they do not fetch the real value or meet all the bank dues. Hence criticism calculated to damage a sensitive mechanism like banking should be guarded and should not be given undue publicity lest, besides ruining the institution, it should make recovery of dues difficult.

Banking indeed lends itself to a lot of uncharitable criticism. It may be observed that the fear of public criticism has often prevented the Reserve Bank from exercising the vast powers enjoyed by it both under the Reserve Bank of India Act and the B.R. Act however detrimental and disastrous the situations were at times; but thanks to its quick action, the measures initiated by it over the years has contributed largely to bring about strength and stability to the banking system and as the central bank of the country, the Reserve Bank has to play a vital and dynamic rôle in the growth of banking.

The Indian banking system had within its narrow compass sought to achieve a measure of excellence despite all the hindrances and handicaps. All the charges levelled against it have to be understood in the context in which it had been placed and the limited confines within which it had to make do. If these limitations are appreciated in their proper perspective, it should help give the banking system a new and proper direction. From unbridled adventurism characterised by failures from time to time, the Indian banking system passed into the realms of regulation but during both the phases a lack of proper direction is discernible. It is not that it could not have carved for itself a place like the Bank of America but the main concern was the safety of funds and hence the security consciousness.

The general economic policy pursued by the Government had also much to do with the course adopted by the banks. The banks were mainly concerned with financing trade and industry. Consequently, the approach, attitude, procedures and the entire set-up were conditioned to meet the particular conditions obtaining from time to time and, therefore, banking was confined to safe and sound lines. There was neither the need nor the occasion to display any dynamism beyond the normal routine. There was no doubt some measure of control but there was absolutely no direction like the one now sought to be given by the exercise of absolute control emanating from ownership.

Nevertheless, the business of banking must continue according to the normal accepted practices and the emphasis only shifts from security orientation to purpose and private profit to social development. Banking is a challenging business and for everyone in the establishment, behind the dreary routine, there is a challenge inviting irresistible interest, enthusiasm and ingenuity, for this business touches the lives of millions. Once this basic fact dawns on the people employed in these institutions, the banking system would be geared to meet the challenge now posed before it.

(To be continued)

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TRANSPORT

Need to Improve the Tyre Distribution System to Remove Shortages

(BY A SPECIAL CORRESPONDENT)

FOR some time past, transport operators in India are complaining that the prices of tyres and tubes have gone up too high and that they must be brought down. As a result, the automotive tyre industry has voluntarily decided to reduce the retail prices of tyres and tubes for trucks and buses and rear tractors in the replacement market by over Rs. 7 a tyre with effect from 1st January, 1971. The annual tyre consumption of a transport operator plying his vehicle on *mofussil* roads is at least 15. It should be noted here that under the present arrangement, applicant operators are being supplied tyres by dealers at fixed prices. But such an arrangement hardly meets 10 per cent of their requirements. There are instances where operators who applied for 675×2 tyres were supplied with only 63×2 tyres. Some operators did not get tyres for their stranded trucks.

The Indian Federation of Transport Operators has, in a resolution, urged the Central Finance Minister, Mr. Y. B. Chavan, to issue directives to nationalised banks restraining them from advancing loans to those tyre dealers who have misused the facility for hoarding purposes in the past. Some operators have deplored, at a meeting held under the auspices of the Federation of Bombay Motor Transport Operators and the Bombay Goods Transport Association, the apathy and inaction of the authorities concerned to save the small operators from the clutches of tyre dealers who have succeeded in creating an artificial scarcity of certain sizes and makes of tyres. Direct supplies to fleet operators or to their associations are not given.

According to a section of operators, there is no shortage of tyres; there is hardly any truck or bus that is lying idle for want of tyres; and tyres are available if quoted prices are paid. The All India Motor Unions' Congress, Delhi, has said that tyres of trucks and buses are sold at a premium of between Rs. 300 and Rs. 700 a tyre and that other tyres also fetch smaller premiums. These premiums vary according to the quality and size. For instance, the premiums of Rs. 125, Rs. 250 and Rs. 400 for 825×20 ordinary, 900×20 ordinary and 1000×20 ordinary tyres, respectively, or Rs. 275, Rs. 625 and Rs. 650 for 825×20 nylon, 900×20 nylon and 1000×20 nylon tyres, respectively, are paid. Furthermore, it is said that only those operators who are not connected with the present agitation or are agreeable to pay the premiums can get the supply of tyres.

True, the tyre manufacturers have a "gentlemen's agreement" not to raise the prices unilaterally beyond those fixed in 1968. True, the manufacturers had also assured the Government that the fall in production due to labour troubles would be made up in the next one or two months. The industry is hopeful that the situation will gradually ease as the production rate is now returning to normal. But according to some transport operators, the tyre distribution trade has been monopolised by a fortunate few who can create a wrong impression that there are shortages of tyres. Furthermore, tyres are not available at controlled rates but at a premium. Dealers are now reported to be following the practice of selling tyres in places which fetch the maximum premiums. Powers under the Essential Commodities Act, 1955, have been delegated to the State Governments to regulate the supply and distribution of tyres and tubes. But, the operators point out, so far no State has taken any action in this direction.

No wonder, this agitation of transport operators had had its impact on the now dissolved Parliament as well. On 23rd November, 1970, the Central Minister concerned assured the House that the tyre manufacturers had been called to Delhi for talks on a cut in the prices by at least 2 per cent. The Deputy Minister for Industrial Development and Internal Trade, Mr. M. R. Krishna, had also told the Rajya Sabha that the Government was taking up the matter with the tyre manufacturers and State authorities and that "every effort will be made to ensure that whatever quantity is currently in distribution or under manufacture is distributed as equitably as possible." The Government would make the manufacturers responsible for ensuring that dealers did not continue to charge higher prices. Steps would be taken so that there would be considerable increase in the production of tyres, especially of the heavier categories. Letters of intent have already been issued to the Industrial Development Corporations of Orissa, Tamil Nadu, Gujarat, Dhanbad and Pondicherry. The Government is now willing to consider applications for tyre manufacture from the small and medium sectors provided the units are located in the backward regions. It is relevant to note here that tyre requirements during the Fourth Plan are estimated at 7.2 million, against the present installed capacity of 5.58 million. Eight new units with a total installed capacity of 2.4 million tyres and tubes have recently been approved.

The automotive tyre industry has taken a number of steps to maintain fair prices of tyres which are now in short supply. Leading tyre dealers are now displaying the retail price lists at the instance of the manufacturers to ensure that tyres are only sold at company recommended prices plus 7.5 per cent as dealers' commission. Production is being maximised and increased supplies of tyres are expected in areas currently suffering from shortages. A scheme is now afoot to restrict the inter-State movement of tyres to avoid the manipulation of market prices. Tyre manufacturing requires sophisticated technical know-how which is only available with the existing companies. They are in the best position to install new capacity economically and at the shortest possible time.

Tyre dealers have come forward with offers to supply the entire quantity they receive from the manufacturers. Operators, however, are not satisfied with such an offer. They hav suggested that unlike the present practice, where operators remain dissociated from tyre distribution, they should have a say in distribution. They feel that the distribution system could be perfect provided they are appraised of the actual sale position of tyres. In this context, they have suggested that price or distribution control is the only remedy to solve the present crisis.

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INVESTMENT

Shares Steady Despite the Surprise Hike in Bank Rate

THE stock markets appeared to be in excellent form last week until they were rudely shaken by the surprise announcement of a hike in Bank rate from 5 per cent to 6 per cent on Friday last. The impressive recovery they had staged since the commencement of trading for the New Year had carried them beyond the December rally point. And what is more, the markets had dashed their way through the blinding political fog produced by mid-term poll uncertainties. It was the encouraging corporate news by way of improved results and bonus issue announcements which injected new life into the markets, although sentiment also seemed to have been aided by reports that Mrs. Indira Gandhi's caretaker Government had approved a number of important industrial licences which had been pending for long.

As prices firmed up on selective buying based on special considerations, bears who had gambled on political uncertainties rushed for a cover. Bulls did not miss the chance, and they tightened their hold on the markets. In its mood of excitement, the markets took no serious notice of Mrs. Indira Gandhi's directive to various Ministries to freeze proposals for price increases currently under consideration. Items affected by the freeze include steel, coal, aluminium, controlled cloth and imported crude. If industries are not to be compensated for the rise in their production costs due to factors beyond their control, their margins are bound to get eroded. In the case of rayon yarn, the Central Minister of Foreign Trade, Mr. L. N. Mishra, has even hinted at the reimposition of statutory control on the prices, distribution and production pattern if spinners and weavers are unable to reach a voluntary agreement on prices.

The markets were at their recent best on Friday, but it had to beat a hasty retreat the same evening under the pressure of panicky selling touched off by the quite unexpected announcement of a rise in Bank rate and additional credit restraints. Although the markets steadied up on the following day and the lowest rates recorded in Friday's kerb deals were not seen again, their mood seems to have undergone a noticeable change. And for good reason perhaps. The stock markets cannot possibly turn a blind eye to the further shift towards dearer money. With interest rates moving up all along the line in the wake of the Bank rate hike, the outlook for equities will need to be reassessed in the light of the new yield pattern. Of course, the yield is only one of the many factors influencing the course of equity prices. Speculation and investment with borrowed funds will now become a little more difficult and expensive. It is only when the markets are in a runaway phase that one can ignore the cost of operation.

Government securities have remained featureless during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have not also attracted many enquiries. Turnover has been small due to the shortage of offerings. State Government loans have received selective support. The hike in Bank rate from 5 per cent to 6 per cent will have its impact on the prices of Central and State Government securities.

The Calcutta stock market has remained steady this past week. The Reserve Bank's announcement raising Bank rate from 5 per cent to 6 per cent depressed share values initially, but prices have recovered later. Operators have welcomed the announcement from New Delhi that elections to the West Bengal Assembly would be held simultaneously with the polling for the Lok Sabha. The market hopes that New Delhi's decision on the issue will help restore a responsible popular Government in the State at the earliest opportunity. Good corporate news has undoubtedly helped the recovery in share prices. Hindustan Motors are issuing one-for-five bonus shares. Prices have ascended steadily in both clearing and cash shares. Turnover has been fair, and the undertone has remained steady. Among engineering shares, J. K. Steel, Jay Engineering and Shree Ram Bearing have been marked up while Simon-Carves and Kumardhubi have been a shade lower. Among miscellaneous shares, Dunlop India, Hindustan Motors, Indian Cable and Indian Aluminium have risen on short-covering while Rohtas Industries and Indian Copper have declined due to profit-taking at higher levels. Among coal shares, South Karanpura have firmed while Bengal and Western Bengal have hovered around their previous levels due to the lack of fresh support. Among jute shares, Birla have rallied. Among paper shares, Straw Products, Sirpur and Tribeni Tissues have scored fresh gains on sustained buying. Tea shares have received selective support, and Betjan, Bishnauth and Jutlibari have been transacted.

Dalal Street has done remarkably well this past week. Although it has not recovered fully from the shock administered by the surprise announcement of an increase in Bank rate, it has not lost its nerve. The lowest prices recorded in Friday's panicky deals in the evening have not been repeated. The week-end closing prices, although well below the highest levels recorded earlier, show widespread gains over the final quotations at the time of the market's break for the Christmas

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Allahabad Bank
Ballarpur Paper
Bank of Baroda
British Burmah Petroleum
Chandramalai Estates
Coromandel Fertilisers
East India Hotels
Hemalatha Textiles
Loyal Textile
Mandya National Paper
Margaret's Hope Tea
Mysore Cements
Phosphate
Radio and Electricals
R.E.C.
Stanes Amalgamated
Travancore Cements
United Bank
United Commercial Bank
Vazir Sultan

holidays. Cotton textiles have ruled firm despite the soaring raw material prices. Reports that mills might be required to pay a penalty of 10 paise a square metre, against 6 paise a square metre at present for non-fulfilment of their obligation to manufacture controlled varieties have had little effect on the market. Standard, Century and Kohinoor have scored handsome gains over their year-end levels. Rayon shares have been rather quiet and a little subdued on fears of the reintroduction of statutory control on rayon prices. Engineering shares have displayed marked strength with Associated Bearings, Voltas and Motor Industries providing the outstanding features. Cement shares have ruled steadier and the best performance has been that of Digvijay Cement. Steel shares have kept barely steady due to the lack of fresh support. Among shipping shares, Great Eastern have firmed up while Scindia have been slightly subdued. Automobile shares have firmed up on moderate support. The shares of dyes and chemical companies have scored substantial gains. The outstanding bright features include Indian Dyestuff, Bayer, National Organic Chemicals, Polyolefins, Gujarat Fertilisers and Colour-Chem. Pharmaceuticals have ruled quiet. Paper shares have hardened while sugar shares have remained somewhat subdued. Tyre company shares have kept firm. Bank shares have been steady. Electric shares have turned firm as the electricity undertakings stand to gain from the increase in Bank rate. Among miscellaneous shares, United Carbon, Food Specialities, Shriram Bearings and Antifriction Bearings have recorded substantial gains.

Prices in the Madras stock market have remained steady this past week. But share values slumped with the Reserve Bank's announcement of the Bank rate hike. Although prices have recovered later, turnover, by and large, has remained restricted. In the planting section, business has been done in Be Be Rubber, Waterfalls and Coffee Lands. In the textile section, South India Viscose and Lakshmi Mills have met with more buying enquiries. In the miscellaneous section, Aluminium Industries have been a shade lower but Mettur Chemicals have improved. Among paper shares, Mysore Paper and Seshasayee have firmed. Among bank shares, Indian Overseas have met with enquiries. Among sugars, E.I.D. have gained while Deccan Sugar have remained easier.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/80—21/50—20/30—20/50—(36/40)
Burrakur Coal 12/30—12/40—12/30—12/40—(13/44)
Dunlop India 36/30—37/85—36/30—36/80—(29/90)
Guest, Keen, Williams 26/80—28/05—26/75—27/85—(12/90)
Hindustan Motors 15/20—15/30—14/55—14/90—(15/44)
Howrah Jute 6/00—6/12—6/00—6/12—(7/81)
Indian Aluminium 34/30—35/00—34/30—34/70—(30/10)
Indian Cable 15/40—15/70—15/35—15/44—(12/45)
Indian Copper 3/99—4/03—3/90—3/90—(3/93)
Indian Iron 13/65—13/75—13/20—13/55—(15/70)
J. K. Cotton 11/65—11/65—11/30—11/35—(11/70)
Jaipur Udyog 9/20—9/20—9/20—9/20—(9/65)
Javashree Tea & Industries 17/62—17/75—16/62—17/50—(13/15)
Kesoram Industries 15/65—16/10—15/65—15/90—(15/10)
Orient Paper 37/90—38/30—36/95—36/95—(30/90)
Orissa Cement 18/95—19/10—18/62—18/80—(12/10)
Rohtas Industries 6/93—7/00—6/70—6/80—(7/42)
Textile Machinery 11/00—11/05—10/75—10/75—(10/95)

Attractive Share Offer from East India Hotels

EAST India Hotels Ltd, which owns and operates Oberoi Hotels—Asia's largest chain of luxury hotels—is offering for public subscription at par 547,333 equity shares of Rs. 10 each and 20,154 9.5 per cent cumulative non-redeemable preference shares of Rs. 100 each to raise part of the funds required for setting up Hotel-Oberoi-Sheraton, a fully air-conditioned modern 34-storeyed edifice at Nariman Point in Bombay. The list for the fully-underwritten public issue will open on 18th January and will close on 28th or earlier but not before 21st January. The Company has entered into a collaboration agreement with Sheraton-International Inc., U.S.A., whereby the collaborators will invest in shares to the extent of Rs. 59.25 lakhs. The investment includes Rs. 52.50 lakhs (in equity shares) in equivalent dollars to be utilised towards the foreign exchange requirements of the Company for the import of capital goods. Preference shares worth Rs. 6.75 lakhs are being allotted to Sheraton International for consideration otherwise than in cash. (Details of the offer appear on a later page in this issue of *Capital*.)

The project is estimated to cost Rs. 6.53 crores which is being financed by the U.S. A.I.D. loan of Rs. 4.35 crores and share capital of Rs. 2.18 crores. The Company recently made a rights issue of Rs. 62.27 lakhs (in equity shares) and Rs. 21.10 lakhs in preference shares. The proceeds of these issues are also being utilised for financing the Bombay project. The present issue consists of Rs. 1.07 crores in equity shares and Rs. 26.90 lakhs in preference shares. Excluding the shares reserved for allotment to the foreign collaborators, the remaining 547,000 equity shares and 20,154 preference shares are being offered for public subscription.

The proposed issue is an attractive one as the investors are assured of a satisfactory return from the very first year. The Company's past performance has been quite encouraging, with turnover rising from Rs. 1.67 crores in 1966-67 to Rs. 4.23 crores in 1969-70; the gross profit has risen from Rs. 23.67 lakhs to Rs. 63.13 lakhs. The Bombay hotel will be ready by April-May 1972. It is expected to fetch over Rs. 3 crores in revenue with an annual operating net profit of about Rs. 75 lakhs. More than Rs. 1.5 crores is expected to be earned in foreign exchange alone. According to the Company's projections for the future, its turnover would rise from Rs. 4.38 crores in 1970 to Rs. 4.92 crores in 1971 and further to Rs. 7.63 crores in 1973. Turnover will reach the Rs. 8-crore mark by 1975. The net profit is expected to move up from Rs. 52 lakhs in 1971 to around Rs. 71 lakhs in 1973, Rs. 114 lakhs in 1975 and Rs. 121 lakhs in 1976. The directors hope that, barring unforeseen circumstances, it will be possible to maintain an equity dividend of 10 per cent for 1971 and 1972, with prospects of increased dividends in subsequent years. The prospects for investors are thus encouraging.

BALLARPUR PAPER

Raising Production

AT the recent annual general meeting of the Ballarpur Paper and Straw Board Mills Ltd, Mr. L. M. Thapar, chairman, said that 1969-70 had been a significant year in the growth and development of the Company. (A fuller version of the speech appeared in *Capital* of 7th January, 1971.) Since Shree Gopal Paper Mills Ltd was completely merged with the Ballarpur Paper and Straw Board Mills Ltd with effect from 1st July, 1969, the former's working results have been incorporated in the latter. The directors have recommended an increased dividend of 15 per cent on ordinary shares, against 12½ per cent. The production of paper during the year has increased to 92,000 tonnes, of which the Ballarpur divison produced over 51,000 tonnes, against 48,000 tonnes, and the Shree Gopal division accounted for 41,000 tonnes. Although the production of paper has gone up to over 700,000 tonnes, this does not seem to cope with the existing demand. The chairman pointed to the shortage of paper, particularly writing and printing papers. Although the demand for paper has been increasing by about 10 per cent a year, the rate of increase in output has been hardly 7 per cent. The chairman suggested that to relieve the pressure on supplies, production should be increased.

Mr. Thapar said that the Company with other units have embarked on a "crash programme" to increase the paper output further. But this would only increase the existing paper production marginally. He said that "the long-term solution of the problem would be to push through all the preliminary measures now for the creation of further new capacity for paper production". The chairman criticised the Central and State Governments' policy towards the paper industry which is impeding its growth. The industry has a tremendous potential for growth. In India, the *per capita* consumption of paper is less than 2 kilograms a year which compares very unfavourably with the developed countries of the West.

COROMANDEL FERTILISERS

Expansion Plans

COROMANDEL Fertilisers Ltd has applied to the Government for a licence approximately to double the existing capacity. Under the

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two-phase expansion programme, the production of complex fertilisers (28.28.0) is expected to go up from 260,000 tonnes to 287,000 tonnes at the end of the first phase and to 420,000 tonnes at the end of the second phase. Urea producton is expected to rise from 16,500 tonnes to 43,400 tonnes in the first phase and further to 254,400 tonnes in the second phase. In terms of nitrogen, the production will move up from the present level of 80,000 tonnes to 100,400 tonnes and further to 234,700 tonnes by the end of the second phase. The total assets employed by the Company which are currently placed at around Rs. 66.1 crores are expected to increase to Rs. 72.6 crores by the end of the first phase and to Rs. 129.6 crores by the end of the second phase.

Mr. J. H. Eckart, managing director of Coromandel Fertilisers, told newsmen the other day that the industrial licence for the first phase was expected to be received very shortly and that if all went well the first phase would be completed by the second quarter of 1973. In case the licence for the second phase was granted by the end of 1971, the expansion programme could be completed by the third quarter of 1974. Mr. Eckart disclosed that the Company's sales during 1970 were of the order of 210,000 tonnes valued at Rs. 23 crores, against 200,000 tonnes valued at Rs. 21 crores for the previous 15-month period.

R.E.C.

Satisfactory Progress

ADDRESSING the annual general meeting of the Rural Electrification Corporation Ltd held recently in New Delhi, Mr. B. Venkatappiah, chairman, said that although the Corporation had only about eight months of working during the year, it is a matter of gratification that it has been able to complete the preliminary formalities and begin its operations by sanctioning loans to a few State Electricity Boards. (A fuller version of the speech was published in *Capital* of 7th January, 1971.) Two kinds of loans were sanctioned during the period. The first category related to loans sanctioned to five pilot rural electric cooperative societies to enable them to undertake the initial organisational activities. The second category, which is much larger than the first, related to rural electrification schemes sponsored by the State Electricity Boards. Twelve such schemes sponsored by six State Electricity Boards have been approved by the Corporation for a total loan assistance of Rs. 588.819 lakhs. These schemes are phased over a period of three to five years and aim at electrifying 707 villages and energising 18,995 irrigation pumpsets. These schemes also provide for the supply of power to a good number of small industries. Roughly 73 per cent of the total load anticipated at the end of the fifth year is accounted for by agricultural connections and 14 per cent by industrial connections, leaving the balance of 13 per cent for domestic uses, commercial establishments and street lights.

The additional number of schemes sanctioned is 72, involving a total loan of Rs. 3,877 lakhs and aiming at the provision of power for 108,424 irrigation pumpsets and 20,273 small industries. Taking the picture as a whole, a total number of 83 schemes have been sanctioned involving a total loan of Rs. 4,417 lakhs. These schemes provide for power connections to 125,822 irrigation pumpsets and 20,808 small industries. The load on account of small industries accounts for 18 per cent, thus making a total of 90 per cent on account of agriculture and small industries. The overall share of the Corporation in the total financial resources available for rural electrification in the Fourth Plan is about 35 per cent.

The Company has applied to the Government for a substantial expansion and it is hoped that the proposal will be favourably considered.

VAZIR SULTAN

Better Results

THE Vazir Sultan Tobacco Company has produced better results for the year ended September 1970, although margins have been under pressure. While sales have increased by 25.3 per cent from Rs. 32.78 crores to Rs. 41.08 crores, the gross profit has risen by 11.1 per cent from Rs. 2.17 crores to Rs. 2.42 crores. The total dividend has been raised from Rs. 2.25 to Rs. 2.50 a share. Appropriations include depreciation Rs. 22.54 lakhs, development rebate reserve Rs. 1.74 lakhs (against Rs. 3.84 lakhs), taxation Rs. 139.91 lakhs (against Rs. 121.79 lakhs), reserves Rs. 25.66 lakhs (against Rs. 31.33 lakhs), preference dividend Rs. 1.66 lakhs (same) and equity dividend Rs. 50 lakhs (against Rs. 45 lakhs). The directors state that the Company's first filter tipped brand "Vazir Filters" has been successfully marketed.

ALLAHABAD BANK

Working Results

THE profit, subject to bonus to staff, of Allahabad Bank is shown at Rs. 20.74 lakhs for the period from 19th July to 31st December, 1969, after providing Rs. 5.79 lakhs for depreciation. Deposits have amounted to Rs. 124.91 crores. Investments are shown at Rs. 34.56 crores and advances at Rs. 85.64 crores. (Details appeared in *Capital* of 31st December, 1970.)

UNITED BANK

Deposits and Advances

THE United Bank of India has made a profit of Rs. 17.31 lakhs for the period 19th July to 31st December, 1969, after providing Rs. 6.48 lakhs for depreciation. Deposits amount to Rs. 168.34 crores. Investments and advances stand at Rs. 37.63 crores and at Rs. 118.01 crores, respectively. Details appeared in *Capital* of 31st December, 1970.

UNITED COMMERCIAL BANK

Profit Earned

AFTER providing Rs. 18.46 lakhs for depreciation, the profit, subject to bonus, of United Commercial Bank has amounted to Rs. 48.87 lakhs for the period 19th July to 31st December, 1969. Deposits are shown at Rs. 257.53 crores. Investments have amounted to Rs. 84.28 crores and advances to Rs. 162.82 crores. (Details appeared in *Capital* of 31st December, 1970.)

BANK OF BARODA

Investments and Advances

BANK of Baroda has earned a profit of Rs. 34.32 lakhs for the period from 19th July to 31st December, 1969, after providing Rs. 19.18 lakhs for depreciation and repairs. Deposits have amounted to Rs. 354.91 crores. Investments are shown at Rs. 107.44 crores and advances at Rs. 233.81 crores. (Details appeared in last week's issue of *Capital*.)

MANDYA NATIONAL PAPER

Smaller Loss Incurred

MANDYA National Paper continues to be in the red, although its working results for the year ended June 1970 show a marked improvement over the preceding year's extremely disappointing performance. Production has increased from 4,319 tonnes to 8,032 tonnes and sales have gone up from Rs. 87.91 lakhs to Rs. 194 lakhs. The increase in turnover is attributable partly to the rise in paper prices in the wake of decontrol. The Company's working during 1969-70 has resulted in a loss of Rs. 23.26 lakhs, against Rs. 42.04 lakhs in 1968-69. After making some adjustments, the accumulated deficit of 2.41 crores is carried forward. The cumulative depreciation not provided for stands at Rs. 1.25 crores.

The directors state in their annual report that simultaneous with capital reconstruction, steps have been taken for expansion of the capacity from 35 tonnes to 60 tonnes a day under the Government's "crash programme". When implemented, this would enable the Company to wipe off the losses "within as short a period as possible and also thereafter to earn a profit after providing for depreciation".

LOYAL TEXTILE

A Prosperous Year

WITH the announcement of the final dividend of 5 per cent on ordinary shares, the total dividend recommended by the directors of Loyal Textile Mills Ltd amounts to 10 per cent for the year ended June 1970. This compares with the total dividend of 7½ per cent for the previous year. The Company's working has shown a good improvement with a rise in both profit and sales. The profit amounts to Rs. 16.58 lakhs, after providing Rs. 12.62 lakhs for depreciation. This compares with the previous year's profit of Rs. 5.84 lakhs, after providing Rs. 13.74 lakhs for depreciation. Sales for the year amounted to Rs. 229.83 lakhs (against Rs. 177.98 lakhs). With Rs. 8,049 brought forward, the total available for appropriation comes to Rs. 16.66 lakhs. Out of this, taxation accounts for Rs. 9.35 lakhs (against Rs. 2.70 lakhs). The preference dividend at 6.5 per cent amounts to Rs. 97,428. The dividend of 10 per cent on ordinary and deferred shares amounts to Rs. 3.34 lakhs. The balance of Rs. 4,508 is being carried forward. The directors feel that the results would have been still better but for the continued crisis in the cotton textile industry.

HEMALATHA TEXTILES

Profit Earned

THE working of Hemalatha Textiles Ltd for the year ended June 1970 has resulted in a profit of Rs. 3.63 lakhs, after providing Rs. 2.88 lakhs for depreciation. This profit compares with the previous year's loss of Rs. 2.73 lakhs, after providing Rs. 3.20 lakhs for depreciation. Adding to the year's profit a sum of Rs. 868 being credits relating to previous years and Rs. 5,380 being profit on the sale of fixed assets, there is a total surplus of Rs. 3.70 lakhs. Out of this, donations amounted to Rs. 500 and expenses relating to previous years amounted to Rs. 28,212. This leaves a surplus balance of Rs. 3.41 lakhs. Deducting this surplus from the brought-forward loss of Rs. 16.70 lakhs, there is a deficit balance of Rs. 13.29 lakhs, which is being carried forward. Sales amounted to Rs. 118.38 lakhs (against Rs. 134.56 lakhs). The Company has not paid any dividend since 1965 because of loss in working until the year under review.

BRITISH BURMAH PETROLEUM

Profit Declines

THE working of the British Burmah Petroleum Co. Ltd shows a lower pre-tax profit of £18,373 for the year ended March 1970, against one of £30,940, after providing £7 (against £8) for depreciation. The directors have recommended a dividend of 9 paise a share, which will absorb £18,750 from general reserve. This dividend is subject to Indian income-tax. Taxation is allocated £70, (against £8,090). After making adjustments, there remains a balance of £18,303 which is proposed to be carried forward, against £22,850 brought in.

PHOSPHATE COMPANY

Dividend Reduced

IN their latest report for the year ended June 1970, the directors of the Phosphate Co. Ltd say that the working results were affected because of a sharp decline in the production of superphosphate. An exorbitant rise in the prices of packaging materials and the enhanced wage bill have further increased the cost of production. The pre-tax profit has fallen from Rs. 7.78 lakhs to Rs. 73,873, after providing Rs. 6.39 lakhs (against Rs. 5.99 lakhs) for depreciation. In view of the Company's unsatisfactory working results, the taxable ordinary dividend has been halved to 5 per cent, absorbing Rs. 1.97 lakhs. This offers a yield of 4.1 per cent at the present price of Rs. 121 a share of Rs. 100 each. Allocations include Rs. 10,523 (against Rs. 1.04 lakhs) for development rebate and Rs. 35,000 (against Rs. 3.60 lakhs) for taxation. With other adjustments, there is a balance of Rs. 1.19 lakhs which is carried forward, against Rs. 6,271 brought in. Sales rose by Rs. 5 lakhs to Rs. 2.17 crores.

MARGARET'S HOPE TEA

Profit Rises

THE profit of Margaret's Hope Tea Co. Ltd has risen from Rs. 1.49 lakhs to Rs. 1.89 lakhs for 1969, after providing Rs. 76,249 (against Rs. 55,171) for depreciation. In view of the Company's better performance, the taxable ordinary dividend has been raised from 4 per cent to 5 per cent, absorbing Rs. 35,000. This offers a yield of 6.6 per cent at the present price of Rs. 7.62 a share of Rs. 10 each. Taxation gets Rs. 1.10 lakhs (against Rs. 61,500), development rebate reserve Rs. 5,560 (against Rs. 8,565) and general reserve Rs. 40,000 (against nil). There is a balance of Rs. 1,915 which is carried forward, against Rs. 4,901 brought in. The salable crop weighed 136,340 kilograms, against 168,750 kilograms and the average sale price was Rs. 14.75 a kilogram, against Rs. 11.67 a kilogram.

RADIO AND ELECTRICALS

Smaller Loss Incurred

ALTHOUGH the directors of Radio and Electricals Manufacturing Co. Ltd have not been able to recommend any dividend for the year ended March 1970 due to loss in working, one significant feature is that the loss is much less than the one incurred in the previous year. Sales realisation was the highest on record—Rs. 1.76 crores, against Rs. 1.66 crores in the previous year. The directors state that there has

been a turn for the better, thanks to the lifting of the sectoral recession which affected the radio and electricals industry for over three years. What was more, the unhealthy price war in the energy meter industry was also gradually receding. The Company's principal products like electricity meters, water meters, P.V.C. wires and cables, and lighting arresters are supplied mostly to Government departments and quasi-Government bodies. Furthermore, the Company's radio components such as capacitors and band-switches have been recognised by all the manufacturers of radios and electronic components.

The working of the Company during the year was, however, adversely affected by raw material shortages and a general increase in prices on the one hand and the lack of adequate working capital on the other. In spite of these handicaps, the overall production has been satisfactory, showing an increase over the previous year. The directors state that the current and coming years hold the promise of a better and brighter period. Both production and sales are expected to increase appreciably, overcoming the present difficult situation regarding working capital. The order-book position is good. The working of the Company has resulted in a loss of Rs. 34.49 lakhs, after providing Rs. 17.81 lakhs for depreciation. This compares with the previous year's loss of Rs. 50.75 lakhs, after providing Rs. 14.70 lakhs for depreciation. With the brought-forward loss of Rs. 80.26 lakhs, the total loss of Rs. 114.75 lakhs is being carried forward.

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TRAVANCORE CEMENTS

A Better Year

THE directors of Travancore Cements Ltd have again skipped the dividend for the year ended December 1969. Although the Company has earned a higher profit than in the previous year, it is left with no surplus after providing for taxation, expansion reserve, etcetera. The profit amounts to Rs. 4.19 lakhs, after providing Rs. 3.01 lakhs for depreciation. This compares with the previous year's profit of Rs. 1.27 lakhs, after providing Rs. 3.33 lakhs for depreciation. Out of this, expansion reserve gets Rs. 75,160 (against Rs. 1.45 lakhs) and rehabilitation reserve Rs. 2,769 (against nil). Provision for taxation for 1968 and 1969 amounts to Rs. 4.09 lakhs. The deficit brought forward from the previous year is Rs. 18,211. After the above provisions there is a deficit of Rs. 86,028 which is being carried forward. Sales amounted to Rs. 93.07 lakhs (against Rs. 80.25 lakhs). The directors expect better working results for the current year.

STANES AMALGAMATED

Bigger Dividend

STANES Amalgamated Estates Ltd has earned a higher profit for the year ended June 1970. The directors have recommended a bigger dividend of 12½ per cent on ordinary shares, against 10 per cent in the previous year. The profit amounts to Rs. 7.82 lakhs, after providing Rs. 2.11 lakhs for depreciation. This compares with the previous year's profit of Rs. 6.89 lakhs, after providing Rs. 1.24 lakhs for depreciation. With Rs. 13,876 brought forward and with Rs. 3,921 being excess tax provision, the total available for appropriation comes to Rs. 8.00 lakhs. Out of this, tax provision comes to Rs. 3.30 lakhs (against Rs. 2.75 lakhs). A sum of Rs. 2.41 lakhs (against Rs. 2.25 lakhs) is transferred to general reserve, and Rs. 1.05 lakhs (against Rs. 3,910) is taken to development rebate reserve. Development allowance reserve gets Rs. 41,400 (against Rs. 17,770) and pension and gratuity reserve gets Rs 83,500 (against Rs. 30,000).

MYSORE CEMENTS

Handsome Rise in Profit

MYSORE Cements Ltd has produced encouraging working results for the year ended June 1970. The equity dividend has been stepped up to 12½ per cent from 10 per cent in the previous year. The Company has earned a higher profit of Rs. 67.82 lakhs, after providing Rs. 47.16 lakhs for depreciation. This compares with the previous year's profit of Rs. 20.29 lakhs, after providing Rs. 43.68 lakhs for depreciation. Sales have recorded a handsome rise at Rs. 456.92 lakhs (against Rs. 258.29 lakhs). Adding to the year's profit a sum of Rs. 46,475 brought forward from the previous year and Rs. 46,465 being excess provision, there is a total surplus of Rs. 68.75 lakhs. Out of this, expenditure relating to previous years amounted to Rs. 3.11 lakhs. A sum of Rs. 10 lakhs (against nil) is transferred to development rebate reserve. General reserve gets Rs. 54.82 lakhs (against Rs. 20.50 lakhs). Donations amounted to Rs. 11,799. The balance of Rs. 69,597 is being carried forward. The ordinary dividend of 12½ per cent and the preference dividend of 9½ per cent will be paid out of general reserve.

CHANDRAMALAI ESTATES

A Better Year

DUE to an inadequate profit, the directors of Chandramalai Estates have again skipped the dividend for the year ended June 1970. The profit amounts to Rs. 10,345, after providing Rs. 98,239 for depreciation. This compares with the previous year's loss of Rs. 2.12 lakhs. After deducting the net profit of Rs. 10,345 from the brought-forward loss of Rs. 1.96 lakhs, there is a deficit balance of Rs. 1.86 lakhs which is being carried forward. It has not been possible to make any provision for development rebate reserve and tea development allowance reserve. The unprovided depreciation, development rebate and tea development allowance for previous years and this year amounted to Rs. 1.65 lakhs. The Company's borrowings have also increased by about Rs. 2.10 lakhs during the year due to developmental expenditures. The directors are of the opinion that the Company can be more efficiently managed from Calcutta than from Bangalore in view of its administrative office being located in Calcutta at present. It is, therefore, proposed to transfer the registered office to Calcutta.

COMMODITIES

Terms of Reference of Expert Body for Setting up New Jute Mills Announced

THE Government of India has announced the terms of reference of the four-man committee headed by Mr. S. P. Mukherjee, Jute Commissioner, to make a prompt exploration of the feasibility of setting up new and modern jute mills in north Bihar, Assam, Orissa, Andhra Pradesh and Tripura. The Central Minister for Foreign Trade, Mr. L. N. Mishra, has reportedly written to the Chief Ministers of the States concerned, seeking their co-operation in setting up such mills. The committee is expected to visit the States for conducting an on-the-spot investigation in the matter after holding detailed discussions with the State Ministers and officials.

The committee's terms of reference include the assessment of the feasibility of setting up jute mills in the States concerned, with particular reference to the production of jute and mesta available in their industrially backward areas, the determination of the number of mills which can reasonably be set up in each State and the minimum economic size of each unit, an evaluation of the comparative merits and demerits of setting up new mills in the public and co-operative sectors and an assessment of the financial outlays involved for setting up each such mill based on the current prices of imported and indigenous modern machinery and equipment, land and buildings, etcetera.

Industry circles are, however, critical of the latest move, for with the growing idle capacity in the established mills and the dwindling overseas business on which the industry is absolutely dependent for its proper working, the deployment of further capital in the industry hardly seems advisable. They are, however, awaiting the considered views of the Indian Jute Mills Association in the matter.

Production and Stocks

Since the belated announcement of the I.J.M.A. production, stock and despatch figures for November last week, Clive Row has been taking an extremely bullish view of the prospects for the current season. The improvement in production and offtake during the first five months of the season ended November 1970 has practically been offset by the loss of production to the tune of 64,000 tonnes and the suspension of shipments during the three weeks of abstention from work in December and the intervention of the Christmas and year-end holidays. The increase in production during the first five months of the season over the comparable period of 1969-70 has been attributed to the freer flow of fibre, mostly of suitable grades, although at heavy premiums over the official support levels. Both mills and mill agents extended brisk support to the market, absorbing all available offers for selected grades at practically quoted prices which made it redundant for the officially appointed S.T.C. to enter the market for price-support or buffer-stock operations. Strong holders also took a buoyant view of the prospects for the season from its very commencement and absorbed the residual offers.

Firm Trend in Prices

Operators are inclined to think that fibre prices will harden further with the progress of the season, for inventories with mills in their warehouses or to be received against firm commitments are about enough for a few weeks' consumption only. The Government of India has already decided not to import any jute from Thailand or from third countries either for the purpose of softening the market trend or for building a buffer stock. With the end-products market continuing to be in an oversold position and the heavy backlog of overdue shipments and deliveries, mainly because of the strike, the goods market is also likely to rule buoyant. In spite of the high prices and capacity bookings of the Pakistani industry, not only for hessian and sacking but also for carpet-backing cloth, there has been an appreciable flow of a spillover orders from overseas in connection with stock replenishment purposes and also for meeting the broadening demand for the end-products. The renewal of the long-term Indo-Russian trade agreement and the increasing offtake by that country have also paved the way for a rise in exports.

The internal demand for jute goods has also risen sharply, partly because of the increasing production of food-

I.J.M.A. STOCK FIGURES FOR NOVEMBER

The Indian Jute Mills Association reports the total stocks of jute goods at the end of November as follows:

Description	30th November, 1970		31st October, 1970		Increase over (+) or decrease from (−) last month		30th November, 1969	
	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)
Hessian cloth and bag	16,76,64 (18,34)	50.4 (49.6)	15,21.69 (16,64)	45.5 (44.8)	+1.54.95 (+1,70)	+4.9 (+4.8)	5,61,47 (6,14)	18.1 (17.8)
Sacking cloth and bag	9,97,58 (10,91)	45.2 (44.5)	10,96,74 (11,99)	50.1 (49.3)	−99,16 (−1.08)	−4.9 (−4.8)	4,26,83 (4,67)	18.3 (18.0)
Carpet-backing	1,67,14 (1,83)	19.3 (19.0)	1,74,24 (1,91)	19.6 (19.3)	−7,10 (−8)	−0.3 (−0.3)	2.13,56 (2,34)	23.2 (22.8)
Others		7.5 (7.4)		7.9 (7.8)		−0.4 (−0.4)		7.0 (6.9)
Grand Total (000 Tonnes/Tons)		1,22.4 (1,20.5)		1,23.1 (1,21.2)		−0.7 (−0.7)		66.6 (65.5)

Note : All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and the Bird group of mills. The figures in brackets are in British measures. Figures do not include Naskarpara.

grains and cereals due to the impact of the "green revolution" on the one hand and the reversal of the recessionary trend on the other. The increasing offtake of gunnies by official agencies has also produced a cushioning effect.

The cumulative production figures for the first five months of the season show an increase of 45,700 tonnes over the 1969-70 level to 419,700 tonnes. While the carpet-backing output has suffered a sharp setback of 45,900 tonnes to 52,600 tonnes and other goods of 3,200 tonnes to 23,800 tonnes, hessian production has increased by 33,900 tonnes to 153,800 tonnes and sacking by 60,900 tonnes to 189,500 tonnes. The heavier increase in sacking output has been attributed to the broadening internal and overseas offtake and bookings.

Gunnies Erratic

Divergent trends marked trading in the Calcutta gunny market during the past week. Lean buying enquiries from overseas consumers, mainly induced by the hang-over of the Christmas and the New Year holidays, caused prices to fluctuate within narrow limits. Since the extension of the December delivery due and shipping dates by three weeks to 21st January because of the recent strike, in cases where delay notice was applicable under Clause 15 of Chapter vii of the by-laws for trading, the abatement of interest in immediate covering business from the parties concerned became all the more apparent. The downward trend was further accentuated by the enhancement of Bank rate which made credit costlier still. But sacking continued to behave erratically on alternate bouts of buying and selling, due mainly to the imbalance in the technical position. After opening quietly steady around the previous week-end levels, prices later suffered a moderate setback on bull unloading. The partial elimination of the overload helped in the emergence of a near-equilibrium condition in the market and prices hardened moderately around mid-week on short-covering at the lower levels. But profit-booking sales at the bulges thereafter eroded most of the mid-week gains. On Friday, the lower levels attracted renewed interest from shorts helping prices to pick up. But with the manifestation of stiff buyers' resistance, the week-end gains were more than offset and the market closed quietly steady around the opening levels after transacting a moderate volume of business in ready and near-delivery goods. The hedge market also behaved in line with the trend in the spot market with 40in. 10oz. hessian and B Twills, February delivery, closing with nominal gains over the preceding week-end levels after narrow fluctuations. The I.J.M.A. stock figures for November showed a small decline of 700 tonnes over the previous month's level to 122,400 tonnes—hessian rose by 4,900 tonnes to 50,400 tonnes while sacking dropped to 45,200 tonnes. Carpet-backing stocks were lower by 300 tonnes to 19,300 tonnes and miscellaneous goods by 400 tonnes to 7,500 tonnes. The production statement for the month showed an increase of 4,900 tonnes over the figure for the holiday month in October to 81,600 tonnes. While hessian showed a minor decline of 700 tonnes to 26,700 tonnes, the sacking output rose by 3,200 tonnes to 37,500 tonnes, carpet-backing cloth by 1,700 tonnes to 13,200 tonnes and other goods by 700 tonnes to 4,200 tonnes. The despatch statistics revealed an overall decline of 3,400 tonnes over the October level to 81,800 tonnes—hessian by 7,100 tonnes to 22,000 tonnes and carpet-backing cloth by 1,300 tonnes to 13,200 tonnes while sacking rose by 4,400 tonnes to 42,100 tonnes and other goods by 600 tonnes to 4,500 tonnes. The setback was mainly ascribed to the heavy fall in exports by 13,100 tonnes to 35,200 tonnes—hessian by 7,600 tonnes to 16,400 tonnes, sacking by 4,200 tonnes to 5,400 tonnes and carpet-backing cloth by 1,500 tonnes to 12,800 tonnes. The internal offtake improved moderately by 9,700 tonnes to 46,600 tonnes, partially erasing the loss in exports. The internal hessian offtake rose by 500 tonnes to 5,600 tonnes, sacking by 8,600 tonnes to 36,700 tonnes and other goods by 600 tonnes to 4,300 tonnes.

Latest available quotations (in rupees) were as follows:

	Jan.	Jan.-Mar.	Apr.-June
40in. 7½oz.	66.25	66.50	66.75
40in. 8oz.	72.25	—	—
40in. 10oz.	85.00	86.00	85.75
B Twills	277.50	277.00	268.00
Heavy Cees	277.50	277.00	268.00
Cornsacks	—	—	—
A Twills (U.S.)	338.00	336.00	328.00
Liverpools	315.00	315.00	305.00

Fibre Quiet

The raw jute market opened on a steady note around the preceding week-end levels on scattered offtake of available offers of selected grade fibre by mills and mill agents in Calcutta and in the upcountry markets. But with the absorption of these grades, there was a preponderance of offgrade fibre on offer in the market in which buyers showed scant attention. Holders tried to clear off these stocks by allowing a sizable discount of Re. 1 to Rs. 1.50 a maund but to no effect. As a result, the market closed quietly steady around lower levels. Turnover was small.

Latest available quotations (in rupees) were as follows:

	January-February		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	152.72	144.68	54.00
Northern Jute	146.02	137.98	51.50
Western Desal Jute	139.32	131.28	49.00
Selected Daissee	156.74	148.70	55.50
Assam-Agartala Tossa	158.07	150.04	56.00
Mesta :			
Assam Mesta	139.32	131.28	49.00
Selected Daissee			
Murshidabad	133.96	125.92	47.00
Bihar Dist.	125.92	117.89	44.00

I.J.M.A. PRODUCTION FIGURES FOR NOVEMBER

The Indian Jute Mills Association reports the total production of jute goods at the end of November as follows:

	(000 metres and 00,000 yds.) Nov. '70	Oct. '70	Nov. '69
Hessian	8,99,78	9,24,10	9,42,53
	(9,84)	(10,11)	(10,31)
Sacking	8,20,24	7,45,24	6,45,65
	(8,97)	(8,15)	(7,06)
Carpet-backing	1,17,06	1,04,67	1,81,30
	(1,28)	(1,14)	(1,98)
	(000 tonnes and tons) Nov. '70	**Oct. '70**	**Nov. '69**
Hessian	26.7	27.4	29.2
	(26.3)	(27.0)	(28.8)
Sacking	37.5	34.3	29.5
	(36.9)	(33.7)	(29.0)
Carpet-backing	13.2	11.5	20.1
	(13.0)	(11.3)	(19.8)
Others	4.2	3.5	4.9
	(4.1)	(3.5)	(4.8)
Grand Total	81.6	76.7	83.7
	(80.3)	(75.5)	(82.4)
Hours worked:	200.0	192.0	200.0

Note : All figures are at a bale-point. Figures do not include Naskarpara.

N.B.—These statistics are based on replies received and represent all members of the Association, and the National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and the Bird group of mills. The figures in brackets are in British measures.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

THE EAST INDIA HOTELS LTD.

Registered Office : 4, MANGOE LANE, CALCUTTA-1.

Incorporated on 26th May 1949 under the Indian Companies Act, 1913.

ANNOUNCEMENT REGARDING THE ISSUE OF 10,72,333 EQUITY SHARES OF Rs. 10/- EACH AND 26,904—9.5% CUMULATIVE NON-REDEEMABLE FREE OF COMPANY TAX PREFERENCE SHARES OF Rs. 100/- EACH

Persons interested in full details may obtain copies of the Prospectus and Application Forms from the Offices of the Brokers, Underwriters and Bankers to the issue mentioned hereinafter.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY, THE 18TH JANUARY 1971 AND WILL REMAIN OPEN UNTIL THE CLOSE OF BANKING HOURS ON THURSDAY, THE 28TH JANUARY, 1971 OR EARLIER AT THE DISCRETION OF THE COMPANY'S DIRECTORS BUT NOT BEFORE THE CLOSE OF THE BANKING HOURS ON THURSDAY, THE 21ST JANUARY 1971

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY :

The Company was promoted by Rai Bahadur M. S. Oberoi, and Messrs. Oberoi Hotels (India) Pvt. Ltd. in May 1949 with a view to constructing, owning and running, and developing hotels and restaurants of various grades in India, and also to develop and operate ancilliary businesses. In 1956 the Company acquired a site adjacent to the Golf Course in New Delhi where in collaboration with Intercontinental Hotels Corporation, New York, U.S.A. (a wholly owned subsidiary of the Pan American Airways) the Company constructed the Oberoi Intercontinental Hotel. In the same year the Company took on lease the Maharaja's palace in Srinagar and converted it into the Oberoi Palace Hotel.

In 1968 by a scheme of merger, approved by the Calcutta High Court the Oberoi Grand, Calcutta; Oberoi Mount Everest, Darjeeling; Oberoi Maiden's, Delhi; Oberoi Cecil, Simla and Oberoi Palm Beach, Gopalpur-on-sea; which were owned and operated by Associated Hotels of India Ltd., and Hotels (1938) Private Ltd., were merged with the Company. Under the same scheme, the Company also took over the entire shares of one of the leading travel agencies in this country—Mercury Travels (India) Ltd. In 1966, the Maharashtra Govt. allotted to the Company a very valuable site at Nariman Point in Bombay for the construction of a luxury hotel. The Company has already started construction of the Oberoi-Sheraton Hotel at the site. When completed the Oberoi-Sheraton will have 400 rooms, five restaurants, a discotheque, a large shopping complex, a health club, swimming pool and will be fully airconditioned. The Company at present owns and operates the following hotels:—

Oberoi-Intercontinental, New Delhi.
Oberoi-Grand, Calcutta.
Oberoi-Maiden's, Delhi.
Oberoi-Cecil, Simla.
Oberoi-Palace, Srinagar.
Oberoi-Palm-beach, Gopalpur-on-sea.

FOREIGN COLLABORATION :

1. Sheraton International, Inc. U.S.A.

For the construction of the Oberoi Sheraton, Bombay, the Company has entered into a Collaboration Agreement with Sheraton International, Inc., Boston, U.S.A. who have the largest chain of hotels in the world with more than 450 Hotels and properties under their control.

2. Intercontinental Hotels Corporation, U.S.A.

The Company has collaboration arrangements for its Oberoi Intercontinental Hotel, New Delhi with Intercontinental Hotels Corporation, New York, U.S.A.

BOARD OF DIRECTORS :

Rai Bahadur M. S. Oberoi,
Hotelier,
C/o. Grand Hotel, Calcutta-13.
Chairman and Managing Director.
Chairman of: Oberoi Hotels (India) Pvt. Ltd.,
Mercury Travels (India) Ltd.,
and others,
Hony. President, Federation of Hotels & Restaurants Association.

M. L. Khaitan,
Solicitor,
226/1 Acharya Prafulla Chandra Road, Calcutta.
Director of: South India Insurance Co. Ltd.,
American Refrigerator Co. Ltd., Jay Engineering Works and others. Committee Member Federation of India Chamber of Commerce.

Dr. R. C. Cooper,
Chartered Accountant,
D-4 Palacimo, Silver Oaks Estate, Bhulabhai Desai Road, Bombay-26.
Director of: Polsons Ltd.,
The Central Bank of India Ltd., Shree Ram Mills Ltd. and others.
Member of the Managing Committee Federation of India Chamber of Commerce.

L. M. Thapar,
Industrialist,
35/1 Ballygunge Circular Road, Calcutta.
Chairman of: Greaves Cotton & Co. Ltd.,
Shree Gopal Paper Mills Ltd. Director of: Oriental Bank of Commerce Ltd. United Collieries Ltd. Member of the Managing Committee Punjab, Haryana & Delhi Chamber of Commerce & Industries.

A. L. Sahgal,
Chartered Accountant,
1 Ring Road, New Delhi.
Director of: Punjab Textile Mills Ltd.,
Hindustan Transmission Products Ltd. and others,

B. M. Gogte,
Industrialist,
146 Tilak Wadi, Belgaum.
Director of: Maharashtra Mineral Corporation Ltd.,
Pulco Foundries Pvt. Ltd. and others,

L. K. Panday,
Stock Broker,
Bank of Maharashtra Bldg., 45/47 Apollo Street, Bombay-1.
Director of: Grauer & Weil (India) Ltd.
Hypine Carbons Ltd. Freight Carriers Pvt. Ltd. Ramon & Demm Ltd. and others,

D. N. Kapur,
Stock Broker,
6 Lyons Range, Calcutta-1.
Managing Director of: Place Siddons & Gough Pvt. Ltd.
Director of: Asiatic Oxygen Ltd. J. K. Steel Ltd.
Bengal Coal Co Ltd. and others,

S. M. Dahanukar,
Industrialist,
Industrial Assurance Bldg., Churchgate, Bombay-20.
Director of: Bharat Commerce & Industries Ltd.
Hindustan General Insurance Society Ltd.
Indian Merchants Chamber Bennett Coleman & Co. Ltd., and others.

THE EAST INDIA HOTELS LTD.—*Contd.*

SHARE CAPITAL :

Authorised :		
1,00,000	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/- each	Rs. 1,00,00,000
25,000	9.5% Redeemable Cumulative Preference Shares of Rs. 100/- each	Rs. 25,00,000
32,50,000	Equity Shares of Rs. 10/- each	Rs. 3,25,00,000
		Rs. 4,50,00,000
Issued :		
70,906	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/- each	Rs. 70,90,600
3,950	9.5% Redeemable Cumulative Preference Shares of Rs. 100/- each	Rs. 3,95,000
20,18,001	Equity Shares of Rs. 10/- each	Rs. 2,01,80,010
		Rs. 2,76,65,610
Subscribed and paid up :		
35,160	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/- each fully called up including 19,810 shares allotted in terms of the order of the High Court, Calcutta dated 9th September, 1968 under the scheme of Compromise or Arrangement without payments being received in Cash ...	Rs. 35,16,000
*21,091	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/-each on which Rs. 50/- each called up	Rs. 10,54,550
3,950	9.5% Redeemable Cumulative Preference Shares of Rs. 100/- each have been allotted as fully paid up pursuant to a contract without payments being received in Cash	Rs. 3,95,000
12,45,334	Equity Shares of Rs. 10/- each fully paid up including 6,43,825 shares of Rs. 10/- each allotted as fully paid up pursuant to a contract without payments being received in Cash and 36,344 shares allotted as fully paid up in terms of the order of the High Court at Calcutta dated the 9th September, 1968 under the scheme of Compromise or Arrangement without payments being received in Cash	Rs. 1,24,53,340
6,21,917	Equity Shares of Rs. 10/- each on which Rs. 5/- per share called up	Rs. 31,09,585
		Rs. 2,05,28,475
	Less calls in arrears	Rs. 2,90,675
		Rs. 2,02,37,800

*Note: These do not include the monies received in respect of 750 Equity Shares and 5 Preference Shares the allotment of which is pending due to a direction from the Calcutta High Court.

PRESENT ISSUE :		
10,72,333	Equity Shares of Rs. 10/- each	Rs. 1,07,23,330
26,904	9.5% Cumulative Tax Free Non-Redeemable Preference Shares of Rs. 100/- each	Rs. 26,90,400
		Rs. 1,34,13,730

OUT OF THE PRESENT ISSUE :

5,25,000	Equity Shares of Rs. 10/- each are reserved for allotment for cash to Sheraton International incorporated, Boston, U.S.A. in terms of Collaboration Agreement with them	Rs. 52,50,000
6,750	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/- each (Free of Company's tax but subject to deduction of tax at source at the prescribed rate) are reserved for allotment for consideration otherwise than in cash to Sheraton International incorporated. Boston, U.S.A. being their technical know-how fees in terms of Collaboration Agreement with them	Rs. 6,75,000
		Rs. 59,25,000

NOW OFFERED TO PUBLIC FOR SUBSCRIPTION FOR CASH AT PAR :

5,47,333	Equity Shares of Rs. 10/- each	Rs. 54,73,330
20,154	9.5% Cumulative Non-Redeemable Preference Shares of Rs. 100/- each (Free of Company's tax but subject to deduction of tax at source at the prescribed rate).	Rs. 20,15,400
		Rs. 1,34,13,730

TERMS OF PAYMENT :

Application for shares must be for a minimum of 50 Equity Shares or multiples thereof and in the case of Preference Shares the application must be for a minimum of 5 shares or multiples thereof and the amount payable on the respective shares shall be as follows:—

	EQUITY	PREFERENCE
On Application	Rs. 2.50 per share	Rs. 25/- per share
On Allotment	Rs. 2.50 per share	Rs. 25/- per share

The balance of Rs. 5/- per Equity Share and Rs. 50/- per Preference Share shall be payable in cash in such calls as may be determined by the Board of Directors of the Company provided that no call shall exceed one-fourth of the nominal amount of the share or be made payable within two months after the last preceding call. Calls shall be made proportionately and simultaneously for both the Equity and Preference Shares.

OBJECT OF THE ISSUE :

The proceeds of the present issue would be utilised principally to provide a part of the finance required for constructing the new Oberoi Sheraton Hotel in Bombay.

COST OF THE PROJECT AND SOURCES OF FINANCE :

The total capital expenditure of the new project of constructing the Oberoi Sheraton hotel in Bombay is estimated at Rs. 6,52,50,000/-. This outlay is proposed to be financed out of the share capital of the Company Rs. 2,17,50,000/- and from the long Term Loan from US Agency for Inter National Development amounting to Rs. 4,35,00,000/-.

UNDERWRITERS :

The present issue of 5,47,333 Equity Shares of Rs. 10/- each and 20,154—9.5% Non-Redeemable Cumulative Preference Shares of Rs. 100/- each (Free of Company's tax but subject to deduction of tax at the prescribed rate) offered to public for subscription for cash at par have been fully underwritten as follows:—

Name of Underwriters	Equity Rs.	Preference Rs.
Champaklal Devidas, Bhupen Chambers, Dalal Street, Bombay.	9,00,000/-	

THE EAST INDIA HOTELS LTD.—*Contd.*

UNDERWRITERS—Contd.	Equity	Preference
L. K. Panday, Bank of Maharashtra Bldg., Apollo Street, Bombay.	8,73,330/-	20,15,400/-
Asim Stock-Technique, 89 Nagdevi Street, Bombay 2.	7,00,000/-	
H. P. Mehta & Co., 3rd Floor, Akash Deep, Barakhamba Road, New Delhi-1.	3,00,000/-	
Place, Siddons & Gough P. Ltd., 6, Lyons Range, Calcutta 1.	3,00,000/-	
Lewis & Jones, Bank of Baroda Bldg., Apollo-Street, Bombay 1.	3,00,000/-	
R. R. Nabar & Co., Examiner Press Bldg., Dalal Street, Bombay 1.	2,50,000/-	
Navalchand T. Shah & Co., Union Bank Bldg., Dalal Street, Bombay 1.	2,50,000/-	
Narandas & Sons, Union Bank Bldg., Dalal Street, Bombay 1.	2,50,000/-	
Amrit Lal Bajaj & Co., United India Life Bldg., 'F' Block, Connaught Place, New Delhi-1.	2,50,000/-	
Batlivala & Karani, Union Bank Bldg., Dalal Street, Bombay 1.	2,00,000/-	
Valji Bhimji, Stock Exchange Old Bldg., Dalal Street, Bombay 1.	2,00,000/-	
Stewart & Co., 14 India Exchange Place, Calcutta.	1,50,000/-	
D. S. Purbhoodas & Co., New Stock Exchange Bldg., Apollo Street, Bombay 1.	1,50,000/-	
Paterson & Co., Vanguard House, 3rd Floor, 11/12 Second Line Beach, Madras-1.	1,50,000/-	
Harbans Singh Mehta & Co., 33 Regal Bldg., Parliament Street, New Delhi-1.	1,50,000/-	
Beharilal & Co., 15, Stock Exchange Bldg., Asaf Ali Road, New Delhi.	1,00,000/-	
Total	54,73,330/-	20,15,400/-

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

SOLICITORS TO THE ISSUE :

Little & Co.,
Central Bank Building, Mahatma Gandhi Road, Bombay-1.

AUDITORS :

Ray & Ray,
Chartered Accountants, 6, Church Lane, Calcutta-1.

BRANCH AUDITORS :

A. F. Ferguson & Co.,
Chartered Accountants, Allahabad Bank Building, Apollo Street, Fort, Bombay-1.

MANAGING BROKERS :

Champaklal Devidas,
Share Brokers,
Bhupen Chambers,
Dalal Street, Bombay-1.

L. K. Panday,
Share Brokers
Bank of Maharashtra Building,
45/47 Apollo Street, Bombay 1.

BROKERS TO THE ISSUE :

BOMBAY

Champaklal Devidas,
Bhupen Chambers, Dalal Street, Bombay 1.

L. K. Panday,
Bank of Maharashtra Bldg., Apollo Street, Bombay 1.

Lewis & Jones,
Bank of Baroda Bldg., Apollo Street, Bombay 1.

Batlivala & Karani,
Union Bank Bldg., Dalal Street, Bombay 1.

D. S. Purbhoodas & Co.,
New Stock Exchange Bldg., Apollo Street, Bombay 1.

Narandas & Sons,
Union Bank Bldg., Dalal Street, Bombay 1.

Navalchand T. Shah & Co.,
Union Bank Bldg., Dalal Street, Bombay 1.

R. R. Nabar & Co.,
Examiner Press Bldg., Dalal Street, Bombay 1.

Jasvantlal Chhotalal & Co.,
Bhupen Chambers, Dalal Street, Fort, Bombay 1.

Valji Bhimji,
Old Stock Exchange Bldg., Dalal Street, Bombay 1.

Suresh F. Gundaria,
New Stock Exchange Bldg., Apollo Street, Bombay 1.

CALCUTTA

Place Siddons & Gough P. Ltd.,
6, Lyons Range, Calcutta.

Stewart & Co.,
14 India Exchange Place, Calcutta-1.

NEW DELHI

H. P. Mehta & Co.,
3rd Floor, Akash Deep, Barakhamba Road, New Delhi.

Harbans Singh Mehta & Co.,
33 Regal Bldgs., Parliament Street, New Delhi-1.

Amrit Lal Bajaj & Co.,
United India Life Bldg., 'F' Block Connaught Place, New Delhi-1.

Beharilal & Co.,
15, Stock Exchange Bldg., Asaf Ali Road, New Delhi-1.

Jalan & Co.,
Stock Exchange Bldg., Asaf Ali Road, New Delhi-1.

MADRAS

Paterson & Co.,
Vanguard House, 111 Floor, 11/12 Second Line Beach, Madras-1.

Chitra & Co.,
322/323, Linghi Chetty Street, Madras-1.

V. S. Krishnaswami & Co.,
106, Armenian Street, Madras-1.

BANGALORE

M. Nanjappaiah Jahgirdar,
205, Cavalry Road, Bangalore-1.

AHMEDABAD

Chinubhai Chimanlal Dalal,
Mahurat Pole, Manek Chowk, Ahmedabad 1.

HYDERABAD

P. B. Afzulpurkar,
Sultan Bazar, Hyderabad-A.P.

ASHOK LEYLAND LIMITED

SIR A. RAMASWAMI MUDALIAR'S REVIEW

Speech delivered by Sir A. Ramaswami Mudaliar, K.C.S.I., D.C.L., (Oxon.) Chairman, Ashok Leyland Limited, to the Shareholders at the Twentysecond Annual General Meeting of the Company held on 9th January, 1971, at Ennore, Madras-57.

Gentlemen,

It gives me very great pleasure to welcome you to the 22nd Annual General Meeting of your Company. The Directors' Report, Audited Balance Sheet and the Profit & Loss Account for the year ended 30th September 1970 have been circulated to you and with your permission I shall take them as read.

You must have noted from the Profit and Loss Account that the sales for the year 1969/70 were to the extent of Rs. 33 Crores, which is about 11.4% more than the corresponding figure for 1968-69, when the sales were to the value of Rs. 29.22 Crores.

As will be seen from the Accounts, a sum of Rs. 17 Lakhs has been provided for the Debenture Redemption Account in terms of the Prospectus governing the Debenture Issue and the Debenture Trust Deed. Besides this, we have been able to transfer to General Rerserve a sum of Rs. 18.48 Lakhs.

Sales and Production

The sale of 5103 Comet vehicles in the past year is the highest yet in the history of the Company and we are hopeful of increasing our production in the new financial Year. Also, there has been a steady progress in the indigenous manufacture of components of our heavy duty chasis, namely, Beaver, Hippo models and Titan double-decker bus chasis. The development and production of the highly successful Hippo Dumper with power steering has been yet another landmark in the activities of the Company.

The industrial version of the engines manufactured by the Company has continued to enjoy popularity in varied operations as main motive power for Compressors, Generators, Diesel Railcars, Ballast Tampers, Excavators, Aircraft servicing units and crane handling equipment etc. The marine version of the '370' and '680' diesel engines are increasing in popularity as power units by the fishing industry, high power launch applications and other crafts.

Last year, I referred to the acute shortage of production materials in the country especially steel. It is pleasing to report some improvement in supplies primarily as a result of Government's liberalisation of imported steel sections. Upward spiralling of prices of materials, however, is causing us concern. It is to be hoped supplies from Indian Steel manufacturers will soon improve so that we are not faced with high cost of imported material.

Exports

Your Company has been steadily increasing its export business During 1969/70, export sales reached a figure of Rs. 1.67 Crores as against the figure of Rs. 57.33 Lakhs in the previous year. Apart from the present market in Ceylon and Singapore, an intensive export drive is being made in East Europe, Middle East, Africa and Far East. British Leyland International continue to give us assistance to widen our export fields.

I would like to refer to the Engineering and Research and Development Department in your Company, which has been carrying out continuous development and testing work to bring about improvement in the design and quality performance of our vehicles. This, as you all know, is most essential in an Engineering Industry of this kind, where we have not only to maintain our standards of quality but also constantly evolve modifications to the particular requirements of users of our vehicles operating in Indian conditions.

Labour

The Company have again entered into a four-year settlement with the Ashok Leyland Employees' Union and you will be gratified to know that under this settlement payment of emoluments are linked up with increasing productivity year by year.

Our Personnel and Welfare Departments require special mention as owing to their efforts and training programmes, there has been considerable reduction in the accident frequency rate in the Factory winning them well earned awards from the State Government.

Ennore Foundries

As stated in the Directors' Report, Ennore Foundries have continued to make good progress and your Company will be receiving a dividend of 9½% subject to deduction of tax on its investment in this Company and as Chairman of Ennore Foundries, I am pleased to inform you that plans have been submitted to Government for expanding the production of cast Iron Castings.

Future Prospects

As you all know, the Fourth Plan has estimated the doubling of goods traffic by road and 40% increase in passenger traffic in the next five years. This will undoubtedly create a higher demand for passenger and goods vehicles and we are confident that the offtake of our vehicles will steadily increase. In my report to you last year I indicated our intention to expand our capacity of Comet vehicles to the rate of 7,000 per annum by the end of the Fourth Five-Year Plan and our plans and proposals for expansion now rest with Government for their approval. It is a matter of considerable concern to us that so much time is being lost awaiting Government's sanction which is likely to affect our ability to meet the increasing demand for our vehicles. You are aware that most automobile manufacturers purchase components and in some cases units from the ancillary industries, who in turn must expand their production to meet the increasing demand of vehicle manufacturers. Unfortunately, in many cases expansion proposals of many of these industries are awaiting Government's approval. I appeal to Government for more speedy approval of the expansion programmes in the industry in general so enabling the industry as a whole to prepare themselves to meet the increasing need for vehicles.

Acknowledgements

Mr. J. C. Watson, the Managing Director has during his 8 years of service played a most notable part in the remarkable development of this industry. He has identified himself closely not merely with the progress of the Company but with the welfare of the staff and workers. This enlightened policy he has created in the staff and workers has resulted in greater and better performance and in achieving the targets that have been set to them and in some cases, exceeding such targets. The progress of the industry and the place that Ashok Leyland has attained is due as much to his technical knowledge as to his personal qualities in the management of the affairs of the Company and its expansion. My colleagues in the Board and I would like to convey our keen appreciation and sincere thanks to Mr. J. C. Watson for the signal contribution he has made to the progress of the Company.

It is my pleasant duty to express our appreciation to the staff and workers for their co-operation and devotion to duty which has enabled the Company to achieve satisfactory results.

Our thanks are due to our British Collaborators for their continued guidance and assistance in the activities of the Company.

I take this opportunity to convey our thanks to the Central and State Governments for their support and encouragement.

Finally, on behalf of the Board of Directors and myself, I would like to convey to you our thanks for the support and the confidence you have reposed in us in the development of the Company.

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

THE EAST INDIA HOTELS LTD.—*Contd.*

APPLICATION FOR SHARES AND ALLOTMENT :

Applications for shares must be for a minimum of 50 shares or multiples thereof in the case of Equity Shares and 5 shares or multiples thereof in the case of Non-Redeemable Preference shares. Applications must be made on the respective application forms accompanying the Prospectus.

Applications must be made by persons resident in India only. Copies of the Prospectus and Forms of Application for the Equity and/or Non-Redeemable Preference Shares may be obtained from the Underwriters, Brokers and also from any of the Bankers to the issue mentioned in the Prospectus.

Application Forms duly completed must be delivered together with the amounts payable on application to any one of the following bankers to the issue:-

CENTRAL BANK OF INDIA,
Mahatma Gandhi Road, Bombay 1.
OR any of their Main Offices at
Ahmedabad, Allahabad, Amritsar, Bangalore, Baroda, Bhopal, Calcutta, Chandigarh, Cochin, Delhi, Hyderabad, Indore, Jabalpur, Jaipur, Jamshedpur, Jullundur, Kanpur, Lucknow, Ludhiana, Madras, Madurai, Nagpur, Navsari, New Delhi, Panjim, Patiala, Patna, Poona, Rajkot, Sholapur, Srinagar, Surat, Ujjain.

UNITED COMMERCIAL BANK,
10, Brabourne Road, Calcutta 1
OR any of their Main Offices at
Ahmedabad, Allahabad, Amritsar, Bangalore, Baroda, Bhopal, Bombay, Chandigarh, Cochin, Delhi, Hyderabad, Indore, Jabalpur, Jaipur, Jamshedpur, Jullundur, Kanpur, Lucknow, Ludhiana, Madras, Madurai, Nagpur, Navsari, New Delhi, Panjim, Patiala, Patna, Poona, Rajkot, Sholapur, Srinagar, Ujjain.

UNITED BANK OF INDIA,
4, N. C. Datta Sarani, Calcutta 1
OR any of their Main Offices at
Bombay, Delhi Madras, Poona.

BANK OF BARODA,
Apollo Street, Bombay 1
OR any of their Main Offices at
Baroda, Calcutta, Delhi, Madras.

ANDHRA BANK LTD.,
Sultanbazar, Hyderabad.
OR any of their Main Offices at
Bombay, Calcutta, Delhi, Madras, Secunderabad.

FIRST NATIONAL CITY BANK,
293, D. N. Road, Bombay 1
OR any of their Main Offices at
Calcutta, Delhi, Madras.

DAZZAL

COMPANY AND PUBLIC NOTICES

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

NOTICE is hereby given that the Board of Directors of the Company at a meeting held in Calcutta on 6th January 1971 have declared payment of an Interim Dividend on the Company's Ordinary Stock at the rate of 5% (gross) for the year ending 31st March 1971 to be paid on 9th March 1971 and Final Dividend on the Company's Preference Stock for the year ending 31st March 1971 at the rate of 3% (gross) to be paid on 31st March 1971 after deduction of appropriate Indian Income Tax to those Stockholders whose names are registered in the Company's Stock Registers on 28th January 1971 for Ordinary Stock and 22nd February 1971 for Preference Stock.

Applications for transfers received in this Office before 12 o'clock noon on Thursday 28th January 1971 for Ordinary Stock and on Monday 22nd February 1971 for Preference Stock will, if otherwise found in order, be registered on above dates for the purpose of participation in the above Dividends.

D. P. M. KANGA
Managing Director

Victoria House
Calcutta, the 6th January, 1971.

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 1-1-71	25-12-70	2-1-70
Liabilities—			
Notes in Banking Dept. ..	29,67,45	13,46,82	32,86,72
Notes in Circulation ..	40,09,29,16	40,05,48,22	36,32,36,14
Total Notes Issued ..	40,38,96,61	40,18,95,04	36,65,22,86
Asset—			
A. Gold Coin and Bullion ..	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	3,11,42,00	3,11,42,00	2,51,42,00
Total of A ..	4,93,95,11	4,93,95,11	4,33,95,11
B. Rupee Coin ...	57,91,29	57,67,11	69,01,90
Rupee Securities ..	34,87,10,21	34,67,32,82	31,62,25,85
Total	40,38,96,61	40,18,95,04	36,65,22,86
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ..	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ..	2,63,72,76	2,78,51,74	54,34,23
2. State Govts. ..	10,17,02	6,98,90	9,98,59
(b) Banks—			
(i) Scheduled Banks ..	2,00,98,15	1,88,88,12	1,69,15,96
(ii) State Co-operative Banks	7,91,06	7,89,49	7,02,92
(iii) Non Scheduled State Co-operative Banks ..	79,76	71,16	57,14
(iv) Other Banks ..	27,05	40,18	22,82
(c) Others	95,54,96	86,16,65	2,21,24,83
Bills Payable	63,81,01	54,67,26	51,13,19
Other Liabilities	99,34,08	81,58,24	83,17,47
Total	12,01,55,85	11,64,81,74	10,16,87,15
Assets—			
Notes			
Rupee Coin	26,67,45	13,46,82	32,86,72
Small Coin	2,76	3,95	4,37
Bills Purchased and ...	4,30	4,41	6,12
Discounted:—	20,36		
(a) Internal	...		
(b) External	19,28,35	38,19,19	77,04,06
(c) Govt. Treasury Bills ...	93,89,85	1,05,75,43	1,75,88,08
Balances held abroad ..	99,69,14	92,59,90	92,96,01
Investments			
Loans and Advances to:—			
(i) Central Government ..	...	...	...
(ii) State Governments ..	1,67,39,74	1,81,95,09	1,37,84,92
Loans and Advances to:—			
(i) Scheduled Banks ..	3,50,96,95	3,02,19,40	92,72,00
(ii) State Co-operative Banks	2,98,91,46	2,91,31,12	2,95,13,32
(iii) Others	2,50,65	2,15,90	404,96
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,20,79	34,23,59	31,35,18
(ii) State Co-operative Banks	22,28,99	21,48,04	16,22,92
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,57,02	9,57,02	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	5,29,94	5,30,30	6,50,33
National Industrial Credit (Long Term Operational) Fund	27,93,71	27,68,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	39,64,09	38,82,87	38,16,84
Total	12,01,55,85	11,64,81,74	10,16,87,15

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 1-1-71	25-12-70	2-1-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,64,85,00	1,53,61,00	1,39,45,00
(2) From others ...	25,51,46,00	25,14,26,00	21,71,49,00
(b) Borrowings from Banks	33,39,00	29,35,00	34,92,00
(c) Others	1,51,34,00	1,52,10,00	1,32,61,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,15,61,00	1,08,89,00	1,06,09,00
(2) From others ...	32,91,22,00	32,76,62	28,18,45,00
(b) Borrowings from Banks	7,56,00	7,25,00	7,62,00
(c) Others	41,21,00	38,58,00	30,51,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	26,43,00	18,91,00	27,87,00
(b) Time Liabilities ...	66,73,00	67,05,00	63,31,00
(iv) Borrowings from Reserve Bank	6,74,00,00	6,16,21,00	3,27,99,00
(v) Cash	1,76,47,00	1,66,09,00	1,43,81,00
(vi) Balances with Reserve Bank	2,09,78,00	1,91,89,00	1,70,46,00
(vii) Balances with other banks in current account ...	80,42,00	74,27,00	59,19,00
(viii) Money at call and short notice	47,56,00	44,01,00	56,37,00
(ix) Investments in Central and State Govt. Securities ...	14,08,24,00	13,99,32,00	12,68,05,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,55,35,00	37,09,60,00	31,53,75,00
(b) Due from banks ...	4,88,78,00	4,80,27,00	4,53,55,00
(xi) Inland Bills purchased and discounted	6,54,50,00	6,33,04,00	4,11,34,00
(xii) Foreign bills purchased and discounted ..	2,04,31,00	1,98,54,00	1,85,06,00
(xiii) Total of X, XI and XII ...	51,02,97,00	50,21,45,00	42,03,70,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960 100)

	1970	1969	1968
January	186.8	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	179.4	169.5	150.8
May	174.2	165.6	153.8
June		169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1

FILING FALSE TAX RETURNS!

DO YOU KNOW THE CONSEQUENCES?

BEWARE ! Filing of false tax returns is severely punishable under the Income-Tax, Wealth Tax and Gift Tax Acts. It may cost you more than what you have concealed.

Under the Income-Tax Act, a minimum penalty equal to the amount of the concealed income and a maximum penalty equal to twice that amount, is prescribed. Besides, there can also be prosecution and conviction—rigorous imprisonment for not less than six months which can be extended to two years.

Similarly, evasion of wealth tax is also severely punishable under the Wealth Tax Act. A minimum penalty of an amount equal to the value of the asset so concealed or to the extent of understatement in the value of an asset or overstatement in the value of any debt, is prescribed. This penalty can be as high as twice this amount. In addition, there can be prosecution and conviction with rigorous imprisonment for not less than six months extendable to two years.

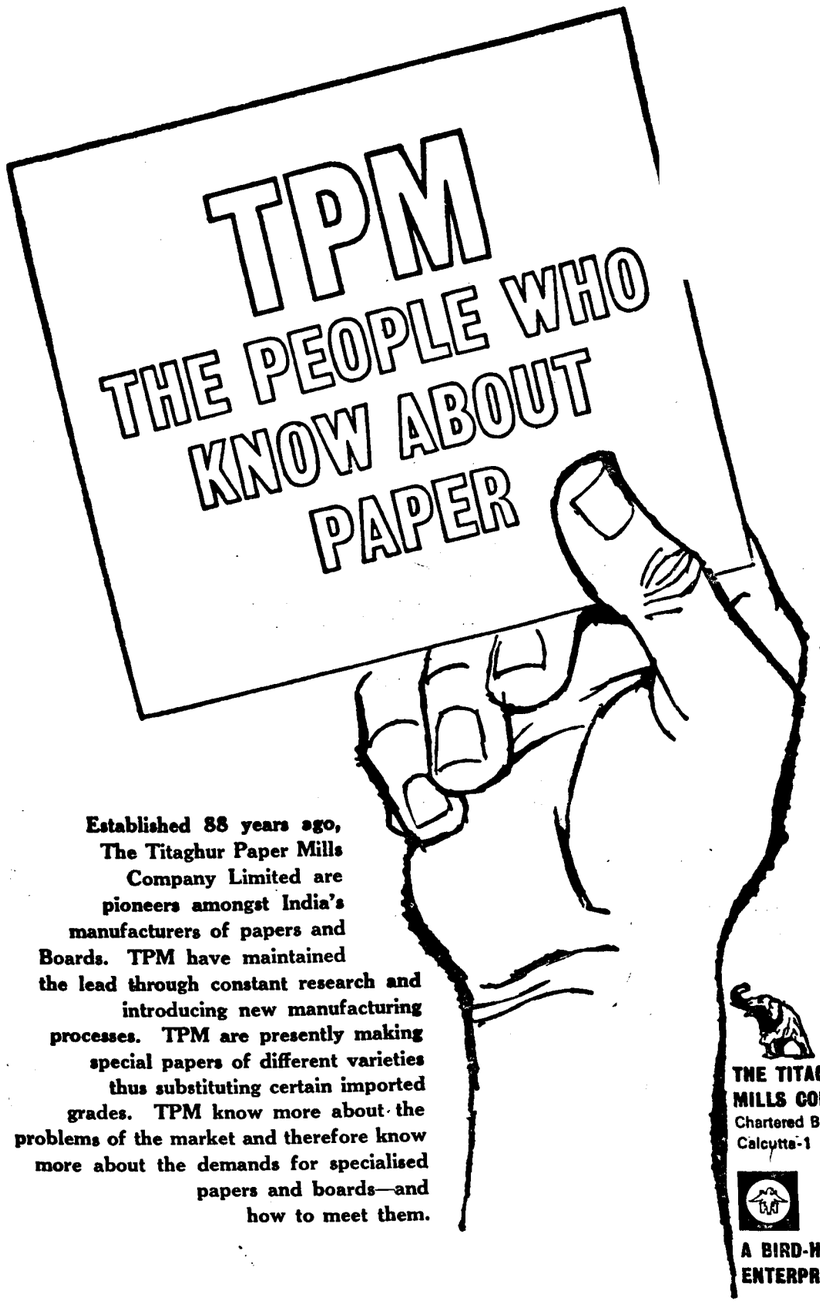
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(Department of Revenue & Insurance)
MINISTRY OF FINANCE, GOVERNMENT OF INDIA

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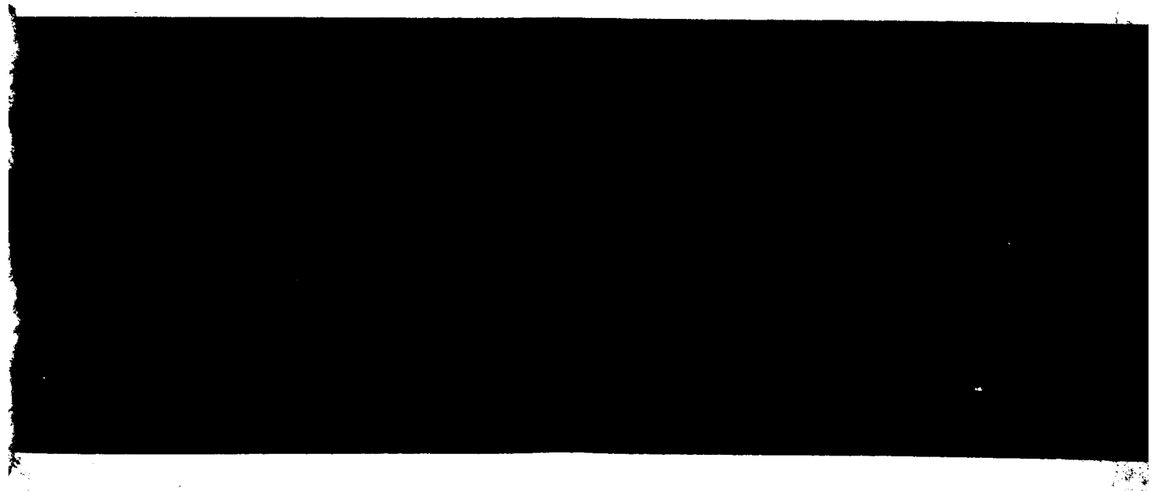
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strong pressure, as indeed it is with West Germany. Leaving aside Italy, who would normally not care to embarrass the United States on any account, France remains the major country most likely to lead the opposition to the 1971 bout of dollar imperialism. She is also in an excellent position to do so, the franc being among the healthiest currencies in the world at the moment.

But it is in the longer term that French influence could be crucial, because Paris is already threatening to veto the next issue of S.D.R.s. It was tacitly agreed when the S.D.R. scheme was approved 18 months ago that it would not be used to finance the United States' and Britain's chronic payments deficits. Since then, the British position has changed dramatically, if not necessarily for long; but in announcing that nothing constructive is to be done before 1973 or later to eliminate the U.S. payments deficit, the Washington authorities are in effect breaking their promise. This can scarcely fail to mean that the next distribution of S.D.R.s, to be decided probably some time this year, will be considerably smaller than originally hoped. It may also have the effect of accelerating progress towards a common European currency, a project which is unlikely either to broaden the general attitude of the Common Market to world trade liberalisation or facilitate the entry of new members. Once again, the present strength of the French franc could help promote such developments.

The other factor in world liquidity which the U.S. policy during 1971 is likely to affect is, of course, gold. After the spurt in prices late last year, the free market in gold has sunk back and is now reassuringly quiet. But this could hardly be expected to survive for long a major increase in the outflow of U.S. dollars. Moreover, the quantity of gold entering world monetary reserves, which was considerable during 1970, would tend to fall in proportion to the increase in demand for hoarding. One influence in keeping free gold prices low during 1970 was, of course, the high level of world interest rates, which made hoarding an expensive business. If, now, these rates are going to be forced down at a time when the dollar is coming under increasing suspicion due to the growth of U.S. inflation and payments deficit, then this is bound to be yet another factor encouraging a buoyant gold market. It must be admitted that the Nixon administration does not appear to see things turning out this way, not during the current year at any rate. But it is difficult to predict a more optimistic outcome.

One somewhat unexpected result of the growing international weakness of the dollar has been the revival of sterling as an international currency. This has not only alarmed the monetary authorities in Britain —although the Government in London appears to accept it as a triumph of its own economic policies —but is causing much resentment among those countries contributing to the Basle agreement which underpins the sterling balances. This is doubly unfortunate at a time when the British Government is beginning talks about renewing the agreement. At the moment, France is not a contributing member. But without her active co-operation it is unlikely the others will want to renew on anything but highly restrictive terms. Among the most likely of these is that the balances be once again run down to what they were when the agreement was first signed, and that thereafter they be reduced by a fixed amount each year. This would certainly help the British economy, which is no longer strong enough to support a reserve currency. But it must also restrict the supply of world liquidity further, and so put greater responsibilities on the dollar and gold. Among the suggestions being canvassed in London to reduce the strain on sterling is that the balances should in future be denominated in dollars. The net monetary effect of this would be nil, although the psychological impact of seeing the world's holdings of dollars suddenly rise by such an amount would hardly be beneficial to international confidence. A better way might be to fund the balances through the I.M.F. or express them in terms of S.D.R.s. This latter expedient would, however, be ruled out altogether without the co-operation of those European countries which are at present most concerned with bringing Washington to heel.

The conclusion from this analysis must be that 1971 might bring in its wake considerable danger to the world's monetary system. It could scarcely have come at a worse time, because countries other than the United States are having their own troubles with inflation. The decision of the Nixon administration to let things rip must, therefore, make it all the harder for such countries to bring their internal situations under control, even when they have the political will to do so. Thus 1971 could prove a very inflationary year indeed for the world economy, a fact which must inevitably have political as well as economic consequences. As far as the developing countries are concerned, the only consolation in all this is that the demand for their primary exports should recover its buoyancy, and the rise in the prices of their manufactured imports will encourage domestic production. But that is little enough to set against the boost to internal inflation and the dangers of another world currency crisis before the end of the year.

Converting Loans into Equity

THE report of the Dutt Committee led to a lively controversy concerning the feasibility of converting loans into equity. When the proposal was first mooted, many serious entrepreneurs regarded it as a Damocles' sword hanging on the head of the private sector. The measure was said to have many ominous possibilities for the growth and expansion of private enterprise in India. It was also regarded as a step which could foster the back-door nationalisation of many important private companies in the country. The anti-monopoly slant in the Government's industrial licensing policy, the conversion of loans into equity and the proposal to start some consumer goods industries in the public sector were only different facets of the Government's policy to expand the rôle of the public sector at the cost of the private.

The deliberations at the seminar on the rôle of financial institutions in accelerating industrial development in the seventies, which was organised by the All-India Manufacturers' Organisation in Bombay a few days ago, served to revive the old controversy on whether or not financial institutions should convert the loans granted by

them to private companies into equity. It is arguable that these institutions, which help promote the growth and expansion of companies by granting them necessary loans, have every right to participate in their financial prosperity. But what appears to be sound in logic may be difficult to follow in practice. Will not financial participation pave the way for managerial participation too? In that event, the representatives of the financial institutions in the boards of companies may willy-nilly interfere in the decision-making process of the borrowing companies, with the result that interference in the day-to-day management of such companies would be the rule rather than exception. It is a pity that the spokesmen of the private sector who participated in the seminar did not cite any convincing reasons which could persuade the Government not to go ahead with the proposal. A former president of the A.I.M.O., Mr. B. D. Somani, did well to suggest that if the move for conversion was to be influenced by socio-political objectives, the utility of financial institutions would be reduced. He made the concrete suggestion that the conversion of loans into equity should not be stipulated in cases where the total assets of a company did not exceed Rs. 2.5 crores or where the loan assistance did not exceed Rs. 1 crore. There is apparently a crucial need to fix some guidelines for the future, which would help take decisions on the conversion of loans into equity. Without delving into any unseemly controversy, the chairman of the Industrial Credit and Investment Corporation of India, Mr. C. L. Mehta, stated that if the financial institutions in India took a long-term view of the problems and private companies recognised their obligations, the former could really become partners in progress, an objective which should be promoted at all costs considering the sluggish state of the Indian economy at this juncture. Mr. Mehta said that the diffusion of entrepreneurs was not only desirable but also necessary in the context of the country's evolution. But the question is whether this diffusion should be introduced by raising a battle cry against the monopoly and concentration of economic power.

The official spokesmen, who spoke on the conversion of loans into equity, stressed the numerous benefits which private companies would enjoy through the scheme. This was only to be expected, since the official circles have given a lot of importance to the proposal ever since it was mooted, though such financial institutions as the I.F.C. pointed to its drawbacks as well in the initial stages. The Governor of the Reserve Bank, Mr. S. Jagannathan, was firmly of the opinion that "the philosophy and rationale of the practice of convertibility of a reasonable volume of loan into equity by financial institutions is simple and sound and should, I suppose, be appreciated by hard-headed persons in the business community; it is to participate in the prosperity of successful industrial ventures; the financial institutions would like to be partners in the prosperity of industrial and business ventures rather than only in their adversity". In all these words, what Mr. Jagannathan was trying to aim at was to build up solid support for the scheme for converting loans into equity in principle. In order to make his case stronger, he pointed out that the provision of finance, partly in the shape of loans and debentures convertible into equity, was a known method of providing finance adopted in most of the developed countries. He pointed to the practice of the International Finance Corporation—an affiliate of the World Bank—giving long-term loans and also enjoying the right to participate in capital gains and receive some of the profits. The participation rights consisted of its right to convert all or part of the loans into shares. There has been a shift in policy recently, and the I.F.C. prefers to insist on an equity allocation initially. Mr. Jagannathan referred to the practice in India in the prewar days of issuing preference shares and debenture loans with convertible rights. But what was expedient or proper in the prewar days may not be so in the changing conditions of today. The institutional financing agencies have now understandably assumed major importance in this country. If they insist on loan conversion terms in their favour, will not private entrepreneurs think twice before they approach the financial institutions for loans?

That this is not a far-fetched possibility has been made amply clear by Mr. T. A. Pai, chairman of the Life Insurance Corporation, who pointed out that the L.I.C. would like to have proportional representation on the boards. Having invested a substantial proportion of its funds in the country's infra-structure facilities and one-third of its resources in Government securities, the Corporation, according to Mr. Pai, has a right to expect the best return possible on the balance of its resources. He said in this context that it was no longer possible to invest L.I.C. funds in the capital market, as was done in the past. An indication of the Government's thinking on the conversion of loans into equity was also given by Mr. V. V. Chari, Deputy Governor of the Reserve Bank, who said in no uncertain terms that the exercise of option in the matter would depend on the judgment of the lending institution as to what ratio between debt and equity would be reasonable in the circumstances of a particular industry and a particular concern. The deputy chairman of the Industrial Credit and Investment Corporation of India, Mr. H. T. Parekh, pointed out that lending institutions had entered into a long-term partnership with entrepreneurs during recent years. Although he ruled out the possibility of interference in the day-to-day affairs of borrowing companies, what is the guarantee that differences of opinion will not develop concerning the financial and management policies? Mr. Parekh stood on a super ground, however, when he said that the entrepreneurs had a tendency to keep back vital information from financial institutions. If they took these institutions into confidence, it would be possible for all concerned to solve the problems jointly and strike a partnership of a long-lasting character. But should not the financial institutions themselves try to find out the lacunae in the loan applications of the borrowing concerns?

As it is, the proposal for the conversion of loans into equity is fraught with many ominous possibilities. First, it will pave the way for direct Government interference in the day-to-day affairs of a borrowing company. Secondly, it may have the effect of distorting its capital structure. Thirdly, the Government may resort to this measure with a view to expanding the share of the public sector, and thereby make way for back-door nationalisation of important companies. Fourthly, by converting loans into equity, the financial institutions may find that much of their capital is being locked up in equity capital of borrowing companies so that they do not have the resources to meet the financial needs of new projects. The proposal, on the face of it, contains many dangerous implications for the growth and expansion of the private sector. Therefore, the sooner it is shelved, the better it will be for all concerned.

The Price Puzzle

THE recent debates in Parliament and outside on the disturbing price situation has exposed the hollowness of the Government's claim that all is well with the economy. Those who used to blame foodgrain prices for the rise in the past are now stupified by the sharp increase in the general price level. The indices of wholesale prices of food articles, industrial raw materials, intermediate products and industrial consumer goods available up to the end of October indicate that the rise in prices has been steady since November 1969. At that time, the index number of wholesale prices stood at a level which was 1.4 per cent higher than that a year ago. Between the middle of November 1969 and the middle of January last year, the general price index rose by 3.3 per cent, mainly on account of the increase in the prices of food items and industrial raw materials, particularly raw cotton and oilseeds.

At this stage, the Reserve Bank of India tightened its credit control over these commodities. As a result, prices ruled somewhat steady during the next six weeks; it is officially claimed that the general price index actually declined by 0.2 per cent between 17th January and 28th February last year. But this was short-lived. The index rose again by 1.2 per cent during March. Of this rise, nearly a third is attributed to the impact of the Budget proposals. The index remained more or less steady during April, but again moved up by 2.5 per cent in May, mainly due to seasonal factors. It exhibited marked stability during June and July, the index number for the week ending 1st August at 180 being slightly lower than its level in May. But the upward trend was resumed in the first week of August and during the next six weeks, it rose steadily due to a rise in the prices of milk, *gur* and *khandsari*, fish, eggs and meat, raw jute and mesta and oilseeds.

According to official sources, the seasonal downward trend started from about the middle of September, but it is admitted that the price decline has been "feeble" last year. The general index as on 31st October had recorded a fall of only 0.8 per cent over its level for the week ended 12th September. In the corresponding period a year ago, the general index had fallen by 2.8 per cent. These sources were of the view that the seasonal decline had been delayed and the fall could get accentuated in November and December as it had happened in 1968 and 1967.

As for price variations over the year, the wholesale index shows a rise of 8.2 per cent. Food articles have advanced by 8.8 per cent, industrial raw materials by 13.8 per cent, intermediate products by 12.8 per cent and finished products by 6.1 per cent. Among food articles, the largest price increases have been registered by milk and milk products, edible oils, fruits and vegetables, fish, eggs and meat, and some of the other items such as *gur* and coffee. Prices of cereals, on the other hand, have shown a decline; the price index has come down by 1.3 per cent. Within this group, while the prices of rice showed an increase of 3.1 per cent, wheat and coarse grains declined in prices. In the case of bajra, the decline was as much as 21 per cent. The price index for pulses was, however, higher by 5.1 per cent.

On the basis of this analysis, the Central Finance Ministry has come to the conclusion that the rise in the prices of food articles is due to items which have either been subjected to seasonal pressures or to such items as coffee and potatoes whose production has been lower last year; *gur* prices are stated to have risen mainly because of the low level of prices prevailing at the time of the crushing season last year. In the case of industrial raw materials, the price rise has principally been accentuated by increases in the prices of raw cotton (plus 16.6 per cent), raw jute (plus 32.6 per cent) and oilseeds (plus 18.2 per cent). This has been mainly on account of the inadequate output of these commodities for the past two years. Increases in the prices of these basic raw materials have also been partly responsible for the rise in the prices of such manufactured items as jute goods, cotton yarn, cotton textiles, edible oils and oilcakes. The price indices for intermediate products rose by 12 per cent and that for finished products by 6.1 per cent. Cotton yarn, cotton textiles and jute manufactures rose by 14.4 per cent, 7.2 per cent and 13.9 per cent, respectively, during the year.

In addition to these natural factors, Government decisions on increases in prices of pig iron and primary steel have also contributed to the rise in the prices of such consumer articles as lamps and lanterns, bicycles and sewing machines. Above all, the faster growth in money supply during the year has also exerted pressure on prices in general. Thus, it is evident that a fall in production, particularly of basic agricultural raw materials, shortages of industrial intermediates and shortfall in the production of finished products and enlarged bank credit after nationalisation, all have had a cumulative effect on the price level. They have nullified the salutary impact of the higher food production. It must, therefore, be realised by the policy-makers that it is not growth in certain isolated sectors that will ensure price stability but sustained growth in all the vital sectors of the economy. To secure this, it is essential that the present policy of creating more and more disincentives to investment and higher production in industry must immediately be abandoned.

Poll Prospects in West Bengal

THE election to the West Bengal Assembly is being organised in a law and order situation which by no account can be regarded as normal; yet the consensus in the West Bengal administration was for a simultaneous poll to the Lok Sabha and the State Assembly. Killing has become almost an everyday affair and violence is being resorted to on any pretext. But it will not serve any purpose to wail over a cult which has not developed overnight but is a consequence of the permissiveness in the State's political life. A study of the attitudes of important officials in the State Government shows that a section was opposed to the holding of the mid-term poll either to the Lok Sabha or the State Assembly but it was reluctant to admit it openly for fear of inviting the *odium* of certain political parties. There were others who did welcome the simultaneous poll decision as the formation of a popular Government in the State—even if for a short period—would end the present period of fix.

Decisions on controversial issues have been deferred, it is admitted, for so long as officials do not want to displease any political party. They will have no such inhibitions if their responsibility is limited to implementing the policies of an elected Ministry. Those who are responsible for the maintenance of law and order anticipate disturbances during electioneering and polling. Besides inter-party clashes, there could be attempts by extremists at disrupting the elections. Fears have been expressed at the recent conference of the District Magistrates that the elections could be rigged because of the C.P.I.(M)'s pervading influence over the polling personnel. If a large section of the electorate prefers to stay away from the elections that would work in favour of the Marxists, for their voters are committed.

After haggling for about three months, the Congress(R) and the Bangla Congress have finally decided to contest jointly the Lok Sabha and Assembly elections. The inspiration was provided by a common desire to contain the Marxists. Both the Congress(R) and the Bangla Congress have announced their intention to give nomination for 122 Assembly seats each. But the presidents of four district committees of the Pradesh Congress(R), namely, north and south 24-Parganas, Nadia, Howrah and Hooghly, have expressed their displeasure over the manner of adjustment of seats and fear that the chances of the Party winning the Lok Sabha seats are remote in cases where there are no Assembly seats earmarked for it. Mr. Ajoy Mukherji has made it clear that there is no scope for negotiations with the Eight-Party Combination or with any party as its constituent, but there can be discussions with individual parties as separate entities. Some seats have been specifically reserved by the Bangla Congress and the Congress(R) for smaller allies and a few more may be arranged from the 244 seats. The constituents of the E.P.C., which are interested in seeking adjustments with the Bangla Congress and the Congress(R) combine, must be realising that their bargaining position has now considerably weakened. In any case, there will be many undeclared understandings at the constituent level to avoid political embarrassment, even though the parties may suffer organisationally in the long run.

The resolution of the National Council of the Communist Party of India that the State unit should try to rope the Bangla Congress in the E.P.C. and then seek electoral adjustment with the progressive section of the Congress(R) invited sharp criticism from the Forward Bloc, the Socialist Unity Centre and the P.S.P. (dissidents). But it should be remembered that there are vocal sections in both the Bangla Congress and the Congress(R) who are opposed to any understanding with the C.P.I. The communists are finding the going difficult in other States also as their desire to improve on their position in the last Lok Sabha is conflicting with the Congress(R) plan to have an absolute majority. The C.P.I.(M)-led United Left Front has been assured of co-operation by Mr. Syed Badrudduja of the Federation of Muslims and Other Minorities and the Revolutionary Socialist Party. The R.S.P. would be with the Federation for the purpose of the coming elections and it would, if necessary after the poll, support a C.P.I.(M)-led move for the formation of a Government. The C.P.I.(M) has formed the U.L.F. with some small parties, splinter groups and individuals tied to its apron-strings. The Marxists do not mind their resources being used by the U.L.F. constituents for getting their members elected, for the C.P.I.(M) will have a free hand if it is able to return to office. While it is too early to make any forecast about the mid-term poll to the Assembly, much will depend upon how the E.P.C., and the Bangla Congress and the Congress(R) combine field their candidates.

CURRENT COMMENT

CENTRAL BANKING

Course Introduced

In his inaugural address at the first Central Banking Course organised by the Bankers Training College held recently in Bombay, Mr. G. L. Mehta said that the course is welcome, for it seeks to cover a wide field of economics. It will lead to a better appreciation of the factors which govern economic movements in the country. Since its inception, the Reserve Bank of India had faced diverse problems in monetary affairs. A large number of central banks have emerged, particularly in developing countries, after the first World War. The problems which the central banks have to face continue to change. The eternal phenomenon is inflation. Mr. Mehta pointed to several reasons for such changes. Due to political changes, a central bank cannot operate with the same freedom or flexibility with which it could operate in the years before the second World War. The impact of a central bank's measures on the economy will, therefore, be different. Mr. Mehta referred to the nationalisation of banks and the relations between the central bank and the political authorities in the country. The major impact of bank nationalisation has been to bring banking operations more directly under the control of the central banking authorities. There will also be a close relationship between the political authorities and the central bank. Mr. Mehta feels that the political authorities must be imbued with wisdom, foresight and a concern for public interest. He said that central banking authorities could play an important rôle as an advisory body.

ENGINEERING EXPORTS

Promotional Measures

Mr. Raunaq Singh, chairman for 1971 of the Engineering Export Promotion Council, has presented a picture of hope about India's engineering exports. He is optimistic that the Fourth Plan export target of Rs. 250 crores set for engineering goods is not only within the competence of the industry, but that it is fully equipped and capable of exceeding this target. All that is required is a "total commitment" on the part of both the Government and the industry. There are, of course, problems. After reaching a peak of Rs. 107 crores in 1969-70, engineering exports are not able to keep the momentum. In fact there has been a definite decline in the current year. But the trend can be reversed and the forward thrust restored provided congenial conditions are created. According to Mr. Singh, raw material shortages constitute the core of the problem. Steel is hard to get from the domestic suppliers [illegible] are yet to come [illegible] There should be [illegible] me" for meeting [illegible] The aim should [illegible] surplus rather [illegible] dustry to be [illegible] shortages. The same is the case with aluminium. [illegible]", he said, "that having [illegible] iron ore

and bauxite that we need, we do not have either enough steel or aluminium to go around." Raw materials to the export-oriented industries should be made available on a top-priority basis. If raw materials are not available indigenously, the Government should facilitate the import of these materials.

Mr. Singh is of the opinion that it is necessary to go about export promotion in an orderly manner. For example, an export of Rs. 250 crores can be sustained only on an indigenous production of Rs. 3,000 crores. A survey has, therefore, to be made to identify the areas where sufficient capacities do not exist and take quick remedial measures to bridge the gap. Mr. Singh has a blueprint for the Engineering Export Promotion Council. He wants to have surveys of indigenous capacity as well as of the export markets. What he is aiming at is a "marriage between specific products and specific markets." He is keen on product improvement. In the ultimate analysis, however, "what counts is an aggressive salesmanship".

CHEMICALS

Factors Hampering Exports

At the annual general meeting of the Chemicals and Allied Products Export Promotion Council, Mr. L. M. Jamnadas, chairman, said that exports handled by the Council have increased by 17 per cent, from Rs. 29.08 crores in 1968-69 to Rs. 33.79 crores in 1969-70. The rise was 28 per cent in the previous year. In the first eight months of 1970-71, exports amounted to Rs. 21.50 crores, against Rs. 20.50 crores during the same period of the previous year, an increase of only 5 per cent. The rate of increase has been declining and is causing concern. A good number of items had shown considerable increase in exports in 1969-70. In the first eight months of 1970-71, the export of auto tyres and tubes, paints, varnishes and allied products, processed minerals, plywood and allied items and pulp has recorded a further increase. The Council has carried with great zeal the export promotion mission and has 984 members on its roll. But the exporters' difficulties are increasing day by day. They are constrained at the outset by the inadequate production capacity in many sectors. The supply of indigenous raw materials is another headache. Mr. Jamnadas said that the Government had canalised the import of several items through the State Trading Corporation and the M. M. T. C. The Council has suggested that a standing committee may be set up in the Government so that decisions on import replenishment and cash assistance can be taken promptly.

FOOTWEAR

Export Conference

The Principal Adviser to the Governor of West Bengal, Mr. B. B. Ghosh, inaugurated the Bata Export Conference on 18th January in Calcutta. Mr. Ghosh discussed the responsibilities of the established entrepreneurs towards disseminating business knowledge and expertise. The week-long conference brings together 25 big export customers, 60 sales representatives from the international Bata organisation, the Leather Export Promotion Council, the small-scale footwear industry and 200 Bata-India executives. The objective of the conference is to establish India as a big exporter of quality footwear. In his address, Mr. Thomas J. Bata, head of the Bata organisation, referred to the philosophy of the international enterprise. He said, "I look forward confidently to goodwill and co-operation at all levels of the Government as well as of our own employees to create a favourable atmosphere and a real desire on the part of those major customers to buy substantially during their stay in India and come back for more in the future".

SUPERVISORY TRAINING

I.E.A. Seminar

The Indian Engineering Association attaches considerable importance to manpower planning, training and development of personnel at all levels for the proper and effective utilisation of human resources. It considers training to be an integral part of the industrial activity. With this end in view, the Association has been organising from time to time seminars, courses and conferences at various centres, to keep members of the Association apprised of the changes which have been taking place in the field of management and making useful recommendations for the improvement of training programmes, keeping in view the needs of industry.

The recent two-day seminar on supervisory training, held under the auspices of the I.E.A. in Calcutta, was inaugurated by Mr. A. K. Sen, president of the Bengal Chamber of Commerce and Industry. Delegates from industry, both in the public and private sectors, and experts and senior officials concerned of the Central and State Governments participated in the deliberations. In his welcome address, Mr. Sanjoy Sen, I.E.A. chairman, said that "the key role of a manager is to see the value of a new idea and convert it into a net increase in national output by acting as an organiser." According to Mr. Sen, due attention has not yet been paid to develop the qualities and skill of the supervisory personnel to enable them to function effectively in a new environment. He admitted that there was a distinct gap between the higher and lower levels of management. This should be narrowed down. Explaining the active interest taken by the Association in the training and development activities of managerial staff, Mr. Sen observed that "officers having abilities to organise, possessing the requisite qualities of leadership and knowledge of jobs, are not available like readymade garments."

In his address Mr. A. K. Sen observed that supervision was now basically a human problem concerned with people with their emotions and feelings, beliefs and prejudices. With the changing political conditions, the country has entered the era of industrial democracy. A supervisor's job today mainly consists of creating an atmosphere of mutual trust and goodwill by word and action, decision and example—in fact, it is a job of leadership. There has been a shift in emphasis from authority to leadership and the need for supervisory training has, therefore, assumed a great deal of significance in recent years. Mr. Sen said that an employer could hardly depend on the "chance availability" when a trained supervisory was needed.

MONEY MARKET

Call Rate Hardens

The short-term money market has been extremely tight during the past week. The call rate has hardened from 8½ per cent to 9 per cent and has remained steady at this rate throughout the week, with borrowers over. The demand for remittances has been small. There was a fair supply of tea bills early in the week while the supply of gunny bills has been nominal. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

PRE-ELECTION TENSIONS HAVE ONLY started building up; the condition at the moment is flushed but not quite febrile. On Monday, the Supreme Court granted the Congress (O) special leave to appeal against the Congress (R)'s "symbolic victory"; since the matter is *sub judice* I refrain from making any comment. And I do not think that the first salvoes fired by the Prime Minister, Mrs. Indira Gandhi, in Ahmedabad and Gujarat call for any comment either. But it needs to be noted that her week-end campaign gave the Congress (R) an earlier start, which could be more than ordinarily useful with the total time for electioneering so severely limited. The opposing four-party alliance has not been finding it exactly easy to agree upon a common list of candidates, let alone a common programme; and agreement will not be easier if the B. K. D. joins in. Mr. C. B. Gupta's sudden illness cast a shadow of uncertainty over the U.P. list, which has a vital bearing on the alliance's overall calculations. For the Swatantra Party, Orissa became an additional distraction; the breakdown in the trunk telephone service between Bhubaneswar and New Delhi last Sunday must have been particularly exasperating when consultations were in progress for a possible coalition with Mr. Biju Patnaik's Utkal Congress. No deliberate disruption of the long-distance telephone link has, however, been alleged; but charges persist about the partisan use of official powers and facilities by Mrs. Gandhi and her senior colleagues. Even Mrs. Gandhi herself must have been embarrassed by the inexcusable insolence displayed by her son towards a Press photographer in New Delhi; evidently, an I.A.F. aircraft pressed into her political service can be paraded less apologetically than a large number of newly-painted jeeps. Yet these are all peripheral diversions; the hard core of the contest is yet to be fully exposed in the course of rival campaigns. Only in West Bengal does the pre-election atmosphere seem charged with bitter tension. The week-end toll of violence was ghastly; it was also a starker fact of West Bengal's political life than anything discussed in the few election speeches already delivered. Yet, in a State inured to increasing cruelty in party or factional feuds, the killings caused no particular commotion. The politicians went on negotiating alignments and adjustments; ordinary people in Calcutta were getting used to further mismanagement in milk supply; and an incompetent bureaucracy seemed to have little to do but wait and watch.

I CANNOT PRETEND THAT I WAS passionately interested in the Commonwealth ritual in Singapore; both the professions of common interests and the angry noises over alleged threats to what is vaguely described as the Commonwealth concept now seem a formal exercise with little practical relevance. There has never been any reason to believe that Indian objections would delay, let alone deter, the construction of an Anglo-American naval base on Diego Garcia; even when the subject was being discussed in Singapore, it was announced in London that construction would begin next spring. Nor was there any reason to expect New Delhi to protest against the Russian presence in the Indian Ocean merely because Mr. Heath had warned Mrs. Gandhi about its nature, size and future implications. At a Press conference in New Delhi, Mr. Heath declined to give the details of what he had told Mrs. Gandhi; but it is interesting to note that a British correspondent who recently visited the island of Socotra has reported "with virtual certainty" that there is no Soviet base there. This, of course, does not mean that there is no Russian presence in the Indian Ocean; Mr. Jagjivan Ram admitted in Parliament that the Soviet Union had more warships in the Indian Ocean than any other country. Any protest against this presence would have been as unproductive as the one about Diego Garcia; but it has been argued that by remaining silent about the Russian presence, New Delhi again showed its subservience to Moscow. The Government of India may well have been influenced by its dependence on Moscow, especially for arms; but India has protested only against the Diego Garcia naval base, not against the existing British and American naval presence in the Indian Ocean. This point was made in the *Guardian* last week by its correspondent in India, who also gave an admirably clear summary of the other principal arguments in a com-

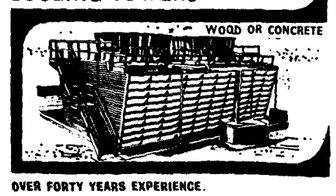


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plex debate. Not the least interesting is the contention, of countries like Malaysia and Singapore, that both the western and Russian warships in the Indian Ocean would provide a useful counterpoise to the Chinese and perhaps Japanese navies. So the cries of "Hands off the Indian Ocean" will not only be totally ineffectual but possibly also against India's long-term defence interests. I do not necessarily agree with this view, but cite it merely to show that the Indian Ocean realities are not as simple as they are made out to be in routine opposition to the Diego Garcia base or to the less specific Russian presence.

IT SEEMED CLEAR TO ME THAT THOSE youthful demonstrators who livened Mr. Edward Heath's recent stay in New Delhi were really more interested in parading their emotional convictions than in influencing his decision whether or not to sell arms to South Africa. I dare say that is how it also appeared to him, and I would be surprised if he left India with the impression that the true issues involved are any better understood among the demonstrators here than they are in London. A correspondent writing from Britain comments that demonstrations against this, that and the other are now so common there that they have long since ceased to carry any real weight, in fact are becoming counter-productive. He says politicians are beginning to welcome them so that, however fatuous and wrongheaded their decisions, they will at least gain virtue in the public's eyes by having been made and upheld in the teeth of vociferous opposition. It is an altogether odd reversal of what might reasonably be expected. That is not to suggest Mr. Heath is in the habit of making his mind up on matters as important as selling arms to South Africa for reasons as reactionary as this, and it is not what my correspondent implies.

THE PLAYS OF T. S. ELIOT HAVE AN abiding fascination for me. I, therefore, promptly accepted the invitation from the Dramatic Club of Calcutta and the Vicar of St. Paul's Cathedral to see the presentation of *Murder in the Cathedral*. How glad have I been to pass a very enjoyable evening with the *dramatis personae* showing very high standards of acting! The choice of St. Paul's Cathedral as the venue was most appropriate, for the admirers of Eliot are well aware that he originally wrote the play for the Canterbury Festival of 1935, and it has since been performed in many churches and cathedrals all over the world. In *Murder in the Cathedral*, Eliot deals with the anxiety, anguish and despair of Archbishop Thomas Becket following his quarrel with King Henry II. The medieval conflict between the Church and the King has been brought out effectively with a lot of historical touches. The play deals with two important events in the last few weeks of Becket's life—his return to Canterbury from exile which constitutes the first part of the play, and the theme of the second part related to his martyrdom. Eliot introduces the tempters who try to exploit Becket's weaknesses. The Archbishop easily overcomes these overtures, but with the appearance of the fourth tempter, he wavers a little because he is subtly persuaded to "seek the way of martyrdom"—his ardent desire. Eliot has brought out the psychological conflict of the Archbishop with a great dramatic effect. After the murder, he gives a new twist to the plot when the Knights try to justify their act before the audience. The success of the play lies in the fact that the audience receives its full emotional impact. Caro Basil as Archbishop Thomas Becket has been superb; his acting has left little to be desired. Among the tempters, John Clapham and Vijay Crishna have given good performances. Lighting has been effective as has been the décor. Produced and directed by Caro Basil, the proceeds of the show will go towards the support of Nazareth House, which provides shelter to 60 fatherless girls in Behala, and St. Paul's Cathedral, both of which deserve generous contributions from the public for the cause they are fighting for.

I WAS STRUCK BY THE DETERMINED high spirits at an Advertising Club party in Calcutta last Friday. Group behaviour at assemblies of this kind is, of course, no index to individual states of mind, and P. R. men are particularly trained to keep up an assured and assuring front. Yet I have no reason to believe that the gaiety was contrived; even in circumstances which do not make a mirthful appearance obligatory, I find my friends in the advertising world burdened with no more cares than are occupationally normal. This is in reassuring contrast with the reported situation in both the U.S.A. and Britain. Madison Avenue has been very hard hit by a recession in the U.S. economy; senior executives have been retrenched or have had their salaries cut, and there are stories of some of them looking for work as house-painters. An article in *The Times* shows that things in Britain are no more cheerful, which cannot be entirely explained by the long-term shadow over nearly £1 million of gross income represented by tobacco advertising—a shadow deepened by the formidable case against cigarette smoking presented in a new report by the Royal College of Physicians. Other factors have also combined to make the general advertising outlook rather bleak at the beginning of the year. *The Times* article quotes a senior account director at one of Britain's largest advertising agencies as having remarked before Christmas: "I'm just praying that they don't decide I'm dispensable in the next few weeks. . . Men who used to turn up late and leave early from about 15th December on, to get to all the celebrations, are transformed this winter. You see them at their desks at 9-00". The chairman of another big agency said: "Its worse for the industry than I have seen it since the 1930s." Not all others in the industry, however, are so pessimistic, and some believe that there will be a revival in the second half of this year. This hope is largely based on the prospect of a recovery in the U.S.A., which cannot but affect trends in Britain. Madison Avenue's hard core has stuck stoutly to the belief that an essentially media-oriented society like America cannot afford to have its P.R. people unemployed or under-employed for long; and there is already said to be a feeling that the downturn is over. In Britain too, the agencies are reportedly hoping that their clients will be given general incentives to spend more by the Chancellor's next Budget. I wonder if a similar hope is sustainable in this country on the eve of a parliamentary poll.

THE HARRIS-INTERTYPE CORPORATION of the U.K. is reported to have developed an electronic editor. The Indian Federation of Working Journalists, beware! By opposing the introduction of the electronic editor in India, you will be only vindicating your rights. So working and sleeping journalists, unite.

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MANAGEMENT

Need to Apply Modern Management Practices to Indian Industry

By V. S. Bhatia

Mr. Bhatia, who contributed the first article in the management feature of "Capital" when it was started last year, takes a hard look at what it has achieved and what it has not. He thinks that there should be more emphasis on the application of modern managerial techniques to Indian industry where these have much relevance and potential.

THE management feature of *Capital* was launched exactly a year ago. During the year, diverse areas of management have been discussed, such as marketing, administration, economic and industrial growth, small and large-scale industry's problems, manpower training and development, and banking services. The viewpoints expressed must have evoked fresh thinking, and the sponsors of the column have reasons to be gratified. The column has offered opportunities for the propagation of new ideas. A qualitative assessment of the column concerning its future potential may be attempted on its first anniversary as, after all, looking ahead is an important task of management.

Quite a large proportion of the contributions during 1970 embraced discussions of techniques followed elsewhere to solve problems encountered in other countries. There should be more emphasis on the application of these techniques to Indian industry where these have relevance and potential. The propagation of management as a science is of comparative recent growth in India where, more often than not, management is still being practised as an art. The science itself has not struck deep roots, although all art has some science in it! One reason for the lack of faster progress on the spread of the concepts might be that these were directly applicable to sophisticated industrial societies and cannot easily be grafted on to the Indian technological and commercial situation which itself presents a constantly moving panorama. The study and practice of management was promoted in India through large business houses, particularly those affiliated internationally where there were established channels of communication for experimenting and adapting ideas found to be profitable elsewhere.

Limited Application

However, this sort of approach has only limited application and potential for growth; the total gross national product in India of over 40,000 crores includes a very small proportion of the turnover and output in terms of the above group. If the country is to aim at a sizable improvement of the overall economic situation, means will have to be found to spread the message of modern management practices in all layers of the Indian economy, whether it is in manufacture and sale of goods for agriculture and industry, maintenance of productivity in public and private-sector undertakings, improvement of administrative procedures or industrial relations at the Centre and State levels. Unless the science can percolate through practical applications in most of these areas, the impact will remain thin and superficial.

Management science and its modern terminology has somehow got identified in India with the urban industrial culture only. This misunderstanding must be removed. This could be done through an appropriate educative endeavour so that the basic principles get into the consciousness of industry, trade and administration. One way might be through wider understanding *via* the educational machinery. There is nothing like catching people young. Management science could become an integral part of the curriculum in the higher secondary class, *i.e.*, a stage when talented and impressionable boys and girls start thinking actively about future careers. Simple books could be prepared, and it is worth exploring whether a combined study of practical economics and management cannot be organised. Management societies and professional associations could help in working out details.

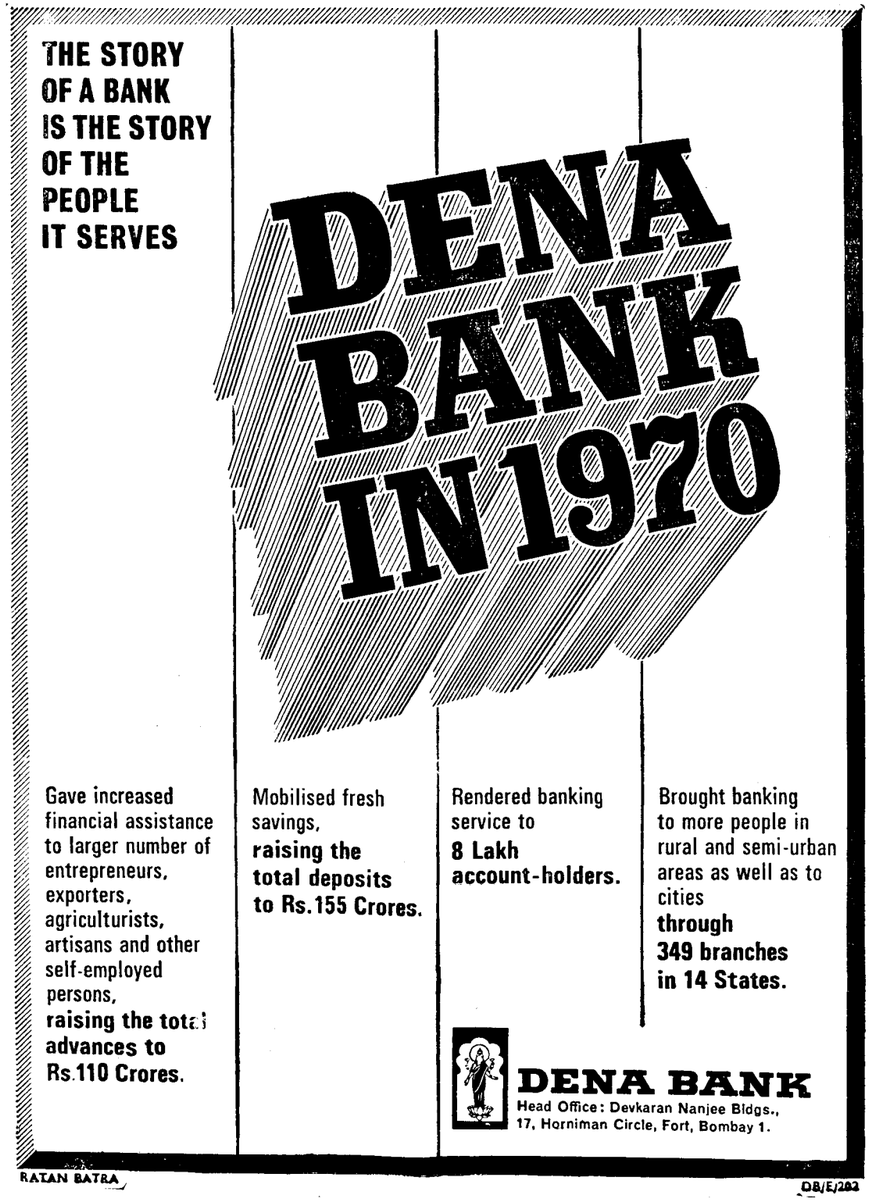
It is reasonably clear that in the coming years, much of the country's industrial development will be confined to the public sector or the joint sector. Small and medium-scale industry must expand. The public-sector institutions will have their own problems on applications of management concepts, and a subject of immediate importance is how to introduce the management practices in the smaller companies. For example, the subject of public relations is of as much importance to a large firm as to a small one, but the techniques might be different. How does the small man go about it with a limited budget?

Managerial Titles

Another element needing attention is the question of deglamorisation of management posts in industry; managerial titles and their spread have done some harm to the gospel of science with the wood being taken for the trees. As older readers will recollect, 20 years ago it was a practice in the managing agency houses and large industrial concerns to call their executives "assistants" and each "assistant" was himself expected to respond to another "assistant" and so on, with the senior-most probably a company director, but even he did not flaunt his feathers. Business was run efficiently, but as time passed managerial titles became necessary probably in view of the need to build up hierarchies of commend and administration on the pattern of the army and civil service. This might have been a mistake at least from the point of view of the development of the junior-most assistant. Today, a young man from the university recruited to an industrial house expects to be called a manager in a year or two.

Another subject of immediate relevance in India's socio-economic conditions is the effect of industrial sophistication in creating preferences or prejudices among the work force (both officers and men) in favour of one trade or the other. One can think of the reluctance of a manager to work in a jute mill even with a bungalow and a car provided on the side of the Ganges when a comparatively low remuneration may be acceptable in making computer parts or elsewhere in the electronics industry. As industry grows and newer job opportunities are provided, such preferences can create bottlenecks.

A number of other areas can be thought about and discussed where careful probing will throw up new ideas of deployment of management skills to the overall benefit of the economy.



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SPECIAL ARTICLES

Scope for Raising Taxation Under the Fourth Plan

By Madhuri Srivastava

Taxation has been assigned an important place in the Fourth Plan. But in the process of raising revenue through additional taxation, the Central Finance Minister should try to avoid the negative effect on incentives to the private sector.

IN underdeveloped countries, voluntary savings are insufficient, firstly, due to the high rate of marginal propensity to consume and, secondly, due to the low level of *per capita* income. Taxation under such conditions has to play an important rôle. The diffused income among the people can be mobilised through taxation. It will help the Government to reduce disposable incomes or restrict domestic consumption and thereby increase savings and redirect resources towards capital formation or to productive investment and make a positive contribution to accelerate the pace of economic development.

Taxation has been assigned an important place in the Fourth Plan. Additional resources for the Fourth Plan are expected to amount to Rs. 3,000 crores. Of this, the State Governments have decided to raise about Rs. 1,100 crores and Rs. 1,900 crores are to be mobilised by the Central Government. The exact amount will depend upon the type and amount of fresh taxes levied by the Centre from year to year. But in the process of raising revenue through additional taxation, the Central Finance Minister should try to avoid the negative effect on incentives to the private sector and at the same time try to minimise inequalities of income and the concentration of wealth among the people, and should also keep in view their revenue potentialities.

The measures suggested for the mobilisation of additional resources for the Fourth Plan were efficient. As far as direct taxation in the non-agricultural sector is concerned, income-tax offers very little scope, the rate-structure already being very high and other direct taxes, namely, wealth tax, gift tax and estate duty, whose main objective is to reduce inequalities of income and wealth and to broaden the tax base have a relatively small revenue significance.

The income-tax rate structure in India is relatively high, compared with some advanced countries. In such countries as the U.S.A., Canada, West Germany and Japan, the marginal rates of personal taxation are 77 per cent, 82.4 per cent, 54 per cent and 75 per cent, respectively. In India, the marginal rate of income-tax on earned income is as high as 93.5 per cent (at the 1970 rates). This rate is also higher than several underdeveloped countries such as Ceylon, Pakistan, Malaysia and Turkey, the respective rates in these countries being 65 per cent, 75 per cent, 50 per cent and 60 per cent.

Besides the high tax rate, there also exists a disparity in the tax base. The whole burden of personal taxation is borne out by only 2.8 million out of a total population of about 540 million. Their number would be reduced to 2.3 million at the higher exemption limit of Rs. 5,000 a year proposed in the 1970-71 Budget. Income-tax statistics show that less than 0.2 per cent of the population bear 80 per cent of the tax burden. As compared with this, the income-tax base in the U.S.A. covers 31 per cent of the population, 39 per cent in the U.K., and 41 per cent in Australia. Thus, any further increase in the rates at various income levels will lead to individual dissaving above certain levels of wealth and will curtail incentives to further saving.[1]

National income of India (at the 1960-61 prices), which declined by 5.7 per cent in 1965-66, rose substantially by 8.9 per cent during 1967-68, mainly as a result of the record harvest in that year. It was observed that the aggregate foodgrains output during the 1968-69 season was 96 million tonnes which was achieved during the 1967-68 season. Industrial output which had not increased during 1967 rose with a growth rate of 5 per cent or 6 per cent in 1968. The net estimated yield from the tax proposals (other than changes in telephone and telegraph rates) for 1969-70 was placed at Rs. 122 crores, including Rs. 27 crores of States' share, compared with Rs. 60 crore for 1968-69. In the Budget for 1970-71, additional taxes are intended to raise Rs. 170 crores. Indirect taxes are expected to yield Rs. 135 crores and direct taxes Rs. 36 crores a year.

It has been cogently argued that as a result of public investment in agriculture, agricultural incomes have increased substantially, but the contribution of the agricultural sector to the public exchequer has not risen commensurately. People with income around Rs. 5,000 a year in the urban areas pay more tax than their counterparts in rural areas. It has been estimated that in agiculture only 6 per cent or 7 per cent of total income is taxed while 25 per cent of non-agricultural income is subjected to taxes. The rural sector pays 2.6 per cent of its income in the form of taxes against 17.4 per cent of the net income paid by the urban sector. This is not justified according to the law of equity.

Under the existing tax system, the poorer farmers in rural India are relatively more taxed than the well-to-do farmers. The reason is that the direct taxes in the agricultural sector are only nominal, and the larger part of the revenue derived from this sector is in the form of indirect taxes which make the tax structure all the more regressive. This can be removed by imposing a little more tax on the additional income of well-to-do farmers. The Taxation Enquiry Commission had observed in 1953, "The level of urban taxation is on the whole higher at all stages of income than that of rural taxation. There is great scope for increased taxation of higher rural incomes than in the case of urban incomes."[2] Professor Kaldor has also suggested an agricultural levy and has recommended the transfer of land taxation from States to the Centre.

Agricultural taxation can play an important part in accelerating the pace of development in a developing economy like India. This can be learnt from the experiences of Japan and Russia. Additional resources can be mobilised from the agricultural sector in mainly three forms: (i) By increasing land revenue, (2) by taxing agricultural income, and (3) by

[1] S. C. Srivastava, "Impact of Socialist Budget", the *Economic Times*, 15th March, 1970, page 5.

[2] Report of the Taxation Enquiry Commission, (1953-54).

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a scheme of in-kind taxation. The increase in land revenue may create political problems. Since the country has to accelerate the pace of economic development, it should try to overcome them. Besides, in order to achieve equity, it may be desirable to abolish land revenue on holdings up to 5 acres, which form 71 per cent of holdings. This loss can be more than made up by imposing a graduated surcharge of 50 per cent to 300 per cent.[3]

As far as taxing agricultural income is concerned, the revenue drive from this sector is mainly in the form of indirect taxes which makes the tax structure more regressive. One should try to remove this by taxing the additional income of well-to-do farmers. Since in India, small farmers do not market their crops for cash, a scheme of in-kind taxation can be useful as a means of raising additional revenue from small farmers. This scheme is in vogue in the mainland China, South Korea and Taiwan.

The Nijalingappa Committee had also suggested that it is possible to moblise resources from the agricultural sector which directly benefits from irrigation projects, and it has further suggested that irrigation rates should be fixed at 25 per cent or 40 per cent of the additional net benefit to farmers from irrigated crops and where this net benefit could not be worked out at 5 to 12 per cent of the gross income from irrigated crops. Due to the meagre coverage of direct taxes, roughly 1 per cent of the population pays income-tax. Only about 10 per cent of the national income come under income-tax assessment whereas in advanced countries tax-revenue often approximates one-fourth or more of the national income. In India, 90 per cent of the national income are left untaxed under direct taxation. The bulk of the economy can be reached only through commodity or indirect taxation.

There are three main objectives of indirect taxation in the context of economic development: (a) "raising resources for public investment, (b) raising the rate of investment in the economy by curtailing the consumption of luxuries and (c) raising the incremental saving ratio."[4]

[3] S. C. Srivastava, "Resource Mobilisation I and II," The *Financial Express*, 13th and 14th February, 1970, page 4.

[4] R. J. Chellia, *Fiscal Policy in Underdeveloped Countries*, George Allen and Unwin, London 1960, page 90.

Thus, indirect taxation plays a very important rôle in the finances of underdeveloped countries. Since in underdeveloped countries, there hardly exists an element of surplus in the incomes of masses, it would be necessary to force them to contribute to economic development out of their incomes. It can only be done by indirect taxation which is generally used to curtail the actual consumption of masses but it should also be used for checking potential consumption. Since increased taxation on commodity curtails consumption, it releases some factors for the purpose of investment. In other words, it brings about a desirable allocation of productive resources and it would also generate an exportable surplus.

Under the Fourth Plan, an additional revenue can be earned by levelling up the sales tax rates where they are low in the country. This will remove the inter-State uniformity in the sales tax rates. Lastly, tax incentives have also a positive rôle to play in planning for development. In the Budget for the first fiscal year of the Fourth Plan, incentives and relief in the field of direct taxation include some measures. The cotton and jute industries have been included in the list of priority industries for the purpose of development rebate to encourage their modernisation. In the Budget of the fiscal year 1970-71, the Prime Minister has laid a special emphasis on new incentives to cater to the needs of the small farmer and agricultural labour, the nutritional need of children, housing and urban development. This will indirectly affect the mobilisation of additional resources.

Turning to the Customs duties, one finds that in the initial year of the Fourth Plan, import duties have been stepped up in the case of lubricating oils from 15 per cent to 27½ per cent and for imported cars from 60 per cent to 100 per cent. In the present Budget, import duty on machinery was raised from 27.5 per cent to 35 per cent and duties on whisky, brandy and wines had gone up. These measures would restrict consumption of these imported goods and would help in resource mobilisation.

After all, the scale of resource mobilisation envisaged in the Fourth Plan will materialise only if appropriate policy decisions are taken in time and the various development programmes are effectively implemented to secure the overall and sectional rates of growth.

Generally, tax evasion and corruption are a related evil in underdeveloped countries and the tax structure is not in a position to utilise the full existing tax potentialities. But it cannot be maintained that the limits of taxation have been reached in underdeveloped countries, including India. An improvement in the tax structure and in the efficiency of the administrative system—for collecting and assessment of taxes—may provide much scope for mobilising additional resources.

How to Reopen the Closed Engineering Units in West Bengal

(BY A SPECIAL CORRESPONDENT)

A three-member committee set up by the Government of West Bengal will recommend measures for reopening the closed engineering units in West Bengal. But one major handicap will be the lack of up-to-date information about the closed or sick engineering units.

THE Government of West Bengal has taken a commendable step in setting up a three-member committee to advise it on the measures required for the reopening of the closed units in the engineering industry. The committee consists of Mr. Sanjoy Sen, chairman of the Indian Engineering Association as chairman-convener, Mr. Udayan Chatterjee, Director of Industries, Government of West Bengal, and Mr. Tiwari, Zonal Manager of the Industrial Development Bank of India, Calcutta. The committee has been empowered to co-opt more members, if necessary. It has been asked to study the problems and prospects of selected units and complete its work within three months. But it is doubtful whether the Government of West Bengal or the two engineering associations with their headquarters in Calcutta have reliable and up-to-date information about the closed or sick units in the engineering sector in this State. In the last two years, varying figures have been given

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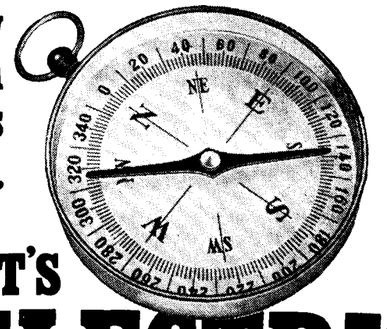
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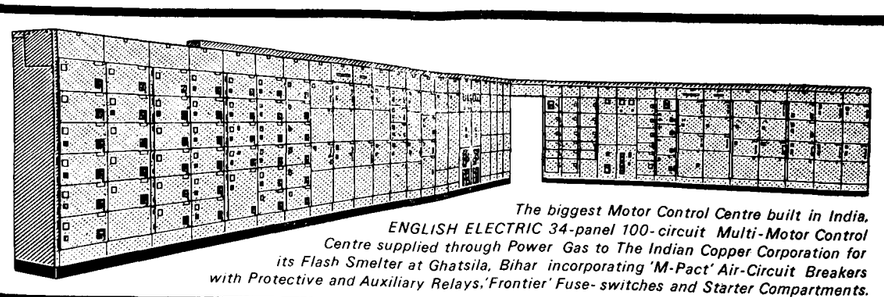
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TABLE I

LABOUR AND CAPITAL PRODUCTIVITY IN ENGINEERING INDUSTRIES IN 1966

	Bihar	Madhya Pradesh	Tamil Nadu	Maha-rashtra	Mysore	Uttar Pradesh	West Bengal	All India
Value added (Rs.) an employee (labour productivity)	7,702	4,339	4,683	6,131	7,064	3,958	4,460	5,091
Productive capital (Rs.) used a unit of value-added (capital productivity)	3.3	18.2	3.3	2.4	2.4	4.3	4.6	4.4
Productive capital (Rs.) used to employ one person (capital-labour ratio) ...	25,312	78,915	15,252	14,633	17,232	16,972	20,743	22,148

by the Government of West Bengal as well as by the chambers of commerce about the number of closed or sick factories in the engineering and other industries in this State. Despite this handicap, it is hoped that the committee will take up its work in right earnest and examine the prospects of rehabilitating as many units as possible.

The causes for the closure of factories have been mainly the lack of orders, uneconomic working, and continuing labour trouble. It is likely that unscientific management has contributed to the closure of some units. The problems vary from unit to unit. In the case of one engineering unit, against a production capacity of Rs. 8 lakhs a month, the present output is only of Rs. 3 lakhs. This firm had applied for a substantial loan from its bankers by reduction of the usual margin by 10 per cent. Another engineering unit has been burdened with heavy debts and is unable to pay interest to its bankers. It has sought assistance in the form of reduction in rates of interest, lower margin, extension of the period of repayment, and further loans. There is an instance of an engineering firm which has orders for over Rs. 3 lakhs but is unable to execute them for want of finance and raw materials. Other engineering units have problems more or less of the same nature.

In recent months, industrial associations in Calcutta have made many specific suggestions to the Reserve Bank of India, the Central Finance Ministry, and the Government of West Bengal to facilitate the reopening of the closed units and the revival of the sick ones. These include the following: permission to amalgamate; the reduction of margin against stocks; lower interest rates, the extension of period of repayment, and moratorium on credit. It has been pointed out that the Income-Tax Act does not facilitate the amalgamation of units. Many uneconomic units have unabsorbed depreciation and carried-forward losses which would lapse on amalgamation. If such companies are permitted to set off their carried-forward losses and unabsorbed depreciation, it would help them to revive. The task before the new committee is not easy. It has to satisfy itself fully before recommending financial assistance from banks and other sources that the units concerned have a management reputed for integrity and that their difficulties have been due to causes over which they had little control. The success of the committee's efforts will also depend on the extent of co-operation it is able to get from the units seeking assistance. The committee will do well to associate the representatives of the leading commercial banks in its work and seek their advice and assistance.

Meanwhile, the Government of West Bengal should take effective measures to ensure that the engineering industries in the State are able to function at the highest level of efficiency. The revival of the closed and sick units will be facilitated if the State's economy shows signs of buoyancy. For example, if the wagon manufacturing units are able to make better use of their capacities, it will give an impetus to a large number of ancillary industries in West Bengal. If the Government departments and public-sector industries place regular orders on the engineering industries in this State, it will greatly help West Bengal to create more employment. The engineering industry occupies a dominant position in the economy of West Bengal. According to the *Handbook of Statistics 1969-70*, published by the Indian Engineering Association, the industry holds a premier position in the country's economy in respect of productive capital, employment, ex-factory value of output and value added by manufacture.

The labour productivity in the engineering industry in West Bengal is much less than in Bihar, Tamil Nadu, Maharashtra and Mysore. This is shown in Table I at the top of the page. The figures in the above table relate to 1966. It is not known to what extent the picture has changed today. Whatever it may be, both the Centre and the Government of West Bengal have to take effective measures to help the engineering industry to make its proper contribution to the wealth and welfare of the country.

Are Frustrations and the Generation Gap Aggravating Student Unrest?

By Nityapriya Ghosh

There can be many reasons—economic, psycho-social and political—for student unrest, but a university campus which places a large number of young people in a similar situation helps them to wield real power. It will be a good subject of research whether students are primarily driven into action by political ideologies.

SINCE much has been written about student unrest in India, its causes, nature and results, a bit of tabulation may be in order. The causes of student unrest may first be considered. It is said that educational institutions are incompatible with the needs of the country's economy and this incongruence develops stresses of which student unrest is but a symptom. The vocational view of education, a tradition developed out of the British rule and continuing since then, ill fits with the present ratio of students to inadequate opportunities. A devaluation of degrees, growing out of the sluggish

Indian economy, contributes to the students' frustrations.

The second is the psycho-social explanation. The developing distance between the student and the teacher, the teacher's loss of prestige and authority because of the social impoverishment, and the entry of unqualified teachers into the profession have all led students to show less respect to teachers than is their due. The decay of earlier social values has also made the student unstable. Some have also observed that the age of marriage is increasing in India and the campus is full of mature but unmarried boys and girls whose libido cannot attach itself to sexual objects. This adds to rebellion without any apparent cause.

The third is the political explanation. The student's political involvement has been continuing since the time of Lord Curzon. Examinations were boycotted as a protest against the partition of Bengal. Mahatma Gandhi propagated that the then educational institutions were anti-national. The All India Student Federation was formed with inspiration from as diverse leaders as M. A. Jinnah and Jawaharlal Nehru. During the Quit-India movement, students joined Congress demonstrations, protest marches and strikes. This agitational tradition has persisted into the present. Other aspects of intrusion of politics into the campus are the emergence of teacher factions, invasion of local politicians and the support of student agitation by organised political parties. Students often use college union positions as a springboard for their own material advancement.

The nature of student unrest can be organised into five categories: (1) Breaches of minor campus rules, such as walking on the grass or shouting in the corridors. (2) Student efforts to promote interests like fee reduction, changes in syllabi or examinations and the provision of water coolers. (3) Conflicts with non-student people over some real or imagined slight to student status. (4) Instances when national politics inspire students to action. (5) And finally, student action as an extension of teacher or political factional conflicts. The results cannot, of course, be tabulated because each student action has its own result, either as desired or frustrated. But the cumulative effect of student unrest and the consequent student action is the birth of what is known today as student power.

It is not that in all the countries in the world, the tension created in university campuses is entirely political. In Montreal, for example, the tension developed in 1965 due to ethnic rivalry between the French and English speaking people; in Ibadan in 1957, the tension owed to racial rivalry. In spite of the fact that the causes of these disturbances are diverse, the basic point is that when an Indian student enters a campus all fresh, he at once inherits the tradition of unrest because the world has become smaller after the vast strides in communication.

One fashionable explanation of student unrest is the conflict between generations—the process of alienation of young people that begins in adolescence. But since alienation extends across all generations, it would seem to be a pertinent but not a sufficient cause of student unrest. Inter-generation tensions moreover cannot adequately explain why these prompt only one section of students to rebellion. Concrete studies have demolished the hypothesis that those who do nor rebel are not necessarily adjusted with society; they do not have always prospects of gainful employments or established familial equilibrium. What is more, inter-generation tensions seldom have significant and immediate consequences in the form of incitement to riots. Until the riots for or against civil rights were ushered in the U.S.A., the history of American universities registered for more than a century hardly any widespread disturbances. The explanation that the American sense of values reached around 1954 a crisis point and hence the start of the unrest is too facile.

If the psychological maturation of students and the failure of youths to be integrated with the adult society do not explain away the causes of student unrest, the question of unemployment does not explain it either. Sociologists have found it difficult to establish any correlation between prospects of unemployment and student riots in the campus. The point is, the generation gap or the spectre of unemployment may be latent in the student mind but the immediate cause of concrete rebellion must have to be located elsewhere.

Student disturbances most frequently are the doings of small determined organised groups. If any such leadership group is closely viewed, it will be seen that it comprises *élite* students, whether by birth or by merit, who know that they can secure a prestigious berth in society. It also comprises those who know that they are not going to be absorbed into society. The coalition of these two sections give the group a vital momentum.

It is significant that C. Wright Mills considered students to be the immediate radical agency of change. An advocate of political revolution, he suggested the alliance between students and intellectuals as the agent of revolution and not the working class. Herbert Marcuse in more recent times has been studying students on the same lines. Whether one has faith in revolution or not, one cannot ignore this aspect of student action if one is to assess correctly the depth, dimension and potentialities of student action. It will not do to make abstract theories about student behaviour. Max Weber might have thought that the youth has a tendency to follow a pure ethic of absolute ends and is not bothered by an ethic of responsibility; but such irresponsible idealism could hardly spread out like prairie fire all over the world. One has got to come down to the brass tack.

The fact is, universities bring together many young men and women in a similar situation in life and isolate them for the most part from the motley routine of adult life. Like a vast factory, a large campus brings together great numbers of people in similar life situations in close proximity to each other who can acquire a sense of solidarity and wield real power. In Calcutta there are 100,000 students on the campuses; in Tokyo 200,000; in Peking 100,000; in Mexico City 65,000; and in Buenos Aires 70,000. It is easy for the student leadership group to reach this congregation and foster solidarity. It does not matter that a student does not remain a student his whole life. Students stay on the campus for five or six years and then go out. But even if one individual or one batch passes out, the next individual or batch acquires the same quality. The continuity of student unrest over years and decades leads one to conclude that students form "one person" despite their fluctuating or floating character. The student leadership group appears to be propelled by political ideology primarily. It will be a good thing if a researcher takes up Calcutta or Banaras University as a case study and try to locate if this political dimension, whether left or right, is the driving force.

SPOTLIGHT ON STATES

Telengana Makes a Fresh Bid to Achieve Statehood

(BY A SPECIAL CORRESPONDENT)

THE Telengana problem has once again come to limelight with the decision of the Prime Minister, Mrs. Indira Gandhi, to go in for a mid-term poll for the Lok Sabha. The members of the Telengana Praja Samithi have come to regard the elections as a chance for them to establish the fact that the people of the region are in favour of a separate State of Telengana. They have, in fact, been demanding an opinion poll to decide the issue but it has not found favour with the Central Government since the method suggested has much wider political implications and might provoke leaders of the other disputed regions to make a similar demand. The Government is obviously not prepared for this, especially because there will be no end to holding opinion polls in the country, thus unsettling settled facts.

A more important factor which has brought the Telengana problem to the fore in recent weeks is the Government's decision to create a number of new States, including Himachal Pradesh, Manipur, Tripura and Meghalaya. The leaders of the separate Telengana movement do not see any justification for not acceding to their demand while the Prime Minister has conceded Statehood for much smaller regions with perhaps less economic viability. The Telengana leaders of the Praja Samithi are greatly disappointed at this and they now have come to the conclusion that the present is the most opportune time to press their demand for a separate State.

It must be remembered that the new States that are now being created already exist as separate entities and the Government has only raised their status without disturbing the boundaries of any State. On the other hand, Telengana is a part and parcel of Andhra Pradesh. In the last 15 years since the larger Andhra Pradesh came into being, there has been a good deal of integration between the two regions, the people of which speak the same language and between whom there is nothing dissimilar whether in regard to customs or manners or traditions. It is due to historical factors again that a larger Telugu-speaking Andhra did not come into being but when this was created in 1956, it was hailed as a great step forward.

It must also be noted that an integrated State of Andhra was formed in 1956, notwithstanding the fact the States Reorganisation Commission had suggested separate Statehood for Telengana. At that time, leaders of both the regions agreed that their larger interest would be better served by including Telengana in Andhra Pradesh. An agreement was entered into by the leaders of the two regions that the interests of the people of Telengana, which was regarded as backward, would be adequately protected. While it is not necessary now to recount the details of the gentleman's agreement, it must be said that till 1968 everything went on smoothly. There was not a murmur of discontentment on the part of the people of the Telengana region. The Andhra Cabinet had Finance Ministers from the Telengana region and there was full representation in the Cabinet for the Telengana people. A Regional Committee too was formed as provided for in the Constitution in which all the Telengana members of the Legislative Assembly are members. Problems relating to Telengana are to be discussed in the committee and every effort has thus been made to ensure that the so-called forward Andhra does not in any way jeopardise the interests of the Telengana region.

The violence and destruction that took place during the Telengana agitation is still fresh in the memory of at least the people of Andhra Pradesh. The issue was raised in Parliament on several occasions and sensing the intensity of the feelings of Telengana M.P.s, the Prime Minister announced an eight-point plan to develop Telengana at an accelerated pace. The Telengana leaders know fully well that both the Chief Minister and the Central Government were quite serious about the programme for the development of Telengana and yet they kept up the agitation for some more weeks after which it subsided.

It would be relevant to state in this context that both the Prime Minister and the then Central Home Minister, Mr. Y. B. Chavan, who went deep into the question came to the conclusion that the complaints of the people of the region were more economic in character and, therefore, only an economic solution would satisfy the demands of the people of the Telengana region. But the Telengana leaders who toyed with the idea of having a State of their own insisted that the problem required only a political solution. The more moderate elements in Telengana demanded that at least the Regional Committee's powers should be made statutory so that whatever decisions it took were binding on the Government. This was opposed by the Chief Minister on the ground that such an arrangement would bring into existence a dyarchical form of Government.

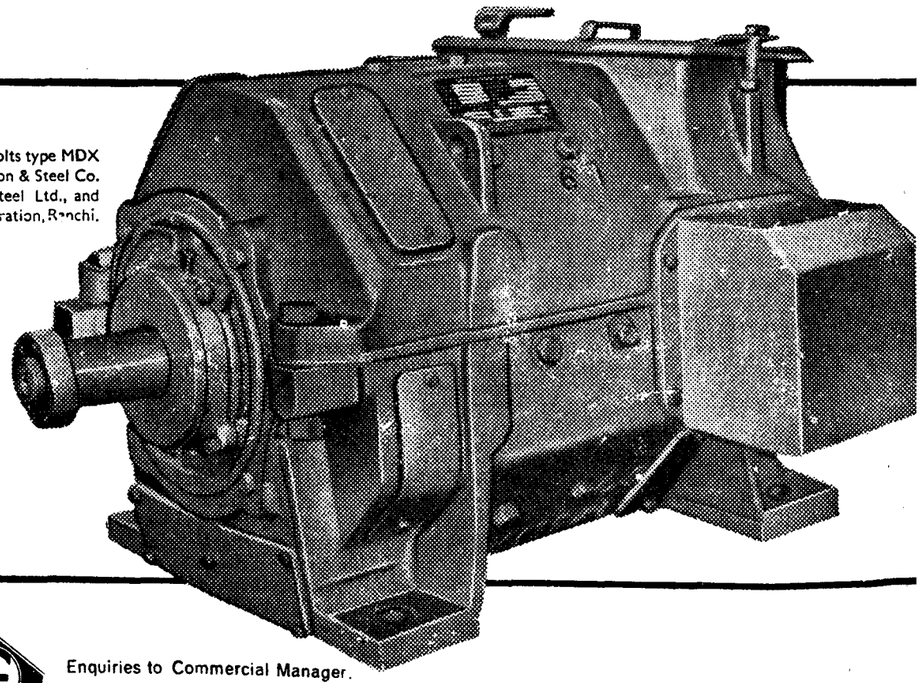
The Praja Samithi chief, Dr. Chenna Reddi, is said to have told the Prime Minister that his Party would contest all the 14 Lok Sabha seats and demanded that the Congress (R) should not set up any candidates in the region against the Samithi candidates. In return, he is reported to have promised support to the Prime Minister. In the alternative, he suggested that the Government must concede the demand for a separate State right now and he would agree to the Congress (R) fighting the elections in the region. Neither of the proposals seems to have found favour with the Prime Minister who is said to have told Dr. Reddi that the demand for a separate State should be put off till 1977 when the Assembly could decide the issue by a two-thirds majority.

On the other hand, the Andhra Chief Minister, Mr. Brahmananda Reddi, has asked the Prime Minister for her consent to hold elections to the Assembly along with the Lok Sabha poll. This would, in the view of Mr. Reddi, give him a fair chance to deal effectively with the Praja Samithi on a political plane. The Prime Minister has rejected this plea, but then she was quite confident of convicing Dr. Chenna Reddi not to go to the extreme. Now that this expectation has proved false, there seems to be no justification any more to deny the plea of the Chief Minister to go in for a poll.

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MONEY AND BANKING

Is the Criticism of Nationalised Banks Justifiable ?—III

By K. Kogga

The allegation that credit made available by commercial banks has led to anti-social activities like speculation and hoarding is hardly tenable. Were not the Reserve Bank of India's credit control measures always there to prevent this ? This is the last in a series of three articles. The first one appeared in the issue of 7th January and the second one in the issue of 14th January.

THIS is an attempt at an objective assessment, neither justifying nor criticising the nationalisation of banks. Fourteen major Indian commercial banks were nationalised on 19th July, 1969, the issue was contested before the highest judiciary in the country and the Supreme Court struck down the original Act while upholding the competence of Parliament to nationalise banks. A fresh ordinance was, therefore, issued on 14th February, 1970, renationalising the banks with effect from the original date. The ordinance was subsequently replaced by a fresh Bill which received the assent of the President on 31st March, 1970. These 14 banks have thus become national institutions geared to meet national aspirations in a larger measure and on a wider field and fulfil the objectives set before them. Public ownership brings these institutions into public gaze and even as they are required and expected to meet public aspirations, it is the primary obligation of the public at large to support and sustain their efforts and provide a conducive climate for their development and progress.

In her broadcast to the nation the Prime Minister, Mrs. Indira Gandhi, had outlined the major objectives of nationalisation of banks, namely, (1) the removal of control by a few ; (2) provision of adequate credit to agriculture, small-scale industry and exports ; (3) giving a professional bent to bank management ; (4) encouragement of a new class of entrepreneurs ; and (5) provision of adequate training as well as reasonable terms of service for bank staff. It may be observed that these were the same objectives set out before the introduction of social control, but nationalisation was considered necessary for their speedy achievement. "Control over the commanding heights of the economy is necessary, particularly in a poor country where it is extremely difficult to mobilise adequate resources for development and to reduce the inequalities between different groups and regions" and "public ownership of the major banks will help to eliminate the use of bank credit for speculative and unproductive purposes". It is admitted that the measure by itself will not achieve these objectives and it calls for continuous effort over a long time to achieve them.

Allegations and rebuttals have followed in quick succession, both in Parliament and the Press. The main points favouring nationalisation were: (1) Banks facilitate concentration of economic power and thereby industrial and business monopolies ; (2) the directors of the banks utilise the funds of the banks for their own benefit or the benefit of concerns in which they are interested ; (3) bank finance is not easily available for financing agriculture and small-scale industries and has tended to create and perpetuate regional imbalances and backwardness ; and (4) bank finance is ulilised for anti-social activities like speculation and hoarding and for unproductive purposes. It has also been contended that control over production is a basic condition for economic development and any policy for economic planning and development should necessarily assign a pivotal rôle to public-sector undertakings.

These arguments have been adequately countered. The first point arises for the Government's industrial policy and since industrialisation was the sheet-anchor of Government policy, industries could not be starved of necessary finance and this was safe and profitable according to the then prevailing thinking. Growth is a natural corollary and if there is no growth there is bound to be stagnation and if it led to abuses as evidenced by the findings of various commissions, the blame hardly lay at the doors of banks. The second point is countered by the fact that not more than 3.4 per cent of the advances of the big 15 banks was availed of by their directors or by concerns in which they were actively interested. This again was subject to a close scrutiny by the Reserve Bank of India.

Agriculture has been the prerogative of the co-operatives and the entry of commercial banks was very much resented and disapproved even where voluntarily undertaken before the advent of social control. Even the State Bank of India had to confine its activities to indirect financing and providing finance through co-operatives, thus scuttling any move on their part in direct finance to agriculture. Besides, agriculture was beset with uncertainties and because of the subsistence character of agriculture it was a deterrent to their entry in a big way. Small-scale industries indeed deserved support but their very smallness and large number and the inadequacy of the organisational set-up for the purpose, apart from the inherent hazards due to the lack of capacity to absorb a big loan compared with the safety of funds provided by advances to other sectors, did weigh against them. Even the Government had to veer round to this view when it set up the guarantee organisation.

What could be the reasons behind the regional imbalances? Obviously the planning was faulty and the planners succumbed to various pressures and extraneous considerations. Parochial ideas hold their sway and the people are still far away from the thought that they are one nation. Worse than this is the tendency and expectations generated that the Government should do everything and the people lack the essential initiative and enterprise and one might also add the capacity and will to do hard work.

Lastly, the charge that bank finance has led to anti-social and undesirable activities like speculation and hoarding is hardly tenable. If one were to look at the regulatory measures in the armoury of the Reserve Bank and the general and selective credit control

measures employed from time to time, this charge would not be sustained. Indeed, banks did finance indigenous bankers through what is known as *multani hundi* and despite the usurious nature of such finance, it should not be overlooked that indigenous bankers have played a vital rôle in providing finance particularly to the small-scale and unorganised sectors in the absence of any institutional agencies meeting their needs. A look at the enormous powers vested in the Reserve Bank under the B.R. Act goes to show that these are comprehensive and very extensive. In fact the Act was designed to provide the necessary safeguards which may be broadly classified as built-in safeguards and powers and consequential functions and responsiblities of the Reserve Bank. The built-in safeguards cover the organisation, management and operations of a banking company.

Organisation: Section 5 (b) refers to the primary functions while Section 6 details other types of business a banking company may undertake. Section 6 also provides that a banking company may not engage itself in any other type of business. This provision is so rigid that Section 8 specifically prohibits a banking company from engaging itself in any trade or buying and selling goods except for realisation of its dues. Section 9 further provides that a banking company shall not hold any immovable property except for its own requirements. Section 19 provides that a banking company shall not form any subsidiary company except for the purpose of undertaking or executing trusts, administration of estates as executor, trustee or otherwise and for providing safe desposit vaults. These are the limitations in respect of business that a banking company may or may not do. Section 11 lays down the minimum paid-up capital and reserves which a banking company should have before it can be allowed to undertake banking business with stipulations as to the proportion of authorised, subscribed and paid-up capital while Section 17 requires the creation of a reserve fund to which 20 per cent of the profits every year should be transferred.

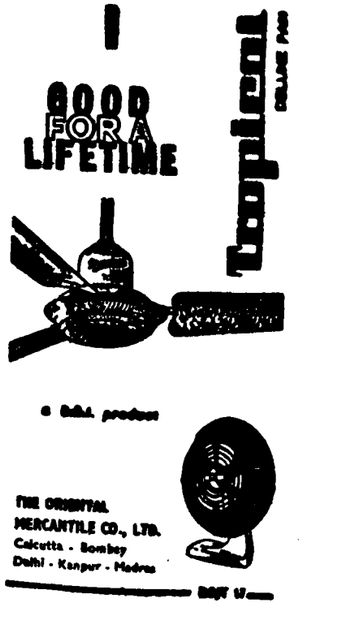
Management: Section 10 prohibits the employment of managing agents, insolvents or persons convicted of moral turpitude. It prohibits payment of remuneration in the form of commission, insists on the appointment of a full-time chief executive officer who cannot engage himself in any other business or occupation for a term not exceeding five years at a time. Payment of remuneration and appointment of the chief executive officer are subject to the approval of the Reserve Bank.

Operations: Section 18 requires non-scheduled banks, while Section 42(1) of the R.B.I. Act applies to scheduled banks, to maintain a minimum cash reserve of at least 3 per cent of its total demand and time deposits besides another 25 per cent under Section 24. The Act also empowers the Reserve Bank to raise this liquidity ratio to a maximum of 40 per cent and since August 1970, the ratio has been raised to 33 per cent. Section 20 deals with restrictions on loans and advances and prohibits advances against its own shares, unsecured advances to any of its directors or to firms where the directors are partners or guarantors and also writing off remitting advances except with the approval of the Reserve Bank. Section 21 deals with powers of the Reserve Bank to control advances whereby it lays down the policies and prohibits specific advances and stipulates margins.

Section 22 and 23 deal with licensing of banking companies and restrictions on opening branches. A licence is necessary to engage in the business of banking and the Reserve Bank is required to undertake an inspection of the banking company under Section 35 with powers to give directions, appoint observers or directors or even to revoke the licence. Thus the powers vested in the Reserve Bank embrace almost every aspect of a bank's working, including its structure, management and operations. The powers to control credit operations, influence its management and regulating its expansion are such that the Reserve Bank can order a banking company to do what it wants and the social control measures have provided the Reserve Bank with further authority.

In spite of this, if the banking system has not responded adequately or proved up to expectations, it is only because these were not spelt out and no specific directions were provided until the realisation dawned on the authorities and circumstances forced them to do some rethinking. Mr. Y. B. Chavan, who was the Central Home Minister then, was outspoken when seconding the economic policy resolution in Bangalore in 1969. He said that "what India wanted today, was not faster industrialisation but participation of larger sections of the society in industrial development and avenues of employment". Such, in fact, should have been the Government's thinking right from the beginning when banks would have received the required direction. Banks have acquired the gift of quick adaptability to suit the times as was evident soon after nationalisation. When resistance fails, yield, do not go down fighting seems to be the creed and credo but what was overlooked is that it does not tend to be a wholehearted conversion to the ideology and consequently does not get the required amount or type of devotion, involvement or identification which was conceived by social control in seeking professionalisation. Such a changeover is a slow process and, therefore, should not be hustled through or sought to be brought about overnight.

(Concluded)



INSURANCE

Is the State Take-over of General Insurance Companies Necessary ?

(BY A SPECIAL CORRESPONDENT)

ALTHOUGH general insurance, to quote the chairman of a leading general insurance company, "is a servicing industry and the insuring public will need very prompt attention to meet their day to day requirements which the nationalised sector may not be able to offer", its nationalisation has already been decided in principle. Indeed, according to the Central Finance Minister, Mr. Y. B. Chavan, "it is a question of fixing the time for it." The Government should, however, give a fair trial to the social control measures, introduced under the Insurance (Amendment) Act, 1968, before deciding the issue of nationalisation. One may note here that the general insurance companies have streamlined their working in terms of the 1968 Act. Thus, in a sense, the Act has placed the industry on a sound footing. The industry is now poised for a significant stride. Unfortunately, however, the doctrinaire approach of the Government has prompted it to insist on the nationalisation of the industry.

The demand for nationalisation is hardly backed by a probe into its possible impacts on the industry and the economy. The industry is a victim of indecision. Naturally, its development activities were affected. The industry received an undeserved jolt at the critical period of its adjustment to the social control scheme. The Government was urged to remove the uncertainties. The reason was simple. With no threat of nationalisation, the industry could proceed confidently with its development plans. Interestingly, the industry has never objected to the imposition of control. Moreover, it is one of the most regulated industries in India. It has already reduced its premium rates, including those of the automobile insurance. This has been done in some cases at the cost of larger liabilities. The commission rates and expenses have also been reduced and 75 per cent of insurance funds are being invested in Government securities. Incidentally, the investible resources of the general insurers are now estimated to have crossed Rs. 100 crores, against Rs. 71 crores in 1967.

Some sources close to the industry do not consider that nationalisation would serve any useful purpose. Their reasoning is based on the following grounds: (a) Even before the Insurance (Amendment) Act, 1968, the Controller of Insurance had enough weapons in his armoury to remove any malpractices and maladies of the industry. (b) The Controller is more powerful today. But the public has seldom come across a case wherein a company has been punished for the violation of the Act or the breach of code of conduct. (c) Experience shows that efficiency suffers in a public enterprise, although social justice may be better served in a nationalised undertaking. According to a survey the profitability of general insurance companies has shown considerable improvement. The net return on the shareholders' money in business has increased from 15.6 per cent to 21.7 per cent.

Some reforms already made by the Tariff Advisory Committee may be noted here. Some of the rulings and decisions are impracticable for day-to-day application. For instance, once there was a proposal that the fire insurance premium rates would be reduced by 5 per cent to 10 per cent. Again, even after fixing highest liabilities for the owners of vehicles and their insurers, a circular was issued revising certain premium rates and they were expected to be made effective from January 1971. But the procedure remains that renewal notices are prepared and despatched almost two months in advance. Proposals are now in the offing to have a tariff on marine insurance—so far unknown in any part of the world. Naturally, some insurance executives argue that it is not proper to generalise and treat all accounts in the same manner. Why should a good account pay higher rates for the sake of bad accounts? It is almost impossible to draw up a comprehensive marine tariff.

A word about the rationalisation of work relating to the general insurance business effected by the Life Insurance Corporation and its subsidiaries. The L.I.C. has been permitted to transact the general insurance business emanating from the Government and the public sector while that from the open market is handled by its subsidiaries. Interestingly, this decision has been in line with the recommendations of the Morarka Committee which has been in favour of leaving the "tied" business to the subsidiary, *viz.*, Oriental Fire and General Insurance Co., as the profit of this Company accrues to the life policy-holders and not to the general insurance department of the L.I.C. It should be noted here that the L.I.C. entered the general insurance field in 1964 and its premium income on this account has increased from Rs. 2.57 crores in 1965-66 to about Rs. 18 crores in 1969-70.

PEOPLE AND PERSONALITIES

The U.K. Foreign and Commonwealth Secretary, with the approval of the Prime Minister, has appointed the British High Commissioner in New Delhi, Sir Morrice James, to be the British High Commissioner in Canberra.

Mr. S. K. Sen, Deputy Director General of the Indian Standards Institution, has been appointed its Director General in place of Dr. A. N. Ghosh, who retired on 9th January, 1971.

Mr. S. S. Kanoria, vice-president of the Federation of Indian Chambers of Commerce and Industry, left Calcutta on 17th January by Air-India for Bangkok to attend the council meeting of the Confederation of Asian Chambers of Commerce and Industry as the leader of the Indian delegation. Other members of the delegation are Mr. H. S. Singhania and Mr. S. P. Godrej.

AVIATION AND TOURISM

Developing Facilities for Attracting Foreign Tourists

(BY A SPECIAL CORRESPONDENT)

THE International Tourism Council organised a conference in Bombay on 10th January on the prospects of tourism in the seventies. Many aspects and problems of the industry were discussed and practical suggestions made to discover ways and means for the full exploitation of the vast tourism potential of India. Inaugurating the conference, the Central Deputy Minister for Tourism and Civil Aviation, Mrs. Sarojini Mahishi, said that it was encouraging that the tourist traffic had increased by 30 per cent in 1969. The figure of tourists in India at present was about 245,000. She expected it to increase to 400,000 by 1973. While the Government was doing whatever it could to promote tourism, hotel, transport and travel agencies should plan their projects in such a way as to attract tourists. To generate investment in the hotel industry, the Government had floated a hotel development loan of Rs. 5 crores. Loan applications for half the amount have so far been approved for projects which, on completion, would add a total of 860 rooms. Mrs. Mahishi asked hoteliers to make use of the incentives given by the Government and give job-oriented training to hotel personnel.

Presiding over the conference, Mr. H. J. H. Taleyarkhan, former Maharashtra Minister for Tourism, said that in tourism the country had so much promise, but not sufficient resources for translating it into performance. He said that while it was gratifying to note that incentives were being provided to hoteliers, nationalised banks should come forward to assist in the construction of modest hotels for the middle income tourists who were coming to India in increasing numbers. The shortage of tourist accommodation is very much felt. There is a distinct wave for the construction of more hotels in Bombay, New Delhi and other places. Tourism in India is still in its formative stage and she is still young in the development of facilities required by modern tourists.

Next to accommodation, is transportation, particularly internal. Tourists from abroad usually like to see as much of a country in as short a time as possible. The treatment given to tourists at the ports of entry, the care taken of them, attention paid to them, conditions of hygiene and cleanliness matter a good deal. Such an experience leads to the spread of recommendation of a visit to India. This is the most effective form of public relations. Much also depends on travel agents—how they project a country and plan itineraries without hitches and breakdowns. The importance of hospitality and entertainment should not be overlooked. Mr. T. J. O'Driscoll, leader of the U.N. team to study the promotion of tourism in India, said that India must retain her distinctive culture and on no account lose her identity by trying to imitate the West in the entertainment of the tourist. India has her own colourful wealth of culture and mysticism second to none in the world. She should be proud of it and make the most of it.

Dr. S. K. Roy, Director General of the Department of Tourism, Government of India, stressed the need for the preservation of wild life and beautification of local entertainments with a view to attracting tourists. Mr. P. G. Salvi, General Manager of the Maharashtra State Road Transport Corporation, said that whatever the stage of development of other modes of transport, road transport would always play a vital rôle in the development of tourism. One can see or know a country best when one travels by road. The state of some highways is such that one wonders whether these roads can be travelled on in safety and comfort. From the tourist's point of view such roads are no roads. People wish to see not only the great places of interest like the Taj Mahal, Ajanta and Ellora but also things which show the characteristics and customs of the people. The foregin tourist has heard that India is a country where there is poverty at every corner. Some have also heard of the efforts being made by the people and the Government to develop the economy. The visitor wants to know not only the past but also the present. The modern India has to be interpreted to him.

The urge to know more about the country cannot be satisfied unless tourists are taken to the various parts of the country. There has to be a road network which will connect different parts of the country. The domestic tourist also wants to see the activities in various sectors of development. The basic need is to maintain the existing roads properly. It is also necessary to have bus services which will be tourist oriented. Roadside facilities like canteen and toilet should be developed.

For a nominal charge "Capital" 's Statistical Department can provide you with a certificate of share prices.

SAS

Higher Profit

Scandinavian Airlines has made a profit, before taxes, of $17.2 million for the year ended September 1970. This compares with a profit of $16.1 million in the previous year. The profit which is still on the low side, compared with the SAS's development and investment requirements, has been achieved after rigid cost control and economies in all sectors. The total capacity on scheduled services rose by 11 per cent to 1,372 million available ton-kilometres. The overall traffic increased by 8 per cent to 710 million ton-revenue-kilometres. The operating revenue and other income totalled $384.1 million, compared with $344.7 million in the previous year. The operating and other expenses increased by $38.3 million to $366.9 million.

INVESTMENT

Mixed Trend in Shares : Operators Inclined to Mark Time

THE stock markets have displayed a hesitant tendency this past week. Equity prices have tended to move irregularly lower, and net changes over the week show a mixed price pattern with losses far outnumbering the gains. On second thoughts, the stock markets seem to have been veering round to the view that the hike in the Bank rate from 5 per cent to 6 per cent could not be dismissed as of little or no consequence. It was the jacking up of the gilt-edged redemption yield through a cut in the Reserve Bank of India's buying and selling prices of Central Government securities which made for caution on the stock exchange. The redemption yields have been allowed to rise by 10 per cent to 20 per cent for short-dated loans and by 15 per cent to 35 per cent for medium and long-dated loans. A development of this nature could not possibly have been ignored by the markets for long as it does call for a reassessment of the outlook for equities.

The week's news, however, has not been unhelpful. The corporate news, although scanty, has been quite pleasing, but it could induce only selective support. The Government's approval of certain bonus issues has given rise to hopes of a welcome change in its attitude towards such issues. The markets have also derived some comfort from the observations made by the Central Minister of Foreign Trade, Mr. L. N. Mishra, in his address to the seminar organised by the National Alliance of Young Entrepreneurs. Mr. Mishra has stated that the Government's industrial policy would hereafter be project-oriented and would steer of "unnecessary conflicts" between the private and public sectors and between the small and large-scale industrial houses. Explaining the policy, Mr. Mishra has pointed out that if any proposal for a new industrial venture aims at promoting the objective of increasing exports or is in the public interest, it will be encouraged even by Government participation irrespective of all other factors. The Prime Minister, Mrs. Indira Gandhi, has also been at pains to explain that the restrictions placed under the industrial licensing and control order were meant not to inhibit industrialisation but to ensure the dispersal of industry, especially in the small and medium-scale sectors.

The stock markets are inclined to mark time. It is quite likely that they would keep moving up and down in an indecisive fashion until the elections are out of the way and they can form an idea of what kind of economic policy the new Government would have. The continuing scarcity of floating stocks of good shares is the markets' best protection against any big decline in prices. Despite political uncertainties, the public response to new issue can be expected to be good.

Government securities have been dull during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have not attracted much attention. Turnover has been small due to the shortage of offerings. State Government loans have received selective support.

The Calcutta stock market has remained quietly steady this past week. The surprise rise in Bank rate has apparently given a jolt to operators. The latter think that speculative transactions with borrowed funds will now prove to be both difficult and expensive. The outlook for the market has also been affected by political uncertainties. There is much concern whether the poll in West Bengal, which is to be held on 9th March, can be conducted peacefully. Among engineering shares, Guest, Keen, Williams, Jay Engineering and Electro Steel have been steady. Among miscellaneous shares, Dunlop India, Indian Cable, Indian Aluminium and Rohtas Industries have gained. Among coal shares, Bengal, Western Bengal and Sendra have received support. Among jute shares, Birla have firmed. Among paper shares, Bengal, Straw Products and Tribeni Tissues have met with fresh support. Jute shares have received selective buying enquiries with Rungamati and Tezpore changing hands.

Dalal Street has developed a softer tone, although trading during the past week has not been without some firm features. After an early weakness induced mainly by the sharp setback in gilt-edged securities in the wake of the Bank rate hike, equity prices have tended to steady up on replacement buying and some short-covering but wound up the week with widespread losses. Only a few select counters have been marked higher on special considerations. Turnover has been generally on the low side as operators are inclined to keep their commitments light. Steel shares have ruled weak. There have been reports of substantial institutional selling in Indian Iron. Tata Steel have not fared any better. Cotton shares have displayed an easier tendency as upturns have continued to attract offerings. Near the week-end, Century Mill shares were marked up on fresh support based on renewed hopes of a bonus issue. Rayon shares have kept fairly steady. National Rayon have, however, remained somewhat subdued. Engineering shares have made a mixed showing. Asso-

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Ashok Leyland
Asian Dehydrates
Bihar Alloy Steel
Coonoor Tea
Dunlop India
East Anglia Plastics
Foods and Inns
Hellenic Lines
Indian Oxygen
Matchwell Electricals
M.I.C.O.
Premier Breweries
Rallis India
Ruby Rubber
Shama Engine Valves
Star Textile
Tata Engineering
Tirrihannah Tea
Uttar Pradesh Hotels
Voltas

ciated Bearings, Alcock, S.L.M. Maneklal and Motor Industries have suffered sizable losses while Voltas and Sandvik Asia have recorded handsome gains on fresh support. Tata Engineering have held barely steady despite reports of an increased output of trucks. Among automobiles, Hindustan Motors have been a firm feature while Premier Automobiles have receded due to the lack of support. Shipping shares have kept steady. Among cements, Digvijav have registered a small decline while Associated Cement and Orissa have kept steady. Chemical shares have displayed an easier tendency with Bayer, Polyolefins, Polychem, and Synthetics and Chemicals recording small declines. Tata Chemicals have, however, firmed up following the approval of one-for-five bonus issue and the sanction of the Company's application for stepping up its capacity for soda ash production. Gujarat State Fertiliser and Herdillia Chemicals have also showed small gains. Tyre company shares have generally ruled steady. Premier Tyres have been slightly subdued. Paper shares have maintained a steady tone. Among miscellaneous counters, Camphor and Allied, Escorts and Hindustan Aluminium have closed the week with fair gains. New India Assurance have eased a little. Bank and electric shares have ruled steady with a limited turnover.

Prices in the Madras stock market have remained quiet during the past week. The market has been closed for a major part of the week due to the Pongal holidays. In the planting section, business has been done in Periakaramalai at a lower rate. But there has been good enquiry for Chembra Peak, United Nilgiri and Kalasa. In the textile section, business has been done in Mettur Beardsell and Lakshmi Mill. In the miscellaneous section, Ashok Leyland have attracted buying enquiries, as have Madras Cements and Chemicals and Plastics. Sugar shares have received attention, and E.I.D. have met with buying enquiries. Among banks, Indian Bank and Indian Overseas have been transacted.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/70—20/90—20/20—20/90—(36/00)
Burrakur Coal 11/37—11/70—11/37—11/50—(13/00)
Dunlop India 37/05—37/25—37/00—37/25—(29/25)
Guest, Keen, Williams 29/20—30/75—29/00—30/60—(12/85)
Hindustan Motors 14/95—15/20—14/65—15/05—(15/30)
Indian Aluminium 35/30—36/25—35/10—36/25—(29/45)
Indian Cable 15/50—15/95—15/40—15/95—(12/20)
Indian Copper 3/94—4/02—3/87—4/02—(3/81)
Indian Iron 12/50—13/25—12/25—13/25—(15/60)
J. K. Cotton 11/35—11/50—11/20—11/45—(11/20)
Jaipur Udyog 9/40—9/45—9/25—9/25—(9/15)
Jayashree Tea & Industries 18/00—18/00—18/00—18/00—(12/94)
Kesoram Industries 15/85—16/10—15/85—16/10—(14/75)
National Rubber 8/94—9/06—8/94—9/06—(11/12)
Orient Paper 37/65—38/00—37/50—37/75—(30/40)
Orissa Cement 18/75—18/75—18/65—18/65—(12/10)
Rohtas Industries 6/85—6/85—6/65—6/75—(7/44)
Textile Machinery 10/85—10/90—10/65—10/90—(10/40)

Indian Oxygen Sales and Profit Rise

IN the latest report for the year ended September 1970, the chairman of Indian Oxygen Ltd says that the general trend of improvement was weakened by certain unfortunate developments. An acute shortage of certain categories of steel hindered industrial activity. Prices have continued to rise, and the wage-price spiral has caused anxiety, especially in the context of a substantial rise in the non-development expenditure of the Government. The continued revival in the economy, even though at a low tempo of industrial activity, was reflected in turnover. Sales are up from Rs. 15.86 crores to Rs. 17.37 crores, and the pre-tax profit has risen from Rs. 1.52 crores to Rs. 1.90 crores, after providing Rs. 83.98 lakhs (against Rs. 97.71 lakhs) for depreciation.

In view of the increased profit and the relatively comfortable ways and means position, the directors have decided to recommend the payment of dividend, out of general reserve, at the rate of 14 per cent (against 12 per cent), subject to tax. This offers a yield of 5.8 per cent at the present price of Rs. 24.12 a share of Rs. 10 each. Taxation is allocated Rs. 1.14 crores (against Rs. 92 lakhs). After taking into account an amount of Rs. 36 lakhs which had been rendered surplus out of tax provision made in earlier years and transferring Rs. 3.50 lakhs (against Rs. 7 lakhs) to development rebate reserve and bringing back from this account Rs. 13 lakhs (against Rs. 12 lakhs) now released, the amount available for appropriation was Rs. 1.22 crores, which has been transferred to general reserve (against Rs. 64.83 lakhs). If the Company's operations remain more or less normal and the demand level maintains its present trend, it will show satisfactory working results during the current year.

VOLTAS

Record Sales and Profits

VOLTAS has done exceedingly well during the year ended August 1970. It has not only recovered from the previous year's sharp setback caused by a prolonged labour trouble but set new records in production, sales and profits, substantially above the 1967-68 levels. Total sales have gone up from Rs. 68.27 crores to Rs. 91.30 crores and the gross profit has shot up from Rs. 66.43 lakhs to Rs. 3.12 crores. Sales and profit in 1967-68 amounted to Rs. 67.59 crores and Rs. 2.34 crores, respectively. The cut in the dividend from 15 per cent to 7 per cent, effected last year, has been restored. And what is more, the Company will soon be making a fresh application to the Controller of Capital Issues for the issue of bonus shares on a one-for-five basis; last year's proposal had been turned down because of the revised guidelines laid down by the Government. Releasing the preliminary figures to newsmen, the chairman, Mr. R. F. S. Talyarkhan, stated that the results for 1969-70 would have been still better but for the ill effects of the prolonged labour strike which affected the Company's operations for four to six weeks. On the basis of the Company's performance during the first four months, the working results for the current year are expected to show further substantial improvement over those in 1969-70.

After providing Rs. 53.45 lakhs (against Rs. 55.87 lakhs) for depreciation, Rs. 1.60 lakhs (against Rs. 2.50 lakhs) for development rebate reserve and Rs. 156 lakhs (against Rs. 7.50 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 100.64 lakhs (against Rs. 56,000). The entire surplus has been transferred to general reserve. The proposed 15 per cent dividend absorbing Rs. 64.94 lakhs (against Rs. 30.30 lakhs) is to be paid out of general reserve. Of the total turnover of Rs. 91.30 crores in 1969-70, "own account" sales amounted to Rs. 79.40 crores (against Rs. 59.69 crores) and "consignment account" sales were of the order of Rs. 11.90 crores (against Rs. 5.58 crores).

DUNLOP INDIA

Record Exports

DUNLOP India's export in 1970 crossed the Rs. 3-crore mark. This is the highest ever achieved by any tyre company in India. The Company exported to 63 countries in the face of stiff international competition and registered an increase of more than 9 per cent over its record performance in 1969. A major contributor to the Company's export performance was cycle tyres. Nearly a million cycle tyres were shipped in 1970 to the U.S.A. and a number of other countries. Dunlop India is the only manufacturer in the country to have developed a special range of cycle tyres exclusively for export to the sophisticated American and west European markets; the newest in the range is Dunlop Slik, introduced in 1970. A new design of O.T.R. tyres for earthmoving machines and two types of cycle rims, introduced in 1970, were well received in overseas markets. Among other products exported by Dunlop India were tyres for earthmoving equipment, tractors, trucks and buses, light trucks, cars and motorcycles, scooters, aero tyres; cycle rims, rubber solution, fan and vee belts, transmission belting and braided hose.

ASHOK LEYLAND

Good Performance

AT the annual general meeting of the Ashok Leyland Ltd held recently in Ennore, Madras, Sir A. Ramaswami Mudaliar, chairman, said that the Company had achieved satisfactory results for the year ended September 1970. (A fuller version of the speech was published in

HINDUSTHAN GENERAL INSURANCE SOCIETY LIMITED

for Service and Security

Chairman
Sri P. N. TALUKDAR, M.A. *(Cantab)*

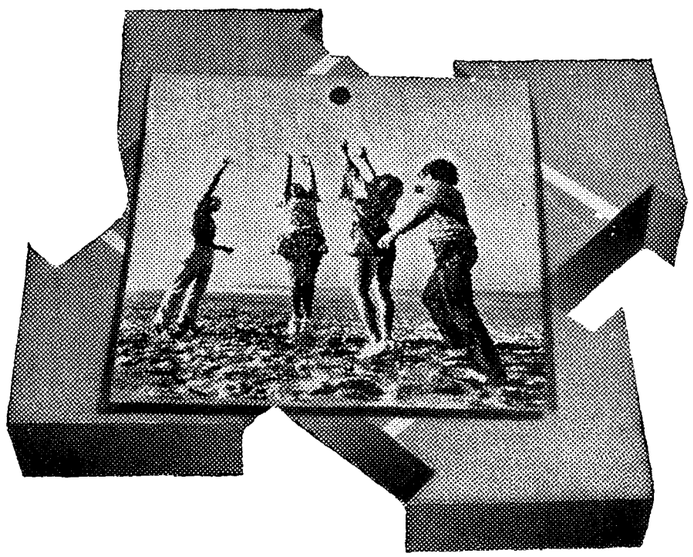
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FIRE • MARINE • MOTOR
MISCELLANEOUS ACCIDENT

What are they wearing on the playgrounds of Florida?



Sneakers and sandals from Bata-India

Sneakers from Bata-India are the swinging American teenagers' popular footwear. In 1969, Bata-India exported nearly a million pairs of sneakers to the U.S.A. alone. Backed up by nearly 2 million pairs of glamour sandals to that country Not forgetting the 4 million pairs sold to the U.K. and W Europe All these are "hard" currency areas and it has meant Rs. 46 million in foreign exchange to India.

Right from the beginning, Bata-India have been export oriented. Which meant keeping in constant touch with overseas associates, finding out the latest trends in footwear—and then meeting the demand.

This has had a number of beneficial results. First, an increase of 550% in foreign exchange earnings over the last 15 years. Second, an acceptance of Indian made footwear and footwear fashions in competitive markets. And third, Bata-India's export effort has created employment for many thousands in this country.

Bata

Bata-India, Shoemakers to the world

BPRC-2

Capital of 14th January, 1971). The sales of the Company rose by 11.4 per cent to Rs. 33 crores. A sum of Rs. 17 lakhs has been provided for the debenture redemption account in terms of the prospectus governing the debenture issue and the debenture trust deed. The Company has been able to transfer Rs. 18.48 lakhs to general reserve. The sale of 5,103 Comet vehicles is the highest in the history of the Company and a further increase in production is expected in the current year. There has also been a steady progress in the indigenous manufacture of components of heavy duty chasis. The development and production of the Hippo dumper with power steering has been yet another landmark in the activities of the Company. The industrial version of the engines manufactured by the Company has continued to enjoy popularity in varied operations. There has been a good acceptance of the marine version of the "370" and "680" diesel engines. There has been some improvement in the supply position of raw materials.

The Company's exports are steadily increasing. Export sales amounted to Rs. 1.67 crores (against Rs. 57.33 lakhs). The engineering and research and development department of the Company has been carrying out continuous development and testing work to bring about improvements in the design and performance of vehicles. The Company's Ennore foundries have continued to make good progress. Plans have been submitted to the Government for expanding the production of iron castings. The Fourth Plan has estimated the doubling of goods traffic by road and a 40 per cent increase in the passenger traffic. This will create a higher demand for passenger and goods vehicles.

FOODS AND INNS

Share Offer

FOODS and Inns Ltd has offered for public subscription at par 250,000 equity shares of Rs. 10 each to raise part of the finance required for its egg powder project. The issue is fully underwritten. The list opened on 13th January. The project is estimated to cost Rs. 90 lakhs which is proposed to be met by the share capital of Rs. 35 lakhs and term-loans of Rs. 55 lakhs from the First National City Bank. The Company's egg powder project, it is claimed, will be the first of its kind in commercial use in India. The know-how has been proved and supplied by the Central Food Technological Research Institute, Mysore. The plant and machinery have been designed by Larsen and Toubro in collaboration with Niro Atomizers, Denmark. To ensure a steady supply of fresh eggs, the Company has purchased a 10.5-acre poultry farm near Poona. The plant which is being set up in Chembur (Bombay) will have an annual capacity of 300 tonnes of egg powder. The plant is expected to be ready for production by the end of June 1971. The Company has an authorised capital of Rs. 50 lakhs in equity shares of Rs. 10 each. Out of this, shares worth Rs. 10 lakhs have been issued to directors and their associates. The present public issue is for Rs. 25 lakhs. Mr. Suresh Mahindra is the chairman of the board of directors.

RALLIS INDIA

Better Results

RALLIS India has reported improved results for the year ended August 1970. The total revenue has increased from Rs. 44.14 crores to Rs. 47.60 crores. Of this, sales account for Rs. 46.44 crores (against Rs. 43.11 crores). The gross profit has increased from Rs. 92.08 lakhs to Rs. 97.60 lakhs. After providing Rs. 15.38 lakhs (against Rs. 15.21 lakhs) for depreciation, Rs. 1.65 lakhs (against Rs. 1.47 lakhs) for development rebate reserve and Rs. 51 lakhs (against Rs. 41 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 29.57 lakhs, against Rs. 34.40 lakhs in the preceding year. After certain write-backs and adjustments, the disposable surplus amounting to Rs. 36.84 lakhs (against Rs. 38.53 lakhs) has been transferred to general reserve. The preference dividend and the unchanged equity dividend of 13 per cent absorbing Rs. 32.87 lakhs are to be paid out of general reserve.

In his statement to shareholders, the chairman, Mr. J. D. Choksi, says that the Company's application to the Central Government for the purchase of 22,356 shares of Rockwell India Ltd at a price of Rs. 34 a share has not been approved. To obviate a setback to the Company's plans, it has made arrangement for the manufacture of J.L.O. engines to be carried out by hiring the facilities of Rockwell India in Udhna, near Surat. The Company has acquired the assets of James Smith and Co., a proprietory concern engaged in the canning of food, from 1st January, 1971. The Company has also concluded an agreement with Coromandel Fertilisers for the distribution of its fertilisers. This is expected to make a good contribution to the Company's revenues.

M.I.C.O.

Record Exports

EXPORTS of M.I.C.O. products touched an all-time high in 1970. They were valued at Rs. 80 lakhs, against Rs. 58 lakhs in the previous year. The bulk of the exports were made to West Germany. Other importing countries were the United Arab Republic, Ceylon, Singapore, Malaysia, Thailand and the Philippines. The Company is making greater efforts to improve upon its export performance from year to year.

TATA ENGINEERING

Output Up

TATA Engineering and Locomotive Company produced 18,136 vehicles during the first nine months of the current financial year (April to December) as compared with 13,885 vehicles produced during the same period of 1969-70. The improved output is attributable to a large extent to peace on the labour front.

HELLENIC LINES

Tonnage Expansion

THE first of six similar motor-ships ordered by Hellenic Lines as part of its tonnage replacement programme has been launched. The vessel, named the *Hellenic Pride,* is being built by the Wartsila Shipyard, Turku, Finland. Having an overall length of 525 feet, the vessel has a cargo capacity of 706,000 cubic feet bale, including 48,000 cubic feet for refrigerated space and 50,000 cubic feet in deep tanks. The Wartsila Yard is scheduled to deliver the new ship in March, with delivery of the other five to be completed by April 1972. Hellenic also has on order an additional six ships at the Hellenic Shipyard, Piraeus, Greece. Delivery on the series is to begin next August and run through September 1972. The 12 new vessels will be used in the Company's worldwide liner services which include

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MATCHWELL ELECTRICALS

Good Rise in Profit

MATCHWELL Electrical (India) Ltd has reported improved results for the year ended September 1970. While sales have recorded only a small increase from Rs. 2.38 crores to Rs. 2.55 crores, the gross profit has risen sharply from Rs. 9.91 lakhs to Rs. 14.70 lakhs. The directors have proposed an equity dividend of 6 per cent. After providing Rs. 6.63 lakhs (against Rs. 4.77 lakhs) for depreciation, Rs. 2.72 lakhs (against Rs. 1.65 lakhs) for development rebate reserve and Rs. 2.96 lakhs (against nil) for taxation, the net profit amounts to Rs. 2.39 lakhs which has been transferred to general reserve. The proposed dividend absorbing Rs. 1.56 lakhs will be paid out of general reserve. The directors state that the Company could not achieve the desired level of production due to an acute shortage of stampings made out of electrical steel sheets. The supply position of stampings has since improved. The production during the first three months of the current year is higher by 30 per cent than in the same period last year. The Company hopes to be able to improve its sale during the current year.

EAST ANGLIA PLASTICS

Dividend Reduced

EAST Anglia Plastics (India) Ltd has shown unsatisfactory results for the year ended March 1970. Sales are up from Rs. 2.31 crores to Rs. 2.87 crores while the pre-tax profit has declined from Rs. 13.16 lakhs to Rs. 3 lakhs, after providing Rs. 6.84 lakhs (against Rs. 4.45 lakhs) for depreciation. Development rebate reserve is allocated Rs. 63,000 (against Rs. 1.90 lakhs). Because of the Company's poor performance, the taxable ordinary dividend has been declared at 4 per cent, against 6 per cent, absorbing Rs. 7.26 lakhs (against Rs. 10.84 lakhs). This works out to a yield of 9 per cent at the present price of Rs. 4.44 a share of Rs. 10 each. A sum of Rs. 5.30 lakhs has been transferred from general reserve. With other adjustments, Rs. 9,014 is carried forward, against Rs. 48,055 brought in.

ASIAN DEHYDRATES

Good Progress

ASIAN Dehydrates which went into production of dehydrated onions about nine months ago has reported a marked achievement on the export front. It has exported dehydrated onions worth Rs. 18 lakhs which account for 98 per cent of its total production. The Company hopes to be able to step up its exports to 50 lakhs in 1971. Briefing newsmen about the Company's progress and future plans, the director-in-charge, Mr. E. S. Essabhoy, stated that the Company has had to export against competition from the U.A.R., Lebanon, the U.S.A. and other east European countries. He said that exports were handicapped by the low yield of onions in India, high packaging costs and uncompetitive freight rates. Exports could make considerable headway through adequate export assitance.

The Company proposes to raise its capacity from 1,000 tonnes to 2,000 tonnes a year for which it has already applied for a licence. This is estimated to cost Rs. 40 lakhs, including Rs. 25 lakhs for imported machinery. In the second phase of expansion, the capacity will be further raised to 3,000 tonnes a year.

STAR TEXTILE

Sales Up

STAR Textile Engineering Works has reported a marked increase in its production and sales for the 52 weeks ended 2nd January, 1971. Production is up by about 40 per cent and sales too have recorded an equally impressive rise from Rs. 1.70 crores to Rs. 2.40 crores. In terms of the number of frames supplied for modernisation of ring frames and speed frames, sales have risen from 682 frames to 807 frames. The Company has not yet released its profit figures for 1970 but they are expected to show an appreciable improvement over the preceding year's figure. The significant progress made by the Company in 1970 is attributed to substantial inroads made into the export market and to the implementation of the various diversification schemes. Exports are placed at around 12 per cent of the total turnover. As far as the current year is concerned, the order position both for modernisation of frames and for diversification items is reported to be

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very good; and with the continuous improvement in production, the Company does not visualise any difficulty in exceeding last year's sales. New export orders are also in the offing.

SHAMA ENGINE VALVES

Expansion Plans

THE directors of Shama Engine Valves Ltd state in their latest annual report for the year ended September 1970 that the Company is actively implementing its expansion programme aimed at raising its production capacity from 600,000 valves to 1.4 million valves a year. The Government has accepted, in principle, its claim for the import of capital goods worth Rs. 15 lakhs from the U.S.A. and Rs. 13.40 lakhs from West Germany. No difficulty is expected in the receipt of the import licence. Provisional orders for machinery have been placed. The construction of the factory building is scheduled to be completed in the next six or eight months. It is expected that a part of the expansion programme will be completed by the end of the current financial year and the rest by the middle of 1972.

The Company's product has been well established in the market. The Company has on hand orders worth Rs. 50.25 lakhs, including Rs. 15.40 lakhs from original equipment manufacturers. Despite a modest setback in sales from Rs. 24.28 lakhs to Rs. 23.89 lakhs because of a fall in production resulting from the raw material shortage, the Company's gross profit for the year ended September 1970 was higher at Rs. 5.42 lakhs, against Rs. 4.53 lakhs in the preceding year. The Company expects to do better in the current year.

BIHAR ALLOY STEEL

Share Offer Soon

BIHAR Alloy Steel Ltd, a new Company belonging to the Birla group, which has been licensed to manufacture annually 40,000 tonnes of constructional alloy and tool steel, will soon be in the capital market to raise Rs. 5 crores in equity shares of Rs. 10 each. The project is estimated to cost Rs. 24 crores, inclusive of a foreign exchange component of Rs. 9 crores. The cost is proposed to be met by the share capital of Rs. 8 crores and loans of Rs. 16 crores (including foreign exchange loans). The foreign exchange requirements are being met by a loan from the I.C.I.C.I. and French credit and other loans. Birlas have agreed to take up shares worth Rs. 2.45 crores and shares worth Rs. 55 lakhs are to be allotted to the Schneider group of France which is collaborating in the venture. The French firm will supply the technical know-how and do complete engineering of the project. The plant is being located near the Patratu power station in Bihar. Since all preliminaries have been completed, the plant is expected to be ready for production by about the middle of 1973, reaching full capacity in a year. On full production, the Company will have a turnover of about Rs. 20 crores. Mr. M. P. Birla will be the chairman and Dr. B. C. Jain will be the managing director of the Company.

PREMIER BREWERIES

Share Offer

PREMIER Breweries Ltd has entered the capital market with its share issue of Rs. 49.09 lakhs, consisting of Rs. 39,091 in equity shares of Rs. 100 each and 10,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The subscription list opened on 18th January, 1971 and will close on 23rd January, 1971. The authorised capital of the Company is Rs. 50 lakhs, consisting of Rs. 40 lakhs in equity shares and Rs. 10 lakhs in preference shares. The present paid-up capital is Rs. 45,450. The registered office of the Company is located in Palghat, Kerala. Applications must be for a minimum of five shares and multiples thereof. Under the terms of the offer, Rs. 50 is payable on application and the balance of Rs. 50 is payable when called for. The Company was incorporated on 26th August, 1970. The main object of the Company is to carry on the business of brewers, and to manufacture and deal aerated and mineral waters.

TIRRIHANNAH TEA

Profit Declines

TIRRIHANNAH Co. Ltd has shown unsatisfactory working results for 1969. The Company has made a smaller profit of Rs. 14,768, after providing Rs. 1.27 lakhs (against Rs. 95.126) for depreciation, Rs. 7,500 (against Rs. 9,800) for development rebate reserve and Rs. 11,700 (against Rs. 8,900) for development allowance reserve. The Company earned a profit of Rs. 1.29 lakhs in the previous year. A taxable ordinary dividend at Rs. 2 a share (against Rs. 5 a share) has been declared, absorbing Rs. 44,000 (against Rs. 1.10 lakhs). This offers a yield of 2.9 per cent at the present price of Rs. 70 a share of Rs. 10 each. There is a carry-forward of Rs. 18,628, against Rs. 59,260 brought in.

UTTAR PRADESH HOTELS

Shares Oversubscribed

THE new share issue of Uttar Pradesh Hotels and Restaurants Ltd closed on 30th December, 1970 according to the Company's prospectus and the same has been oversubscribed.

COONOOR TEA

Same Dividend

THE working of Coonoor Tea Estates Co. Ltd for the year ended September 1970 has resulted in a profit of Rs. 3.27 lakhs, after providing for depreciation. This compares with the previous year's profit of Rs. 2.46 lakhs. After providing Rs. 1.50 lakhs (against Rs. 1.30 lakhs) for taxation, there is a net profit of Rs. 1.77 lakhs. Adding to this profit Rs. 33,292 brought forward from the previous year, Rs. 5,995 being tax adjustments related to previous years, and Rs. 4,979 transferred from development rebate reserve, the total comes to Rs. 2.21 lakhs. Out of this, development allowance reserve gets Rs. 24,000 and general reserve Rs. 32,843 (against nil). The preference dividend at 6 per cent accounts for Rs. 8,474. The interim ordinary dividend of 7½ per cent absorbed Rs. 42,505 and the final dividend of 12½ per cent claims Rs. 70,841. The balance of Rs. 42,463 is being carried forward.

RUBY RUBBER

Sharp Fall in Profit

THE working of Ruby Rubber Works Ltd for the year ended June 1970 has resulted in a profit of Rs. 10,784, after providing Rs. 2.94 lakhs for depreciation. No provision for taxation has been made. Last year the profit was higher at Rs. 1.78 lakhs, after providing Rs. 2.61 lakhs for depreciation and Rs. 2.25 lakhs for taxation. Adding to the year's profit a sum of Rs. 11,321 being the surplus brought forward, there is a total surplus of Rs. 22,106 which is being carried forward. No dividend has been recommended on either ordinary or preference shares.

COMMODITIES

A Crash Programme to Raise Exports of Hessian and Sacking Planned

THE Central Minister of Foreign Trade, Mr. L. N. Mishra, said at the meeting of the Jute Textiles Consultative Council held in Calcutta a few days ago that "in the declining trend in the exports of jute goods, the Government of India is proposing to adopt a crash programme to promote the exports of hessian and sacking." Although the public sector would take a predominant share in the implementation of the plan, Mr. Mishra added that private parties would also be able to take part in exporting these goods to new and non-traditional areas on a barter basis, provided the shipments were made before 31st March. Even in barters transacted by the State Trading Corporation, private parties would be eligible to be treated as its associates. The Government proposed to make an early announcement of "an import package, a little higher in value, in relation to exports to the new and non-traditional areas than for other areas". He hoped that additional exports during the remaining months of the current fiscal year would fetch around Rs. 20 crores. The Minister said that jute goods exports during the first ten months of 1970 had declined to 416,900 tonnes from 479,900 tonnes for the same period of 1969. While hessian exports had risen by 12,500 tonnes over the comparable level of 1969, and sacking by 10,700 tonnes, the sharp slump in exports of carpet-backing cloth was caused by a slowing down of building activities in the U.S.A.

Snap Survey of New Mills

Mr. Mishra said that he had set up a committee with Mr. S. P. Mukherjee, Jute Commissioner, as the chairman and four technical experts to make a snap survey of the possibility of setting up new and modern jute mills in north Bihar, Orissa, Assam, Tripura and Andhra Pradesh. Explaining the objective behind the step, he added that hopes of an improvement in the productivity of raw jute made it imperative to raise the capacity of the industry. The decentralisation would help in the development of the backward areas and would also stimulate the interest of jute growers. The committee had already visited some States and would complete a round-up of the other States soon for on-the-spot discussions with State Ministers and officials. The committee has been asked to submit its report by 15th February.

Mr. Mishra also referred to the proposal for setting up a jute corporation with a view to conducting price-support operations to ensure a fair return to growers, purchasing raw jute for building a buffer stock, importing raw jute as and when necessary, as also for the export of jute goods. On the acquisition of the requisite experience and expertise, it was proposed to take over the trade in raw jute, extending its operations even to the primary markets. He referred to the recent strike in the jute industry and in Calcutta port which had caused tremendous loss to the country. Now that a mutually satisfactory settlement had been arrived at, the Minister expressed the hope that it would pave the way for better labour-management relations in the industry.

Emphasising the need for maximising production, he disclosed that the Government had recently permitted the import of drawing and spinning frames valued at some Rs. 1.2 crores and assured the industry that the Government would consider further imports of machinery to meet the ever-expanding needs of modernisation at a quicker pace. He also urged the industry to make a fuller utilisation of the existing installed capacity and was happy over the resumption of work in three closed jute mills—one in U.P. and two in West Bengal.

Manufacture of Synthetics

Speaking on behalf of the industry at the recent Calcutta session of the Jute Textiles Consultative Council, Mr. H. D. Wahi, chairman of the I.J.M.A., is reported to have reacted strongly against the issue of manufacturing licences for the production of synthetics in the country. The policy, he said, constituted an outright negation of the Government's professed concern for the welfare of the industry.

In view of the fact that hardly any soft loan assistance was forthcoming

I.J.M.A. STOCK FIGURES FOR DECEMBER

The Indian Jute Mills Association reports the total stock of jute goods at the end of December as follows:

Description	31st December, 1970		30th November, 1970		Increase over (+) or decrease from (−) last month		31st December, 1969	
	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)
Hessian cloth and bag	14,52,98 (15,89)	43.7 (43.0)	16,75,76 (18,33)	50.4 (49.6)	−2,22,78 (−2,44)	−6.7 (6.6)	5,47,95 (5,99)	17.8 (17.5)
Sacking cloth and bag	8,59,37 (9,40)	38.8 (38.2)	10,01,09 (10,95)	45.4 (44.7)	−1,41,72 (−1,55)	−6.6 (−6.5)	4,84,75 (5,30)	21.2 (20.9)
Carpet-backing	1,21,70 (1,33)	14.0 (13.8)	1,67,14 (1,83)	19.3 (19.0)	−45,44 (−50)	−5.3 (−5.2)	2,11,79 (2,32)	22.7 (22.3)
Others		6.8 (6.7)		7.5 (7.4)		−0.7 (−0.7)		8.2 (8.1)
Grand Total (000 Tonnes/Tons)		1,03.3 (101.7)		1,22.6 (120.7)		−19.3 (−19.0)		69.9 (68.8)

Note: All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and Bird group of mills. The figures in brackets are in British measures.

to the industry from the Marketing Development Fund for the promotion of the new line of decorative jute fabrics. I.J.M.A. spokesmen also expressed their doubts whether the Government was really serious about the diversification of the range of production.

Excellent results, they said, had already been shown in the sphere of research, product development, technology and consumer acceptance in respect of the speciality product. They also urged the Government to take over the industry's overseas offices and the financial burden of running the Institute of Jute Technology. They also criticised the Government's action in setting up a committee for exploring the feasibility of establishing new jute mills in some other States while the old units in and around Calcutta were often being obliged to have a huge idle capacity.

The Expert Body in Agartala

An Agartala report says that the five-man Mukherjee Committee, set up by the Government of India with the Jute Commissioner as chairman, to explore the feasibility of setting up new mills in the industrially backward jute-growing States, visited Agartala early last week. The committee has already completed its survey of Andhra Pradesh and Orissa. It hopes to complete the survey of Bihar and Assam by the fourth week of this month and submit its report to the Central Foreign Trade Ministry by 15th February. The committee discussed the prospects with Tripura Government officials and Ministers. They have reportedly shown a keen interest in the proposal. But they have stated that the shortage of funds prompted them to prefer the private sector to set up any new mills.

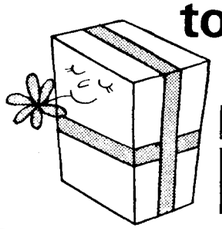
Gunnies Firm

With the revival of interest at the lower levels, the Calcutta gunny market appeared to turn the corner during the past week. The announcement of a substantial decline in the I.J.M.A. stock figures at the end of December induced a frantic scramble for goods in the market, helping the prices to harden on a broad front. The market had already been in an oversold position. The mills had practically nothing to offer. So the bulls tightened their squeeze, further obliging the bears to follow the rise in covering their immediate open positions nervously, accentuating the sharp price rise. There was profit-taking at the bulges but all the offers were well absorbed, helping in the consolidation of the recent gains. The U.S.A. and Russia absorbed routine lots of goods for meeting their immediate requirements, deferring their long-term bookings for the present. The State Trading Corporation was reported to have booked some deals with Syria and west Asian countries for ready and forward positions while the major internal consumers absorbed moderate lots of goods for spot and near-deliveries. The Government and semi-Government agencies also lifted a lot of goods against their earlier bookings. As a result, the imbalance between bookings and availability widened further, reinforcing the buoyant outlook for the rest of the season. Brisk activities in and firmer advices from the spot market induced the speculators to redouble their efforts at tightening the squeeze in 40in. 10oz. hessian B Twills for February delivery after still wider fluctuations. In spite of the drastic enforcement of the penal restrictions imposed by the Forward Markets Commission on excessive speculation by the Vigilance

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Committee of the E.I.J.H.E., the closing prices revealed sizable gains over the preceding week-end levels. Both industry and trade circles were rather alarmed over the Government's persistent indifference to the real problems of the industry, namely, the heavy shrinkage in the offtake of carpet-backing cloth. The latest I.J.M.A. production figures showed a decline of 18,500 tonnes in hessian over the November level to 8,200 tonnes in December, 22,500 tonnes in sacking to 15,000 tonnes, 8,600 tonnes in carpet-backing cloth to 4,600 tonnes and of 2,200 tonnes in other goods to 2,000 tonnes. The stocks of hessian dropped by 6,700 tonnes to 43,700 tonnes, sacking of 6,600 tonnes to 38,800 tonnes, carpet-backing cloth of 5,300 tonnes to 14,000 tonnes and other goods of 700 tonnes to 6,800 tonnes. An analysis of the two statements revealed a substantial shrinkage in overall despatches from 81,800 tonnes in November to 49,100 tonnes in December—hessian from 22,000 tonnes to 14,900 tonnes, sacking from 42,100 tonnes to 21,600 tonnes, carpet-backing cloth from 13,200 tonnes to 9,900 tonnes and other goods from 4,500 tonnes to 2,700 tonnes. Turnover was moderate and the closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	Jan.	Jan.-Mar.	Apr.-June
40in. 7½oz.	67.50	67.75	67.00
40in. 8oz.	73.00	—	—
40in. 10oz.	87.75	88.50	88.75
B Twills	282.50	282.50	275.50
Heavy Cees	282.50	282.50	275.50
Cornsacks	—	—	—
A Twills (U.S.)	343.00	341.00	333.00
Liverpools	325.00	323.00	315.00

Recovery in Fibre

There was a mild recovery in the raw jute market during the past week in line with the firmer advices from the gunny market. The higher levels, as also the substantial shrinkage in the offerings of acceptable grades, reduced the offtake to the barest minimum levels. The mills were rather indifferent, for the conservation of fibre caused by the long strike in December had indirectly helped them to hold a moderately comfortable inventory. The earlier apprehensions of a fibre shortage, emerging during the last quarter of the season, had also receded for the time being. The holders, on the other hand, showed a keen interest in liquidating their stocks of medium and low grade fibre at this time of the season when prices ruled fairly high over the average seasonal levels. They were, however, more interested in adhering to their selected grade holdings in anticipation of a still higher return towards the fag-end of the season. Turnover was small. The closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	January-February		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	155.40	147.36	55.00
Northern Jute	148.70	140.68	52.50
Western Desal Jute	142.00	133.96	50.00
Selected Daissee	159.41	151.38	56.50
Assam-Agartala Tossa	160.75	152.72	57.00
Mesta :			
Assam Mesta	142.00	133.96	50.00
Selected Daissee Murshidabad	136.64	128.60	48.00
Bihar Dist.	128.60	120.57	45.00

I.J.M.A. PRODUCTION FIGURES FOR DECEMBER

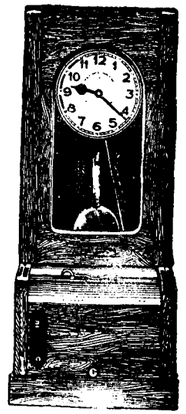
The Indian Jute Mills Association reports the total production of jute goods at the end of December as follows:

	(000 metres and 00,000 yds.) Dec. '70	Nov. '70	Dec. '69
Hessian	2,83,66 (3,10)	8,99,78 (9,84)	10,61,18 (11,61)
Sacking	3,31,77 (3,63)	8,20,24 (8,97)	7,32,89 (8,01)
Carpet-backing	41,74 (46)	1,17,06 (1,28)	1,53,72 (1,68)
	(000 tonnes and tons) Dec. '70	**Nov. '70**	**Dec. '69**
Hessian	8.2 (8.0)	26.7 (26.3)	32.6 (32.1)
Sacking	15.0 (14.8)	37.5 (36.9)	34.6 (34.1)
Carpet-backing	4.6 (4.5)	13.2 (13.0)	17.4 (17.1)
Others	2.0 (2.0)	4.2 (4.1)	5.8 (5.7)
Grand Total	29.8 (29.3)	81.6 (80.3)	90.4 (89.0)
Hours worked:	64.0*	200.0	208.0

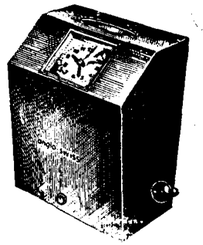
* Assuming 1'8 working days lost due to the general strike in the jute industry. Four mills outside West Bengal were, however, not affected.

Note : All figures are at bale-point. Figures do not include Naskarpaa.

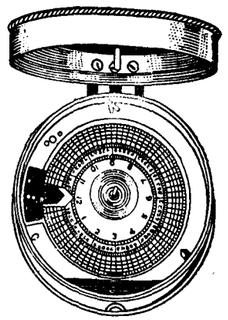
N.B.—These statistics are based on replies received and represent all members of the Association, National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and the Bird group of mills. The figures in brackets are in British measures.



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BOOKS

Export Marketing in India : An Empirical Study

Export Marketing in India: Problems, Practices and Impact. By Chatrapati P. Rao. (Published by Balgovind Prakashan, Gandhi Road, Ahmedabad 1. Pages 275, price Rs. 22.50.)

With the increase of non-traditional exports from India, the problem of export marketing has come into a new focus in this country. Some empirical studies are being made by various institutions. Dr. Rao's study is one of them, and one may say a competent one. For one thing, an aggressive export salesmanship can help to get present dormant industrial capacities utilised better in future. Modern trade requires a high level of marketing skill on the part of manufacturer-exporters. Production, pricing, promotion and channel strategies have to be developed so that they suit the economic and other peculiarities of different export markets. Thus, it is but natural that Dr. Rao should suggest that "only a scientific marketing approach can assure business success in export markets." (Page 212).

It is suggested that finding appropriate channels for non-traditional exports from India like bicycles, sewing machines, electrical appliances, and one would add the whole range of industrial machinery, is proving quite difficult. Naturally, Dr. Rao suggests recourse to more market research abroad and study of physical problems of distribution in the overseas markets. What about the Government? Is it promoting exports? Dr. Rao says that "Government policies seem to be creating more obstacles in the way of effective export promotion. The opinion of the firms is more or less unanimous about the gravity of this obstacle." (Page 216.) Frequent foreign trade policy changes by the Government are making it difficult for the manufacturer-exporters to plan their exports on a long-range basis. Besides, these changes also make stable price quotations impracticable.

In sum, the book is of lasting value as it is based on empirical research and a large number of interviews with senior marketing managers in this country. Citations of recent publications—both journals and books—are given as foot-notes. The only jarring point is that the work was undertaken in 1967 and results were published in 1970. In between these three years, the whole perspective of export trade of India has changed. Maybe in the second edition of this book, the data and ideas would be brought more up-to-date.

Growth Economics

Growth Economics. Edited by Amartya Sen. (Published by Penguin Books Ltd, Harmondsworth, U.K. Pages 549. price 12s (Rs. 10.80)

This volume of essays by different writers on the economics of growth was published early this year mainly with a view to making available in a cheaper form the main lines of development in thinking on this most crucial subject. By and large, Dr. Sen seems to have done a good job and has produced a comprehensive textbook. Even so, the absence of ideas of Professor Arthur Lewis and Professor P. C. Mahalnobis in a volume on growth economics does seem a little strange. Maybe that in future editions this deficiency would be made good. The underlying purpose of such collections must be to provoke students to think. If a basic point of view is left out, they lose their over-all usefulness.

The volume is divided into 11 separate parts, which though interlinked, can be read quite separately. Dr. Sen has added a 30-page introduction together with over 175 references, one or two of them taking the reader up to 1969. The subjects dealt with in separate parts are: the Harrod-Domar Model, Neo-Kenyesian Distribution Theory and Growth, Ingredients and Types of Equilibrium Growth, Factor Substitution and Neo-Classical Growth, Critique of Basic Growth Models, the von Neumann Model, Technology and Growth, Measuring Contributions to Growth and Public Policy and Growth. This indicates the comprehensive character of the collection.

Between 1930 and 1970—especially after the worldwide crisis of overproduction—serious attention began to be given to learning the dynamics of growth in different economies. From 1945 the dynamics of economic growth in underdeveloped economies became an important subject of study because the process of liquidating colonialism had started under the impact of new political developments. During this four-decade period, a number of models have been suggested, which are discussed in the volume under different heads.

Industrial Disputes Act

The Industrial Disputes Act, 1947, Together with the Industrial Employment (Standing Orders) Act, the Indian Trade Unions Act and Regulations, with Rules, Forms and Regulations. By L. C. Malhotra. (Published by the University Book Agency, Elgin Road, Post Box 63, Allahabad. Pages 165, price Rs. 9.)

This book gives the three Acts mentioned above, the Central Rules framed under the Industrial Disputes Act, and also the amendments made by the States in the Industrial Disputes Act. The Central Rules under the Industrial Employment (Standing Orders) and the model standing orders are given in both English and Hindi. Included also are the Trade Unions Act, 1946, and the Central Trade Union Regulations. There are also brief explanatory notes on the Industrial Disputes Act. The book would be of use to Labour Officers and others who require the above-mentioned Acts and Regulations in a convenient handbook.

M. R. MEHER

Cultural Revolution

China's Cultural Revolution. By V. P. Dutt and Gargi Dutt. (Published by Asia Publishing House, Calicut Street, Ballard Estate, Bombay 1. Price Rs. 30, pages vii+260.)

China's "Proletarian Cultural Revolution" is no doubt one of the most important events in the Chinese history. People all around the world are well aware of the "Cultural Revolution", but only a few among them know the causes which led to it. The authors of the book under review are experts in Chinese studies. They were eye-witnesses to the launching of the "Great Leap Forward".

The "Cultural Revolution" has been described by Peking itself as the "revolution in terms of the life and death struggle for power" (Page 2). The book contains the whole history of the evolution of the "Cultural Revolution", which is said to be preplanned by Mao, who believes in the theory that "power grows out of the barrel of a gun" (Page 14).

The study is quite informative and has been brought out in an interesting manner. One always feels curious to know the coming event. The authors have been successful in making the study continuous. The book has a beautiful and neat get-up, but its language will prove a bit difficult for the common reader.

V. SHOBHA CHOPRA

A N. C. A. E. R. Study

Economics of Diesel and Electric Traction. (Compiled and Published by the National Council of Applied Economic Research, New Delhi, Price Rs. 16, pages 115.)

In the railway traction, diesel *versus* electricity is a hotly debatable issue. The N.C.A.E.R. study attempts to analyse the comparative economics of the two systems and to identify the factors that should be taken into account for a rational choice. The three railway sections under study are: Durgapur-Mughalsari, Ratlam-Baroda and Drug-Bhusaval. Tracing the history, the study notes that shifts from steam to diesel or electric traction only took place in India after 1959. With the commissioning of the steel plants in Bhilai, Durgapur and Rourkela during the Second Plan period, traffic on the already crowded sections of the Eastern and Southern Railways considerably increased. To cope with it, electrification or dieselisation seemed to be the only answer. In sum, therefore, the share of electric and diesel traction in total train-kilometres rose to 25.93 per cent in 1967-68, against 4.45 per cent in 1959-60.

The study has highlighted the relative advantages under the two systems. To illustrate: electrification has to be preferred if performance of the system alone is the sole index. Also, electric traction ensures an efficient use of energy and minimises investments in loco-stock and maintenance costs. But then under dieselisation, the fixed instalment costs are negligible in a capital-scarce economy like India's and switch-over to the system is possible at very short notice. And citing the lessons of France, the study confirms that electric traction is to be preferred only when the traffic densities are of a very high order.

Gandhism and Pragmatism

Gandhi and Pragmatism. By K. Ramakrishna Rao. (Published by Oxford and I.B.H. Publishing Co., Park Hotel Buildings, 17 Park Street, Calcutta 16. Pages 224, price Rs. 16.)

This is a comparative study of American pragmatism and Gandhian practical idealism. Gandhism is essentially an approach and a method like pragmatism. In spite of the differences in the cultural traditions, pragmatism in America and Gandhism have similarities in their emphasis on experience, action and values. Mahatma Gandhi's approach is similar to that of Pierce who assumed a reflexive relation between thought and action, and truth and reality. Non-violence is an ideal of direct action to resolve social and political conflicts. It is a problematic concept and is essentially a mode of facilitating communication between the members of a group or between groups in situations of conflict. It brings out the essential similarity of approach of Gandhi and Dewey, their concern with communication and its rôle in a democratic society.

Chapter IX discusses Gandhi's existential stand—his religious and moral ideas which bear similarity to those of James. Both of them agree that religion is most important to mankind. For James, religion is to identify its truth by its consequences. For Gandhi, religion becomes a way of life to be cultivated consciously. His object is to apply rather than to discover religion. Thus Gandhi begins where James ends. In chapter X, the analysis of Gandhi's social and political ideas reveals a shift from individual to circumstances. The points of agreement between Gandhi and Dewey are methodological and diagnostic. Their differences stem from the cultural circumstances which suggest divergent remedies for social evils. The problem confronting India is how to industrialise the country so as to secure material prosperity without destroying the community life in villages. The problem facing the U.S.A. is how to establish the local communities so as to recover the individual lost in the maze of massive organisations. Both Dewey and Gandhi assert that local communities are indipensable to the functioning of a healthy democracy. The value of the present study lies in the light it throws on problems likely to arise in future. It also shows how to benefit by experience. For India, there has to be a philosophical justification for change—a philosophy with relevance to the present and future.

ASOKE MOHAN ROY

Industries Journal Annual

Industries Journal Annual (1969-70). Edited by Mr. B. Ramakrishnan. (Published by Economic Publications, Warden House, Sir P. M. Road, Bombay. Price Rs. 5.)

The annual number of the *Industries Journal,* official organ of the Bombay Industries Association, contains a good many interesting and informative articles on the country's economy, trade and industry. A wide range of subjects connected with industry, the Fourth Five Year Plan, rail transport, etcetera, have been covered. Articles dealing with the progress achieved by various industries like fertilisers, metallurgy, instruments, heavy engineering, and pharmaceuticals are also included. Among the contributors to the issue, mention may be made of Mr. A. N. Banerjee on the catalytic rôle of the public sector in development, Mr. Ranvir Khatau on the growth of the cement industry, Mr. K. K. Shah on economic development through health problems, Mr. K. L. Rao on two decades of irrigation and power development and Mr. M. R. Agarwal on the rôle of fertilisers in India's economy during the Plans. The editorial "Towards Better Goals" deserves a mention for its thought-provoking ideas. Well printed on art paper, the annual number should be of value to all interested in India's industrial economy.

COMPANY MEETING

THE ASSOCIATED CEMENT COMPANIES LIMITED

(The following is the statement issued to shareholders by Mr. N. A. Palkhivala, Chairman, The Associated Cement Companies Limited, on the Company's working for the year ended 31st July 1970. The 34th Annual General Meeting of the Company will be held on Thursday, January 21, 1971 at 3-30 P.M. at the Birla Matushri Sabhagar, 19 Marine Lines, Bombay 20).

I referred last year to the grave political instability and the graver economic uncertainty which marked the Indian scene. This year the instability and the uncertainty have been compounded. The economic issues are overshadowed by the more momentous question,—whether the integrity and sanctity of the Constitution will survive or whether the rule of law will give way under the pressure of the gathering forces of anarchy and chaos.

2. During 1955-56 to 1964-65 the average annual growth of real incomes—i.e. taking the national income at constant prices—was 4%, while that of money supply was 7.1%, revealing a gap of 3.1%. By contrast, from 1964-65 to 1969-70 the average annual growth of real incomes was barely 0.8%, while that of money supply was as high as 10.7%, indicating an inflationary gap of 9.9%. The national rate of savings has dropped to the alarming all-time low of 8%. This is the result of the unshakable conviction of our Government that the right thing to do economically is the wrong thing to do politically. Inflation has reached the point where "to speculate is safe but to save is to gamble".

Monopolies Act

3. During the last completed year of your Company, the Monopolies and Restrictive Trade Practices Act, 1969, came into force. Chapter III of that Act which deals with "Concentration of Economic Power" applies to your Company, with all its restrictions and prohibitions. The Monopolies and Restrictive Trade Practices Act could have been more appropriately entitled "The Prevention of Economic Growth Act". This statute treats all undertakings alike —undertakings in a field where the smallest viable unit would require an investment of tens of crores and undertakings in a field which hardly requires any capital investment at all. Any industry, irrespective of its capital-intensive nature, is prohibited from expanding without the previous approval of the Government, merely because it happens to have assets of a certain value. Monopolies, and restrictive trade practices, which are against the public interest, are certainly most reprehensible, and several countries have appropriate legislation to deal with them. But India is the only country in the world where mere size of an undertaking or the value of its assets is made the ground for application of the Monopolies Act.

4. There are industries producing goods of which there is an acute scarcity; and yet even moderate expansion of such industries has been so far denied official sanction because of the existence of the Monopolies Act. Besides, the Act is so hopelessly drafted that it is bound to give rise to legal quibbles which will entail fruitless correspondence with the Government, and in some cases litigation, which may last a substantial part of a businessman's active life. To anyone who does not have to mouth political claptrap it should be clear beyond doubt that the ill-conceived provisions of the Monopolies Act will obstruct effort, deflect enterprise and constrict growth. History smiles when it sees a country seeking to reach the goal of a Welfare State by a road which runs into lone and barren sands where honest enterprise is sorely tried and economic growth is held in chains.

"Concentration of Economic Power"

5. The bogey of concentration of economic power is the current myth in the realm of economic folklore. Ancient Indians held the Evil Spirit responsible for smallpox, and modern Indians are asked to hold concentration of economic power responsible for the ill-health of our economy. In reality, the captains of industry are not in politics and all of them together have far less influence over governmental policies than a handful of Young Turks. Besides, our economy being primarily agrarian and the agriculturist being politically more important than the businessman, the terms of trade are swung all the time in favour of agriculture which is the politically influential sector. Between 1962-63 and 1969-70, there was a rise of 90% in the prices of agricultural commodities, as against the rise of only 39% in the prices of manufactured goods.

6. For a people whose national motto is "Truth shall prevail", we do remarkably well in the way of propagating and swallowing falsehoods. Consider the oft repeated allegation that capital is on strike and large business houses are not willing to cooperate with the Government in developing the national economy. Facts are stubborn things, and the figures as disclosed by the Ministry for Industrial Development in the Rajya Sabha on 23rd November 1970 tell exactly the opposite story. As many as 444 applications for licences were received from large industrial houses between January and September 1970. Only three licences were granted, and letters of intent were issued in three other cases. 50 applications were rejected and the remaining 388 applications were "under consideration". So far from capital being on strike, it has been struck,—struck repeated and swingeing blows in the name of outdated ideologies which have not the remotest relevance to the economic realities of the day. Between our licensing regulations and the provisions of the Monopolies Act, the inbuilt delays make eternity intelligible.

7. India's greatest need today is a sharp upsurge in the level of investment and in industrial and agricultural production. There is no other and no easier solution for our bewildering problems of growing unemployment, increasing scarcities and spiralling prices.

8. In point of economic wisdom and co-operation between the Government and the business community, India is the antipodes of Japan. The Indian Government believes that business, by definition, is socially irresponsible and can only be tolerated as a necessary evil; whereas in Japan there is intimate teamwork between business executives and Government officials at every level, and bureaucrats and businessmen work together in total harmony like a tight-knit family. While the Indian Government has an incurable obsession about big business, the Japanese Government insists on minimum sizes for industrial plants where it feels that economy of scale is vital. While the Indian Government jibs at making funds available to large enterprises, the Japanese Government deliberately funnels funds to areas with the highest growth potential. Whereas we pillory our big industrial houses and put them in the list of Twenty Criminals, the Japanese Government issues handsome Certificates of Merit to big corporations which grow and expand continuously. Japan's gross national product increases by an average of more than 16% annually; whereas our high-blown talk about economic development remains high-blown talk.

Modern Creation of Wealth

9. Our law-makers and public administrators have yet to learn some extremely elementary lessons. They have not yet comprehended the economic implications of the fact that for every one rupee of profit earned by a shareholder in the private sector, the company generates over Rs. 3.25 by way of revenues for the Government, for financing social services; that in the modern technological age economies of scale make big size operations unavoidable; and that small entrepreneurs and new entrants into business have their best chance of prospering and developing with safety and security as suppliers of auxiliaries and components to big industrial enterprises. Where there is no vision, perhaps the old adage may stand.

10. Today wealth is created by mass production and the application of technology. This means that the man who creates wealth for himself or his company ensures livelihood for thousands or tens of thousands, and thus prosperity becomes indivisible. India has vast natural resources, but its finest natural resource is the spirit of enterprise which the Government is so anxious to choke off. We harness the power in coal and oil, in fall and stream, but the greatest of powers, the immeasurable reservoir of the people's faith and response, energy and endeavour, is allowed to go waste. The techniques of creating the wealth of nations have changed beyond recognition during the last hundred years; but we still cling pathetically to the ideology thought up by the expatriate German Jew in the gloom of the British Museum Library. "Distributive justice" can never get off to a start when there is nothing to distribute.

Cement—its Importance and Demand

11. Cement is indispensable for the town and the country,—for wells, silos and factories, for irrigation and hydro-electric dams and canals. The consumption of cement, along with that of steel, is an index of development. The annual rate of growth of demand for cement in this country has been stable at 10% on a steadily rising base. Out of the total outlay of Rs. 24,000 crores in the Fourth Five-Year Plan, half is on account of civil constructions in which buildings of various types total nearly Rs. 6,000 crores. The projections of demand for cement for the Fourth Plan range from 18 million tonnes to 21 million tonnes. By international standards of per capita consumption this demand will still be miserably low at 25 Kgs. per head per annum, which is practically at the bottom of the cement consumption rating of 38 countries. In addition to a huge backlog estimate in 1967 of 12 million houses, housing requirements in India are of the order of 4 million houses per year. The Chief Engineers of States in their 20-Year Road Plan formulated in 1958, targeted 3,24,000 miles of village roads, 2,30,400 miles of other district roads and 32,000 miles of National Highways. These targets are now out of date and too low. The requirements of farm and rural works, rural housing, silos, approach roads, wells and threshing floors, are unknown.

12. The potential, therefore, is enormous, but as in other fields of endeavour in this country, between the potential and the actual, falls the shadow of human inadequacy and human folly. What is required is a sense of urgency and willingness to make the supreme effort for a crash programme. As against this, in the earlier Plans the allocations for housing were not utilised or were diverted for other uses. Subsidised industrial housing evoked poor response. Allocations in the Plans for roads as a percentage of the total outlays are static or going down. In the Fourth Plan, it is as meagre as 5.8% of the total outlay. However, lately there has been some appreciation of the urgency of the problem of housing. The Government of India have created a Revolving Fund of Rs. 200 crores to promote housing, and it is upto the States, Housing Boards and other bodies to derive the maximum benefit by speedy construction and repayment to the Fund.

13. In some ways, foodgrain production and housing present similar problems and face similar road blocks: lack of finance on the part of those needing housing, primitive procedures and methods of construction, defective logistics and timing of supplies, and finally the traditional leisurely attitude towards results. The housing problem can be solved only by means analogous to the green revolution,—by a break-through in technology, and in organisational methods of construction and financing. Whereas in the case of agriculture not only had the techniques to be discovered or fashioned but the small farmer had to be educated to adopt and implement them, in the case of housing, all the techniques and technology have been available for some time, crying to be used. What is required is the application of industrial methods and mass production technology and approach to the problem of housing; in particular, modular construction, assembly of modules at site, concrete masonry and pre-cast concrete instead of laborious and slow brick-laying; establishment of up-to-date prefabrication plants, manufacture of concrete block and other pre-cast units on a large scale, use of ready-mixed concrete, and, for decorative purposes, aesthetic concrete finishes.

14. You will be glad to know that your Company, through its Concrete Association of India and Village Welfare Scheme, has been spearheading the attack on some of the obstacles in these areas, by developing and demonstrating these techniques and innovations, by educating and assisting the farmer, the building contractor and the would-be house owner. Whilst the industry is geared, ready and willing for producing

as much cement as will be required, it is hobbled by lack of finance, in addition to the licensing and "mono poly" restrictions I have referred to earlier. Financial stringency will now be further aggravated by even heavier fiscal imposts. Tax Credit Certificates (Excise Duty on Excess Clearance) Scheme, 1965, has ceased from April 1970. The Development Rebate for the industry was reduced from 35% to 25% in the case of installations after 31st March 1970.

The Future of ACC

15. "One step enough for me" is a noble precept, but not to be followed in the field of corporate management. Your Company would like to plan for a decade ahead, at least to the extent to which such an exercise is possible or fruitful in the context of the kaleidoscopic changes in the Government's licensing, "monopoly" and other policies.

16. For the last eleven years we have been able to maintain the dividend at a steady level of 12%. Compared to the yield available in many other industries, your dividend and share prices have been modest though stable. But even this rate of dividend has been maintained only by dipping into the Reserves for the last few years. The profits did not even permit the setting apart in full of the *Expansion* Reserve for the two years 1967-68 and 1968-69 as we were required to do, and we have had to make good the shortfall last year. Whilst capacity, production, sales and realisation are higher every year, the net profit has been declining as a result of price control. Proven cost increases due to Governmental action are not recompensed in full, and even such inadequate adjustment as is granted is always delayed. In no instance did the Government give the price as recommended by the Tariff Commission, or from the date set by it.

17. How do companies increase their profitability in progressive countries? First, by increasing prices to offset heavier costs which are beyond the manufacturers' control. Secondly, by expanding production so that unit costs are reduced by the economies of scale. Thirdly, by diversification into new products which may be allied to the existing line or something entirely new, where the return on the capital employed is higher. Fourthly, by mergers, acquisitions or forming conglomerates. And lastly, by intensive and rigid cost control and cost reduction. None of these avenues, excepting the last, is at present freely available to your Company, thanks to the booby-traps and mine-fields of licensing, "monopoly" and other regulations with which the business area has been strewn in this country. As regards cost reduction, it has become a continuous exercise in A.C.C. But reduction in cost achieved by improved efficiencies are swallowed up by imposts beyond the Company's control, such as increases in electricity duties and royalties payable to Government, and in freight on coal, gypsum and other stores and the continuous increase in their prices.

Shortage of Wagons

18. As regards our short-term prospects, I should like to sound a note of caution. It is not enough to produce cement and to produce it cheaply. It has to be despatched and distributed. Your Company's problem is not that of production but of distribution, as every bald-headed man realises when he shaves in the morning.

19. Whilst we are confident of production and reasonably confident of sales, despatches have been the weak link in the chain from investment to realisation; and the situation has worsened steadily, instead of improving. Despatches are mainly made by rail and road. Cement which is a bulky commodity has to be moved vast distances, since there are only a few substantial consuming centres scattered far and wide.

20. A large proportion of cement has to move by rail. Movement by rail has been the bottleneck, particularly in respect of some of our large factories like Jamul and Chaibasa whose markets include Delhi, the Punjab and Haryana and to which markets rail movements are the most difficult. Last year, our despatches were reduced by as much as 3.45 lakh tonnes due to wagon difficulties. The railways have been doing their best to help us and have promised better services during the Fourth Plan. Unless this promise is redeemed and there is satisfactory improvement in railway transport, our despatches may suffer even more acutely in future.

21. Before concluding, I should like to express, on your behalf and on behalf of the Management, appreciation of the loyalty, co-operation and sense of duty evinced by the vast A.C.C. family at all levels—at the Works, Collieries, Offices and other establishments.

Bombay, January 16, 1971

BOOKS RECEIVED

Export Marketing in India. By Chatrathi P. Rao. (Published by Balgovind Prakashan, Ahmedabad. Price Rs. 22.50, pages 275.)

Nationalisation of Banks—Symposium. (Published by the Publications Division, Ministry of Information and Broadcasting, Government of India, New Delhi. Pages 178.)

Incidence of Taxation in Gujarat. (Published by the National Council of Applied Economic Research, New Delhi. Price Rs. 18, pages 118.)

Cost of Marketing Cotton. By M. G. Pavaskar and V. Radhakrishnan. (Published by the Department of Economics, University of Bombay, Bombay 32. Price Rs. 6, pages 55.)

The Economics of the Common Market. By D. Swann. (Published by Penguin Books Ltd., Harmondsworth, Middlesex, England. Pages 200.)

The Social Psychology of Organisations. By Daniel Katz and Robert L. Khan. (Published by Wiley Eastern Private Ltd., J 41 South Extension 1, New Delhi 49.)

Corporate Law Accounts Systems and Society. By M. C. Bhandari (Published by Bhandari Publications, 4 Synagogue Street, Calcutta 1. Price Rs. 20, pages 378.)

Planning and Economic Development in India. By Mohammac Shabbir Khan. (Published by Asi Publishing House, Calicut Street Ballard Estate, Bombay 1. Price Rs 16, pages 83.)

Population and Food Supply i India. By S. S. Madalgi. (Publishe by Lalvani Publishing House, 210 D D. N. Road, Bombay 1. Price Rs. 2 pages 160.)

STATISTICS

Stock and Share Prices

The following are the official quotations of the Calcutta, Bombay and Madras Stock Exchanges. Fuller details relating to the accounts of companies are published in the final week's issue of 'Capital' every month.

CALCUTTA

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	9-1-71	18-1-71
BANKS			Rs.	Rs.
Allahabad Bank	13	13	160/00	160/00
Bank of India	20	20	130/50	130/50
Bank of Baroda	17	18	97/00	96/00
Central Bank of India	20	20-8*	70/50	69/50
Chartered Bank	15	15	sh. 39/3	42/00
Hongkong & Shanghai	sh. 10 2/5	sh. 12⅛	£10¼	£11⅛
Indian Bank	15	15	162/00	162/00
Indian Overseas Bank	11	11	169/00	168/00
National & Grindlays	13⅓	13-9	sh. 52/9	sh. 53/3
Punjab National Bank	22	22	24/19	24/05
United Bank of India	7½	7½	9/12	9/44
United Commercial	14	14	101/00	101/00
Union Bank of India	12	12	8/60	8/50
COAL				
Amalgamated	12½	7½-10*	8/62	7/87
Bengal	10	12-12*	157/00	158/00
Bokaro & Ramgur	...		12/00	12/00
Borrea	Nil	5-15*	15/00	15/00
Burrakur	13	Nil-12*	12/40	11/50
Central Kurkend	...	...	3/44	3/44
East Indian	15	Nil-Nil*	6/94	7/00
Equitable	Nil	Nil-Nil*	4/75	4/75
Karanpura Devt	2	Nil-5*	7/44	7/44
Karanpura Collieries	10	12-20*	10/87	10/87
Katras Jherriah	5	10-10*	10/50	10/50
New Beerbhoom	8	12	13/94	13/94
New Manbhoom	Nil	Nil-Nil*	4/25	4/25
Pench Valley	12½	7½-10*	7/62	7/62
Raneegunge	5	7½-10*	11/06	11/06
Rewa	12½	12½-15*	26/37	26/37
Sendra	3½	3½-7½*	3/75	4/44
South Karanpura	2½	10-20*	13/19	13/19
Standard	Nil	5-10*	7/19	7/19
Union	Nil	Nil	5/00	5/00
Western Bengal	7½	7½-8*	7/00	6/81

*1969

	Dividend per cent		Latest Market Quotations as available until	
JUTE	1967	1968	9-1-71	18-1-71
			Rs.	Rs.
Agarpara	5	5	6/25	6/06
Alexandra	Nil	...	25/50	25/50
Alliance	Nil	...	17/25	17/25
Anglo India	2½	2½-2½*	100/00	100/00
Auckland	Nil	Nil-Nil*	52/50	52/50
Bally	10	10-10*	11/94	11/94
Baranagore	Nil	Nil-Nil*	71/50	74/50
Birla	15	15-15*	20/50	20/90
Budge Budge Amal.	Nil	Nil-Nil*	7/50	7/50
Champadany	Nil	Nil-5*	13/25	13/25
Chitavalash	Nil	Nil	6/25	6/25
Dalhousie	Nil	Nil-Nil*	37/50	37/50
Empire	Nil	Nil	4/62	4/50
Fort William	2½	Nil	14/44	14/44
Ganges	5	Nil	6/75	6/75
Ceneral Industrial	6	9-10*	11/56	11/56
Gourepore	5	5-Nil*	6/35	6/31
Hastings	4	2½	104/00	104/00
Hooghly	10	10-10*	9/37	9/50
Howrah	Nil	Nil	6/12	6/12
Hukumchand	Nil	Nil-Nil*	10/75	10/00
India	Nil	3½-5*	6/69	5/56
Kamarhatty	Nil	Nil-Nil*	80/00	80/00
Kanknarrah	Nil	Nil-Nil*	26/00	28/00
Kelvin	Nil	Nil	20/00	20/00
Khardah	Nil	Nil-Nil*	5/19	5/06
Kinnison	Nil	Nil	20/00	19/50
Lansdowne	Nil	Nil	25/50	24/50
Lawrance	3	2-Nil*	25/50	25/00
Megna	6	Nil-Nil*	3/25	3/25
National	Nil	10	7/50	7/50
Nellimaria	6	4	7/75	7/75
New Central	...		3/69	3/81
Northbrook	10	Nil-10*	9/87	9/87
Nuddea	2½	2½-Nil*	4/25	4/44
Presidency	Nil	...	0/94	1/06
Reliance	Nil	Nil	4/94	4/87
Titaghur	Nil	Nil	10/12	10/12
Union	Nil	Nil	44/00	44/00
Waverley	15	15-6*	3/69	3/69
COTTON TEXTILES				
Bharat Commerce	15	15-15*	19/62	19/31
Birla Cotton	10	10-10*	14/50	14/50
Bowreah	17½	17½-17½*	13/69	13/62
Cawnpore Textile	Nil	10-8*	3/25	3/06
Delhi Cloth & Genl	12	6-12*	81/75	84/25
Dunbar	5	Nil-Nil*	9/50	10/00
Elgin	10	10-8*	7/22	7/00
J. K. Cotton	15	5-6*	11/35	11/45
Jaya Shree	5	Nil-Nil*	4/81	5/00
Jagatjit	10	...	8/81	8/81
Jiyajeerao	10	...	25/12	25/12
Orissa Textiles	Nil	Nil	3/50	3/50
Rampooria	Nil	Nil	3/25	3/25
Swadeshi	2½	5-5*	11/50	11/50

	Dividend per cent		Latest Market Quotations as available until	
TEA	1967	1968	9-1-71	18-1-71
ASSAM			Rs.	Rs.
Amluckie	2	Nil	9/00	9/00
Anand Bag	7½	5-10*	33/25	33/25
Assambrook Estate	9	10	8/19	9/19
Baghmari	Nil	Nil	4/56	4/56
Basmatia	15	Nil-12½*	10/00	10/00
Bateli	12½	5	16/00	16/00
Betjan	2½	Nil-15*	11/50	11/56
Bishnauth	8	Nil-Nil*	7/25	7/25
Bormah Jan	12½	10	7/44	7/44
Dejoo Valley	2½	...	6/12	7/06
Dhelakhat	5	Nil	8/75	8/81
Dhunseri	13	13-10*	10/25	10/25
Dibrugarh	30	30	19/12	19/12
Dimakusi	15	12½-12½*	14/50	14/50
Gillapukuri	Nil	...	12/06	12/06
Grob	6	Nil-Nil*	3/65	3/65
Hoograjuli (Assam)	9	...	20/50	20/50
Hoolungooree	Nil	Nil-12½*	97/00	97/00
Joonktollie	12½	...	15/50	14/50
Jutlibari	10	10-20*	16/00	15/50
Ledo	7½	5	9/50	9/50
Methoni	13	6-7*	10/25	10/25
Mothola	8	10-10*	133/00	133/00
Murphulani (Assam)	20	13-13*	9/00	9/00
	20.63	7½-7½*	11/31	11/31
Naga Hills	15	15-10*	15/25	15/25
Namburandi	20	20	9/00	9/00
Rajgarh	10	Nil-12½*	10/31	10/31
Sapoi	Nil	...	8/00	8/00
Teloijan	4	Nil-4*	3/19	3/19
Tengpani	10	10-20*	59/00	59/00
Tezpore	15	5-5*	12/12	12/12
Tyroon	6	Nil	20/12	20/12
CACHAR				
Eastern Cachar	Nil	Nil	4/97	4/87
Hattikhira	Nil	Nil-Nil*	7/62	7/50
North Western	6	...	94/00	77/00
Rungamattee	12½	7½	8/10	8/05
Sonai River	Nil	Nil	3/25	3/25
DARJEELING				
Chamong	6	2	5/25	5/25
Gielle	10	10	7/00	7/00
Longview	4	Nil	3/37	3/37
Margaret's Hope	12½	12½	7/62	7/62
Mim	13	Nil-Nil*	150/00	150/00
Nargi Farm	15	12½	10/62	10/62
Okayti	10	2½	600/00	600/00
Poobong	Nil	Nil	9/94	9/94
Runglee Rungliot	17½	7½	136/00	136/00
Soom	17½	10-5*	17/31	17/31
Sungma	8	8	7/56	7/56
Teest Valley	10	10	8/19	8/19
DOOARS				
Banarhat	20	5-Nil*	92/00	92/00
Bhatkawa	6	...	5/81	4/87
Birpara	12	5-Nil*	80/00	83/00
Carron	10	Nil	170/00	170/00
Ellenbarrie	10	Nil	85/00	85/00
Gairkhata	20	3½-Nil*	7/10	7/10
Hasimara	Nil	Nil	3/70	3/65
Huldibari	10	10	5/30	5/31
Jaybirpara	Nil	Nil	9/20	9/20
Killcott	14	12½-5*	9/06	9/06
Oodlabari	8	...	7/00	7/00
Rajabhat	Nil	...	3/05	3/75
Rydak	15	7½-5*	8/87	8/87
Sarugaon	...	...	26/87	26/87
TERAI				
Belgachi	10	6-Nil*	19/00	19/00
Gungaram	Nil	Nil	56/50	56/50
New Chumta	10	7	5/25	5/25
New Terai	2½	6	15/37	15/31
Pahargoomiah	Nil	Nil	9/56	9/56
Tirrihannah	50	5	70/00	70/00
SYLHET				
New Samanbagh	Nil	Nil	5/00	5/00
Patrakola	Nil	Nil	44/50	44/50
MINING				
Indian Copper	8	9-9*	3/90	4/02
Orissa Minerals	5	5-10*	12/37	12/19
CEMENT & LIME				
Ashoka Cement	10	7-6*	5/19	5/00
Bengal Potteries	9	9-Nil*	1/81	1/81
Bisra Stone Lime	Nil	12½	13/12	13/12
Dalmia Cement	12½	12½-12½*	14/50	14/44
Jaipur Udyog	10	10-10*	9/20	9/25
Kalyanpur Lime	8	6	11/62	11/62
Orissa Cement	11	11	18/80	18/65
Sone Valley	Nil	Nil	1/66	1/78
CHEMICALS				
Alkali & Chemical	18	5-10*	30/75	30/75
Bengal Chemical	10	7½-7½*	48/00	48/00
Calcutta Chemical	18	...	21/25	21/25
Chemicals & Fibres	27½	27½-27½*	48/50	48/50
Indian Explosives	15	15-15*	26/81	27/00
Smith Stanistreet	18	15-15*	5/40	5/12
ELECTRICITY				
Benares Elec	6	6-Nil*	13/50	13/50
Calcutta Elec	9	9	18/69	18/50
Dishergarh Power	12½	9-9*	10/37	10/37
Jubbulpore Elec	10	10-10*	13/62	13/62
Patna Electric	11	11-11*	12/56	12/56
Sijua (Jheriah) Elec.	10	11-11*	8/31	8/31

*1969

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	9-1-71	18-1-71
ENGINEERING			Rs.	Rs.
Bhartia Electric Steel	2½	Nil-Nil*	7/50	7/50
Binani Metal	12	5	5/12	5/12
Braithwaite India	6	Nil-Nil*	6/55	6/12
Bridge & Roof	10	10-8*	36/19	35/19
Britannia Engineering	Nil	...	1/56	1/59
Biecco Lawrie	17½	10-Nil*	12/00	12/00
Burn (Engineering)	Nil	Nil	61/50	59/50
Calcutta Steel	12½	12½-Nil*	6/59	6/69
Engel India	Nil	...	3/94	3/81
Escorts Ltd	10	13	22/00	22/37
Guest Keen Williams	Nil	Nil-8*	27/85	30/60
Hindusthan Wire	...	...	9/94	9/81
Hooghly Docking	Nil	Nil-Nil*	31/00	31/00
Hope's Metal	Nil	Nil-Nil*	2/62	2/62
Indian Iron & Steel	8½	Nil-5*	13/55	13/25
Indian Standard Wagon	Nil	Nil-Nil*	5/19	5/12
Indian Steel & Wire	24	20-20*	26/87	26/87
Industrial Containers	3	8-12½*	11/75	11/75
Jay Engineering	Nil	8-10*	15/12	14/81
J. K. Steel	10	Nil-Nil*	9/75	10/06
Jessop & Co	12½	Nil-Nil*	6/75	6/87
Kumardhubi Eng	Nil	Nil-Nil"	3/12	3/12
Machinery Mnfg	Nil	Nil	7/31	6/69
Marshall Sons (India)	8	4-Nil*	1/06	1/00
Saran	10	Nil-6*	9/25	9/44
Sen Raleigh Industries	9	10	8/19	8/19
Simon Carves	7	7	7/75	7/81
Steel Containers	15	20-20*	20/12	20/12
Textile Machinery	Nil	Nil-Nil*	10/75	10/90
Wellman Incandescent	8	8-8*	9/25	9/25
SUGAR BREWERIES				
Balrampur	Nil	8-10*	3/00	3/03
Belsund	10	13½-13½*	8/81	8/81
Carew	Nil	6-Nil*	7/50	7/50
Cawnpore	Nil	Nil-Nil*	6/25	6/25
Champaran	Nil	15-5*	11/62	11/62
Burbhanga	Nil	10-7½*	5/15	5/15
Ramnugger Cane	8	20-10*	9/44	8/81
Baza Buland	Nil	Nil-Nil*	1/94	2/03
Shree Krishna Gyan	5	6-Nil*	3/87	4/00
United Provinces	10	12½-10*	7/00	6/75
MISCELLANEOUS				
Aluminium Corporation	12	12-10*	14/12	14/19
American Refrigerators	15	10	7/50	7/50
Andrew Yule	...	10-10*	8/00	7/87
Angelo Bros	16	17½-7½*	8/00	7/62
Asiatic Oxygen	Nil	...	3/19	2/97
Assam Match	14	15-17*	21/31	21/19
Associated Battery	15½	16-18*	31/67	30/50
Avery	12	12-13.8*	13/62	14/25
Balmer Lawrie	12	8	72/00	72/00
Bararee Coke	20	20-20*	16/25	16/25
Birds Investments	Nil	Nil-Nil*	2/50	2/50
Britanina Biscuit	20	18-22*	36/81	36/87
British India Crop	Nil	Nil-Nil*	4/19	4/31
British Paints	10	10	21/75	24/75
Brook Bond India	...	13½-17½*	27/50	27/50
Clive Row Investment	4	4½	7/06	7/06
Dr Paul Lohmann	Nil	Nil-Nil*	3/00	2/06
Duncan Brothers	12	12-12*	116/00	116/00
Dunlop India	17½	17½-20*	36/80	37/25
East Anglia Prastics	6	5-6*	4/37	4/44
MISCELLANEOUS—Contd.				
Eastern Investments	4	4½-9½*	7/69	7/06
Electric Construction	10	10-Nil*	23/06	22/44
English Electric	Nil	Nil-Nil*	16/50	16/37
Fort Gloster Industries	2½	2½	170/00	170/00
French Motor	Nil	Nil-Nil*	14/12	14/12
Ganges Rope	20	15-7½*	184/00	160/00
Gillanders Arbuthnot	12½	12-6*	7/25	7/25
Godfrey Phillips (India)	35	35	49/50	49/50
Goodyear India	15	15-17½*	53/87	54/25
Gramophone Co.	...	15*	22/50	22/25
Gwalior Rayon	16½	17½-17½*	39/50	40/10
Hindustan Aluminium	10	10-10*	35/37	36/00
Hindustan Motors	12½	12½-10*	14/90	15/05
Hindusthan Pilington	Nil	...	9/12	9/12
Hindusthan Sanitary Wares	10	10-10*	15/25	15/25
Hindusthan Wire Pro	...	...	25/25	25/25
India Tobacco	10	11-13*	17/56	17/37
Inchek Tyres	Nil	Nil-6*	9/75	9/50
Indian Aluminium	17½	14-14*	34/70	36/25
Indian Cable	15	5-21*	15/44	15/95
India Carbon	16	16-16*	32/37	31/50
Indian Oxygen	12	12-12*	24/44	24/62
Indian Rubber Mfg.	Nil	Nil	21/00	21/00
Indian Tack & Nail	1½	3-5*	8/15	8/15
Indian Wood Products	9	9-15*	14/31	13/06
J. K. Synthetics	12½	12½-12½*	42/00	42/19
Jardine Henderson	7	4-Nil*	35/00	35/00
Jay Shree Tea & Ind.	11½	10-10*	17/50	17/69
Kesoram Industries	16	13½-13½*	15/90	16/10
Macneill & Barry	5	5-5*	40/00	40/00
Martin Burn	12½	6-10*	8/12	7/87
McLeod & Co.	Nil	Nil	190/00	190/00
Metal Box Co of India	12	9-9*	14/25	14/12
Metal Distributors	...	...	7/06	7/19
Mohan Meakin	17½	9	12/75	13/56
National Insulated Cable	20	5-5*	9/50	9/50
National Pipes & Tubes	10	5-2½*	7/62	7/81
National Rolling & Steel	20	5-2½*	5/44	5/25
National Rubber Mfrs.	12	12-5*	9/06	9/06
National St Duncan	Nil	...	269/00	233/00
National Tobacco	5	8½-9*	14/50	14/25
Phillips Carbon	15	15-15*	20/00	19/31
Philips India	19	20-23*	40/75	41/12
Rallis India	13	13-13*	140/50	140/50
Rohtas Industries	Nil	Nil-Nil*	6/80	6/75
S. S. Duncan	15	22½-22½*	39/75	40/00
Shaw Wallace	15	15-15*	21/25	21/87
Stewarts & Lloyds	Nil	Nil-10*	14/69	14/62
Union Carbide	15	15-15*	31/44	30/69
Universal Cable	10	10-10*	16/69	16/81
Usha Martin	Nil	Nil-5*	11/87	16/87
Walford Transport	7½	7½-7½*	0/94	0/87
Woolcombers of India	Nil	3-6*	16/87	11/12
INSURANCE				
Concord of India	15	20-20*	12/12	12/12
Hercules	15	18-21½*	23/12	23/12
Ruby General	12½	12½-12½*	15/00	14/87
Triton	12½	12½-17½*	138/00	135/00
FLOUR MILLS				
Bengal	3	3-4*	13/12	13/12
Hooghly	Nil	Nil-10*	19/75	19/75
United	5	5-5*	21/50	19/25

*1969

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 8-1-71	1-1-71	9-1-70
Liabilities—			
Notes in Banking Dept ...	18,65,12	29,67,45	20,73,70
Notes in Circulation ...	41,12,40,46	40,09,29,16	37,22,18,65
Total Notes Issued ..	41,31,05,58	40,38,96,61	37,42,92,35
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,71,42,00	3,11,42,00	2,91,42,00
Total of A ...	4,53,95,11	4,93,95,11	4,73,95,11
B. Rupee Coin ...	55,19,00	57,91,29	66,70,12
Rupee Securities ...	36,21,91,47	34,87,10,21	32,02,27,12
Total ...	41,31,05,58	40,38,96,61	37,42,92,35

BANKING DEPARTMENT

Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	3,49,82,60	2,63,72,76	77,77,60
2. State Govts. ...	4,90,02	10,17,02	9,20,80
(b) Banks—			
(i) Scheduled Banks ...	1,90,62,04	2,00,98,15	1,63,30,83
(ii) State Co-operative Banks	9,22,65	7,91,06	7,78,73
(iii) Non Scheduled State Co-operative Banks ..	88,92	79,76	72,04
(iv) Other Banks ...	29,40	27,05	22,82
(c) Others	89,09,80	95,54,96	2,14,38,37
Bills Payable	44,94,60	63,81,01	42,34,53
Other Liabilities	97,43,24	99,34,08	87,51,00
Total	12,46,23,27	12,01,55,85	10,23,23,88
Assets—			
Notes			
Rupee Coin	18,65,12	26,67,45	20,73,70
Small Coin ..	3,45	2,76	3,69
Bills Purchased and ..	4,20	4,30	6,46
Discounted:—	35,16	20,36	
(a) Internal	...	...	
(b) External	17,47,12	19,28,35	91,60,30
(c) Govt. Treasury Bills ...	1,10,25,61	93,89,85	1,30,42,46
Balances held abroad ...	1,06,04,19	99,69,14	1,14,08,50
Investments			
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ..	1,85,29,07	1,67,39,74	1,34,24,92
Loans and Advances to:—			
(i) Scheduled Banks ...	3,74,50,35	3,50,96,95	1,28,40,05
(ii) State Co-operative Banks	2,94,49,15	2,98,91,46	2,92,80,05
(iii) Others ...	2,04,75	2,50,65	2,58,11
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,20,49	34,20,79	31,33,38
(ii) State Co-operative Banks	22,12,97	22,28,99	16,09,40
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,57,02	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	5,27,67	5,29,94	6,48,93
National Industrial Credit (Long Term Operational) Fund	27,93,71	27,93,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	37,90,84	39,64,09	38,32,61
Total	12,46,23,27	12,01,55,85	10,23,23,88

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 8-1-71	1-1-71	9-1-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,68,62,00	1,64,85,00	1,41,91,00
(2) From others ...	25,63,16,00	25,51,46,00	21,59,95,00
(b) Borrowings from Banks	36,27,00	33,39,00	36,55,00
(c) Others	1,50,66,00	1,51,34,00	1,36,69,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,15,16,00	1,15,61,00	1,05,45,00
(2) From others ...	32,89,29,00	32,91,22,00	28,30,64,00
(b) Borrowings from Banks	7,67,00	7,56,00	7,77,00
(c) Others	41,20,00	41,21,00	30,35,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ..	26,05,00	26,43,00	26,48,00
(b) Time Liabilities ...	66,64,00	66,73,00	65,42,00
(iv) Borrowings from Reserve Bank	6,96,60,00	6,74,00,00	4,26,00,00
(v) Cash	1,77,03,00	1,76,47,00	1,37,57,00
(vi) Balances with Reserve Bank	2,09,89,00	2,09,78,00	1,70,92,00
(vii) Balances with other banks in current account ..	75,10,00	80,42,00	56,72,00
(viii) Money at call and short notice	49,88,00	47,56,00	49,46,00
(ix) Investments in Central and State Govt. Securities ...	14,08,57,00	14,08,24,00	12,56,42,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,81,11,00	37,55,35,00	31,97,15,00
(b) Due from banks ...	4,95,49,00	4,88,78,00	4,58,61,00
(xi) Inland Bills purchased and discounted	6,89,95,00	6,54,50,00	4,25,94,00
(xii) Foreign bills purchased and discounted ..	2,05,82,00	2,04,31,00	1,87,92,00
(xiii) Total of X, XI and XII ...	51,72,37,00	51,02,97,00	42,69,62,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960 – 100)

	1970	1969	1968
January	186.8	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June ...	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1



THE ORISSA MINERALS
DEVELOPMENT COMPANY LIMITED

BULK SUPPLIERS OF

IRON ORE and MANGANESE ORE

TO THE

STEEL INDUSTRY

CHARTERED BANK BUILDINGS

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India's Foreign Trade

Retreat from Radicalism?

FEW with any knowledge of the Prime Minister, Mrs. Indira Gandhi's style of politics will be taken in by her latest claim that she is no radical or her assertion that she has an abiding faith in the concept of a mixed economy. It is, therefore, least surprising that the Prime Minister did not succeed in convincing the business community of her *bona fides* when she met a representative group of industrialists in Bombay a few days ago. A section of business men sees in the Prime Minister's utterances a desire to win over their support temporarily to tide over the difficulties till the elections to the Lok Sabha. Not many seem to be sure that she will honour her commitment and give a better deal to trade and industry if she is returned to power with a "comfortable majority". It is evident that Mrs. Gandhi's keenness to come back to power with a sizable majority has made her go out of the way to seek the support of the very same industrialists whom, only a month ago, she found to be more "private" than "enterprising" and dubbed them all as "rentiers". Her unprovoked attack on the business community at the annual general meeting of the Associated Chambers of Commerce startled even many of her own supporters and gave, at that time, the unmistakable impression that the mid-term elections were round the corner.

The shift in Mrs. Gandhi's policy pronouncements is but a part of her election strategy, although her allies see in it a "retreat" from her radical posture. Neither the business community nor her left-wing supporters expect Mrs. Gandhi to conform to her policy utterances made during her election campaign. Industrialists have enough experience of Mrs. Gandhi's Government to feel assured that she will do nothing to upset the apple cart; on the contrary, her credibility with the business community has suffered due to her repeated attacks on the private sector. There is, therefore, a genuine fear that if she could indulge in rash policies for the sake of political expediency even as a minority Government, nothing may prevent her from being more radical if she is helped to come back to power with a majority. On the other hand, some industrialists like Dr. Bharat Ram have come out with open support to Mrs. Gandhi because they are of the view that she is no "communist", and whatever radicalism she has displayed in the last 18 months has been forced upon her because of the support she had to seek from the communists and other allies. If she is helped to rid herself of this dependence on the Leftists, she is bound to pursue a moderate policy and provide a stable administration for the next five years.

The Congress(R)'s manifesto has a few good words to say about the private sector. But these are days when even written words have no value and the present Government has had no qualms in going back on constitutional guarantees given to the people. The classic example is the abolition of privy purses. Furthermore, there is already much talk of doing away with the right to property as a fundamental right, although, here again, the Prime Minister wants to soft-pedal by saying that she is not for touching the property of the poor but only of the rich. Evidently, having committed herself and her Party to the abolition of property right, Mrs. Gandhi is now trying to wriggle out of it, lest she should lose the votes of the landed peasantry who may have genuine fears about the Government's intention on the right to property. The rightist parties like the Jana Sangh have taken care to make it clear in their manifestoes that they will take every possible measure to protect the property right of the people. In this situation, Mrs. Gandhi was left with no alternative but to come forward with a clear enunciation of her policies and

programmes. Any mincing of words, which may be intended to satisfy different sections of the people, will not, however, bring votes for the Party. Today no party—however high and mighty it may be—can hoodwink the public with vague promises.

Meanwhile, reports are current that Mrs. Gandhi's erstwhile allies like the C.P.I. and the D.M.K. are sore with the way she has been campaigning for the elections. The communists are particularly cut up because of Mrs. Gandhi's appeal to the electorate to give her Party an absolute majority for the purpose of forming a stable Government for the next five years. The C.P.I.'s manifesto is openly critical of the election strategy of Mrs. Gandhi. The Party feels that it had been stabbed in the back and at the same time, it could do little to retrieve the situation. The D.M.K. is also unhappy with the ways of the Congress(R). First of all, it was not for the mid-term poll and had been taken unawares by the sudden dissolution of the Lok Sabha. It felt that any bargain that Mrs. Gandhi's Party might like to strike with it in Tamil Nadu would be at its cost and evidently saw no reason why it should help the Congress(R) build itself up in the State where it was no force at all. Furthermore, in the event of the Congress(R) winning a few seats in Tamil Nadu and getting representation in the Central Cabinet also—if Mrs. Gandhi returned to power—the bargaining power that the D.M.K. enjoyed *vis-à-vis* the Centre would be much reduced, if not totally lost.

Within the Congress(R) too, there is a lot of discontent and dissatisfaction with the manner of selection of candidates for the coming elections. The State bosses like the Andhra Pradesh Chief Minister, Mr K. Brahmananda Reddy and Maharashtra's P.C.C. chief, Mr. Vasantrao Patil, have refused to toe the central line in the nomination of candidates. For instance, Mr. Tulsidas Jadav, a staunch supporter of Mrs. Gandhi from Maharashtra, has been refused a constituency in his home State and has to be accommodated in Madhya Pradesh. A power struggle within the Congress(R)—if at all it returns with a clear majority—is not ruled out by competent observers. However, the Congress(R) will have to make its stand on controversial issues clear, if it is keen on carrying the people with it. If it hopes to win more votes by confusing the electorate, it will find that such a strategy pays no dividend at all.

The Impact of Dearer Money

THE increase in Bank rate to contain the rising trend in money supply and impose "a degree of restraint on credit expansion" should cause no surprise to those who have been closely following the Government's economic policy and its impact on currency and prices. It is not only late by a year but should prove self-defeating because the sources of troubles are to be left untouched. After operating the monetary policy on a 6 per cent basis for three years, the Government lowered Bank rate in March 1968 to 5 per cent and geared the banking system for arresting the recessionary trends and supporting the weak and the neglected sectors of the economy—first through social control and later through nationalisation. This policy has not only aggravated the distortions in the economy but also revived inflationary pressures,, endangering the price stability on which so much faith has been reposed in the Fourth Plan.

The reversal of Bank rate to 6 per cent, accompanied by a fresh credit squeeze of the non-priority sectors, is an official admission of the failure of the policy pursued since March 1968. Only two months ago, the Reserve Bank of India had certified in its annual report that "all these developments provide a favourable climate for the economy to move to a path of sustained high rate of growth." This optimism of technocrats was reinforced by assurances of the Central Finance Minister, Mr. Y. B. Chavan, and the Prime Minister, Mrs. Indira Gandhi, that the economic health of the country was sound. But the new measure has reduced these certificates to a scrap of paper. On top, the Governor of the Reserve Bank, Mr. S. Jagannathan, has rushed with the statement that the Government will have now to supplement the monetary action with fiscal measures. To appreciate what has happened under the new dispensation, it needs to be mentioned that the Government imposed on the banking system the burden of financing the activity in the public sector as well as of the weak and neglected sectors of the economy and simultaneously boosted money supply at more than twice the annual growth rate of the output of goods and services. During the year ended June 1970, the money supply with the public rose by 9.6 per cent, as against 10.3 per cent in the preceding 12 months; the growth of aggregate deposits slackened from 17 per cent to 12.8 per cent; and the expansion of credit improved by 1.5 per cent to 17.5 per cent.

This disturbing trend underlined by the inability of deposit growth to keep pace with credit expansion should have prompted the authorities to pause and review their policy. Instead, they were driven into complacency by the slight fall in the rate of expansion of money supply and fondly hoped that the measures adopted to restrain credit expansion in three instalments during the busy season would be adequate. These calculations have proved wrong and the malaise has deepened as underlined by the rise of 7.4 per cent in the wholesale price index during the year ended 19th December, 1970, on top of a rise of 6.8 per cent in the monthly average index in the 12 months ended January 1970. The warning about the shape of things to come had been given a year ago when it was known that the credit expansion during the first three months of the busy season of 1969-70 was of the order of Rs. 277 crores, compared with Rs. 112 crores in the corresponding period of 1968-69. And the Reserve Bank chose to tighten credit by raising the statutory liquidity ratio to 27 per cent and the minimum net liquidity ratio qualifying for Bank rate refinance to 32 per cent from the third week of April. This was accompanied by the removal of ceiling on lending rates for the non-priority sectors and an increase in deposit rates.

These measures have proved grossly inadequate. During the latter half of 1970, deposits could rise by barely Rs. 487 crores while credit expanded by Rs. 267 crores. Over the year, the volume of money supply rose by 12 per cent, *i.e.*, at nearly two and a half times the growth of output of goods and services, fresh deposits amounted to Rs. 817 crores, advances shot up by Rs. 798 crores, and banks were obliged to borrow Rs. 251 crores more to maintain the minimum statutory liquidity ratio and minimum balances with the Reserve Bank. Besides raising Bank rate to 6 per cent and deposit rates by ½ per cent to ¾ per cent with a view to "encouraging savings and assisting commercial banks' deposit mobilisation", the new policy promises refinance at 4½ per cent for exports and selected agricultural sectors and at 6 per cent against short-term credit to small industries covered by the credit guarantee scheme, direct short-term lendings to farmers, half of the increase in advances to the Food Corporation of India over the figure at the end of October and against bills rediscounted irrespective of the net liquidity of individual banks. The Reserve Bank will, however, help banks at its discretion to ease the pressure on their liquidity.

This policy, which is to be reviewed after it has been in operation for a month, implies that the sacred cows will be well protected, the non-priority sectors used to raising finance by discounting time bills will not be affected, and the axe will first fall on clean advances. The organised industries forced to finance the transport bottleneck, bills which debtors are not accustomed to pay in time, and the ancillary activity which does not create assets immediately will be badly hit. In actual practice, banks are not accepting fresh proposals for credit from the non-priority sectors. Another impact will be that the profits of organised industry will be squeezed further as a result of a rise of 1 per cent in the cost of borrowing. Although it is currently confined to bank loans, those borrowing from non-financial institutions as deposits or loans will be forced to follow suit. Their capacity to tap this source may also be affected. What will be the precise impact of dearer and scarcer money on industrial and business activity in the large-scale sector remains to be seen. By and large, it would worsen the unemployment situation.

Will the higher deposit rates help deposit mobilisation? In finding the answer, three features of the current stuation may be noted. First, the saver has been badly squeezed between incomes and taxes and living costs. Secondly, he has learnt by experience that the higher rate of interest on deposit is not adequate even to cover the fall in the purchasing power of the rupee. Thirdly, the Government, which is expected to step up its rate of savings to 3.8 per cent in 1973-74, is unable or does not want to save even 1 per cent. The inflationary psychology born three decades ago and nursed carefully by the Government through its economic policy is now deep-rooted, with the result that every sector of the economy has been trying hard to save itself from the onslaught of inflation. The tensions culminating in political instability have now reached such a dimension that the monetary restraints will be ineffective. The best guess is that the limited ones now imposed will be digested soon by those against whom they are aimed, albeit while hurting the economy through their adverse impact on production. It is also to be wondered whether the Government will have the strength to adopt the needed fiscal policy when its own finances are in a parlous state, its employees are united against an anti-inflationary policy and the forthcoming elections to the Lok Sabha have injected a new element of uncertainty. A painful dilemma confronts the country at this juncture. If the Government musters courage—which is a remote possibility—to launch an anti-inflationary policy strong enough to keep the growth of money supply in step with the country's economic growth, the unemployment problem will be aggravated, a situation which can challenge the very existence of the State. On the other hand, if inflationary pressures are connived at, the economic disaster is inevitable. The dilemma is a worldwide phenomenon. Several countries in the West have frequently resorted to a policy of stop and go. It looks as though the Government of India will not do anything better.

Exports: Hard Tasks Ahead

THE wheels of Government machinery normally come to a grinding halt long before a general election takes place; hardly any decision of consequence is taken by the Central or State Governments during this period. This cannot perhaps be helped if scrupulous adherence to constitutional propriety is to be observed. At the same time, there may be certain national issues calling for urgent action, and delays in such cases might harm the country's larger interests. Exports fall in this category, and it is gratifying to note that ministerial preoccupation with the forthcoming Lok Sabha poll had not come in the way of the meeting of the Board of Trade held in New Delhi on Friday.

The Central Foreign Trade Minister, Mr. L. N. Mishra, did well to state in the Board of Trade meeting that the industrial licensing policy would not be allowed to impede production for exports. While referring to the new nine-year crash programme for exports, the Minister made a string of announcements, most important of which is the Government's decision to resort to barter and link deals as an instrument of trade with other countries. He also made the welcome announcement that the Government would provide effective support to sales promotion abroad. Furthermore, the Government's decision to streamline the working of export promotion councils under the chairmanship of Mr. Bhagwan Singh, Additional Secretary to the Central Ministry of Foreign Trade, will help undertake the much needed probe into the working of these councils. However, it was honestly expected that the meeting of the Board of Trade would suggest some positive measures to secure the reversal of the declining trend in the export of traditional items like jute manufactures, tea, hides and skins, groundnut, coffee, fish and raw cotton. An official review of the export performance in these items in the first eight months of the current financial year presents a rather dismal picture. It is quite evident from the review that India may lose ground in these commodities further if adequate steps are not taken in time to halt the decline.

Exports between April and November last year were of the value of Rs. 931.8 crores or about Rs. 8.2 crores more than those of the corresponding period of 1969. In terms of percentage, the increase accounts for less than 1 per cent, as against the Fourth Plan target of a 7 per cent rise in exports every year. What, however, seems to comfort the Central Ministry of Foreign Trade is the fact that the decline in overall exports till August 1970 has for the first time been reversed and a nominal increase registered in November. Until October, exports had shown a decline of 1.3 per cent. Between April and August last year, exports had fallen by Rs. 22 crores or 3.8 per cent from the record figure of Rs. 581 crores achieved in the corresponding period of 1969.

That this trend has been reversed should be a matter of some satisfaction, but any significant improve-

ment in the country's export performance can be had only by giving concentrated attention to the specific problems of individual items. The very fact that but for jute manufactures, exports between April and August last year were higher than those of the corresponding period of 1969 by 4.4 per cent shows where the deficiency lies. Between April and August last year, jute goods exports declined to 160,000 tonnes or Rs. 51.9 crores from 253,000 tonnes or Rs. 94.9 crores in the same period of the previous year. The decline was of the order of Rs. 43 crores or 45 per cent in terms of value and 37 per cent in terms of the volume of exports. A fall in unit value aggravated the loss.

Official sources are only ready with inexorable explanations for the poor performance in jute goods exports. The strike at Calcutta port, the slump in demand in the U.S.A. and other developed countries and the competition from synthetic substitutes are listed among the causes for the sharp fall in India's jute exports. At the same time, these sources admit that in the first nine months of 1970, Pakistan's exports of carpet-backing cloth to the U.S.A. alone had risen by 21 per cent, compared with the first nine months of 1969, whereas India's exports of carpet-backing cloth had declined during the same period by 44 per cent. Pricewise, Indian exports had become uncompetitive, compared with Pakistan's. Worse still was the case with hessian and sacking. It is just as well that the Government has woken up to the crisis, even though belatedly, and offered to let private trade and the State Trading Corporation enter into barter deals to boost exports of these categories of jute goods.

The experience with jute goods should impress upon the Government that the problems of export trade cannot be resolved on a piecemeal basis. A mere proliferation of agencies to assist the trade will not help unless the Government's policies reflect a positive approach and are flexible enough to allow for price adjustments in the wake of changing market situations abroad. Pakistan is certainly not more developed in jute making than this country and there is, therefore, no reason why India could not offer effective competition to Pakistan in the export of this major traditional item. Unless the proposed jute corporation can gear itself to this task, its coming into being will prove more a hindrance than a help to the trade.

The Government also proposes to set up a tea corporation for producing and marketing packaged Indian teas in overseas markets. Despite the Mauritius agreement to regulate the world supply and stabilise the world prices of tea, India's exports of the commodity between April and August last year were Rs. 13.4 crores lower than those of the corresponding period of 1969. The decline in the value of exports was as high as 28 per cent. Shipments to the U.K. and Russia went down sharply. In coffee, it is stated that the main constraint was the smaller exportable surplus because of the short crop in 1969-70. Similar was the constraint in relation to cashew kernels. Although earnings from cashew exports showed an increase of Rs. 2.5 crores between April and August last year, the increase was secured through a higher unit value realisation than by larger exports. Exports had actually declined from 28,200 tonnes to 27,500 tonnes. India's cashew exports are now facing competition in the U.S.A. and other markets from new exporters like Brazil and Mozambique.

Among other items which had suffered a decline in exports during the period were tanned skins and hides. A heavy reduction in their exports is attributed to the lower offtake by traditional buyers like the United Kingdom, Italy, France, West Germany, Czechoslovakia and East Germany. Among non-traditional items, engineering goods continued to fare well, although there was a decline in the rate of growth in exports. This was primarily due to the shortage of steel and aluminium in the country due to a revival of home demand. The Government's decision to liberalise their imports should go a long way to meet the requirements of the exporting units. What is more disturbing than the decline in the overall trade is the fact that there has been a sharp fall in India's exports to the two main hard currency areas—the U.S.A. and western Europe. Exports between April and August to the U.S.A. dropped by Rs. 31 crores from the level of Rs. 105.6 crores in the corresponding period of 1969 and in western Europe, exports to the U.K. similarly fell from Rs. 74.4 crores to Rs. 55.6 crores, mainly because of the fall in exports of tea, cotton piecegoods and leather. The tariff concessions that developing countries are to get from the developed countries will not materially change India's trade position if she fails at least to maintain, if not accelerate, her traditional exports to the traditional markets.

On the basis of the improvement registered since October, official circles hope to close the year with an increase of about 4 per cent in exports, which will be the same as in 1969-70. It is easy for the country to find excuses and explanations for failures on the export front, but it is good to remember that no country can secure an increase in exports only under ideal conditions. This is a competitive business and India will have to make a more determined effort than at present to expand her exports. The outlook is not bad but how well the country fares will depend on the readiness with which the Government responds to changing needs and situations.

Steel for Engineering Units

THE closure of Braithwaite and Co. Ltd's head office and Clive Works and the "inauguration of work" on the proposed steel plant in Visakhapatnam by the Prime Minister, Mrs. Indira Gandhi, highlight two aspects of the steel situation in the country. The former is a culmination of the deteriorating steel position while the latter represents an attempt at political window-dressing. Braithwaite had said that it was closing down its unit due to the steel shortage, although the statement was later contested by a spokesman of the Central Ministry of Steel and Heavy Engineering at the meeting of the Board of Trade in New Delhi last week. The official contention was that the steel shortage alone was not the reason for the closure and that the Company's decision was connected with its own financial difficulties. In these days of credit squeeze this may be quite true. But it is difficult to believe that a Company—with reportedly Rs. 18 crores worth of orders on hand—would decide to close down because of financial difficulties alone.

Assuming that the official version is true, one might legitimately ask what the Government did to prevent the closure of a factory which plays a key rôle in the engineering industry in West Bengal, particularly in the context of the persistent report about the wagon shortage. Until the full facts of the case are known, it is difficult to resist the conclusion that no serious attempt has been made to provide necessary credit to the Company nor have sufficient supplies of steel been made available. Over a year now, the Government has taken several steps to tide over the steel shortage. While one appreciates its difficulties, what is puzzling is its ostrich-like attitude when faced with the realities. Apart from selection of a site, no details of the proposed steel plant in Visakhapatnam have been finalised. Yet it was more important to "inaugurate work" there, whereas almost simultaneously another producing unit of some importance to the Government itself was closing down due to the steel shortage. Its own difficulties will be understood better if the Government exhibited a sense of priority and purpose.

These two events cast doubts about the seriousness of the Government in solving the current steel problem. The Central Minister of Foreign Trade, Mr. L. N. Mishra, stated at the Board of Trade meeting last week that it was his information that Braithwaite had not even made an application for the import of steel. But is not the Minister aware that imported steel is costlier? The supply of steel to the engineering industry at international prices applies only to the extent of a company's production for exports. If an engineering unit imports steel to cover its entire production or a major part of it, then its operations become financially unsound. This point had been made by spokesmen of the engineering industry at various forums, and official spokesmen had also admitted the relevance of their argument. But a decision is yet to be taken.

The distribution of indigenous steel has been reorganised by the Ministry, and it is claimed that only about 10 per cent of the total production goes directly to established trade channels. In spite of this, there is a persistent complaint from actual users that they get only a small proportion of their admitted quota, forcing them to buy steel from the open market at considerably higher prices to keep their factories running. Yet the Government expects the engineering industry to improve its export performance. During April-November 1970, the country's exports are up only about 2.5 per cent, compared with those in the corresponding period of 1969. This is still below the 4 per cent increase in exports in 1969-70 and a far cry from the 7 per cent annual growth rate envisaged in the Fourth Plan period. Although Mr. Mishra proudly announced at the Board of Trade meeting that the declining trend in exports had been arrested in November, the country's export performance is still nothing to boast about. With India's traditional exports facing one problem or the other, hope rests on the engineering industry. But the industry's performance will depend on how the Government solves its major problem, namely, the steel shortage.

The progress of long-term measures now under way to increase the country's steel production does not also indicate that the Government is approaching the problem with a sense of purpose. To take only one aspect of the working of Heavy Engineering Corporation, which is to supply the major part of machinery and equipment for steel plants in just under three years—between February 1968 and November 1970—it had three chairmen. Mr. K. D. Malaviya came in February 1968, but he left the organisation in less than a year. Mr. C. Chalapathi Rao was taken out of the railways and installed in Ranchi. But he too had left. Mr. S. S. Jagota, who was formerly deputy chairman of H.E.C., has now taken over. With such constant changes at the top, can an organisation flourish?

Out of the existing installed capacity of about 9 million tonnes in terms of ingot steel, production is about 6 million tonnes. Production in the current financial year is estimated at 7.7 million tonnes, but even this would be inadequate to meet the country's requirements at the present rate of growth in consumption. According to the Central Steel Ministry's own estimates, the demand is expected to be doubled by the end of the decade. However, it is doubtful whether capacity will be doubled by that time, not to talk of actual production.

CURRENT COMMENT

FREIGHT RATES

Increase Opposed

At a meeting recently held in New Delhi, the representatives of the All India Shippers' Council and the India-Pakistan-U. K.-Continent Conferences had an informal exchange of views. The Council's representatives were led by the chairman, Mr. L. N. Birla. In his introductory observations, Mr. Birla emphasised that the freight increase of 12½ per cent effected by the Conference lines from 15th July, 1970, was much more than anticipated and Indian shippers were reconciled to it in the hope that the Conferences would provide more adequate services. But this hope was not fulfilled. The pooling arrangement followed by the Conferences does not take note of the interests of shippers and as recommended in the U.N.C.T.A.D. report, it is necessary that there should be full consultations between shippers and shipowners. The decision of Conference lines to impose unilaterally a surcharge of 25 per cent "on loadings both at London and for London with effect from 30th November, 1970, has been most deplorable".

The chairman of the India-U. K. Conferences, Mr. L. G. Hudson, observed that the Conferences were compelled to impose the surcharge because of the shortage of labour at the port of London and the increase in stevedoring costs. He further stated that there was a general increase in costs in almost all the ports and proposed that the Conferences would like to increase freight rates by 15 per cent with effect from 1st June, 1971, and, if necessary, a further increase later on. Mr. Birla and other representatives of the Council expressed their surprise at the Conference proposal to increase the freight rates. He said the "discussion formula" adopted by the Conferences envisaged a minimum of two years' interval between freight increases. The last increase was effected from 15th July, 1970, and as such there should be no increase in freight rates till the middle of 1972. There is a declining trend in India's exports and it will be further aggravated if any freight increase was imposed.

U.S. AID

New Agency

The new U.S. Overseas Private Investment Corporation has been officially inaugurated. The President, Mr. Richard M. Nixon, has signed an executive order transferring some functions of the Agency for International Development (A.I.D.) to the new agency. The Secretary of State, Mr. William P. Rogers, presided on 19th January at the swearing in of the Corporation chairman John Hannah, A.I.D. Administrator; the Corporation president Bradford Mills, and ten board

members. The creation of the Investment Corporation was the first in a series of major changes in the organisation of the U.S. foreign aid programme. President Nixon is expected to give the Congress details on other proposed aid changes within a few weeks. With headquarters in Washington, the Corporation will seek out promising businesses in developing countries and find U.S. and overseas firms and individuals willing to invest in them. It is hoped these countries will have increased national income, higher employment, improved management and technology and increased earnings or savings of foreign exchange due to the channelling of private Capital. The U.S. A.I.D. has already obligated $7,811 million from the Treasury in guarantees and other commitments in 90 nations, and the new Corporation is expected to expand this assistance to free enterprise.

I.D.B.I.

Changes in Rate Structure

Following the rise in Bank rate from 5 per cent to 6 per cent, some adjustments in the rate structure of the Industrial Development Bank of India have been made. These changes have come into force from the close of business on 18th January, 1971. The rates on direct lending, concessional rate on refinance for units in backward areas, rates on refinance against medium-term export credit and those relating to participation in export finance schemes remain unchanged. It may be mentioned that the normal rate on direct lending was raised by ½ per cent to 8.5 per cent in October 1970. The other rates relating to refinancing of loans by financial institutions have been revised upwards by ½ per cent to 1 per cent. The rate on refinancing of industrial loans will now be 6.75 per cent provided financial institutions charge a rate equal to or lower than 10¼ per cent and will be 7 per cent in cases where the rate charged by financial institutions is 10½ per cent. Where financial institutions charge a concessional rate of 8.75 per cent or less, the refinance rate will be 6 per cent. The special refinance rate for small-scale industries will be 5 per cent, instead of 4.5 per cent, provided the rate charged by financial institutions to the borrower does not exceed 8.5 per cent. The rediscount rates on machinery bills have been revised upwards by ½ per cent; banks' maximum discount rates should be only 1 per cent higher than the I.D.B.I. rediscount rates.

FARM CREDIT

Report on State Enactments

The expert group on State enactments having a bearing on commercial banks' lending to agriculture has recommended the enactment of a single consolidated legislation incorporating the various amendments suggested by it in different State enactments in order to ensure that an adequate, unambiguous and clear-cut legal framework is provided for the operations of commercial banks in the agricultural sector. A model Bill has been prepared by the group in order to enable the State Governments to take expeditious action in this respect. The expert group, it will be recalled, was appointed by the Reserve Bank of India in September 1969 in accordance with the recommendation made by the National Credit Council study group under the chairmanship of Mr. P. N. Damry, Deputy Governor of the Reserve Bank, on area/project approach in implementing schemes for extending commercial bank credit to agriculture. Mr. R. K. Talwar, chairman of the State Bank of India, was the chairman of the expert group.

According to the expert group, in order that the commercial banks are enabled to cater to the credit requirements of as large a number of agriculturists as possible, certain restrictive features of the various State enactments, particularly those relating to right of alienation in land or interest therein, need to be removed. It is also necessary that certain facilities given to agriculturists borrowing from co-operatives be extended to those who borrow from commercial banks, because, in its view, these facilities are primarily for the benefit of the individual cultivator-borrower rather than for that of the lending institution.

I.M.F.

World Trade Trends

World trade continued to be buoyant in the third quarter of 1970, according to figures in the December issue of *International Financial Statistics*, the monthly data bulletin of the International Monetary Fund. But the rate of increase was below that of the second and first quarters and there were indications that a growing share of the increase reflected higher export prices. At the same time, I.F.S. figures showed a continuation of price pressures among industrial countries which appeared especially marked in western Europe. World exports in the third quarter were up some 11 per cent from year-earlier levels to an annual rate of $267 billion. This rate of increase was less than the 13.5 per cent registered in the second quarter from year-earlier levels and may partly have reflected distortions caused by a dock strike in the United Kingdom during the period. I.F.S. figures on export prices indicated that about half the export gain reflected price increases, rather than rising volumes of shipments. Exports of industrial countries were running at an annual rate of $199.1 billion in the third quarter, an increase of 12 per cent over the comparable 1969 period. Exports of developing countries were a little less buoyant, but the increase was above the trend of the 1960s at somewhat under 10 per cent.

Consumer price indices in I.F.S. indicate that industrial countries as a group were experiencing price increases into the fourth quarter of 1970, second only to the period of the Korean war. The U.S. consumer price index was 6 per cent above year-earlier levels in September—the same month-to-month increase recorded at the beginning of the year. The rate of increase in Canada moderated, with the 3 per cent September rise from year-earlier levels virtually stable over the preceding six months and down from the 5 per cent prevailing at the start of the year. In Japan, the rate of increase in September from a year earlier was 6 per cent, somewhat above the increases of previous months, but down from 8 per cent at the start of the year. The rate of increase in Germany—4 per cent—remained below those of its E.E.C. trading partners and slightly below the annual rates experienced during previous peak periods of postwar booms.

MONEY MARKET

Call Rate Steady

The short-term money market has been extremely tight during the past week. The call rate has been more or less steady at 9 per cent, although at an earlier stage in the week it dipped to 8½ per cent. The demand for remittances has been moderate. The supply of tea bills has been small while that of gunny bills has been nominal. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

MRS. INDIRA GANDHI SEEMS TO think that she can win the elections even without the help of a pair of bullocks, but it was recently seen how anxious both factions of the Congress were to make use of the traditional symbol. Quite apart from the convenience of a largely illiterate electorate, the primacy of symbols is a distinctively Indian phenomenon. By contrast, election manifestoes seem largely irrelevant in the Indian situation. Judging by the manifestoes issued, the political parties should be glad that they are. The Congress (R) document is too vague to offend anybody in particular. The radicalism is already muted; indeed, many people will be reassured by the specific declaration that the Party does not want to abolish the institution of private property, even though it is not clear whether the Congress (R) would refrain from attempts to make the right less than fundamental. The attack on "the alliance of reaction" was predictable, but curiously it is one of the partners in that alliance which wants property to disappear from the list of fundamental rights. That both the Jana Sangh and the Swatantra Party, and presumably also the Congress (O), regard the right to property as inalienable has apparently been no impediment to the formation and at least formal continuance of an alliance between the four Parties. But if the S.S.P. has conjured up visions of a variety of bizarre revolutions, the Jana Sangh, too, is not wholly prepared to dispense with some seemingly progressive verbiage. Even the Sangh would not allow the country to be ruled by a "handful of money-bags", whatever that might mean. The Communists are naturally much more long-winded in their theoretical formulations which the average voter finds altogether meaningless; even the committed voter is interested more in their political instructions than in any dialectical dissertation. Since the dialectic depends on the Communist Party concerned, infinite variations are possible; Communists have travelled far since the original Manifesto. But perhaps the most diverting are the assorted socialist documents. The S.S.P. may want a ceiling on monthly expenditure to be fixed at Rs. 1,500; the P.S.P. has come round to the view that "larger industrial houses" are inevitable in the present state of the economy. But the manifest distinctions need bother nobody except those with a purely academic and largely esoteric interest in election manifestoes. The elections are not about what the parties say; they have never been.

IT IS AT LAST CLEAR THAT ELECTIONS will be held to three State Assemblies, no more and no less, simultaneously with the parliamentary poll. I still cannot see what prevented the Orissa Governor from taking an earlier decision on the dissolution of the State Assembly. With the dissolution announced on 23rd January, a fresh poll on 5th March is technically possible, but such short notice is hardly fair to the Parties involved; even those who had been clamouring for simultaneous elections must have been taken unawares by last Saturday's announcement. It is not surprising, therefore, that the pre-election picture in Orissa is still confused. Confusion was introduced also in West Bengal by the Congress (R) announcement that negotiations with the Bangla Congress for a joint fight against the Congress (O) and the C.P.I. (M) had failed. It may now be too late to put together another broad-based combination against the Marxists in an open and formal manner; but I am told that a variety of adjustments will be made at the lower levels in order to mobilise all anti-Marxist forces. Apart from the few small Parties aligned to the C.P.I. (M) in the so-called six-party combination, all political parties in West Bengal seem to have an equal stake in containing the Marxists; the situation is not wholly dissimilar to that in 1967 when the Congress was the common enemy. Will the Marxists wilt under this concerted, even if partially concealed, attack as the Congress did four years ago? They themselves do not seem to think so; they have been the first to announce the full list of their candidates, and their statements continue to be as confident as before. They are still hoping to cash in on the appeal of single-party stability; yet I cannot see how the exertions of the forces arrayed against them can leave them unscathed. West Bengal is certainly different from Kerala; there is a fundamental difference in the character of the decisive forces and issues. Yet it may be pertinent to recall that

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The Annual Survey was published along with the issue of CAPITAL of 31st December, 1970, and is available at Rs. 7.50 a copy (postage extra). Registered subscribers receive their copies free, but others should write for their copies immediately to the Circulation Manager, W. H. Targett and Co. Ltd, 5 Mission Row, Calcutta 1. Please place your orders early. No copies can be sent by V. P. Post.

Mr. E. M. S. Namboodiripad was not exactly pessimistic about his prospects before he was beaten by the C.P.I.-Congress (R) combine. But I have learnt not to make any election forecast; I can only report that, apart from the Marxist politicians themselves, a psephologist friend of mine predicts decisive Marxist gains in March.

IT HAS SURPRISED ME THAT QUITE a number of people have expressed themselves puzzled over the news that Calcutta's own Mother Teresa has extended her work on behalf of the poor and oppressed to affluent Europe. What she has done, in fact, is found a novitiate just outside London where the Mission of Charity will train nuns in the kind of human rescue work it performs here in Calcutta. But why, I have heard people asking, should it be necessary? Is not Europe rich enough to look after its own poor; and are not the welfare States of the West amply equipped to do just that? Of course, the answers to such queries are not anything like as simple as the questions. Indeed the authorities in the richer European countries do make considerable provision for their needy poor, although whether it is ample can sometimes be a matter of opinion. The point is that there exists a growing number of such unfortunates who slip through the net, either because they somehow defeat the efforts of the bureaucracy, or for the good reason that they prefer to do so. It may sound improbable, but in a count made on a particularly bitter night last winter in London, it was found that at least 600 people—both men and women—were sleeping outdoors. They were not obliged to; there are hostels in plenty to accommodate those who want a bed and a roof over their heads, some of them run by charitable bodies whose approach is informal and sympathetic enough. Yet these vagrants chose privation, and the odd thing is that they show no sign of dwindling in numbers as the community living standards rise. Why they should behave in such a fashion would doubtless take a psychiatrist to diagnose. But the fact is they do, and the welfare State and conventional charity cannot always help because they will not let them. They are clearly a task for Mother Teresa, who as we all know succeeds in helping where all others fail. I gather much of the inspiration behind the new foundation derives from experience in Calcutta. Some of the nuns are Indians, and all will wear white *saris*. We are used to western, mainly Christian, concepts of charity helping to relieve the outcasts of India. This time it looks as if it is going to be the other way round.

THE THEORY THAT THE INDO-CHINA war is just fizzling out has been gaining much ground in recent months. I cannot think the reason is unconnected with wishful thinking. Not that I believe such an outcome to be impossible. The Greek civil war ended that way; and we all know the communists' dislike of negotiated settlements. Moreover, it could well be, as some sources appear convinced, that the Russians are gradually starving the North Vietnamese of arms in return for the United States' connivance at Russian hegemony in the eastern Mediterranean and western Indian Ocean. But otherwise it seems to me that the evidence of approaching peace-by-stalemate in Indo-China is still too slight for any firm verdict to be passed. The fact that the North Vietnamese currently appear to be concentrating their military effort, defensively, in the northern highlands of South Vietnam, south-eastern Laos and north-eastern Cambodia could mean nothing more than that they are preparing a secure base from which to launch the *coup de grace* once the Americans have withdrawn. It could even be that they have finally decided that the best way to win is not to fight South Vietnam after all, but to subvert it, again when the Americans are gone. That I admit would mean an end of sorts to the war; but it is not quite the way the optimists are interpreting things. They seem to feel that the North Vietnamese have been fought to a standstill, that with Laos and Cambodia now part of the war, the communist regular forces are too severely stretched to go over to the offensive again. It is a comforting view, and for that reason, if no other, it must remain suspect. The monsoon does not end in Indo-China until late January, which three years ago was the time chosen for the famous Tet offensive. I am not suggesting that if we can get through to February without the communists going over to the attack, then the optimists are right. But if indeed February does come and go, and the North Vietnamese are still digging in instead of striking south, then there could be more excuse for taking a cheerful view of the future than there is at the moment.

THE UNIDENTIFIED PEOPLE WHO planted two dynamite bombs outside the house of Mr Robert Carr, Britain's Secretary of State for Employment, remain the subject of much anxious speculation. Are they the same people who have called themselves "The Angry Brigade" in letters to *The Times* and the *Guardian* saying: "We're getting close."? Angry they certainly seem to be, but close to what? The bomb outrage could have been dismissed as a stray case of dangerous lunacy if parallels could be avoided with the emergence of individual terror as a political weapon in an increasing number of countries. What makes the weapon particularly sinister is the relative ease with which it can be used. The world has not yet reached the stage of home-made atomic bombs, but an astonishingly large number of people are apparently well versed in the art of preparing a variety of lethal devices without expert assistance. There is surely some underground literature containing technical advice; for the first time overground publishers are also venturing into a truly explosive field. A New York firm has just brought out a manual for self-reliant revolutionaries; written by an American student, the book is entitled *The Anarchist Cookbook* and contains chapters on bombs, lethal gases, use of guns and knives, garroting and boobytrapping. The book is said to be meant "for the square guy who wants to know what's going on"; but surely it will interest many who want to take a hand in what's going on. I am sure a book of this kind would find a ready readership in Calcutta, though I doubt whether the young American author has much to teach our own angry brigades. The making of the bomb seems to be no mystery to a schoolboy in West Bengal, let alone his elders in violent politics. A friend of mine who has done some research into the bomb business in Calcutta tells me, however, that the manufacturing industry is at the moment a little handicapped by a shortage of raw materials.

THE PRESS INFORMATION BUREAU, Government of India, states in a Press release that the international symposium organised in Cochin from 12th to 18th January by the Marine Biological Association of India had discussed the possibilities of a "blue revolution" coming in the wake of the green. Is the P.I.B. dreaming of a red revolution too?

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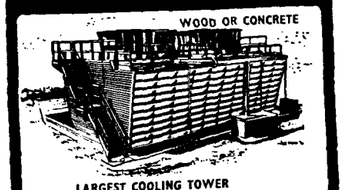
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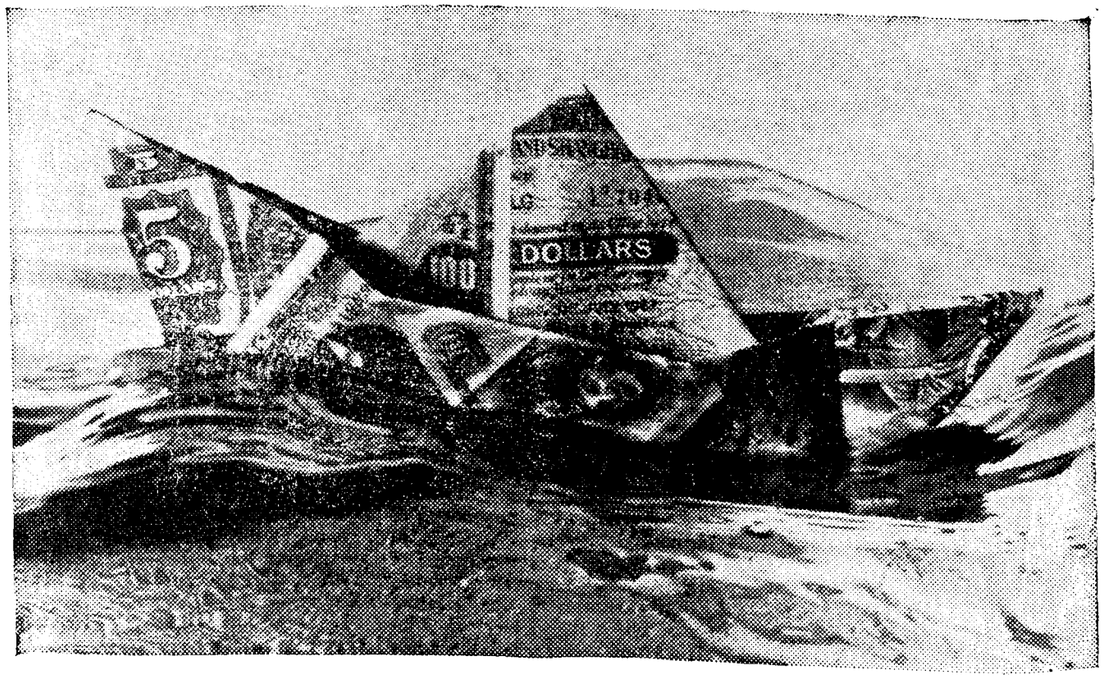
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MANAGEMENT

Role of the Marketing Manager in a Commercial Bank

By Tushar K. Das

The Marketing Manager of a bank has to be a man of many parts. Like any good executive, he has to have sufficient experience in his chosen field, possess administrative ability and should be able to take decisions based on relevant information and sound judgment.

THE conditions in which commercial banks in this country were originally established have undergone a sea-change. It is no longer possible today for banks to remain contented with a minimal number of services. In recent times, banking has become an extremely complex and specialised business with an extensive range of services and facilities. In order to grow and prosper, indeed even barely to function at all, a modern commercial bank has to keep abreast of changing customer needs and preferences, apart from knowing what innovations are being introduced or planned by competing banks. "One thing we know about society and consumers is that they are constantly changing in ways that are extremely important to every business. The trick is to anticipate and act on these changes before the competition does, and to do it at the right time and in the right way."[1]

Study of Customer Needs

It has become imperative, therefore, for banks to make a continuous study of customer needs and evolve appropriate methods and strategies to meet these needs. All this has naturally resulted in the growing importance of the marketing function in commercial banks. This function has been defined by Victor Buell in the following manner: "Those business activities devoted to (1) identifying specific markets for products and services; (2) identifying the existing and future needs and wants of these markets; (3) guiding the development of products, packages, and services to fill these needs at a profit; and (4) selling, delivering, and collecting for, and effecting legal transfer (or rights to the use) of these goods and services to the ultimate consumer or user."[2] The effectiveness of a bank's marketing manager thus has an obviously important bearing on the success of the organisation.

The marketing manager of a commercial bank, by the very nature of his job, should possess not only a thorough knowledge of the marketing principles and techniques, but also have a proper appreciation of the marketing concept, which may be defined as an overriding concern for customer aspirations. Naturally, the officers in the marketing department have to be *au courant* with both the theoretical and operational aspects of banking. This would seem to indicate that only bankers, and not outsiders, would be suitable to supervise the marketing function. Logically, therefore, one should look within the confines of the bank for men who are specialised in the various skills involved in marketing, *e.g.*, marketing research, advertising and publicity.

However, it would be extremely difficult to find for the post of marketing manager a bank officer who is qualified to supervise both marketing research and advertising. This at least has been the experience in one sphere of business, namely, consumer goods marketing, and the lesson may not be entirely without relevance to the banking industry. Peter Drucker has emphasised this point in the following words: "Every text on marketing concludes, for instance, that sales management belongs together with advertising and promotion and under the same marketing executive. The experience of large, national manufactures of branded and mass-marketed consumer goods has been, however, that this overall marketing job is impossible. Such a business needs both high effectiveness in field-selling, that is in moving goods, and high effectiveness in advertising and promotion, that is in moving people. These appeal to different personalities which rarely can be found in one man."[3] Notwithstanding this difficulty, however, it would always be preferable to have as the marketing head an experienced banker who is conversant with the elements of the various marketing and allied disciplines involved. What really matters, ultimately, is that the marketing manager should be dedicated to achieving a customer-orientation of his bank.

Sophisticated Techniques

It is clear from the above discussion that specialists from outside a bank would be needed to handle the sophisticated techniques involved in the marketing function. Nevertheless, the person charged with the direction and control of the marketing department in a commercial bank has to be able to interprete meaningfully the results of various specialised work areas like marketing research, in order that he is in a position to use them in making correct marketing judgments and decisions. The marketing manager should, therefore, be a generalist first—every good banker is—and, only secondarily, be knowledgeable, after a fashion, about the different aspects of the marketing function. Above all, he must be committed to bringing about and maintaining the customer-orientation of a bank in so far as this is consistent with its commercial objectives.

To do this, the marketing manager has of course to get himself involved in all management decisions which even remotely concern his department. Naturally, he has to be conversant with the different functions and operations of a commercial bank and the manner in which the other managers go about their work. He has, moreover, to understand properly the other executive personnel in order to carve out a place for himself.[4] Only thus will he be able to enlist the support of other executives for his own speciality and work. Also, to give the bank's organisational structure an appropriate marketing orientation, one of the top

[1] Theodore Levitt, *Innovation in Marketing* (London: Pan Books Ltd.; 1968), page 17.

[2] Victor P. Buell, *Marketing Management in Action* (London: Pan Books Ltd., 1970), page 9.

[3] Peter F. Drucker, *The Effective Executive* (London: William Heinemann Ltd.; 1967), pages 66-67.

[4] G. B. Giles, *Marketing Management* (London: Macdonald and Evans Ltd.; 1964), page 10.

management men should be given direct charge of the marketing function.

Marketing Research

One of the important responsibilities of the marketing manager of a bank concerns marketing research, which has been defined by the American Marketing Association as "the systematic gathering, recording, and analysing of data about problems relating to the marketing of goods and services."[5] It is, therefore, incumbent upon the marketing manager to ensure that the marketing research people receive the co-operation of all personnel in other functional areas. The maintenance of good working relationships with various sections of a bank is indispensable for the marketing research department if it is to succeed in garnering all information available within the organisation. This atmosphere of co-operation is especially valuable to managements when it comes to translating the research findings into a fruitful business action programme.

Success in this direction usually hinges particularly upon the degree of understanding prevailing between the research people and others engaged generally in marketing. "It is desirable," according to some authorities, "for any research man . . . to be a functioning member of the marketing team and not merely to be consulted when marketing management thinks it sees a problem which he can solve. It is far better for him to participate in basic marketing meetings, and if he has sufficient marketing judgment, in the marketing decision as well."[6] Without such mutual understanding and appreciation between the marketing researchers and their colleagues in the general marketing areas, there is every possibility of mistrust and jealousy developing among them, with resultant wastage of money and human endeavour.

Change in Attitude

The marketing manager, in his effort to bring about a marketing orientation of his bank, has necessarily to effect a change in the attitude of all employees. Bankmen would have to be motivated and trained to act like salesmen employing all resources of the bank to satisfy the customer. "Selling" the bank, however, presupposes a knowledge of the value-system of customers. In acquiring this knowledge himself, or achieving customer-orientation, it is important to note that a manager "who is company-oriented will rarely know what aspects of the business present desirable values in the customer's eyes."[7] Very rarely does one make it a point to forget for the moment, while dealing with a customer, that one belongs to an organisation. The marketing manager has a duty here in impressing upon all concerned that while rendering service to customers, it is the latter's values which are pertinent at that moment and not those of the bank, although in no case should this approach be allowed to vitiate organisational interests. Once the bankmen become adept at this sale technique and have the proper marketing attitude, the standards of customer service is sure to look up. After all, the employees of a bank who come into contact with the public are its most potent goodwill ambassadors and nothing could possibly substitute the influence of their attitude towards customers in the final reckoning of the quality of service rendered by the bank.

Duties and Responsibilities

It would be evident from the various duties and responsibilities of the marketing manager of a bank, some of which have been briefly mentioned above, that he has to be a man of many parts. Like any good executive, he has to have sufficient experience in his chosen field, possess administrative ability, be able to take decisions based on relevant information and sound judgment, and have foresight and imagination. One author has summed up the qualities of a marketing manager in the following words: "In short, he must have the necessary experience, intellectual background, training, and broad ability to think in depth, to look far ahead, to interest himself in figures and analyses, and to dig into problems of your business. With these, he will be able to make the sound judgments which certainly are going to be required of him in view of this broader marketing responsibility and its impact on the direction in which your company will go."[8] The rôle of the marketing manager in a modern commercial bank is clearly a significant one, and it is but proper, therefore, that his qualities of head and heart should be of a reasonably high order. Whether the Indian banks are able to select and build up a few managers of the requisite calibre has yet to be seen.

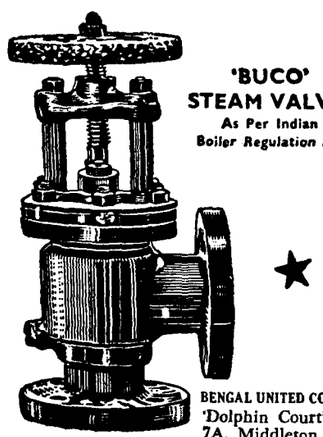
It is lamentably true that bank managements in this country are lagging way behind their counterparts in the advanced countries and have still to recognise fully the usefulness of marketing techniques. Nevertheless, it cannot be long before that they would be compelled by the fast pace of expansion and change that is taking place in the banking industry to solicit actively the assistance of modern management techniques, not excluding marketing. A discussion, therefore, of the rôle of the marketing manager in a commercial bank is relevant in today's context. It may not perhaps be too much to hope that the progressive bank managers in India would take up the cause of marketing in banks and, perchance, also choose to specialise in marketing management as applicable to banking.

[5] *Marketing Definitions: A Glossary of Marketing Terms* (Chicago: American Marketing Association; 1960), pages 16-17.

[6] A. B. Blankenship and J. B. Doyle, *Marketing Research Management* (New York: American Management Association; 1966), excerpted as "Organisation of the Marketing Research Activity" in Joseph Seibert and Gordon Wills (Eds.), *Marketing Research* (Penguin Books Ltd., England; 1970), page 126.

[7] Richar Graves and Allen Campbell, *Creating Customers* (London: George Allen and Unwin Ltd.; 1968), page 255.

[8] Fen F. Doscher, "The Vice President for Marketing: What Kind of Man Must He Be?", *The Marketing Job* (New York: American Management Association, Inc.; 1961), page 34.



SPECIAL ARTICLES

Safeguarding the Rights of the Common Man under the Constitution

By N. A. Palkhivala

The pith and substance of the Indian Constitution is to prevent encroachments on the fundamental rights and to ensure that the judiciary shall be the bulwark of individual liberty. Any talk of convening a Constituent Assembly or abridging individual liberty amounts to an admission of personal unfitness to work the Constitution.

FREEDOM is fragile and evanescent; man has known so little of it in his entire history. In the last 3,423 years of recorded history, less than 1 per cent of men have lived under the rule of law and civil liberty. Plato reduced political evolution to a sequence of monarchy, aristocracy, democracy and dictatorship; and this has been broadly the pattern of history in the East as well as the West throughout the ages. In India freedom is not more than one election away from extinction. When an attempt to uphold the rule of law is called a manifestation of "vested interests", and when preservation of the sanctity of the Constitution is called the handiwork of "reactionary forces", it should be clear to any thinking mind that freedom is in peril.

The Indian Constitution is primarily a Constitution shaped and moulded for the common man. The essential purpose of the Constitution is to ensure the freedom of the individual and the dignity of man and to put the basic human rights above the reach of the State and of politicians in power whose naked juvenile chatter is covered with the figleaf of demagogic claptrap. In the memorable words of Justice Jackson, "the great purposes of the Constitution do not depend on the approval or convenience of those they restrain." The conviction underlying the Indian Constitution is that protection of the citizen against all kinds of men in public affairs, none of whom can be trusted with unlimited power over others, lies not in their forbearance but in limitations on their power. Therefore, the Constitution has wisely imposed restraints on the authority of all offices and institutions, the President and the Ministers, the legislatures and the courts.

After the end of British rule, the only paramountcy which has survived in India is the paramountcy of the Constitution. The Constitution speaks the same language in stormy days as it does in moments of fair weather. Any talk of convening a Constituent Assembly or amending the Constitution to abridge liberty is only tantamount to a confession of personal unfitness to work, what one Supreme Court Judge aptly called, "our sublime Constitution". The real danger which India faces today is not from the rulers who were recently derecognised and judicially re-recognised and who rule nothing and nobody, but from the men who thirst and hunger for the power to rule and whom Milovan Djilas called "the New Class". There is and need be no confrontation between the executive and the judiciary. The judiciary is merely the guardian and custodian of the Constitution, and every time it protects the integrity of the Constitution, it vindicates the freedom of the common man.

The essence of Golak Nath's case was that men elected to Parliament for a five-year term will not be allowed to abridge the basic human rights and the living principles of the rule of law, which are termed the "Fundamental Rights". The gist of the judgment in the bank nationalisation case was that no citizen can be deprived of his property without payment of what would be "compensation" in the eye of the law. All zemindari and agrarian reform laws are already exempted by the Constitution from the operation of this rule. The effect of the judgment in the bank case was that hundreds of thousands of common men, many of whom have put their life's savings in shares or other assets, will not be deprived of the fruits of their life-time's labour without a just equivalent, even when the Government pursues a policy of nationalisation or other form of the nineteenth century socialism.

The significance of the judgment of the Supreme Court in the privy purse case is not so much for the ruler as for the ranker. The basic issues involved in the case were not concerned with the privileges and the privy purses—with the booming of salute guns or the telling of India's devalued currency—but centred round the sanctity of the Constitution and public morality. Could the Constitution be silenced and its mandate sacrificed at the altar of political expediency? If the privy purses could be stopped by an executive action, the most unsafe investment in the world would be the securities of the Indian Government. The funds of charities and trusts for widows and orphans, and the provident funds of millions of workers, are invested in Government securities. If the privy purses could be repudiated, so can the Government's obligation to pay the principal and interest in respect of Government securities, because the Constitution has used exactly the same words in guaranteeing the privy purses as for guaranteeing the Government's obligation in respect of securities. What was at stake was nothing less than the nation's honour and its reputation for financial integrity in the eyes of the world.

Such is the grave peril facing the freedom of the common man even in well-regulated democracies, that Lord Justice Salmon, delivering the Haldane Memorial Lecture at the London University on 3rd December, 1970, advocated the enactment of a modern Bill of Rights (which would correspond to the Chapter on Fundamental Rights in the Indian Constitution) to establish and preserve basic freedoms in England. He envisaged the possibility of the tendency towards the monolithic State taking the form of a law, years later, which would make it a criminal offence to criticise the Government in power. If such a law were passed, the judges would have no alternative other than to enforce it or resign, unless there was a Bill of Rights which could guarantee the basic liberties of the citizen. If this is the danger facing comparatively safe and secure democracies, one realises the desperate necessity of defending, preserving and fighting for the sanctity and integrity of the Indian Constitution. Out of a population of 550 million in India, about 350 million are illiterate. The foremost duty of those who are blessed with the benefits of education is to ensure that the majority of the people, who are not even aware of their fundamental rights, are not deprived of them through the guile of power-grasping politicians.

In the same Haldane Memorial Lecture, Lord Justice Salmon further observed that liberty was threatened

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both by the unnecessary and increasing number of restrictions on what a citizen could do, and by a minute minority showing a tendency towards anarchy, which was the death of freedom; and he added that the judges were the last bulwark of individual liberty. The pith and substance of the Indian Constitution is to prevent such encroachments on the freedom of the individual and to ensure that the judiciary shall always be, in the words of Rajaji, "an impregnable bulwark for safeguarding justice and democracy against authoritarianism." The Constitution provides for stability without stagnation, and change without destruction of human values.

Framing Guidelines for Converting Loans into Equity

(BY A SPECIAL CORRESPONDENT)

The respective points of view of financial institutions and entrepreneurs on the conversion of loans into equity were brought into focus at a seminar organised by the All-India Manufacturers' Organisation. The Government should take these into consideration while framing the guidelines.

THE seminar in Bombay organised by the All-India Manufacturers' Organisation on the rôle of financial institutions in accelerating industrial development in the 'seventies largely centered attention on the issue of conversion of loans into equity. The deliberations at the seminar did not do much to allay the apprehensions of business men, but served to focus the respective viewpoints of the financial institutions and entrepreneur borrowers. These points of view would, no doubt, be taken into consideration by the Government—possibly the new one to be constituted after the mid-term elections—when it lays down the guidelines.

The Governor of the Reserve Bank of India, Mr. S. Jagannathan, said that the International Finance Corporation, an affiliate of the World Bank, in the initial years of its existence, gave long-term loans with the right not only to participate in capital gains and receive some of the profit but also to convert all or part of the loans into shares. There has been a shift in policy recently and the IFC prefers an equity allocation initially. In this country preference shares and debentures with convertible rights were offered even in the prewar days and a number of such issues were made in the 'sixties. It was not, therefore, expected that the adoption of this well recognised and accepted method of industrial finance as a feature of loan financing would create so much controversy, Mr. Jagannathan said. The philosophy and rationale of the practice of convertibility of a reasonable volume of loans into equity by financial institutions should be appreciated by the "hard-headed persons in the business community.' Financial institutions would like to be partners in the prosperity of industrial and business ventures rather than only in their adversity.

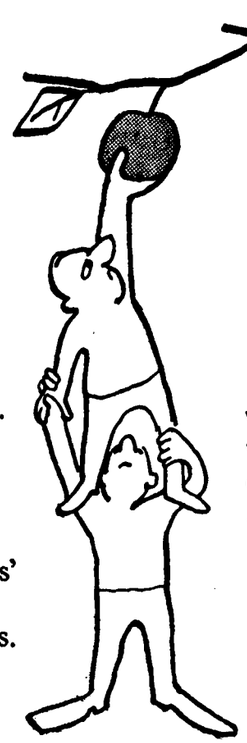
However, it is not that entrepreneurs are averse to financial institutions participating in the prosperity of successful industrial ventures, Nor would they mind if financial institutions wished to exercise the right in their economic interests or to realise a revolving fund for assisting other industrial ventures. One of the main apprehensions is that the recent policy concerning the conversion of loans owes its origin to political considerations. It is true that convertible loans and debentures are issued by companies, but generally this is done on the initiative of the borrower. It is one thing if companies themselves offer convertibility right and another if conversion is insisted on. Some of the speakers representing the borrowers' point of view expressed the apprehension that the pressure to convert is politically motivated.

It was stated that entrepreneurs would not hesitate to give financing institutions a fair share in the benefits, provided there are clean guidelines. As observed by Mr. B. D. Somani, former President of the A.I.M.O., the first requirement is the spelling out of the proposed guidelines which should be a subject of public discussion. Clarifications of the guidelines would remove doubts from the minds of entrepreneurs intending to set up industries or expand the existing ones. Today the shareholding is fairly widespread and it is impossible for any promoter to hold more than a small percentage of the share capital. Mr. Somani said that while partnership should be in prosperity as well as in adversity, the policy of financial institutions should not be, "heads I win, tails you lose." The right of conversion should be exercised on a selective basis. The period during which the conversion should be exercised and the price of conversion should be spelt out. Where the public-sector financing institution is already holding a large proportion of the share capital, there is no justification for the conversion condition. The market quotation may be an overestimate or underestimate in relation to the break-up value of shares. This is another important reason why the amount of loan enjoying the right of conversion should be kept as low as possible.

Mr. V. V. Chari, Deputy Governor of the Reserve Bank, said that at the time of agreeing to provide assistance, financial institutions should settle with the assisted concerns the terms and conditions relating to conversion, the price at which the loans may be converted and the period during which the option would remain open. The extent to which equity should be enlarged through conversion would depend on the financial institution's judgment as to what ratio between debt and equity would be reasonable in the circumstances of a particular industry and a particular concern. The consideration of maintaining the joint sector of the project concerned would also have to be taken into account while deciding the extent of loan to be converted. The option to convert would have to be kept for a reasonable period of time. While the primary object of financial institutions is to provide finance, it has to watch the implementation of the project. This involves a degree of participation in the management of the assisted concerns. As for the apprehension of the business community, Mr. Chari quoted the view of an entrepreneur that "from the entrepreneur's point of view the people who will receive the dividends is not a matter of importance. Who the managers are and how the concern is managed are matters of crucial importance."

Mr. T. A. Pai, chairman of the Life Insurance Corporation, observed that the Corporation would go to the extent of seeking representation in proportion to the shares held by it. There was no question of ideology or back-door nationalisation. It is no longer possible for the L.I.C. to confine its interest to dividends. The L.I.C. has advanced finance for the development of infra-structure facilities in the rural

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and urban areas. Mr. G. L. Mehta, chairman of the Industrial Credit and Investment Corporation of India, said that while conversion was a legitimate right attached to the provision of finance, the exercise of it must be within limits agreed with the borrowers in advance. If the rules concerning conversion take into account this factor, it should be possible to calm the apprehension of entrepreneurs. Mr. H. T. Parekh, deputy chairman of the I.C.I.C.I., said that the rôle of long-term lending institutions had expanded in recent years. They had entered into a long-term partnership with entrepreneurs, but this did not mean day-to-day interference in their affairs.

It was made clear by some of the speakers representing financial institutions that there was no question of "back-door nationalisation" or exercise of any of their rights in respect of conversion or disposal of their shareholdings in a way which might facilitate the displacing of the existing managements, but apart from this there was not much meeting ground between the participants representing the financial institutions and the participants representing borrowers and enterpreneurs. In Parliament, whenever the question came up, the Ministerial view was usually that each case would be determined on merits and that public-sector institutions would adopt a "judicious approach." It is desirable that clear guidelines should be laid down by the Government after taking into consideration the views of the financial institutions and the enterpreneurs, so that "judicious approach" should not be different for persons and companies at different times and that financial institutions should exercise their function in this respect not, as has been apprehended, under any political pressure or on ideological considerations, but only on economic considerations and for furthering the country's industrial development.

Need to Make Periodic Reviews of Credit Trends

(BY A SPECIAL CORRESPONDENT)

Periodic reviews of credit trends should replace the present seasonal review. This is necessary because the price hike is not the result of credit expansion but is the adverse effect of deficit financing.

IT will be recalled that in a Press note issued by the Reserve Bank on 10th November, 1970, the Governor of the Bank pointed out that a review of the trends in the 1970 slack season had shown that, consequent on a contra-seasonal credit expansion, there was continuing strain on banks' liquidity. Traditionally, the reviews of credit trends have been based on slack and busy seasons separately. It would be apprehended that since the nationalisation of 14 major banks in India, the public-sector banks are commanding 80 per cent of the hold on the banking system. And further, the main objective, as spelt out by the annual report of the Finance Ministry for 1969-70, is making these banks "active catalysts in viable development in as many sectors of the economy as possible". Thus, the recent emphasis in granting advances to the priority sectors, such as agriculture, small-scale industries and exports has also been coupled with the advances to the preferred sectors, namely, the retail trade and small business, self-employed persons and education.

It will be seen from the statistics published in the Reserve Bank's annual report for 1969-70 that the advances to the priority sectors outstanding as on the last Friday of June 1969 were Rs. 745.94 crores and those for March 1970 amounted to Rs. 1,008.75 crores. Besides these, the advances of 14 nationalised banks to the preferred sectors as at end-June 1969 and March 1970 were of the order of Rs. 60.01 crores and Rs. 49.65 crores, respectively. In other words, the advances to the tune of Rs. 1,058.40 crores of the total bank credit are to be treated as representing the essential needs of the economy and no effort should be made to lower this level of advances. This change in the attitude of bankers should also correct the basis for reviewing the trends in credit. This can best be done by slanting the review on the preferred and non-preferred advances basis rather than on the seasonal pattern of credit trends as in the past.

The Reserve Bank Governor has emphasised that in view of the need to reverse the price spiral, recourse to refinance from the Reserve Bank should be had in the last resort. That is, liberal borrowings from the Reserve Bank should not be the source of finance for the extension of bank credit, but the stress should be on the deposit mobilisation. This advice seems questionable because, as will be seen from the table below, the real credit expansion has been absorbed by the advances to the preferred sectors only. Out of the credit expansion of Rs. 371.99 crores, advances to the priority and preferred sectors, respectively, have accounted for Rs. 262.81 crores and Rs. 29.64 crores during the period June 1969 to March 1970, as against the credit expansion of Rs. 293.43 crores only that had occurred in the corresponding period of the previous year.

Periodic reviews of credit trends should replace the present seasonal review. This is essential for the price hike is not the by-product of bank credit expansion but is the evil contribution of deficit financing.

An outstanding effect of deficit financing, which has been the sole cause of the price spiral, is that apart from not restricting the level of deficit

SCHEDULED COMMERCIAL BANKS' ADVANCES IN INDIA

(Rs. in crores)

	June 1968	March 1969	As on the last Friday of June 1969	March 1970	Variation (2-1)	Variation (4-3)
	1	2	3	4	5	6
I. Total bank credit	3,102.89	3,396.32	3,598.77	3,970.76	293.43	371.99
Of which						
(a) Agriculture ...	—	—	188.41	286.08	—	97.67
(b) Small-scale sector ...	—	—	294.10	418.59	—	124.49
(c) Exports ...	—	—	263.43	304.08	—	40.65
II. Total (a+b+c) ...	—	—	745.94	1,008.75	—	262.81
III. Advances to other sectors by 14 nationalised banks ...	—	—	20.01	49.65	—	29.64
IV. Total (II+III) ...	—	—	765.95	1,058.40	—	292.45
V. Balance (I-IV) ...	—	—	2,832.82	2,912.36	—	79.54

Source: Reserve Bank Bulletins and Annual Report for 1969-70.

within the confines of its estimates, the resultant measures of credit curbs culminate in a stricter control of bank credit to the private sector, since the tools such as margins and ceilings under selective and other general credit controls are held by the monetary authority. Thus what is ailing the Indian economy is spiralling prices due to overliberal bank credit to the public sector—unchecked on the pretext of sustaining efforts at non-productive developmental expenditure. The deficit of Rs. 274 crores in the 1968-69 Budget has widened to Rs. 436 crores in the 1969-70 Budget—the resulting inflation proving too much for the ailing economy to digest.

Reviving Trade Relations between India and Pakistan

(BY A SPECIAL CORRESPONDENT)

The recent Pakistani initiative in restoring normal trade relations with India is welcome. There are many goods which they can profitably supply each other.

IN recent months, an initiative has come from Dacca for reviving the trade between India and Pakistan. The Dacca Chamber of Commerce suggested a few months ago that the trade relations between the two countries should be revived as early as possible in their mutual interest. On 9th January this year, Mr. Ghulam Farooq, a former Pakistani Minister for Trade and Commerce, and a member of the newly elected National Assembly, strongly pleaded for reviving the trade relations between India and Pakistan. He said in a Press interview that the Awami League leader, Sheikh Mujibur Rahman, was absolutely right in demanding the normalisation of the trade relations between the two countries. Mr. Farooq observed that this would benefit Pakistan as much as it would help India. He added that the economy of Pakistan had been crippled due to the severance of commercial ties with India. He felt that if India and Pakistan could have normal trade relations till 1965, in spite of the dispute over Kashmir, there was no reason why the same situation could not be restored.

The Government of India seems to be well disposed towards the resumption of trade with Pakistan. The Prime Minister, Mrs. Indira Gandhi, is reported to have written a letter to Mr. Jotirmoy Basu, a communist leader, that the Government of India is willing to examine the possibility of restoring commercial contacts with Pakistan. India's High Commissioner in Pakistan is reported to have suggested that the trade might be resumed in a few specific commodities, which would include the import of fish from East Pakistan so that the requirements of West Bengal can be met. In return, the Government of Pakistan would be requested to indicate what it wants to import from India. The larger question of resuming the Indo-Pakistani trade and economic relations will be considered later.

It is to be hoped that these efforts will bear fruit. It is in the interest of both India and Pakistan that they should trade as intensively as possible. Pakistan will find that she can buy many of her requirements from India at more competitive prices than from other parts of the world. Pakistan's major imports include chemicals, drugs and medicines, electrical goods, dyes and colours, machinery, transport equipment, iron and steel manufactures, mineral oils, vegetable oils, and foodgrains. India is in a position to supply many of these goods to Pakistan.

Since India cut off her commercial ties with Pakistan in 1965, the export trade of the former has made remarkable progress. Although the overall rate in the growth of India's exports has not been satisfactory, the export performances of individual items have been commendable. For example, exports of chemicals and allied products increased from about Rs. 22 crores in 1967-68 to Rs. 33 crores in 1969-70. Exports of drugs and pharmaceuticals and other chemical products increased substantially from nearly Rs. 10 crores to Rs. 17 crores in the same period. India's engineering goods are now being exported to all parts of the world, including such highly developed countries as the U.S.A., Canada, West Germany and Russia. Among the countries of south-east Asia, India's engineering goods are sold very well in Burma, Ceylon, Hongkong, Thailand, Malaysia and Indonesia. These exports include manufactures of non-ferrous metals, manufactures of iron and steel, electrical and non-electrical machinery and transport equipment. Pakistan, therefore, can look to India for a variety of engineering goods.

India may consider to what extent she could buy from Pakistan. Pakistan's exports have been mainly raw jute, raw cotton and other manufactures. Her exports of raw jute and raw cotton have been of the order of Rs. 80 crores and Rs. 30 crores a year, respectively. As India continues to be in short supply of these items, she may consider to what extent she could import these from Pakistan. There is not much information available to the people of India about other goods that Pakistan is in a position to export to India. The Government of India would do well to inform the Government of Pakistan about the availability of various types of goods that it is in a position to export.

It will be recalled that prior to the suspension of the Indo-Pakistani trade, India's exports to Pakistan consisted mainly of coal, chemicals, pharmaceuticals and medicinal products. There were also exports of other items like tea, black pepper, *bidi* leaves, iron and steel, sewing machines, bamboos and canes, cement, glassware, textile machinery, tea machinery, and cinematographic films. India's exports to West Pakistan consisted chiefly of black pepper, coal, paper and paper boards, and motor vehicles. India's imports from Pakistan were mainly raw jute and raw cotton. In 1964-65, India's exports to East Pakistan were valued at Rs. 6.36 crores and imports from that wing amounted to Rs. 11 crores. India's exports to West Pakistan were worth Rs. 3.42 crores and imports Rs. 4.74 crores in the same year. Thus, India had a trade deficit of Rs. 4.64 crores with East Pakistan and Rs. 1.32 crores with West Pakistan.

Now that Pakistan has taken the initiative to have normal trade relations, India should reciprocate promptly and generously. India's business community can play an important part in bringing about close commercial relations between the two countries. It will be desirable to exchange trade delegations so that they can identify the scope for promoting imports and exports. The commercial organisations in Calcutta can take the initiative in the matter since West Bengal will stand to benefit much by restoring the trade with Pakistan.

INDUSTRY

Worsening Cost Inflation Erodes Cotton Mills' Profitability

By Dharm Prakash

The textile industry had to put up with the worst type of cost inflation in 1970. It might have found itself in a miserable plight if trading conditions in cloth and yarn markets had been less favourable.

HOW did the cotton mill industry fare in 1970? There can be no easy and satisfactory answer to this apparently very simple question. But if answer one must, one might say that the industry seems to have fared a little better than in 1969, the enormous rise in costs notwithstanding. There has been an appreciable decline in the number of closed mills—from 75 to 59. Machine activity has been on the higher side. Production of cloth and yarn has recorded an increase over the 1969 levels and exports too have registered further improvement. But the increase in production is too small to be of any consequence and export is not a very profitable business. If the industry has been able to fare a little better—it will take time before mills release their accounts for 1970—it is essentially because of the emergence of a sellers' market in cloth as a result of the successive good agricultural years and an inflationary revival in the economy.

A general statement on the overall performance of the textile industry does not, however, really mean much as the industry consists of all sorts of units—good, not-so-good, uneconomic and altogether hopeless—producing a wide variety of goods with varying demands. At one end stand mills which produce high-priced superfine and mixed fabrics and are able to realise asked-for prices for their products. At the other extreme are units which are engaged in the manufacture of controlled cloth, not by choice but by the compulsion of their equipment and machinery, which have had to bear the full brunt of the fantastic rise in production costs since May 1968 when controlled prices were last revised. In between lie a large number of mills which have to struggle to keep above the marginal line—the break-even point.

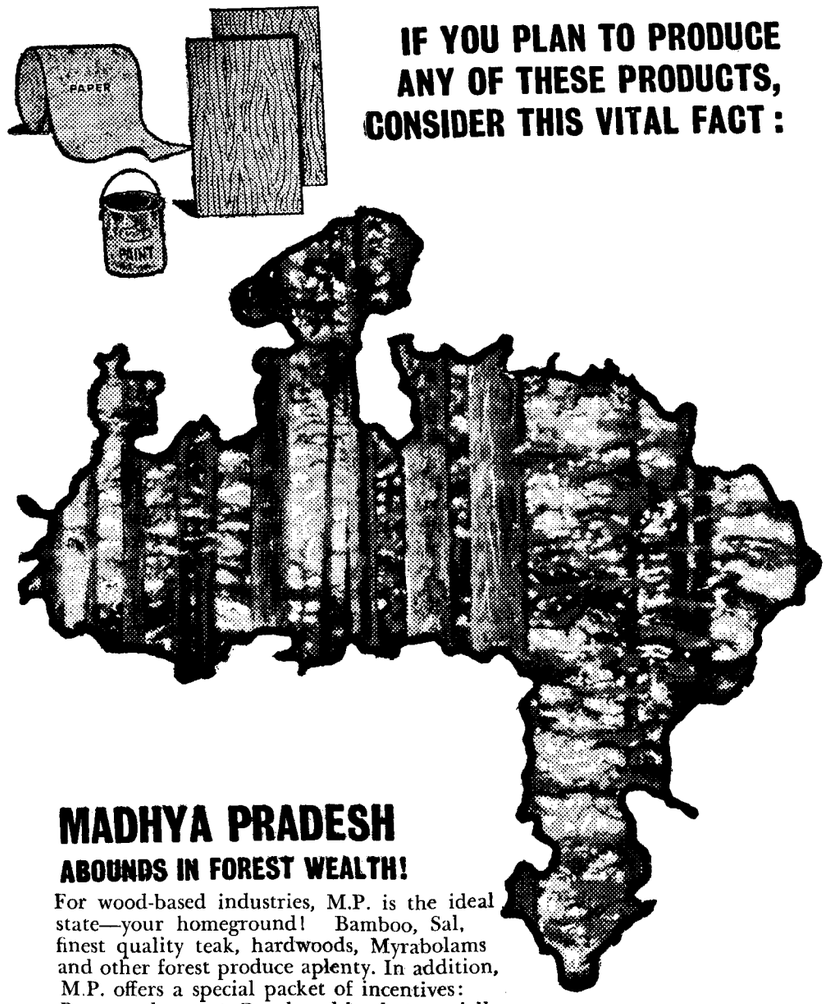
Production of mill-made cloth and yarn in the first 11 months of 1970 is placed at 3,838 million metres and 888 million kilograms, respectively, against 3,774 million metres and 861 million kilograms in the corresponding period of 1969. But what satisfaction can one derive from the modest increase in cloth output which is still running well below the high levels attained earlier? The mill sector had produced a record 4,862 million metres in 1956. Even yarn production has been barely around its 1964 record level of 965 million kilograms, even though there has been a marked increase in the installed spindleage since then — from 14.66 million to 17.70 million. This has disturbing implications of its own. Production last year was restricted only by the availability of the raw material; the offtake was very satisfactory, almost throughout the year. Stocks of cloth and yarn with mills were generally on the lower side, the maximum stocks held at any time in 1970 being 254,000 bales (of 1,500 metres each) of cloth and 115,000 bales (of 180 kilograms each) of yarn, respectively, against 284,000 bales and 119,000 bales in 1969. Stocks could have been still smaller if only mills had so desired. Because of the emergence of a seller's market, mills seemed inclined to hold back goods. And during the last quarter of the year, there were even reports that some mills had stopped booking fresh orders in anticipation of a further spurt in prices.

The pattern of production continued to undergo a steady change. The total output of controlled cloth declined to barely 8 per cent or 9 per cent of the total production which is about half the quantity the industry would have produced under satutory obligation (after allowing for export and defence production) if there were no escape clause. Production of mixed fabrics has been on the increase and mills have been taking a more lively interest in ready-made garments. One has to visit big textile stores and retail shops of some of the leading textile mills to see how the pattern of production has undergone a significant change.

Thanks to the impressive increase in exports of yarn and apparel made possible by the aggressive sales drive through bulk deals and a more effective propaganda by the Cotton Textiles Export Promotion Council and a more thoughtful dispensation of export assistance, exports of mill-made cotton textiles—cloth, yarn, apparel, hosiery and other manufactures—recorded a further rise in 1970 over the previous year's considerably improved performance. Exports during the first 11 months fetched Rs. 102.67 crores, against Rs. 94.63 crores during the same period of 1969 and Rs. 87.74 crores during January-November 1968. Excepting hosiery, all items participated in the rise. Yarn exports rose from Rs. 22.33 crores to Rs. 24.98 crores (an all-time record), piecegoods fetched Rs. 58.17 crores, against Rs. 55.72 crores, apparel Rs. 5.75 crores, against Rs. 4.02 crores and other manufacturers Rs. 13.6 crores, against Rs. 12.35 crores. Hosiery exports are down from Rs. 21 lakhs to Rs. 17 lakhs. The runaway rise in costs and domestic prices, particularly during the last quarter of 1970, has caused serious misgivings about the maintenance of the tempo of exports. Many leading mills are reported to have showed disinclination to continue their exports. This is a disturbing development, for some 20-odd mills contribute nearly Rs. 50 crores by way of export earnings. But surely, one does not expect mills to engage themselves for long in a losing business. Exports have got to be made worth while, if mills are not to be allowed to be lured into the more pofitable domestic market. How this should be done is another matter.

The textile industry has had to put up with the worst type of cost inflation in 1970. Cotton prices ruled well above the 1969 levels and prices simply skyrocketed during October and November as cloth and cotton prices chased each other in a vicious circle. At the end of November 1970, cotton prices were 50 to 55 per cent above the November 1969 levels. During the same period wage costs rose by about 4 per cent; the record foodgrain supply failed to check the upward trend in the consumer price index with which is linked dearness allowance which has come to form a major element in the wage bill. The other elements of costs, such as stores, fuel, and dyes and chemicals, also kept on the slightly higher side. Taking the year as a whole, the industry's estimates show a rise of about 15 per cent in costs in 1970 over the previous year's level; never before

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have costs been known to have registered such a steep rise in any year.

The industry might have found itself in a miserable plight if trading conditions in cloth and yarn markets had been less favourable. Thanks to the general economic revival and yet another good agricultural year, cloth and yarn were a sellers' market most of the time. During October-November alone, cloth prices were reported to have risen by over 10 per cent. Of course, cost-price margins have always varied widely among different units in the industry, depending on management efficiency, selling techniques, product pattern and the quality of the product. Mills engaged in the manufacture of superfine and mixed fabrics are reported to have fared the best. They have had the benefit of a relatively cheap raw material—the rise in foreign cotton prices has been less marked than in indigenous cotton—and have been able to realise asked-for prices for their products. Spinning mills also seem to have generally improved on their previous year's performance because of the continued boom in yarn exports and a firm domestic market.

It is the manufacturers of controlled cloth who have suffered heavily as they have had to absorb the full impact of cost inflation ; there has been no change in controlled prices since May 1968 whereas costs are estimated to have gone up by about 56 per cent since then. Since mills are allowed to dispense with the manufacture of controlled cloth by paying a small penalty of 6 paise a square metre, most mills have discontinued production of the controlled varieties. Only those mills are sticking to the controlled varieties which are handicapped by their equipment and machinery to switch over to uncontrolled varieties. Unfortunately, these mills—50-odd in number—also happen to be weak units situated mostly in West Bengal, Maharashtra's upcountry centres and Madhya Pradesh. Partial control on cloth, as it operates at present, may have some political appeal but it makes little economic sense. New Delhi cannot be unaware that there has been a very steep fall in the output of controlled cloth and nobody has taken any serious notice of it, not even the consuming public. How does the Government expect mills producing mainly controlled cloth to absorb the full impact of the increase in costs of production? Mills have very little control over cotton prices —not the weaker units any way—and perhaps none at all over the wage bill. It cannot be the Government's intention to push an increasing number of mills into a position where they will be compelled to seek an asylum in the public-sector nursing home for sick mills. If control cannot be made meaningful, it had better be scrapped.

In the vast, expanding and sheltered market that India provides, even not-so-efficient units should normally be able to do reasonably well. And yet, the majority of cotton mills keep only a little above the marginal line. The number of mills which could be said to be enjoying a measure of prosperity is relatively small, and, of these mills also, quite a few are doing well mainly because they have diversified into lines unrelated to cotton textiles. As against this, a much larger number of mills coninue to move deeper into the red with time. Out of the 657 mills, 60 units continued to remain closed throughout 1970 and 35 sick mills are being nursed by the Government. An intriguing feature of the textile scene is the marked increase in the number of mills despite the declining fortunes of the industry and the continuing acute shortage of cotton. Since the beginning of 1964, as many as 143 new spinning mills (including waste spinning units) have been set up. New entrepreneurs have stepped in even when the industry has been talking about the deepening crisis. Could it be that even the losing mills are considered a paying proposition by those who run them because of the assured income from the purchase of raw materials and sale of finished products? But it is not the new units which are in trouble.

The industry cannot count on an indefinite sellers' market which seems to be dependent in no small measure on the climatic boom in agriculture. Cloth prices have already been marked up to levels which are not within the easy reach of the ordinary consumer ; of course, cloth is no exception, the position in respect of many essential items of daily life is not much different. If the cotton mill industry is to serve the consumer efficiently and it has also to retain its position as an important foreign exchange earner, then utmost attention will have to be paid to the problem of ever increasing costs. Since cotton and wages together account for nearly 70 per cent of the cost of cloth and over 80 per cent of the cost of yarn, the attack will need to be concentrated on these two major fronts. Until late 'fifties, Indian cotton textiles could stand on their own in international markets because indigenous cotton was about the cheapest in the world and labour too was cheap. Since 1958, the export effort has been sustained through increasing assistance in one form or another.

Increasing production through better yields is the only effective answer to the problem of high cotton prices. What ails the cotton economy is sufficiently well known. The ingredients of the prescription for putting the sick cotton economy in good shape have been spelt out so often ; these include better seeds, fertilisers, pesticides, irrigation facilities and improved agricultural practices. The efficacy of the prescription is not in question ; it has been tried and found very useful. Nor are the patients allergic to the treatment. The main question is where is one to get the prescripion dispensed and whether the patient can bear the cost, and, if not, who will pay for him? It is these questions which have remained unanswered all these years. The Fourth Plan allocation of Rs. 3.9 crores for cotton development is grossly inadequate to help achieve a breakthrough in cotton production. But it should not be difficult for the industry to set up a cotton development bank through a voluntary levy on indigenous cotton. Even a modest levy of Rs. 25 a bale can yield about Rs. 15 crores. Is not the industry paying very dearly for neglecting cotton production? Once the industry sets up its own cotton development bank, it might not find the Government lacking in extending adequate assistance. Need one warn the industry that with competition from man-made fibres on the increase, there is no bright future for cotton at a high price?

Next to cotton come wage costs and productivity of the work force. The question of relating wages to productivity is of the utmost importance in a labour-intensive industry. It is necessary to ensure that the wage structure is production-oriented. Wage increments—no matter in what form—unaccompanied by an increase in productivity push up costs and add to inflationary pressures. There exist wide variations in labour productivity between mills ; the dispersion in labour productivity between mills has not appreciably narrowed over a period of years. There is considerable scope for increasing the average productivity through modernisation, increased work assignment,

good maintenance and the use of standard raw materials.

Unemployment caused by the closure of mills due to uneconomic working and the none-too-happy position of labour in mills taken over by the Government seem to have softened the attitude of labour leaders towards rationalisation of labour force. This is a welcome change and the opportunity should be utilised for carrying out a structural reorganisation of the industry involving rationalisation of labour. The excess capacity in the industry should be scrapped; inter-mill sales of spindles and looms should be allowed and weak units should be encouraged to merge with strong units through appropriate fiscal inducements. No new spinning units should be allowed to be set up until there is a breakthrough in cotton. The need for modernisation of the industry requires no special emphasis; the type of equipment and machinery has an important bearing on the quality of production and costs. But in order to be most economic and effective, modernisation should be preceded by reorganisation and reconstruction of the industry. Structural deficiencies are at the root of so many of the industry's ills. Now that the Government itself has acquired a big stake in the industry, it cannot allow further deterioration in the industry's health.

In view of the pressing need to enlarge the country's foreign exchange pool to service foreign loans and to finance the development effort, the review of the cotton mill industry had better be wound up with some observations on the export policy for cotton textiles. The export problem has two distinct aspects—the short-term and long-term. In the short-term, the emphasis has to be on a careful assessment of the changing requirements of overseas buyers, a better organisation of the existing production facilities to meet the overseas demand and a judicious administration of the export assistance to make good the gap between domestic costs (if not prices) and international prices. The long-term measures have to aim at bringing about changes in the pattern of production so as to be able to meet the changed and changing requirements of overseas buyers, an improvement in quality standards through modernisation of equipment and a reduction in costs through increased productivity and an assured supply of raw materials at reasonable prices. The international trade in textiles has undergone breathtaking changes during the last decade. The production as well as world trade in man-mades and blends have increased by leaps and bounds, whereas production and international trade in cotton textiles have been more or less stagnant. The export policy for textiles must take full cognizance of these developments. It is a pity that there should have been a steady decline in India's share even in the stagnant export trade in cotton textiles; her share of the vast world trade in synthetics and clothing is negligible.

That India's cotton textile exports alone should suffer due to disabilities arising from the price and quality of indigenous cotton while competing countries grow very little of their own cotton and take nearly all their raw material from outside sources which are also open to her is a sad commentary on the Government's export policy. While there is an urgent need for an all-out effort to improve the quality and availability of indigenous cotton because that would provide a lasting competitive edge over rival countries, there is nothing intrinsically wrong in depending upon imported cotton to make up the deficiency as long as a net foreign exchange benefit can be made to accrue to the country. An additional investment to equip the export sector with modern machinery for bridging the technological gap should not prove an unduly heavy burden since the leading export mills accounting for the bulk of exports are quite efficient and already have reasonably modern equipment. An imaginative and dynamic export policy should aim at building up an efficient export sector and insulate it against some of the unfavourable factors which afflict the textile industry and the economy generally. This alone will help promote exports on a sound and lasting basis and gradually do away with the existing export promotion schemes which have an in-built inflationary potential because they do not provide an adequate incentive for improving productivity and managerial efficiency in the sector on which attention has to be focussed. All this calls for a big change in the official thinking and attitudes.

BELT CONVEYORS

Seminar in Ranchi

Inaugurating a seminar in Ranchi recently on belt conveyors, Mr. N. S. Bedi, Sales Director, Industrial Products, Dunlop India Ltd, referred to the spectacular growth of the conveyor belting industry in India. Mr. Bedi said that in 1950, the total length of conveyors in use on the surface and underground was approximately 100,000 metres. This went up to 200,000 metres in 1960, to 280,000 metres in 1965 and "now stands at 410,000 metres", reflecting a growth of 400 per cent in 20 years. Referring to Dunlop's pioneering rôle in the manufacture of conveyor belting in India, Mr. Bedi said that it would be difficult to name a major project in India in which Dunlop products were not playing a big part. The indigenous production of conveyor belting, he said, had saved valuable foreign exchange and helped the country's drive for self-reliance.

Expressing his concern about the present short supply situation in the rubber conveyor belting industry, Mr. Bedi said that the total capacities of the three major suppliers had fallen short of the recent demand. An encouraging feature to which Mr. Bedi referred is that "schemes are with the Government for substantial increase in capacity to meet the present and projected demand". If new capacity is sanctioned by the Government soon, one can reasonably hope for normalcy to return by 1973-74.

TYRE

Distribution at Fair Prices

The tyre industry has assured the Government that it is taking the following immediate steps to ensure distribution of tyres at fair prices: (1) Production is being maximised and increased supplies of tyres will be despatched to areas where acute shortage is being experienced; (2) dealers have been warned that unless they sell tyres at recommended list prices, they run the risk of their dealership being cancelled; (3) dealers will display tyre companies' recommended list prices and publicise that tyres will be available at those prices; (4) inter-State movement of tyres by dealers will be restricted to avoid manipulation of market prices; (5) direct supplies to actual truck owners will be increased. Ten vehicles or more will qualify for direct supplies as fleet owners; and (6) a portion of supplies will be sold through co-operative societies.

LABOUR

When to Award Compensation in Lieu of Reinstatement?

By M. S. Bala

A YOUNG-MAN joined a public-sector steel company as a trainee. After a successful three-year training he was appointed in September 1958 as a fitter in the blast furnace —a most important department of the steel works. He signed a bond undertaking to serve the company for five years. After appointment, he joined a trade union and became its secretary. He also participated in a strike, which was later declared illegal. The company started criminal proceedings against him for his participation in an illegal strike, but subsequently dropped them and did not even take any disciplinary action.

It was the practice in the company to obtain a police report verifying the antecedents of every new employee. It was not always possible to obtain such a report before appointment—although this would have been the best course and this case would never have arisen.

The practice, therefore, grew that even after confirmation, if the police report was unfavourable, the workman's services were terminated. The police report on this fitter was unfavourable and on the recommendation of the Security Officer his services were terminated from 9th December, 1960, giving him three months' notice or pay in lieu. The union, whose secretary he was, raised an industrial dispute alleging victimisation and unfair labour practice and seeking his reinstatement. The dispute over his termination was investigated by the Industrial Tribunal, Orissa, which came to the conclusion that the management had not victimised him for his trade union activity but nevertheless the termination was not *bona fide* in as much as the contents of the police report were not shown to him and he was not given an opportunity to defend himself. The Tribunal was of the view that the report might have been made by some one, who was not a responsible officer, and might have been based on rumours or hearsay. The Tribunal held that it was not a case of simple termination but the management's action was punitive and, therefore, it was a case of wrongful dismissal and in its discretion awarded the "normal remedy" of reinstatement.

The Orissa High Court was moved by the company to quash the order of the Tribunal. The High Court refused to quash the Tribunal's award as the latter had ordered reinstatement by exercising its discretion. Despite the Tribunal's finding that the company had not victimised the workman for his trade union activity, the High Court observed: "It might be, as contended by the workman, the (Police) report is based entirely on the trade union activities of the workman in which case the discharge in itself would be improper"—a conclusion which the Supreme Court described as "unwarranted".

The company appealed to the Supreme Court which granted to the company leave to appeal only on the question of relief. Was it to be reinstatement or would compensation meet the case? Did the Tribunal exercise its discretion properly? Did the High Court exercise its power properly when the company approached it against the Tribunal award? In deciding this question, the Supreme Court had to go into the earlier decisions on this point and consider whether the principles laid down had been applied to the facts of this case properly.

In 1949 the Federal Court, in the case of Western India Automobile Association, interpreting the then newly passed Industrial Disputes Act, 1947, decided that the Industrial Tribunal had the power to give reinstatement relief if it thought it necessary to do so. In the later case of the United Commercial Bank Ltd, the Supreme Court said: "Whether a discharged employee is to be reinstated in service or whether compensation would be an adequate relief is a matter of discretion". The view *then* was that to lay down a general rule being the remedy in such cases would itself fetter the discretion of the Tribunal which had to act in the interests of industrial peace and in some cases imposition of the service of a workman on an unwilling employer might not be conducive to such peace. Subsequently, the earlier flexibility appears to have been abandoned. It was held that although no hard and fast rule could be laid down and the Tribunal would have to consider each case on its merits and reconcile the conflicting interests of the employer and the employee, the normal rule in such cases should be reinstatement.

But in the case of Punjab National Bank (1959 11, L.L.J. 668) and other subsequent cases, the rule was qualified to mean that in unusual or exceptional cases where it is not expedient to grant the normal relief of reinstatement, compensation would meet the ends of justice. The problem confronting industrial adjudication is to promote the twin objectives—security of employment of the worker and industrial peace. It may be mentioned here that the Calcutta High Court has all along been cautious in awarding reinstatement. Said Sinha J: 'The power of reinstatement is a wide power and consequently the Tribunal has a great responsibility in the matter. It is no light matter to force an employee upon an unwilling employer on the plea of industrial harmony" (1959 I, L.L.J., 599). B. N. Banerjee J. quashed an order of reinstatement by a tribunal in a case where an employer had lost confidence in an employee (1965 I, L.L.J., 625).

In the case of a lady stenographer of an oil company, who was ordered to be reinstated by a Tribunal, the Supreme Court, considering that the employer was thoroughly dissatisfied with the employee's work and had lost confidence in her, set aside the

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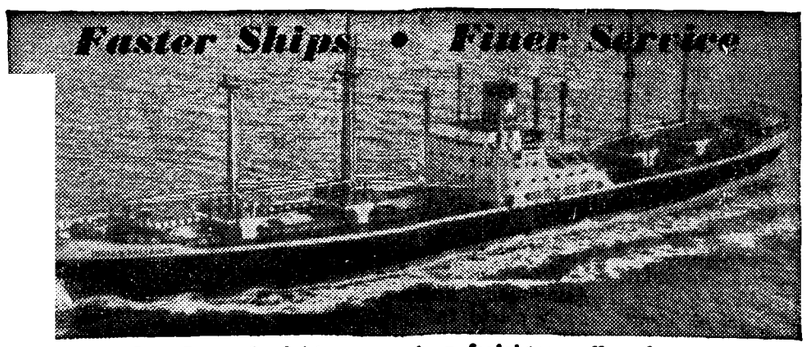
order of reinstatement and awarded a compensation of Rs. 15,200 as a result of a concession made by the employer's lawyer. In the case of another stenographer of an insurance company, the Supreme Court set aside the Tribunal's order of reinstatement and awarded compensation of a year's salary after considering the following circumstances: The stenographer was holding a position of trust in a small office, had put in only one year's service, and had not been induced to give up any other employment to join the present employer and had retained copies of confidential letters dictated to him in regard to other concerns, for using them for his own purpose without the consent of the employer.

In a case where a lady worker's services were terminated after she had worked for a period of five months, the Labour Court granted a compensation of two years' salary amounting to Rs. 9,600. The Supreme Court agreed with the finding of the Labour Court that her services had been wrongfully terminated, but reduced the compensation to a year's salary.

In the present case, the Supreme Court assumed that the termination was not legal in view of the Court not having granted leave to the company to appeal against that finding of the Tribunal. Nevertheless, the Court expressed itself in the following words on the finding of the Tribunal: "The Tribunal appears to have been impressed by the Company's refusal to disclose the report although it was clearly a confidential report. The ground used for such non-disclosure was that the report was confidential and if disclosed, it would not be possible for the Company to have such investigations in future. The reason appears to be that if the person conducting such investigation were produced for cross-examination by the workman or if his report were to be disclosed, the name or names of the informants would come out with the result that no informant in future would readily come forward to give information about other workmen. Even in criminal cases an investigating officer is not compelled to disclose the name of his informant". It has to be borne in mind that the Supreme Court was not deciding this point but was merely expressing an opinion.

What, however, the Supreme Court decided was this: If on examination of all the circumstances of the case the Tribunal came to the conclusion that the apprehensions of the employer were genuine and the employer truly felt that it was hazardous or prejudicial to the interests of the company to retain the workman in his service on grounds of security, the case would properly be one where compensation would meet the ends of justice. The Court concluded that the Tribunal exercised its discretion *mechanically* without weighing the circumstances of the case. There was no exercise of discretion at all. The refusal by the High Court to quash the order of the Tribunal was equally *mechanical* and amounted to a refusal to exercise its jurisdiction.

Having thus come to the conclusion that the Tribunal's order of reinstatement was liable to be quashed and the High Court's order was liable to be set aside, the Supreme Court decided not to do so and let the workman seek his remedy all over again but decided the quantum of compensation which was fixed at two years' salary, namely, Rs. 3,840.



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MONEY AND BANKING

Can Banks Afford to Dispense with the Rules of Secrecy?

(BY A SPECIAL CORRESPONDENT)

It is absolutely necessary for banks to maintain secrecy of their clients' accounts. If they neglect this responsibility, their clients are apt to divert their savings to other channels.

THE banking secrecy laws of Switzerland have come in for criticism in recent months in that country. The move to tighten the laws so as to impose more severe punishment on those who disclose banking secrects is meeting with some opposition. Under the present laws, persons connected with banks who reveal the secrects relating to customers are liable to heavy fine, in addition to imprisonment for six months. The Government of Switzerland seems to feel that the punishment has to be made stiffer in order to enhance the confidence of the public in the integrity of the banking system.

But some sections of public opinion argue that the secrecy laws of the Swiss banks encourage the politicians and officers in the developing countries to hide their illegal fortunes in Switzerland. Mr. Nello Cello, Finance Minister of Switzerland, is not impressed with these arguments. He has pointed out that if the secrecy laws of Switzerland are weakened, it will only encourage the people in the developing countries to divert their deposits elsewhere. But he has assured Parliament of Switzerland that he would examine the whole matter and submit a report early in 1971.

In India the Study Group, set up by the Banking Commission, is now examining the adequacy of the banking laws in relation to secrecy. At present, banks are obliged to maintain secrecy relating to their clients but, in certain circumstances, banks are allowed to disclose the details, as for example: (a) where disclosure is compulsory under law; (b) where there is a duty to the public to disclose; (c) where the interests of the bank require disclosure; and (d) where the disclosure is made with the express or implied consent of the customer.

The Study Group has asked the following questions: It has been felt that the condition "where there is a duty to the public to disclose" is not clear enough for application. Would you consider that there should be a more detailed statement of this qualification, for instance, by enumerating specific examples when such a duty may be deemed to arise? Would you consider it necessary or desirable to provide that as part of its "duty to the public to disclose" the bank should be obliged to disclose information, relating either to its own affairs or the affairs of its constituents, to commissions or committees appointed by the Government? Would you consider that there should be a more detailed statement of the qualification "where the interests of the bank require disclosure", for instance, by enumerating specific examples? If so, give some specific examples. Is the doctrine of implied consent of the customer too vague to furnish a guiding rule? If so, should its scope be sufficiently clarified as not to leave the bank in doubt? Do you consider it necessary to extend the bank's obligation as to secrecy even to information of a general nature, for example, that relating to different classes or groups of customers, without reference to any individual customer?

Business organisations, in their replies to the questionnaire of the Study Group, have suggested that nothing should be done which will impair the confidence of the public in the ability of banks to maintain the secrecy of their clients. They have pointed out that Sections 131 and 133 of the Income Tax Act of 1961 have empowered the Income-tax Department to compel the banks to reveal information in their possession. In many cases these powers are said to have been misused by the Income-tax Department. Under these laws enquiries have been often made by the Department which are not strictly relevant for purposes connected with the payment of income-tax. Business organisations also have argued that banks should not be empowered to reveal information on such vague pretexts as "duty to the public", "in the interests of the public", and so on. It is, of course, agreed that in certain circumstances banks may be allowed to divulge any information in accordance with customary practices and usages among the banks or under the law. But, at the same time, it is necessary to make this position as clear as possible so that there will be no occasion for the clients to feel that their privacy is not safeguarded.

The Study Group has also asked some questions about the secrecy of the affairs of banks. One relates to whether the officials of the State Bank of India, its subsidiaries and the recently nationalised banks, including the directors/custodians of such banks are statutorily obliged to subscribe to a declaration, inter alia, that they will not communicate, or allow to be communicated, to any person not legally entitled thereto, any information relating to the affairs of their banks. In view of this declaration, these banks are not in a position to disclose to any person, not legally entitled thereto, any information relating to themselves. Do you consider this prohibition necessary or desirable, especially as the other banks are not under any such legal disability? To this question the opinion among business organisations seems to be that these provisions are necessary and that they should be applied to all other banks.

It is hoped that the Banking Commission, in its report to the Government, will make appropriate recommendations, emphasising the need to maintain secrecy in the relationship between banks and their clients, subject to well-defined and reasonable exemptions. Unless secrecy is maintained, it will be difficult for banks to mobilise deposits on an increasing scale. To what extent banks will be able to safeguard secrecy will depend not so much on what the law says but on the extent of the co-operation which the management is able to get from the employees. The Finance Minister of Switzerland said that, if they tampered with the rules of secrecy, the people would keep their money in the banks of other countries. Similarly, if the banks in India are not careful in maintaining the secrecy of their clients, the latter will divert their savings to other channels which will not be in the best interest of the country.

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INVESTMENT

Good Corporate News and the Congress(R) Election Manifesto Cheer Operators

THE stock markets have put up a good show this past week. They have presented a firmer and livelier appearance and moved up to their December high point. The scarcity of offerings, short-covering and fresh support have contributed in varying measures to last week's impressive recovery. Several counters have made good the losses suffered following the announcement of the hike in Bank rate. Closing prices have been generally around the week's best levels. Intermittent profit-taking has been well absorbed. It has been the steady flow of encouraging corporate news by way of bonus issues, improved results for 1970 and the promise of a still better performance in the current year which have improved sentiment. Tata Chemicals, Bajaj Auto, Mafatlal Fine, Chemopharma, Hindustan National Glass, S. S. Duncan, International Computers, Parrys Confectionery, New Commercial, Ganesh Flour, Ravalgaon Sugar, Sutlej Cotton, Madras Rubber and Associated Cements—all these have had a message of cheer for their respective shareholders.

November trade figures have also been pleasing, but it would perhaps be rash to draw the conclusion that the declining trend in exports has been arrested. The stock markets also seem to have derived comfort from the Prime Minister, Mrs. Indira Gandhi's assurance to industrialists that she was not against the private sector and that she would greatly welcome their co-operation to increase production. In its election manifesto, the Congress (R) has declared that it has no intention of abolishing the institution of private property and that the private sector will be stimulated to the maximum extent possible without allowing the emergence of private monopolies and concentration of wealth and economic power. It is proposed to simplify regulations and to avoid delays in order to enable the private sector to make its legitimate contribution to the growth of national income and employment.

The stock markets have also been greatly impressed by the enthusiastic response to public issues. The way many of the recent issues have been oversubscribed is a clear indication of the large volume of investible funds seeking an outlet in profitable investment in equities. Despite the improvement in the investment climate, the supply of shares has failed to keep pace with the growth of investible funds. The shortage of good shares continues to be the major factor behind the underlying upward trend in equity prices. Political uncertainties have affected turnover but not the confidence of investors. The up and down movements on the stock exchanges are not of any serious consequence as long as new issues continue to find a ready market.

Government securities have remained steady during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have also attracted attention. Turnover is fair.

The Calcutta stock market has remained steady this past week, although a mild reaction developed towards the middle of the week due to profit-taking. The buoyant trend is attributable to favourable corporate news.. The market has welcomed the news that British Paints has declared a bonus issue in the ratio of seven shares for every 15 held. It has also welcomed the good working results of Indian Oxygen and Voltas which have reported satisfactory results during the past year. Among engineering shares, Guest, Keen, Williams, Electro-steel Castings and Jay Engineering have been steady. Among jute shares, Birla have firmed. Among paper shares, Tribeni Tissues, Straw Products and Bengal have met with better support. Among miscellaneous shares, Indian Cable, Rohtas Industries and Dunlop India have changed hands. Among tea shares, Rydak and Hasimara have met with better buying enquiries.

After an early hesitancy, Dalal Street has edged its way up on sustained support based essentially on good corporate news, especially by way of bonus issues. Activity has picked up with the rise in prices, suggesting a distinct improvement in sentiment. Net changes over the week have shown widespread gains. In fact, only a few counters have wound up the week with minus signs. The outstanding spots include Century Enka, Larsen and Toubro, Sandvik Asia, Associated Bearings, Tata Oil, Century Mills, Synthetics and Chemicals and Great Eastern Shipping. Reports that the Government is contemplating raising the compulsory ratio of cheap cloth production to the total output of mills following consumer complaints of shortages of low-priced cloth have had no noticeable effect on textile shares. The spurt in Century is attributed to the optimism about a bonus issue. Rayon shares have also been firm. The agreement between spinners and weavers under which the former will have to supply a part of production at fixed prices has not had any impact on rayon shares. National Rayon and South India Viscose have held distinctly firm. Engineering shares have ruled firm on steady support for selected counters. Most counters have scored moderate gains. Steel shares have also turned firm, but the improvement has been due more to the scarcity of offerings than to fresh support. Among shipping shares, Great Eastern have recorded a big rise while Scindia have eased due to the lack of support. Automobile shares have firmed on moderate support. Premier Automobiles have attracted enquiries. Chemicals have displayed a firm tendency and nearly all the important counters have registered fair gains. Shares of pharmaceutical companies have kept barely steady with limited turnover. Warner Hindustan have, however, been a firm feature. Tyre company shares have ruled quietly steady and paper shares have not evoked much interest.

Trading in the Madras stock market has remained listless during the past week. Planting shares have met with selective support. Lingapur have hardened as have Coffee Lands while Coorg Tea, Kailas Rubber and

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

A.C.C.

Air-India

Garware Nylons

Philips India

Tata-Finlay

Nelliampathy have shed their earlier gains. Textile shares have remained firm. Both Mettur Beardsell and Coimbatore Pioneer have met with more buying enquiries. Among sugar shares, E.I.D. have lost. Among bank shares, Indian Overseas and Canara Bank have been easier.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/90—21/35—20/85—21/35—(37/70)
Burrakur Coal 11/62—11/69—11/12—11/37—(13/00)
Dunlop India 37/05—37/60—37/05—37/50—(29/00)
Guest, Keen, Williams 30/60—32/90—29/80—32/55—(12/60)
Hindustan Motors 15/15—15/55—15/15—15/55—(15/26)
Howrah Jute 6/06—6/44—6/06—6/44—(7/81)
Indian Aluminium 36/20—36/30—35/30—35/70—(28/80)
Indian Cable 15/95—16/05—15/70—15/85—(12/05)
Indian Copper 4/02—4/25—4/00—4/25—(3/81)
Indian Iron 13/00—13/35—13/00—13/10—(15/60)
J. K. Cotton 11/30—11/50—11/20—11/20—(11/40)
Jaipur Udyog 9/30—9/35—9/25—9/35—(9/00)
Jayashree Tea & Industries 18/00—18/81—17/87—18/56—(13/15)
Kesoram Industries 16/60—16/60—16/50—16/50—(14/95)
National Rubber 8/75—8/81—8/75—8/81—(11/12)
Orient Paper 38/25—39/10—38/15—39/10—(29/85)
Orissa Cement 18/64—18/80—18/50—18/70—(12/05)
Rohtas Industries 6/80—6/95—6/70—6/81—(7/28)
Textile Machinery 10/50—11/05—10/50—10/70—(10/30)

A.C.C. Does Well : Diversification of Activities Planned

ASSOCIATED Cement Companies did well during the year ended July 1970, with production, sales and gross profit setting new records. Production of cement rose from 4.95 million tonnes to 5.45 million tonnes, sales, net of excise duty, from Rs. 63.62 crores to Rs. 75.63 crores and the gross profit from Rs. 8.66 crores to Rs. 13.06 crores. The prospects for the current year appear to be reasonably good. The chairman, Mr. N. A. Palkhivala, told the shareholders' annual meeting on 21st January that despite an "unprecedented" dislocation in September-October 1970 on account of the heavy monsoon and shortage of railway wagons, despatches of cement from the beginning of August to the middle of January have been higher by 34,000 tonnes than those in the same period of 1969-70. With the completion of the Company's expansion programme in July 1970, the total installed capacity has risen to 6.8 million tonnes of cement a year. Mr. Palkhivala stated that while the Company did not propose to further expand its cement capacity in the near future, it had plans to diversify its activities. It has asked for Government permission for setting up a fertiliser factory but there has been no satisfactory response from the Government so far. (A fuller version appeared in last week's issue of *Capital*.)

The A.C.C. chairman pointed out that while capacity, production, sales and realisation have been rising every year, the Company's net profit has been declining as a result of price control. Proven cost increases due to Governmental action are not compensated in full, and even such inadequate adjustment as is granted is always delayed. In no instance did the Government give the price as recommended by the Tariff Commission, or from the date set by it. Mr. Palkhivala pointed out that none of the methods normally adopted to increase the profitability—increase in prices, expansion of capacity to achieve economies of scale, diversification into new products and mergers—was available to the Company in the existing framework of the Government's policies. It had, therefore, to concentrate all its efforts on intensive and rigid cost control and cost reduction. The Company had already been trying its best to effect cost reduction. Mr. Palkhivala described despatches as the "weak link" in the chain from investment to realisation ; and the situation, instead of improving, has worsened steadily. Last year, despatches were reduced by as much as 345,000 tonnes due to wagon difficulties. The railways have been doing their best to help the Company and have promised better services during the Fourth Plan. Unless this promise is redeemed and there is a satisfactory improvement in railway transport, despatches may suffer even more badly in future.

The Company has made encouraging progress on the export front and bagged orders for cement machinery from Bagdad, Iraq and Kuwait, the total value of the orders amounting to Rs. 5.60 crores. A.C.C.-Vickers-Babcock, in which the Company holds 49.8 per cent equity capital, is doing well and is expected to wipe off the deficit balance of Rs. 2.20 crores in the course of the next two years. Replying to shareholders' questions, the chairman disclosed that the Life Insurance Corporation held about 14.63 per cent of the Company's capital, the Unit Trust about 6.22 per cent and the nationalised banks about 5.2 per cent.

AIR-INDIA

Revenue Up but Profit Down

AIR-INDIA'S operations during the year ended March 1970 point to a steady growth but with diminishing profitability due to rising costs and declining yields. While the capacity offered (available tonne-kilometres) increased by 9.5 per cent from 461.99 million A.T.K.M. in 1968-69 to 506.11 million A.T.K.M. in 1969-70 and capacity utilised (revenue tonne-kilometres) by 13.9 per cent from 225.28 million to 256.57 million R.T.K.M., traffic revenue a R.R.K.M. fell by 2.8 per cent and costs a A.T.K.M. rose by 3.2 per cent. There was an overall increase in Air-India's traffic, with revenue passenger-kilometres showing a rise of 14.2 per cent, passenger tonne-kilometres 14.3 per cent, cargo tonne-kilometres 18.2 per cent and charter tonne-kilometres 8.8 per cent. The overall load factor increased by 3.9 per cent from 48.8 per cent to 50.7 per cent. The number of passengers carried went up by 21.6 per cent from 333,051 to 402,609. The revenue from cargo, including excess baggage, improved by 17.7 per cent from Rs. 9.67 crores to Rs. 11.39 crores. Mail revenue dropped by 4.7 per cent but the revenue from charters increased by 6.8 per cent. Aircraft utilisation improved further from 10.39 hours a day to 10.90 hours a day and it reached 11.40 hours during the last quarter of the year. The rate of growth in Air-India's activities could be considered satisfactory in comparison with the growth rate in the airline industry as a whole.

The financial results, however, are not that pleasing. With operating expenses up by 13.1 per cent from Rs. 54.68 crores to Rs. 61.84 crores, the gross operating profit has shrunk by 10.8 per cent from Rs. 4.82 crores to Rs. 4.30 crores despite an increase of 11.2 per cent in operating revenues from Rs. 59.50 crores to Rs. 66.14 crores. The net surplus (before tax) is down by 29.9 per cent from Rs. 3.24 crores to Rs. 2.27 crores. The 5 per cent dividend on equity shares absorbs Rs. 80.45 lakhs. The problem facing Air-India and the airline industry throughout the world is essentially one of declining revenue yields a unit of transportation sold combined with rising unit costs. Inflationary trends in wage levels in India and abroad and, consequently, also in the costs of materials and services continue to boost operating expenses. The downward trend in Air-India's profit gives no indication of being reversed. The wage bill which has already reached a figure of Rs. 13.81 crores, exceeding 22 per cent of total operating expenses, is expected to record a further rise as a result of the negotiations with all the unions and associations of employees already concluded or in progress.

With rising costs on the one hand and declining yields on the other, Air-India, along with its competitors, is subjected to a continuing profit squeeze, the effect of which can only be countered by increasing revenues and controlling increases in costs. This requires a rising employee productivity, the highest possible rate of equipment utilisation and a relentless pursuit of economies, however small, wherever they can be effected without reducing the safety or quality of service. Air-India's management is constantly studying and investigating new methods and new techniques aimed at improving its efficiency and providing it in time with the necessary inputs in the form of information, statistics, market surveys, forecasts and a continuing evaluation of operations and trends.

There was no further addition during 1969-70 to Air-India's fleet of ten *Boeing 707* aircraft. It is said to be at a turning point in regard to its fleet, comparable with the transition it went through in 1960 from the piston-engined propeller to the jet. That earlier transition involved at the time a capital expenditure of Rs. 11.53 crores in the initial pur-

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chase of three *Boeing 707* aircraft and related ground and ancillary equipment, representing an increase of 100 per cent on the purchase value of its previous fleet. The entry into the era of new generation of giant aircraft involves an initial investment of Rs. 77.52 crores on three *747*s and ancillary equipment, representing an increase of 150 per cent on the gross block value of its present fleet. For the fleet of three *Boeing 747*s, Air-India has negotiated a loan of Rs. 7045 crores and negotiations for a loan of Rs. 16.46 crores for the fourth *Boeing 747* have also been completed.

The report says that while Air-India's long-term prospects continue to be good, its growth continued to be handicapped by the relatively slow growth, due to the restrictions on foreign travel, of the flow of traffic originating in or destined for India. The recent liberalisation of the rules which permit Indian citizens to travel abroad as tourists once every three years is expected to bring some relief. The current year is regarded primarily as a year of preparation for the *Boeing 747*. This will place many added demands on the management and the staff. Fortunately, Air-India has a powerful, mature and dedicated organisation which can meet the challenge ahead.

TATA-FINLAY

Instant Tea Exports Up

TATA-FINLAY'S exports of instant tea powder and of packet tea totalled Rs. 1.35 crores in 1970. This is twice as much as that in 1969. Exports are expected to record a further equally impressive rise this year, that is, the figure for 1971 will be double of that in 1970. Both instant tea powder and packet tea are non-traditional exports and have been steadily earning an increasing amount of foreign exchange, compared with exports of tea in bulk. Tata-Finlay's blended and packeted teas worth Rs. 60 lakhs were exported to Sudan, Jordan, the U.A.R., Fiji, Australia, Nepal, Mexico, Italy, Holland and the U.K.

The export of instant tea powder results in a far greater foreign exchange earning for the country than the export of an equivalent quantity of black tea. The realisation by Tata-Finlay is approximately Rs. 40 a kilogram of instant tea powder. If, however, the same amount of green leaf which went into the manufacture of this instant tea was converted into black tea, the realisation would be only Rs. 25 a kilogram. Tata-Finlay is one of the first companies in the world to develop a process for the commercial manufacture of instant tea powder directly from the green leaf of the tea bush, bypassing the intermediate stage of manufacturing black tea, and retaining a much greater degree of freshness in the final product.

PHILIPS INDIA

Record Exports

PHILIPS India's exports crossed the Rs. 100-lakh mark during the year 1970 which is 40 per cent more than its performance in 1969. A large number of products made in the Company's factories in Calcutta, Bombay, Thana and Poona were exported during the year and these included radios, radio kits and components, electro-acoustic equipment, electronic measuring instruments, lamps, fluorescent powder, lamp components and welding electrodes. Exports were made, among others, to Holland, Italy, countries in the Middle East, Australia and New Zealand. The success of Philips in exporting sophisticated articles to advanced countries is attributed to the maintenance of international standards in its products made in India and its ability to keep pace with world technology despite many obstacles.

Philips India has submitted to the Government many schemes for expansion and diversification, especially in the professional sector. It took more than 18 months to receive a license to import capital goods for a 100 per cent export-oriented scheme for electronic components. Because of the delays in sanctioning even such 100 per cent export schemes by the Government, the foreign collaborators, N. V. Philips' Gloeilampenfabrieken, Holland, have decided recently to set up factories in Singapore for catering to their world markets. Nevertheless, Philips India is trying its best to salvage part of the situation and will be submitting to the Government a few more schemes shortly. If these schemes are approved by the Government without unnecessary delay, the Company expects to increase its exports to about Rs. 4 crores in five years' time.

GARWARE NYLONS

Attractive Share Offer

GARWARE Nylons is offering for public subscription 1.06 million equity shares of Rs. 10 each at par to raise part of the funds required for financing its big expansion programme. The list will open on 1st February and will close on the 10th or earlier but not before 3rd February. With the proposed issue, the Company's paid-up capital will increase from Rs. 1.10 crores to Rs. 2.16 crores—all in equity shares of Rs. 10 each. The Company has been granted a licence to step up its capacity from 756 tonnes to 2,000 tonnes of nylon filament yarn a year. In addition, it has also received a licence to manufacture 330 tonnes a year of nylon chips for the plastics industry. The expansion programme is estimated to cost Rs. 5.84 crores, of which Rs. 3.94 crores is to be spent on plant and machinery. The cost is proposed to be met by the additional share capital of Rs. 1.06 crores, a foreign exchange loan of Rs. 2.86 crores from the I.C.I.C.I. and the I.F.C.I., and cash accruals of the Company amounting to Rs. 1.92 crores during 1970-71 and 1971-72.



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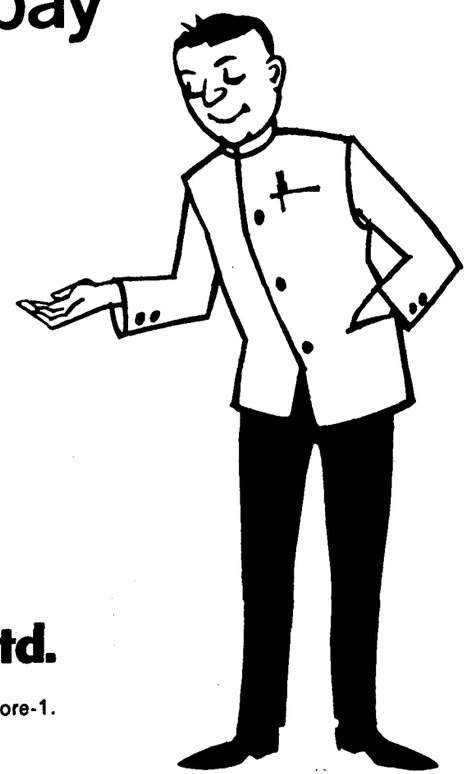
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COMMODITIES

Move to Set up New Jute Mills Criticised

JUTE industry and trade circles have failed to reconcile themselves to the optimistic views expressed by Mr. S. P. Mukherjee, Jute Commissioner and chairman of the five-man committee, recently appointed by the Government of India to make a snap survey of the prospects of setting up new and modern jute mills in north Bihar, Assam, Tripura, Orissa and Andhra Pradesh. Their main contention is that the existing installed capacity cannot be utilised due to the dearth of fibre of appropriate grades. An assured and adequate supply of raw jute, combined with the completion of the rehabilitation and modernisation programmes and the installation of some balancing equipment, they add, will help the existing units to raise production substantially with a much lower investment.

Various Difficulties

Jute industry and trade circles have been complaining of various difficulties like the shortage of raw materials, predominance of sub-standard grades, delay in the sanctioning of soft loans by institutions like the Industrial Development Bank of India, the Industrial Finance Corporation and the Industrial Credit and Investment Corporation of India, and, above all, the time-killing and irksome procedural formalities which have retarded the expansion and full-scale operation of the existing units so far. They cite instances like the non-utilisation of soft loans of Rs. 5 crores, sanctioned long ago for the expansion of the broad-loom capacity of some mills, due to the delay by the licensing authorities in issuing the industrial licences. They also refer to the delay by the authorities in spelling out the details of the much publicised assurance of soft loan assistance to the tune of Rs. 48 crores during the Fourth Plan period for the expansion and rehabilitation of the industry. Over and above these, there is the vexatious burden of export duties on jute goods and the galloping rise in production costs. The impact of the soaring wage cost and the existence of the heavy bonus voucher subsidy to the Pakistani industry have restricted the scope of Indian jute goods in the overseas markets. Clive Row has been disappointed over the apathy of the authorities to these burning and immediate problems.

Instead of making a constructive and pragmatic approach to these problems, the authorities have now taken up the costly and time-consuming scheme of setting up new and modern jute mills. The chairman of the committee, the Jute Commissioner, expressed the view that the current production of raw jute is comfortable at a recent Press conference in Gauhati after a discussion of the position with the State Government officials and the State Cabinet. He added that against the demand for 6.4 million bales of fibre this season, its availability was estimated around 6.5 million bales. Industry circles, however, differ with the Jute Commissioner on this estimate of availability and consumption and point out that the entire fibre supply is not suitable for mill consumption, indicating a shortage during the season.

High Ruling Prices

As for the high ruling prices of fibre this season, Clive Row has generally accepted Mr. Mukherjee's thesis that a shortfall in the season's crop has been one of the factors influencing the price trend. But his contention that 'the price-support policy of the Government, guaranteeing the minimum price of Rs. 40 a maund, f.o.r. Calcutta

MIDDLE CLASS COST OF LIVING INDEX NUMBER FOR CALCUTTA

(Base : August 1939)

THE Middle Class Cost of Living Indices, by groups, have now been brought up to December 1970. As compared with November, the December index for Food shows a drop of 5 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 412, 693 and 392 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living declined by 3 points during December 1970.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Dec. 1969	Jan. 1970	Feb. 1970	Mar. 1970	Apr. 1970	May 1970	June 1970	July 1970	Aug. 1970	Sept. 1970	Oct. 1970	Nov. 1970	Dec. 1970
Food ...	53.6	869	856	853	855	860	865	864	874	881	891	900	911	906
Fuel and Lighting	4.4	412	412	412	412	412	412	412	412	412	412	412	412	412
Clothing ...	12.4	682	682	682	682	682	682	682	682	693	693	693	693	693
Miscellaneous ...	29.6	387	387	387	388	388	391	391	391	392	392	392	392	392
Combined Index ...	100.0	683	676	674	676	678	682	682	687	692	697	702	708	705

Compiled and constructed by the Statistical Department of "Capital".

ready, basis Assam Bottoms, for jute to producers through the S.T.C." appears to be based on incorrect premises. For, the S.T.C. has had occasion to absorb precious little during the season as prices have generally ruled more than Rs. 10 higher than the support levels due to the brisk support extended by mills and the strong holders both in Calcutta and the upcountry markets.

The Jute Commissioner's claim that jute goods are still the largest foreign exchange earner for the country, in spite of the recent shrinkage in offtake, is not corroborated by relevant statistics. There is no denying the need for diversification of the range of products for ensuring a sustained export offtake. But the recent evolution of several new products will not help the industry in meeting Pakistani competition unless the inhibiting factors for hessian, sacking and carpet-backing exports are removed.

Gunnies Erratic

The Calcutta gunny market behaved erratically during the past week in spite of the reserve shown by mills and holders of P.D.O.'s. There were occassional rumours of the possibility of a cut or the outright abolition of the export duties. But in the absence of a positive announcement from the authorities, the rumours failed to produce an enduring effect on sentiment. Expectations of an appreciable broadening of demand due to the impending due date completion by 21st January, the extended shipping and delivery date against the outstanding December-delivery contracts, were also belied. Around the week-end, there was a recovery with the emergence of the S.T.C. as a keen buyer of ready and near-delivery woolpacks to cover its latest 6,000-bale deal with Australia. There were also rumours of substantial bookings by the Corporation of ready and near-delivery deals in traditional goods with other countries. These induced operators to tighten the squeeze and mark the prices up, taking advantage of the continuing imbalance between bookings and availability. Prospects of an early announcement of the Government's decision on fair prices of B Twills and other constructions on receipt of the final report of the Tariff Commission on their costs structure also encouraged the market. They were still awaiting the details relating to the package deal for the promotion of exports of traditional goods to the non-traditional markets against barter, recently promised by Mr. L. N. Mishra, Central Minister for Foreign Trade. The U.S.A. and Russia absorbed routine lots of goods, mainly against earlier contracts. The futures market also behaved erratically in line with the trend in the spot market. Turnover was moderate and the closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Jan.	Feb.	Mar.	Apr.-June
40in. 7½oz.	66.75	67.00	67.00	66.75
40in. 8oz.	72.75	—	—	—
40in. 10oz.	86.35	87.00	87.25	87.50
B Twills	280.00	280.00	278.00	274.50
Heavy Cees	280.00	280.00	278.00	274.50
Cornsacks	—	—	—	—
A Twills (U.S.)	340.00	337.00	335.00	329.00
Liverpools	321.00	319.00	317.00	313.00

Reactionary Trend in Fibre

The fibre market developed a reactionary trend during the past week due to the lack of buying interest from mills. Speculators were inactive due to the stringency in credit and also the sub-standard quality of fibre on offer. A more comfortable fibre inventory position of the mills induced them to remain away from the market, although they absorbed the few offers for better grades at quoted rates for batching purposes. This lack of interest induced nervousness among weak holders who sought to liquidate their offgrade stocks at this time of the season, even by discounting prices somewhat. The upcountry market also ruled easier in line with the trend in the Calcutta market. Turnover was small. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	January-February		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	152.72	144.68	54.00
Northern Jute	146.02	137.98	51.50
Western Desal Jute	139.32	131.28	49.00
Selected Daissee	156.74	148.70	55.50
Assam-Agartala Tossa	158.07	150.04	56.00
Mesta :			
Assam Mesta	139.32	131.28	49.00
Selected Daissee Murshidabad	133.96	125.92	47.00
Bihar Dist.	125.92	117.89	44.00

COTTON TEXTILES

Export Performance

Exports of mill-made cotton textiles—piecegoods, yarn, apparel, hosiery and other manufactures—from India during 1970 are provisionally placed at Rs. 111.62 crores, against Rs. 105.19 crores in 1969, Rs. 95.32 crores in 1968 and Rs. 82.21 crores in 1967. All sections, excepting hosiery, have participated in the rise in exports last year. Yarn and apparel have done extremely well—thanks mainly to the new export strategy evolved and streamlined by the Cotton Textiles Export Promotion Council; other manufactures too have made a reasonably good showing. The increase in exports of piecegoods has, however, been negligible, the only redeeming feature being a marked increase in the unit price realised from Rs. 1.51 to Rs. 1.58 a square metre made possible by the substantially larger exports of processed cloth. In terms of quantity, shipments of piecegoods are down from 418.5 million to 403.2 million square metres while export earnings are higher at Rs. 63.58 crores, against Rs. 63.09 crores. Shipments of grey fabrics have declined sharply from 266.5 million to 176.4 million square metres, while exports of non-grey varieties have gone up from 364.4 million to 459.4 million square metres.

While exports of piecegoods have recorded only a modest increase of Rs. 49.1 lakhs at Rs. 63.58 crores, yarn exports have gone up by Rs. 2.99 crores from Rs. 23.74 crores to Rs. 26.73 crores and apparel have fetched Rs. 1.96 crores more at Rs. 6.33 crores. Exports of other manufactures have risen from Rs. 13.74 crores to Rs. 14.81 crores. Hosiery exports are down from Rs. 25.1 lakhs to Rs. 17.5 lakhs.

Marketwise, there have quite a few significant changes in exports of piecegoods. There was a marked improvement in exports to the African zone from Rs. 4.58 crores to Rs. 10.76 crores. Out of this total increase of Rs. 6.19 crores, Sudan alone accounted for a rise of Rs. 5.29 crores from Rs. 3 crores to Rs. 8.29 crores. Nigeria and Kenya also took increased quantities of Indian textiles but exports to Tanzania and Uganda registered small declines. Shipments to the Asian zone (excluding Nepal) rose by Rs. 1.12 crores from Rs. 6.45 crores to Rs. 7.57 crores. This was attributed mainly to the substantially larger offtake by Burma (Rs. 1.86 crores, against Rs. 32.3 lakhs), Afghanistan and Persian Gulf Ports. Shipments to Burma suffered a sharp decline from Rs. 1.57 crores to Rs. 1.09 crores. Exports to Nepal were lower at Rs. 7.1 crores, against Rs. 7.86 crores.

Exports to the European zone have declined sharply from Rs. 31.44 crores to Rs. 25.5 crores. Important changes have taken place within this zone. Exports to the U.K. have been halved from Rs. 17.22 crores to Rs. 8.63 crores. Shipments to western Europe (excluding the U.K.) are also down from Rs. 5.9 crores to Rs. 4.59 crores. The offtake by France dropped sharply from Rs. 2.82 crores to Rs. 95.3 lakhs but exports to Italy rose from Rs. 1.6 lakhs to Rs. 62.3 lakhs. There was a further impressive increase in exports to Russia from Rs. 6.98 crores to Rs. 10.68 crores. Exports to east European countries (including Russia) increased from Rs. 8.31 crores to Rs. 12.29 crores.

Shipments to the American zone registered a decline from Rs. 9.5 crores to Rs. 8.9 crores due largely to a substantially lower offtake by Canada (Rs. 93 lakhs, against Rs. 1.28 crores). Exports to Oceania were higher at Rs. 3.75 crores, against Rs. 3.25 crores in 1969. Both Australia and New Zealand took larger quantities of Indian piecegoods

Burma continued to be India's leading market for cotton yarn. Shipments to the U.K., the U.A.R., Czechoslovakia and Yugoslavia continued to be steady. In apparel, Russia continued to be the major buyer; itemwise, fashion goods dominated the trade. The U.K., the U.S.A., the Baltic countries and west Europe are also taking considerable quantities of Indian fashion garments. Among made-up items, cotton towels, bed sheets, sewing threads and cotton sacks showed considerable improvement while handkerchiefs and linoleums suffered some setback.

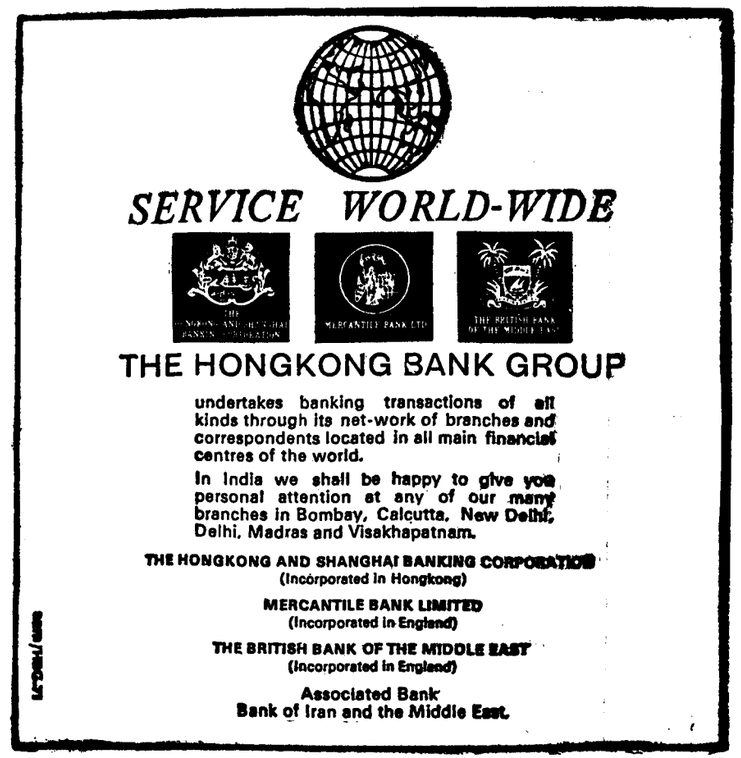
While exports of cotton textiles have continued to show a rising trend over the past few years, the pace of growth has been gradually declining. Exports in 1970 have risen by only 6 per cent, against 10.4 per cent in the preceding year. In view of the unexpectedly sharp rise in cotton prices which has pushed the cotton textile industry's costs of production by over 25 per cent since June 1970, many leading exporting mills have suffered heavy losses on shipments against their previous contracts. Fresh business for shipments after March has come to a standstill in view of the uncertainty about the extent of promotional assistance that would be forthcoming after March. Exporting mills will need to be suitably compensated for the rise in production costs if they are not to be lured into the more attractive domestic market. The sooner the uncertainty in this regard is ended the better.

TEA

Strong Demand

A Special Correspondent writes: There was a strong general demand in last week's Calcutta tea auction and, apart from some medium C.T.C. brokens, all descriptions could be quoted fully firm to dearer against the previous week. Orthodox teas sold at firm prices, with buying by Russia, the Armed Forces, Afghanistan and Australia. In the orthodox category whole leaf grades continue to be a strong feature and medium B.O.P.s are now meeting with a much better demand. Plain C.T.C. brokens were generally dearer in price, while mediums, although selling well, were inclined to be lower. The few best C.T.C. brokens on offer came to a good market. C.T.C. fannings of all descriptions sold at generally dearer rates. Buying for C.T.C.s continues to be dominated by internal buyers but there was some London and U.A.R. support for fannings grades.

Balmer Lawrie and Co. Ltd issued a closure notice on 19th January in respect of the three public warehouses. This notice was published in the local Press and terminated the employment of the entire staff apart from those of the watch and ward department. The only development so far has been the anticipated demonstrations by the employees but there is no sign yet of any private warehouse labour coming out on strike in sympathy. Meanwhile, in the warehouses there are approximately 380,000 chests of which some 233,000 chests are awaiting Calcutta sale, the remainder being either sold or consignment account teas.



THE WEST BENGAL STATE CO-OPERATIVE BANK LTD.

BALANCE SHEET AS AT THE 30th JUNE, 1970

As on 30-6-69	LIABILITIES		
Rs. P.		Rs. P.	Rs. P.
	1. Capital :		
4,00,00,000 00	**(i) Authorised :** 8,00,000 Shares of Rs. 50/- each	4,00,00,000 00	
2,14,86,050 00	**(ii) Subscribed :** 4,46,746 Shares of Rs. 50/- each	2,23,37,300 00	
	(iii) Called and paid-up :		
96,93,025 00	(a) Individuals		
21,00,000 00	(b) Coop. Sys. 4,04,746 shares of Rs. 50/- (called Rs. 25/-) for each share	1,01,18,650 00	
	(c) Government of West Bengal 42,000 shares of Rs. 50/- each fully paid	21,00,000 00	
	NOTE :—Partly paid shares of paid-up value of Rs. 19,37,650/- are held by Societies in East Pakistan pending adjustment		1,22,18,650 00
	Uncalled capital being reserve liabilities of the members Rs. 1,01,18,650/-.		
	2. Reserve Fund and Other Reserves :		
23,39,101 54	(i) Statutory Reserve Fund		
	(ii) Agricultural Credit Stabilisation Fund :	24,77,259 91	
49,13,280 40	(a) Reserves & grants Rs. 61,95,515 42		
	(b) Borrowings Rs. 8,75,000 00		
10,000 00	(iii) Building Fund	70,70,515 42	
	(iv) Dividend Equalisation Fund	10,000 00	
	(v) Special Bad Debt Reserve	—	
5,50,000 00	(vi) Reserve for Bad & Doubtful Debts in West Bengal	6,00,000 00	
10,75,000 00	(vii) Investment Depreciation Fund	11,75,000 00	
	(viii) Other Funds & Reserves :		
46,48,437 17	(a) Reserve for Bad & Doubtful Debts (General) Rs. 46,48,437 17		
73,95,298 22	(b) Reserve for pre-partition investment in Pakistan, —(Interest) Rs. 73,95,298 22		
90,37,857 00	(c) Reserve for pre-partition investment in Pakistan (conversion of Government Interest-free Loan into subvention) Rs. 90,37,857 00		
43.42,232 87	(d) Rehabilitation Fund Rs. 43,42,232 87		
		2,54,23,825 26	
	3. Principal State Partnership Fund & Share Capital of :		3,67,56,600 59
	(i) Central Cooperative Bank		
	(ii) Primary Agricultural Credit Society		
	(iii) Other Societies		
	4. Deposit and Other Accounts :		
	(i) Fixed Deposits :		
44,66,268 82	(a) Individuals Rs. 56,26,561 94		
71,85,847 42	(b) Central Cooperative Banks Rs. 1,04,88,079 70		
3,63,38,649 04	(c) Other Societies Rs. 4,12,57,585 08		
		5,73,72,226 72	
	(ii) Savings Bank Deposits :		
35,56,261 15	(a) Individuals Rs. 42,57,280 42		
—	(b) Central Cooperative Banks		
19,86,036 29	(c) Other Societies Rs. 26,98,977 52		
		69,56,257 94	
	(iii) Current Deposits :		
19,73,734 71	(a) Individuals		
30,68,436 40	(b) Central Cooperative Banks Rs. 28,52,851 09		
1,25,67,634 53	(c) Other Societies Rs. 1,15,42,076 66		
		1,63,52,358 89	
45,833 40	**(iv) Money At Call and Short Notice**	45,833 40	
	5. Borrowings :		8,07,26,676 95
	(i) From Reserve Bank of India :		
	(a) Short term loan against—		
95,00,000 00	A. Govt. and other approved Securities under R.B.I. Act—Section 17 (4)(a) Rs. 21,00,000 00		
1,88,07,600 00	B. Others under R.B.I. Act, Section 17 (4)(c) Rs. 4,87,76,800 00		
	(b) Medium term loan against—	5,08,76,800 00	
	A. Government and other approved Securities		
59,61,776 00	B. Others under R.B.I. Act, Sec. 17(4) (AA) conversion Rs. 34,95,330 00	—	
	Sec. 17(4) (a)(a) Rs. 2,36,838 00		
	(c) Long term loan against—	37,32,168 00	
	A. Government and other approved Securities		
	B. Others		
	(ii) From State Bank of India :		
	(a) Short term loan against—		
	A. Government and other approved Securities		
	B. Others		
	(b) Medium term loan against—		
	A. Government and other approved Securities		
	B. Others		
	(c) Long term loan against—		
	A. Government and other approved Securities		
	B. Others		
	(iii) From State Government :		
	(a) Short term loan against—		
	A. Government and other approved Securities		
55,00,000 00	B. Others Rs. 5,00,000 00		
15,70,62,309 96	Carried Over ... Rs. 5,00,000 00	5,46,08,968 00	12,97,01,927 54

THE WEST BENGAL STATE CO-OPERATIVE BANK LTD.

BALANCE SHEET AS AT THE 30th JUNE, 1970

As on 30-6-69	ASSETS		
Rs. P.		Rs. P.	Rs. P.
88,03,555 18	**1. Cash :** In hand and with Reserve Bank and State Bank of India		52,22,487 24
99,454 69	**2. Balances with Other Banks :**		
	(i) Current		52,067 83
	(ii) Savings Bank Deposit		—
	(iii) Fixed Deposit		—
50,00,000 00	**3. Money at Call and Short Notice :**		45,00,000 00
1,83,27,341 00	**4. Investments :**		
	(i) In Central and State Government Securities (at book value)	2,15,96,006 75	
	Face value Rs. 2,22,13,600 00		
	Market value Rs. 2,05,26,163 25		
51,15,614 50	(ii) Other Trustee Securities— Face value Rs. 65,35,900 00	64,64,614 50	
3.555 00	(iii) Shares in Coop. Institutions (of which shares of Coop. Societies in liquidation Rs. 55/-)	3,555 00	
	(iv) Other investments	—	2,80,64,176 25
	NOTE :—Investments are carmarked as follows, in book value—		
	1. Statutory Reserve Fund Rs. 25,07,846 00		
	2. Employees' Security Deposit Rs. 60,375 50		
	3. Agricultural Credit Stabilisation Fund Rs. 64,00,958 00		
	4. Rehabilitation Fund Rs. 43,85,324 50		
	5. Building Fund Rs. 2,940 00		
	6. General Fund Rs. 1,47,06,677 25		
	Rs. 2,80,64,121 25		
	(Against which securities of the face value of Rs. 1,51,05,700/- are lodged with Banks for loan arrangements).		
	5. Investment out of Principal State Partnership Fund : In shares of—		
	(i) Central Cooperative Banks		
	(ii) Primary Cooperative Agricultural Banks		
	(iii) Other Societies		
	6. Advances :		
6,993 40	**(i) Short-term Loans, Cash Credits, Overdrafts and Bills Discounted, of which Secured Against :**		
	(a) Government and other approved Securities		
3,71,453 00	(b) Other tangible Securities :		
12,10,206 67	A. Against hypothecation of goods Rs. 1,65,218 00		
25,68,334 00	B. Against pledge of stock Rs. 11,00,320 00		
	C. Against guarantee money from Government of West Bengal Rs. 25,68,334 00		
29,78,975 00	D. Against Fixed Deposits Rs. 26,11,650 00		
11,52,328 72	E. Documentary bills Rs. 7,78,808 37		
	(c) Others—		
36,17,448 95	A. Clean credit, out of which Government of West Bengal guarantee for Rs. 14,40,551.95. Rs. 51,36,993 95		
6,84,78,126 00	B. For seasonal agricultural operations and marketing of crops Rs. 9,74,93,294 00		
	C. Temporary overdrafts Rs. 28,06,764 05		
36,85,324 82	Of the above advances, amount due from individuals Rs. 11,053 25	11,26,61,382 37	
	Amount overdue Rs. 2,04,56,437 95		
	Amount considered bad and doubtful of recovery Rs. 84,334 00		
	(ii) Medium-term Loans, of which Secured Against :		
7,94,787 64	(a) Government and other approved Securities		
	(b) Other tangible Securities,—		
16,74,888 00	A. Against hypothecation of goods Rs. 7,96,191 42		
1,00,49,400 00	(c) **Others—**		
7,93,842 00	A. M.T. Loan for agricultural purpose Rs. 7,81,928 00		
	B. M. T. Loan for agricultural purpose (by conversion) Rs. 72,93,398 00		
	C. Others : M. T. Loans, of which Government of West Bengal stands guarantee for Rs. 6,80,434/-. Rs. 7,06,063 00		
	Of the advances—	95,77,580 42	
	Amount due from individuals —		
	Amount overdue Rs. 22,45,246 42		
	Considered bad —		
	(iii) Long-term Loans, of which Secured Against :		
	(a) Government and other approved Securities —		
	(b) Other tangible Securities —		
	(c) Others		
70,000 00	A. Against guarantee money from Govt. of West Bengal Rs. 70,000 00		
18,984 00	B. Clean Rs. 18,984 00	88,984 00	
	Of the advances—		12,23,27,946 79
	Amount due from individuals —		
	Amount overdue Rs. 88,984 00		
	Considered bad and doubtful of recovery Rs. 88,984 00		
13,48,20,612 57	Carried Over ...		16,01,66,678 11

THE WEST BENGAL STATE CO-OPERATIVE BANK LTD.—Cont'd.

BALANCE SHEET AS AT THE 30th JUNE, 1970—(Contd).

As on 30-6-69	LIABILITIES—*Contd.*			
Rs. P.			Rs. P.	Rs. P.
15,70,62,309 96		Brought Forward ...		12,97,01,927 54
	Borrowings—*Contd.*	Rs. 5,00,000 00	5,46,08,968 00	
	(b) Medium term loan against— A. Government and other approved Securities B. Others			
	(c) Long term loan against—			
27,63,334 00	A. Government and other approved Securities B. Others	Rs. 21,38,334 00	26,38,334 00	
	(iv) From Other Sources :		—	5,72,47,302 00
37,96,464 96	**6. Bills for Collection** (being bills receivable, as per contra)		—	35,25,130 19
141 05	**7. Branch Adjustment**		—	6,392 99
1,69,025 71	**8. Overdue Interest Reserve**		—	2,90,453 13
11,51,449 32	**9. Interest Payable**		—	16,00,185 16
	10. Other Liabilities :			
4,165 10	1. Undistributed dividend		4,165 10	
4,49,611 05	3. Suspense		4,12,470 76	
67,921 20	3. Income-tax payable		83,334 48	
3,050 00	4. Audit Fees payable		3,800 00	
5,000 00	5. Provision for contribution to Cooperative Dev. Fund			
16,36,984 74	6. Reserve against refund of Income-tax (per contra)		15,20,513 92	
2,49,500 00	7. Securities held in Safe Custody (Per contra)		2,56,800 00	
19,77,700 92	8. Liabilities for customers (per contra)		5,37,909 15	
3,144 54	9. Debit Note payable		3,003 12	
2,042 81	10. House rent received in advance		2,042 81	
3,40,329 48	11. Margin Account		2,02,817 87	
27,88,480 27	12. Manager's cheque		5,81,454 00	
450 00	13. House rent payable		—	
2,28,897 20	14. Provision for payment of dividend for 1967-68		2,28,897 20	
—	15. Bills Realisation A/c.		14,110 94	
				38,51,319 35
19,06,499 41	**11. Liabilities for Pakistan :**		—	19,06,499 41
	12. Profit and Loss Account :			
5,57,566 78	Profit as per last Balance Sheet		5,57,566 78	
	Less : Appropriation for the year 1968-69			
	(a) Statutory Reserve Fund, under Sec. 56 of the B.C.S. Act, 1940	Rs. 1,37,058 37		
	(b) Agricultural Credit Stabilisation Fund	Rs. 82,235 02		
	(c) Cooperative Development Fund	Rs. 5,000 00	2,24,293 39	
			3,33,273 39	
	Profit of the year brought from Profit & Loss Account		4,88,155 78	
	Contingent Liabilities :			8,21,429 17
	Uncalled portion of partly paid shares of the West Bengal Cooperative Procurement Society Limited (in liquidation) Rs. 50 00			
17,51,64,068 50		TOTAL ...		19,89,50,638 94

Profit and Loss Account for the year ended 30th June, 1970

As on 30.6.69.	EXPENDITURE		As on 30.6.69	INCOME	
Rs. P.		Rs. P.	Rs. P.		Rs. P.
45,01,803 06	1. Interest on Deposits & Borrowings ...	47,91,652 30	61,43,215 15	1. Interest & Discount	64,69,876 02
7,97,454 72	2. Salaries & allowances & Provident Fund	8,62,523 12	58,183 47	2. Commission, Exchange & Brokerage	46,414 14
3,304 47	3. Travelling allowances to staff ...	1,417 98	—	3. Subsidies & Donation	—
30,185 88	4. Directors' and Local Committee Members' Fees & Allowances	26,057 05	—	4. Income from Non-Banking Assets ...	1,178 76
40,833 05	5. Rent, Taxes, Insurances & Lighting etc.	34,990 70			
3,450 41	6. Law charges	7,383 05	2,23,554 30	5. Other Receipts	2,27,757 61
16,781 26	7. Postage, Telegram & Telephone charges	16,143 17			
3,050 00	8. Auditors' Fees	4,550 00			
49,657 14	9. Depreciation on & repairs to property	42,984 99			
42,807 62	10. Stationery, Printing & Advertisement etc.	56,720 49			
2,37,391 84	11. Other expenditures	2,62,647 90			
1,50,000 00	12. Provisions	1,50,000 00			
5,48,233 47	13. Balance of profit	4,88,155 78			
64,24,952 92		67,45,226 53	64,24,952 92		67,45,226 53

A. K. HAZRA, *Asstt. Manager* — A. C. CHOWDHURY, *Manager.* — B. K. MUKHERJEE, *Secretary.* — S. ROY, *Executive Officer.*

26th December, 1970.
4, Kiron Sankar Roy Road,
Calcutta-1.

In terms of our separate report of even date.
S. K. BHATTACHARYA & CO.
Chartered Accountants.

THE WEST BENGAL STATE CO-OPERATIVE BANK LTD.—Cont'd.

BALANCE SHEET AS AT THE 30th JUNE, 1970—(Contd).

As on 30-6-69	ASSETS—*Contd.*			
Rs. P.			Rs. P.	Rs. P.
13,48,20,612 57		Brought Forward ...		16,01,66,678 11
5,63,059 90	**7. Interest Receivable :** Of which overdue (fully provided for) Rs. 2,90,453 13	...		8,09,924 39
37,96,464 96	**8. Bills Receivable** (per contra) :			35,25,130 19
	9. Branch Adjustment A/c. :			15,89,849 76
16,22,295 68	**10. Premises (Less Depreciation) :**			66,336 67
63,294 23	**11. Furniture and Fixture :**			
	12. Other Assets :			
34,616 00	(1) Advance recoverable		63,066 50	
3,501 79	(2) Debit Note Receivable		21,124 32	
34,793 82	(3) Office Car		39,252 62	
11,203 10	(4) Printed Forms and Stationery		1,974 51	
636 79	(5) Library		687 42	
8,815 75	(6) Telephone Deposit		8,234 18	
3,969 99	(7) Internal Telephone		3,572 99	
2,505 00	(8) Security Deposit		2,405 00	
2,49,500 00	(9) Securities held in Safe Custody (per contra)		2,56,800 00	
16,36,984 74	(10) Refund of Income-Tax due (per contra)		15,20,513 92	
19,77,700 92	(11) Customers' Acceptance (per contra)		5,37,909 15	
25,531 43	(12) Rent Receivable		36,768 79	
8,172 35	(13) Clearing Adjustment Account		—	
				24,92,309 40
	13. Non-Banking Assets :			—
	14. Profit and Loss :			—
3,03,00,410 42	**15. Assets in Pakistan :**			3,03,00,410 42
17,51,64,068 50		TOTAL ...		19,89,50,638 94

A. K. HAZRA, *Assistant Manager* — A. C. CHOWDHURY, *Manager.* — B. K. MUKHERJEE, *Secretary.* — S. ROY, *Executive Officer.*

AUDITORS' REPORT

We have audited the Balance Sheet of the West Bengal State Co-operative Bank Limited as at 30th June, 1970 and the Profit and Loss Account for the year ended on that date in which is incorporated the Audited Accounts of the Branches and subject to our separate report of even date, we have to report that—

(i) We have obtained all the information and explanations that we required ;

(ii) In our opinion, the Balance Sheet and Profit and Loss Account have been drawn up in conformity with the law ;

(iii) The Balance Sheet exhibits a true and correct view of the state of the Bank's affairs according to the best of our information and explanations given to us and as shown by the Books of Accounts of the Bank ; and

(iv) In our opinion, the Books of Accounts have been kept as required under the Act, the Rules and the Byelaws.

26th December, 1970.
4, Kiron Sankar Roy Road,
Calcutta-1.

S. K. BHATTACHARYA & CO.
Chartered Accountants.

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BOOKS RECEIVED

The Textile Industry in the Development Decade. Edited by Fursprecher Merio Ludqid. (Published by the International Federation of Cotton and Allied Textile Industries, 29 Am Schanzengraben, Postfach 289, CH-8039 Zurich. Pages 90.)

Rural Savings in India. By P. G. K. Panikar. (Published by Somaiya Publications Private Ltd., 172 Naigaum Cross Road, Bombay 14. Price Rs. 18, pages 179.)

Agriculture and Economic Growth: Japan's Experience. Edited by Kazushi Okhawa, Bruce F. Johnston and Hiromitsu Kaneda. (Published by Princeton University Press, University of Tokyo Press. Copy received from Oxford University Press, Mercantile Buildings, Post Box 530, Calcutta 1. Price $12.50, pages 433.)

Taxation of Agriculture in India. (Published by I.M.C. Economic Research and Training Foundation, I.M.C. Building, Fourth Floor, 76 Veer Nariman Road, Churchgate, Fort, Bombay 20. Price Rs. 20, pages 115.)

For the Good of the Cause. By Alexander Solzhenitsyn. (Published by National Academy, 9 Ansari Market, Delhi 6. Price Rs. 4, pages 134.)

Life in Russia Today. By Jack Miller. (Published by National Academy, 9 Ansari Market, Delhi 6. Price Rs. 4, pages 199.)

Centre-State Relations in Planning. By H. K. Paranjape. (Published by the Indian Institute of Public Administration, Indraprastha Estate, Ring Road, New Delhi 1. Price Rs. 3, pages 37.)

Infrastructure for the Indian Economy. Edited by Vadilal Dagli. (Published by Vora and Co. Publishers Pvt. Ltd., 3 Round Building, Bombay 2. Price Rs. 40, pages 288.)

India and Germany—A Survey of of Fifty Years. By N. K. Kakkar. (Published by Sultan Chand and Sons, Amir Chand Marg (Nai Sarak), Delhi 6. Price Rs. 10, pages 127.)

India and Germany—A Survey of Economic Relations. Edited by Vadilal Dagli. (Published by Vora and Co. Publishers Pvt. Ltd., 3 Round Building, Bombay 2. Price Rs. 20, pages 332.)

"CAPITAL" STOCK AND SHARE LIST

Official quotations of the Calcutta, Bombay and Madras Stock Exchange Associations and other sources.

This list is brought up-to-date and published in the last issue of "Capital" each month.

GOVERNMENT LOANS

Outstanding Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
GOVERNMENT OF INDIA				
2,48,90,76,000	3	1946	1986 or later	59/75
8,93,33,000	3	1896-97	At the option of the Government of India after 3 months' notice	59/00
14,77,48,000	2½	1946	1976	90/85
86,63,53,000	3½	1956	1974	98/25
1,54,70,47,000	4	1957	1972	99/90
97,51,44,000	4	1958	1973	99/65
81,06,39,000	4	1959	1979	94/15
98,05,17,000	4	1960	1980	92/90
65,96,55,000	4	1961	1981	92/30
1,00,13,00,000	4½	1967	1972	100/65
14,33,08,000	4½	1965	1972	101/15
28,22,34,000	4½	1962	1972	100/30
1,59,08,07,000	4½	1963	1973	100/10
1,39,77,92,000	4½	1965	1971	100/25
1,14,03,37,000	4½	1962	1985	92/95
1,03,09,83,000	4½	1963	1986	92/50
1,40,26,47,000	4½	1964	1989	93/05
1,11,16,14,000	5½	1965	1990	101/20
1,07,97,66,000	5½	1966	1991	101/10
1,00,10,00,000	5	1967	1982	98/70
1,50,20,00,000	5½	1967	1992	100/60
1,75,00,00,000	5½	1968	1995	99/35
1,35,00,00,000	4½	1968	1975	99/40

PORT TRUST LOANS

Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
CALCUTTA				
90,24,300	4	1914	1974	95/
76,90,100	4	1915	1975	95/
68,02,300	3	1921	2nd 1981	82/
1,50,00,000	6½	1921	2nd 1981	144/00N
£892,600	5	1923	1953-83	£
£901,000	5	1924	1954-84	£
1,24,00,000	4½	1957	1987	95/
1,30,00,000	4½	1958	1988	95/
50,00,000	4½	1959	1989	95/
1,50,00,000	4½	1961	1971	97/
80,00,000	4	1931	1991	93/
50,00,000	3	1946	1976	84/
50,00,000	3	1945	1-2-2005	70/
50,00,000	3	1945	1-2-1975	84/
50,00,000	3	1950	1980	81/
50,00,000	3	1951	1981	80/
50,00,000	4	1953	1983	94/
90,00,000	4	1955	1985	94/
77,00,000	4	1956	1986	92/
1,00,00,000	5	1963	1993	94/
60,00,000	5½	1965	1977	99/
1,00,00,000	5½	1967	1979	97/
2,00,00,000	5½	1967	1979	97/
25,00,000	5½	1968	1980	98/
1,00,00,000	5½	1969	1979	100/
1,00,00,000 1st 5½		1970	1980	100/
1,00,00,000 2nd5½		1970	1980	100/

IMPROVEMENT TRUST LOANS

Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
CALCUTTA				
65,00,000	4½	1959	1974	95/50N
BOMBAY				
£566,600	4	1909	1969	£95¾
£333,000	4	1910	1970	£95.50‡
25,00,000	4	1912	1972	57.57N
13,00,000	4	1913	1973	97/57N
50,00,000	4	1914	1974	97/50N
25,00,000	4	1916	1976	97/50N
66,00,000	6	1920	1935-80	97/50N
25,00,000	4	1927	1961-70	98/00N

STATE GOVERNMENT LOANS

Amount Outstanding Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
MAHARASHTRA				
4,35,25,000	4½	1958	1971	99/40
15,00,00,000	5¼	1965	1977	101/00
10,00,00,000	4½	1961	1972	99/10
12,00,00,000	4½	1962	1974	99/60
15,00,00,000	4¾	1964	1976	99/50
MADRAS				
14,00,00,000	5½	1965	1977	99/95
8,77,00,000	4	1959	1971	98/90
10,00,00,000	4½	1961	1972	99/00
12,00,00,000	4½	1962	1974	99/50
14,00,00,000	4¾	1964	1976	98/75
WEST BENGAL				
7,69,69,400	4	1959	1971	98/90
7,00,00,000	4½	1961	1972	99/00
7,00,00,000	4½	1962	1974	99/50
7,00,00,000	4¾	1964	1976	98/75
7,00,00,000	5½	1965	1977	100/00
6,00,00,000	5½	1966	1978	100/00
8,00,00,000	5¾	1967	1979	100/90
8,00,00,000	5¾	1968	1980	100/90
11,00,00,000	5¾	1969	1981	100/90

MUNICIPAL LOANS

Amount Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
CALCUTTA				
72,50,000	4½	1954	1979	94/50N
21,10,000	3½	1942	1972	92/00
2,22,72,000	4	1955	1985	94/75N
1,67,32,000	4½	1958	1970	95/50N
57,72,000	4½	1961	1976	...

Amount Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
BOMBAY				
2,50,00,000	4	1955	1967	96/00
8,25,00,000	3½	1947	1977	83/00
2,13,14,500	3¼	1949	1979	80/00
2,09,10,500	4½	1957	1969	99/60

JOINT STOCK COMPANIES' DEBENTURES

Amount Authorised Rs.	Amount Outstanding Rs.	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE 28-12-70	MARKET PRICE 25-1-71	Interest payable	Principal Repayable
			COAL					
60,00,000	27,03,000	6½	Bengal	1961	93/00	93/00	1st May 1st Nov.	31-10-75
30,00,000	11,01,000	7½	Bharat Collieries	1944	80/00†	80/00†	30th April 31st Oct.	31-10-72
20,00,000	20,00,000	8	Burrakur	1967	98/00†	98/00†	30th June 31st Dec.	30-6-82

JOINT STOCK COMPANIES' DEBENTURES—*Contd.*

Amount Authorised Rs.	Amount Outstanding Rs.	Rate of interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE 28-12-70	MARKET PRICE 25-1-71	Interest payable	Principal Repayable
			JUTE					
15,00,000	15,00,000	7½	Auckland	1945	90/00†	90/00†	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	7	Bengal (2ndMortgage)	1945	80/00†	80/00†	30th June 31st Dec.	30-6-70
12,00,000	10,69,000	8½	Chitavalsah	1951	94/00†	94/00†	30th June 31st Dec.	30-6-71
30,00,000	22,88,000	7¾	Howrah	1955	97/50†	97/50†	31st March 30th Sept.	31-3-80
25,00,000	25,00,000	7¼	Kinnison	1949	93/00†	93/00†	30th June 31st Dec.	31-12-79
25,00,000	10,54,000	7¾	Kamarhatty	1955	96/00†	96/00†	30th June 31st Dec.	30-6-80
25,00,000	25,00,000	8	Naihati	1952	85/00†	85/00†	30th June 31st Dec.	31-3-82
5,00,000	5,00,000	6½	Nellimarla	1939	90/00†	90/00†	14th Nov. 14th May	14-5-74
20,00,000	20,00,000	7½	Northbrook	1945	93/00†	93/00†	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	6½	Waverley	1925	89/00†	89/00†	31st Jan. 31st July	31-8-72
			MISCELLANEOUS					
10,00,000	9,78,072	7	Aluminium Corporation of India Ltd.	1948	92/00†	92/00†	1st Jan. 1st July	15-7-75
5,00,000	5,00,000	7½	Bareilly Electric Supply Co. Ltd.	1949	96/00†	96/00†	30th June 31st Dec.	31-12-77
12,00,000	1,00,000	7½	Benares Elec. Ltd. & Power Co. Ltd.	1949	96/00†	96/00†	30th June 31st Dec.	30-6-75
40,00,000	31,00,000	7½	Britannia Engineering	1959	85/00†	85/00†	30th June 31st Dec.	31-12-70
17,50,000	14,48,000	7	Carew & Co.	1938	93/00†	93/00†	1st June 31st Dec.	1-6-71
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00†	80/00†	1st July 1st Jan.	1-7-86
1,00,00,000	1,00,00,000	6½	Dalmia Cement	1946	94/00†	94/00†	31st March 30th Sept.	30-9-70
2,30,00,000	1,75,06,500	6½	Dunlop India	1950 & 1958	97/00†	97/00†	1st Jan. 1st July	1-1-73
1,00,00,000	91,80,000	7¾	Indian Cable Co. Ltd.	1954	97/50†	97/50†	1st Jan. 1st July	30-6-84
20,00,000	20,00,000	5½	Kumardhubi Fireclay & Silica Works	1954	98/00†	98/00†	31st Dec.	31-12-69
10,00,000	10,00,000	8	Kumardhubi Engineering Works Ltd.	1946	98/00†	98/00†	31st May 30th Nov.	31-5-79
6,50,000	6,50,000	6	Katakhal Lala Bazar Railway	1945	88/00†	88/00†	30th June 31st Dec.	31-12-74
45,00,000	39,70,000	4	McLeod & Co. Ltd. (Con Notes)	1947	301/00 P note	301/00 P note	30th june 31st Dec.	31-12-72
1,00,00,000	14,24,000	5	Macneill & Barry Ltd.	1951	85/00†	85/00†	1st April 1st Oct.	1-4-71
...	59,36,000	7¾	Do.	1969	87/00	87/00	Do.	1-4-86
20,00,000	20,00,000	7½	Patna Electric Supply Co. Ltd.	1949	93/00†	93/00†	31st May 30th Nov.	1-12-73
1,00,00,000	50,50,000	6½	Rohtas Industries Ltd.	1946	96/00†	96/00†	30th June 31st Dec.	31-12-69
75,00,000	75,00,000	7½	Shaw Wallace & Co. Ltd.	1967	97/50†	97/50†	1st April 1st October	31-3-79
10,00,000	10,00,000	8	Shree Gopal Paper Mills Ltd.	1944	98/00†	98/00†	Jan. & July	15-7-76
15,00,000	11,40,000	5	Sijua Jherriah	1951	87/00†	87/00†	1st Jan. 1st July	30-6-76

JOINT STOCK COMPANIES' PREFERENCE SHARES

Dividends are cumulative and shares carry a preferential claim on the property for the payment of capital and on the profits for dividends. Months against names of companies indicate approximate time of payment of dividends. **T means** that dividend tax is deducted at source.

Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up per Share	Market Quotations 25-1-71
		Rs.		Rs.	Rs.
	BANK				
1901	Allahabad Bank (May Nov.)	15·00	6	100	78/00
	COAL				
1896-97	Borrea (June Dec.)	4·00	6½	100	78/00
1901-19	Burrakur (Jan. July)	22·93	7	100	73/50
1946	Burrakur (June Dec.)	4·50	6T	10	4/25
1895	Equitable (May Nov.)	4·00	6	100	86/00
1931	Khas Kajora (March Sept.)	1·93	8	10	5/31
1920	New Beerbhoom (Jan. July)	2·00	7	10	7/00
1898-00	Ondal (June Dec.)	2.00	6½	100	79/25
	COTTON				
1902	Ahmedabad Advance (Apr. Oct.)	10·00	7·14	100	77/00
1938	Basanti (Oct.)	5.00	6½	10	3/81
1900	Bowreah A (Apr. Oct.)	6·00	8	100	92/00
1900	Bowreah B (6) (1) (Apr. Oct.)	6·00	7	100	65/00
1919	Bradbury 'B' (Jan. Dec.)	14.85	10	50	24/52
1928	Cambodia (July)	1·00	7	100	82/72
1912	Central India (Apr. Oct.)	50·00	7·14	500	415/00
	Delhi Cloth & General (Oct.)	20.00	4½	25	...
1912	Elgin (May Nov.)	11·00	8	100	85/00
1943	Elgin 'B'	10·00	5	10	6/44
1919	Elphinstone (May Nov.)	25·00	7	100	57/00
1919	Kesoram (June Dec.)	20·00	10	100	98/00
1925	Khatau Makanji (Nov.)	10·00	4	100	65/00
1937	Kothari (Nov.)	12·00	6	10	7/85
1913	New Great Eastern (Mar.)	8·00	5½	200	100/00
1933	Palani Andavar (Mar.)	2·00	9·1	50	86/87
1935	Svadeshi (Bombay) (May)	15·00	7·14	100	81/00
1927	Swadeshi (Cawnpore) (Mar.)	35·00	6	100	61/00
1931	Vasanta (Apr. Oct.)	3·00	6½	100	68/10
	JUTE				
1927	Agarpara (Jan. July)	10·00	7	100	68/00
1905	Alexandra (Feb. Aug.)	9·00	7	100	50/00
1895	Alliance (March Sept.)	15·00	6	100	26/50
1917	Anglo-India (May Nov.)	40·00	7	100	68/00
1909	Auckland (July Jan.)	10·00	5½	100	49/50
1945	Auckland (July Jan.)	15·00	4½	100	41/50
1918	Bally (Jan. July)	20.00	10	100	84/00
1896	Barnagore (Oct. Dec.)	£200	5T	£5	31/00
1940	Bengal (June Dec.)	10.00	5½	100	44/00
1919	Birla (June Dec.)	23.64	7½T	100	60/50
1934	Calcutta (Jan. July)	6.00	6½	100	33/00
1915	Caledonian (June Dec.)	10.00	7	100	52/50
1928					
1903-13					
1897	Chitavalsah (Mar. Dec.)	5.00	7	100	72/00
1912	Dalhousie (July Jan.)	11.76	7	100	34/50
1890-93	Empire (Jan. July)	10.00	7	100	54/50
1948	Fort Gloster (Jan. July)	14.00	7	100	87/00
1911	Fort Gloster (2nd)	7.00	5	100	56/00
1916	Fort William (May Nov.)	10.00	7	100	83/00
1895-04	Ganges (June Dec.)	6.00	10.4	100	100/00
1935	Gourepore (June Dec.)	26.50	6	100	59/00
1913	Hastings (Aug. Feb.)	25.00	6	100	62/50
1890	Hooghly (July)	11.76	10	10	10/50
1903-06	Howrah (Jan. July)	8.75	7	100	49/50
1919	Howrah "A" (Jan. July)	17.50	7	100	52/00
1898-04	Hukumchand (June Dec.)	40.00	7	100	75/50
1900	Kamarhatty (Apr. Oct.)	16.00	6	100	52/00
1935	Kanknarrah (Apr. Oct.)	10.00	6	100	39/25
1907	Kelvin (Mar. Sept.)	10.00	7	100	45/00
1895-09	Khardah (May Nov.)	9.00	6	100	59/00
1900-13	Kinnison (July Jan.)	15.00	7	100	40/00
1905	Lansdowne (July Jan.)	15.00	7	100	40/00
1912	Lawrence "A" (July Jan.)	5.00	7	100	64/00
1906-07	Lawrence "B" (July Jan.)	10.00	5½	100	46/50
1905-06	Naihati (July Jan.)	7.50	7	100	52/00
1945	Naihati (July Jan.)	10.00	4½	100	44/50
1917	National (May Nov.)	5.00	7	100	71/00
1905-06	Nellimarla (Apr. Oct.)	5.00	6	100	43/50
1945	New Central (Jan. July)	33.00	7	100	56/00
1917	Northbrook (July Jan.)	15.00	5½	100	47/00
1906-12	Rameshwara (Jan. July)	7.00	6	10	8/56
1928	Reliance (Jan. July)	20.00	7	100	86/00
1920	Shree Ambica (Mar. Sept.)	11.70	7½	100	29/00
1901-02	Union (July Jan.)	6.00	7	100	56/00
1918	Waverley (Mar. Sept.)	7.50	5	50	27/00
	MISCELLANEOUS				
1937	Alkali & Chemical (Mar. Sept.)	31.00	5	100	76/00
1938	Aluminium Corpn. (Oct.)	20.00	8.8	100	90/25
1944	Aluminium Corpn. (Oct.)	20.00	6.5	100	65/25
1917	Andhra Valley Power (May Nov.)	49.34	7T	100	86/00
1919	Arthur Butler (Mar.)	1.30	7	10	3/25
1916					

JOINT STOCK COMPANIES' PREFERENCE SHARES—*Contd.*

Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up per Share	Market Quotations 25-1-71
				Rs.	Rs.
	MISCELLANEOUS—Cont'd.				
1895	Bengal Assam Steamship (Nov.)	8.00	7	60	44/50
1926	Bengal Chemical (Aug.)	6.25	10½	10	9/69
1889	Bengal Paper Mill (Mar. Sept.)	2.00	7	50	39/50
1928	Bengal Paper Mill "A" (Mar. Sept.)	4.00	7	100	68/00
1936	Birds Investment (Dec.)	24.00	5½T	100	34/75
1962	Braithwaite & Co	40.00	9T	100	79/50
1918	Britannia Biscuit (Feb. Aug.)	15.00	8	10	10/25
1920	British India Corporation (Feb.)	81.00	8	100	95/50
1995-99	Burn Eng. (1st & 2nd) (Feb. Aug.)	13.00	7	100	76/50
1903-5	Burn Engineering (Feb. Aug.)	15.00	6	100	61/50
1909-11	Calcutta Electric Supply (Apl. Nov.)	£1.900	6	£1	10/37
1937	Calcutta Silk Manufacturing (July Jan.)	2.00	10	100	82/00
1906	Calcutta Tramways (Jan. July)	£250	5T	£1	7/25
1938	Carew & Co. (Jan.)	8.00	6¼	100	75/00
1905-24	Cawnpore Sugar Works (Feb. Aug.)	10.00	8	100	107/00
1940	Chrestien Mica Industries Ltd.	80.00	5½T	100	28/50
1937	Dalmia Cement (Bharat)	85.00	6	10	7/19
1935	Deshergarh Power Supply "A" (Jan.)	16.00	5	100	58/00
1940	Duncan Brothers & Co. Ltd	45.00	4	100	44/25
1926	Dunlop India First (Jan. July)	80.00	8	100	95/00
1936	Dunlop India Second (Apr.)	40.00	5½T	100	60/00
1897	East India Distilleries (Jan. July)	£200	9	20sh.	17/85
1946	Gillanders Arbuthnot (Apr. Oct.)	25.00	5½T	100	60/00
1948	Godfrey Phillips India Ltd.	30.00	5½T	100	53/50
1940	Gwalior Sugar (Redeemable) (Dec.)	6.75	7	100	...
1940	Gwalior Sugar (Dec.)	5.00	7	100	...
1936	Humayan Properties Ltd. (Nov.)	12.00	6	10	5/00
1936	Indian Aluminium (Mar. Sept.)	40.00	5T	100	37/00
1927	Indo Burma Petroleum (Jan. July)	50.00	7T	100	47/50
1899	India General Navg. & Railways	£244	6T	£10	30/00
1918	Indian Standard Wagon (Aug. or Sept.)	19.66	7	100	66/75
1936	Indian Iron & Steel	2.69.95	5	100	65/50
1937	Jardine Henderson Ltd.	50.00	5	100	33/25
1941	Jessop & Co.	10.00	5	100	52/50
1915	Kumardhubi Engineering (June)	12.00	5	100	43/00
1915	Martin Burn Ltd.	30.00	5	100	55/50
1946	McLeod & Co.	10.00	5T	100	30/50
1950	McLeod & Co.	40.00	5	100	27/50
1936	Mettur Chemical & Industrial (Sept.)	20.00	6	10	7/70
	Metal Box Co. of India Ltd.	30.00	6T	100	76/69
1938	Mysore Chemical Mfg. (Sept.)	2.00	6	10	7/40
1942	National Tobacco (June Dec.)	25.00	5	100	52/00
1944	National Tobacco (Jan. Dec.)	20.00	4½	100	52/00
1935	Premier Construction "First" (Aug.)	10.00	6½T	100	66/00
1936	Premier Construction "Second" (Apr.)	15.00	6½T	100	66/00
1922	Purtabpore (Sugar) (Oct.)	6.00	10	10	9/97
1936	Ramnugger Cane & Sugar (Aug.)	4.00	6	100	59/00
1933-86	Rohtas Industries (April)	20.00	7	100	69/50
1935	Rohtas Industries "B" (April)	86.00	4½	100	42/00
1944-48	Shaw Wallace & Co. Ltd.	75.00	6T	100	50/00
1936-38	Shree Krishna Gvanoday Sugar "A" (Oct.)	6.00	6	100	66/00
1937	Shree Krishna Gvanoday Sugar "B"	12.00	5	100	40/00
1918	Smith Stanistreet (Chemists) (Nov.)	5.00	10	50	51/00
1933	South Behar Sugar (Oct.)	5.00	9	100	20/50
1897	Spencer & Co. A (Provisions) (Jan. July)	23.20	6½T	10	5/80
1923	Spencer & Co. B (Provisions) (Jan. July)	86.80	8½T	10	7/75
1936	Star Paper (Apr. Oct.)	10.00	5	100	54/00
1925	Surat Electricity (April)	5.00	6½	100	84/00
1939	Tata Chemicals (Nov	60.00	7.14	100	85/00
1910	Tata Hydro Electric Power (Sept. Mar.)	89.28	7	100	84/00
1906	Tata Iron & Steel (First) (Nov.)	75.00	6T	150	111/00
1918	Tata Iron & Steel (Second) (May)	6,93.82	7½T	100	87/50
1919	Tata Power (May Nov.)	86.97	7½	1,000	91/00
1928	Titaghur Paper Mills (Mar. Sept.)	11.50	8	100	91/00
1936	Titaghur Paper Mills "2nd" (Mar. Sept.)	15.00	4½	100	42/00
1934	Vellore Electric (Sept. Mar.)	1.25	6	10	2/64
	TEA				
1903	Amluckie (May Nov.)	75.00	7	10	21/96
1901	Banarhat (Jan.)	4.00	6½	100	51/00
1900	Birpara (Jan.)	1.00	6	100	52/00
1947	Assambrook Estate	35.00	6T	100	38/50
1901	Dimakusi (June Dec.)	70.00	8T	10	6/25
	Dhunseri	1.20	10T	10	7/50
1894	Gielle (Sept.)	2.00	6	100	45/00
1904	Hasimara (Mar.)	3.00	7	100	63/00
1929	Moheema (May Nov.)	3.20	6	10	4/31
1903	New Samanbagh (Nov.)	1.00	8	100	63/00
1888	Okayti (Dec.)	50.00	7	100	85/50
1914	Peermade (July)	1.50	6	100	54/46
1916	Pussimbing (Jan.)	2.05	7	100	100/00
1909	Sonai River (May)	1.00	8	100	80/00
1932	Tezpore (Jan.)	2.06	6	6	6/69
1922	Tirrihannah (May Nov.)	1.00	10	10	11/46

BANKS

H indicates that Share capital is half paid Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed

Paid-up Capital Ordinary	Reserve & other Funds	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.	Rs.
90,00,000	1,48,51,000	44,59,42,719	37,95,470	1,534	12	**Allahabad Bank P**	13	13	13	100	160/00	160/00
2,50,00,000H	3,40,76,510	1,54,80,10,876	92,80,951	62,908	12	Bank of Baroda	18	17	18	50	97/00	97/00
4,05,00,000H	6,52,00,000	1,58,91,26,293	1,49,82,705	...	12	Bank of India	18	26	18	50	129/50	130/50
52,50,000 }	7,63,00,778	1,72,56,26,710	1,18,72,601	36,841	12	Central Bank of India	20	20	20	25	70/50	70/50
4,22,47,975H }												
£8,470,000	£10,850,000	£274,291,125	£2,149,326†	£542,098	12	Chartered Bank	15	15	15		sh. 39/3	sh. 39/3
1,25,00,000H	10,00,000	3,70,10,489	9,68,909	17,401	12	Hindusthan Commercial	Nil	Nil	Nil	50	19/25	19/31
50,00,000H	3,10,000	1,52,63,057	2,11,49,462	52,289	12	Hindusthan Mercantile	Nil	Nil	Nil	50	26/75	26/75
HK$19,12,91,625	HK$26,00,00,000	HK$5,22,22,50,866	HK$9,07,36,157	HK$64,52,371	12	Hong Kong & Shanghai	sh 10‡	sh 10/8d‡	sh 12/1d-sh 13/-*	HK$25	£10½	£10⅝
88,59,950	96,69,883	24,75,00,867	17,34,255	1,10,781	12	Indian Bank	15	12	...	100	162/00	160/00
1,00,00,000	1,14,80,738	39,46,53,120	15,15,535	43,447	12	Indian Overseas Bank	14	11	11	100	169/00	168/00
£7,604,000	£11,464,000	£213,359,000	£1,502,000†	£760,000	12	National & Grindlays Bank	13¾	13½	13.9	£1	sh. 52/6	sh. 53/3
2,00,00,000	5,01,50,000	1,62,56,55,584	1,46,16,892†	75,708	12	Punjab National Bank	22	22	22	10	24/19	24/37
1,00,00,000	84,00,000	26,93,06,358	32,28,551	1,46,209	12	Union Bank of India	12	12	...	5	8/40	8/40
2,68,84,370	1,33,50,000	49,60,96,734	25,73,369	66,671	12	United Bank of India	7½	7½	7½	10	8/75	9/56
2,80,00,000	5,50,00,000	10,66,79,073	44,31,565	8,01,285	12	United Commercial Bank	13	14	14	50	95/00	98/00

†After Taxation *1970 ‡Per Share

CALCUTTA JUTE MILLS

P. next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid up Capital Ordinary	No. of Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
60,00,000	879	81,23,180	79,88,500	5,73,417	6,67,967	8,96	3	78	Agarpara P.	5	5	5	10	5/90	6/00
18,00,000	446	42,80,380	6,12,200	9,61,678	—13,38,541	—12,28,415	12	165	Alexandra P.	Nil	Nil	...	100	25/50	25/50
30,00,000	1,264	43,75,072	12,28,250	2,85,586	—18,27,284	—24,42,555	5	165	Alliance P.	Nil	Nil	...	100	17/25	17/25
59,04,900	2,581	1,85,16,219	1,20,82,484	71,07,837	26,45,800	23,585	3	63	Anglo-India P.	7½	2½	2½-2½*5†	100	100/00	100/00
40,00,000	810	1,61,41,562	38,49,654	4,42,855	—8,03,351	...	3	453	Auckland P.	7½	Nil	Nil-Nil*†	100	59/00	50/00
20,00,000	959	1,02,10,363	46,32,069	6,64,478	15,79,586	24,424	3	22	Bally P.	10	10	10	100	11/75	11/75
£275,000	1,889	£354,948	£248,568	£112,879	£5,282	£8,292	3	128	Barnagore P.	15	Nil	Nil-Nil*†	£5	71/50	73/00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	1,33,355	6	235	Bengal P.	Nil	...	...	10	2/00	2/00
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	40,062	3	22	Birla	15	15	15	10	20/40	21/35
7,47,380	502	12,59,648	4,17,958	1,73,320	61,970	48,461	6-12	62	Calcutta P.	...	...	...	10	5/00	5/00
1,64,75,540	3,721	2,05,12,226	80,29,995	2,00,315	—38,68,804	—28,04,941	11	102	Budge-Budge Amal.		Nil	Nil-Nil*	10	7/59	7/06
18,00,000	616	54,89,909	40,88,628	4,33,492	19,56,178	7,332	11	440	Caledonian P.	2½	...	...	100	55/00	55/00
29,58,200	1,400	1,08,23,608	1,16,92,537	81,396	19,26,044	66,166	3	304	Champdany P.	Nil	Nil	Nil-5*5†	10	13/25	13/25
30,15,000	500	47,58,760	36,18,100	24,13,893	—12,54,300	—28,06,412	7	165	Chitavalsah P.	Nil	Nil	Nil-Nil*	10	6/12	6/31
31,49,200	766	136,28,339	20,94,569	5,23,512	—7,72,146	—20,82,065	3	200	Dalhousie P.	Nil	Nil	Nil-Nil*†	100	37/50	37/50
30,00,000	500	31,21,705	15,28,300	15,57,032	—16,81,580	—11,68,141	7	65	Empire P.	7½	Nil	Nil	10	4/62	4/50
41,99,250	1,014	1,79,27,023	34,81,489	5,49,201	7,31,753	...	3	234	Fort William P.	12½	2½	Nil-Nil*†	10	14/44	14/44
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	2,901	3	367	Ganges P.	5	5	Nil	10	6/75	7/25
54,00,000	607	2,23,27,300	73,04,180	2,67346	25,641,70	13,822	12	359	General Industrial	6	8	9-10*	10	11/56	11/56
48,00,000	1,394	117,93,416	96,22,586	17,02,162	—53,23,294	6,539	3	234	Gourepore P.	7½	5	5-Nil*	10	6/35	6/25
80,00,000	1,078	1,54,55,552	1,12,99,562	84,57,999	7,78,541	3,911	3	234	Hastings P.	6	4	2½-2½*†	100	104/00	104/00
65,62,500	720	82,99,921	3,33,875	4,74,228	—8,50,920	—66,18,729	3	128	Howrah P.	10	Nil	Nil-Nil*Nil†	10	6/15	6/44
52,50,000	2,272	2,80,69,771	27,09,318	16,42,898	3,97,947	—23,21,098	3	190	Hukumchand P	6¾	Nil	Nil-Nil*†	10	10/75	10/00
16,80,000	2,272	3,14,95,248	57,53,568	10,96,375	—11,13,303	9,613	3	35	Hooghly P.	10	—	—	7½	9/37	9/50
87,30,000	1,118	1,22,90,100	58,83,095	69,58,593	16,13,082	8,120	3	355	India	6	Nil	Nil-5*4.8†	12½	6/69	6/31
43,20,000	1,997	68,74,774	16,60,818	5,13,028	—36,16,054	—57,29,093	12	62	Kamarhatty P	Nil	Nil	Nil-Nil*	100	80/00	74/00
54,00,000	1,527	60,82,911	1,36,374	4,11,527	—42,20,810	—1,20,67,284	12	62	Kanknarrah P	Nil	Nil	Nil-Nil*	100	26/00	26/00
77,00,000	703	1,41,94,637	22,90,246	31,82,401	—24,82,807	—24,77,015	5	165	Kelvin P.	Nil	Nil	...	100	20/00	19/50
67,50,000	1,530	95,57,285	12,32,836	4,91,257	—34,79,253	—36,59,587	3	382	Khardah P.	10	Nil	Nil-Nil*Nil†	10	4/94	5/06
59,96,400	1,337	1,78,80,175	28,48,377	37,18,131	—13,22,459	—61,38,341	3	453	Kinnison P.	Nil	Nil	Nil-Nil*†	100	20/00	19/50
24,48,000	841	72,78,713	1,33,600	8,50,484	4,06,886	—47,001	3	453	Lansdowne P.	Nil	Nil	Nil-Nil*†	100	31/50	24/50
28,00,000	840	10,35,768	12,89,006	42,37,568	—86,779	...	3	453	Lawrence P.	Nil	3	2-Nil*†	100	25/50	25/00
81,65,200	1,283	2,04,00,863	42,91,876	25,94,823	—29,86,688	7,673	3	355	Megna	6	6	Nil-Nil*†	10	3/00	3/25
29,98,900	815	97,08,300	32,50,383	20,56,128	5,26,808	7,507	3	101	Naihati P	Nil	Nil	Nil-Nil*Nil†	100	27/00	27/00
20,00,000	425	10,79,854	15,55,000	26,11,429	3,36,343	17,816	4-10	107	Naskarnara	...	...	...	10	3/87	3/87
35,00,000	852	3,27,07,154	1,06,69,449	13,97,686	—10,90,246	17176	10	378	National P.	Nil	Nil	...	10	7/50	7/50
36,75,000	316	37,15,481	26,91,700	22,85,992	—1,79,005	2,487	7	165	Nellimarla P.	6	6	4	10	8/06	7/75
2,56,00,000	1,765	3,08,96,118	2,42,19,122	26,20,231	—18,58,066	15,530	3	335	New Central P	...	...	...	10	3/75	3/62
16,79,880	567	83,30,109	45,89,880	6,40,331	—15,43,230	...	3	453	Northbrook P.	10	10	10-10*Nil†	10	10/69	9/87
6,79,500	1,092	1,04,94,081	16,94,868	5,20,356	—53,10,897		12	19	Nuddea	5½	2½	2½-Nil*	10	4/22	4/19
25,00,000	400	23,02,605	6,08,654	7,76,711	—19,57,279	—25,79,189	7	165	Presidency	Nil	...	...	5	1/19	1/06
20,00,000	305	30,11,604	7,00,286	81,450	6,65,429	—	3	454	Rameshwara P	Nil	Nil	Nil	10	9/69	9/69
49,50,000	1,276	1,67,26,400	88,72,947	2,02,791	30,39,366	...	3	452	Reliance P	Nil	Nil	Nil-Nil*†	10	4/81	4/91
30,00,000	911	47,47,618	15,81,656	27,81,388	2,13,128	3,184	9	61	Shree Ambica P	2½	Nil	Nil	10	4/06	4/06
£1,892,722	1,794	£1,220,775	£455,838	£38,677	—£385,385	£1,327	12	64	Titaghur P.	Nil	Nil	Nil	£1	10/12	10/12
35,98,600	1,326	98,58,072	5,15,713	4,80,597	—13,80,391	—16,28,600	3	322	Union P.	Nil	Nil	Nil-Nil*+	100	44/00	44/00
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	165	Waverley P	5I	7½	15-6*	1	3/69	3/69

* 1969 † 1970

CALCUTTA COAL COMPANIES

F indicates Founder shares P next to the name of the company indicate that the Company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
51,00,000	71,32,601	50,54,428	4,48,663	20,49,328	11,473	3	236	Amalgamated	12½	2½	7½-10*	10	8/62	7/87
1,20,00,000	4,82,72,900	3,84,36,472	38,54,411	42,23,765	...	10	2	Bengal P.	10	10	12-12*	100	157/00	158/00
4,49,350	4,37,882	1,30,132	91,796	43,397	4,471	10	5	Bengal Bhatdee	Nil	Nil	...	10	2/37	2/37
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	368	Bengal Nagpur	5	7½	5	10	8/06	8/06
15,97,000	25,07,455	4,47,308	14,214	—2,45,265	—6,47,481	9	153	Bhalgora	...	...	...	10	0/87	0/87
7,15,000	14,96,845	11,02,672	64,329	—3,06,406	—4,92,536	6	335	Bhufanbararee	Nil	Nil	Nil	10	8/56	8/56
16,00,000	38,87,275	16,18,636	7,185	1,21,936	—79,196	12	362	Bokaro & Ramgur	...	...	...	10	12/00	12/00
15,00,000	48,61,037	24,63,752	8,23,935	6,28,529	...	12	118	Borrea P	Nil	Nil	5-10*	10	15/00	15/00
1,21,23,300	3,30,27,105	1,56,04,105	35,58,979	—11,66,299	...	6	21	Burrakur P	13	13	Nil-12*	10	12/06	11/37
8,00,000	9,74,804	6,16,228	1,61,693	46,450	— 5,34,766	12	10	Central Kurkend P.	Nil	Nil	Nil-Nil*	10	3/44	3/44
16,00,000	25,01,305	Nil	19,429	—6,45,261	—5,39,034	12	444	Dhemo Main	Nil	Nil	...	10	0/97	0/97
£614,000	£1,291,995	£549,137	£196,185	—£39,408	—£333,308	4	128	East Indian	15	15	Nil-Nil*Nil†	£1	6/94	7/00
29,63,760	2,14,98,966	1,35,30,025	16,55,768	2,81,332	—1,33,85,305	12	19	Equitable P.	Nil	Nil	Nil-Nil*†	10	4/75	4/75
15,00,000	26,44,248	2,30,000	16,401	2,89,347	—11,61,930	3	307	Ghusick & Muslia P.	...	...	...	10	11/00	11/00
8,00,000	5,43,022	...	16,702	—10,172	—3,65,025	12	393	Hurriladih	...	...	...	10	1/43	1/43
15,00,000 5,00,000F	12,22,251	8,73,318	14,98,223	3,88,279	...	12	459	Karanpura Development	2	2	Nil-5*	10	7/44	7/44
30,00,000	84,74,921	52,13,401	10,28,265	28,60,921	...	2	21	Karanpura Collieries P.	15	10	12-12*-12†	10	10/81	10/87
18,90,460	52,89,576	44,03,671	11,93,599	2,35,816	...	1	313	Katras Jherriah	10	10	10-10-10†	10	10/50	10/50
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	337	Khas Kajora P.	Nil	8	...	10	10/50	10/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	347	Nazira	Nil	Nil	...	10	1/18	1/18
31,97,210	76,76,368	69,42,934	4,44,085	22,66,947	...	10	2	New Beerbhoom P.	5	8	12-16*	10	13/94	13/94
10,00,000	14,60,892	3,25,512	19,872	2,87,458	—1,98,283	3	485	New Manbhoom	Nil	Nil	Nil-Nil*†	10	4/25	4/25
1,15,000 1,57,500	7,03,719	4,31,409	40,364	1,44,042	15,045	12	441	North West	10	10	7½	10	9/50	9/50
7,50,000	1,55,601	13,73,841	18,88,194	2,34,618	...	12	447	Ondal P.	7½	7½	7½-10*	10	16/25	16/25
16,68,000	86,95,091	18,85,371	4,30,954	2,99,204	3,757	12	207	Parasea P.	2½	2½	6¼	10	14/00	14/00
31,50,000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3	236	Pench Valley	20	12½	7½	10	7/62	7/62
52,48,010	1,35,88,712	66,75,970	23,45,686	13,15,487	15,837	3	370	Raneegunge	14	5	10-10*†	10	11/06	11/06
40,50,000	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12	236	Rewa	20	12½	15	10	26/37	26/37
12,84,000	3,039	6,58,980	20,03,309	44,362	9,540	12	106	Sendra	Nil	3½	3½	10	4/06	4/75
26,95,000	37,54,499	20,85,378	3,63,913	18,55,402	...	8	21	South Karanpura	7½	2½	10-20*20†	10	14/75	13/19
8,00,000	1,30,000	16,84,882	25,40,863	56,991	...	12	106	Standard	Nil	Nil	5	10	6/81	7/19
2,50,000	4,36,300	3,23,000	36,660	1,37,973	1,77,952	12	11	Union	Nil	Nil	...		5/00	5/00
99,95,000	1,84,95,190	72,96,056	18,13,809	34,12,743	14,138	3	166	Western Bengal	8½	7½	7½-8*8½†	10	6/87	6/50
7,00,000	26,06,335	Nil	47,091	—6,51,403	—6,23,711	12	444	West Jamuria	Nil	Nil	...	10	2/50	2/50

* 1969 †1970

CALCUTTA COTTON MILLS

Po. and Dd. indicate Preferred Ordinary and Deferred Shares respectively. P. next to the name of the company indicate that the company also has Preference Shares Figures in 'accounts closed' column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Number of Spindle	Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Director etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.			Rs.	Rs.	Rs.	Rs.	Rs.									
15,00,000	17,044	356	64,58,797	99,386	93,891	—4,39,327	—13,38,120	12	49	Basanti P	Nil	Nil	Nil-Nil*	10	3/81	3/81
7,11,280	36,000	932	17,17,120	2,20,369	30,842	31,66,177	47,818	3	27	Bengal Luxmi	...	...	...	40	36/00	36/00
1,00,00,000	24,000	...	4,08,58,373	1,89,56,527	17,64,215	76,03,094	...	12	394	Bharat Commerce P	17½	15	15-15*	10	18/85	19/37
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129	35,71,457	17,682	3	22	Birla Cotton	20	10	...	10	14/50	14/50
33,60,000	60,336	937	1,43,92,365	90,79,726	4,44,105	17,16,279	...	12	138	Bowreah P	15	17½	17½-17½*	10	13/44	13/69
60,00,000	33,384	604	73,03,054	43,06,253	13,41,959	17,97,124	8,697	12	457	Cawnpore Textile	7½	Nil	10-8*	5	3/00	3/03
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	...	6	238	Delhi Cloth & Genr P	12	12	6-12*	25	69/94	83/69
47,50,000	68,084	734	1,33,27,812	28,65,495	—7,75,049	—7,75,049	...	12	138	Dunbar	15	5	Nil-Nil*	10	9/50	9/87
63,50,000	1,20,006	2,302	1,59,42,527	1,59,59,322	2,52,091	43,76,451	4,891	12	457	Elgin P.	12½	10	10-8*	10	6/94	7/00
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	1,22,795	12	158	J. K. Cotton (Rayon) P	4	5	5	10	11/10	11/20
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	—23,27,825	...	12	22	Jaya Shree P.	12½	10	Nil-Nil*	10	4/59	5/25
35,11,583	70,072	1,333	29,46,783	...	5,76,388	—11,19,044	—2,47,96,754	12	333	New Victoria P.	Nil	Nil	Nil-Nil*	2½	0/53	0/53
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	—23,98,843	3	399	Orissa Textiles P.	Nil	Nil	Nil-Nil*Nil†	10	3/44	3/50
19,47,750 5,00,000Dd	23,196	795	25,28,451	4,01,892	1,42,774	—8,80,396	—43,54,178	6	20	Rampooria Cotton	Nil ...	Nil ...	Nil ...	10 1	3/25 0/20	3/25 0/20
17,50,000 1,57,50,000Po	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	...	12	333	Swadeshi (Kanpur) P.	Nil 5.71	2½ 5.71	5-5* 5.71-5.71*	10 10	11/50 9/06	11/50 9/00

*1969 †1970

CALCUTTA TEA COMPANIES

Po indicates Preferred Ordinary Shares P next to the name of the company indicates that the company also has Preference Shares Figures in "accounts closed" column indicate the months of the calendad year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Accounts	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968 Kgs.	1968 Rs.	1969 Kgs.	1969 Rs	Estimate 1970 Kgs.	Net Profits including taxation 1970 Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share Rs.	Latest Market Quotations as available until 28-12-70 Rs.	25-1-71 Rs.
Rs.	Rs.	Rs.																
												ASSAM						
16,37,100	23,80,974	12,15,938	368	6,42,883	5.95	...	...	...	...	12	163	Amluckie	2	Nil	...	10	9/00	9/00
8,75,000	12,67,985	8,35,443	203	3,37,284	6.53	3,37,800	6.75	3,60,000	3,52,346	12	144	Ananda Bag	7½	5	10	10	33/25	33/25
35,00,000	78,49,906	17,53,684	1,184	15,80,321	5.59	16,91,077	5.19	...	5,42,095	6	127	Assambrook	10	10	12½	10	9/00	9/00
5,50,000	20,72,431	15,13,120	242	4,13,881	6.19	...	...	...	—2,91,455	12	179	Baghmari	Nil	Nil	...	10	4/56	4/19
7,65,000	21,71,483	12,45,000	197	2,63,600	7.57	2,86,700	7.20	2,80,000	1,66,730	12	111	Basmatia	15	Nil	12½	10	10/00	10/00
9,91,800	...	...	337	4,67,493	5.71	...		...	...	12	349	Bateli	12½	5	...	10	16/00	16/00
10,24,000	18,21,039	11,03,601	280	4,04,733	6.50	4,45,300	6.82	4,50,000	5,07,738	12	144	Betjan	2½	Nil	15	10	11/50	11/56
41,23,960	76,87,444	15,43,234	1,836	19,68,731	7.28	18,59,072	7.36	19,01,740	2,01,501	12	279	Bishnauth	8	Nil	Nil	10	6/50	7/25
7,50,000	21,14,995	14,44,230	220	3,85,822	6.07	...	...	...	1,02,439	12	396	Bormah Jan. P	12½	10	...	10	7/44	7/44
9,60,000	16,57,346	3,48,488	137	2,74,799	6.65	...	...	...	1,89,728	12	165	Dejoo Valley	2½	...	...	10	7/06	7/06
17,53,440	...	...	194	3,40,227	6.05	...	...	...	...	12	214	Dhelakhat	5	Nil	3	10	8/81	8/81
10,00,000	19,40,390	15,78,520	369	4,53,191	6.47	4,20,400	6.41	4,75,000	3,18,258	12	365	Dhunseri	13	13	10	10	10/25	10/25
4,50,000	...	...	205	4,06,785	7.05	...	...	...	5,95,017	12	396	Dibrugarh	30	30	...	10	19/12	19/12
9,46,800	14,04,914	11,20,500	267	3,32,141	7.43	3,45,223	7.01	3,43,000	3,86,924	12	279	Dimakusi P.	15	12½	12½	10	14/50	14/50
10,00,000	...	...	518	5,61,465	5.94	...	...	...	...	12	354	Gillapukri	Nil	Nil	...	10	12/06	12/06
10,14,000	13,91,843	8,66,200	222	2,95,210	7.84	2,86,898	...	2,84,200	1,84,033	12	279	Gohpur	10	5	5	10	9/37	9/50
23,29,085	59,88,543	34,93,111	1,088	11,72,321	6.36	11,86,693	6.47	11,70,000	—2,37,363	12	202	Grob	6	Nil	Nil	2/65	3/65	3/65
10,00,000	...	...	285	3,47,701	...	...	...	...	...	12	23	Hoograjuli	9	...	...	10	20/50	20/50
8,70,000	30,75,787	26,24,629	365	2,48,100	8.01	3,12,100	7.91	3,30,000	1,67,465	12	60	Hoolungoorie	Nil	Nil	12½	100	97/00	97/00
13,50,000	21,49,952	13,38,838	425	5,71,659	6.75	6,08,800	6.70	6,15,000	8,92,678	12	144	Jutlibari	10	10	20	10	16/12	15/50
7,05,015	29,35,073	9,57,554	598	7,33,371	5.20	8,22,487	5.18	7,90,000	1,47,815	12	63	Kotamullai P.	Nil	Nil	Nil	10	4/16	4/16
7,00,000	13,21,699	2,75,000	140	2,38,012	6.44	2,33,909	6.29	2,60,000	81,468	12	41	Krishnabehari	10	10	6	10	10/00	10/00
2,00,000	...	...	...	...	...	...	...	...	...	12	236	Kyang Tea	...	...	...	10	6/37	6/37
6,50,000	...	...	282	4,14,965	4.87	...		...	1,12,616	12	63	Ledo	7½	5	5	10	9/50	9/50
20,40,000	31,70,044	22,07,933	471	6,50,140	7.01	6,21,968	7.39	6,40,000	5,58,685	12	202	Methoni	13	6	7	10	10/25	10/25
6,00,000	...	11,94,675	383	2,82,771	...	...	...	...	...	12	138	Mothola	8	10	10	100	133/00	133/00
8,00,000O 2,00,000Po	21,23,826	10,12,950	207	2,14,800	6.61	1,96,900	7.65	2,15,000	1,32,416	12	60	Murphulani	15 20.63	7½ 13.13	7½ 13.13	10 10	9/00 11/31	9/00 11/31
6,00,000	28,58,218	18,46,177	299	3,15,989	7.80	3,26,903	7.15	3,35,000	62,744	12	143	Naga Hills	15	15	10	10	15/25	15/25
8,82,750	...	...	569	6,68,872	5.31	...	...	...	...	12	27	Namburnadi	20	20	...	100	9/00	9/00
7,50,000	20,50,699	10,86,794	378	3,85,045	6.17	4,24,289	6.12	3,80,000	2,52,788	12	131	New Cinnatolliah	12½	12½	12½	10	136/00	136/00
6,00,000	21,75,734	8,96,927	223	2,49,200	7.94	2,72,100	8.10	29,00,000	1,47,594	12	130	Rajgarh	10	Nil	12½	10	10/31	10/31

CALCUTTA TEA COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968 Kgs.	1968 Rs.	1969 Kgs.	1969 Rs.	Estimate 1970 Kgs.	Net Profits including taxation 1970 Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share Rs.	Latest Market Quotations as available until 28-12-70 Rs.	25-1-71 Rs.
Rs.	Rs.	Rs																
18,00,000	...	...	674	6,76,673	5.87	...	...	...	19,161	12	354	Sapoi	Nil	...	...	10	12/00	8/00
17,94,000	21,12,013	4,82,412	10,253	4,34,522	6.23	4,44,233	6.28	4,60,000	7,22,494	12	215	Teloijan	4	Nil	4	10	3/25	3/19
10,00,000	15,05,527	10,22,356	271	4,18,050	6.87	3,96,400	7.31	4,35,000	2,87,129	12	144	Tengpani	10	10	20	10	59/00	59/00
19,82,880	46,20,328	33,33,614	992	13,57,511	5.94	13,52,101	5.43	13,33,658	...	12	182	Tezpore	15	5	5	10	12/00	12/12
5,20,000	...	...	471	6,08,131	5.82	...	...	...	...	12	28	Tyroon	6	Nil	...	10	20/12	20/12
												CACHAR						
3,00,000	...	...	349	2,18,300	4.00	...	...	...	...	12	30	Arcuttipore	Nil	Nil	...	10	10/50	10/50
4,00,000	...	...	205	1,55,965	4.48	...	...	...	...	12	...	Baitakhal	...	...	...	10	4/60	4/60
7,00,000	5,74,416	43,780	278	2,76,250	5.16	...	...	...	41,056	12	383	Eastern Cachar	Nil	Nil	...	10	4/87	4/97
4,50,000	...	...	...	...	...	...	...	...	...	12	384	Kallinugger Khoreel	...	...	...	100	33/50	33/00
12,60,000	20,29,595	7,82,355	983	7,02,705	4.75	7,23,990	4.81	7,10,000	—57,184	12	202	Hattikhira	Nil	Nil	Nil	10	7/75	7/25
3,60,000	...	...	252	1,26,597	4.00	...	...	...	...	12	63	Kunchunpore	...	...	...	10	3/50	3/50
5,63,690	6,06,836	2,69,025	236	1,74,833	4.93	2,08,946	4.73	1,85,000	23,858	12	202	Loobah	Nil	Nil	Nil	10	2/70	3/19
12,60,000	...	...	888	5,18,387	4.33	...	...	...	...	12	43	North Western	6	...	...	100	70/00	76/50
2,59,050	9,42,022	2,35,265	255	2,77,850	5.18	2,96,946	5.09	2,75,000	66,501	12	202	Pathemara	Nil	Nil	Nil	10	10/06	10/06
2,60,000	8,87,816	6,514,486	255	2,52,359	5.44	...	...	...	1,78,181	12	165	Roopacherra	10	...	...	10	4/12	4/12
10,50,000	19,77,402	12,77,950	341	4,25,980	5.07	...	...	...	2,16,876	12	63	Rungamattee	12½	5	5	10	8/05	8/00
4,00,000	...	...	292	1,87,584	4.53	...	...	...	...	12	...	Sonai River	Nil	Nil	...	10	3/25	3/25
												DARJEELING						
3,99,750	...	...	...	...	...	...	...	...	...	12	...	Bloomfield	...	...	...	10	6/12	6/12
16,79,400	...	...	516	4,65,697	7.68	...	...	...	...	12	279	Chamong	6	2	3	10	5/25	5/25
5,64,000	...	...	400	3,63,382	7.93	...	...	...	...	12	45	Darjeeling Tea	7½	2½	2½	100	104/00	104/00
2,00,000	...	...	195	72,236	6.12	...	...	...	...	12	200	Dilaram	...	...	...	100	95/00	95/00
4,00,000	...	...	228	1,45,471	12.56	...	...	...	...	12	74	Gielle P	10	10	10	10	7/00	7/00
10,32,000	...	...	713	5,10,867	7.54	...	...	...	...	12	47	Longview	4	Nil	...	10	3/37	3/37
7,00,000	7,27,254	5,75,561	333	...	...	...	...	...	...	12	163	Margaret's Hope	12½	4	5	10	7/62	7/62
4,77,000	5,94,817	2,05,500	167	1,04,200	9.92	87,100	13.23	1,00,000	94,090	12	60	Mim	13	Nil	7½	100	150/00	150/00
8,99,700	21,62,867	14,84,508	283	2,30,423	11.28	1,41,343	12.22	2,28,300	—1,13,446	12	279	Nagri Farm	15	12½	...	10	10/62	10/62
4,00,000	...	...	205	1,01,478	9.95	...	...	...	...	12	390	Okayti P	10	2½	2½	10	600/00	600/00
3,30,000	...	...	618	2,01,208	5.62	...	...	...	...	12	49	Pashok	...	...	...	100	55/12	55/12
3,00,000	4,57,415	...	153	1,11,778	8.54	...	...	...	—1,11,456	12	63	Poobong	Nil	Nil	...	100	9/94	9/94
2,05,000	...	5,07,800	228	1,20,831	6.46	...	...	...	1,38,033	12	63	Pussimbing	Nil	Nil	...	10	7/62	7/62
4,20,000	5,71,917	...	148	1,02,440	11.81	...	...	...	...	12	54	Runglee Rungliot	17½	7½	15	10	136/00	136/00
6,00,000	...	...	156	1,97,600	2.82	...	...	...	...	...	56	Seeyok	7½	...	...	10	4/25	4/50
6,25,000	...	...	293	1,13,274	9.21	...	...	...	...	3	57	Singell	2½	2½	...	10	50/00	50/00
9,00,000	...	...	233	1,33,350	5.58	...	...	...	...	12	279	Singtom	Nil	Nil	5	10	3/20	3/20
6,00,000	10,71,558	5,30,400	203	1,45,290	11.22	1,26,456	13.00	1,59,800	10,257	12	361	Soom	17½	10	5	10	17/31	17/31
15,62,500	12,95,745	8,55,381	298	1,88,219	12.14	...	...	...	3,73,274	2	74	Sungma	8	8	...	10	7/56	7/56
6,40,000	...	...	306	1,88,392	11.04	...	...	...	...	12	396	Teesta Valley	10	10	7½	10	8/25	8/19

CALCUTTA TEA COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968		1969		Estimate 1970	Net Profits including taxation	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.		Kgs.	Rs.	Kgs.	Rs.	Kgs.	Rs.							Rs.	Rs.	Rs.
												DOOARS						
58,50,000	1,43,92,728	64,39,414	2,046	27,80,100	5.73	24,66,900	5.93	27,95,000	—7,58,909	12	2	Banarhat P.	20	5	Nil		92/00	90/00
9,00,000	...	...	476	7,43,400	5.50	...	...	...	...	12	386	Bhatkawa	6	...	...		5/81	4/87
47,52,000	1,05,55,156	92,36,347	1,756	24,71,576	4.90	24,88,867	5.17	24,80,000	4,20,479	12	63	Birpara P.	12	5	Nil	10	84/50	84/50
6,00,000	...	...	257	...	...	...	...	...	...	12	63	Carron	10	Nil	...	100	170/00	170/00
6,00,000	...	...	198	3,00,928	4.89	...	...	...	...	12	58	Ellenbrrie	10	Nil	...	100	80/00	85/00
2,40,000	...	...	266	1,54,561	4.58	...	...	...	...	12	397	Engo	10	Nil	...	100	225/00	225/00
4,90,000	...	...	227	3,34,747	...	...	...	...	...	12	72	Ethelbari	12½	7½	...	100	15/50	15/50
10,50,000	14,88,860	6,90,187	481	6,06,251	5.22	4,22,300	5.42	6,50,000	—2,57,142	12	144	Gairkhata	20	3½	Nil	10	7/10	7/10
14,00,000	...	...	466	...	...	...	...	...	...	3	387	Gopalpur	...	...	...	10	9/00	9/00
64,00,000	...	...	2,214	32,87,486	...	...	...	...	...	12	74	Hasimara	Nil	Nil	5	25	3/70	3/50
16,50,000	...	...	738	12,05,898	5.26	...	...	...	...	2	74	Huldibari	10	10	5	10	5/19	5/37
7,00,000	...	...	246	2,44,000	4.55	...	...	...	...	12	475	Jaybirpara	Nil	Nil	Nil	10	9/20	9/20
31,32,000	68,68,217	65,53,562	1,200	16,82,972	5.25	15,43,311	5.21	16,80,000	1,72,128	12	78	Killcott	14	12½	5	10	9/25	9/06
6,40,000	...	...	284	3,26,073	3.55	...	...	...	...	12	363	Oodlabari	8	...	...	100	7/00	7/00
2,50,000	...	...	112	1,59,200	4.81	...	...	...	...	12	63	Phaskowa	Nil	...	...	10	111/00	119/00
6,00,000	...	...	286	4,42,390	5.26	...	...	...	...	12	476	Rajabhat	Nil	...	...	100	3/75	3/75
7,65,000	...	...	654	5,61,465	5.52	...	...	...	...	12	477	Ranicherra	Nil	...	...	10	2/81	2/81
74,85,000	98,44,433	61,28,614	2,145	27,85,982	5.73	26,30,516	5.80	29,89,000	1,39,246	12	204	Rydak	15	7½	5	10	8/69	8/87
3,46,000	15,18,281	10,74,456	279	...	...	...	...	...	...	12	44	Sarugaon	...	...	...	10	26/87	26/87
												TERAI						
4,50,000	...	...	...	...	...	...	...	...	...	12	74	Atal	...	...	...	10	4/81	4/81
7,50,000	...	...	262	2,74,774	...	2,70,000	...	...	...	12	496	Belgachi	10	6	Nil	100	19/00	19/00
13,44,000	42,59,295	22,62,078	4,716	9,24,241	4.52	9,21,599	4.89	9,80,000	—4,47,544	12	63	Gungaram	10	Nil	...	10	56/50	56/50
13,50,000	...	...	231	...	...	...	...	...	...	2	74	New Chumta	10	7	5	10	5/25	5/25
7,20,000	...	...	308	4,01,240	...	...	...	...	...	12	139	New Terai	2½	6	...	10	15/31	15/31
11,70,000	...	...	445	6,10,865	...	...	...	...	...	12	63	Phargoomiah	15	Nil	...	10	9/56	9/56
3,00,000	...	...	122	1,33,877	...	...	...	...	...	12	491	Putinbaree	Nil	...	...	10	14/94	14/94
2,20,000	...	...	231	4,46,669	...	...	...	...	...	12	165	Tirrihannah P.	50	50	...	10	70/00	70/00
												SYLHET						
6,00,000	...	...	245	...	...	...	...	...	...	12	63	Daurachera	...	...	...	10	7/62	7/62
5,59,930	...	12,33,587	465	...	...	...	...	...	...	12	164	New Samanbagh P.	Nil	Nil	...	10	5/75	5/00
36,00,000	...	...	1,799	19,40,713	...	...	...	...	...	12	63	Patrakola	Nil	Nil	...	100	44/50	44/50
9,00,000	...	...	505	...	...	...	...	...	...	12	63	Teliapara	...	...	...	.00	135/00	135/00

CAPITAL, 28th JANUARY, 1971

CALCUTTA MISCELLANEOUS COMPANIES

Dd., Po. indicate Deferred and Preferred Ordinary Shares. P. next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								MININGS						
£2,369,796	...	£222,628	£2,755,618	£10,242	£180,384	12	76	Burma Mines	...	...	...	3½sh.	1/00	1/00
30,00,000	18,42,300	19,17,592	48,53,513	9,74,317	24,849	12	312	Chrestien Mica industries P.	Nil	Nil	Nil	10	5/12	5/12
15,00,000Dd									...	...	...	5Dd	2/56	2/56
£2,571,188	£4,907,664	£3,574,096	£458,348	£1,225,126	...	12	93	Indian Copper Corporation	7.6	8	9-9*	2sh.	3/91	4/25
2,39,52,727	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8	343	Metal Corporation P.	...	...	...	10	6/94	7/12
60,00,000	39,60,086	48,39,650	54,24,712	27,99,170	...	6	21	Orissa Mineral Development	5	5	5-10*12½†	10	12/62	12/00
								CEMENT, LIME, SLATE, ETC.						
59,90,843	1,50,96,951	54,89,539	7,02,647	13,38,096	...	3	381	Ashoka Cement	10	7	6	10	5/03	5/06
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6	155	Bengal Potteries	9	9	9-Nil*	2½	1/75	1/62
40,00,000	89,41,744	39,72,094	2,99,329	16,46,084	9,576	3	21	Bisra Stone Lime	10	Nil	12½	10	14/00	13/12
2,86,93,580	2,50,16,176	3,26,42,543	2,30,22,104	1,77,27,068	...	12	123	Dalmia Cement (Bharat) P.	12½	12½	12½-12½*	10	14/25	14/50
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	335	Jaipur Udyog P.	10	10	10-10*-10†	10	9/55	9/35
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	499	Kalyanpur Lime	8	8	6	10	11/62	11/69
50,00,000	88,00,224	52,44,398	3,67,104	827,929	...	12	21	Kumardhubi Fireclay & Silica P.	5	Nil	Nil-Nil*	10	18/45	18/45
2,70,00,000	3,25,82,309	2,54,41,112	35,87,638	1,17,38,898	...	12	77	Orissa Cement P.	12½	11	11	10	18/00	18/70
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	223	Reliance Firebricks & Pottery	Nil	Nil	...	10	21/00	21/00
75,00,000	63,28,018	44,95,600	5,26,119	12,18,128	6,195	12	357	Sone Valley Portland Cement	8	Nil	Nil	5	1/53	1/66
14,45,200	29,62,248	14,97,441	5,46,579	6,28,332	21,489	12	3	Sutna Stone & Lime	15	5	...	10	15/12	15/12
								CHEMICAL INDUSTRIES						
4,34,00,000	6,64,32,327	2,50,42,491	91,68,423	2,37,84,069	1,157	9	121	Alkali & Chemical Corpn of (I)	25	18	5-10*-15†	10	30/25	30/75
15,00,000O														
11,08,900A	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	245	Bengal Chemical & Pharm P.	10	10	7½	100	48/00	48/00
22,54,700B														
15,00,000	44,70,125	43,10,662	30,13,152	19,51,649	3,14,635	6	377	Calcutta Chemical P.	18	...	...	10	21/25	21/25
4,90,00,000	4,41,62,331	2,76,83,586	6,44,295	3,52,95,990	156	9	489	Chemicals And Fibres	22½	27½	27½-27½*27½†	10	46/87	46/50
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	2	129	Frank Ross P	6	5	Nil-2½*†	6	1/62	1/62
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	488	Indian Explosives	12½	15	15-15*	10	24/37	26/87
30,00,000	15,87,299	20,47,448	13,45,227	15,65,565	879	6	191	Smith Stanistreet P	27½	8	15-15*	5	5/40	5/12
								ELECTRIC LIGHTING, POWER						
19,99,600	2,78,34,554	48,06,732	15,68,313	— 1,67,752	...	3	32	Agra Electric	6	6	10	100	129/00	129/00
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	32	Bareilly Electricity	8	10	6	10	13/25	13/25
17,00,000	1,23,17,670	60,56,232	15,26,090	1,78,574	831	3	32	Benares Electric	10	6	6	10	13/50	13/50
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	202	Bhagalpur Electric Supply	11	11	11	8	10/37	10/37
£4,262,646	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	90	Calcutta Electric Supply P.	9	9	9-9*	£1	19/50	18/87
43,20,000	1,10,73,188	52,45,587	35,65,119	25,36,602	36,929	3	2	Dishergarh Power Supply P.	12½	12½	9	10	10/37	10/37

* 1969 † 1970

CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.								Rs.	Rs.
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	32	Jubbulpore Electric	10	10	10	10	13/62	13/62
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	258	Mirzapur Electric Supply	Nil	Nil	Nil	10	2/56	2/56
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	202	Muzafferpore Electric Supply	12	10	10	9	10/19	10/19
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	329	Muttra Electric	10	10	10	10	11/00	11/00
35,07,380	1,35,93,224	61,40,656	1,96,943	13,09,947	80,097	3	202	Patna Electric Supply	10	10	11	10	12/44	12/56
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	202	Shahjahanpur Electric P	8	7	10	10	7/94	7/92
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	21	Sijua (Jherriah) Electric	10	10	11	10	8/31	8/31
								ENGINEERING & METAL						
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	84	Arthur Butler (Muzafferpore) P	...	...	...	10	6/55	6/55
50,00,000	53,56,692	65,81,000	88,223	—21,13,139	—38,70,033	12	31	Bhartia Electric Steel	5	2½	2½-Nil*	10	7/81	7/50
1,60,00,000	2,95,78,876	68,19,483	4,66,566	—1,24,85,483	—99,58,070	12	289	Braithwaite & Co. (India) P	8	6	Nil-Nil*	10	6/06	5/44
36,00,000	57,16,762	63,05,500	6,69,804	25,82,202	...	12	24	Bridge & Roof	10	10	10	10	35/19	36/19
19,88,670	35,74,701	3,41,621	94,336	—11,88,790	—37,57,538	12	192	Britannia Building & Iron P	Nil	Nil	Nil-Nil*	10	0/55	1/50
1,00,00,000	1,69,30,485	27,07,000	10,24,766	—85,28,723	—69,11,305	12	165	Britannia Engineering P	17½	Nil	Nil	10	1/50	1/56
3,36,00,000	2,62,64,997	72,89,647	70,05,434	—98,59,818	—95,93,478	4	32	Burn P (Engineering)	17½	Nil	Nil-Nil*†	100	60/00	59/00
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	437	Calcutta Steel	12½	12½	12½-Nil-5†	10	6/69	6/69
6,32,18,740	14,66,22,882	10,58,46,267	1,17,13,514	1,60,65,802	...	12	227	Guest Keen Williams	12	Nil	Nil-8*	10	26/55	32/55
17,50,000	16,79,688	2,83,600	26,325	—55,265	—13,43,343	12	32	Hooghly Docking	Nil	Nil	...	50	31/00	31/00
24,88,17,980	67,46,15,102	40,88,16,626	4,02,76,290	2,59,97,025	...	3	32	Indian Iron & Steel P	17	8½	Nil-5*6†	10	13/70	13/10
3,65,000 }	11,52,812	14,001	1,82,994	—4,15,836	—4,03,294	3	223	Indian Malleable Casting	...	...	...	5D	2/00	2/00
1,54,000Dd }									...	...	...	1	0/50	0/50
1,55,94,000	54,26,818	31,84,791	34,18,507	—82,15,695	—1,22,14,432	3	32	Indian Standard Wagon P	20	Nil	Nil-Nil*†	10	5/06	4/72
96,79,140	1,51,85,532	4,53,81,200	4,00,21,298	1,04,99,227	7,304	3	122	Indian Steel & Wire Products	24	24	20	10	26/87	26/87
12,00,070	6,23,260	13,46,680	1,83,546	13,76,042	...	12	24	Industrial Containers	10	3	8	10	11/75	11/75
1,97,43,750	2,05,19,702	1,29,43,183	28,40,309	41,27,148	...	3	443	Jay Engineering P.	8	Nil	8-10*10†	10	13/81	14/37
60,00,000	1,62,98,825	27,11,124	12,16,436	...	...	6	132	J. K. Steel P	15	10	Nil-Nil*Nil†	10	8/12	9/62
2,04,00,000	5,70,13,862	3,86,27,099	78,65,081	—49,87,735	...	10	290	Jessop & Co. P	12½	12½	Nil-Nil*	10	6/87	6/87
65,29,599	1,96,60,305	45,64,109	5,74,661	—33,39,942	—20,88,516	11	100	Kumardhubi Engineering P	Nil	Nil	Nil-Nil*	3	3/06	2/94
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	170	Marshall Sons (India)	7½	8	4	2	1/12	1/03
49,96,000	61,94,985	13,58,398	3,83,036	2,56,716	—4,42,917	3	192	National Iron and Steel	Nil	...	...	10	1/31	1/31
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	480	Saran Engineering	10	10	...	10	10/25	9/50
59,99,250	44,32,212	12,23,725	15,49,586	10,83,926	...	12	449	Simon-Carves	7	7	7-8*	10	7/37	7/87
1,35,00,000	2,42,12,335	1,14,74,736	15,34,774	5,46,376	1,796	9	376	Sen Raleigh Industries P	8	9	7-Nil*	4	8/19	8/19
14,00,070	11,02,797	23,46,907	12,53,446	13,38,837	...	12	24	Steel Containers	10	15	...	10	20/12	20/12
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	26,409	12	22	Textile Machinery	17½	Nil	Nil	10	10/75	10/70
24,98,770	10,59,868	11,17,159	1,28,637	8,26,369	...	3	478	Wellman Incandescent	6	8	8-8*10†	10	9/25	9/25

CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								SUGAR BREWERIES ETC.						
14,00,000	27,50,541	15,86,263	1,37,706	1,62,285	5,148	6	371	Balrampur Sugar	4	Nil	8	2½	3/00	3/03
29,23,537	25,90,571	18,57,627	8,15,697	17,17,269	3,873	9	234	Belsund Sugar	10	10	13⅓	7½	8/69	8/81
15,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	316	Bharat Sugar P.	20	13⅓	13 1/3	10	11/00	11/00
32,00,000	35,16,933	72,68,155	1,78,079	13,45,271	...	9	444	Carew (Sugar) P.	Nil	Nil	6	10	7/50	7/50
30,00,000	1,62,84,360	69,17,847	11,65,536	42,904	—42,36,240	10	458	Cawnpore Sugar P.	Nil	Nil	Nil	10	6/25	6/25
18,00,000	52,21,190	67,01,949	3,48,016	13,73,596	37,123	6	492	Champaran Sugar P.	Nil	Nil	15	10	11/62	11/62
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	395	Durbhanga	10	Nil	10	10	6/06	5/15
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	140	New Savan Sugar and Gur	2½	Nil	Nil	10	2/44	2/44
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	400	Purtabpur Sugar P.	Nil	Nil	Nil	10	6/12	6/12
16,59,820	38,88,363	62,68,727	9,291	7,28,133	6,226	8	1	Ramnugger Cane & Sugar P.	8	8	20	10	9/44	8/81
65,00,000	1,36,73,218	39,23,734	8,59,581	—55,32,027	—22,79,801	10	92	Raza Buland	Nil	Nil	Nil	10	1/94	2/03
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	25	Ryam Sugar P.	Nil	Nil	Nil	10	2/06	2/19
11,99,000	22,10,161	18,54,067	2,09,163	—2,24,407	—2,20,853	6	92	Samastipur Central Sugar	Nil	Nil	Nil	10	0/33	0/33
40,00,000	1,00,22,238	18,34,483	5,60,693	—6,11,276	...	7	455	Shree Krishna Gyanoday Sugar P.	3	5	6	10	4/09	4/00
15,89,000	13,29,503	16,01,933	30,60,111	—10,56,886	—10,54,435	8	140	Shree Sitaram Sugar	Nil	Nil	5-Nil*	10	7/62	7/62
9,99,950	20,87,159	80,565	62,828	—8,01,122	—21,84,604	6	94	Sitalpore Sugar	Nil	...	...	10	4/50	4/50
16,00,000	42,22,843	19,40,304	2,03,163	—11,15,414	—9,17,147	9	341	United Provinces	7	10	12½	10	7/00	6/75
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	316	Upper Ganges Sugar P.	...	...	...	10	11/12	11/12
								MISCELLANEOUS						
1,35,00,000	7,24,57,999	3,89,03,842	8,43,489	64,53,352	10,697	3	132	Aluminium Corporation P.	9	12	12-10*	10	14/12	14/12
2,00,00,000	1,01,17,943	70,30,647	2,24,88,151	43,36,214	...	12	498	Andrew Yule P.	16	8	10-10*	10	7/80	7/90
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	456	Angelo Bros.	16	16	17½-7½*	10	8/00	7/45
50,00,000	48,66,683	53,39,605	4,21,796	51,72,526	...	12	274	Assam Match	14	14	15-17*	10	21/00	21/06
13,99,998	26,77,314	27,24,034	7,342	1,52,254	...	9	348	Assam Saw Mills & Timber	3	3	10-10*	3	2/62	2/81
1,77,10,000	1,14,47,283	99,19,616	48,98,176	1,37,08,468	1,913	8	391	Associated Battery	15½	15½	16	10	31/25	31/37
1,44,03,000	51,40,652	1,20,30,776	1,02,75,353	22,28,338	...	12	380	Balmer Lawrie & Co.	14	12	8-8*	100	67/50	64/00
12,00,000	10,55,266	23,36,210	61,118	2,74,318	...	3	128	Bararee Coke	20	20	20-20*15†	10	16/25	16/25
20,00,000	...	5,36,037	61,00,044	55,554	70,371	9	160	Birds Investments P.	Nil	Nil	Nil-Nil*	10	2/50	2/50
1,66,00,350	2,64,30,428	2,77,65,335	1,11,03,150	2,45,85,019	...	3	50	Britannia Biscuit P.	20.15	20	15½-18-20†	10	36/87	36/62
3,25,00,000	1,26,02,068	1,89,17,670	1,59,41,991	64,11,410	8,829	12	33	British India Corporation P.	Nil	Nil	Nil-Nil*	5	4/62	4/12
75,00,000	35,46,674	73,85,764	8,29,485	49,68,784	466	12	392	British Paints	15	10	10-12½*	10	21/87	23/69
6,69,51,750	3,83,50,351	6,71,95,254	3,11,05,895	4,76,86,315	...	6	497	Brook Bond India	...	...	13½-17½*	10	26/37	27/75
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	213	Calcutta Silk Manufacturing P.	...	...	...	10	6/87	6/87
1,38,80,000	...	11,85,521	1,52,89,904	4,33,757	23,625	12	102	Clive Row Investment	4½	4	4½-3*	10	7/06	7/06
1,30,68,000	45,20,187	1,93,10,000	3,01,07,477	44,19,024	2,628	12	102	Duncan Brothers & Co. P.	12	12	12-12*	100	116/00	116/00
0,00,00,000	11,02,71,203	9,41,94 806	34,82,066	6,98,61,229	...	12	96	Dunlop India P.	17½	17½	17½-20*	10	36/65	37/50

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CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Shares	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
76,89,000	...	65,47,410	1,72,95,476	8,11,646	5,88,527	12	21	Eastern Investments P.	7	4	4½	100	7/69	7/06
1,27,40,250	3,00,23,411	1,31,46,125	6,62,680	23,75,784	7,902	10	388	Electric Construction P.	12½	10	10-Nil*	10	22/12	23/31
1,35,85,000	3,75,21,140	1,41,87,078	8,72,429	20,28,356	...	3	138	Fort Gloster P.	15	2½	2½*-7½†	100	170/00	170/00
30,00,000	34,79,154	46,900	11,48,349	—15,43,626	—8,57,415	3	51	French Motor Car	Nil	Nil	Nil-Nil*Nil†	20	14/12	14/12
14,00,000	14,56,886	24,56,804	3,00,630	963	20,273	12	19	Ganges Rope	22½	20	15-7½*	100	184/00	160/00
65,00,000	25,12,513	72,67,593	1,49,73,033	27,65,000	...	3	105	Gillanders Arbuthnot & Co. P.	9.36	12.5	12.5.12-6*	10	7/25	7/25
60,00,000	52,80,206	53,75,200	53,693	86,44,858	25,315	12	310	Godfrey Phillips (India) P.	35	35	35	10	49/50	49/50
2,53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	...	12	451	Goodyear India	15	15	15-17½*	10	52/75	54/50
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	225	Great Eastern Hotel	Nil	Nil	Nil-Nil*	250	285/00	285/00
5,99,15,000	12,12,97,991	1,57,327	36,27,386	4,65,783	—1,90,67,933	12	438	Hindustan Aluminium P.	10	10	10	10	34/12	36/19
10,97,10,070	44,70,63,499	12,08,69,050	1,49,42,736	4,36,227	2,24,274	3	22	Hindustan Motors P.	12½	12½	12-10*Nil†	10	13/95	15/55
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	108	Hindusthan Pilkington P.	Nil	Nil	10-8*	10	9/19	9/12
49,90,440	1,17,39,700	56,51,769	3,59,743	23,21,373	...	3	211	Hindustan Sanitaryware P.	12	10	10-10*	10	15/25	15/25
35,20,000	38,70,309	...	28,22,894	32,82,526	—24,61,728	12	294	Hoare Miller & Co.	Nil	Nil	...	10	2/56	2/56
18,95,00,000	10,48,33,594	17,06,68,005	2,05,86,397	7,83,02,631	...	3	325	India Tobacco	10	10	11-13-13½†	10	16/56	17/31
60,00,000	2,88,17,227	1,50,14,188	4,46,672	38,96,742	193	6	487	India Carbon P.	10	16	16-16*-16†	10	32/37	31/50
12,00,88,389	35,93,23,869	15,51,19,782	4,94,58,096	5,25,37,889	1,955	12	494	Indian Aluminium P.	19	17½	14-14*	10	32/60	35/70
4,14,42,410	2,45,37,553	3,17,45,871	31,70,774	8,70,485	...	3	34	Indian Cable	25	15	5-2½*2½†	10	15/20	15/85
4,62,00,000	6,67,33,813	5,64,27,167	41,37,651	1,90,21,031	...	9	366	Indian Oxygen	12	12	12-12*14†	10	23/44	23/69
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	3	223	Indian Rubber Manufacturers P.	10	Nil	Nil	10	21/00	21/00
36,00,000	2,45,142	16,01,910	2,23,547	5,85,470	...	9	88	Indian Wood Products	10	9	9	10	14/81	13/06
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	4,671	6	439	J. K. Synthetics	12½	12½	12½-12½*15*	10	40/00	42/25
2,00,00,000	55,06,451	1,28,88,758	5,98,54,868	1,39,884	...	3	39	Jardine Henderson P.	7	7	4-Nil*†	100	34/50	35/00
1,63,99,940	3,30,95,000	1,40,74,090	19,49,926	47,29,145	6,219	12	496	Jay Shree Industries P.	11½	11½	10	10	16/62	18/56
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	...	3	22	Kesoram Industries P.	15	16	13½-13*	10	15/35	16/50
6,34,000C	3,17,363	6,02,958	8,21,617	—14,078	—4,849	3	133	Macfarlane & Co.	Nil	Nil	Nil-Nil*	50	2/00	2/00
66,000Dd									Nil	Nil	Nil-Nil*	IDd	0/56	0/56
1,50,00,000	1,96,74,937	1,31,48,312	2,10,65,916	11,83,866	25,454	12	334	Macneill & Barry P.	6½	5	5-5*	100	40/00	40/00
1,47,12,250	71,24,878	97,62,208	2,21,16,459	56,72,587	13,015	9	309	Martin Burn Ltd. P.	25	12½	6-10*	10	7/81	7/85
47,12,000	18,02,622	83,33,368	2,45,85,302	11,70,747	2,15,473	12	282	McLeod & Co. P.	11½	...	...	100	190/00	190/00
6,64,12,500	7,01,13,939	2,85,55,151	1,13,20,628	26,39,560	10,032	3	167	Metal Box Co. of India P.	16	17½	9-6*	10	13/50	14/12
27,56,355	1,31,99,222	1,76,30,095	24,30,790	1,00,50,837	12,604	3	116	Mohan Meakin (Breweries)	15	17½	...	5	13/00	13/75
2,02,50,000	62,42,181	1,14,61,033	11,91,664	41,00,306	...	3	482	National Insulated Cable P.	20	20	5-5*10†	10	9/06	9/81
60,00,000	36,47,120	23,66,145	2,64,231	—1,43,593	...	9	7	National Pipes & Tubes P.	20	10	5-2½*	10	7/62	8/31
64,00,000	52,94,471	31,17,204	3,32,551	18,92,448	...	6	486	National Rolling & Steel Rope	20	20	5	10	5/44	5/25
23,31,600	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	375	National Rubber P.	12	12	12	10	9/06	8/81
79,97,000	81,79,664	1,97,70,558	39,37,283	28,74,697	...	12	79	National Tobacco P.	12	5	8½	10	14/50	14/25
50,00,000	1,014	13,02,891	9,90,509	6,26,950	40,375	12	35	New India Investment Corpn	5⅓	1½	4⅔	75	41/50	41/50

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CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								MISCELLANEOUS (Contd.)						
3,64,00,000	7,35,62,526	5,38,82,016	89,47,567	5,27,07,923	...	12	364	Philips India	18	19	20-23*	10	40/00	40/12
2,86,200	57,500	6,36,653	92,939	5,33,181	72,801	3	145	Publicity Society	25	12½	15	4	4/75	4/75
2,25,00,000	1,65,99,578	1,42,10,957	2,20,54,621	85,72,108	...	8	332	Rallis India P.	13	13	13-13*13†	100	152/00	140/50
5,00,00,000	7,83,40,803	1,57,26,775	74,69,230	1,36,89,037	...	3	308	Rohtas Industries P.	6	Nil	Nil-Nil*Nil†	10	6/65	6/81
94,27,380	4,73,05,083	10,00,000	14,42,952	—1,00,411	13,613	9	114	Sirsilk P.	Nil	Nil	Nil-Nil*	10	4/00	3/87
1,00,00,000	86,79,977	1,70,64,312	1,77,46,612	59,66,898	76,551	12	278	Shaw Wallace P.	15	15	15-15*	10	22/56	22/12
8,19,00,000	19,13,27,431	10,59,30,229	1,88,58,257	5,63,53,477	...	12	301	Union Carbide	15	15	15-15*	10	30/06	30/06
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	3	483	Universal Cables	10	10	10-10*	10	16/50	16/37
31,53,000	19,04,731	23,80,875	14,19,210	6,73,686	7,803	12	195	Walford Transport	21	7½	7½	1	0/84	0/87
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	63	Woolcombers	Nil	Nil	3	10	11/81	11/50
								INSURANCE COMPANIES						
13,50,000	23,65,213	1,45,18,760	1,31,08,607	19,22,680	16,447	12	174	Concord of India	15	15	20-20*	5	12/12	12/12
24,00,000	6,51,713	1,36,63,498	1,32,88,263	15,25,573	4,525	12	248	Hercules	15	15	10	15	23/12	23/12
70,00,000	1,14,97,733	2,90,85,330	4,63,82,183	56,88,901	16,991	12	38	Ruby General	16½	12½	12½-5*	10	14/94	14/87
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	39	Triton	12½	12½	12½	100	136/00	135/00
								FLOUR MILLS						
30,00,000	11,07,196	20,86,062	4,80,286	3,18,940	...	12	24	Bengal	10	3	3	10	13/12	13/12
7,15,980	13,70,610	37,26,856	8,44,273	4,76,152	...	10	97	Delhi P.	...	12	12	10	10/06	10/06
9,00,000	3,99,736	6,90,051	3,10,760	4,20,302	3,436	12	236	Hooghly	10	Nil	Nil	10	19/75	19/75
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11	236	United	7½	5	5	10	19/25	21/50
								OIL COMPANIES						
£2,900,001	£1,913,980	£2,090,442	£620,962	£991,429	£182,609	12	249	Attock Oil	...	...	...	£1	sh. 20/6	sh. 20/3
£117,577,699	£32,260,063	£2,706,475	£127,586,985	£27,267,159	£866,021	12	52	Burmah Oil P.	...	5	...	£1	sh. 63/6	sh. 60/6
1,00,00,000	79,66,401	1,71,43,536	2,58,49,049	31,22,549	87,095	12	249	Indo Burmah Petroleum P.	15	15	15	10	14/00	15/25
6,00,000	5,01,064	14,15,170	3,26,432	9,77,124	34,960	10	2	Tide Water Oil	22½	22½	22½	10	30/50	29/75

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CALCUTTA MISCELLANEOUS COMPANIES —*Contd.*

Paid up Capital Ordinry	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 28-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								PAPER MILLS						
1,25,56,710	4,82,42,758	1,51,25,115	16,44,354	46,24,767	638	12	436	Bengal P	15	7½	-10*	10	17/44	17/87
1,23,48,000	1,67,79,366	13,05,244	13,66,596	—33,61,824	—61,36,322	3	2	India Paper Pulp	Nil	Nil	Nil-Nil*	10	6/06	5/94
3,81,74,500	24,89,00,000	3,61,27,428	55,63,530	1,15,53,401	39,858	3	22	Orient Paper P	20	10	10-10*	10	35/90	39/10
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	22	Sirpur P	12	8	Nil-Nil*	10	12/31	13/00
1,40,64,900 } 10,00,000A }	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	36	Star Paper P	6	Nil	Nil-Nil*Nil†	10	9/50	9/12
4,37,500PO } 3,64,03,500O } 56,04,800B }	6,11,89,988	1,15,45,621	32,54,058	21,44,503	5,000	3	106	Titaghur P	13 3 3	13 Nil Nil	13-13*† Nil-*2½† Nil*2½†	2½PO 10AO 10BO	2/87 6/87 6/87	2/81 6/62 6/62
5,24,20,800 } 56,95,600 }	3,97,86,845	1,57,39,525	10,26,69,115	1,07,73,940	537	12	180	Tribeni Tissue	...	...	18*	10O 5O	... 21/50	15/87 21/81
								PRESSING COMPANY						
4,30,000	1,81,531	1,45,000	5,34,786	65,294	24,928	7	326	Camperdown	...	...	...	100	120/00	120/00
								REAL PROPERTY STORAGE						
1,00,00,780O } 1,25,000B } 2,00,000 } 25,000Dd }	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	73	Bengal Bonded Warehouse	10	...	...	A500 B62½ C100 D12½	955/00 101/00 165/00 60/00	955/00 101/00 165/00 60/00
1,00,00,780O } 2,00,000Dd }	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	9	432	Humayan Properties P	Nil Nil	Nil Nil	...	10O 1Dd	10/25 1/30	10/25 1/30
79,90,000	40,62,780	Nil	8,47,175	5,43,528	—15,87,314	4	448	Midnapore Commercial	Nil	Nil	Nil-Nil*	85	45/00	43/50
								TRAMWAYS & STEAMER						
20,00,000	8,13,420	19,60,785	21,44,476	21,44,476	20,502	10	146	Benyal Assam Steamship P	Nil	Nil	Nil-Nil*Nil†	100	36/00	36/00
6,25,000	4,66,783	7,61,818	9,53,643	79,944	17,786	10	89	Calcutta Landing & Shipping	Nil	Nil	3	10	8/31	8/81
12,60,000	47,23,178	14,01,984	1,02,898	63,719	—11,281	8	398	Calcutta Steam Navigation	Nil	Nil	Nil	10	0/40	0/40
£700,000	£2,889,537	£1,565,916	£315,682	£153,252	£2,006	12	98	Calcutta Tramways P	...	...	...	£1	8/94	9/12
6,04,880	6,97,987	8,56,706	33,440	1,35,098	—633	3	139	Fraser & Co	Nil	...	...	10	2/56	2/56
£655,580	£1,297,907	£485,048	£25,756	...	...	12	431	India General Nav. & Rly P	Nil	Nil	Nil-Nil*Nil†	£10	16/50	16/50
2,47,50,000	11,13,54,408	5,03,30,188	2,19,60,638	81,89,490	...	3	291	India Steamship P	5	7	8-10*†	10	10/72	10/94
2636,460	45,33,830	8,48,956	21,039	74,511	...	12	450	Port Shipping	15	2½	4	10	8/00	8/00

† 1970 *1969

P next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Number of Spindle	Looms	Net Block Account	Reserve & other Funds	Cash & taxation Securities	Net Profits including	Carry forward	Accounts closed	Chairman Mg. Directors	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share 1966	Latest Market Quotations as available until 23-12-70	22-1-71
Rs.			Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
40,00,000	48,652	1,016	1,28,56,156	46,70,828	20,69,878	10,39,744	26,620	...	269	Ahmedabad Advance P.	9	9	9-9*	100	240/00	227/50
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	12	229	Apollo	Nil	Nil	Nil	2	0/54	0/54
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	9	472	Baroda Rayon	Nil	8	8-8*	100	124/00	118/00
3,61,41,125	2,03,942	4,911	6,21,75,465	3,46,74,532	43,32,279	43,32,279	11,565	12	199	Bombay Dyeing. etc.	16	12	12-12*	25	44/75	44/75
10,00,000	35,052	648	32,07,778	34,59,612	5,45,173	10,89,180	1,37,996	3	262	Bradbury P.	15	15	Nil-Nil*	50	47/00	47/00
2,54,90,900	1,18,296	2,760	95,79,538	6,46,84,314	4,55,244	4,05,56,456	...	12	22	Century	37	37	40-40*	100	846/00	874/00
46,87,500	1,15,188	2,062	2,99,18,629	10,75,722	15,14,712	3,59,289	—40,19,762	6	269	Central India P.	Nil	Nil	Nil-Nil*	100	49/50	48/00
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	3	68	Coorla	12	9	9-9*	100	127/50	127/50
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	12	262	Dawn	30	20	10-10*	50	69/00	69/50
30,00,000	47,700	886	1,29,89,439	47,86,744	3,05,575	—2,29,847	1,578	12	59	Elphinstone P.	Nil	Nil	Nil-Nil*	50	29/00	30/00
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	12	241	Finlay	13½	15	10-11*	100	167/00	169/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	12	86	Gokak	14	12	15-15*	100	164/00	157/00
2,00,00,000 } 50,00,00,000 }	2,48,870	6,498	4,41,45,022	3,84,70,022	31,82,629	1,32,22,197	5,89,816	12	15	India United	Nil Nil	Nil Nil	Nil-Nil* Nil-Nil*	10 1Dd	1/98 0/38	1/88 0/36
2,49,62,500	...	...	5,44,40,998	...	34,33,245	--31,38,833	—31,80,002	6	473	Indian Rayon P.	Nil	Nil	Nil-Nil*	100	85/00	82/00
50,00,000	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	12	103	Indore Malwa United	Nil	Nil	Nil	100	165/00	165/00
59,85,000	65,260	1,514	1,07,21,545	82,79,165	25,00,707	76,87,297	38,751	6	149	Khatau Makanji P.	10	10	10-10*	100	155/00	156/00
1,00,00,000	1,20,504	1,846	1,69,24,239	1,20,99,729	16,14,657	—2,40,871	2,781	12	146	Kohinoor	6	6	Nil-12*	100	260/00	271/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	—24,99,262	—49,14,154	12	83	Lakshmi-Vishnu P.	Nil	Nil	Nil-Nil*	100	108/00	105/00
74,72,600	71,652	1,620	2,55,04,880	66,58,515	1,60,873	20,93,625	...	6	104	Morarjee Goculdas P.	15	15	15-15*	100	320/00	295/00
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	2	261	Mysore Spg. & Mfg. P.	Nil	Nil	Nil-Nil*	10	10/20	10/20
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	12	...	New City of Bombay	7½	5	5-6*	100	75/00	75/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	12	...	New Great Eastern P.	Nil	Nil	Nil-Nil*	100	70/00	70/00
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	12	119	Phoenix	20	15	Nil-Nil*	100	76/00	70/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	3	379	Simplex	24	20	16-16*	50	96/00	111/50
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	12	327	Shree Niwas P.	10	8	5-10*	100	128/00	127/00
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	8,176	12	269	Svadeshi P.	10	14	9-9*	100	159/00	161/00
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	12	341	Swan	15	15	15-12*	100	145/00	150/00
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	12	269	Tata	8	Nil	Nil-Nil*	25	35/00	34/50
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	3	205	Western India	28₄	28⅘	9⅘–9⅗*	250	206/25	206/25

* 1969

BOMBAY MISCELLANEOUS COMPANIES

F. indicates Founder Shares. P. next to the name of the company indicate that the company also has Preference shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Premium & Forfeited Shares if any Rs.	Cash & Securities Rs.	Net Profits including taxation Rs.	Carry forward Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 23-12-70 Rs.	22-1-71 Rs.
								CEMENT						
28,47,75,400	55,44,18,349	21,24,07,366	5,87,15,014	8,01,56,323	8,472	7	53	Associated Cement	12	12	12-12*12†	100	141/25	142/25
								ELECTRIC LTG. POWER						
8,74,77,100	19,65,28,952	3,83,98,112	87,23,100	1,59,97,715	314	3	146	Ahmedabad Electricity	9	9	9-9*	100	111/00	112/25
3,02,77,000	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3	146	Andhra Valley Power P.	12	12	12-12*	100	159/00	161/00
2,58,67,900	12,15,43,411	3,82,49,028	40,21,132	66,10,571	2,187	3	146	Bombay Subarban Elec.	10	11	11-11*	100	127/00	127/15
2,39,99,975	7,17,76,350	1,39,56,841	51,65,971	60,68,808	27,536	3	146	Tata Hydro Elec. Power P.	12	12	12-12*	100	159/00	161/00
5,15,36,000	17,59,03,832	3,61,11,341	57,28,753	1,22,80,113	29,988	3	267	Tata Power P.	12	12	12-12*	100	159/50	161/00
								ENGINEERING & METAL						
33,42,200	17,06,292	44,16,374	1,54,08,311	5,79,666	1,35,820	12	268	Alcock Ashdown	5	5	5-Nil*	100	80/00	79/00
4,00,00,000	4,54,62,666	72,000	36,71,749	—24,39,656	—47,42,841	12	461	Associated Bearing	Nil	Nil	Nil	100	269/50	290/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	115	Jost's Engineering	5	6	Nil	50	31/00	31/00
3,63,00,000	6,46,65,430	2,34,87,196	2,13,62,600	1,15,35,044	...	3	351	Larsen & Toubro P.	15	15	15-10*10†	10	22/24	24/32
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7	283	Mckenzies	24	24	Nil	100	82/00	82/00
2,50,000 } 1,31,250F }	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	284	Premier Construction P.	34	36	36-40*	50	188/00	199/00
75,00,000	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	462	Sandvik	10	10	10-10*	100	254/00	288/00
1,77,77,250	1,68,38,555	...	21,840	—17,72,188	—50,40,288	12	463	Sankey Wheels	Nil	Nil	...	10	7/20	7/36
7,99,97,300	17,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	269	Tata Engg. & Locomotive P.	14½	14½-14½*		100	230/00	233/50
38,58,01,637	1,01,51,15,046	52,71,37,866	14,63,49,405	11,32,49,040	...	3	269	Tata Iron & Steel P.	16	11⅜—11⅞*11⅜†		75	105/50	103/75
1,05,00,000	1,67,50,407	1,06,82,012	4,90,251	40,45,044	14,868	4	479	Zenith Steel	10	8	9-10*	10	16/24	16/72
								INSURANCE COMPANIES						
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	297	British India General	...	...	...	10	17/00	17/52
18,74,940	25,01,134	2,88,61,155	2,61,49,442	38,951	4,65,316	12	55	Jupiter General P.	...	...	...	15	11/80	11/80
1,70,90,550	1,16,06,358	12,60,43,884	17,69,50,056	1,77,99,237	...	12	179	New India	40	40	40-40*	15	44/25	45/00
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	255	Vulcan	20	20	20-20*	10	14/52	14/88
								MISCELLANEOUS						
1,44,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	460	Alembic Chemical	12	12	12-12*	100	182/00	185/00
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	—8,04,219	—7,87,678	12	464	Bayer	...	Nil	Nil-Nil*	100	238/00	250/00
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	9	42	Belapur Sugar	30	14	22-22*	50	87/00	84/00
3,44,37,500	3,17,05,600	2,39,27,079	2,90,25,527	1,14,26,369	65,401	5	285	Bombay Burmah Trading	8	14	14-15*	25	46/25	46/00
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	465	Ceat Tyres	6	9	9-11*	100	232/50	240/00
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	3	481	Dharangadhra Chemical	12	12	12-12*	100	142/00	142/50
2,39,53,130	19,29,37,107	6,53,69,101	5,00,39,968	2,17,74,302	49,930	6	466	Great Eastern Shipping	16	20	20-25*	10	34/50	37/00

†1970 * 1969

BOMBAY MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Premium & Forfeited Shares if any Rs.	Cash & Securities Rs.	Net Profits including taxation Rs.	Carry forward Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 23-12-70 Rs.	22-1-71 Rs.
								MISCELLANEOUS (Contd.)						
2,48,18,580	2,26,04,319	2,01,82,407	33,47,738	1,34,59,334	...	3	484	Hindustan Ferodo	20	20	20-22½*	10	37/50	37/50
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	91	Hindustan Lever	14	14	14	10	22/76	22/88
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	299	Industrial Invt Trust	6½	6½	7	200	92/00	92/00
11,99,900	13,82,957	7,34,142	14,05,223†	68,232	16,942	7	67	Kemp (Chemists)	...	...	...	100	175/00	175/00
1,24,95,600	39,03,579	53,88,113	1,75,58,164	28,72,674	20,587	11	467	Killick Industries	10	10	10		105/00	102/00
2,64,41,900	9,36,22,308	2,83,02,205	44,45,798	2,12,35,409	2,98,157	12	352	National Rayon	...	...	...	100	541/00	549/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	468	Permanent Magnets	8	9	9	100	146/25	158/00
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	469	Phalton Sugar	20	20	24-20*	50	88/00	88/00
7,48,38,785	16,13,54,387	2,79,95,044	41,09,113	17,80,480	29,80,721	6	470	Premier Automobiles	...	Nil	Nil-Nil*†	100	63/50	65/50
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	471	Sandoz	9	9	10-10*	10	20/24	18/48
11,27,72,980	40,30,24,881	16,81,62,371	23,82,18,364	2,20,94,830	418,097	6	198	Scindia Steam Navign	6¼	7⅛	7⅛-7⅛*8⅜†	20	23/24	22/24
21,00,000	32,82,527	44,05,000	4,14,686	—3,03,605	2,943	11	...	Shivrajpur Synd	Nil	Nil	Nil-Nil*	10	8/52	8/24
5,74,32,385	13,95,29,748	25,75,084	38,95,372	—19,34,150	—42,40,115	12	490	Synthetics And Chemicals	Nil	Nil	Nil-6*	100	191/00	195/00
3,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	269	Tata Chemicals P	16	17	17-15*	10	31/25	36/25
1,05,05,475	2,21,88,319	1,25,42,886	47,75,465	50,73,815	1,187	3	269	Tata Oil P	14	14	18-15*	25	76/00	82/00
4,32,90,000	5,43,41,531	4,05,37,546	1,31,95,245	1,82,57,059	Nil	8	360	Voltas	15	15	15-7*	100	220/00	248/50
4,12,50,000	2,99,66,764	1,81,18,645	1,27,75,802	1,23,23,399	6,010	12	274	Western India Match	11	11	11-12*	100	164/00	165/00

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SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Rs.	Acreage	Outturn and Average Price per kg/lb realised for crop lbs.	Rs.	Net Profits	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 18-12-70 Rs.	25-1-71 Rs.
3,50,000	12,57,795	5,72,253	878	1,12,000	1.48	70,011	12	402	Anandam P.	Nil	Nil	Nil-Nil*	10	12/50	12/50
10,98,990	13,96,078	4,83,841	1,630	225,168+	4.34	4,11,290	3	287	Balanoor P	15	15	15-15*	10	15/25	15/25
3,00,000	3,68,575	2,25,000	171‡	43,490+	3.4	62,815	5	404	Balmadies P.	10	10	Nil-Nil*	2	2/10	2/10
17,32,230	13,56,710	3,36,253	977	3,59,531	1,65cts	63,110	5	270	Be Be P.	7	Nil	Nil-Nil*	5	2/85	2/80
84,00,000	1,22,30,703	11,20,636	1,329	10,82,401+	4.32	23,53,128	6	141	Blue Mountain	10	11	8-6*	2	1/70	1/71
14,00,100	28,67,681	20,95,127	1,856†	8,51,234+	4.55	9,04,350	3	210	Chembra Peak	20	22½	15-10*	2	2/65	2/67
26,91,279	46,12,278	19,45,895	3,257‡	11,32,759+	3.41	10,13,193	2	210	Cochin Malabar P.	17½	17½	10-12½*	3	6/45	6/45
32,50,000	39,31,709	30,58,661	2,710	19,48,320	. .	8,71,279	6	405	Coffee Lands P.	15	16	16-16*	10	21/50	21/65
71,55,000	1,15,74,494	63,44,278	7,001	60,81,120	. .	25,60,562	6	406	Consolidated Coffee P.	27½	18½	18½-18½*	10	25/50	25/50
6,66,730	21,85,500	13,90,424	441	4,52,382	2.25	56,592	9	208	Coonoor P.	15	15	20-20*	10	28/84	28/00
4,80,000	10,36,448	4,76,798	432	3,53,888	1.52	1,19,880	3	407	Coorg P.	10	10	10-10*	2	2/55	2/30
6,00,000	11,82,508	2,17,761	1,026	1,57,785	1.47	46,942	3	12	Cottanad Plantation P.	15	20	10-15*	10	15/75	15/75
6,00,000	8,89,831	4,80,155	345	5,25,310+	2.66	1,25,313	12	212	Devashola (Nilgiri)	9	Nil	...	10	15/75	15/75
6,74,650	9,14,644	3,31,040	450	1,38,386+	4.26	1,36,712	3	287	Devon P.	15	15	15-15*	10	15/50	15/50
7,50,000	3,38,952	1,26,500	197	1,12,936+	2.66	28,121	12	408	Emerald Valley	20	20	20-20*	5	11/50	11/50
4,50,000	3,64,462	20,000	278	62,830	. .	40,424	12	409	Gokul	15	15	15-13*	2	4/37	4/37
25,00,000	42,82,150	17,77,500	1,465	17,21,550	2.04	2,13,414	12	410	Hailevburia P.	9	10	10-8*	10	9/20	9/20
11,85,700	28,02,058	10,77,705	1,528	9,59,804	1.67	3,60,461	2	402	Kailas	22½	22½	15-15*		4/75	4/60
9,00,000	12,32,263	7,23,749	378‡	3,14,942+	. .	4,04,443	3	210	Kalasa Tea Produce	12	16	14-16*	2	3/15	3/00
17,17,076	28,48,525	14,32,010	811‡	4,62,975+	5.54	7,80,209	10	210	Kil Kotagiri P.	17½	20	15	2	2/95	2/95
5,00,000	9,11,259	1,21,604	267	305,757	2.31	96,485	12	208	LuckyValley	10	10	10-10*	10	19/00	19/00
13,50,000	19,78,359	9,14,031	1,785‡	3,42,784+	3.03	4,63,747	3	411	Malankara	24	25	22½-35*	10	29/00	29/00

‡Hectares * 1969 † 1970

SOUTH INDIAN PLANTATION COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Acreage	Outturn and Average Price per kg/lb realised for crop		Net Profits	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
														18-12-70	25-1-71
Rs.	Rs.	Rs.		Lbs.	Rs.	Rs.				1966	1967	1968	Rs.	Rs.	Rs.
40,50,000	67,47,600	17,25,166	4,013	12,60,448†	3.85	9,94,509	3	270	Midland Rub & Prod P.	10	10	10-7½*	10	12/15	12/15
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	1,60,000	3	402	Nilgiri P	8	Nil	Nil-5*	10	7/10	7/10
23,10,000	24,28,291	11,02,621	1,057	7,29,106†	2.92	16,62,532	1	14	Nonsuch	20	15	17½-17½*	10	19/25	19/25
9,75,000	11,21,586	3,67,000	293†	2,29,900†	...	3,27,700	3	210	Ossoor	15	15	12-15*	2	3/30	3/30
19,45,980	33,19,864	24,42,874	7,970†	6,55,342†	4.48	—5,06,184	10	210	Ouchterlony	10	6	Nil-Nil*	2	3/06	3/06
17,00,000	27,55,157	13,87,519	1,099†	10,69,078†	4.19	7,13,678	12	9	Parkside Neilgherry	30	30	30-30*	10	33/75	33/75
17,00,000	27,36,576	12,82,318	1,568	10,83,565†	4.20	11,29,838	12	9	Peermade I	15	17½	10-10*	10	13/50	13/20
6,00,000	7,90,316	3,35,530	1,167	3,83,268	1.50	1,65,244	2	259	Peninsular	20	10	18-14*	10	15/66	15/66
57,94,880	78,72,019	20,68,711	2,074†	23,46,900	3.88	13,16,964	3	210	Periakaramalai	20	20	10-10*	2	3/10	3/18
13,50,000	48,44,469	13,58,959	952†	845,000†	3.16	8,05,161	6	270	Rajagiri Rub & Prod P	13	13	13-13*	10	19/12	19/12
2,00,000	3,14,567	1,53,963	711	3,320cwt	1.82	1,18,791	3	412	Rajendra P	25	50	30-30*	5	22/00	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1.51	63,263	3	172	Teekoy P.	9	9	Nil-6*	10	6/00	5/90
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3.20	2,77,689	9	210	Thirumbadi	Nil	Nil	Nil-15*	1	2/25	2/25
6,00,000	6,51,402	46,742	1,307	2,23,794	3.21	30,950	12	414	Travancore Rubber	10	8	8-8*	10	9/00	9/00
41,00,000	72,63,801	12,63,584	2,535†	12,19,484†	...	10,61,172	12	9	Travancore Rub & Tea P	10	8	8-8*	10	9/00	9/00
20,00,000	23,48,701	1,36,000	3,028	6,38,402	1.00	2,02,762	12	271	Tropical Plantation	8	10	8-8*	25	22/25	22/25
15,75,000	2,47,811	16,00,000	1,267	9,63,293	2.16	1,00,000	12	410	Twyfords	5	5	5-5*	10	4/95	4/95
81,93,280	30,03,223	17,04,089	3,638	8,28,976†	5.11	12,85,658	3	250	United Nilgiri	17½	17½	14-14*	10	16/75	16/85
8,80,010	9,26,889	2,82,051	952	4,94,400	1.50	2,20,096	12	415	Vaikundam	30	20	15-15*	10	28/50	28/50
47,25,000	1,04,94,591	28,46,510	2,214†	8,77,008	4.14	9,79,591	6	157	Waterfall Estates P	12½	14	10-12*	2	2/60	2/52

† Hectares

SOUTH INDIAN COTTON MILLS

Paid-up Capital Ordinary	Number of Spindle	Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
											1966	1967	1968		18-12-70	25-1-71
Rs			Rs.	Rs.	Rs.	Rs.								Rs.	Rs.	Rs.
30,00,000	...	...	67,98,887	62,16,405	2,33,650	15,12,989	4,952	12	474	Anglo-French P.	17½	15	15-15*	100	152/50	151/00
20,00,000	28,000	...	22,72,878	81,406	96,302	7,68,513	42,421	12	433	Cambodia P.	Nil	Nil	Nil-Nil*	10	1/12	1/25
35,99,600	33,864	...	74,98,712	39,35,014	8,68,959	20,95,517	. .	12	188	Coimbatore Cotton	8½	9	5-10*	100	130/00	130/00
30,76,900	22,832	407	47,91,212	7,98,681	22,227	—7,52,342	—10,23,340	1	46	Coimbatore Spg. & Wvg	Nil	Nil	Nil-Nil*	50	115/50	115/50
67,20,000	30,512	200	87,47,369	20,79,194	7,10,548	6,34,530	15,879	12	141	Kothari Textiles P.	5	6	5-7*	10	7/70	7/70
1,06,50,000	1,10,800	...	1,78,79,375	1,06,05,813	74,49,476	14,73,436	2,142	3	186	Lakshmi	14	10	8-8*	50	64/00	68/00
7,00,09,920	4,02,004	1,011	6,56,49,772	3,83,37,688	8,65,80,46	81,25,486	4,101	12	...	Madura	7½	10	10-6*	15	18/25	18/75
1,13,61,000	26,496	654	50,79,268	46,70,299	5,84,128	51,61,924	179	3	29	Mettur Beardsell	17½	17½	20-15*	100	171/00	176/00

† Hectares

* 1969

SOUTH INDIAN SUGAR MILLS

P. next to the name of the company indicates that the company also has Preference Shares. / Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
									1966	1967	1968		18-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
80,00,000	62,64,264	26,55,000	5,52,400	10,92,779	22,959	9	417	Andhra P.	12	12	12-12*	10	10/62	10/25
40,00,000	80,62,883	12,61,424	1,58,472	13,46,266	1,40,987	6	218	Cauvery P.	Nil	7	8½-9*	100	98/00	98/00
39,84,000	82,69,922	56,93,500	10,51,344	33,73,758	5,798	5	218	Deccan Sugar	13½	12	13½-15*	5	4/90	4/50
£3,140,560	£4,504,769	£2,031,046	£1,420,563	£1,467,148	£436	9	319	E.I.D. Parry	5	7½	10-6*	£1	15/15	15/10
63,97,650	39,62,680	15,44,848	64,64,375	12,35,437	69,501	9	418	India Sugar P.	5	7½	15-Nil*	10	8/00	8/00
12,45,572	1,22,66,623	18,99,861	1,51,052	5,99,416	2,090	6	419	Jeypore P.	10	10	10-12*	10	16/00	16/00
10,52,200	2,87,27,773	1,23,75,000	31,53,982	20,76,426	91,745	6	420	K. C. P.	7½	10	10-10*	10	11/00	11/00
80,00,000	1,70,52,327	28,97,707	3,46,710	—32,88,581	—24,10,230	8	141	Kothari	6	9	12-Nil*Nil†	10	5/90	5/90
54,05,340	83,78,838	1,06,24,518	54,87,288	6,67,635	20,031	6	264	Mysore	Nil	Nil	Nil-20*	10	19/75	19/75
30,00,000	35,93,381	11,41,000	10,12,037	4,88,902	1,46,735	4	218	Travancore P.	6	6	9-Nil*	10	5/40	5/00
1,00,00,000	85,60,975	91,07,747	1,27,84,916	45,25,260	...	3	320	United Breweries	6	9	9-10*	10	15/87	15/65

SOUTH INDIAN MISCELLANEOUS COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
									1966	1967	1968		18-12-70	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
2,31,15,668	1,96,45,010	1,13,97,169	62,02,907	71,71,658	10,357	3	421	Aluminium Industries	18	12	6-Nil*	10	6/80	6/85
71,03,170	67,38,199	11,05,008	6,17,579	24,62,265	15,621	12	16	Andhra Cement P.	10	10	10	10	10/60	10/60
3,02,67,658	1,59,93,383	25,63,610	1,84,694	30,01,343	20,076	12	422	Ashok Leyland	10	8	8-9*	5	6/65	6/50
1,00,00,000	17,47,081	49,33,435	2,75,867	19,86,813	4,39,222	12	423	Binny	...	...	6*	100	91/00	88/00
7,50,000	5,45,587	56,538	41,650	93,226	—1,46,143	12	270	Brunton & Co.	Nil	Nil	Nil-Nil*	10	3/60	3/60
73,00,000	1,79,06,906	26,81,982	6,22,914	19,27,076	4,396	12	424	Enfield P.	6	Nil	6-10*	10	10/10	10/10
2,24,44,750	3,21,08,642	66,66,496	73,60,475	51,28,679	1,38,608	3	425	India Cement P.	9	9	9-9*	5	5/60	5/60
23,82,732	16,92,196	2,50,222	93,924	2,16,808	2,977	12	230	Indian Steel Rolling P	6	Nil	Nil-Nil*	10	9/20	9/20
1,40,00,000	1,39,97,059	37,48,801	36,09,251	29,82,180	11,631	3	253	Mettur Chemical Industries P.	8	Nil	Nil-4*	10	12/15	12/35
24,81,220	12,69,939	10,47,778	17,48,674	8,48,641	8,514	3	233	Mysore Chem & Fert	Nil	Nil	Nil-Nil*	10	6/25	6/25
8,00,000	5,20,889	4,52,189	2,18,413	2,33,791	85,187	3	151	Mysore Chemical Mfgs. P.	20	15	10-10*	10	10/70	10/70
6,56,250	5,13,585	9,38,696	6,374	1,23,899	3,146	3	426	Mysore Lamp P.	Nil	7	Nil-Nil*	10	11/75	11/75
25,00,000	55,50,342	37,12,500	2,43,664	14,29,395	36,663	3	226	Mysore Paper	6	Nil	Nil-Nil*	10	17/75	18/10
10,00,000	7,56,329	3,16,884	29,32,342	75,422	622	3	201	Mysore Tobacco	10	10	11-8*	10	13/45	13/45
20,00,000	11,42,007	11,74,500	1,32,329	21,82,347	3,899	3	218	Parry's Cont.	24	18	18-15*	1	2/35	2/50
40,00,000	1,05,13,334	1,26,57,980	59,59,486	24,85,127	3,92,204	6	221	Spencer (Provisions)	18	18	20-20*20†	10	30/25	30/25
47,00,000	86,53,610	20,65,000	51,902	7,85,966	3,869	12	427	Standard Motors P.	6	6	Nil	10	7/30	7/30
11,56,300	5,95,547	14,04,007	16,66624	4,19,707	41,732	9	428	T Stanes P.	30	30	15-15*	10	14/50	14/50
39,84,400	42,58,650	13,07,759	26,027	6,92,616	932	4	429	Textool	7	Nil	Nil-Nil*	100	29/50	27/00
3,75,00,000	5,18,36,058	2,25,17,394	86,31,139	33,46,806	2,468	7	430	Tube Investments	12½	10	8-10*	100	140/00	140/00

*1969 †1970

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)	Week Ended 15-1-71	8-1-71	16-1-70
Liabilities—			
Notes in Banking Dept. ...	4,56,32	18,65,12	13,75,63
Notes in Circulation ...	41,45,98,75	41,12,40,46	37,44,67,37
Total Notes Issued ...	41,50,55,07	41,31,05,58	37,58,43,00
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,61,42,00	2,71,42,00	2,81,42,00
Total of A	4,43,95,11	4,53,95,11	4,63,95,11
B. Rupee Coin	54,90,37	55,19,00	67,19,86
Rupee Securities ...	36,51,69,59	36,21,91,47	32,27,28,03
Total	41,50,55,07	41,31,05,58	37,58,43,00
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	3,55,79,96	3,49,82,60	1,02,96,76
2. State Govts. ...	4,92,54	4,90,02	4,42,07
(b) Banks—			
(i) Scheduled Banks ...	1,87,06,28	1,90,62,04	1,78,25,33
(ii) State Co-operative Banks	8,90,36	9,22,65	8,53,85
(iii) Non Scheduled State Co-operative Banks	74,93	88,92	57,35
(iv) Other Banks ...	26,85	29,40	25,16
(c) Others	87,73,57	89,09,80	2,08,57,93
Bills Payable	46,39,77	44,94,60	44,15,12
Other Liabilities	1,07,93,21	97,43,24	95,62,95
Total	12,58,77,47	12,46,23,27	10,63,36,52
Assets—			
Notes	4,56,32	18,65,12	13,75,63
Rupee Coin	3,22	3,45	4,52
Small Coin	3,79	4,20	3,49
Bills Purchased and Discounted:—			
(a) Internal	...	35,16	
(b) External	35,16		
(c) Govt. Treasury Bills ...	9,71,67	17,47,12	90,05,79
Balances held abroad ...	1,03,29,01	1,10,25,61	1,49,66,66
Investments	1,03,54,72	1,06,04,19	88,04,71
Loans and Advances to:—	...	...	...
(i) Central Government ...	2,26,55,00	1,85,29,07	1,61,33,01
(ii) State Governments ...			
Loans and Advances to:—			
(i) Scheduled Banks ...	3,77,67,05	3,74,50,35	1,59,11,39
(ii) State Co-operative Banks	2,94,35,13	2,94,49.15	2,90,59,87
(iii) Others	1,87,75	2,04,75	2,28,91
Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,19,52	34,20,49	31,18,91
(ii) State Co-operative Banks	21,94,84	22,12,97	15,88,65
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from National Industrial Credit (Long Term Operation) Fund ...	5,14,95	5,27,67	6,48.93
the Development Bank	27,93,71	27,93,71	6,26,71
Other Assets	37,96,21	37,90,84	38,54,73
Total	12,58,77,47	12,46,23,27	10,63,36,52

SCHEDULED BANKS

(In 000's of Rupees)	Week Ended 15-1-71	8-1-71	16-1-70
(i) Demand Liabilities—			
(a) Demand Deposits:			
(1) From Banks ...	1,61,02,00	1,68,62,00	1,42,08,00
(2) From others ...	25,71,84,00	25,63,16,00	21,67,02,00
(b) Borrowing from Banks	27,99,00	36,27,00	30,09,00
(c) Others	1,59,76,00	1,50,66,00	1,30,35,00
(ii) Time Liabilities—			
(a) Time Deposits:			
(1) From Banks ...	1,09,75,00	1,15,16,00	1,05,99,00
(2) From others ...	33,03,52,00	32,89,29,00	28,25,55,00
(b) Borrowing from Banks	11,60,00	7,67,00	9,18,00
(c) Others	39,40,00	41,20,00	28,84,00
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	30,16,00	26,05,00	27,44,00
(b) Time Liabilities ...	67,24,00	66,64,00	65,84,00
(iv) Borrowing from Reserve Bank	6,97,18,00	6,96,60,00	4,77,75,00
(v) Cash	1,64,61,00	1,77,03,00	1,36,21,00
(vi) Balances with Reserve Bank	1,93,92,00	2,09,89,00	1,78,49,00
(vii) Balances with other banks in current account ...	72,74,00	75,10,00	54,41,00
(viii) Money at call and short notice			
(ix) Investments in Central and State Govt. Securities	47,80,00	49,88,00	45,28,00
(x) (a) Loans, Cash Credits and Overdrafts ...	14,08,88,00	14,08,57,00	12,61,56,00
(b) Due from banks ...	37,70,90,00	37,81,11,00	31,88,45,00
(xi) Inland Bills purchased and discounted ...	4,97,53,00	4,95,49,00	4,56,04,00
(xii) Foreign bills purchased and discounted ...	7,04,01,00	6,89,95,00	4,60,29,00
(xiii) Total of X, XI and XII	2,06,93,00	2,05,82,00	1,90,46,00
	51,79,37,00	51,72,37,00	42,95,24,00

INDIA'S FOREIGN TRADE

(In crores of rupees)

Year/Month	Imports	Exports
1961	958·43	675·64
1962	981·28	691·10
1963	987·65	770·36
1964	1082·66	836·16
1965	1348·06	803·16
1966	1581.48	979.54
1967	2016.97	1210.45
1968	1538.33	1095.13
1969	1277.74	1146.19
1969		
October	129.01	118.13
November	105.99	105.30
December	115.07	118.32
1970		
January	128.62	145.04
February	132.03	96.78
March	125.54	128.14
April	142.59	127.97
May	127.63	119.11
June	132.64	93.93
July	132.78	91.81
August	154.73	127.00
September	130.76	119.19

Source: Supplement to the monthly Statistics of Foreign Trade of India.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

1. B. P. Kedia—7 Wellesley Place, Calcutta.
2. Bhaskar Mittar—8, Clive Row, Calcutta.
3. S. N. Bert—6, Middle Road, Hastings Calcutta.
4. Hazareemull, Heeralall—148, Cotton Street, Calcutta.
5. Jamandas Karabhai Dalal, Bhatdee, Dhanbar.
6. Alock N. C.—Hultsdroft Mills Colombo.
7. S. Singh Roy—Nicco House', Hare Street, Calcutta-1.
8. Agarwala S. L.—Indian Insurance Building, Old Cantonment Road, Dehra-Dun.
9. D. M. Hacking Belmont, Coonoor P. O. Nilgiris.
10. B. P. Jain—91, Stephen House, Calcutta-1.
11. Ramdas M Varma—135, Biplabi Rashbehari Road, Calcutta-1.
12. K. L. Narasinha Rao, 2/230 Wynad Road, Pudupadi, P. O. Kerala, (Kerala State).
13. Antony M. K.—Alleppey.
14. Ram Narain Kapur—Ritz Bldgs, Coonoor-1, Nilgiris.
15. S. D. Mehta, 'Indu House' Dougall Road, Ballard Estate, Bombay.
16. V. Ramkrishna—Ramkrishna Bldgs. 38, Mount Road, Madras-6.
18. B. M. Krishan—Sri Jayachamaraja Wadiyar Road, Bangalore-2.
19. Lord Sinha of Raipur—2, Fairlie Place, Calcutta.
20. Chhaganlall Baid—8B, Lal Bazar Street, Calcutta-1.
21. Pran Prashad—Chartered Bank Buildings, Calcutta.
22. B. M. Birla, India Exchange, 4 India Exchange Place, Calcutta.
23. P. Kanoi—20, R. N. Mukherjee Road, Calcutta.
24. R. P. Goenka—21, Netaji Subhas Road, Calcutta.
25. T. Kanoria, India Exchange, Calcutta-1.
26. R. L. Thompson—Agraham Road, Bangalore-2.
27. R. G. Saharia—35, Chittaranjan Avenue, Calcutta.
28. D. N. Jalan—3, Netaji Subhas Road, Calcutta.
29. M. E. Bourcier, 3rd Floor, Bombay Mutual Bldg., N. S. C. Bose Road, Madras-1.
30. U. S. Bajoria, Narayani Bldgs—27, Brabourne Road, Calcutta.
31. Rameshwar Tantia—1 & 2, Old Court House Street, Calcutta.
32. Sir Biren Mookerjee—12, Mission Row, Calcutta.
33. Sri Prakasa—'BIC House', 14/77, Civil Lines, Kanpur, U.P.
34. Dr. W. J. J. Curry—9, Hare Street, Calcutta.
35. J. P. Goenka—9, Brabourne Road, Calcutta.
36. N. K. Bajoria—27, Brabourne Road, Calcutta.
37. Birla, L. N.—8, Royal Exchange Place, Calcutta.
38. K. P. Modi, 'Ruby House', 8 India Exchange Place, Calcutta-1.
39. Donald Fordwood—4, Clive Row, Calcutta.
40. Bhargava, R. K.—Mohalla Masjid Bagh, Badshanagar.
41. Biharilal Lahoty—14/2A Burdwan Road, Alipore, Calcutta.
42. Neville N. Wadia—Brady House, 12-14, Veer Nariman Road, Bombay-1.
43. M. Nohany—4, Synagogue Street, Calcutta.
44. Punam Chand Batia—19, Circular Garden Reach Road, Calcutta.
45. Lord Sinha of Raipur—2, Fairlie Place, Calcutta.
46. G. I. Purushotham Naidu—24, Krishnaswamy Mudaliar Road, Coimbatore.
47. Sitaram Daga—16, Hare Street, Calcutta.
48. S. R. Poddar—33, Netaji Subhas Road, Calcutta.
49. M. K. Mookerjee—18, Netaji Subhas Road, Calcutta.
50. A. C. Khanna—15, Taratola Road, Calcutta.
51. P. B. Sen Gupta—234-3, Lower Circular Road, Calcutta.
52. W. E. Eadie—175, West George Street, Glasgow, C.2.
53. N. A. Palkhivala—121, Maharshi Karve Road, Bombay-20.
54. G. P. Kanoria—11, Rajendra Nath Mukherjee Road, Calcutta.
55. K. S. R. Iyer—Imperial Bank Buildings, Bank Street, Fort, Bombay.
56. R. C. Karnani—16/3, Jawaharlal Nehru Road, Calcutta-13.
57. R. N. Chirimar—10, Clive Row, Calcutta-1.
58. T. C. Agarwala—50, Jatindra Mohan Avenue, Calcutta-5.
59. N. K. Jalan—Kamini Chamber, 32. Nicol Road, Ballard Estate, Bombay.
60. J. F. Brierley, 8 Clive Roy, Calcutta.
61. M. R. More—5, Clive Row, Calcutta.
62. D. Fordwood, 4, Clive Row, Calcutta-1.
63. K. P. Goenka—31, Netaji Subhas Road, Calcutta.
64. Sir John D. K. Brown—2, Fairlie Place, Calcutta.
65. Dass Bros.—29 and 30, Strand Road, Calcutta.
66. A. K. Das—15, Netaji Subhas Road, Calcutta.
67. Day, P. E.—Anderson's House, Bishopgate, London, E.C.2.
68. R. P. Goenka, 241-242 Backbay Reclamation, Nariman Point, Bombay-1.
69. Dadabhoy Sir M. B.—Kampte Road, Civil Lines, Nagpur.
70. N. D. Bangur—14, Netaji Subhas Road, Calcutta.
71. B. C. Roy—Hindusthan Building, 4, Chittaranjan Avenue, Calcutta.
72. H. P. Kanoi—20, R. N. Mukherjee Road, Calcutta-1.
73. C. C. Dey—25, Netaji Subhas Road, Calcutta.
74. Sumat Prasad—5 and 7, Netaji Subhas Road, Calcutta-1.
75. Desai, R. M.—14, Nicol Road, Ballard Estate, Fort, Bombay.
76. Dhanoolall—5, Clive Row, Calcutta.
77. G. H. N. Todd. Winchester House, 77, London Well, London, E.C.
78. A. F. Macdonald 31, Netaji Subhas Road, Calcutta.
79. D. I. Abraham—1 and 2, Old Court House Corner, Calcutta.
80. Eastern Corpn. Ltd.—7, Wellesley Place, Calcutta.
81. Ebeling, A. F.—Rawlpindi.
82. Kedarnath Poddar—135A, Biplami Rashbehari Basu Road, Calcutta-1.
83. Pratapsingh Mathuradas—9, Wallace Street, Fort, Bombay.
84. Onkarmal Sonthalia—40, Strand Road, Calcutta-1.
85. A Firpo, Jr.—18/2, Chowringhee, Calcutta.
86. F. H. Kemple—Forbes Buildings, Home Street, Fort. Bombay.
87. S. V. S. Iyer—88C, Old Prabhadevi Road, Bombay-28.
88. H. W. G. Stamper—Gilliander House, Netaji Subhas Road, Calcutta.
89. H. F. Whithouse—4, Fairlie Place, Calcutta.
90. A. R. Colley, Victoria House, Bloomsbury Square, London W.C. 1.
91. V. G. Rajadhyaksha—Hindustan Lever House. 165/166, Backbay Reclamation, Bombay-1.
92. K. L. Paricha, 1, Netaji Subhas Road, (1st Floor), Calcutta-1.
93. G. D. Kothari—Gillander House, Netaji Subhas Road, Calcutta-1.
94. R. N. Datta—93-A, Dharamtalla Street, Calcutta.
95. Ralph Anthony Trail, 3, Middleton Street, Calcutta-16.
96. J. A. Moore—57B, Mirza Ghalib Street, Calcutta-16.
97. R. K. Jain, Roshanara Road, Delhi.
98. E. H. Gaskell, 12, R. N. Mukherjee Road, Calcutta-1.
99. Abinash Chandra Das—Jalpaiguri.
100. S. P. Puri, Chartered Bk. Bldgs, Calcutta.
101. K. C. Bhagat 33, Netaji Subhas Road. Calcutta-1.
102. J. F. Brierley, 8, Clive Row, Calcutta.
103. Kundila, G. Seksaria—139, Meadow Street, Fort, Bombay.
104. Gopikisan Piramal—Dr. Ambedkar Road, Parel, Bombay-12.
105. Henry William Gilborn Stamper—Gillander House, Netaji Subhas Road, Calcutta.
106. Bhagwandas Bajoria, Chartered Bank Buildings, Calcutta.
107. N. K. Jalan—8, Dalhousie Square East, Calcutta.
108. P. N. Talukdar—4, Chittaranjan Avenue, Calcutta13.
110. R. G. Khanna—Solan Brewery, Simla.
111. P. K. K. Nambiar,—8, Clive Row, Calcutta-1.
112. Glass, I. O. H.—Bilbao House, 36, New Broad Street, London, E.C.2.
113. B. P. Khaitan—14, Netaji Subhas Road, Calcutta.
114. N. Sundaresan—3-6-237 Himayatnagar, Road, Hyderabad.
115. T. V. Braddeley—The Great Social Buildings, Sir Phirozeshah Mehta Road, Fort, Bombay.
116. K. G. Khanna—Solan Brewery (H.P.).
117. B. Kanoria—63, Chinchpokli Road, Tank Road, Bombay-27.
118. K. L. Dua, Chartered Bk. Bldgs, Calcutta
119. Radhakrishna Ramnarain, 462. Senapati Bapt Marg. Lower Parel, Bombay-13.
120. Tulsidas Kanoria—25/29, Dr. Ambedkar Road, Bombay-27.
121. Alan William Hamer—18, Strand Road, Calcutta.
122. Sardar Ajaib Singh—7, Wellesley Place. Calcutta.
123. Mridu Hari Dalmia, Dalmiapuram, Madras State.
124. R. Raja Rao—Honnawal Road, Shimoga.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

127. J. B. Brighouse, 9, Shakespeare Sarani, Calcutta-16.
128. Donald Fordwood—4, Clive Row, Calcutta.
129. S. S. Bhimwal—7, Chowringhee Road, Calcutta.
130. L. R. Puri,—8, Clive Row, Calcutta.
131. D. K. Sen 31, Netaji Subhas Road, Calcutta.

132. Hari Shankar Singhania—7, Council House Street, Calcutta.
133. G. N. Khaitan—14, Radhabazar Lane, Calcutta.
134. Jute Industries Ltd.—4, Lyons Range, Calcutta.
135. John, V. C.—Kottayam, Travancore State.
136. Jones, H. Edwin—Oriental Building Bombay Elec House Ahmedabad.
137. John, Kurian—Kottayam, Travancore State.
138. P. D. Bangur—21, Stand Road, Calcutta.
139. M. P. Podder—4, Fairlie Place, Calcutta.
140. Brij Mohan Thapar—Thapar House. 25, Brabourne Road, Calcutta-1.
141. D. C. Kothari—20, Nungambakkam High Road, Madras-34.
142. R. Suryanarayan Rao—Channapatna, Mysore State.
143. S. L. Dhanuka—19, R. N. Mukherjee Calcutta-1.
144. S. B. Datta,—Gillander House, Netaji Subhas Road, Calcutta.
145. P. S. Nilkantan—1, Waterloo Street, Calcutta.
146. R. K. Seth—8, Clive Row, Calcutta.

147. Kanga R. D.—Electric House, Post Fort, Bombay.
148. Kurian, John—Alleppey.
149. Dharamsey M. Khatan—6, Ballard Road. Fort, Bombay.
150. Killick, A. S.—2-6, 2nd Line Beach, Madras.
151. S. Ramanathan—Chickmanavar, P.O. Bangalore Dt.

153. Jai Kumar Karnani—3, Synagouge Street, Calcutta.
154. Lomas, J. E. W.—19, St. Swithin's Lane London E.C.4.
155. Bharat Ram—45, Tangra Road, Calcutta-15.

157. D. C. Kothari—20, Nungambakkam High Road, Madras-34.
158. Padampat Singhania—Kamala Tower Kanpur.
159. Lala Gurusharan Lall—Guraru Dist. Gaya.
160. N. D. Bangur—4, Lyons Range, Calcutta.
161. Lohia, D. D.—138, Canning Street, Calcutta.
162. G. E. Solomon—Dare House, Parry's Corner, Madras.
163. H. R. Shah—3, Netaji Subhas Road, Calcutta.
164. A. Chakravarty,—4 Bankshall St. Calcutta.
165. A. C. Fotheringham—3 Netaji Subhas Road, Calcutta.
166. D. N. Bhattacharjee—Birla Building—9/1, R. N. Mukherjee Road, Calcutta-1.
167. D. I. Allport—Barlow House 39C, Chowringhee Road, Calcutta.

169. R. P. Goenka—31, Netaji Subhas Road, Calcutta.
170. A. N. Sircar—33/1, Netaji Subhas Road, Calcutta.
171. W. E. Maiden—P.O. Lohat Dist Darbhanga.
172. V. O. Markos—30/A Ward, Palai Kerala State.

174. C. B. Loxley—8, Clive Row, Calcutta.
175. Satya Narain Gupta—Subzimandi, Delhi.

177. H. B. Marshall—1, Humayan Place, Calcutta.

179. J. D. Choksi—New India Assurance Bldg., Mahatma Gandhi Road, Fort. Bombay.

180. Amiya Kumar Sen—3, Middleton Street, Calcutta-18.

181. Murphy, C.—Rampart Row, Fort, Bombay.
182. A. W. B. Hayward,—4 Bankshall St. Calcutta.
183. Sir V. N. Chandavarkar—Standard Buildings, Honby Rd., Fort, Bombay.

185. Mascarenhas, B. M.—Platform Road, Bangalore City.
186. S. M. Kuppuswamy Chettair, 348, Avanashi Road Pappanaikenpalavam, Coimbatore.

188. G. Venkataswamy Naidu, Uppilipalaiyam P. O. Coimbatore-15.
190. J. M. Goenka,—9, Brabourne Road, Calcutta.

191. A. J. Hormasji—18, Convent Road, Entally, Calcutta.
192. B. D. Agarwalla—Stephen House, 4, Dalhousie Square, Calcutta.
193. Kesarmal Manocha—529/1, Hall Bagh, Amritsar.
194. G. V. Swaika—"Pollock House", 18B, Brabourne Road, Calcutta.
195. B. C. Roy—71, Park Street, Calcutta.
196. Srinivasan, S. D.—7, Council House Street, Calcutta.

198. Dharamsey M. Khatau—Scindia House, Narottam Morajee Marg, Ballard Estate, Bombay.
199. Neville N. Wadia—Neville House, Ballard Estate, Bombay.
200. A. Basu—Chartered Bk. Bldg., Calcutta.
201. R. Arunachalam—17, Richmond Road Bangalore-1.
202. J. C. Crawford—14, Old Court House Street, Calcutta.
203. D. M. Hacking Belmount Coonoor, Nilgiris.
204. Malcolm Lamond,—4, Clive Row, Calcutta.
205. A Hydari, Indian Mercantile Chambers, Nicol Rd., Ballard Estate, Bombay.

207. Deepchand Kishenlal—25, Netaji Subhas Road, Calcutta.

209. E. R. Elliot Lockhart—4, Fairlie Place, Calcutta.
210. A.F.W. Low, 6/117, Race Course Road, Coimbatore-18.
211. H. L. Somany—2, Wellesley Place, Calcutta.
212. P. G. Krishna Iyer—Mount Pleasant, Coonoor Nilgiris.
213. Poddar K. N.—37, Vivekananda Road. Calcutta.
214. V. V. Parekh, Tinsukia, Lakhimpur, Assam.
215. Sumat Prasad,—3, Netaji Subhas Road, Calcutta.

217. L. C. Kanol P-8, Mission Row Extension Calcutta.
218. H. V. R. Iy—Dare House, Parry's Courner, Madras.

220. Price, R. G. N.—National Bank Bldg., Madras.
221. C. H. Bhabha, Spencers Buildings, Madras-2.

223. R. N. Agarwala—4, Lyons Range. Calcutta.

225. Roy, B. K.—1, 2 and 3, Old Court House Street, Calcutta.
226. M. D. Shivananjappa—Kampegowda Road, Bangalore-9.
227. K. C. Maitra—"3A, Shakespeare Sarani. Calcutta-16.

229. Dwarkadas Shriniwas—N. M. Joshi Marg, Chinchpokli, Bombay-11.
230. Rajam C. Oriental Bldg., Armenian Street, Madras.
231. Ramamurthy, A. Ravakhada (Orissa), —Koraput Dist.

233. T. Shamanna—1129, Vani Vilasa Road, Mysore.
234. N. D. Bangur—14, Netaji Subhas Road, Calcutta.
235. Soorajmull Nagermull—8, Dalhousie Square East, Calcutta.
236. C. M. A. Bathrust, 4, Bankshall Street, Calcutta.
237. J. K. Srivastava—14/1, Civil Lines, Kanpur.
238. Dr. Bharat Ram—Bara Hindu Rao, Delhi.
239. A. R. Kalairaja Chettiar—Coimbatore.
240. A. K. T. K. M. Narayanan Namboodripad—Kallai, Malabar.
241. Singh Ranjit—Lucknow.

243. Shyamlal Agarwal—9, Dalhousie Sq. East, Calcutta.
244. Sovaram Keshavdeo—15, Netaji Subhas Road, Calcutta.
245. Dr. B. N. Ghose—6, Ganesh Avenu, Calcutta-13.
246. Sundaren E.—Indian Mercantile Chambers Nicol Road, Bombay.
247. Sinkhania Padampat—Kamala Tower, Kanpur.
248. E. K. Srinivasan—16, Hare Street, Calcutta.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

250. M. S. Ramaswamy, 6/23-24 Race Course Road, Coimbatore.
251. Southern India Plantations Agency Ltd.—Coonoor.
252. Saha Bahuballav—18/11/1B. Raja Raj Ballav Street, Calcutta.
253. R. B. Pradhan—Empire House, 214, Hornby Road, Bombay.
254. Sindia M. Ramchandra Rao—3rd Road Chamarajpet Bangalore City.
255. Setalvad J. C.—73, Oppo Churchgate Station Fort Bombay.

257. Ramnath A Podar, Podar Chambers Parsee Bazar St. Fort Bombay.
258. H. M. Periwal, 24 Indra Roy Road, Calcutta.
259. S. Ramashramony Aiyer—Trivandrum.

261. N. D. Sirur—70, Forbes Street. Fort Bombay.
262. Ramniwas Ramnarain, 5, Convent St., Colaba, Bombay-1.

264. V. Venugopal Naidu—Sir Jayachamaraja Wadiyar Road, Bangalore-2.

266. Talukdar B. S.—Amiasadarpur, Nadia, West Bengal.
267. N. H. Tata—24, Bruces Street, Bombay.
268. A. K. Roy—16, Bank St., Fort, Bombay.
269. R. D. Tata—Bombay House, Bruce St., Fort Bombay.
270. Pothen George, Punalur P.O., Kerala State.
271. Thomas P. T.—Kottayam S. India.

273. Tayabjee, O. S.—159, Gunfoundry Rd., Hyderabad, (Deccan).
274. A. Hydari—Indian Mercantile Chambers. Nicol Road, Ballard Estate, Bombay.

278. Anthony William Byrd Hayward, 4, Bankshall Street, Calcutta.
279. B. M. Khaitan—4, Mangoe Lane, Calcutta.
280. Whitman Mj M. C.—Mayo Road, Rawalpindi.
281. N. K. Jhajharia—22, Chittaranjan Avenue, Calcutta.
282. C. Hockley—3, Netaji Subhas Road, Calcutta.
283. P. L. Jhunjhunwala—King Edward Road, Sewrie, Bombay-15.
284. Lalchan Hirachand—Walchand Hirachand Marg—Ballard Estate Fort Bombay.
285. Arvind N. Mafatlal—9, Wallace Street, Bombay.
286. Wilkinson, A.—117/119, Esplande Road, Bombay.
287. H. C. Kothari—175/1, Mount Road, Madras 2.

289. B. L. Mathur—4, Clive Row, Calcutta-1.
290. Asok Kumar Chanda—63, Netaji Subhas Road, Calcutta.
291. Sir A. Ramaswami Mudaliar—21, Old Court House Street, Calcutta.

293. A. J. Zullig—31, Chowringhee Road, Calcutta.
294. R. L. Rampuria—5, Fairlie Place, Calcutta.

296. S. N. Tantia—1 & 2, Old Court House Corner, Calcutta.
297. H. F. Mehta—Mehta House, Apollo Street, Bombay.
298. L. S. Vaidyanathan—Oriental Buildings, Bombay.
299. Kishore M. Premchand—61. Appollo Street, Fort, Bombay.

301. J. W. L. Russell—1, Middleton Street, Calcutta.
302. Mitra Mondal—Khatauli. Dt. Muzaffarnagar.
303. G. S. Shroff—2, Hardinge Avenue, New Delhi.
304. S. R. Stephens—2, Netaji Subhas Road, Calcutta.
305. Krishnaraj M. D. Thackersey—16, Apollo Street, Front Bombay.

307. G. D. Bhatter—18, Netaji Subhas Road. Calcutta.

308. S. P. Jain, Dalmianagar, Bihar.

309. Sir Biren Mookerjee—12. Mission Row, Calcutta.
310. H. C. Brown—Chakala, Andheri P.O. Bombay.

312. R. K. Agarwala—4, Lyons Range, Calcutta.
313. D. N. Kapur—8 Clive Row, Calcutta.

316. K. K. Birla, Industry House, 159, Churchgate Reaclamation, Bombay.

319. H. V. R. Iengar Dare House Parry's Corner, Madras.
320. F. W. J. Penn—32, Grant Road, Bangalore-1.
321. B. Ghosh—14, Old Court House Street, Calcutta.
322. D. N. Kapur—Chartered Bank Buildings, Calcutta.

325. Ajit Narain Haksar—Virginia House 37, Chowringhee, Calcutta.
326. B. L. Pyne—14. India Exchange Place. Calcutta.
327. Gokulchand Bangur, Shreeniwas House Waudby Road Fort Bombay-1.

329. Sri G. D. Bhagat—15, Shib Thakur, Lane, Calcutta.

332. A. D. Mango—21, Raveline Street, Bombay-1.
333. Mungturam Jaipuria—Swadeshi House, Civil Lines. Kanpur.

334. C. J. N. Will—2, Fairlie Place, Calcutta.
335. A. P. Jain, Sawaimadhopur, Rajasthan.
336. Tulsidas Kilachand—Scindia House, Dougall Road, Bombay.
337. Sitaram Beriwala 63. Netaji Subhas Road, Calcutta.

339. Arvind N. Mafatlal—Mafatlal House, Backbay Reclamation, Bombay-1.
340. K. O. Cheriyan—Travancore.
341. N. L. Kanoria—India Exchange, Calcutta-1.
342. O. N. Chatterjee—2, Royal Exchange Place. Calcutta.
343. Indra Singh—135, Biplabi Rash Behari Basu Road, Calcutta-1.
344. V. J. Pilani—Victoria Bunder Colaba.
345. The National Tea Corporation—130, Cotton Street, Calcutta.
Old Court House Corner, Calcutta.

347. S. N. Tantia—1 & 2, Old Court House Corner, Calcutta.
348. M. D. Jalan—62, Ballygunge Circular Road, Calcutta-19.
349. M. P. Saraf—130, Cotton St., Calcutta-7.
Theatre Building, 1, Jamashedji Tata Road, Bombay-1.

352. Kasturbhai Lalbhai—Eros Thatre Building, 1, Jamashdji Tata Road, Bombay-1.
353. N. K. Jhajhaia—14, Netaji Subhas Road, Calcutta.
354. M. D. Kanoi—13/2, Ballygunge Park Road, Calcutta-19.
355. M. K. Mookerjee—16, Strand Road Calcutta.
356. R. Bajoria—10, Clive Row, Calcutta.
357. A. K. Jain—11, Clive Row, Calcutta.
358. I. P. Goenka—14, Old Court House Street, Calcutta-1.
359. G. D. Kothari—8, India Exchange Place, Calcutta.
360. R. F. S. Talyarkhan—Volkart Building 19. Graham Road, Bombay-1.
361. N. K. Bose—85, Netaji Subhas Road, Calcutta.
362. T. P. Bakshi, United Bk Bld. 22, Chittaranjan Avenue, Calcutta-13.
363. C. L. Nahata—14, Old Court House Street, Calcutta.
364. J. Lusink—7, Justice Chandra Madhab Road, Calcutta-20.
365. S. L. Dhanuka & P. L. Dhanuka—19, R. N. Mukherjee Road, Calcutta-1.
366. A. K. Sen—Oxygen House, P34, Taratala Road, Calcutta-53.
367. Lakshmipat Singhania—7, Council House Street, Calcutta.
368. D. K. Samanta, 5 Synagogue St., Calcutta.
369. P. L. Batia—7, Canning Street. Calcutta.
370. Gobindlal Saraogi—3A, Chowringhee Place, Calcutta.
371. G. L. Saraogi—5, Lower Rawdon Street, Calcutta-20.
372. H. K. Newar—9, Brabourne Road, Calcutta.
373. C. L. Maheswari—Shreeniwas House, Waudby Road, Fort Bombay.

375. K. N. Mookerjee—Leslie House, 19, Chowringhee, Calcutta-13.
376. K. D. Ganguli—Mercantile Buildings Lalbazar, Calcutta.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

377. K. C. Dass & B. Maitra—35, Panditia Road, Calcutta-29.
378. B. D. Goenka—18-A. Brabourne Road, Calcutta.
379. S. R. Damani—30, Clerk Road, Bombay 11.
380. N. N. Atal—21, Netaji Subhas Road, Calcutta-1.
381. A. K. Jain—Dalmianagar, Bihar.
382. B. P. Kedia—7, Wellesley Place, Calcutta-1.
383. W. H. G. Baird—9 Brabourne Road, Calcutta.
384. Punam Chand Batia—19, Circular Garden Reach Road, Calcutta-23.
385. G. P. Kanoria—5, Clive Row, Calcutta.
386. D. N. Jalan—McLeod House, 3, Netaji Subhas Road. Calcutta.
387. Debes Chandra Roy—Gopalpur House, Jalpaiguri.
388. A. V. Birla—9, Kaliprasanna Singhee Road, Calcutta-2.
389. British India Corporation Ltd.—Kanpur.
390. T. Ratan—Jaharlal Nehru Road, Calcutta-13.
391. B. W. M. Clarke—59C, Chowringhee Road, Calcutta-20.
392. R. A. Godwin—32, Chowringhee Road, Calcutta-16.
393. Khatau. M. Shethia—14, Netaji Subhas Road, Calcutta-1.
394. A. V. Birla—Industry House, 10, Camac Street, Calcutta-17.
395. Lakshmi Kant Jha—Lohat, Darbhanga.
396. Sumat Prasad—3, Netaji Subhas Road, Calcutta.
397. N. M. Bhuwalka—135, Canning Street, Calcutta.
398. R. L. Rampuria—5, Fairlie Place, Calcutta.
399. Sir Uray Chand Mahatab—Chowdwar, Cuttack.
400. R. K. Kanoria—9, Brahbourne Road, Calcutta-1.
401. K. V. Venkitasubramony Iyer—Seetagundy Estates Sitharkunda P.O., Palghat Dist., Kerala State.
402. A. V. Mathew—Ancheril Bank Buildings, Post Box 1. Kottayam, Kerala State.
403. Mathew Sebastian—Thodupuzha, Kerala State.
404. D. C. Kothari, 20 Nungambakkam High Road, Madras-34.
405. K. B. Somana—Consolidated Coffee Ltd.—Pollibetta. Coorg.
406. K. B. Somana—Pollibetta S. Coorg.
407. M. L. Goenka, 3/6 Palace Road, Bangalore-1.
408. K. N. Krishna Iyer—22, Royapettah High Road, Madras-14.
409. K. M. Cherian—Monorama Bldgs., K. K. Road, Kottayam, (Kerala State).
410. P. R. Subramanyam, Kytharam Bldg., Kottayam, Kerala.
411. Thomas Vellapally—Malankara Bldgs., Kodimatha, Kottayam, Kerala.
412. M. C. Pothen, Guntanaik Estate, Adege bail Village Koppa Taluk, Chickmagalur, Mysore.
413. J. R. Motishaw—Mercantile Bank Building, 16. First Line Beach, Madras-1.
414. K. V. Mathew—Kottayam, Kerala State.
415. K. Ramchandran—Patton Palace, P.O., Trivandrum-4.
416. N. Kunjukrishna Pillai—T. C. 6/750 Patton Palace, P.O. Trivandrum-4.
417. M. Timmaraju 2, Venkatarayapuram, Tanuku, West Godavari.
418. Rajeshwara Patel, Hospet, Bellary Dist, Mysore State.
419. P. R. Ramakrishnan—Rayaghada, Korpur Dist, Orissa State.
420. V. M. Rao—38, Mount Road, Madras-6.
421. S. Narayanaswamy—1, Ceramic Factory Road, Kundaro (Kerala).
423. P. J. M. Leigh—7, Armenian Street, Madras-1.
424. K. R. Sundaram Iyer—Tiruvottiyur, Madras-19.
425. P. Suryanarayana—175/1, Mount Road, Madras-2.
426. J. L. Dasa—Old Tumkur Road. Mal leswaram, Bangalore-12.
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430. A. M. M. Arunachalam Tiam House' —11/12 North Beach Road, Madras-1.
431. John Francis Elton—2, Fairlie Place, Calcutta-1.
432. Mahabir, S. J. B. Rana—1, Humayan Place. Calcutta.
433 Kanaklal Abhaichand Shah—Mill Premises Ondiputhur, Coimbatore-16.
434. G. Kejriwal—Rajgangpur, Dist. Sundergarh, Orissa State.
436. B. G. Bangur—14, Netaji Subhas Road, Calcutta.
437. R. L. Bhartia—4, Old Court House Street, Calcutta.
439. R. S. Bajpai—Kamala Tower, Kanpur.
440. R. L. Jatia—9, Brabourne Road. Calcutta-1.
441. S. K. Agarwalla—24, Netaji Subhas Road, Calcutta-1.
442. S. P. Bhoumick—17, 18 & 19, Old Court House Street, Calcutta.
443. Pratap Bhogilal—183A Prince Anwar Shah Road, Calcutta.
444. H. F. Whithouse 6, Old Court House Street, Calcutta.
445. R. B. Kernick—7, Armenian Street. Madras-1.
447. Pran Prashad—Chartered Bank Bldgs, Calcutta-1.
448. A. V. Sheth—14, Netaji Subhas Road, Calcutta-1.
449. Ronald Maddock, Belvandi House, 254-B Dr. Annie Basant Road, Worli, Bombay-25.
450. R. N. Bangur—14, Netaji Subhas Road, Calcutta-1.
451. R. E. O. Carey—225C. Acharyya Jagadish Bose Road, Calcutta.
452. B. D. Kanoria—9, Brabourne Road, Calcutta.
453. S. K. Ghosh—Chartered Bank Bldg., Calcutta.
454. R. K. Chaochharia—15, India Exchange Place, Calcutta.
455. Alok Prakash Jain—11, Clive Row, Calcutta.
456. K. Tapuriah—6, Lyons Range, Calcutta.
457. R. P. Marthur—11/6, Smt Parbati Bagla Road, Kanpur.
458. B. P. Bajoria—Sutherland House, Kanpur.
459. K. L. Dua—Chartered Bank Buildings, Calcutta.
461. A. Hydari—Mahatma Gandhi Memorial Building, Netaji Subhas Road, Bombay-2.
462. Nawal, S. Phatarphekar—Bombay Poona Road, Poona-12.
463. K. C. Maitra—Feeder Road Durgapur-1, West Bengal.
464. B. M. Ghia—82. Veer Nariman Road, Bombay-1.
465. P. A. Narielwala—Bhandup, Bombay 78.
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467. A. N. Haskar—Killik House Home Street, Fort Bombay.
468. Madanmohan, R. Ruta—Maharashi Dayanand Bhavan Raopura Baroda,
469. L. V. Apte—Sangli Bank Building, 296, Bazargate Street, Fort, Bombay-1.
470. Lalchand Hirachand—Construction House, Ballard Estate, Fort Bombay-1 (BR).
471. N. Raghavan Pillai—3, Witlet Road, Ballard Estate, Bombay-1.
472. Jayakrishna Harivallabdas Udhna, Street, Surat.
473. Durga Prasad Mandelia—Junagadh-Veraval Road, Veraval, Gujarat.
474. T. S. Krishna—38, Rue Des Capucins, Pondicherry.
475. Pukhraj Sethi—12, Indian Exchange Place, Calcutta-1.
476. B. C. Jalan—3, Netaji Subhas Road, Calcutta.
477. B. D. Bagrodia—3, Netaji Subhas Road, Calcutta.
478. S. K. Basu—8, Harrington Street Calcutta-16.
479. B. K. Birla—Moti Mahal, Churchgate Reclamation, Bombay-1.
480. K. M. Wilcox—Sutherland House Kanpur, Uttar Pradesh.
481. Sahu Shriyans Prasad Jain,—Dhrangadhra (Gujarat State).
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483. M. P. Birla—15, India Exchange Place Calcutta-1.
484. P. C. Barr C/o Hindustan Ferodo Ltd Ghatkopar. Bombay—86 (AS).
485. P. N. Sur—14, Old Court House Street Calcutta-1.
486. S. C. Roy—Nicco House, Hare Street Calcutta-1.
487. B. Himatsingka—Noonmati, Gauhati
488. Alan William Hamer—34, Chowringhee, Calcutta-16.
489. Alan William Hamer, "Crescent House" 19 Walchand Hirachand Marg, Ballard, Estate, Bombay-1.
490. K. B. Dabke—45-47, Apollo Street Fort Bombay-1.
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493. B. L. Dalmia—130, Cotton Street Calcutta-1.
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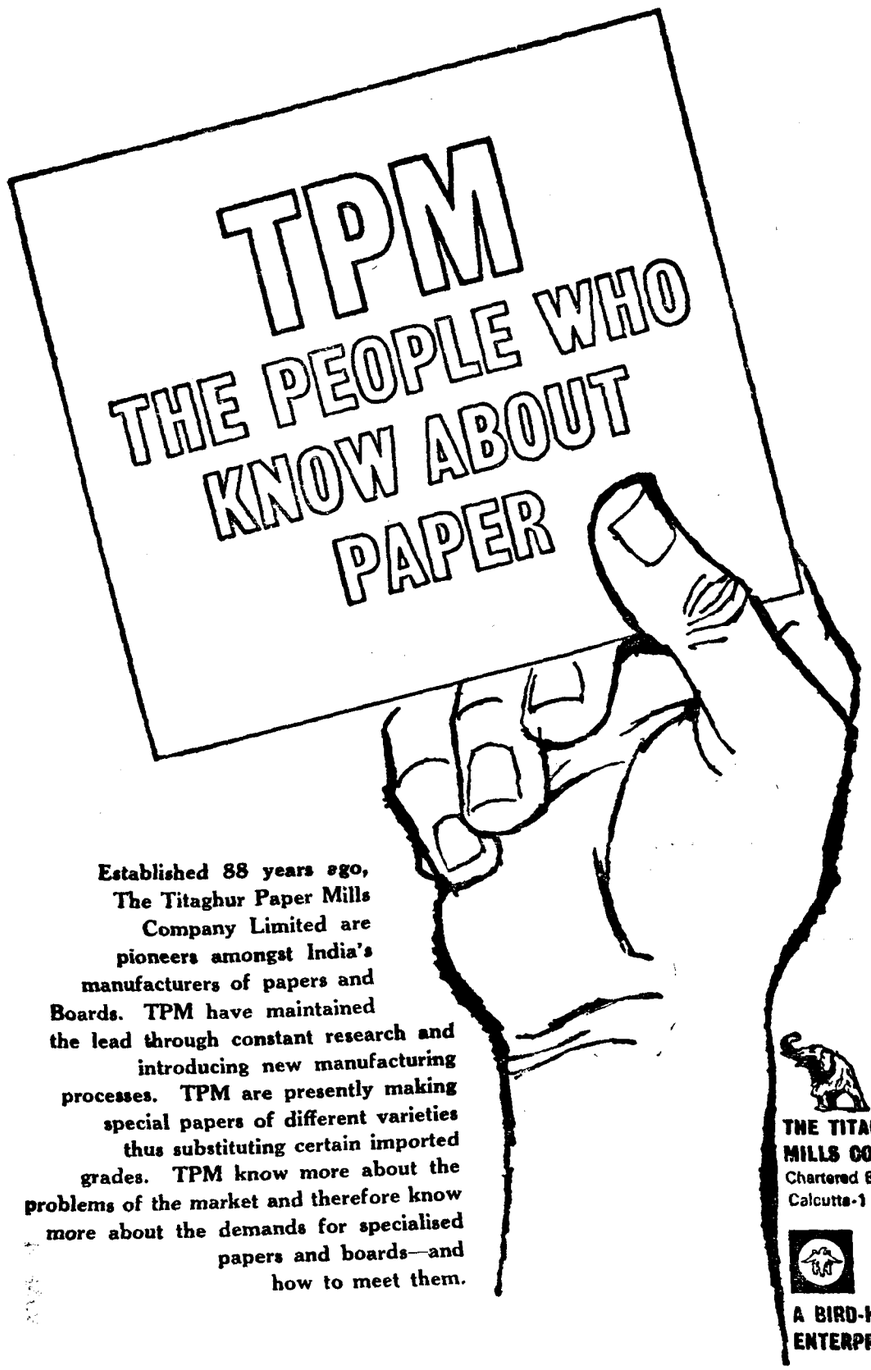
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Doubts about Economic Policy

ALTHOUGH the political parties other than the extreme left have confined their postures in the forthcoming elections to two issues, *viz.*, the implementation of the ten-point programme and the defeat of the Congress (R), the economic issues and the means of tackling them loom large over the fortunes of the respective parties. This is obvious from the manifestoes of the Jana Sangh and the S.S.P. The Prime Minister, Mrs. Indira Gandhi, has launched her election campaign by holding out the hope that her economic policy would pay rich dividends while betraying her anxiety about the currents at work. What will be her policy in the event of her Party being returned to power has been cautiously written in the Congress (R) election manifesto. She has chosen to present her leftist posture in a low key in order to condemn both the extreme right and the extreme left. The Congress (R) does not aim at abolishing the institution of private property; it wants to make the right to property real for the largest number of people. For this, the Party is pledged to prevent individual holdings and ownership of property beyond reasonable limits and the concentration of economic power and wealth in a few hands. There has been no specific reference to the provisions of the Constitution which the Party would like to get amended. Earlier at a Press conference in Bombay, Mrs. Gandhi conceded that in certain areas the price rise would be inevitable on account of progress. She also promised imports of commodities to reduce shortages and maintained that one of the surest ways to overcome shortages was to boost indigenous production.

The Government's propaganda machine has jumped on the bandwagon in order to emphasise that everything is moving in the right direction; but the official statements have proved half-truths. It is reported that last year witnessed a boom in applications for industrial licences. While this contradicts the Prime Minister's statement that business men are "really not taking any advantage of all the incentives given to them", the fact that the number of licences and letters of intent issued in 1970 was only 600, *i.e.*, 48 more than the figure for the preceding year, sustains Mr. N. A. Palkhivala's charge that "far from capital being on strike, it has been struck." Another announcement claims that the volume of import licensing of raw materials and components during April-August 1970 improved by 27 per cent; but imports for April-October were higher by only Rs. 6.9 crores than those in the corresponding period of the preceding year. Could it be that there is a wide gap between licences issued and used, deliberately ensured through the public agencies accounting for four fifths of the country's total imports?

A "crash" export plan for the engineering industry for the last quarter of the current fiscal year was announced a month ago; but there has been no dialogue over it between the industry and the Central Foreign Trade Ministry. Meanwhile, the Central Steel Ministry, which is yet to fulfil the last year's promise of the steel output being stepped up by 25 per cent in 1970-71, has now announced that it would pick up fast hereafter to reach "very much nearer" the rated capacities of plants in a year's time and that the engineering industry would have no problem of steel after June, since Hindustan Steel Ltd has ordered 200,000 tonnes of steel which will start arriving from March next. But the shortage is of the order of 2 million tonnes. In the case of soda ash, a "crash" plan for importing 10,000 tonnes has been promised to meet a deficit of nearly 200,000 tonnes and manufac-

have been threatened with the imposition of control over distribution if actual users are starved. How the steps contemplated would solve the problem has not, however, been explained. A similar technique has been sought for ending the tussle between spinners and weavers of man-made fibres.

The Central Ministry of Agriculture obviously does not want to be left behind in the race for optimism. It has claimed that Hybrid-4, backed by a Centrally-sponsored package programme for cotton development, would help the country step up the cotton output from the present level of 5.7 million bales to 8 million bales by 1973-74. In the intervening period, hgher imports of raw cotton have been promised. A fly in the ointment was the inordinate delay in the winter rains and their adverse impact on the foodgrains output. The farmer is pessimistic about the size of the *rabi* crop and the Central Food Ministry hopes that if the weather is not unkind, the food target for 1970-71 would be achieved. The most pertinent question is how far imports of raw materials and other scarce commodities can be stepped up. Exports are rising at an annual rate of less than 1 per cent, agreements for foreign aid are barely enough to service debt obligations and there is a limit for scraping the unutilised aid to finance the trade deficit.

On the basis of the official data, a rise of 6 per cent in industrial production is expected in 1970-71. On the other hand, the volume of money supply is being expanded at two and a half times the real growth rate. True, the price inflation is a worldwide phenomenon; but in the case of India, the purchasing power of the prewar rupee has slumped to eight paise. Is this falling value of the rupee tolerable in the context of development? In a country notable for the wide gap in statistical information, one has to rely on straws, such as the railway traffic. During the first eight months of 1970-71, the number of wagons loaded declined by 5.12 per cent on broad gauge and by 5.20 per cent on the metre gauge, compared with the previous year. Broadly, this represents a fall in economic activity. The situation presents into bold relief the question as to whether and, if so, how far, the country's economic development can be accelerated through meticulous planning when the weather and the human factor are unpredictable and the Prime Minister admits that in spite of the Government's effort, black money poses "a serious problem", corruption is not unique to this country, and that the Government has made "some" mistakes in setting up certain projects.

In Bombay, Mrs. Gandhi said that she had been a critic of the private sector because it was criticising the public sector. But it needs to be pointed out that when the Government commits a mistake, its consequences are borne by the whole country whereas an individual private enterprise pays the penalty for its wrong judgment and leaves scope for adjustment. In his annual statement as chairman of the Associated Cement Companies, Mr. N. A. Palkhivala has pointed out that for every one rupee of profit earned by a shareholder in the private sector, a company generates over Rs. 3.25 by way of revenue for the Government for financing social services. The trend of Government revenue underlines the frustrating exercise. The recent seminar in New Delhi on "growth of entrepreneurship" has made a series of demands on the Government for promoting sound entrepreneurship and for hastening the pace of industrial growth in backward areas. One has no quarrel with the Government's intention to make entrepreneurship broadbased and to reduce regional imbalances. But the question is whether industrial progress must be slowed down until this is achieved.

Poll Promises of Parties

THE coming election to the Lok Sabha may well be called a referendum. Never before have such fundamental issues been posed before the electorate. The main question that the voter will have to answer is: can the right to property be abridged or deleted from the Chapter on Fundamental Rights in the Constitution? The second question which is not so loudly posed, but may become more important in coming years, is whether the Centre's powers should be trimmed and the States granted greater autonomy. Although all the parties are seeking an answer to these questions from the voter, they have not aligned themselves in a manner to make it possible for him to give a simple answer. Moreover, a large number of local issues are there which will only confuse the fundamental questions. Above all, is the simple Indian voter alert enough to grasp the full significance of the issues involved? More likely than not, his vision may be clouded by the personalities involved. In parts of the country like West Bengal, the atmosphere of violence will make cool judgment nearly impossible.

The initiative for seeking the people's verdict has rightly been taken by the Congress (R). But it has stopped short of the next logical step, that of posing the issues squarely before the people. As a result, its manifesto has been variously interpreted. A majority of observers have found in it a retreat from radicalism. There is greater concern for the protection of the right to property than for its abridgement or deletion from the Chapter on Fundamental Rights. To many, the Party's assurances of support and encouragement to the private sector and the promise of simplifying the licensing procedure seem incongruous with its earlier doctrinaire approach. There are many others who feel that the mildly worded manifesto is a ruse to lull the voter. They feel that once Mrs. Indira Gandhi is voted back to power, she will make common cause with the Communist Party of India and attempt to change the Constitution beyond recognition.

These suspicions are strengthened by the C.P.I. manifesto which makes the broadening of the leftist base the main aim of its election campaign and the primary justification of its support to the Congress (R). As long as Mrs. Gandhi hopes to come to power with the communist support and is willing to pay the price for it the net gain may be that of the communists. If this be so, there is much justification in the Swatantra leaders' argument that those who vote for Mrs. Gandhi might as well do so for the communists and save themselves from self-deception. A careful look at the Congress (R) manifesto will, however, show that this kind of thinking is an over-simplification of the situation. India's politics is much too complex to be cast into water-tight ideological compartments. Election promises apart the backlash of Mrs. Gandhi's step following the split in the Congress (R) has convinced her that there are limits beyond which she cannot use socialism as a means of keeping her in power. And it is becoming obvious that if she returns to power, she will be a much more sober person.

Such considerations notwithstanding, the rightist parties, namely, the Swatantra, the Jana Sangh and the Congress (O) as well as Parties like the Bharatiya Kranti Dal, which cannot be labelled as rightist or leftist, have made the property issue the main plank of their election campaign. The Swatantra Party has gone a step further by projecting a programme for economic development which has the merit of being logical. It has suggested measures like tax reliefs and incentives to production which, it believes, will take the country forward by the proper use of the profit motive. The Congress (O) and the Jana Sangh, on the other hand, are riding two horses at the same time. They talk of the nationalisation of certain sectors of the economy to look more socialistic than the Congress (R) and, at the same time, seek all kinds of privileges for the propertied class. The Congress (R) manifesto, though mildly worded, is more consistent than theirs.

The two Parties which have come out badly are the Praja Socialist Party and the Samyukta Socialist Party. Although the P.S.P. wants continued growth of big business in the interest of progress, it has offered co-operation to the Congress (R). The S.S.P., which has asked for the deletion of the property right and a ceiling of Rs. 1,500 a month on the individual income, has thrown its lot with the "Grand Alliance". Its plea is that this is the best way to destroy the established order and build a new one. The C.P.I.(M) wants the Constitution to go "lock, stock and barrel" and has decided to go it alone at the hustings since it knows that no other party shares its views and the intensity of its feelings. Notice needs to be taken of the strong demand for greater autonomy for the States loudly voiced by at least four Parties—the C.P.I.(M), the S.S.P., the D.M.K. and the Akalis. All of them want a strong Centre but feel that the States should not be bound hand and foot by the Centre in all matters. In India, the States enjoy much less power than in the U.S.A. and many other strong federal democracies. So strengthening the States will not necessarily weaken the Centre.

Sugar: Problems of Plenty

SUGAR shares have been in the doldrums because of the difficult trading conditions during the current season. The industry is worried over the problems of plenty which have willy-nilly imposed a serious financial burden on it. The Government's earlier proposal to build up a buffer stock has not yet materialised nor have the finances of factories improved because they have had to carry a huge accumulated surplus which is apparently difficult to dispose of. Furthermore, the cost of production in the industry has been substantially increased because of the higher wages which have had to be conceded under the second Wage Board recommendations. The worries of producers have also been aggravated by the proposal to increase the additional excise duty on sugar which has justifiably been resented by Mr. S. K. Somaiya, president of the Indian Sugar Mills Association. What with high wages on the one hand and high taxes on the other, the industry is being crushed by a procrusean process with no obvious solution in sight.

Some problems of growth have already become apparent in the industry in which production has picked up considerably in the past two years. According to the industry's estimates, the opening stock at the beginning of October last was about 2.09 million tonnes. With production during the current season expected at 3.8 million tonnes, which will be 400,000 tonnes less than in the previous season, the total available supply during 1970-71 is expected to be about 5.9 million tonnes, compared with 5.6 million tonnes in 1969-70. Consumption (including exports) during the 1970-71 season is estimated at 4.05 million tonnes (against 3.5 million tonnes in 1969-70), leaving a closing stock of 1.8 million tonnes by the end of September this year.

Since releases are regulated by the Central Government, mills have to keep large stocks, which means adequate credit has to be made available to them. Last season, peak advances from banks amounted to about Rs. 210 crores. This level of credit, in the industry's view, is inadequate. According to Mr. Somaiya, at least Rs. 100 crores more would be needed by the industry this year to enable mills to maintain the prompt and regular payment of cane price to growers, wages to workmen and other Government dues.

In the midst of the election fever, everyone seems to have virtually forgotten the case of the industry, although only a few months ago there was a demand—politically motivated though—for the nationalisation of the industry, at least in one big State. Pending the report of a committee which is examining the *pros* and *cons* of the issue, there are some immediate problems which cry out for solution. Unless the Government pays quick attention to them, the upward trend in sugar production may not be maintained for long. One such problem is the question of credit. Having encouraged people to grow more sugarcane by ensuring a minimum price and the mills having produced the sugar, who is going to take on the burden of carrying the huge stocks? The distribution mechanism is partly controlled by the Government; hence it has a responsibility to see that the industry gets adequate credit. Part of the stocks with the mills could be taken over by the Government, but the much-talked-about buffer stock should be built without delay. The Government's dilatoriness in taking a decision to create a buffer stock is not difficult to understand. Once a buffer stock is created, the problem of maintaining the stocks becomes the Government's headache. With limited warehousing facilities and resources, it is unwilling to shoulder the burden. At the same time, it unfairly expects the industry to carry it without adequate compensation.

There is an interesting sidelight to sugar stocks with the mills. The stocks are not equally distributed. There appears to be sharp disparities in stocks held by mills in different regions. For instance, as on 30th November, the all-India average of stocks in relation to production in 1969-70 was 32 per cent. While mills in Maharashtra held stocks 14 per cent below this national average, mills in Madhya Pradesh had 20 per cent above this average. In other words, the Madhya Pradesh mills held stocks amounting to 52 per cent of their production whereas the comparable figure for the Maharashtra mills was 38 per cent. If one considers the cost of keeping the stocks by way of servic-

ing the credit, godown rent, insurance charges, etcetera, the burden of mills with large stocks can well be imagined. This is an indication of the manner in which the power to issue monthly releases is being exercised by the Centre.

According to Mr. Somaiya, while the actual average monthly internal offtake was not more than 300,000 tonnes, in some months the Government had released as much as 600,000 tonnes, despite the industry's representation to regulate monthly releases, keeping in mind the actual demand. The Government cannot be unaware of the stocks with mills in different regions—particularly in the high cost zones—and it is not difficult for it to ensure that, when it releases additional quotas in some months, these are released from factories with excessive stocks.

The Government has not also taken a final decision on the levy prices for controlled sugar. Provisional prices were fixed for the 1969-70 season, and these have been continued for the 1970-71 season also. Production costs have increased as a result of the higher incidence of taxation in some of the States, like the increase in the levy on electricity. The industry says that while costs have thus risen sharply in 1969-70 and 1970-71, the increases have not been allowed in the levy prices. It wants an immediate revision of the provisional levy prices, fully providing for the cost increases.

An avoidable irritant is the differential rate of excise duty on "free" and "levy" sugar. While the rate for the former is 37.5 per cent, for the latter it is 25 per cent. With the sharp decline in open market rates, the actual free sugar realisations of factories in most regions are lower than their levy prices. The industry is in favour of a uniform 25 per cent excise duty for both "free" and "levy" sugar, but how long should it wait for its plea to be heard?

Last but not least, an alarming prospect for the industry is the proposal to increase the additional excise duty on sugar. The committee of the National Development Council had considered at its last meeting the demand of the States to levy sales tax on sugar, tobacco and textiles in place of the additional excise duty and had suggested the maintenance of the existing system with an increase in the additional excise duty. According to the I.S.M.A., even now 36 per cent of the cost of production of sugar is accounted for by taxes. Being an essential food item, the industry feels that the excise and other duties on sugar are already high and the need is for a reduction—not an increase—in these taxes. If the proposal to increase the additional excise duty is implemented, it will have serious repercussions on the cane grower, the consumer and the mills. It might also affect the consumption of sugar and increase further the disparity in taxes on sugar and *khandsari*, the adverse consequences of which are already well known.

Cotton : Massive Imports Planned

THE Central Minister for Foreign Trade, Mr. L. N. Mishra, assured the millowners in Bombay a few days ago that the Government would import about 1.7 million bales of cotton (including 300,000 bales of staple fibre) against the earlier revised programme to import 1.32 million bales. This was being done because of the further downward revision of the indigenous crop to around 5.3 million bales. Mr. Mishra also indicated that the P.L. 480 agreement for cotton was expected to be finalised before the end of January. The prospect of massive imports has not had even the slightest impact on the cotton market where prices have continued to seek new high levels. This is perhaps because Ministerial statements are not taken very seriously by the trade and industry. And one cannot blame them for that. For only three days later, the Textile Commissioner told the standing committee of the Cotton Advisory Board that the Minister's statement should not be taken as an assurance to import 1.7 million bales of cotton and staple fibre. The Textile Commissioner's elucidation is not calculated to enhance the Government's prestige. One does not expect a Minister to indulge in loose talk.

Estimates of the cotton crop placed before the standing committee of the Cotton Advisory Board ranged from 5.1 million to 5.5 million bales. Taking the crop around 5.3 million bales, the committee asked for an additional import of 500,000 bales—over and above what the Government is already committed to. The idea is to make good the gap between the total availability and mill consumption of 6.4 million or 6.5 million bales and normal exports so as to leave the carryover at the end of the season at around 1.7 million bales. Unable and unwilling to enforce the necessary discipline on the industry to make do with reduced supplies, New Delhi has continued to hold out the promise of larger and larger imports without any serious consideration of the huge foreign exchange expenditure involved in massive imports of fibre. Cotton is by no means the only commodity which is in short supply; the shortage of steel, for instance, is posing a far more serious problem. Despite the improvement in the country's balance-of-payments position, foreign exchange is not that plentiful as can meet all the import needs of various industries.

The fantastic rise in cotton prices resulting from the partial failure of the indigenous crop on the one hand, and a sellers' market in cloth and yarn on the other, has created a serious problem for the exporting units and affected the fortunes of the weaker units in the industry. A good many exporting mills are reported to have suffered heavy losses on their outstanding contracts because of the subsequent rise in the cost of production due to higher cotton prices. Export assistance will have to be stepped up very substantially in order to maintain shipments at the 1970 level.

The steady increase in export assistance to maintain the competitive position of Indian textiles in overseas markets and the large amount of foreign exchange that has to be spent on cotton imports every year point to the imperative need for maximising the indigenous production of cotton. The partial failure of the cotton crop this season when the overall behaviour of the monsoon has by all means been reasonably satisfactory is an indication of the serious nature of the problem. With production during the second year of the Fourth Plan estimated at around 5.2 million or 5.3 million bales and the average for the past many years stagnant at around 5.7 million or 5.8 million bales, one wonders how the Plan target of 8 million bales is to be achieved. It is no use blaming the Government for not spending enough on cotton development. It should not be beyond the means of the 600-odd mills to pool sufficient resources through a voluntary levy to finance the cotton development programme. The industry would do well to set up a cotton development bank at the earliest in order to be able to launch a crash programme for cotton development in the new season. Abundant supply of cotton at reasonably cheap prices alone can cure many of the ills afflicting the Indian cotton mill industry.

CURRENT COMMENT

STEEL

Removing Shortage

Addressing the annual general meeting of the Engineering Association of India held recently in Calcutta, Mr. B. M. Birla warned that business men must bear in mind that the young generation was not going to tolerate a situation similar to that which had existed a century ago. They had to take in the totality of the situation, not only of today but also of 30 years hence and do something to meet the needs of the people. He said that the country's production was not increasing because the industries were still following the antiquated production methods. If business men wanted to improve the standards of living, they should be progressive in using modern machines and technology. India could build up a sizable export market only when productivity was increased. Mr. Birla observed that *gherao* and intimidation could not create more employment opportunities. Greater production and new industries alone would help in creating more jobs and more prosperity

Mr. S. N. Rungta, president, discussed in his speech how the shortage of steel was hampering the progress of the engineering industry. With a receding recession, the engineering industries are facing a steel shortage and are finding it difficult to meet the domestic as well as export commitments. He said that unless the Government took immediate steps to expand steel production, there would be a steel famine in the country by 1975-76. Mr. Rungta observed that public-sector enterprises had been set up at a tremendous cost to taxpayers. The private sector looked up to them for providing ideal examples in the matter of adjustments concerning human relations and self-dedication on the part of workers. He referred to the "low order" politics, multiplicity of unions and indiscipline among workers which were creating a situation of anarchy and lawlessness in these enterprises. Mr. Rungta felt that the rising prices of essential goods were one of the main causes of industrial and social unrest.

WEST BENGAL

Reviving the Economy

Presiding over the second quarterly general meeting of the Indian Chamber of Commerce held recently in Calcutta, Mr. R. P. Goenka said that an integrated programme for providing greater employment opportunities to the people of West Bengal was necessary. There must be substantial investment in the existing as well as new industries. The State's future depends on political stability and a climate for growth. West Bengal is being left behind in industrial development by many States. Her economic problems are so acute that the Government should take immediate steps to pump in fresh resources. Mr. Goenka said that the State's problems should be dealt on an emergency basis. Many industries are lying closed and not a few are facing the prospect of closure. The engineering industry is having a poor order-book position. Moreover, there is a continuing shortage of steel. Liberal credit and loans to industries should be made available on the spot from a reconstruction bank. New licences for investment in West Bengal should liberally be given without any ideological restraints. The Central Government should come forward to set up some public-sector projects in the State during the Fourth Plan period.

NOTICE

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MANAGEMENT

Rôle in Social Change

In the context of the rapid social change triggered off by economic development, the All India Management Association and its 27 affiliates are sponsoring a national management convention in New Delhi from 12th to 14th February to discuss the rôle of "Management in the Changing Social Environment". The Prime Minister, Mrs. Indira Gandhi, will inaugurate the convention, which is expected to be attended by over 1,500 professional managers from business, educational and Government agencies, and trade unionists. This convention is being jointly organised by the Bombay Management Association and Delhi Management Association. The basic objective of the convention is to bring together different sectors of the management complex in India so that they may appreciate and understand the impact of the social changes, redefine the rôle of the manager, his responsibilities to adapt himself to the changing situation and to contribute effectively towards bringing about structural changes for smoother economic growth and social transformation. Apart from the keynote address and the plenary sessions to be addressed by professional experts, there will be 16 concurrent symposia covering practically every aspect of the theme of the convention.

TEA

Warehouse Problems

Speaking to representatives of the tea industry and trade in Calcutta recently, the Central Minister of Foreign Trade, Mr. L. N. Mishra, said that the Government was exploring all possible ways to run the public warehouses in Calcutta without allowing a vacuum on the expiry of the leased period of Balmer Lawrie and Co. Mr. Mishra referred to the large accummulation of tea chests in the public warehouses as a result of certain disputes with local labour. He said he could also imagine the apprehension of labour that there was a fear of retrenchment should Balmer Lawrie and Co. give up managing these warehouses on the expiry of its present lease after 31st March, 1971. He said that the Government was seized of the situation and would certainly find a solution to the problem.

Mr. Mishra urged the industry to add to the list of newer products of tea which would result in increased exports of tea and thereby increased foreign exchange earnings. He said the world today was drifting from the orthodox use of tea to newer products like instant tea and

tea in tea bags. "Unless we keep pace with the world's advance, our interests in the export of this commodity are likely to suffer", he said. The Minister disclosed that a meeting of the exporters' group to consider longer-term arrangements and to review the exports during the first three months of this year was likely to meet in Rome in the month of April next, before the Consultative Committee on Tea met some time towards the end of the year. He hoped that the measures taken at the international forum would go a long way in stabilising tea prices which had suffered severely in the past.

ENGINEERING EXPORTS

New Dimensions

Mr. S. N. Rungta, president of the Engineering Association of India, in a Press statement has welcomed the establishment of the Trade Development Authority by the Government of India to promote the export of selected engineering items along with others to highly developed countries of the world. Mr. Rungta is of the view that the Trade Development Authority would add new dimensions to export promotion efforts and would enable the exporters of engineering goods to get package assistance from a single source which has been sadly lacking so far. Very appropriately, the Trade Development Authority has selected 11 groups of commodities for export promotion. Among the engineering goods included are: electronic equipment and components, sewing machines and components, bicycles and bicycle components, automobile ancillaries, industrial fasteners, ferrous castings and forgings for industrial application, and stainless steel cutlery. These have emerged as new items in India's export list. The countries selected include Japan, the U.S.A., Canada, the U.K., West Germany, and France.

HANOVER FAIR

International Significance

For the first time the Hanover Fair will commence on a Thursday and close on a Friday. It will still be a nine-day event, but the advantage of the new arrangement is that the number of non-working days will be reduced. The 1971 Hanover Fair will open on 22nd April. About 6,500 firms will be exhibiting their products in the fair. The number of direct exhibitors will be some 5,500. More than 120 trade associations, national representatives and service firms will run their own offices on the fairground. The international significance of the fair is reflected in the number of foreign exhibitors from 30 nations. With its intense concentration on separate branches of industry, the 1971 Hanover Fair will be offering a comprehensive survey of the international range of products from capital and consumer goods industries. The net exhibition space totals 460,000 square metres. The emphasis of the fair will be on the electrical industry and mechanical engineering. A further strong group will be the office equipment industry.

CHEMICAL INDUSTRY

Plea for Expansion

In a statement to the Press, Mr. M. L. Seth, president of the Indian Chemical Manufacturers' Association, has made an optimistic review of the progress of the chemical industry in the country. With the implementation of the Fourth Five Year Plan, the industry has shown satisfactory growth and is making its due contribution to the development of a number of industries, both basic and subsidiary. However, this growth itself has brought to the fore certain imbalances in basic raw material supplies. There may be shortages of basic chemicals like soda ash and caustic soda as well as of some branches of petro-chemicals. These shortages are likely to grow unless immediate steps are taken to increase production capacity. The chemical units, irrespective of their fields of operation, should be permitted to increase their present capacities by 25 per cent. This besides, the Government should grant additional licences in different fields.

The slowing down of the Koyali project would retard the growth of the industry. This project should be speeded up to make basic raw materials available to the chemical units. Another problem is the supply of spare parts. With the branching out of the industry, lists of spare parts to be imported are required. At present, there are difficulties in clearing the badly needed consignments through the Customs for the lack of such lists. The rise in sugar production is making larger quantities of alcohol available. To take care of this increased production, it is necessary to plan for the expansion of alcohol based industries. They would not only consume surplus alcohol, but also make important chemical products available for the growth of the economy.

PAPER

More Production Needed

Presiding over the annual general meeting of the Indian Paper Mills Association in Calcutta recently, Mr. U. S. Bajoria referred to the shortage of paper in the country for the past one year and said that the paper industry had attended promptly to the marginal imbalances between the supply and demand. He said that during the two-year decontrol period, the average net price increase in paper had been of the order of Rs. 257 a tonne; keeping in view the past static prices, the phenomenal increase in costs allround and the need for restoring health to the industry, this increase in paper prices was quite reasonable. He mentioned that the present price of white printing paper was only 30 per cent higher than what it was in January 1960, whereas there had been a sharp increase in the prices of all other commodities, including essential raw materials required by the paper industry. Mr. Bajoria expressed the view that consumers' interest could be protected not by unrealistic prices of finished goods which affected the growth of production but by continually augmenting production capacity to meet the rising demand.

MONEY MARKET

Call Rate Up

The short-term money market has been extremely tight this past week. The call rate at the time of writing has been more or less steady at 11½ per cent, with borrowers over. The demand for remittances has been moderate. The supply of tea bills has been fair while that of gunny bills has been moderate. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

SO MANY AIRCRAFT HAVE BEEN HIJACKED in recent months that it would have been surprising if an attempt had not been made sooner or later in this part of the world. But what happened last Saturday was no act of individual lunacy or radical protest. The nomenclature should deceive no one; the so-called National Liberation Front is just one more wing of the elaborate Pakistani organisation aimed at annexing Indian territory by force. Clearly, the plan is to prepare the ground by espionage, sabotage and subversion, and the Pakistani spy ring called Al Fatah, which was recently unearthed in Kashmir, is closely interlinked, if not wholly identical, with the so-called N.L.F. I cannot pretend that my emotional involvement in the future of Kashmir is particularly intense, but it is impossible to dismiss the latest evidence of Pakistani mischief in the valley as a matter of purely local consequence. Although I have never had much time for Sheikh Abdullah's impertinent pretensions, my first reaction to his recent externment from Kashmir was rather mixed; I was not quite sure if there was not some political motivation behind New Delhi's action. But subsequent events have shown the need for still more drastic and far-ranging measures. The Pakistani complaint at the United Nations about the action taken against the Plebiscite Front was characteristically impudent, but it will not help the Front leaders to disclaim links with Islamabad. By granting asylum to the hijackers, the Pakistan Government provided clear proof that it had been actively and directly behind the varied criminal activities planned or already perpetrated within Indian territory; even the "uncontrollable mob" at Lahore airport seems to have been an official invention. New Delhi will have to take up and pursue the matter as one of the utmost gravity, but will Islamabad now make another protest to the U.N. against the violation of Pakistani air space by a hijacked Indian aircraft? A man like Mr. Bhutto is quite capable of suggesting one. He has already succeeded in making even sportsmen in West Pakistan accept his slogan: "Kashmir first, hockey later." Now that the plan to grab Kashmir by force has at least temporarily gone awry, hockey will probably be never rather than later. And, with the Kashmir hysteria revived, how can Sheikh Mujibur Rahman hope to persuade the West Pakistani fanatics that India and Pakistan can not only co-exist peacefully but also resume trade and a few other links? His talks with Mr. Bhutto in Dacca were predictably unproductive. And President Yahya Khan may not be sorry.

I STILL DON'T HAVE THE SMALLEST intention to make any kind of election forecast, but can't help noting certain trends that may have a bearing on the final outcome. One Maniram may not make a victorious March, but the psychological impact will not be confined to the obscure constituency where U.P.'s Chief Minister was defeated by a Hindi journalist from Lucknow. Nor has the S.V.D.'s image been refurbished by the diverse pulls over the leadership issue that followed the by-election; Mr. Charan Singh's anxiety to see that Mr. T. N. Singh respected "the people's verdict" must have caused not a little amusement outside S.V.D. circles. Mr. Nijalingappa, of course, had no reason to be amused either by Maniram or by the report from Hyderabad that Mr. P. Venkatasubbaiah—one of the Congress (O) general secretaries—had joined the Requisitionist ranks. In Mysore, two Ministers have defected from the Congress (O); a general secretary of the Bihar Congress (O) is said to have crossed over to Mrs. Gandhi's camp with 100 followers. And the four-party alliance is yet to emerge as a cohesive force with a clear plan of campaign; Mr. George Fernandes remained adamant in his refusal to oblige Mr. S. K. Patil or any compromise candidate from south Bombay. Not that the Congress (R) is entirely without organisational strains of its own; evidently a section of the Party in Tamil Nadu is unhappy over the deal with the D. M. K. Similar resentment, it will be recalled, frustrated an alliance with Messrs. Ajoy Mukherji and Sushil Dhara in West Bengal. According to Dr. P. C. Chunder, about 250 Congressmen in the State have changed their labels from (R) to (O); whatever the basis of this claim, the most striking feature of the pre-poll picture in West Bengal is the absence of any formal understanding between the anti-Marxist parties. Indeed, the Congress (R), the Congress (O), the Bangla Congress and the E.P.C.-turned-U.L.D.F. are all formally committed to fighting the elections from separate platforms. This should give the C.P.I. (M) a distinct advantage, even if there are unstated adjustments between some of its opponents. To the ordinary voter, how-

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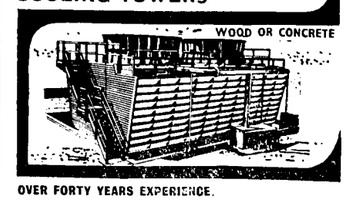
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ever, all this may seem somewhat unreal against the background of the continuing violence in the State. Even the C.P.I. (M)'s directive to its district units to conduct the election campaign "peacefully" may appear meaningless at this stage. Varying the context, I can only quote Mr. Charan Singh and pronounce that the situation is "pregnant with more than one possibility", perhaps none particularly reassuring—even with the Army standing by.

OIL CONSUMING COUNTRIES THROUGHout the world could stand to gain if the U.S. Government is sincere in its apparent decision to back the resistance the western oil companies are putting up against the demands of the Middle Eastern producers. I should not like it to be thought I grudge such countries as Iran, Libya and Saudi Arabia a fair share of the profits from oil. Also, it does appear that the long buyers' market in oil has ended, thanks probably to the predicted shortfall in Russian production, and this would certainly justify higher prices. But some of the demands recently made by producing countries, and the methods devised to enforce them, entail the very real threat of soaring world prices, disruptions in established markets and perhaps even political disputes to follow. In this respect I have in mind the behaviour of the Libyan regime, which has spearheaded the latest attack on the companies. We, in India, have reason to appreciate that international oil giants are not philanthropists, and sometimes can themselves behave in a manner calculated to cause economic and political disruption. But the world has a vested interest in a stable and efficient international oil market, and that is what some of the more militant members of the O.P.E.C. seem intent on wrecking. They are unlikely to do themselves any real good in the long run. The United States could well survive without buying their oil at all, and is certainly strong enough not to be dictated to by them. Western Europe, although nowhere near self-sufficient in supplies, now has proven reserves of its own which could, by the end of the decade, be supplying a high proportion of its needs. With the exploitation of atomic energy coming on apace, and Governments under pressure to slow down the dismantling of their coal industries, there is no longer the need to be too dependent on Middle East oil. The Arab producers, and Iran, may have found

that the main growth potential for the future lies in Russia and eastern Europe. They could be right. But I doubt if they will be able to compensate in this market for what they lose further west.

THE RECENT APPOINTMENT OF DR. Leon M. Sullivan to the board of directors of General Motors, Detroit, was as inspired a stroke of public relations as I have ever heard of. The fact that Dr. Sullivan is a negro is important enough in itself. But what is even more significant is that he is also a Minister of Religion, a man of the cloth. Combine the two attributes and you have the effective answer to so much of the public criticism being levelled at big business in America today. Whoever devised that *coup* was a genius. That Dr. Sullivan has no experience of business, much less of how to make automobiles, will be regretted only by those who castigate as pure moonshine the theory that large-scale industry should seek to wear a human face. In many eyes, his profound ignorance of the problems faced by such leviathans as General Motors is about his best recommendation. It is, when one comes to think of it, the ultimate vindication of the argument in favour of the non-executive director, an institution that has tended to attract more critics than exponents in recent years, not least in India. When the main purpose of the non-executive board member was to protect the general interests of a company's shareholders, his rôle ended to be derogated, even derided when the appointment was too obviously a bad one. It was the professional manager who seemed best recommended for the office of director, all too often to the exclusion of anybody else. But now the concern is with the interests of the general public, and Dr. Sullivan's appointment is the symbol of that fact. One wonders why the truth has taken so long to dawn; for far too long the public and consumers have been about the last to be considered in questions affecting the general economy. One only has to note the casual attitude Governments take towards inflation—the supreme example of taxation without representation—to realise that. I recommend to New Delhi that the initiative of General Motors be duly noted; there is more than a sound case to argue in favour of non-executive directors in this increasingly environment-conscious world.

I WAS GLAD TO SEE IN "THE STATESMAN" last Saturday an excellent appreciation of the late Professor Tarak Nath Sen by Dr. Subodh Chandra Sen Gupta. Only a few days earlier, I was present at a meeting, presided over by Dr. Sen Gupta, at which tributes to Professor Sen were paid by some of his former colleagues and students. Dr. Sen Gupta was senior to Professor Sen; perhaps he is also more widely known through his books on Shakespeare, Shaw and others. But he had no hesitation in saying that Professor T. N. Sen belonged to a different class, the very small class of genius in which he would place only Percival and P. C. Ghosh from among others who had taught English in this country. Yet Professor Sen was no celebrity; he was hardly known outside a small circle of friends and a larger circle of students. How can others have any idea of what he meant to those who knew him, particularly as students? He wrote little and published less; even what was published is not easily available. I am told that a committee has been formed to collect all his writings and bring them out in a single volume; Dr. Sen Gupta's brief article in the *Statesman* may serve the purpose of making many people look forward to such a book. I was in fairly close touch with Professor Sen for about four years, and I have not known anybody for whose knowledge of English literature or command of the English language I have greater respect. And I have known a number of eminent scholars in English, including some, both Indian and British, with brilliant records at Oxford and Cambridge. Professor Sen had his education in an almost exclusively Indian, more specifically Bengali, environment. Yet his sense of the language was as assured as it was unfailing. Perhaps even more than his scholarship, it was his precision of thought and expression that set before his students a model of near-perfection. Professor Sen would have deprecated the suggestion that he was perfect; but even in the austere terms he urged all to employ his intellectual powers must be described as truly exceptional. He brought to the study of literature a mind that was imaginative yet mathematically disciplined, subtle yet uncompromisingly clear, elaborately equipped yet unfetterred by the dictates of academic convention. And the style really showed the man. I have seen comparable dedication, but not nearly comparable results.

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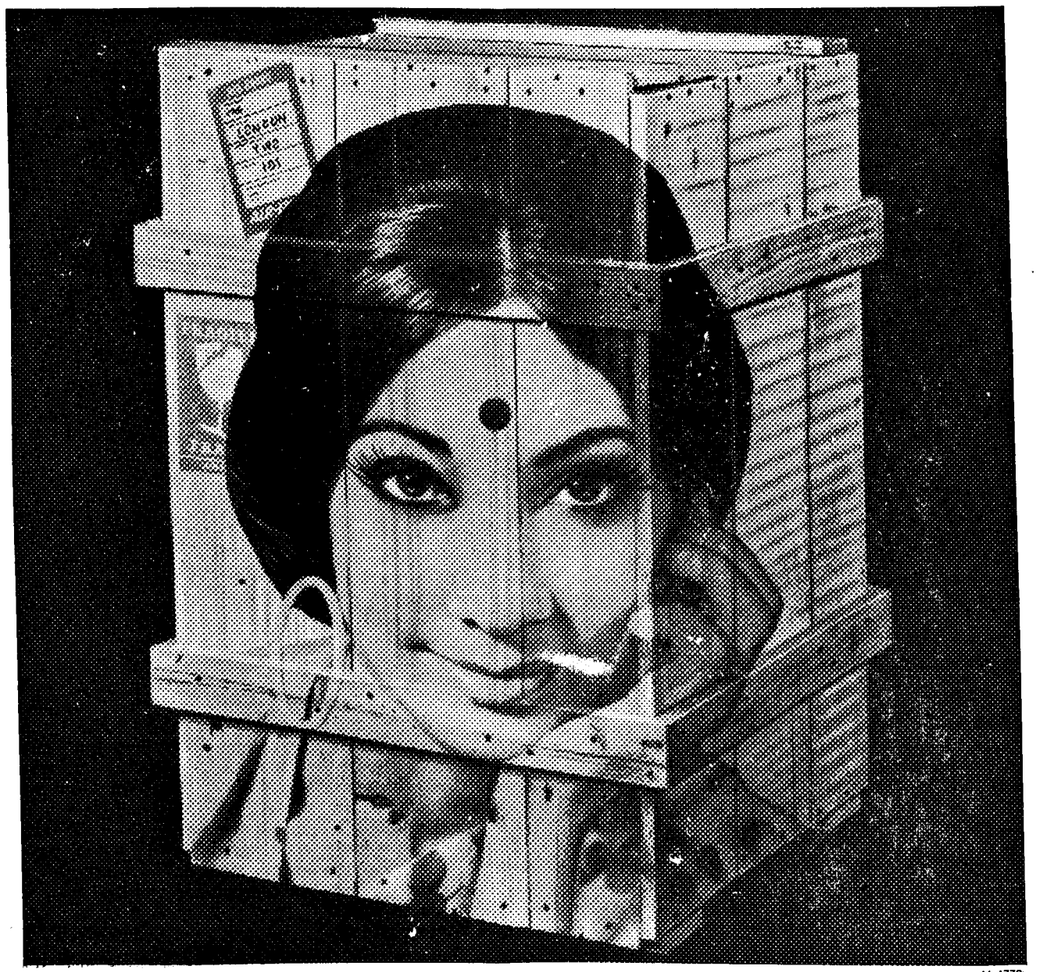
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MANAGEMENT

The Cost of Capital: An Important Tool in Financial Management—I

By Navin Chandra Joshi

An analysis of the cost of capital in business is an important tool in financial management. It is only through the correct estimation of the overall or average cost that sound judgments can be made concerning investment policies. This is the first of a series of two articles. The other will appear next week.

AS basic to the theoretical and applied science of financial management, a study of the cost of capital is both exciting and complex. Not long ago, such a study was considered only as an academic exercise, not having a measure of significance for framing the capital structure of a business concern. Today, however, the financial managers seek to get at an optimal policy by which they may maximise the value of their companies by striking at a viable financial structure.

To Modigliani and Miller, a corporation's cost of capital is constant and not of much avail in the determination of the methods and level of financing. Their approach makes the cost of capital completely independent of the capital structure and equal to the capitalisation rate of risk capital.[1] They observe that were it not for the federal corporate income-tax, the debt-equity ratio of a firm would have no effect on either its common stock price or its cost of capital.[2] However, the introduction of taxes (which are always there) changes this conclusion substantially. It must, therefore, be remembered that the assumptions of Modigliani and Miller are unrealistic when they do not take into consideration the effect of taxes or the charges of flotation. Their simple conclusion that the cost of capital does not change with a change in the debt-equity ratio and that an individual investor is able to shift his investments from one kind to the other (retaining the mix of risk and safety) without any involvement of cost is of doubtful validity.

Perfect Capital Market

Another assumption that the equal cost of funds from all sources presupposes the existence of a perfect capital market is also not tenable. The state of equilibrium where no choice of finance methods is relevant is indeed difficult to achieve. In fact, to strike at the equilibrium level, a number of imponderables must be confronted and tackled effectively. In such a process, costs of various sources of finance, when quantified, are bound to be complex in nature. It has, therefore, been remarked that "while the models of Modigliani and Miller and others are important theoretical contributions in this field, in terms of applicaton it is necessary to emphasise constantly what is presently feasible without getting into esoteric financial or quantitative models"[3] The economic theorist has tended to side-step the essence of this cost of capital problem by proceeding as though physical assets, like bonds, could be regarded as yielding sure streams. Given this assumption, the theorist concludes that the cost of capital to the owners of a firm is simply the rate of interest on bonds, and has derived the familiar proposition that the firm, acting rationally, will tend to push investment to the point where the marginal yield on physical assets is equal to the market rate of interest. It is the resultant of the two criteria, namely, (i) the maximisation of profits, and (ii) the maximisation of market value. According to the first criterion, a physical asset is worth acquiring if it will increase the net profit of the owners of the firm. But the net profit will increase only if the expected rate of return or yield of the asset exceeds the rate of interest. According to the second criterion, an asset is worth acquiring if it increases the value of the owners' equity, *i.e.*, if it adds more to the market value of the firm than the costs of acquisition.

There is no doubt that an analysis of the cost of capital in business is an important tool in financial management only to be handled with care and caution. On the correct estimation of the overall or average cost can sound judgments be made concerning investment policies. The various strata of capital do exert influence in diverse ways and the composition of the funds of a company may ultimately rest at the point where the return expected is more than the cost of capital. However, the major point of controversy is the criterion for deciding the ratios of different components of the capital structure as also the computation of their respective costs.

Three Elements

It has rightly been said that "a company's cost of capital fluctuates with the company's fortunes and the condition of the security markets.... As a practical problem, estimating the cost of capital has three elements: (1) finding market values, (2) finding costs of flotation, and (3) determining the capital structure." This paper, therefore, intends to analyse the factors which govern the quantification of the costs of funds in some of their ramifications so as to examine whether conceptually they have been applied in the Indian corporate sector. One caveat is worth noting at the outset. Because of the controversy that does exist in the conceptual framework and its relevance to actual conditions, it is virtually impossible to attempt to offer a set of guidelines for making decisions without implicitly choosing a particular viewpoint. One knows that the object of a business enterprise is not merely to earn a return; it is to earn a return in excess of the costs associated with the resources employed. According to Lewellen, "a firm's so-called 'cost of capital' then—commonly expressed as an annual percentage figure—is simply that rate of return which its assets must produce in order to justify raising the funds to acquire them."[4] Cost usually denotes the intrinsic worth of an asset but when used in the context of the cost of capital, it assumes a special significance. Here, then, it would mean the future payments for the use of funds that management must meet because of the legal necessity to pay interest on borrowings

[1] Franco Modigliani and Merton Miller, "The Cost of Capital, Corporation Finance, and the Theory of Investment", *American Economic Review*, June 1958, pages 268-269.
[2] *Vide American Economic Review*, June 1963, pages 433-443.
[3] Bhattacharya, S. K., Article on the Cost of Capital, *Economic and Political Weekly*, Bombay, 29th August, 1970.
[4] Lewellen, Wilbur G., *The Cost of Capital*, Wadworth Publishing Company Inc. Belmont, California, 1969, page 6.

and to generate surplus funds to ensure dividend to shareholders.[5]

In determining the cost of resources, the cost of servicing of all the sources of capital should be properly accounted for. There are four broad sources of such capital, namely, (i) the risk capital or the variable dividend capital, (ii) long and short-term borrowings, (iii) preference shares, and (iv) retained earnings. The major determinant for risk capital is the dividend expectation of the shareholders based on the historical dividend policy of the company and the existing capital market conditions. It is felt that equity funds are a little more difficult to deal with since there is no required dividend rate. Hence, the current dividend rate in relation to the market value of shares is considered to be its cost. As has been said: "The cost of issuance of common stock depends primarily upon the method of distribution used, the size of the issues, and the size, industry, age, and record of the issues. The cost is relatively low for issues offered to the general public, costs decrease rapidly with increasing size."[6] There is another view that the cost of equity capital is linked with the minimum rate of return that must be earned on equity-financed investments to keep unchanged the value of the existing common equity.[7] It may, however, be remarked that changes in the yield of equities must take place by the very nature of these shares and to that extent, their market value (as contrasted with the nominal value) must also fluctuate. In fact, companies always endeavour to raise their dividend-paying capacity in order to have a commanding position in the market.

While it is recognised that one cannot be certain as to the amount of future dividends expected by risk-capital owners, at the same time it is not unreasonable for them to expect a future dividend based on a steady growth factor. With such a conceptual proposition of equity cost, the formula can be $K=(D/P)+g$, where K is the cost of capital, D is the current earnings a share, P is the current market price for the share and g is the growth factor expressing the expected annual increase in future a share in terms of percentage. Applying this formula, if D is Rs. 12 a share, g is 2 per cent a year with the current market price a share at Rs. 150, then $K=0.08+0.02=10$ per cent. It can also be put as: $\frac{\text{Future earnings a share}}{\text{Net proceeds a share}}$. Professor Ezra Solomon has formulated it for an entirely equity financed capital as $K_e=E_A/P$, where K_e is the cost of equity funds, E_A is the flow of future net earnings expected and P is the net market value of the existing ownership capital.[8]

One may now take up the cost of borrowing. This cost is clearer in the sense that the market mechanism determines the interest rate and the loan agreements stipulate the cost of this component of capital. However, the incorporation of debt funds into the analysis introduces a number of difficult issues that must be faced squarely. The use of debt involves latent risks that do not exist when equity financing alone is used. "The cost and availability of debt funds and the risk to the borrower are different for different kinds of capital expenditure and also vary with proportion of debt to equity financing. These factors should be taken into account explicitly in order to insure optimum decisions."[9]

The appropriate method of calculating the cost of borrowing can be explained by an illustration. If a company borrows Rs. 1,50,000 from a bank for six months at 5 per cent, the cost is not half of Rs. 7,500 but something more as banks usually discount loans by deducting the interest in advance and crediting the borrower with the net proceeds. Thus, the company will receive Rs. 1,50,000—Rs. 3,750=Rs. 1,46,250. The cost of this debt would be $\frac{\text{Interest}}{\text{Proceeds}}=5.129$ per cent. However, in the case of long-term borrowings, it is necessary to subtract from the price to the public the underwriting spread and other costs of the issue. Furthermore, the fact whether the debt is at a discount or at a premium must also be taken into consideration. To illustrate the point, suppose a company sells 5 per cent 25-year debentures to the public *via* underwriters at Rs. 1,010 for each Rs. 1,000 nominal value debentures. Underwriting and other costs amount to Rs. 60 so that the net proceeds to the company are Rs. 950 a debenture. The 5 per cent interest comes to Rs. 50. Since the net proceeds are Rs. 950 when actually Rs. 1,000 will be paid at maturity, the difference of Rs. 50 a debenture is then set aside uniformly at the rate of Rs. 2 a year a debenture over the 25-year life of the debenture. Therefore, the total annual cost of the debenture is Rs. 52. The company will be in a position to utilise to the extent of Rs. 975 which will bring the cost of debenture to $\frac{52}{975}=5.33+\%$. The same would be the position when it is sold at a discount. Weston and Brigham believe that "as a first approximation, the cost of debt is defined as the rate of return that must be earned on debt-financed investments in order to keep unchanged the earnings available to common shareholders."[10] Interest paid on debentures is a deductible expenditure for tax purposes, and, therefore, the effect on the cost of capital after taxes is less.

As far as the cost of preference shares is concerned, it is almost similar to debentures discussed above. Here one thing to be noted is that the dividends on preference shares are paid out of after-tax profits, and, therefore, the effective cost would be higher than what it would be otherwise. It may be that a successful corporation sells its preferred stock on the promise of a rate of dividend substantially less than its current or expected rate of profits on the investment of its equity stock.

(To be continued)

[5] "It lies buried in operating expenses in the form of prices for goods and services furnished. It should also be noted that the cost of funds does not in any way denote the earning goal or target of earning requirement that will ensure continuity and growth of the business."—T. S. K. Menon. Article on the Cost of Money in Business in the *Economic Times*, 14th July, 1970.

[6] Raymond W. Goldsmith, *The Flow of Capital Funds in the Postwar Economy*, National Bureau of Economic Research, New York, 1965, page 237.

[7] This view is held by Fred J. Weston and Eugene F. Brigham, *vide* their book entitled *Managerial Finance*, published by Holt, Rinehart and Winston, Inc., 1966.

[8] *The Theory of Financial Management*, Columbia University Press, New York, 1963, page 51.

[9] Ezra Solomon, *Elements of Financial Administration*, edited by John L. O'Donnell and Milton S. Goldsberg. Prentice-Hall of India (P) Ltd., New Delhi, 1964, page 314.

[10] Ibid, page 282. In this connection, it is pertinent to note that Raymond P. Kent concludes that the use of cheap funds may give a common stock "leverage" that may act as a fulcrum, so to say, whereby the common stock profit rate can be raised to a level higher than could be reached without their use. Likewise is the conclusion that dependence upon relatively "expensive" common stock funds as the sole long-term source of assets may represent an unreasonably conservative and unimaginative financial policy. See his book, *Corporate Financial Management*, Richard D. Irwin, Inc., Homewood, Illinois, 1968, page 303.

SPECIAL ARTICLES

Political Factionalism and Adverse Economic Forces Threaten Democracy in India

(BY A SPECIAL CORRESPONDENT)

Political instability and regionalism are sapping the vitality of democracy in India. The frequency of communal riots, indiscipline among Government servants, the breakdown of law and order and the unsolved economic issues are causing much concern.

THE style of this year's Republic Day celebrations has served once again as a reminder of what was hoped for 21 years ago when the country enshrined its aspirations in the Constitution and what it has done to achieve them. The President, Mr. V. V. Giri, himself set the tone by advising the people to "eschew bitterness and violence" in their election campaign and pointing out that economic distress could not be solved by political adjustments. It would be appropriate at this juncture to examine the strength of the base that India has built since 26th January, 1950, against the background of the stresses and strains left by the partition of the country already torn economically by the second World War. Over the period, the country has managed to maintain political unity without solving the inter-State disputes and to build up its defences against external aggression. Democracy has taken a deep root, and the nation is poised for rapid economic growth. The apprehensions of a military dictatorship can now be dismissed, partly because conditions are not favourable for it and partly because the disposition of the defence forces is such that they cannot be mobilised under a single military leadership.

The other side of the coin is not, however, pleasant. The States have displayed a tendency to assert their supremacy over the Centre and the national issues have been overshadowed by regional interests. The political system has remained undeveloped, the leading political parties have been divided by factional interests, and defections and political opportunism have become the order of the day. The frequency of communal riots, indiscipline among Government servants, and the breakdown of law and order have caused much concern.

The population has grown at an annual average rate of 2.76 per cent, the national income has risen at 1960-61 prices by 4.78 per cent and the share of mining, manufacturing and construction to the national income has improved from 17.68 per cent to about 24 per cent. But the prices have been rising by 4.84 per cent, thereby indicating that the living standards have deteriorated and the economy is suffering from distortion. Inflation has played havoc with traditional values of thrift, savings and discipline. It is no wonder, therefore, that the resources in relation to needs have been shrinking.

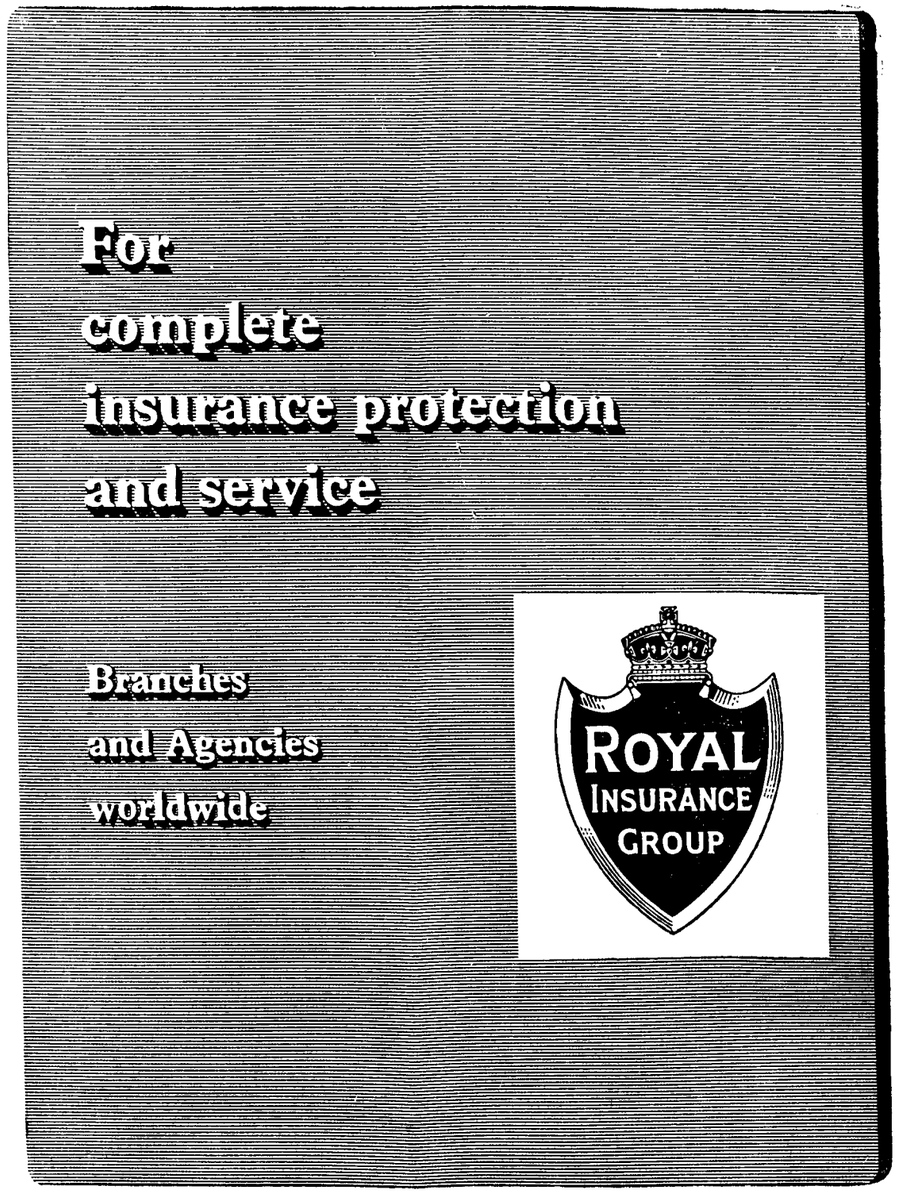
What sort of a Government the country will have in March next to tackle the disease is anybody's guess; but three trends are quite clear. First, the regional parties favouring stronger States have been gaining in importance, and it would be worth watching as to whether the country opts out for smaller States in the hope of making the Centre stronger. The creation of Himachal Pradesh as a separate State may be a straw to indicate the direction of the wind. Secondly, with regional problems remaining unsolved, one has got to learn to live with political instability. Thirdly, the economic issues would loom large over the body politic.

This explains why the election manifestoes of leading parties have placed an extra emphasis on economic issues. Although all parties have taken pains to assure the electorate that they would not take an extreme position, their past records speak of the future. By and large, the Grand Alliance has preferred to remain to the right and it remains to be seen how far it will be dragged towards the left by the S. S. P. and whether, in the process, it will be able to maintain its existence. The communists have, on the other hand, promised that they would maintain law and order and would take over closed down factories in order to avoid unemployment. In its bid to secure a decisive majority, the ruling Congress has declared that the ideologies of both the extreme left and right are a serious threat to the country. But it has provided no clue to the crucial question as to with whom it will form a coalition Government in case the result of the mid-term elections to the Lok Sabha does not confer on it a decisive majority. Its election manifesto seeks to have the best of both the right and the left by promising to follow the middle course.

For instance, the ruling Congress promises that the private sector will be stimulated to the maximum extent possible, but monopolies and concentration of power will not be permitted, there is no intention to abolish the institution of private property but individual holding and ownership of property beyond "reasonable" limits will be prevented, and that the public sector will be expanded in the already announced fields. The policies and programmes to which it stands pledged are no doubt in accordance with the principles laid down in the Constitution. But the question is to what extent the growth effort will be loaded with social aims. All that it has stated in this context is that India's pursuit of economic growth is likely to be disrupted in the absence of advances in social justice. Does this mean that social justice will have a precedence over growth effort or will both march hand in hand?

A clue to the answer has been provided in the manifesto which promises a realistic wage and price policy integrated with a rational wealth and incomes policy. This will at best be the key note of the economic policy of the ruling Congress in case it secures a decisive majority which can help it muster political courage so vitally needed for the purpose. It is significant to note in this context that it mentions that "for an effective employment programme, a minimum economic base is essential" and "we are now in a position to undertake an integrated national works programme." The ruling Congress gives an impression that the socialist measures adopted by it during the past one year and a half have, by and large, given it the much needed economic base for operating its new economic policy, what may at best be done to strengthen it is to extend the scope of what has already been socialised, and that there will be no ceiling on personal incomes and no cut in the present ceiling on land holding. Cumulatively, the manifesto gives an impression that Mrs. Gandhi and her Party have opted out for consolidation.

A fly in the ointment is, however, the eventuality of a coalition. The process of defection from the old Congress is in full swing and the defeat of Mr. T.



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N. Singh in the Maniram Assembly by-election will hasten the pace of this trend. Will it lead to the merger of the two wings minus the old leaders under Mrs. Gandhi? Should this happen, the chances for the process of consolidating the socialist gains are bright.

But the probability of a coalition with the C.P.I., the D.M.K., the Bangla Congress and a host of other leftist parties cannot be ruled out. Mr. Dange is already toying with the idea that such a coalition can help him force an ideological division within the ranks of the ruling Congress so that the Government in power can be pushed further to the left. What precisely would happen must, therefore, remain a speculative guess until the results of the elections are declared.

Commonwealth Conference : Lessons for India

(BY A SPECIAL CORRESPONDENT)

India can hardly view with equanimity Russia's determination to assert her right to be in the Indian Ocean on an equal footing with the western powers. This would only aggravate the present tension in the area and turn it into an arena of big power conflict.

THE most significant outcome of the Commonwealth conference in Singapore appears to be the warning by its African members that they would have to turn to the communist countries for help if Britain persisted in aiding the racist regime in South Africa. To the African countries the increasing military strength of South Africa is the most dangerous development on the continent. It is not just the question of strengthening and perpetuation of the hated doctrine of apartheid. It also portends danger to their recently won freedom. The countries of Africa, particularly those around South Africa, regard the Pretoria regime even more dangerous than some countries of Asia, including India, consider China to be. The pattern is familiar. Hitler's Germany, Communist China and racist South Africa have shown almost identical expansionist tendencies and posed a threat to their neighbours.

African fears are not imaginary. The racist white minority has tried to extend its sway over the region in insidious ways. To begin with, South Africa quietly annexed south-west-Africa which was given to it as a Trust territory under a U.N. mandate for a fixed period. It has given powerful support to Rhodesia without which the white minority Government in Salisbury would have crumbled long ago. South Africa has ganged up with Portugal to crush nationalist independence movements in Angola and Mozambique. And the latest of the sins of South Africa is that it has started luring away some African countries from among its enemies with baits of aid. And, to cap it all, South Africa now wishes to forge a formal mutual defence pact with the N.A.T.O.

The exposure of these problems at the Commonwealth conference should have helped India and the African countries to understand each other better. The Africans have generally failed to comprehend in full measure the China problem in Asia. In the peculiar situation, they have learnt to look upon China as a friend. Likewise, India has so far shown only lip sympathy for the Africans in their fear of South Africa. The divergence was evident at the Lusaka summit of the non-aligned powers. What India seems to be faced with after the Commonwealth conference in Singapore is virtually an open invitation by the African powers to the Chinese and the Russians to make their presence felt in the Indian Ocean to counter the growing might of South Africa. This would at once increase the present tension in the area and turn it into an arena of big power conflict.

For the present, Russia's presence in the entire region from the Suez to Singapore seems more obvious than the Chinese. The movement of Russian naval vessels off the coast of Singapore through the Malacca Straits during the period of the conference was a reminder to all concerned that Russia was determined to assert her right to be in the region on an equal footing with the western powers. According to India's External Affairs Minister, Mr. Swaran Singh, what had happened was that the British monopoly of the Indian Ocean area was being broken. Mr. Swaran Singh's assessment may be wrong. According to western records, about 15 per cent of the ships that passed the Cape of Good Hope last year were Russian. The Russian Navy is no longer of a defensive nature. It is armed with the most modern armaments capable of a major offensive. It has already placed itself on an almost equal footing with the Americans in the Mediterranean. All this has become apparent within the short space of about two years. At this rate, within a few years Russia may emerge as the main force on the high seas around the entire Afro-Asian landmass.

Seen in the context of the Anglo-U.S. desire to withdraw from this region, the development cannot be viewed with equanimity even by India which has for so long remained a friend of Russia. If there is any lesson to be drawn from the euphoria of the "India-China Bhai-Bhai" days, it is that such unequal friendships do not last long. Nor can there be any comfort for India in Russia's assertions that the overwhelming Russian armed might in the Indian Ocean is intended for the altruistic motive of the containment of China. The rape of Tibet by China and its subsequent impact on India are too fresh in Indian minds to be forgotten. India lost her natural mountain defences the moment she acquiesced in the Chinese annexation of Tibet and paid the price for her complacency soon after. India is now exposed to another threat from her vast sea frontier which has remained comparatively calm for nearly two centuries. But she cannot forget that it was through this weak frontier that she was conquered by the British. The imperial rulers recognised the vulnerability of the sub-continent from its vast sea coast and took adequate measures to protect their empire from any potential rivals. Even today the power that rules the Indian Ocean may not be far from asserting its authority on the countries of the region.

For obvious reasons, the African powers cannot see the danger of Russian naval presence in the region as clearly as India can. They are immune to any anti-Russian sentiment by their fear of South Africa and its western allies who keep helping the racist regime directly or indirectly. The African powers are not pro-communist. Some of them

are pronouncedly anti-communist. But there are indeed few that would be prepared in the present circumstances to voice their fears, if they have any, of the growing communist influence on their continent.

The situation suits the Russians in the same manner as the Middle East crisis. They are not worried if the Arab nations are anti-communist. Some Arab countries are feudal monarchies and have banished even liberals suspected of leftist leanings. But they are forced to take an anti-West and pro-Russian posture because of western support to Israel. In the same manner, the African countries south of Sahara are compelled to suppress their fear of communism to be able to meet the bigger challenge of racism by the white minority Governments in the region. The Russians ask for nothing more than the privilege of being allowed to come in and help. They pretend to take no interest in the internal affairs of these countries. They are prepared to overlook the suppression of socialist movements there. Their only professed motive is the liberation of oppressed peoples everywhere from imperialism and racism. Whether they believe in this kind of talk or not, the African nations from the Suez to the Cape of Good Hope are left with no option but to accept the offer of the communists. They have before them the example not only of the west Asia crisis but also of Vietnam where the Russian and Chinese help was a decisive factor in the virtual defeat of American policy in the Far East.

But it should be easy for India, with her long experience of western imperialism, to see through this new kind of imperialism that is rising in the Indian Ocean area. After all, the western powers came to this region centuries ago as friends. They came as missionaries and traders and asked for nothing more than permission to carry on their business and to engage in missionary activity to promote Christianity. In course of time, they offered help to local rulers to fight their enemies. The last step was when they bared their fangs and became the rulers themselves. The Russians may be repeating history in the twentieth century style.

While India has obvious reasons to view these developments with alarm, the western powers have an even greater responsibility. They have already seen the defeat of their policies in Vietnam. Arming South Africa would mean the creation of another Vietnam in that country. No one, except the 20 per cent whites of South Africa, would shed even a drop of tear if that country went the way of Vietnam and collapsed. But the danger is that in the process the forces of democracy and freedom in this region may be irreparably damaged and communism may emerge victorious over the entire region. Britain and her allies should heed the warning and look for friends other than South Africa to meet the Russian challenge in the Indian Ocean.

Will the C.M.D.A. be Free to Stick to Its Plans?

(BY A SPECIAL CORRESPONDENT)

Despite the C.M.D.A.'s efforts, the development of Calcutta remains uncertain. The uncertainty stems from the question whether the new Ministry, when formed after the mid-term poll, will allow the C.M.D.A. to go ahead with its plans or whether it will make drastic changes in the plans to incorporate its own ideas.

THE Calcutta Metropolitan Development Authority (C.M.D.A.) has shown imagination and initiative in publicising its activities not only in West Bengal but also in other parts of India through newspapers and other means. Calcutta is truly a national city whose development should be the concern of the people of India as a whole. It is, however, desirable to examine critically the programme of work of the C.M.D.A. and find out to what extent it is soundly conceived.

The C.M.D.A. was set up on 7th September, 1970. The scope of its activity covers an area of 490 square miles with a population of 8.5 million. It is empowered to formulate plans as well as to execute them. It has also the authority to co-ordinate the development programmes of other agencies connected with Calcutta's development. Its main task is to see that the Rs. 150-crore programme for the Calcutta Metropolitan District is effectively implemented. The details of the schemes to be carried out in the Fourth Plan are shown in the table on this page.

There are 92 schemes in the programme and they will be implemented by nine State Government departments, namely, (i) Municipal Engineering Section of the C.M.P.O., (ii) Public Health Engineering Directorate, (iii) Irrigation and Waterways Directorate, (iv) Public Works Directorate, (v) Public Works (Roads) Directorate, (vi) Public Works (Special Roads) Directorate, (vii) Construction Board, (viii) Housing Directorate, and (ix) Oriental Gas Company's Undertaking. There are also five statutory bodies, namely, the Calcutta Improvement Trust, Howrah Improvement Trust, Calcutta Metropolitan Water and Sanitation Authority, Calcutta State Transport Corporation, and the Calcutta Tramways Company to carry out the schemes. The implementation will also be done by the Calcutta Corporation, Howrah Municipality and other municipalities. The C.M.D.A. will co-ordinate the execution of these projects and integrate them with the overall development programme for the Metropolitan District.

	(Rs. in lakhs)
Water supply ...	2,880.97
Sewerage and drainage ...	2,893.58
Traffic and transportation ...	3,152.65
Garbage disposal ...	260.77
Bustee improvement, housing and urban development	
(a) Bustee improvement ...	1,000.00 (including Government of India's grant of Rs. 8 crores)
(b) Bustee acquisition, clearance and re-development	998.96
(c) Work-*cum*-living centre in Manicktala ...	31.85
(d) New area development (Kona, Kalyani township, etcetera) ...	1,360.00
Other schemes, including hospital facilities and primary education ...	1,662.34
Low-cost workers and lower middle class housing ...	600.00
Special projects (Tramways, C.S.T.C., etcetera) ...	928.00

A perusal of the brochure issued by the C.M.D.A., in which it explains its activities in detail, gives the impression that the entire programme has been carefully drawn up and that what is required is only its execution. But it is here that the difficulty will arise. For example, are the Calcutta Corporation and other municipalities adequately equipped to carry out these schemes with efficiency and expedition? In a report released a few years ago, the C.M.P.O. said that the budgeting techniques of the municipalities were "primitive" and that many of them were ill-equipped to handle large sums of money. Have these deficiencies been removed? The C.M.D.A. says that it will ensure that the money is well spent "by scrutinising the plans and estimates carefully before giving them approval, laying down specifications for the jobs, prescribing guidelines to be followed, frequent checking of the progress of work and through regulatory and proprietory audit". But will the C.M.D.A. also fix target dates for implementing specific schemes? This should be done. But in the event of some municipalities failing to carry out properly the projects entrusted to them, how will the C.M.D.A. enforce its authority on them? It is not also clear to what extent the writ of the C.M.D.A. will run in the nine departments of the State Government which will be implementing the various schemes.

The C.M.D.A. consists of seven members and an advisory council of 22 members. The chairman is the Principal Adviser to the Governor. He will be replaced by the Chief Minister when a popular Government is formed. Three members are officials and three are non-officials. It is not known what exactly will be the rôle of the advisory council. How frequently will it meet and on what subjects will it be consulted?

It seems strange that the advisory council does not contain even a single representative of the business community. It is not known whether the State Government will select any business man while exercising its power to nominate four members to the advisory council. But, surely, the business community should have been associated with the C.M.D.A. in a more active manner than by merely nominating (assuming this is going to be done) one of them to the advisory council. It is significant that while the C.M.D.A. is widely publicising its programme, the business community is going ahead with its own scheme to set up a Metropolitan Calcutta Development Society. This is being brought into existence to carry out schemes relating to the improvement of drainage, sanitation, water supply and public works and conveniences of all kinds. No one knows to what extent there will be co-ordination between the C.M.D.A. and the Metropolitan Calcutta Development Society.

The C.M.D.A. seems to have started its work in right earnest. Its brochure says: "The C.M.D.A. will now mobilise funds on a massive scale from a variety of sources so that the development programme can be implemented. In this sense the C.M.D.A. marks the most important step taken in recent years for giving a real start to the Calcutta development programme". But what will happen when a popular Government is formed after the mid-term poll? Will the Ministry, whatever be its composition, allow the C.M.D.A. to go ahead with its programme or will it make drastic changes? The Ministry may have its own ideas as to how to develop Calcutta and to what extent and in what manner the co-operation of the business community is to be sought for this purpose. Thus the outlook for Calcutta's development continues to be quite uncertain despite the efforts of the C.M.P.O. and the C.M.D.A. to improve the city.

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(BY A SPECIAL CORRESPONDENT)

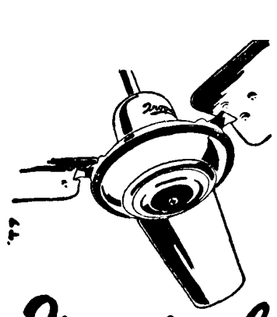
IT is a little over 14 years that the Life Insurance Corporation of India came into existence through an Act of Parliament by the merging of 245 private insurers, with varying standards of working and efficiency. This was a landmark in the history of the insurance industry in this country. The significance of life insurance in a developing economy like India's is that it is one of the most useful means of mobilising savings for developmental schemes as well as of ensuring protection to individual families. New business is the life-blood of an insurance organisation. With the L.I.C.'s mission to spread insurance, the number of persons to whom it has carried its services is a reliable index for assessing its progress. The activities of the Corporation cover every day 5,000 new families. As against a new sum assured of Rs. 281.90 crores in 1957, the L.I.C. completed a new business of Rs. 1,036.08 crores in 1969-70. The total number of policies on its books has increased during this period from 5.69 million to 14.85 million. The average sum assured a policy has increased from Rs. 3,424 to Rs. 7,394. Its total business in force as on 31st March, 1970, was Rs. 6,425 crores, as against Rs. 1,474 crores in 1957. As against the premium income of Rs. 58.55 crores for 1955, the same for the year 1969-70 has been Rs. 260.41 crores.

The decision to nationalise life insurance, it is necessary to recall here, had been taken with the objective to spread the gospel of life insurance as far and wide as possible and to effectively mobilise public savings. Living up to the objectives of nationalisation, the Corporation is now one of the 25 largest life insurance institutions in the world. The number of offices through which the Corporation operates is 699 with 37 divisions, 424 branches, 115 sub-offices and 123 development centres. Efforts are being made to have either a branch or a sub-office or a development centre in each district headquarter. The Corporation's interest in offering protection to the hitherto neglected rural sector can be judged from the fact that during the year 1969-70, 462,000 policies (33 per cent of the total number of policies issued in India) assuring Rs. 251.76 crores were issued in the rural areas. The L.I.C. has also decided to introduce before the end of the current financial year a new "Centenary Policy" to cover the rural population, consisting mainly of agriculturists frequently exposed to droughts and famines. This new plan would enable them to keep the policy alive for a year or two even if they fail to pay the premium. About 70 per cent of the total number of new policies issued in the year were for sums assured between Rs. 1,000 and Rs. 5,000 which showed that the L.I.C. had carried its message to the middle and low income people. The L.I.C. has decided to remove forthwith all extra premiums on occupational hazards to the socially weaker sections of the community.

The L.I.C.'s investments have increased from about Rs. 380 crores to about Rs. 1,528.66 crores. On a percentage basis, 73.6 per cent of the investments are now in the public sector, 9.5 per cent in the co-operative sector, 0.4 per cent in the joint sector, and 16.5 per cent in the private sector. In the public sector, investments have increased from about Rs. 255 crores to about Rs. 1,045 crores. In the private sector, these have gone up from Rs. 70 crores in 1956 to about Rs. 234 crores. The Corporation has introduced a scheme of advancing loans for house-building purposes. Loans advanced to the State Governments for such purposes come to about Rs. 114 crores. Abount Rs. 60 crores have been given as loans to the Co-operative Housing Finance Societies. Loans have also been advanced to individuals for building houses. The L.I.C. has a plan to finance the construction of 50,000 houses in the next three years.

The amount of claims settled during the period September 1956 to December 1957 came to about Rs. 25 crores. Claims settled in the financial year 1969-70 were to the tune of Rs. 80 crores. Till 31st March, 1970, over Rs. 600 crores had been paid by way of claim settlements—both maturity and death. It is a positive proof that the L.I.C.'s acitivities have benefited that section of the community which was prudent enough to buy insurance. Over 1,000 claims are paid a day. It was in April 1964 that the Corporation decided to enter the field of general insurance business. In 1964-65, which was the first year of its working, the gross premium income in general business came to Rs. 46.52 lakhs. This increased to Rs. 16.20 crores in 1968-69 and to Rs. 18.04 crores in 1969-70.

The L.I.C. has so much to achieve in future. As only 7.5 million people are insured in this country, the L.I.C. will have to play a more dynamic rôle in coming years. Social security through insurance has to be carried to millions of homes in this country. This explains why the emphasis should be on persons rather than on policies. Through individual insurance and group insurance schemes the Corporation aims to achieve this objective. The expansion and consolidation of activities is a major indicator of growth. The L.I.C. is alive to the fact that the annual average increase of 10 per cent in business is not sufficient. Although certain regions have done well, the overall performance can still be improved.



MONEY AND BANKING

Will the Bank Rate Rise Help to Check Price Inflation?

By Kailash Nath Sharma

The latest Bank rate rise will make credit dearer. But whether the credit restraint will succeed in bringing about price stabilisation remains to be seen.

THE Reserve Bank of India has once again used Bank rate as a tool of credit control. Bank rate was last changed on 2nd March, 1968, when it was lowered from 6 per cent to 5 per cent, the main object then being to help industries fight the recessionary tendency. Now it has been raised by one point to 6 per cent, effective with the close of business on 8th January, 1971. On the other hand, the minimum net liquidity ratio for a scheduled bank—to enable it to get accommodation from the Reserve Bank at Bank rate—has been raised from 33 per cent to 34 per cent, effective from 29th January, 1971. However, the liquidity ratio for the purpose of Section 24 of the Banking Regulation Act will remain unaltered at 31 per cent.

Traditionally, Bank rate as a weapon of credit control by a central bank assumes importance for regulating the movement of short-term funds and its efficacy as a pace-setter for other market rates of interest on which the decisions to invest both in fixed assets and inventories are supposed to depend. Also in an active and well-organised money market, with a good deal of sensitivity of changes in the official rate, the variation of Bank rate is commonly viewed as a warning signal to the banking system in particular and to the financial institutions in general concerning the state of the economy and the direction of the official thinking so that the financial institutions might suitably change their lending policies.

The present step is not a bolt from the blue. At a meeting of the chief executives of the major banks in November 1970, the Governor of the Reserve Bank had expressed his concern over the price situation and had stressed upon the banks for credit restraint. The wholesale price index was about 7 per cent higher than a year ago. Money supply with the public had increased by 12 per cent in 1970. In a circular letter to the banks, concern was expressed on the increasing demand for bank credit in relation to the inadequate deposit mobilisation by the banks. In 1969, bank credit increased by Rs. 547 crores, against the increase in aggregate deposits by Rs. 636 crores. But in 1970, the increase in bank credit outpaced the deposit mobilisation; aggregate bank deposits increased by Rs. 798 crores, whereas bank credit increased by Rs. 812 crores.

The effectiveness of Bank rate is a controversial issue even in advanced economies. Even the Radcliffe Committee of England had expressed its mixed feelings regarding the suitability of this instrument. Other factors like fiscal policy, physical control, conditions in the availability of other factors of production and capital issue controls usually outweigh the importance of slight variations in the cost of finance (initiated by Bank rate changes) relating to investment decisions. Fast expanding public-sector undertakings are still more unmindful than private enterprises, and their investment decisions are primarily governed by the planning strategy in achieving certain objectives relating to growth. Of the factors affecting money supply, net bank credits to the Government sector and the private sector are the main ones. The outstanding net bank credits to the Government sector stood at Rs. 4,253.4 crores and Rs. 4,696.9 crores, respectively, on 29th March, 1968, and 28th March, 1969, as against Rs. 1,453.4 crores and Rs. 1,539.7 crores to the private sector.

No doubt the commercial banks' credit to the private sector is somewhat higher. Their outstanding net credits to the private sector on the above dates were Rs. 1,382.9 crores and Rs. 1,465.7 crores, respectively, as against the banks' credit of Rs. 1,009.8 crores and Rs. 1,106.4 crores to the State sector. Here one thing is known that the net bank credit to the Government sector emanates chiefly from the Reserve Bank's advances to the Government, other bank's advances being relatively small. On the other hand, the net bank credit to the private sector is contributed mainly by the banks and the Reserve Bank's share is insignificant. In percentage terms, bank credits to the Government sector were 42.2 and 43.0, respectively. This percentage is likely to rise further in view of the fact that the commercial banks are now statutorily required to invest a higher percentage of their deposits in Government securities; the statutory investment ratio has been gradually increased from 25 per cent before April 1970 to 28 per cent in August 1970.

Again, the Reserve Bank has expressed now and then its helplessness in regulating the Government's deficit financing strictly according to the needs of economy. Mr. P. C. Bhattacharya, a former Reserve Bank Governor, had remarked at a meeting of the Economic Study Group in Calcutta on 8th May, 1967: "It is no answer to the problem of inflation to say that as the central bank is not in a position to regulate the public sector operations, the private sector operations should also be allowed a free play". Thus the credit policy of the Reserve Bank has so far gone to control the commercial banks' credit creation and its expansion for the private sector. But of the banks' credit to the private sector, a substantial proportion goes to the priority sectors of exports, agriculture, small-scale industries where ceiling rates are governed by the Bank's decisions. Thus there remains a limited scope for the unfettered action of Bank rate even in the organised sector.

The usefulness of this weapon against inventory accumulation is conditioned more by the general outlook or prospect concerning the future course of prices than the slight change in the existing cost of borrowing. However, a change in Bank rate brings a change in the banks' attitude towards lending because of the consequent changes in the prices of money market assets generally held by them as well as their reliance, to some extent, on the borrowings from the Reserve Bank. How far the increased cost of borrowing from the Reserve Bank is going to deter the commercial banks from making

advances will be self-explanatory from the following table:

BORROWING BY SCHEDULED COMMERCIAL BANKS FROM THE RESERVE BANK AT VARIOUS RATES

(Rs. in crores)

	4½ per cent	5 per cent	9 per cent	10 per cent
August 1969 ...	76.55	0.17	—	—
September 1969 ...	27.21	0.92	—	—
November 1969 ...	25.39	4.01	1	1
December 1969 ...	53.50	9.91	1	—

Mostly the borrowings come to the amount available at a concessional rate below the existing Bank rate of 5 per cent. The weighted average of the rate on borrowing came out to be below 5 per cent. This shows that the commercial banks financed the priority sectors chiefly through borrowings from the Reserve Bank. Since the concessional borrowings to the priority sectors at 4½ per cent will continue even after the enhancement of Bank rate to 6 per cent, the efficacy of the Bank rate change on the control of credit creation by the commercial banks, etcetera, is significantly limited.

The priority sectors comprise exporters, small-scale industrialists, farmers and food procurement agencies buying cereals for the public distribution system. The Reserve Bank announced its decision that lending to the priority sectors will be refinanced by it at the old rate of 4.50 per cent. Also, the Reserve Bank Governor has expressed the Bank's preparedness to help finance the banks' genuine needs to advance money to the high priority sector, as discretionary accommodation at Bank rate, in special cases, will be made available to individual banks, based on the merit of the situation to help them finance high priority demands for credit, notwithstanding their liquidity conditions.

Thus one finds many factors responsible for the higher pace of credit creation. Banks' credit to the Government sector and to the priority sectors is more or less the usual feature. Increased agricultural output after a continuous setback in the past and some revival in the economic activity also accelerated the demand for increased bank credit. Due to the rising price levels, more funds are required to handle the same quantity of goods and the trend of rising price index also leads to speculative inventory formation. Besides, there was the development of a new and forceful factor contributing to the rising bank credit. After the nationalisation of the major banks, there was too much of drum-beating and liberalised credit creation to help farmers, small traders, self-employed technicians and others.

Faced with a rise in the demand for credit and a decline in deposits, the monetary authority had no option but to impose stringent controls on credit creation. The Reserve Bank first tried the method of being selective by increasing the rate to 12 per cent on advances to cotton. Thus the Reserve Bank pursued the dual policy of providing liberalised credit to the priority sectors and applying stringent credit control against a few others. When the method proved ineffective, the money on the average was made dearer. Simultaneously, to encourage savings and mobilise deposits, the ceilng rates to be paid by the banks on deposits were revised. The savings bank rate was raised from 3.5 per cent to 4 per cent. The rate on deposits for a period of 15 to 45 days, which was previously reduced to 1.25 per cent from 1.50 per cent, was raised to a higher level of 2 per cent; the rate on deposits for 46 to 90 days was enhanced from 2.50 per cent to its previous level of 3 per cent, that for a period of one year and up to five years from 5.50 to 6 per cent, and that above five years is raised to 7.25 per cent. The smaller banks are permitted to quote slightly higher rates.

An increase in Bank rate with its consequential changes in the interest rates paid to depositors will help the commercial banks to step up the mobilisation of deposits. The Reserve Bank Governor has admitted that he is concerned more over the rate of expansion in bank credit during 1970 outstripping the growth in deposit. But, at the same time, while sharing the views of the Reserve Bank Governor, the fact cannot be overlooked that the slight increase in the rates on deposits may not be much effective under the condition of inflationary price rise. The erosion in the value of savings, caused by the persistent price rise outweighs the rates offered on deposits. Perhaps, because of this consideration, the interest rate on deposits for the shortest term of 15 to 46 days was raised proportionately more than in the case of other term-deposits where they were raised to their old levels; the level of bank deposits could be improved, with the help of such short-term deposits. Although there is some bearish reaction in the commodity market with the fall in share prices, a lasting reduction depends on future expectations.

Even though the upward revision of interest rates does not materially alter the situation, it is an effort in right direction. Moreover, ripples caused by the Bank rate change carry the effect mainly within the organised sector of the economy which is a limited sphere in the underdeveloped economy of this country. The economy is characterised by the absence of a well-organised money market as an organic unit and the existence of fairly predominant unorganised and non-monetised sectors. To quote an authority no less than Mr. H. V. R. Ienger, an ex-Governor of the Reserve Bank of India, about 35 per cent of the national income was outside the purview of the monetary transactions and only about 50 per cent of the financing of industry and trade was done by the organised sector of the money market. Although he referred to it during his presidential speech at the annual general meeting of the Indian Institute of Bankers on 18th August, 1960, his observations hold good, to a considerable extent, even today despite the passage of a decade. Furthermore, in India, like most of the underdeveloped countries, Bank rate is not of much significance as far as the movement of foreign short-term funds is concerned.

Thus the change in Bank rate may be expected to go a long way in mobilising deposits for the banks to which it is ostensibly directed instead of retarding the pace of bank credit expansion, without impairing investment in the organised sector. In view of what has been said above, the effectiveness of the Bank rate change from 5 per cent to 6 per cent can be judged on the basis of what transpires in the coming few months. If bank deposits retrieve the lost ground, the Reserve Bank's restraint will succeed. But, if there is no significant rise in bank deposits—so necessary for an accelerated economic growth—the investment climate is likely to be adversely affected even in the strategic sectors.

AVIATION AND TOURISM

More Modern Hotels Needed to Cope with the Rising Tourist Traffic

(BY A SPECIAL CORRESPONDENT)

IN 1969, 245,000 tourists visited India and in 1973, about 400,000 are expected in this country. But the point remains: is India ready to take these 400,000 tired, and slightly bewildered tourists? Much energy has been spent on the classification and re-classification of a small number of hotels when the pressing need is for a large number of new beds all over India. It has been observed that unless a massive programme of hotel construction is taken up immediately, it will not be possible to cope with the influx of visitors during the next few years. The standard of some hotels on the Tourism Department's approved list leaves much to be desired. Large and modern luxury hotels have been set up in the metropolitan cities. According to a foreign aviation expert, there is also an "urgent need for cheaper accommodation in those (metropolitan) cities as also in the smaller cities which are developing into regular tourist attractions. Such accommodation need not necessarily be of the five-star type . . . . but should be clean and comfortable and provide wholesome and hygienic food."

The hotel industry has not only an economic character but also a social meaning. Tourism bridges the gap between peoples of different countries, besides employing thousands of men and women in the trade. If tourism is to develop further, the problems of hoteliers are to be solved. The hotel industry, to quote the president of a foreign hotel association, "cannot after all grow out of nothing." Which is why for good health of the industry, arrangements must be made to construct more hotels and capital provided to the private sector for the purpose. Loans for hotel development must be of a long-term nature and carry low rates of interest. Incidentally, the Estimates Committee has urged the Government to simplify the conditions of loaning from the Hotel Development Fund.

The Hotel Review and Survey Committee has calculated that to build 10,290 hotel rooms by 1973, a capital outlay of Rs. 69.87 crores is necessary. (According to another source, if the beds available are to rise to 14,230 in the same period, implying a shortfall of 17,000 by 1973 on an estimate of 600,000 incoming tourists a year, then an investment of Rs. 102 crores in hotels will be required.) A provision of Rs. 5 crores has been made in the Fourth Plan for hotels. The Indian Tourism Development Corporation has also a provision of Rs. 5 crores for hotel construction. But even then, on an estimate that 4,000 rooms are either under construction or are likely to be set up in the private sector in the next five years, an investment of Rs. 20 crores will be needed. Thus a shortfall of Rs. 20 crores cannot be ruled out. Suggestions have, therefore, been made that the amount under the Hotel Loan Scheme be revised upwards from Rs. 5 crores to Rs. 10 crores.

The introduction of jumbo jets has thrown a tremendous challenge to the tourist industry in India. What is required is an entirely new approach to tourism. In short, there must be sufficient accommodation to cope with the massive passenger movements in the near future. In this context, Mr. M. S. Oberoi has raised the question: "Can we imagine what would happen if two jumbo jets, each carrying 490 passengers, land at any of our major airport? . . . . The position in regard to hotel facilities would be truly chaotic. This might not happen until 1971 or 1972 but are we planning sufficiently ahead to meet the coming demand?" Indian hoteliers, however, feel that hotels cannot be built overnight and the industry must start planning from today to meet the challenge of the 'seventies. Collaborations with foreign hotels have to be arranged in a manner that will neither drain India's foreign exchange reserves nor make the vesting of management of all existing and future hotels in the Indian hands impossible. The problem is not only one of providing additional rooms but also whether such rooms are to be confined to big cities and areas like sea beaches. Here India can learn a lot from the Scandinavian countries which offer everything a tourist needs: accommodation to suit one's purse, quick travel facilities, ample but simple food, and scope for rest and fun.

The promoters of tourism should consider whether funds available for hotels will be invested exclusively in posh hotels or whether to spend the bare minimum in the same and divert the rest in motels, hostels and motor inns. (Bombay alone, according to a source, has claimed that it will need 5,500 rooms by 1973 to fill up which the incoming tourists must total about 575,000. Yet, the total for the whole of India has been fixed at 400,000. Again, Madras and Calcutta often suffer from excess room capacity.) True, in the 'sixties foreign tourists were invited to "live like a Maharaja" or "hunt with a Maharaja". But the average tourist cannot afford it. A committee headed by Mr. J. R. D. Tata has warned that unless India gets cracking, the country will have to miss out on the jumbos and the passengers they carry—at least in the early years.

The hotel industry suffers from five basic problems: transport and communications bottleneck; the non-availability of long-term and low interest bearing loans; difficulties in the procurement of food and alcoholic liquor; the lack of trained personnel; inadequate publicity and promotional activities. These problems are to be solved at any cost. The time ahead is one of great challenge and of equally great opportunities. The stress must be on co-ordination between private and Government agencies and avoidance of doctrinaire approach. In fact, some top executives of the industry believe that there are more possibilities of co-operation and collaboration in this field than in any other area of business.

BOAC

The 747 Service

The first regular BOAC *747* service between London and New York will commence during mid-April 1971. Initially it is planned to be a twice weekly service and will build up to a daily service by mid-May. At the same time, the routing will be extended to Bermuda. A second daily service to New York is due to be introduced in mid-August. In mid-July the *747* is scheduled to start operating daily between London, Montreal and Toronto. In November, a thrice weekly *747* service is planned to Australia *via* India and Hongkong, followed by a daily flight to Johannesburg in December.

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INVESTMENT

Fears of Fresh Curbs on Advances against Shares Affect Sentiment

THE stock markets have continued to be in good cheer during the past week. They have edged their way further up which takes them beyond their December high mark. A sustained flow of good corporate news has continued to be the main propelling force. With sellers reserved, bulls have not had to exert much to tighten their hold over the markets. Bears who have gambled on political and economic uncertainties resulting from the mid-term poll have had to rush for a cover to cut their losses. Renewed selective support based on encouraging corporate news, short-covering and the scarcity of offerings have led to a further all-round rise in equity prices. Only a few counters have wound up the week with minus signs.

With their peculiar flair for interpreting events according to their mood of the moment, the stock markets appear to have been much pleased with the Prime Minister, Mrs. Indira Gandhi's policy utterances suggesting an apparent retreat from her earlier radical posture. In a different mood, they would have dismissed these utterances as part of a mere election strategy. Near the week-end, the markets have staged a modest retreat under selling pressure induced by the sharp rise in the inter-bank call money rate in Bombay to 11 per cent and rumours of further curbs on advances against shares. The week-end setback has not had any marked effect on the general sentiment which remains distinctly steady.

Because of the shortage of floating stocks, new issues continue to evoke an enthusiastic response. Enquiries with stockbrokers indicate that funds seeking investment in equities are plentiful and that business is limited essentially by the scarcity of offerings. Quite often even small buying leads to a disproportionate rise in prices. Large funds are likely to get locked up in the new attractive issues currently on offer. How this will affect business, it is difficult to say.

Government securities have remained steady during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have also attracted attention. Turnover has been fair.

The Calcutta stock market has remained quietly steady this past week, although there has been a mild reaction towards the close. The buoyant trend in share prices is attributable to a large number of bonus issue announcements and good corporate results. Among engineering shares, Guest, Keen, Williams have reacted towards the close while Electrosteel Castings have remained steady. Among jute shares, Birla, Bally and New Central have been steady. Among paper shares, Seshasayee, Star and Tribeni Tissues have been easier. Among miscellaneous shares, Indian Cable, Dunlop India and Rohtas Industries have changed hands. Among tea shares, Rydak, Banarhat and Assam Brook have met with better enquiries.

Dalal Street has pushed its way to the highest level for many weeks. Fresh bull support, short-covering and poor offerings have contributed in varying measures to the further recovery in prices. The spurt in the call money rate to 11 per cent, fears of fresh curbs on advances against shares and the increase in carry-forward charges at the turn of the ten-day settlement have induced some selling near the week-end. Despite the week-end reaction, gains recorded by a number of shares have been really impressive. These include Century Spinning, Century Enka, National Rayon, Indian Dyestuff, Colour-Chem and Associated Bearings. Rayon shares have displayed marked strength, and these have been marked up on the argument that the voluntary agreement on the supply of rayon yarn to weavers on concessional terms, although less favourable to spinners, is preferable to statutory control over distribution and prices which would have been enforced if spinners and weavers had failed to come to terms. Buying in Century Enka has been based on ideas of improved results for 1969-70. National Rayon has met with keen influential buying. Among cotton mill shares, Century Spinning have been fancied on hopes of a bonus issue. While steel shares have continued to be out of favour and have held barely steady, engineering shares have ruled firm with Associated Bearing, Tata Engineering, S.L.M.-Maneklal, Sandvik Asia and Zenith Steel among the firm features. Larsen and Toubro have been slightly subdued by corrective profit-taking induced by the preceding sharp upswing. Automobile shares have maintained a steady tone. Cement shares have also been distinctly steady. Shipping shares have ruled firm with Great Eastern recording a further sharp rise. Among dyes and chemicals, Colour-Chem have been bid up following the inauguration of the intermediate plant. Indian Dyestuff have been well supported on an ex-bonus basis which has made them look cheap. Polychem and Polyolefins are the other bright spots. Gujarat Fertilisers and Tata Chemicals have been a little subdued by profit-taking. Pharmaceutical company shares have displayed a firm tendency with all the popular counters recording fair gains. Tyre shares have been barely steady. Paper shares have also maintained a steady tone. Sugar shares have been quietly steady. Bank shares have been dull but steady. New India Assurance have been slightly shaded on profit-taking. Among miscellaneous shares, Motor Industries and United Carbon have suffered sizable losses. Hindustan Aluminium and Camphor and Allied Products

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Carborundum Universal
Cochin Refineries
Dena Bank Ltd
Electrosteel Castings
Excel Industries
Ganesh Flour
G.E.C.
International Machines
Larsen and Toubro
Madras Rubber
New India Sugar
Parrys Confectionery
Precision Bearings
Ravalgaon Sugar
Siemens India
State Bank of India
State Bank of Mysore
W.B.S.C.B.

have recorded small gains. Food Specialities and Tata Oil have been steady.

The Madras stock market has remained steady this past week. Among planting shares, Blue Mountain have hardened as have Periakaramalai on better investment support. Among textile shares, Madura have been a firm feature while Lakshmi have not attracted much interest. Among sugar shares, Deccan have remained easier. Among cement shares, Dalmia and India Cements have hardened.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 21/20—22/00—21/20—21/60—(35/50)

Burrakur Coal 11/37—11/37—11/19—11/19—(12/50)

Dunlop India 37/80—38/65—37/80—38/60—(27/70)

Guest, Keen, Williams 32/35—32/70—31/50—31/90—(12/45)

Hindustan Motors 15/55—15/80—15/25—15/45—(14/90)

Howrah Jute 6/12—6/44—6/12—6/44—(7/81)

Indian Aluminium 35/75—35/90—35/00—35/10—(28/60)

Indian Cable 15/80—16/75—15/80—16/40—(12/06)

Indian Copper 4/25—4/27—4/16—4/20—(3/80)

Indian Iron 13/15—13/15—12/90—13/00—(15/10)

Jaipur Udyog 9/00—9/00—8/94—8/94—

Jayashree Tea & Industries 18/50—18/56—17/87—18/12—(12/50)

Kesoram Industries 16/25—16/25—16/25—16/25—(14/60)

Orient Paper 39/70—39/85—38/80—39/15—(29/65)

Orissa Cement 18/70—18/70—18/65—18/70—(12/10)

Rohtas Industries 6/70—6/85—6/60—6/85—(7/18)

Textile Machinery 10/80—10/87—10/40—10/45—(10/25)

G.E.C. Declares Interim Dividend : Bonus Issue Expected Soon

THE pre-tax profit of the General Electric Co. of India Ltd. for the six months ended September 1970 amounts to Rs. 71.78 lakhs, against Rs. 23.11 lakhs during the same period of the previous year. Sales are up from Rs. 13.03 crores to Rs. 16.04 crores. The directors consider the results for the first half of the current financial year to be satisfactory. It will be remembered that the results for the first half of the year ended September 1969 were affected by unduly adverse trading conditions, although there was a considerable recovery in the last six months ended March 1970.

Trading since September 1970 has been encouraging and if progress can be maintained, the directors are confident that the results for the full year ended March 1971 will show a marked improvement on the previous year. The directors have declared an interim dividend of Re. 1 a Rs. 10 equity share in respect of the year ending March 1971.

The interim dividend will be paid, subjcet to deduction of tax at source, on or before 26th March, 1971, and the register of members' share transfer books will be closed from 24th February to 10th March, 1971, both days inclusive. The actual proportion of the bonus issue referred to in the directors' report for the year ended March 1970 is under discussion with the Controller of Capital Issues, and the directors expect to be able to make an announcement in the near future.

EXCEL INDUSTRIES

Share Offer

EXCEL Industries Ltd—a well established chemicals manufacturing unit with a steady record of progress and growth—will soon be in the market to raise Rs. 46.55 lakhs through equity shares of Rs. 100 each at par to meet part of the finance required for its expansion programme. The public issue is fully underwritten. The Company has been granted an industrial licence for the manufacture of elemental phosphorous. The plant is being set up in Bhavnagar (Gujarat). The project is estimated to cost Rs. 1.60 crores and a sum of Rs. 26 lakhs has already been spent on setting up the plant.

The balance of the finance is being met from the proposed share capital issue of Rs. 50 lakhs, a foreign exchange loan of Rs. 11.50 lakhs from the I.C.I.C.I., bank borrowings of Rs. 40 lakhs and internal resources amounting to Rs. 32.50 lakhs. The plant is expected to be ready by about the middle of 1971.

The Company has an authorised capital of Rs. 2 crores—Rs. 1 crore in equity shares of Rs. 100 each and Rs. 1 crore in unclassified shares of Rs. 100 each. The issued, subscribed and paid-up capital is Rs. 45 lakhs. The present issue is for Rs. 50 lakhs, out of which shares worth Rs. 3.45 lakhs have been reserved for subscription in cash at par by the working directors and employees. The balance is being offered for public subscription. The new shares will rank *pari passu* with the existing equity shares and will be entitled to the dividend that may be declared after the date of allotment of the shares. The Company's present range of products include organo mercurials, rodenticides, insecticides, copper salts, phosphorous compounds, chlorinated paraffin wax, aluminium chloride anhydrous, oxalic acid, etcetera. The Company's past performance has been encouraging. In 1964-65, it made a pre-tax profit of Rs. 10.98 lakhs on a turnover of Rs. 78.84 lakhs. In 1968-69, sales rose to Rs. 3.06 crores and the pre-tax profit to Rs. 25.66 lakhs. In unofficial deals, the Company's shares are quoted at a premium of Rs. 75 to Rs. 80 a share.

ELECTROSTEEL CASTINGS

Dividend Declared

IN their latest report for the year ended September 1970, the directors of Electrosteel Castings Ltd say that judging from the overall increase in the price of raw materials and the frequent interruption in operations, especially due to the scarcity of graphite electrodes and power supply, the working results were considered good. Sales are up from Rs. 1.37 crores to Rs. 1.97 crores and the pre-tax profit has risen from Rs. 18.69 lakhs to Rs. 24.21 lakhs, after providing Rs. 9.11 lakhs (against Rs. 10.81 lakhs) for depreciation and Rs. 70,000 (against nil) for development rebate reserve. In view of the Company's improved performance, a taxable ordinary dividend of 6 per cent has been declared. (The Company did not pay any dividend for the last two years.) This offers a yield of 5.9 per cent at the present price of Rs. 10.25 a share of Rs. 10 each. A sum of Rs. 14.75 lakhs has been transferred from development rebate reserve. Allocations include Rs. 11 lakhs (against Rs. 70,000) for taxation and Rs. 26.90 lakhs (against nil) for general reserve. There remains a balance of Rs. 1,232 which is proposed to be carried forward. The production of grinding media has shown an improved trend. So the directors hope that barring unforeseen circumstances, the Company will "very nearly achieve" its full capacity in the current year.

LARSEN AND TOUBRO

Sales Rise

LARSEN and Toubro's sales for the nine months April to December 1970 have risen by 35 per cent, as compared with the corresponding period of the previous year. They have amounted to Rs. 1,569 lakhs, compared with Rs. 1,161 lakhs for April-December 1969. The Company has a record backlog of orders. The backlog stood at Rs. 2,735 lakhs on 31st December, 1970, a rise of 25 per cent over the backlog of Rs. 2,190 lakhs on the same date a year ago.

SIEMENS INDIA

Export of Know-how

THE Birla companies and the public of Malaysia have set up a joint venture, the India Malaysian Textile, Berhad at Butterworth, Malaysia. This composite textile mill for various man-made fibres will have modern and sophisticated machinery, the bulk of which will come from Japan and some from leading Indian manufacturers. The design supply and installation of the electrical equipment needed special engineering expertise and experience. It was for this reason that Siemens India has been entrusted with the execution of this project on a turnkey basis. The equipment includes various types of switchboards and distribution boards which are specially designed and manufactured by Siemens India.

PRECISION BEARINGS

Promising Outlook

PRECISION Bearings India did very well during the year ended August 1970, with production, sales,

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gross profit and margins showing an impressive improvement over the previous year's levels. While production increased by 20.5 per cent, sales moved up by 45.7 per cent from Rs. 1.36 crores to Rs. 1.98 crores and the gross profit increased by 173 per cent from Rs. 22.29 lakhs to Rs. 60.97 lakhs. After wiping out the accumulated loss of Rs. 28.93 lakhs, the Company was able to add Rs. 11.49 lakhs to general reserve. The results for the current year are expected to show further marked improvement and, barring some unforeseen circumstances, the management hopes to reward the shareholders with a maiden dividend for the current year (1970-71). Sales during the first four months (September to December) are considerably higher around Rs. 68 lakhs, against Rs. 42 lakhs in the same period of the previous year. The profit before depreciation is mentioned around Rs. 23 lakhs and that after depreciation Rs. 18 lakhs which compares with Rs. 46.72 lakhs for the full year ended August 1970. Turnover for 1970-71 is expected to reach Rs. 2.25 crores. The Company has made a small beginning in exports with the first order for 15,000 bearings valued at Rs. 35,000. This order was received from West Germany. There are enquiries for exports worth Rs. 3.75 lakhs from Italy. The management expects to earn about Rs. 10 lakhs from exports in the current year.

Future prospects look still brighter. The Company has received a letter of intent for expanding its production capacity to 2.9 million bearings a year on a two-shift basis, as against the present output of 1.9 million bearings; the present licensed capacity is 800,000 bearings on a single shift basis. If all goes well, the expanded capacity would be fully in operation by the middle of 1972. The cost of expansion is estimated at around Rs. 1.30 crores, including the foreign exchange component of Rs. 54 lakhs. The Industrial Finance Corporation has been approached for a foreign exchange loan of Rs. 54 lakhs besides a rupee loan. After the implementation of the expansion programme, the Company's turnover is expected to rise to around Rs. 4 crores. The full benefit of the expansion programme will be noticed by 1975. The Company will help save considerable amount of foreign exchange by taking up the manufacture of new types of bearings which are being imported at present.

COCHIN REFINERIES

Dividend Cut

COCHIN Refineries has reduced the dividend for the year ended August 1970 from 21 per cent to 18.6 per cent. About 37.69 per cent of the dividend will be exempt from tax in the hands of shareholders; in the previous year, the entire dividend was subject to tax. The preliminary statement from the Company shows that it has done reasonably well during the year. Its production averaged 55,153 barrels a stream day, slightly higher than the designed capacity. Sales were lower at Rs. 37.41 crores, against Rs. 39.50 crores in the preceding year. The gross profit has been maintained at Rs. 4.21 crores. After providing Rs. 1.72 crores (against Rs. 1.74 crores) for depreciation, the pre-tax profit amounts to Rs. 2.49 crores (against Rs. 2.47 crores). The proposed equity dividend will claim Rs. 1.30 crores (against Rs. 1.47 crores). During the four years of its operation, the joint-sector Company has been able to reduce its loan liability by 40.5 per cent to Rs. 12.95 crores. Against its paid-up equity capital of Rs. 7 crores, the Company has built reserves amounting to Rs. 5.50 crores (including development rebate reserve). The Company's exports during 1969-70 were valued at Rs. 1.60 crores.

DENA BANK LTD

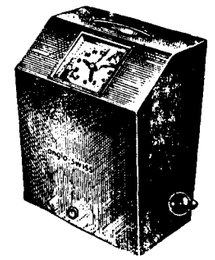
Profits Rise

DENA Bank Ltd has earned a profit of Rs. 8.69 lakhs for 1970, against Rs. 3.92 lakhs in the previous year, after raising the provision for taxation from Rs. 4.92 lakhs to Rs. 10.64 lakhs. The directors have proposed a final dividend of Rs. 1.50 a share, making a total of Rs. 4.50 a share or 9 per cent. The interim and final dividends absorb Rs. 11.25 lakhs. A sum of Rs. 1.36 lakhs is being carried forward, against Rs. 3.92 lakhs brought in.

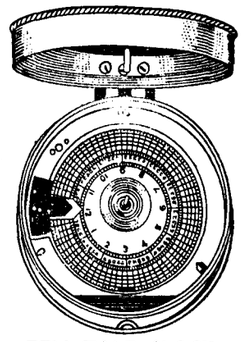
The Company received from the Government 5½ per cent compensation bonds 1999 of the face value of Rs. 3.59 crores. The directors are seeking the approval of the shareholders for power to invest the compensation amount otherwise than in trust securities. As for the Company's future operations, the board has come to the conclusion that it will be in the best interests of the



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members that the Company should continue as an investment and financial concern. A scheme for this purpose is under preparation and it will be placed before the members for their consideration and approval as soon as it is finalised.

W. B. STATE CO-OPERATIVE BANK

Deposits and Investments Up

THE working of the West Bengal State Co-operative Bank Ltd shows a profit of Rs. 4.88 lakhs for the year ended June 1970, against one of Rs. 5.48 lakhs, after providing Rs. 42,985 (against Rs. 49,657) for depreciation and repairs to property. Fixed deposits have increased from Rs. 4.80 crores to Rs. 5.74 crores and savings bank deposits from Rs. 55.42 lakhs to Rs. 69.56 lakhs. Investments stand at Rs. 2.81 crores, against Rs. 2.34 crores. Short-term loans, cash credits, overdrafts and bills discounted have shown an increase from Rs. 8.41 crores to Rs. 11.27 crores while medium-term loans have declined from Rs. 1.33 crores to Rs. 95.78 lakhs. (Fuller details appeared in last week's issue of *Capital*.)

STATE BANK OF INDIA

Profit Down

STATE Bank of India, the nation's largest commercial bank, has suffered a modest setback in its working for the year 1970. The preliminary figures show a decline in the net profit from Rs. 5.50 crores to Rs. 5.40 crores. The dividend has been maintained at 23 per cent—interim 10 per cent and final 13 per cent. After taking into account the previous year's surplus, the total amount available for disposal is Rs. 5.56 crores (against Rs. 5.51 crores). Appropriations include reserve fund Rs. 1.09 crores (against Rs. 1.11 crores), bonus to staff Rs. 2.70 crores (same), pension funds Rs. 12.31 lakhs (against Rs. 9.73 lakhs) and staff welfare fund Rs. 32 lakhs (against Rs. 25 lakhs), leaving a surplus of Rs. 3.23 lakhs to be carried forward, against Rs. 15.91 lakhs brought in.

STATE BANK OF MYSORE

Fair Progress

STATE Bank of Mysore has reported all-round satisfactory progress in 1970 and the improvement has been particularly marked in respect of assistance extended to the priority sectors. The bank opened 20 new branches during the year, bringing the total to 145 at the end of the year. Its deposits increased by 10.5 per cent over the year, from Rs. 49.27 crores to Rs. 54.46 crores. Of these, rural deposits accounted for Rs. 4.62 crores (against Rs. 3.57 crores), semi urban Rs. 12.36 crores (against Rs. 11.18 crores) and urban Rs. 37.48 crores (against Rs. 34.52 crores). The comparative position of farm finance indicates that direct finance to this sector has risen from Rs. 2.63 crores to Rs. 6.46 crores in respect of limits and from Rs. 2.06 crores to Rs. 5.60 crores in respect of outstandings. Limits of indirect finance to this sector, however, declined from Rs. 11.89 crores to Rs. 4.95 crores. Outstandings moved up from Rs. 2.71 crores to Rs. 2.78 crores. Advances to small-scale industries were higher at Rs. 10.65 crores (against Rs. 7.28 crores) in respect of limits and Rs. 7 crores (against Rs. 3.87 crores) in respect of outstandngs. Assistance to the export sector was of about the same order as in 1969—Rs. 140.96 lakhs, against Rs. 140.54 lakhs. The directors have proposed a final equity dividend of 5.5 per cent, making a total of 10 per cent for 1970.

INTERNATIONAL MACHINES

Share Offer Soon

INTERNATIONAL Machines Ltd. Naini, Allahabad, which has been licensed to manufacture 15,000 portable and standard typewriters and 600 electrically operated typewriters a year on a two-shift basis, will soon be in the market to raise Rs. 67.50 lakhs in equity and preference shares to meet part of the financial requirements of the project. The Company has an authorised capital of Rs. 1.50 crores made up of Rs. 1 crore in equity shares of Rs. 100 each and Rs. 50 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The issued capital will be Rs. 75 lakhs—Rs. 50 lakhs in equity shares and Rs. 25 lakhs in preference shares. The promoters, directors and their associates have taken up equity shares worth Rs. 7.50 lakhs. The balance is to be offered for public subscription. The project is estimated to cost Rs. 1.25 crores which is proposed to be met by the share capital of Rs. 75 lakhs, long-term loans of Rs. 20 lakhs from the I.F.C., Rs. 20 lakhs from the U.P. State Finance Corporation and Rs. 10 lakhs from banks. The factory is to be set up in Naini industrial area on the Allahabad-Mirzapur road. If all goes well, the plant is likely to be ready for commercial production by March 1972.

GANESH FLOUR

Results Improve

THE Ganesh Flour Mills Company has reported a substantial improvement in its working results for the year ended March 1970, although the performance is stilll far from satisfactory. Turnover has risen from Rs. 16.73 crores to Rs. 17.65 crores and the gross profit has gone up from Rs. 8.80 lakhs to Rs. 17.05 lakhs. But the ratio of profit to sales works out to slightly less than 1 per cent. After providing Rs. 10.63 lakhs (against Rs. 12.22 lakhs) for depreciation and Rs. 72,000 (against Rs. 1.17 lakhs) for development rebate reserve, the year's working shows a net profit of Rs. 5.70 lakhs, against a net loss of Rs. 4.59 lakhs in 1968-69. The surplus has been utilised to reduce the accumulated loss to Rs. 1.24 crores.

Improved results have been achieved despite a number of adverse factors which the Company had to contend with. The *vanaspati* factories had to put up with violent fluctuations in indigenous edible oil prices without any corresponding rise in the controlled prices of *vanaspati*. It was not possible to install a new *vanaspati* factory in Kanpur or to expand the existing capacities of the factories in Delhi and Kanpur as envisaged in the previous year's report, due mainly to the lack of adequate resources. The electric fan factory also continued to be uneconomical and in order to avoid further losses, this unit has had to be closed down. The Hindustan breakfast food factory also could not make any progress due to adverse factors like competition and the non-availability of oats and other raw materials from abroad. The solvent extraction plant in Bombay did not find it economic to resume normal processing of expeller cakes on its own account. Instead, it undertook large contract jobs of outside parties at fair processing charges.

CARBORUNDUM UNIVERSAL

Results Impress

THE working results of Carborundum Universal Ltd, for the year ended August 1970 have been impressive. The dividend of 12 per cent recommended by the directors is on the increased capital. What is more, the dividend will not be subject to tax. Sales have improved to Rs. 627.02 lakhs from Rs. 364.06 lakhs in the previous year. The net profit is Rs. 84.97 lakhs, after providing Rs. 23.76 lakhs for depreciation, Rs. 4.50 lakhs for development rebate reserve and Rs. 105 lakhs for taxation. This compares with the previous year's net profit of Rs. 30.07 lakhs, after providing Rs. 20.23 lakhs for depreciation, Rs. 9 lakhs for development rebate reserve and Rs. 33 lakhs for taxation. The total available for appropriation is Rs. 85.13 lakhs which includes the brought-forward amount of Rs. 2,414 and Rs. 13,370 being the refund of income-tax. Out of this surplus, a sum of Rs. 85.12 lakhs (against Rs. 37.50 lakhs) is transferred to general reserve. The balance of Rs. 1,614 is being carried forward.

PARRYS CONFECTIONERY

A Good Year

PARRYS Confectionery Ltd has reported a substantial increase in profit for the year ended September 1970. The directors have recommended a higher final dividend of 11.5 per cent making a total of 18 per cent for the year, against 15 per cent for the previous year. According to the preliminary figures, the net profit, subject to taxation, is Rs. 22.40 lakhs (against Rs. 2.24 lakhs). After providing Rs. 15.64 lakhs for taxation (against Rs. 20,000), there is a net profit of Rs. 6.75 lakhs after taxation. With Rs. 539 brought forward, there is a total surplus of Rs. 6.76 lakhs available for appropriation. Out of this, development rebate reserve gets Rs. 6,000 (against Rs. 12,300) and general reserve Rs. 1.66 lakhs (against nil). The interim dividend of 6.5 per cent accounted for Rs. 1.82 lakhs and the final dividend of 11.5 per cent will absorb Rs. 3.22 lakhs. The balance of Rs. 232 is being carried forward.

NEW INDIA SUGAR

Dividend Maintained

DESPITE a rise in sales from Rs. 1.42 crores to Rs. 2.23 crores, the working of New India Sugar Mills Ltd shows a lower profit of Rs. 3.31 lakhs for the year ended June 1970, against one of Rs. 10.23 lakhs in the previous year, after providing Rs. 2.91 lakhs (against Rs. 10.70 lakhs) for taxation, Rs. 3.35 lakhs (against Rs. 2.07 lakhs) for depreciation and Rs. 67,000 (against Rs. 20,000) for development rebate reserve. The taxable ordinary dividend has been maintained at 18.5 per cent. The usual preference dividend has also been paid. This offers a yield of 9.9 per cent at the present price of Rs. 18.62 a share of Rs. 10 each. After transferring Rs. 24,000 from development rebate reserve and with the previous year's surplus of Rs. 9,000, the shortfall in the surplus is to be made up. Cane crushed rose from 122,600 tonnes to 201,000 tonnes. The average recovery is shown at 9.28 per cent, against 10.22 per cent on account of the longer duration of the crushing season.

RAVALGAON SUGAR

Good Results

RAVALGAON Sugar Farm has reported substantially improved results for the year ended September 1970. The dividend, however, has been kept unchanged at 12 per cent. The Company crushed 206,000 tonnes (aganst 210,000 tonnes) of cane and produced 211,000 bags (against 205,000 bags) of sugar at an average recovery of 10.31 per cent, against 9.77 per cent in the previous season. The Company's sales increased by 23 per cent from Rs. 3.55 crores to Rs. 4.37 crores and the gross profit moved up by 21.4 per cent from Rs. 23.69 lakhs to Rs. 28.76 lakhs. After providing Rs. 8.23 lakhs (against Rs. 5.46 lakhs) for depreciation, Rs. 1.45 lakhs (against Rs. 30,000) for development rebate reserve and Rs. 9.50 lakhs (same) for taxation, the net profit for 1969-70 amounts to Rs. 9.58 lakhs (against Rs. 8.43 lakhs).

MADRAS RUBBER

Sales and Profit Rise

THE preliminary statement from Madras Rubber on its working results for the year ended September 1970 shows a marked improvement over the preceding year's performance. Sales are up by about 18 per cent from Rs. 20.30 crores to Rs. 24.02 crores and the gross profit also has recorded an equally big rise from Rs. 1.48 crores to Rs. 1.73 crores. The dividend has been kept unchanged at 12 per cent on the increased capital. After providing Rs. 52.92 lakhs (against Rs. 33.65 lakhs) for depreciation, Rs. 19.50 lakhs (against Rs. 20 lakhs) for development rebate reserve and Rs. 43 lakhs (against Rs. 42.50 lakhs) for taxation, the net profit amounts to Rs. 57.82 lakhs (against Rs. 51.74 lakhs).

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COMMODITIES

Jute Mills Urged to Carry on Research for Reducing Production Costs

THE jute industry had played a prominent part in the economic life of India in the past and its future rôle is even more promising. These observations were made by Mr. S. P. Mukherjee, Jute Commissioner, while inaugurating the two-day technological conference organised by the Indian Jute Industries' Research Association in Calcutta last week. Spread over four sessions, the forum discussed some study group reports and papers prepared by technologists from the industry and the I.J.I.R.A., covering various aspects of production of jute goods.

Mr. Mukherjee said that technologists should be exceptionally alert. The industry's overseas market is highly competitive and the manufacturers of synthetic products with their vast resources have been making an all-out effort to displace jute, wherever possible. In this context, the Jute Commissioner urged technicians to exert themselves to devise ways and means to cut down the cost of manufacture and streamline the processing and fabrication techniques so that the industry might attain higher productivity and manufacture goods of improved quality. Besides, they should make a continuous assessment of the pattern of demand for jute goods and diversify the range of products as and when called for.

Speaking on the occasion, Mr. H. D. Wahi, I.J.M.A. chairman, pointed to the jute industry's imperative need to carry on research and development to explore new markets and reduce manufacturing costs. Some of the research activities of the I.J.I.R.A. are of a long-term nature, for the findings may be put to practical use after the lapse of quite some time. The short-term problems are best handled through the collaboration of the mill technologists and I.J.I.R.A. scientists. The results of such collaboration may be communicated formally through written papers and releases. But a more effective method of communication is offered by seminars and technological conferences.

Another Increase in D.A.

The dearness allowance of jute mill workers has been defrozen, says a Press note issued by the I.J.M.A. in Calcutta on Monday. With effect from February, the dearness allowance, as decided by the Wage Committee for the Jute Industry at a recent meeting, will go up by Rs. 12 a month to Rs. 106.10. The committee has also decided to consider what further adjustment is to be made in the dearness allowance at the time of final revision of the wage structure. The industry's monthly wage bill will, as a result of the higher dearness allowance, increase by Rs. 28 lakhs. The total incidence of costs will, however, be much higher, about Rs. 35 lakhs, if the various fringe benefits such as provident fund, E.S.I. contributions, and bonus are taken into account. The consequential rise in the cost of production will be Rs. 36 a tonne for hessian, Rs. 24 a tonne for sacking and Rs. 48 a tonne for carpet-backing cloth.

Packing of Sugar

The use of A Twill bags has now been made compulsory for the packing of sugar. The Central Ministry of Food, Agriculture, Community Development and Co-operation has issued an order asking manufacturers to pack all sugar produced by the vacuum pan process in A Twill jute bags conforming to the Indian Standards specifications. The standard, among other things, specifies the dimensions of the bags, the breaking load of seam and packing (both warpway and weftway) as well as the maximum limit for moisture regain and oil-content on dry de-oiled materials. The order also stipulates that the bag should contain 100 kilograms of sugar net, and have on it a mark indicating the quality of sugar contained in it in terms of the Indian sugar standards. Besides, every bag should bear on it a label specifying the quality and quantity of sugar contained as well as the year of manufacture and packing.

The Mesta Acreage Up

The area under mesta during 1970-71 has gone up by 11.3 per cent over the previous season, according to the first estimate of the crop recently released by the Central Ministry of Food, Agriculture, Community Development and Co-operation. In absolute terms, the increase has been by 30,800 hectares over the coverage during the preceding season to 304,400 hectares with Bihar accounting for 12,300 hectares and Maharashtra for 10,500 hectares of the increase. As the final estimate is usually 15 per cent higher than the first, the area actually sown under the crop during the last season may be about 350,000 hectares. Calculated at an average of 3.8 bales to the hectare, the total mesta crop during 1970-71 may be some 1.33 million bales, against 900,000 bales during the previous season.

Gunnies Close Steady

After opening on an extremely subdued note due to the dearth of fresh enquiries from and business with major internal and overseas buyers and also due to the apathy of shorts and shippers in spite of the end-of-month covering operations, the Calcutta gunny market staged a moderate recovery earlier in the past week. The immediate incentive was the issue of a 7,300-bale B Twill tender by the Government of India for February-March deliveries and brisk covering by the State Trading Corporation against its recent 6,000-bale woolpacks deal with Australia. As the long-term Government contract for 120,000 bales of B Twills on a cost-plus basis was to expire after the next month, bulls were encouraged to hope that the Government would continue brisk buying of B Twills and other heavy goods for ready to far-forward positions to meet the requirements of the Fertiliser Corporation of India, the Food Corporation of India and also in connection with foodgrains imports. The dilatoriness shown by the authorities in fixing up a fair selling price of B Twills and settling the outstanding dues of the mills, in spite of the submission of an interim report on the cost structure by the Tariff Commission, was likely to influence the industry against concluding a hasty deal with the authorities this time. So traders believed that the Government of India agencies would naturally be more dependent on market supplies. This consideration induced speculators to hold an optimistic view of the prospects. An unconfirmed report of an Argentine business deal and the routine offtake of various types of goods against end-January covering also helped a revival of interest in jute goods. The U.S.A., Russia and the United Arab Republic absorbed some goods against earlier commitments. But since mid-week, sentiment suffered a setback, following profit-taking by bulls at the bulges due to the absence

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of follow-up support. Market circles were not very much surprised over the sharp decline in the offtake of jute goods to 48,900 tonnes in December from 81,800 tonnes in the preceding month, for all ex-mill despatches and shipments were held up due to the recent 21-day abstention from work. Export shipments dropped by 7,300 tonnes to 27,900 tonnes—hessian by 4,100 tonnes to 12,300 tonnes, carpet-backing cloth by 3,000 tonnes to 9,800 tonnes and other goods by 200 tonnes to 400 tonnes while sacking hovered around the November level of 5,400 tonnes. Local consumption slumped by more than 50 per cent from 46,600 tonnes to 21,000 tonnes—hessian from 5,600 tonnes to 2,700 tonnes, sacking from 36,700 tonnes to 16,200 tonnes and other goods from 3,900 tonnes to 2,000 tonnes. With the elimination of weaker bulls and the clearance of sizable overload, there was a mild revival of interest towards the close, helping partially to erase the earlier losses. But on Saturday, the market ruled dull, although the prices hovered around the overnight levels. The hedge market moved in line with the trend in the spot market. But excessive speculation was arrested by the rigorous enforcement of the Forward Markets Commission's drastic restrictions through the Vigilance Committee of the East India Jute and Hessian Exchange Ltd. Turnover was moderate. The closing undertone was about steady.

Latest available quotations (in rupees) were as follows:

	Feb.	Mar.	Apr.-June	June-Sept.
40in. 7½oz.	67.00	67.00	66.75	66.00
40in. 8oz.	—	—	—	—
40in. 10oz.	86.50	86.75	87.00	86.50
B Twills	280.00	278.50	273.00	269.00
Heavy Cees	280.00	278.50	273.00	269.00
Cornsacks	—	—	—	—
A Twills (U.S.)	338.00	335.00	329.00	324.00
Liverpools	320.00	318.00	313.00	308.00

Fibre Dull

Dull conditions prevailed in the raw jute market during the past week. The apathy was ascribed to the selective nature of mill demand and the shortage of good grades of fibre. The raw jute position of the mills for December showed that they had a carryover of 1.81 million bales, including 715,000 bales remaining undelivered till then against earlier firm contracts, compared with 1.711 million bales, including an undelivered quantity of 739,000 bales at the end of the preceding month. Mill consumption of fibre during December was only 173,000 bales, against 484,000 bales a month ago. During the first half of the season, they consumed 2,587 million bales of fibre, against 2,698 million bales for the same period a year ago. So far, they had purchased 3.259 million bales in spite of a higher crop, against 4.23 million bales for the corresponding period of the last season. At the average monthly level of 446,750 bales of fibre consumed during the first half of the season, the end-December holdings were deemed about adequate for four months' consumption which explained mill indifference to fibre. Last week's well-distributed late winter showers in the jute growing districts of north-eastern India failed to produce an immediate impact on sentiment. But operators were inclined to believe that the timely rains had facilitated soil preparation work in the early-sowing areas of north Bengal, north Bihar, Assam and Tripura. The continuing high prices of fibre throughout the current season and the low level of mill inventories and floating stocks in the market, they thought, would induce farmers in the countryside to extend the acreage of fibre during the ensuing season. Turnover was small. The closing undertone was about steady.

Latest available quotations (in rupees) were as follows:

	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	152.72	144.68	54.00
Northern Jute	146.02	137.98	51.50
Western Desal Jute	139.32	131.28	49.00
Selected Daissee	156.74	148.70	55.50
Assam-Agartala Tossa	158.07	150.04	56.00
Mesta :			
Assam Mesta	139.32	131.28	49.00
Selected Daissee Murshidabad	133.96	125.92	47.00
Bihar Dist.	125.92	117.89	44.00

PURE SILK FABRICS

Exports Decline

Exports of pure silk fabrics from India in 1970 are placed at Rs. 13.50 crores, against Rs. 14.30 crores in the previous year which was an all-time record. While there has been only a marginal decline in exports of mulberry fabrics from Rs. 12.33 crores to Rs. 12.13 crores, tasar exports have registered a substantial decline from Rs. 1.97 crores to Rs. 1.37 crores. The fall in exports of mulberry fabrics is due to the substantially reduced offtake by Sweden —Rs. 58.25 lakhs, against Rs. 102.93 lakhs in 1969. Exports to all other important markets have recorded a rise—Japan from Rs. 80.21 lakhs to Rs. 82.13 lakhs, the U.K. from Rs. 48.49 lakhs to Rs. 66.89 lakhs, Malaysia from Rs. 46.99 lakhs to Rs. 59.87 lakhs, Denmark from Rs. 36.21 lakhs to Rs. 48.27 lakhs and Italy from Rs. 28.84 lakhs to Rs. 30.18 lakhs. Shipments to Switzerland were maintained at around the previous year's level—Rs. 44.47 lakhs, against Rs. 44.76 lakhs. Variety-wise, exports of scarves and dress materials, which account for the bulk of total shipments, suffered a decline, while all other items—sarees, ready-made garments and ties—recorded small increases. Scarves fetched Rs. 7.52 crores (against Rs. 7.99 crores) and dress materials Rs. 2.52 crores (against Rs. 2.79 crores). Exports of sarees fetched Rs. 1 crore, against Rs. 82.79 lakhs in the previous year.

Tasar fabrics lost ground in most markets—Japan, Sweden, the U.S.A., Australia, Denmark and Switzerland. Exports to West Germany and Italy showed a small rise—from Rs. 48.46 lakhs to Rs. 51.84 lakhs in the case of West Germany and from Rs. 6.51 lakhs to Rs. 10.26 lakhs in the case of Italy.

The smalll decline in exports of pure silk fabrics from Rs. 14.30 crores in 1969 to Rs. 13.50 crores in 1970 provides little indication of the very disturbing underlying trend which has been in evidence since about the middle of the year. Shipments during the second half of the year (July-December 1970) add up to no more than Rs. 4.37 crores, against Rs. 9.13 crores in the first six months and Rs. 9.46 crores during July-December 1969. Exports during December totalled only Rs. 60.98 lakhs, against Rs. 207.65 lakhs in December 1969. The decline in exports has been attributed to the change in fashions in foreign markets and soaring raw material prices. On current indications, exports during the fiscal year 1970-71 are unlikely to exceed Rs. 10.5 crores, thereby showing a sharp decline from the 1969-70 figure of Rs. 17.42 crores. The Central Silk Board and the other authorities concerned will need to attend seriously to the problems which the silk industry and exporters are facing in order to be able to maintain the foothold in overseas markets.

THE PAPER PRODUCTS LIMITED

SPEECH OF THE CHAIRMAN, SHRI S. L. TALWAR

Speech delivered by Shri S. L. Talwar, Chairman of The Paper Products Limited at the Twentieth Annual General Meeting, held at the Registered Office of the Company at 13-14, Ajmeri Gate Extension, New Delhi, on 29th January, 1971.

Ladies and Gentlemen,

1. It gives me great pleasure to extend a warm welcome to you all at the Twentieth Annual General Meeting of your Company.

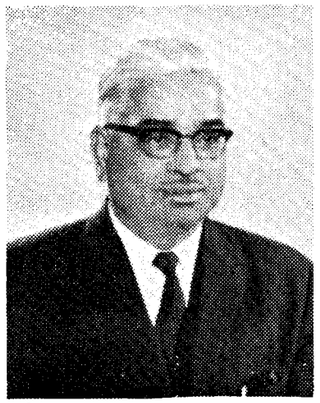
2. The Audited Accounts and the Directors' Report for the year ended on July 31, 1970, have been circulated to you earlier and, with your permission, I shall take them as read. I will refer to the working results later in my speech.

3. The Country has been in a state of flux since the split in the Congress Party. Today we are at the cross-roads and it is hoped that there will be an enduring political stability in the country as a result of the forthcoming mid-term poll in March, called dramatically by the Prime Minister, Mrs. Indira Gandhi.

4. The economy has made a mixed showing during the year 1970. The heartening pace of increase in agricultural production has been maintained and the Country has reaped another bumper food crop of 99.5 million tonnes in 1969-70. In 1970-71, also, prospects of a further increase in the food production seem bright. The green revolution has spread to a greater part of the Country and to more crops than wheat which augurs well for the Country.

5. The tempo of industrial production has not entirely come up to expectations due to acute shortage of vital items like steel and cotton. The index of industrial output for the first eight months of 1970 has, however, shown a rise of about seven per cent. But with prospects of better availability of steel and cotton, in view of the massive import programme, industrial production should gather momentum in the near future, barring unforeseen events.

6. There has been a disturbing rise in the price levels during 1970 and an inflationary price spiral has set in, as evidenced by an increase of over five per cent in the wholesale price index during the year. Exports have lagged behind the target of seven per cent growth rate, envisaged in the fourth plan. Export earnings have totalled Rs. 931.8 crores in



Shri S. L. Talwar

April-November 1970, about Rs. 8 crores more than the realisations in the corresponding period of 1969. In view of the crash steel import programmes, hopes are entertained of achieving an over all growth rate of about four per cent in exports for the whole of 1970-71. The policy of dearer money pursued by the Government and the credit squeeze accentuated by the recent increase in the Bank Rate from 5 per cent to 6 per cent, will affect production and may not achieve the objective of restraining the price level, unless industry needs for funds are met fully and promptly to step up production.

7. The Paper Industry has invited a lot of attention during the year because of the gap between production and demand. The Planning Commission has fixed the installed capacity at 10 lakh tonnes for the fourth plan against the existing installed capacity of about 7.68 lakh tonnes. Under the Crash Programme an additional capacity of 1.30 lakh tonnes is likely to be created. Applications for new capacity of 2.5 lakh tonnes are pending with the Government.

8. Your Company, too, has plans to add an installed capacity of about 5,000 tonnes to the existing 4,800 tonnes Roha Paper Unit. Besides, the Company's subsidiary, Premier Paper Mills Ltd., has two 5 tonnes daily capacity machines. So overall the Company will have an installed capacity of about 12,000-13,000 tonnes after the expansion project at Roha is completed. The additional 5,000 tonnes capacity is proposed to be created at an estimated cost of Rs. 50 lakhs i.e. at a cost of Rs. 1,000 per ton which compares very favourably with the estimated cost of Rs. 5,000-6,000 per ton on creation of capacity in a new Unit.

9. Obviously, the Paper Industry is faced with a formidable task of bridging the gap between production and demand, and since the industry is a highly capital-intensive one it will need special treatment from financial institutions to find the required outlay. The existing Paper Units, particularly small and medium scale, should be encouraged to step up production to economic levels. In this connection, it would be necessary to raise the debt equity ratio to at least 3:1 which should immediately engage the attention of the Government.

10. The flexible Packaging Industry in this Country has a good growth potential. The Government, too, has taken cognizance of the problems of the industry. However, the Governments' apathy towards foreign Technical Collaborations stays. It is hoped that it will concede collaboration atleast where no indigenous know-how is available. Our Technical Know-how agreement with the Milprint Inc. U.S.A., has expired on December 31, 1970, and we hope that in view of Company's expansion plans it will be extended.

11. Raw material problems have persisted, especially due to short supplies of Cellophane (in view of labour trouble at one of the two manufacturing Units). Paraffin wax and Aluminium Foil. As you know, the supply position of paper and board, our main raw materials, has been none too happy.

12. It is a matter of pride for the Company that its Chief Engineer, Dr. Krishan K. Talwar, was chosen leader of the study team on Flexible Packaging, sponsored by the Indian Institute of Packaging, which visited Japan, U.S.A. and some European Countries in May-June, 1970.

Financial Results

13. There has been a gratifying rise in sales and profits during the year under review in spite of an all-round increase in raw material and labour costs.

The Flexible Packaging Plants at all centres have shown improved working. Sales at Faridabad and Madras have shown a marked rise. Other Units at Thana and Hyderabad have also recorded an increase in sales.

The upward trend in sales has been maintained in the first half of the Current Financial Year with a growth of over 14 per cent during the period. The figures are as below:—

	First half of 1969-70 (in lakhs of Rupees)	First half of 1970-71 (in lakhs of Rupees) (Estimated)
Thana Plant	111	117
Madras Plant	16	20.5
Faridabad Plant	16	23.0
Hyderabad Plant	2	
Nagpur	—	3.5
	145	164.0

14. The Packaging Division of the Company is confident, barring unforeseen circumstances, of achieving a sales turnover of Rs. 4 crores in the current year. As reported already we have acquired a converting unit at Nagpur, which is likely to contribute to sales to the tune of Rs. 7 lakhs in 1970-71. Plans are afoot to open two more Packaging Units in Gujarat and West Bengal in the near future to better serve the needs of these regions.

15. You are aware that the Company has received an import licence for Rs. 17,49,600 for obtaining an Extrusion Coating Plant from U.K. The plant, which is likely to be received by us in November this year, would be in operation by March, 1972. The total outlay on this project is estimated at Rs. 50 lakhs. to be financed by the SICOM loan of Rs. 25 lakhs, Maharashtra Government Interest Free loan of Rs. 13.52 lakhs and the rest from Company's internal resources. Projection of sale are of Rs. 60 lakhs in the first full year of operation, rising to about Rs. 2.5/3 crores in three years. We expect this project to earn a profit from the very first full year of its operations. Application for import of remaining equipments with respect to Expansion, sanctioned under the Industrial Licence No. L/24 (4) (17)/SE 64 dated 21/24.7.64 has already been submitted to the Government and is now awaiting clearance from the Capital Goods Committee.

16. The Roha Paper Mills achieved a higher turnover of Rs. 100.22 lakhs in 1969-70 against Rs. 88 lakhs in the previous year, but its working was affected by a major break-down in the paper machine and all-round increase in the operating costs. Prospects for the current year are definitely better as, after the modification of the machine, production has picked up and is likely to reach the level of about 4,000 tonnes.

17. Premier Paper Mills Ltd., the Company's subsidiary, showed excellent results, recording a net profit of Rs. 5.43 lakhs on sales of Rs. 35.13 lakhs. There are still accumulated losses of Rs. 17 lakhs which we hope to wipe out by March 1972. Paper Products Ltd., transferred a five-ton paper plant to it at a cost of Rs. 16.35 lakhs against deferred payment. This plant has gone into production since June, 1970. Total sales of the subsidiary in the current year are likely to be around Rs. 70 lakhs.

Your Company's other subsidiary, Printpak Machinery Ltd., increased its sales to Rs. 7.34 lakhs from Rs. 4.21 lakhs for the year ended July 31, 1970. However, the net profit at Rs. 59,754 was lower than Rs. 63,363 in the previous year because of a substantial rise in the price of steel and other raw materials. The subsidiary hopes to do much better in the current year. It has sold a high-speed slitter to a big Paper Mill. Sales are likely to rise to Rs. 14 lakhs in the current year. The Government's sanction to Collaboration with M/s. Kawashima Packaging Machinery Ltd., Japan, has been received. We have made a representation to the Government for modification of certain conditions laid down in the sanction.

18. You will be glad to know that the Company has repaid the final instalment of the deferred loan from Japanese firm for the supply of machinery to the Roha Paper Mills.

19. The Company has plans to put up a flexible packaging plant in Malaysia. Preliminary negotiations show encouraging response from the Malaysian Government.

20. You are aware that the Controller of Capital Issues did not accord sanction to the issue of 14,400 fully paid up Bonus Shares by capitalising a sum of Rs. 14,40,000 out of the General Reserves as on 31-7-69, as the Company did not declare dividend. The Company was advised to renew its request, if it so desired, after the Company had declared dividend. Since the Directors have proposed dividend on equity shares @ 12%, the Directors have proposed to renew its request, for the issue of said Bonus Shares, to the existing shareholders, in the ratio of one for every five shares held, subject to the sanction of Controller of Capital Issues, by capitalising a sum of Rs. 14,40,000/- out of the General Reserves as on 31-7-70.

In conclusion, I, on my behalf and on behalf of the Directors, wish to place on record my appreciation for the good work done by all categories of Workers and Officers of the Company.

With these remarks, I now move that the Directors' Report and the Audited Accounts for the year ended on July 31, 1970, be approved and adopted.

Thank you.

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

INDIAN OXYGEN LIMITED

CHAIRMAN'S STATEMENT

The following is the Statement of Mr. N. Dandeker, Chairman, Indian Oxygen Ltd., which has been circulated to the shareholders along with the Company's Annual Report for the year ended 30 September 1970.

Since our last Annual General Meeting, the Fourth Five Year Plan has been finalised, setting the nation's course to reach the goal of an accelerated improvement in the standard of living of the people through measures calculated to promote growth consistent with social and economic justice.

The year under review witnessed continuing economic revival in the country. Foodgrains production was satisfactory and a sense of confidence marked the future outlook on the food front. Industrial production continued to grow, although at a rate considerably lower than that estimated in the Fourth Plan. The strict curb on imports had a favourable impact on the country's balance of payments and the foreign exchange reserves were higher. But exports were adversely affected by various circumstances including shipment difficulties due to labour unrest at some ports; however, given a certain degree of stability in the supply of materials and the production of goods, there is no ground for despondency even though the annual growth rate of 7% envisaged for exports under the Fourth Plan is generally accepted now as too high to be realistic.

The general trend of improvement was, however, weakened by certain unfortunate developments. Acute shortage of certain categories of steel hindered industrial activity. Prices have continued to rise and the wage-price spiral gives cause for anxiety, especially in the context of a substantial rise in the non-developmental expenditure of the Government. It is now beyond doubt that the price rise was due largely to the slow rate of economic growth resulting from stagnation in capital formation in the private sector. The fiscal and economic policies adopted by the Government in its relentless pursuit of impracticable radicalism brought about an atmosphere of uncertainty and indecision in administrative circles, thwarting all significant efforts for growth in the private sector. Nevertheless, there was a considerable increase in the number of industrial licence applications submitted to Government during the year under review, indicating that despite all obstacles entrepreneurship was not lacking in the country. The heavy over-subscription of several equity issues made within the same period gave reason to hope that worthwhile projects would receive adequate financial support. Yet neither the entrepreneur nor the investor had a fair opportunity to make his contribution to the industrial development of the country. Unsettled labour conditions in many parts of the country and the resort to agitation by Government employees, both at the Centre and in several States, accentuated the climate of indiscipline and unrest inimical to healthy economic growth. Political instability at the Centre and in several States presisted. Law and order deteriorated, particularly in West Bengal, where there was widespread resort to violence, which in its turn brought about a marked decline in industrial activities. The seriousness of the situation is well known and need not be emphasised here. We have a special concern for West Bengal as a very large number of the Company's employees and their families live in this State, where a substantial part of the Company's capital is invested.

Sales

The continued revival in the economy, even though at a low tempo of industrial activity, was reflected in the Company's turnover for the year which at Rs. 17.37 crores was Rs. 1.51 crores higher than in the previous year (Rs. 15.86 crores). Improved sales were achieved at all the Company's branches.

Higher sales were achieved of nearly all products with a significant increase in those of industrial oxygen. Sales of dissolved acetylene were, however, disappointing; with successive increases in the price of calcium carbide, the main raw material for this product, it was not possible to improve sales in competition with other fuel gases. The imposition of excise duty on calcium carbide by the Finance Act, 1970 made the situation worse. The upward trend in sales of electric welding equipment and consumables was maintained despite the limited availability of steel plates with many of our customers. Sales of medical gases were satisfactory but those of equipment suffered due to restricted availability of matching cylinders.

Our efforts to expand and diversify our export sales continued and I am pleased to record that the export turnover for the year was 43% higher than in the previous year. We continued to export nitrous oxide, argon, other industrial gases and electrodes to several countries in South-East Asia, West Asia and East Africa. We also exported a number of our popular anaesthetic apparatus to Burma and a small quantity of manual arc welding electrodes to U.K.

Profit, Taxation and Dividend

The profit for the year, after providing depreciation of Rs. 83,98,000 (previous year Rs. 97,71,000) amounted to Rs. 1,90,21,031 as against Rs. 1,51,82,948 last year. The increase in profit was mainly due to rise in sales.

The tax provision for the year amounted to Rs. 1,14,00,000 (previous year Rs. 92,00,000), leaving a net profit of Rs. 76,21,031 as against Rs. 59,82,948 last year. After taking into account an amount of Rs. 36,00,000 which had been rendered surplus out of tax provision made in earlier years and transferring Rs. 3,50,000 (previous year Rs. 7,00,000) to Development Rebate Reserve and bringing back from this account Rs. 13,00,000 (previous year Rs. 12,00,000) now released, the amount available for appropriation was Rs. 1,21,71,031 which has been transferred to General Reserve (previous year Rs. 64,82,948).

Your directors have decided to recommend the payment of dividend, out of General Reserve, at the rate of 14% (previous year 12%) subject to deduction of tax. This slightly enhanced rate of dividend is justified both by the increased profits of the year and the relatively comfortable ways and means position of the Company.

Finance and Share Capital

During the year under review the Company made a further repayment of Rs. 78,00,000 against the Medium Term Loan granted by Punjab National Bank. An amount of Rs. 4,50,466 was repaid to The British Oxygen Company Limited against the loan granted by them.

Shareholders will naturally be disappointed that the question of granting consent to the Bonus Share Issue (approved by them at the last Annual General Meeting) is still pending with the Controller of Capital Issues. Among the several matters under discussion with him in this connection is that of having to conform to the 'additional guidelines' concerning such Issues announced by the Government *after* the submission of the Company's application to the Controller. However, it is hoped that a final decision may be reached in the near future. Meanwhile, certain consequential alterations in the Resolution passed on this subject at the last Annual General Meeting have become necessary; and the directors recommend them for your approval.

Development and Expansion

In my Statement last year I mentioned that several applications of the Company for industrial licences were pending with the Government. I regret to state that except for a licence to manufacture open arc continuous electrodes at Ambattur factory, the Company's proposals have not been approved by the Government.

While the Company's own technical centre in Calcutta continued the work of process/product development suited to local conditions with satisfactory results, the Government has not yet given consent to the Company's application for approval of its Joint Research Agreement with The British Oxygen Company Limited to take effect from 1 October 1969. The proposed agreement would make available to the Company the full range of technical know-how and expertise of British Oxygen for a nominal contribution towards the *actual expenses* they incur on research and development. Unlike during the currency of the previous agreement which expired on 30 September 1969, the Company is now no longer entitled to receive free and full technical collaboration from British Oxygen. This may make it necessary for the Company in future to spend large sums on research and development projects which might well have already been completed in the research establishments of British Oxygen and which for a nominal annual payment would be available to the Company.

I regret to have to say that the future development and expansion of the Company is now uncertain because of the Government's new industrial licensing policy which is heavily biased *inter alia* against subsidiaries of foreign companies and companies which are 'dominant undertakings' within the scope of The Monopolies and Restrictive Trade Practices Act, 1969. Instead of benefiting from the position of financial, technical and managerial competence which, with British Oxygen's full support, this Company has attained by long years of service to the engineering industry in meeting the country's needs for certain essential products, it now runs the risk of being denied legitimate scope for further development. It is ironical that whereas, on the one hand, the Government evinces great concern for expanding both employment opportunities and production in the country, it adopts policies which, on the other hand, curtail the scope for companies of proved ability and resources to grow and thereby to create more employment and increase production. While one must support, as indeed I do, all efforts both by legislation and by the official direction of industrial policy to restrain those monopolistic and restrictive trade practices which operate to the detriment of the public interest, it is plainly a folly to penalise successful industrial endeavour merely because it is successful.

However, despite the discouragement inherent in the current official policies, the Company has undertaken the task of preparing a comprehensive expansion plan for the next few years within the limitations of those policies as far as practicable and bearing also in mind the Plan priorities and the generally acknowledged urgent needs of Indian industry. The plan is likely to be submitted to the Government early in the new year and it is my earnest hope that it will be considered with realism and proper appreciation of the pressing need for accelerating industrial growth and expanding employment opportunities.

Management and Personnel

I have referred earlier to the unsettled labour conditions and unsatisfactory law and order situation prevailing in many parts of the country, particularly in West Bengal, during the year under review. Against this background and the unfortunate rivalry among employees owing allegiance to different unions, the industrial relations at the Company's units during the year should be considered to be satisfactory. Except for prolonged go-slow at Asansol gas factory from May to July 1970 and at Calcutta gas factory in June and July 1970, both of which seriously affected the Company's operations and caused great hardship to our customers, there was no major dislocation of work at the Company's remaining units.

I referred in my Statement last year to settlements reached with unions on issues relating *inter alia* to work study and productivity. It is a matter of regret that despite all efforts on the part of management there was no improvement in productivity at some units where the existing low productivity is causing serious concern. An encouraging development during the year, however, was the genuine efforts made by the employees and their unions at some of the other units to improve productivity and fulfil other obligations arising from our various settlements with them.

During the year under review attention was given to the revision of service conditions at our units which was the subject of several 'charters of demands' submitted by the federations and unions representing the employees. The Company and one of the two federations of the employees' unions jointly approached the Ministry of Labour and Employment, Government of India, to refer these demands to a National Tribunal for adjudication, but this request was not granted by the Government. Consequently, the

Company was obliged to take recourse to bipartite discussions with the accredited representatives of the employees at various units. However, I am glad to say that settlements were reached during the year in respect of the majority of the Company's units; at the remaining units negotiations are still in progress.

Bonus for the year 1968/69 was again payable only at the statutory minimum rate under the provisions of The Payment of Bonus Act, 1965. But after discussions with the representatives of all workmen a satisfactory settlement was signed in April 1970 covering an ad hoc payment, completely separate from bonus, of Rs. 19 lakhs to be disbursed among the graded staff who were in the Company's employment during the year 1968/69 in proportion to the salaries/wages earned. I must not omit to mention in this connection that during the negotiations in respect of service conditions and bonus the discussions were held in an atmosphere of cordiality.

During the years of the recent economic recession in the country, the supervisory and management staff of the Company has had to work under considerable stress and strain. The generally unsettled conditions persisting in many parts of the country even after the beginning of the process of economic revival did not relieve their burden. I would like to record here our appreciation of their loyal services and devotion to duty in their determined effort to face the challenge of the times.

Mr. A. K. Sen, who has been Managing Director of the Company since 1 June 1959, retires from the service of the Company on 31 March 1971. Mr. Sen has been with the Company all his working life, starting as an Accountant on 1 September 1938. His is a unique record of distinguished service to the Company: many spheres of its activities will continue to bear a distinct imprint of Mr. Sen's high abilities and fine qualities of mind and character. During his term of office as Managing Director, there has been remarkable growth in the Company's undertaking and he has well laid the foundations for its future growth. It is indeed very fitting that during his last year of service with the Company he should have been paid the honour of being elected President of The Bengal Chamber of Commerce and Industry. Mr. Sen proceeds on well-earned retirement from the daily routine and heavy responsibilities of executive management; but I am sure that his knowledge, experience and skill will continue to be available in the service of Indian industry. In recording our appreciation and gratitude to Mr. Sen for his valuable contributions whilst in the service of the Company, we also extend to him our best wishes for rewarding and satisfying activities for many more years.

The shareholders have already been informed that Mr. K. Hartley, Joint Managing Director, has been appointed Managing Director of the Company with effect from 1 April 1971. In addition to his undoubted competence, Mr. Hartley brings to this appointment long experience of the Company's business and an intimate acquaintance with its current affairs and problems. The shareholders will no doubt extend to him full support and good will in the discharge of his new responsibilities.

Prospects

I have mentioned above that the Company is drawing up plans for development and expansion over the next few years; but in our controlled economy the final say rests with the Government. Although we hope that in the wider interests of the country our plans will evoke a sympathetic response from the Government, the present circumstances prevent me from adjuring all misgivings on this account. Granted encouraging Government response and a certain degree of stability in law and order and in labour conditions, we are poised for significant growth of the Company's undertaking.

What about the immediate future? As I mentioned in my Statement last year, some spare production capacity is still available in respect of several of our products. This places us in a position to meet additional demands for these products. If the Company's operations remain more or less normal and the demand level maintains its present trend, we should hope for satisfactory working results during the current year.

N. DANDEKER
Chairman

28 November 1970

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

BOOKS RECEIVED

Handbook of Statistics 1969-70. (Published by the Indian Engineering Association, 6 Netaji Subhas Road, Calcutta 1. Price Rs. 16, pages 309.)

Managerial Economics—Analysis and Cases. By W. Warren Haynes, Vasant L. Mote and Samuel Paul. (Published by Vakils, Feffer and Simons Private Ltd, Hague Building, 9 Sprott Road, Ballard Estate, Bombay 1. Price Rs. 21, pages 848.)

Economic Theory as Applied to Agriculture. By G. D. Agrawal and P. C. Bansil. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Price Rs. 25, pages 253.)

Optimum Use of Engineering Talent. (Published by D. B. Taraporevala Sons and Co. Private Ltd. Bombay 1. Price Rs. 7.20, pages 416.)

The Manufacturing Man and His Job. Edited by Robert E. Finley and Henry R. Ziobro. (Published by D. B. Taraporevala Sons and Co. Private Ltd., Bombay 1. Price Rs. 15 pages 478.)

Modern Office Management. By John J. W. Neuner and B. Lewis Keeling. (Published by D. B. Taraporevala Sons and Co. Private Ltd. Bombay 1. Price Rs. 12, pages 774.

The Corporate Planning Process. By Melville C. Branch. (Published by D. B. Taraporevala Sons Co. Private Ltd., Bombay 1. Price Rs. 5.40, pages 253.)

Manufacturing Management. By Franklin G. Moore. (Published by D. B. Taraporevala Sons and Co. Private Ltd., Bombay 1. Price Rs. 13.80 pages 892.)

Tough-Minded Management. By J. D. Batten. (Published by D. B. Taraporevala Sons and Co. Private Ltd., Bombay 1. Price Rs. 6, pages 188.)

Performance Objectives for Managers. By Raymond F. Valentine (Published by D. B. Taraporevala Sons and Co. Private Ltd., Bombay 1. Price Rs. 7.50, pages 208.)

The Common Law in India. By C. Setalvad. (Published by N. M. Tripathi Pvt. Ltd., 164 Samalda Gandhi Marg, Bombay 2. Price Rs. 1 pages 251.)

STATISTICS

Stock and Share Prices

The following are the official quotations of the Calcutta, Bombay and Madras Stock Exchanges. Fuller details relating to the accounts of companies are published in the final week's issue of 'Capital' every month.

CALCUTTA

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	1-2-71	18-1-71
BANKS			Rs.	Rs.
Allahabad Bank	13	13	160/00	160/00
Bank of India	20	20	131/50	**130/50**
Bank of Baroda	17	18	97/50	**96/00**
Central Bank of India	20	20-8*	70/50	69/50
Chartered Bank	15	15	sh. 42/-	42/00
Hongkong & Shanghai	sh. 10 2/5	sh. 12½	£11⅜	£11⅜
Indian Bank	15	15	160/00	162/00
Indian Overseas Bank	11	11	168/00	168/00
National & Grindlays	13½	13-9	sh. 53/3	sh. 53/3
Punjab National Bank	22	22	24/12	24/05
United Bank of India	7½	7½	9/56	9/44
United Commercial	14	14	97/50	101/00
Union Bank of India	12	12	8/52	8/50
COAL				
Amalgamated	12½	7½-10*	7/87	7/87
Bengal	10	12-12*	157/00	158/00
Bokaro & Ramgur	...		12/00	12/00
Borrea	Nil	5-15*	15/00	15/00
Burrakur	13	Nil-12*	11/19	11/50
Central Kurkend	...	...	3/44	3/44
East Indian	15	Nil-Nil*	7/00	7/00
Equitable	Nil	Nil-Nil*	4/75	4/75
Karanpura Devt	2	Nil-5*	7/44	7/44
Karanpura Collieries	10	12-20*	10/87	10/87
Katras Jherriah	5	10-10*	9/87	10/50
New Beerbhoom	8	12	13/62	13/94
New Manbhoom	Nil	Nil-Nil*	4/25	4/25
Pench Valley	12½	7½-10*	8/37	7/62
Raneegunge	5	7½-10*	11/06	11/06
Rewa	12½	12½-15*	26/37	26/37
Sendra	3½	3½-7½*	3/75	4/44
South Karanpura	2½	10-20*	13/19	13/19
Standard	Nil	5-10*	7/19	7/19
Union	Nil	Nil	5/00	5/00
Western Bengal	7½	7½-8*	6/44	6/81

*1969

	Dividend per cent		Latest Market Quotations as available until	
JUTE	1967	1968	1-2-71 Rs.	18-1-71 Rs.
Agarpara	5	5	6/00	6/06
Alexandra	Nil	...	25/50	25/50
Alliance	Nil	...	17/25	17/25
Anglo India	2½	2½-2½*	100/00	100/00
Auckland	Nil	Nil-Nil*	50/00	52/50
Bally	10	10-10*	12/94	11/94
Baranagore	Nil	Nil-Nil*	73/50	74/50
Birla	15	15-15*	21/60	20/90
Budge Budge Amal.	Nil	Nil-Nil*	7/12	7/50
Champadany	Nil	Nil-5*	13/25	13/25
Chitavalash	Nil	Nil	6/31	6/25
Dalhousie	Nil	Nil-Nil*	37/50	37/50
Empire	Nil	Nil	4/60	4/50
Fort William	2½	Nil	14/44	14/44
Ganges	5	Nil	7/06	**6/75**
Ceneral Industrial	6	9-10*	11/56	**11/56**
Gourepore	5	5-Nil*	6/25	6/31
Hastings	4	2½	104/00	104/00
Hooghly	10	10-10*	9/50	9/50
Howrah	Nil	Nil	6/44	6/12
Hukumchand	Nil	Nil-Nil*	12/06	10/00
India	Nil	3½-5*	6/31	5/56
Kamarhatty	Nil	Nil-Nil*	74/00	80/00
Kanknarrah	Nil	Nil-Nil*	28/00	28/00
Kelvin	Nil	Nil	19/50	20/00
Khardah	Nil	Nil-Nil*	5/06	5/06
Kinnison	Nil	Nil	19/50	19/50
Lansdowne	Nil	Nil	24/50	24/50
Lawrance	3	2-Nil*	26/00	25/00
Megna	6	Nil-Nil*	3/25	3/25
National	Nil	10	7/50	7/50
Nellimaria	6	4	7/75	7/75
New Central	...		3/44	3/81
Northbrook	10	Nil-10*	9/87	9/87
Nuddea	2½	2½-Nil*	4/19	4/44
Presidency	Nil	...	0/93	1/06
Reliance	Nil	Nil	4/91	4/87
Titaghur	Nil	Nil	10/12	10/12
Union	Nil	Nil	27/75	44/00
Waverley	15	15-6*	3/00	3/69
COTTON TEXTILES				
Bharat Commerce	15	15-15*	19/75	19/31
Birla Cotton	10	10-10*	14/50	14/50
Bowreah	17½	17½-17½*	13/81	13/62
Cawnpore Textile	Nil	10-8*	3/03	3/06
Delhi Cloth & Genl	12	6-12*	83/44	84/25
Dunbar	5	Nil-Nil*	10/25	10/00
Elgin	10	10-8*	7/00	7/00
J. K. Cotton	15	5-6*	11/20	11/45
Jaya Shree	5	Nil-Nil*	5/12	5/00
Jagatjit	10	...	8/81	8/81
Jiyajeerao	10	...	25/12	25/12
Orissa Textiles	Nil	Nil	3/41	3/50
Rampooria	Nil	Nil	3/25	3/25
Swadeshi	2½	5-5*	11/50	11/50

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended		
	22-1-71	15-1-71	23-1-70
Liabilities—			
Notes in Banking Dept. ...	11,92,61	4,56,32	19,27,32
Notes in Circulation ...	41,14,95,33	41,45,98,75	37,06,42,00
Total Notes Issued ...	41,26,87,94	41,50,55,07	37,25,69,32
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,61,42,00	2,61,42,00	2,81,42,00
Total of A ...	4,43,95,11	4,43,95,11	4,63,95,11
B. Rupee Coin ...	56,23,35	54,90,37	69,40,04
Rupee Securities ...	36,26,69,48	36,51,69,59	31,92,34,17
Total	41,26,87,94	41,50,55,07	37,25,69,32

BANKING DEPARTMENT

Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	2,79,94,46	3,55,79,96	67,74,05
2. State Govts. ...	5,34,05	4,92,54	8,21,07
(b) Banks—			
(i) Scheduled Banks ...	2,01,47,52	1,87,06,28	1,82,91,40
(ii) State Co-operative Banks	9,70,97	8,90,36	7,65,80
(iii) Non Scheduled State Co-operative Banks ...	75,02	74,93	59,83
(iv) Other Banks ...	25,44	26,85	16,05
(c) Others	84,64,36	87,73,57	2,09,86,60
Bills Payable	56,63,91	46,39,77	42,41,31
Other Liabilities	1,16,64,82	1,07,93,21	1,06,29,53
Total	12,14,40,55	12,58,77,47	10,45,85,64
Assets—			
Notes			
Rupee Coin	11,92,61	4,56,32	19,27,32
Small Coin	3,79	3,22	3,64
Bills Purchased and ..	3,97	3,79	3,69
Discounted:—	35,16	...	
(a) Internal		35,16	
(b) External	13,02,67	9,71,67	69,90,30
(c) Govt. Treasury Bills ...	1,09,26,55	1,03,29,01	1,54,52,83
Balances held abroad ...	97,81,17	1,03,54,72	1,11,26,43
Investments			
Loans and Advances to:—			
(i) Central Government .	...	...	...
(ii) State Governments ..	1,95,72,16	2,26,55,00	1,59,52,19
Loans and Advances to:—			
(i) Scheduled Banks ...	3,55,65,44	3,77,67,05	1,35,09,06
(ii) State Co-operative Banks	2,92,35,27	2,94,35,13	2,85,76,57
(iii) Others	2,07,85	1,87,75	2,62,21
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,02.59	34,19,52	31,15.53
(ii) State Co-operative Banks	21,31,77	21,94,84	15,62,08
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	5,08.09	5,14,95	6,43,73
National Industrial Credit (Long Term Operational) Fund	28,03,71	27,93,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	38,08,33	37,96,21	38,56,74
Total	12,14,40,55	12,58,77,47	10,45,85,64

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended		
	22-1-71	15-1-71	23-1-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,64,62,00	1,61,02,00	1,38,78,00
(2) From others ...	25,61,60,00	25,71,84,00	21,70,82,00
(b) Borrowings from Banks	33,81,00	27,99,00	32,30,00
(c) Others	1,57,01,00	1,59,76,00	1,30,00,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,08,78,00	1,09,75,00	96,71,00
(2) From others ...	33,10,59,00	33,03,52,00	28,31,03,00
(b) Borrowings from Banks	13,16,00	11,60,00	10,07,00
(c) Others	38,48,00	39,40,00	28,70,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	29,31,00	30,16,00	25,37,00
(b) Time Liabilities ...	66,42,00	67,24,00	65,20,00
(iv) Borrowings from Reserve Bank	6,74,36,00	6,97,18,00	4,52,02,00
(v) Cash	1,64,13,00	1,64,61,00	1,34,87,00
(vi) Balances with Reserve Bank	1,88,83,00	1,93,92,00	1,78,83,00
(vii) Balances with other banks in current account ...	73,22,00	72,74,00	55,15,00
(viii) Money at call and short notice	43,50,00	47,80,00	50,63,00
(ix) Investments in Central and State Govt. Securities ...	14,10,12,00	14,08,88,00	12,49,39,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,49,29,00	37,70,90,00	32,07,68,00
(b) Due from banks ...	4,96,73,00	4,97,53,00	4,50,32,00
(xi) Inland Bills purchased and discounted	7,21,30,00	7,04,01,00	4,46,68,00
(xii) Foreign bills purchased and discounted ...	2,09,94,00	2,06,93,00	1,90,96,00
(xiii) Total of X, XI and XII ...	51,77,26,00	51,79,37,00	42,95,64,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

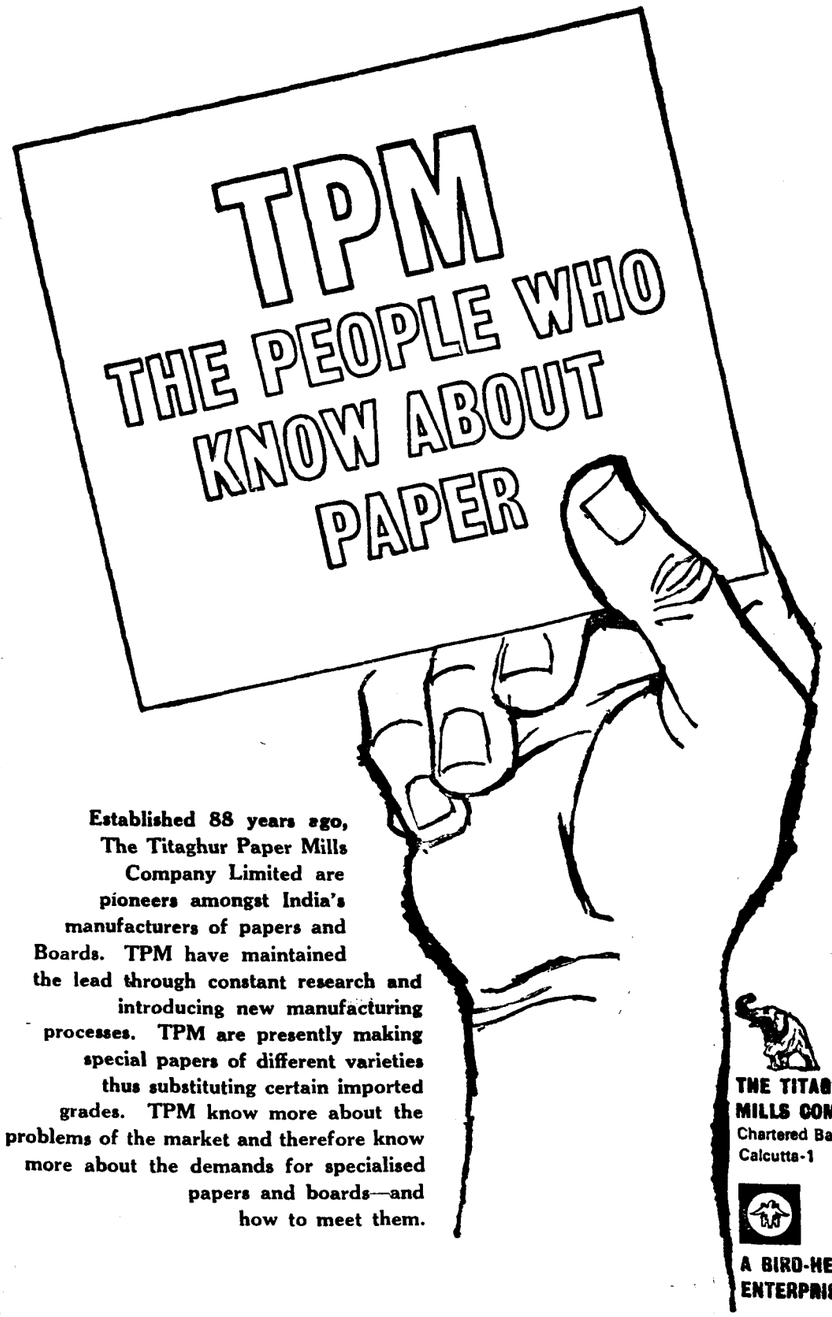
(Base year 1960=100)

	1970	1969	1968
January	186.8	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June ...	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		173.5	161.1



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The N. C. A. E. R. Survey

Poll-oriented State Budgets?

Dividend Policy of Management

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Growth or Stagnation?

THE annual general meetings of the Bengal Chamber of Commerce and Industry always provide an occasion to the retiring presidents to give expressions to certain home-truths concerning the economic and political problems in India in general and West Bengal in particular. The speech delivered this year by Mr. A. K. Sen at the annual meeting held in Calcutta a few days ago has been an agonising appraisal of the economic stagnation through which the State is now passing. Many of the problems he referred to have been worrying the present administration, as is evident from the speech of the Principal Adviser to the Governor of West Bengal, Mr. B. B. Ghosh. There is no denying that what West Bengal needs today is a stable and efficient administration with progressive policies in many directions so that the growing stagnation in the economy which has brought industrial expansion to a grinding halt may be ended for good and a climate of expansion created to restore the pristine glory that West Bengal once enjoyed in the sphere of trade and industry.

The crucial need of the State is apparently to restore peace and order through a firm Government. It would be futile to clamour that President's rule has not brought about the much-sought-after peace and progress in this trouble-torn State. For one thing, President's rule has continued only for a year, and it has proved to be a Herculean task to restore peace and order within a short period. It would be a travesty of truth to say that a bureaucracy—howsoever well meaning—always proves to be inefficient. Many of West Bengal's current problems have to be traced to continued Central apathy. Whether the results of the forthcoming mid-term poll will help install a popular Government enjoying a substantial majority is still anybody's guess. But it is obviously a wishful thinking for which every politically-conscious citizen is keeping his fingers crossed. Political parties in the State, which indulge in playing to the galleries so often and so much and enter into bitter factionalism to achieve their ends, do not always seem to keep the State's true interests in mind. Otherwise, how has West Bengal gone down steadily during the last ten years, although a World Bank study team pointed out long ago that Calcutta's and West Bengal's problems should be considered as national ones?

Mr. Sen, in his thought-provoking speech, has rightly pointed out that although the Government's policy is to achieve growth with social justice, neither growth nor social justice seems to have been achieved so far. He has done well to stress in this context the need to remove all inhibitory factors and to create a right climate to provide the much-needed shot in the arm of private industries. Referring to West Bengal, he has pointed to the stark reality that for the past few years there has been no industrial expansion in this region. He has given a long list of the causes which have been responsible for the State's industrial stagnation, namely, the deterioration in law and order, lack of personal security, unstable political conditions, shortage of raw materials and continued Central apathy. Many of West Bengal's bigger industries have been faced with the problem of insufficient orders and unremunerative prices coupled with persistent industrial unrest. Is it any wonder, therefore, that they have reached the end of their financial tether?

The acute shortage of raw materials, particularly steel, has proved to be the last straw, as a result of which many big engineering concerns are steadily heading towards a crisis. To crown all, continued unsatisfactory trading conditions have had the effect of eroding their profit margins. Many of them, such as it is, have been reluctantly compelled to introduce drastic econo-

mies and have not been able to offer fresh employment opportunities to the unemployed population. Is it any wonder, therefore, that West Bengal with 8 per cent of India's population should be accounting for 17 per cent of the country's unemployed and that the number of educated unemployed should be steadily rising? As it is, the situation is grave beyond measure, since 400 big and small industrial units have been reluctantly compelled to put down their shutters.

Mr. Sen gave a realistic résume of the plight of West Bengal's leading industries, such as jute, coal, engineering and tea. The former industry, as is well known, is fighting against heavy odds in the face of growing competition from Pakistan and synthetic substitutes. Its problems have been aggravated by continued labour indiscipline on the shop-floor on the one hand and low productivity on the other. But it is a pity that instead of appreciating the problems of the industry, the Centre is thinking of setting up modern jute mills in some of the fibre-growing States, even though jute mills in West Bengal have a large unutilised capacity. Nor is the condition of the engineering industry any better. The shortage of orders and unremunerative prices have brought in their wake a serious plight for wagon-builders, the cumulative effect of which has been to lead to the closure of Braithwaite's head office and Clive Works. Where is the guarantee that some other units too will not follow suit in the foreseeable future if the Centre does not extend its helping hand to the units concerned? The position of the coal industry is no better either. The shortage of wagons has led to the pithead accumulation of stocks which has justifiably caused much concern to colliery-owners. Furthermore, the principal customers of the coal industry are large monopoly buyers who are steadily keeping prices down at unremunerative levels. As for the tea industry, warehousing and port problems have created some difficulties with the result that shipments are being diverted from Calcutta to Kandla port on the west coast.

Against this long tale of West Bengal's woes, it is heartening that the Principal Adviser to the Governor, Mr. B. B. Ghosh, has had a message of cheer. He has not apparently looked at West Bengal's problems with the goggles of gloom. He has pointed to the public investments that the State has initiated to boost the investors' confidence. The Industrial Development Bank of India has already set up a local committee to deal with the industrial units in difficulty and the nationalised banks operating in the region have also offered to help restore vitality to West Bengal's anaemic industries through the Relief Undertakings Bill. Furthermore, the Industrial Reconstruction Finance Corporation—with headquarters in Calcutta—will be set up soon, and it will certainly play an important rôle in revitalising the moribund industries in the eastern region. Such major investments undertaken on the Government's auspices at Haldia port, Farakka barrage and the Haldia oil refinery will definitely provide a lever to West Bengal's economic expansion. But this hinges on the most important factor, namely, political stability. Can it be restored through a popular Government formed after the mid-term poll?

Poll-oriented State Budgets?

THE deficit no-tax Budgets of Punjab and Haryana are a pointer to the emerging pattern of State finance in the coming financial year. The compulsions of the ensuing poll for Parliament seem to have prevailed upon the Finance Ministers of the two neighbouring States to leave their deficits of over Rs. 4 crores each uncovered by fresh taxation. While this is nothing unusual and should normally cause no surprise or concern, it has to be remembered that these States may have no better option next year when their Assembly elections will be due. Thus, for two consecutive years, the ruling parties in many States may be forced to avoid incurring the displeasure of their voters by imposing new taxes.

This may be the price that one has to pay for democracy, but the price is doubled this time because of the delinking of parliamentary poll from Assembly elections. It remains to be seen how far the States that are having Assembly elections along with the Lok Sabha poll display a stronger will to bring forward new tax proposals and raise resources for the Plan. It must be noted that no party has elaborated its stand on the Fourth Plan or the means of financing it in the remaining years. The inconvenient question of taxing the agricultural sector has also been left untouched. While the so-called radical parties rent the air with loud promises to get the Constitution amended to do away with property right and remove "obstacles" in the way of reducing income inequalities, none has even remotely suggested its amendment to enable the Centre to tax agricultural income, because of the fear of losing powerful rural votes!

Instead, the Punjab Finance Minister was only too ready to take shelter under the existing "constitutional disabilities" for his failure to tap the rural sector for raising finance for the Plan. He used the occasion to voice a political demand for greater autonomy to the States in the matter of finance in particular. If there is logic in taxing the agricultural sector anywhere in the country, it is in Punjab where food production in the last two years has risen phenomenally, thanks to the "green revolution". And yet, when there is hesitancy on the part of Punjab to make its agriculturists pay the price for their prosperity, there is much less reason to expect other States to make any headway in this direction.

The Punjab Budget shows a deficit of Rs. 4.29 crores which has been left uncovered even though the State has been called upon to spend more on its Annual Plan next year than in the current year. The size of Punjab's Annual Plan for 1971-72 has been settled at Rs. 68 crores, whereas the State is expected to spend Rs. 60.67 crores in the current year on its Annual Plan. No doubt, Central assistance has been increased marginally but it is clear that the State will have to fall back upon its own resources to meet the gap in its Plan funds. With the lottery scheme also evoking less public response than in the past, not only Punjab but also other States placed in a similar predicament will find it hard to mobilise adequate resources for the Plan.

Haryana is no better ; it has emulated the example of its neighbour and shown a deficit of Rs. 4.07 crores. Together with the current year's estimated deficit of Rs. 7.49 crores, this small State will have a big deficit of Rs. 11.56 crores. Yet its Finance Minister, Mrs. Om Prabha Jain, could not muster courage to bring forward new taxes or raise the rates of existing taxes. The usual promise of efforts to improve the system of realising Government dues and economising on the Government's non-plan expenditure has been made, but whether this promise is fulfilled will be known only when the next Budget is presented.

The failure of the States to raise resources has evidently ceased to be a matter of any serious concern to the Planning Commission. Its persistent efforts to get an idea of what each State proposes to do and how much each will raise by way of new resources have not been fruitful. During the recent discussions on the State Plans for 1971-72, the State representatives were interested in finding out how much more Central assistance they would get next year while the Planning Commission was probing their mind on the resources that they themselves hoped to raise. With neither side getting very far in this futile exercise, the State Plans were ultimately finalised on the basis of "resources in sight", which means Central assistance plus the surplus with the States after meeting their increased non-plan expenditure like pay increases and allowances for their employees.

The Central assistance has been raised from Rs. 635 crores in the current year to Rs. 700 crores in 1971-72. This may be just adequate to meet the shortfall in the performance of the States in raising additional resources. In the current year, the States had promised to raise Rs. 82 crores by way of additional taxation and other measures but indications are that the net yield may not total up to more than Rs. 24 crores. This is in glaring contrast to the enthusiastic efforts made by the States in the first year of the Fourth Plan to raise as much as Rs. 84 crores by way of new taxes. If the current lag in performance persists, the size of the State Plans will automatically shrink, regardless of the provision on paper. The sharp rise in prices over the last 12 months has already eroded the real value of the Plan provisions and together with shortfalls in financial outlays, both the financial and the physical targets will remain unfulfilled.

It would be idle to expect that these problems will receive any consideration in New Delhi for the next two months. But thereafter, at least some thinking will become necessary to decide whether to go ahead with the Fourth Plan or give it a decent burial. Already, a number of projects outside the Plan are being sponsored by individual Ministries which are held "guilty" by the Planning Commission of having done nothing to execute speedily programmes included in the Plan. After the elections, the number of such schemes is bound to increase, irrespective of who wields power. And when this happens, the validity of the present Plan will be completely lost and it will remain only in a skeleton form. One wonders whether the States are playing cool in full awareness of this possibility.

The N.C.A.E.R. Survey

ALTHOUGH a regular Central Budget cannot be presented to Parliament even by the end of March 1971 (in normal years, the Budget is presented to Parliament on the last working day of February), pre-Budget economic surveys have already started making their appearance. One such survey has been made by the National Council of Applied Economic Research, New Delhi, which has been published in the February issue of *Margin*—the Council's quarterly journal. Coming as it does from this prestigious body, the survey deserves more than a passing reference. Although hedged with many "ifs" and "buts", many of the observations made are cogent and realistic. Instead of repeating high-flown objectives, the study underlines what—in the opinion of the N.C.A.E.R.—the economy can reasonably achieve with the resources at its disposal and the constraints within which it is likely to operate. In the latter sphere, it throws some valuable suggestions for the consideration of the Government.

On the agricultural sector, the survey says that even if the monsoon is erratic, foodgrain production in 1971 may not fall far below the 100-million-tonne mark. But the outlook in the commercial crops sector is not so good. The cotton shortage, for example, will continue to pose a formidable problem to India's textile industry. Yet, the Government seems to be oblivious of the urgent need to do something in the matter. It pins its hope on being able to import cotton, completely oblivious of the probability that staple cotton of the required lengths may not be available in adequate quantities in the world market. It is hoped that the Government will take timely note of the N.C.A.E.R.'s suggestion that a crash programme is called for here.

According to the survey, the outlook is much more disturbing on the industrial front. After stating that there is great "potential" for growth, the Council wonders if this potential will be adequately realised as "a good deal will depend on Government policies and, even more, on the ways in which they are implemented". Here is the rub. The principal reason why, during the first two years of the Fourth Plan, industrial production failed to reach the target is that, at almost every step, Government policies acted as a brake on enterprise. Apart from the Government's obsession with the so-called monopoly and concentration of economic power leading to the imposition of various constraints on the growth of big industrial houses, a major cause for the slow rate of growth in the industrial field has been the inadequacy of essential raw materials. The shortage of steel is a glaring example. In the steel mills in the public sector, utilisation has been in the neighbourhood of only 60 per cent to 65 per cent of the installed capacity. Moreover, as is well known, the unbalanced structure of production of various types of steel has also been responsible for the difficulties of the engineering industry. The shortage of essential raw materials like steel has acted as a drag on exports also. Imports of steel have been neither timely nor adequate. Although further stepping up of steel production is the ultimate answer for the problems of steel-using industries, the N.C.A.E.R. survey says that even a 10-per cent increase in the availability of steel would mean a 25 per cent increase in the export of engineering goods. It, therefore, suggests some flexibility in policy in the matter of steel imports: imports should relate to the unfulfilled orders on indigenous producers rather than to past consumption.

The survey bemoans the fact that the disposal of applications for industrial licences continues to be tardy. "Rejection of applications should be done quickly to enable those concerned to know where they stand and turn to other lines of activity". It adds that the effect of restrictions on the scope of activity by the larger established units "should be soberly assessed". As for the last piece of advice, perhaps the N.C.A.E.R. itself should undertake this assessment, as any assessment made by a body like

the Federation of Indian Chambers of Commerce and Industry or Assocham is likely to be dubbed by the Government as "partisan".

The N.C.A.E.R. study rightly expresses concern over the continued upward trend of prices and its overall effect on the economy. "Arresting the increase in prices should be the first priority in 1971". According to it, the major factor behind the rising prices in 1970 was the growth in money supply. As this growth in money supply may be difficult to control, it looks to increasing production and augmenting supplies as the main instrument for arresting the rise in prices. The study has conveniently overlooked an important factor in the rise in prices, namely, the rising costs of manufacture as a result of (a) extravagant wage increases without any corresponding increase in productivity, (b) increased cost of raw materials, and (c) the various indirect taxes imposed by the Government on raw materials, semi-finished goods and final products. Unless these are checked, no power on earth will be able to halt the rise in prices.

The study makes only a passing reference to the outlook for employment in 1971, presumably because it finds the outlook rather depressing. "Sources of further employment will have to be sought by rearranging Plan investments and activities within the real resources available for the Plan and by encouraging in the private sector activities which have a large employment potentiality". As an illustration, it cites road transport: it says that an additional truck on the roads creates direct remunerative employment for at least eight people. What the survey could have pointed out is that, at present, the allocation of resources between the different sectors of the economy (including the so-called private and public sectors) is governed by considerations other than those of the maximisation of production and employment. Reduction in the inequality of incomes, curb on the concentration of economic power and provision of increased amenities to certain sections of the people may be very desirable, but can't they wait? In India, the Government's recent policies have put a brake on the expansion of private enterprise, with the result that the power of the latter to enhance employment has been reduced. The unemployment situation in the country demands that egalitarian objectives should have a secondary place—at least for some time to come. The N.C.A.E.R. study should have considered this aspect of the problem more adequately.

Tea in Turmoil

NO one with some knowledge of the trend of tea auctions in Calcutta will have any difficulty in finding out wherefrom the countries of western Europe get their supplies of good Darjeeling tea. It is well known that the export of Indian tea to the U.K. has been declining appreciably since the rise in tea production in east Africa. Over the past ten years, east African tea imported into Britain increased by 450 per cent. This apart, the consumption of tea in the U.K. declined by 9 million lbs to 463 million lbs last year. The general blend of teas in the U.K. is made up of supplies from the Dooars, east Africa and Ceylon. Although the annual production of Darjeeling tea is small—in the region of 9 million kilograms a year—it fetches a much higher price a kilogram than other teas. It has been seen that Russia buys about 3.5 million kilograms of Darjeeling tea a year. The living standards in Russia being nowhere near that of the west European countries, tea imports of superior grades are certainly not meant for her domestic consumption. The Government of India is already aware of reports that some east European countries have re-exported goods bought from this country. In the present case, it is obvious that the requirements of western Europe of fine teas are being met by Russia.

Russia is easily able to do so because of her advantageous position in the Indian tea market, compared with buyers from other countries. As her trade relations with India are on a barter deal basis, she makes all her purchases in Indian currency. Taking advantage of her unique position, Russia easily offered prices for certain grades of tea with the intention of making other buyers disinterested in these varieties. Once this was accomplished, she ceased to offer high prices. This has worked against the interests of both growers and other buyers. It is high time that something was done to eliminate this unhealthy trend in tea auctions.

It is in the long-term interest of the Indan tea industry that its problems are placed in a national focus and developments in other countries are taken note of. More and more countries are finding it profitable to expand the acreage at the present level of tea prices. They are confident that with the progressive improvement in production, they will be able to earn more foreign exchange from tea exports. The cost of production in east African countries is much lower, compared with that in India, mainly due to higher labour productivity and the very reasonable Government levy there. In contrast, the financial position of the industry in India is steadily worsening. There has been a profusion of assurances that measures would be taken to remove the ills of the industry, but precious little has been done to improve its export performance or to carry out replantation at the rate suggested by the Barooah Committee. If shortfalls in the export quota are to be avoided, no excise duty should be charged on exported teas. It is unfortunate that plantations have become a ground for political parties to exploit workers for political ends. Nobody has bothered to question the desirability of improving productivity while seeking to improve the conditions of labour.

Although a few days ago, the Central Minister of Foreign Trade, Mr. L. N. Mishra, said in Calcutta that the Government was seized of the situation in the public tea warehouses and would certainly find a solution to the problem, there is yet no sign of any positive Government action. The West Bengal Government has reportedly asked the Centre to direct the Central Warehousing Corporation to step into the trade by converting the Corporation's public warehouses into bonded warehouses for tea, where the 1,300 workers may be absorbed.

The tea importing countries have covered a long distance since the meeting in Kampala where they fumbled at the proposal made by the leading exporters, namely, India and Ceylon, that there should be an agreement on the lines suggested by the U.N.C.T.A.D.—II. The co-operation noticed between importers and exporters at the New Delhi meeting of the U.N. Food and Agriculture Organisation Committee on Tea leads one to hope that an agreement would be reached at its next meeting. Such an agreement would ensure remunerative prices for the producing countries.

CURRENT COMMENT

S.T.C.

Mid-year Review

The State Trading Corporation of India has undergone many important changes under the able stewardship of its forward-looking chairman, Mr. P. L. Tandon. Its administration has been streamlined and strengthened and operational expenses have been brought down very substantially through efficient utilisation of its various resources. With its expenditure-sales ratio around 2 per cent and stock-sales ratio of about 9 per cent, the Corporation can stand comparison with any of the best-run trading organisations in the private sector. All this has been possible because of the gradual introduction of the system of accountability under Mr. Tandon's guidance. With the formal appearance of the mid-year review and the revised performance budget for 1970-71, the Corporation's system of accountability is now complete in all respects, except perhaps a weekly profit and loss account which, at best, can only be an accounting nicety.

The profit and loss account has already been brought to a monthly basis and alongside its weekly sales, orders and stocks, the Corporation also now keeps a watch on such expenditures as need a topical control, such as entertainment, overtime and travelling. Accountability in the S.T.C. has now acquired a formal style and consists of (1) performance budget, (2) weekly sales, orders and stocks statement, (3) monthly review and accounts, (4) quarterly review and audited accounts, and (5) annual report and accounts. If all the public-sector undertakings could be made to introduce the system of accountability, it would help achieve better financial results and improve their image in public eyes. Mr. Tandon told newsmen the other day that the Corporation proposed to evolve some mechanism for its automatic growth without outside directions. He indicated that in future the S.T.C. might pay greater attention to exports and that imports might be allowed to be handled by some other agency.

According to its mid-year review, the Corporation expects a turnover of Rs. 234 crores (exports Rs. 75 crores, imports Rs. 155 crores and domestic Rs. 4 crores) in 1970-71, against Rs. 163.17 crores (excluding fertilisers) in 1969-70. The reduction of Rs. 34 crores from the original estimate of Rs. 268 crores is due to a fall in import sales because of the formation of a separate subsidiary for cashew as also due to some other factors. Exports this year are expected to rise by Rs. 37 crores over 1969-70, as against a 3.2 per cent rise in the country's exports for the period April to September 1970. Leaving aside transactions in exports of sugar (Rs. 3 crores) which were undertaken under the directive of the Government, the Corporation hopes to add Rs. 17 crores in exports by way of foreign exchange earnings of the country in 1970-71 at a nominal export assistance of Rs. 38 lakhs. However, the loss in exports is estimated at Rs. 5.62 crores, as against Rs. 60 lakhs estimated originally and Rs. 1.78 crores incurred in 1969-70. After excluding the loss of Rs. 3.46 crores on sugar exports—this is to be compensated by the issue to the Corporation of additional import licences for high margin items—the actual loss in exports would work out to Rs. 2.16 crores. On the import side, there is likely to be a fall in profits of Rs. 2.70 crores, as compared with 1969-70. This is mainly due to the fact that while working under the directions of the Government, the S.T.C. cannot take a commercial position but has to function as a regulatory agency to arrest the rising level of prices. In addition to this, the trading activities have also been taken on account of the Government and profits and losses, if any, have to be necessarily passed on to the Government. An important case in point is the import of soyabean oil.

The profit and loss statement reveals that in 1969-70 there was a profit of Rs. 15.73 crores, after excluding the profit on fertilisers. As against this, the original estimate for 1970-71 was fixed at Rs. 18.97 crores and now this has been revised to Rs. 12.1 crores. However, after taking into account the profits payable to the Government and commission or reimbursement of losses received from the Government, the net results worked out to a profit of Rs. 14.97 crores. Against this, the latest estimate for 1970-71 is Rs. 12.67 crores. This drop in profits by Rs. 2.30 crores is mainly due to the fact that even though the overhead expenditure has been under control, due to normal escalation there is likely to be an increase in overheads by Rs. 55 lakhs and the additional loss in exports, excluding the loss on sugar exports, is likely to be about Rs. 38 lakhs. The profitability this year has also been affected by the decline in profits on tallow from Rs. 6.85 crores to Rs. 4.41 crores and on soyabean oil from Rs. 3.46 crores to Rs 71 lakhs. This drop in profits is likely to be partly offset by an increase in profits in other divisions like chemicals, general products and engineering. Judged by any standards, the profitability of the Corporation in 1970-71 is likely to be poor. Under the revised budget for 1970-71, the ratio of trading profit to sales is placed at 5.2 per cent, against 7.7 per cent in 1969-70. The ratio of capital employed to sales works out to 14.4 per cent, against 16 per cent.

BULLION

All-time High Prices

Bullion prices have displayed a marked strength recently. Since the beginning of the year, the price of Standard gold in Bombay has risen from Rs. 184 to Rs. 198 (10 grams)—an all-time record. The quotation for silver (.996 fineness) has been marked up from Rs. 562 to Rs. 588.50 (a bar of 30 kilograms)—the highest price for over two years; in 1967-68, silver had touched a high of Rs. 633. The highest levels recorded in 1970 (gold Rs. 192 and silver Rs. 565.50) have been left well behind and there is no knowing how far the current upward trend might go. There is no dependable norm for determining bullion prices in India and the factors influencing the demand-supply equation are difficult to assess. Increased festive offtake due to the marriage season, reduced availability due to the seizure of fairly large quantities of smuggled gold and a steady outflow of silver, domestic political uncertainties, the deterioration in Indo-Pakistani relations following the destruction of an Indian plane hijacked to Lahore—all these have contributed in varying measures to the recent upsurge in prices.

The overall demand for precious metals has been on the increase as a result of mounting inflationary pressures and increased offtake by the rural sector which has been enjoying a larger measure of prosperity because of the successive good harvests for four years. Apart from the seasonal

factor (offtake picks up during the marriage and festive seasons), short-term fluctuations in precious metals are influenced mainly by the volume of smuggling activity which has developed into a well-organised trade; there are agencies which are willing to underwrite the risks involved in this hazardous business. While gold is being smuggled in, silver is smuggled out and the two operations are not altogether unrelated. Export earnings from silver are an important source of finance for gold smuggling. Estimates of gold smuggled into the country in 1970 range from Rs. 200 crores to Rs. 300 crores. What a precious waste of foreign exchange! It is poor consolation that it is all unaccounted money which is being employed in this business.

ITALIAN TRADE TEAM

Scope for Joint Ventures

The 24-member Italian trade delegation, now touring the country, has evinced keen interest in setting up joint ventures in India for the manufacture of light and small agricultural machinery suited to Indian and Asian farms, spraying pumps, poultry equipment, automobile equipment and shoes. The leader of the delegation, Mr. Paolo Barbi, told newsmen in Bombay the other day that the members were greatly impressed by the growth and diversification of Indian industry and that Italy would be interested in collaborating in labour-intensive industries for the purpose of exporting the manufactures to third countries. A few specific proposals for joint ventures have already been finalised and negotiations for a few more are in an advanced stage. Madras will soon have a shoe factory with Italian collaboration in finance as well as in know-how. About 90 per cent of production of this plant will be exported to Italy's traditional markets, namely, the U.S.A. and Australia. Another Italian firm will collaborate with Sparco Carburetters Ltd, Poona. A new unit is proposed to be set up in Ahmedabad for the manufacture of injection pumps.

Welcoming the visiting Italian trade delegation last week in Bombay, Mr. G. L. Mehta, chairman of the Industrial Credit and Investment Corporation of India and the Indian Investment Centre, referred to the many common points between Italy and India, particularly the existence of a large public sector, a planned economy and the existence of underdeveloped regions in southern Italy. In view of this, Mr. Mehta felt that India could draw upon and learn from the experience of Italy. Explaining the rôle of the I.C.I.C.I. as a development bank, Mr. Mehta stated that the Corporation, during its 16 years of existence, had assisted 900 projects and sanctioned rupee and foreign currency loans amounting to Rs. 300 crores. The projects covered a wide range of industries, including plastics, electronics and industrial machinery. Of the projects assisted by the Corporation, 85 belonged to new entrepreneurs and 25 were for new products and new processes. The Corporation had also evolved a scheme for granting incentives to promote industries in the backward regions of the country. He also stated that the I.C.I.C.I. had assisted 16 Indo-Italian joint ventures to the extent of Rs. 10.43 crores which included the Ceat Tyres of India. Referring to the Indian Investment Centre's rôle in the promotion of joint ventures, Mr. Mehta stated that the Centre had assisted over 200 collaborations between Indian and foreign firms in the last ten years. After briefly explaining the salient features of the Government's policy and procedures in regard to foreign investment and collaboration, he remarked that Italian investment in India had increased seven-fold, *i.e.*, from Rs. 4.1 crores at the end of 1961 to Rs. 27 crores at the end of March 1967, although it still constituted 2.2 per cent of the total foreign investment in India.

ENGINEERING EXPORTS

Increase Recorded

In a statement to the Press, Mr. Raunaq Singh, chairman of the Engineering Export Promotion Council, has stated that the export of engineering goods during January 1971 amounted to Rs. 11.45 crores, as against Rs. 11.33 crores in the same month last year, representing an increase of 1 per cent. The cumulative export during April 1970 to January 1971 is Rs. 88.08 crores, as against Rs. 80.82 crores in the corresponding period of the previous year, thereby recording an overall increase of 9 per cent. The items which have recorded an appreciable increase over last year are automobile and automobile parts, bicycle and bicycle parts, iron and steel castings, small and cutting tools, electric motors, switchgear and transformers, industrial machinery, including boilers, radio and its components, non-ferrous semis, excluding aluminium, wire nails and other wire products and air compressors.

STEEL REROLLERS

Difficulties of Small Units

The West Bengal Rolling Mills Association has been pressing for a long time that the available raw materials should be distributed among units according to capacity, irrespective of the sectors they belong to. But a spokesman of the Association said at a Press conference in Calcutta on Friday that the smaller rerolling units had genuine reasons to believe that the Government's new steel distribution policy had failed to ensure an equitable distribution of the material. He complained that instead of encouraging the small units, they have been discriminated against in the allocation of steel. He said that a registered scrap reroller with a capacity of 350,000 tonnes on a single shift basis would get under the new policy 83,000 tonnes of raw material while a small-scale reroller with a capacity of 1.6 million tonnes would get the same quantity of raw material. Furthermore, a registered billet reroller gets all available billets plus other materials like squares but an identical unit in the small-scale sector does not get any of these materials under the present policy. Under the present dispensation, a registered billet reroller is entitled to book material for 85 per cent of its capacity and a registered scrap reroller 24 per cent of its capacity, whereas a small-scale reroller gets only 5 per cent of its capacity. The spokesman said that had the total available materials of 1.32 million tonnes been distributed according to the installed capacity, all units would have received materials to the extent of 40 per cent of capacity. Discrimination is not restricted to the allocation of arisings; the price structure has been framed in such a way as to make a small unit pay a higher price for scrap than what a registered billet reroller pays for prime billets.

MONEY MARKET

Stringency Continues

The short-term money market has remained very tight this past week. The call rate has been steady at 12 per cent, with borrowers over. The demand for remittances has been moderate. The supply of gunny bills has been moderate while that of tea bills has been fair to moderate. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

THE NEWS THAT PAKISTAN'S NATIONAL Assembly would be convened on 3rd March made me look up some old files; if military rule is going to end—I am not sure though that it is—one should refresh one's memory of how it began. Let me not go into details; nor is it any kind of discovery that, at his first Press conference as President, General Ayub Khan declared: "No Pakistani can forget the Kashmir issue". Nearly 13 years later President Yahya Khan must have found to his dismay that the people of East Pakistan had nearly forgotten it. He has lately done his utmost to make them not merely aware of the issue but also so exercised over it as to forget such unpleasant subjects as East Pakistan's autonomy. And he has received highly energetic assistance from men like Mr. Z. A. Bhutto. Yet the combined effort cannot be said to have produced any recognisable effect. The East Pakistanis continue to believe that the stark problems of their own province are much more pressing than any dispute over the future of Kashmir. It is against this background that the National Assembly is going to meet to frame a Constitution within 120 days. There were reports at the beginning of this week that Mr. Bhutto and his men would boycott the session unless the Indian ban on overflights by Pakistani aircraft was withdrawn. Even if he does attend it, he will probably use it as a forum for mobilising opinion in support of a thousand years' war with India; he may have no hesitation in raising the slogan: "Kashmir now, democracy later". Since Sheikh Mujibur Rahman will demand priority for the restoration of popular rule, President Yahya may have an excuse for repeating the arguments used by President Iskander Mirza and General Ayub in October 1958 in defence of their decision to abrogate the Constitution. Probably there will not even be a new Constitution to abrogate. I do not wish to anticipate events, but I cannot see how the differences between the Sheikh and Mr. Bhutto can be resolved in the present climate. Nor can I see President Yahya accepting a Constitution that the Awami League may get passed by the Assembly merely by virtue of its majority. The initial confrontation should be uncommonly interesting; there will be much to preoccupy us in the first week of March, but the news from Dacca may be no less exciting than poll reports from different parts of India. Those who will have to travel from West Pakistan will surely be told how the air journey has been made longer by New Delhi's cussedness; but a stop-over at Colombo should be wholly enjoyable at this time of year.

THOSE WHO HAVE NO FAITH IN THE electoral process must be annoyed at the number of people who have. There are many more candidates in the field than ever before; some 2,750 are seeking election to Parliament, 64 of them for as few as seven seats for Delhi. Even in West Bengal, where the contest is not all fun and games, more than 1,200 people, a considerably larger number than in 1967 or 1969, are fighting for 280 Assembly seats. Unless very frequent, elections can be exciting; and since I have no ideological opposition to the parliamentary system, it would be merely facetious of me to suggest that elections are invariably a waste of time and money. Yet I have often wondered what makes many ordinary people—without any passionate interest in politics—get involved in the hurly-burly of electioneering. Surely, the prospect of sitting through the interminable sessions of a legislative body is not the most attractive on earth. But then I am one of those who enjoy politics only in small doses, and that too from a certain distance. The present dose of election politics promises, however, to be more enjoyable than routine polls. There is an element of drama about a mid-term poll, which has been further heightened this time by the personal angle introduced by Mrs. Indira Gandhi and more by those whose main aim is to defeat her. In West Bengal, the drama is also charged with terror, which however has not deterred people from coming forward to take part in it. And an inordinately large number of people seem perfectly willing to spend considerable sums of money on contests which they can scarcely hope to win. Hope springs eternal and all that? There may be sources of money I know not of; the rôle of foreign money has again been mentioned. But I wonder if the persistence with which complaints about money are being made this year does not betray a growing nervousness among the complainants about their own election prospects. This may also be, at least partially, true of the continuing



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complaints about the misuse of official machinery. I have no doubt that the Party in power enjoys an arguably unfair advantage at an election, but even what seems improper usually has the support of precedent. Perhaps the accusations and counter-accusations are all part of the campaign game; there are also lighter elements to make the game diverting. The wife and son of Mr. Masani, the Swatantra leader, are said to be campaigning for a Congress (R) candidate; it is certainly a very democratic family. Also engagingly human; Mrs. Masani has disclosed that she will go later to Rajkot to campaign for her husband. Consistency would be much duller.

EARLY PUBLIC REACTION IN BRITAIN TO the news that Uganda's Dr. Milton Obote had been deposed was one of genuine surprise that Major-General Amin had not been trained at Sandhurst. Where else, it was asked, does a military man learn to organise *coups* these days? Mr. Edward Heath was reported to have been unimpressed with the whole affair, although he would have been less than human had he not felt some slight glow of personal satisfaction at what had happened to Obote. All observers agreed that it was unlikely he would have regarded with sympathy any request by the ex-President for help from the British Army, such as quelled Uganda's last attempt at military revolt in 1964. But on mature reflection London is believed to view the events in its former colony with less smugness and rather more apprehension. Contrary to what many people in this country often believe, British Governments are seldom enthusiastic about supporting military regimes, even in black Africa where the alternative is so often the kind of corrupt despotism of a Nkrumah or an Obote. For instance, Britain's relations with the current regime in Ghana have only begun to return to their immediate post-independence warmth since the recent general election in that country. Nigeria is still regarded as a special case; but the most favoured of the ex-British regimes in London are definitely those of Malawi, Zambia and Kenya, especially the latter. This may seem odd, bearing in mind that military Governments are normally pro-western and at any rate not too anti-South Africa. But Britain's reasoning is simple enough, and owes much to the experience of the United States in South America. It goes something like this: an army dictatorship may seem all right for a time, but eventually it can go down in a greater welter of revolutionary chaos than it replaces. And what comes after that is seldom pro-western, anti-communist, or much in the interests of the country and people concerned. Better it is to support the democratic devil you know.

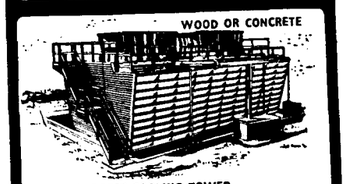
UNLESS SOMETHING ENTIRELY UNpredictable occurs, say, like another cultural revolution, it now seems inevitable that the way will soon be open to communist China joining the United Nations. Whether she decides to do so, of course, is another matter but judging from her growing interest in foreign contacts, it seems likely she will. "A good thing too", you might say; and I would certainly agree. But it is going to raise numerous problems, and it seems to me some thinking ought to be done about these right away. For instance, should the object be to seat China in the Security Council? The Chinese Nationalist Government in Taiwan has threatened it will withdraw from the U.N. if its communist rival is admitted, so there should be a vacancy for a permanent member. Yet I doubt if the Americans, and especially the Russians, would welcome such a change in the foreseeable future. Clearly it cannot be ruled out because once she becomes a U.N. member, China is unlikely to accept any status other than that of a super-power, even if at this stage only her nuisance value entitles her to it. Or her possession of nuclear weapons, of course. It is valid to argue that political realities in the modern world, in fact, call for a drastic reform of the permanent-member element in the Security Council, whether or not China joins. For instance, the incumbency of both Britain and France has more to do with an accident than current facts concerning power, prestige and international responsibility. France's membership of the E.E.C. surely points to her eventually surrendering the Security Council seat to some kind of consortium of her European partners. I have seen it suggested that Britain should surrender her seat to Japan. A Security Council with, as its permanent members, the U.S.A., Russia, Japan, communist China and the E.E.C. would, I feel, have greater relevance to the world of the 1970s.

AT LEAST ONE PRINCE OF DENMARK IS on record as having wished in great anguish "that the Everlasting had not fix'd His canon 'gainst self-slaughter", and it is perhaps appropriate that a proposal for official assistance to suicides has been made by a prominent Dane. Mr. Hans Seierup, a former member of the Danish Parliament and now head of a board administering Denmark's social welfare policy, has suggested that people who sincerely wish to commit suicide should be given official help to do so, perhaps through a clinic dispensing lethal pills. "People", Mr. Seierup says, "should have the right to end their own lives" and it would be an act of mercy to provide them with proper facilities instead of leaving them to find their own means, which can sometimes be quite messy. Predictably, however, the proposal has come under severe criticism by the clergy, politicians and medical spokesmen. The ethical and social aspects of the controversy are quite familiar; what is novel in Mr. Seierup's suggestion is its practical bias. Government-run suicide clinics would be even more bizarre than Government-run brothels recently proposed in France; indeed, official help to commit suicide would perhaps be the ultimate symbol of a permissive society. Even the Japanese, with their tradition of highly honoured hara-kiri, may not approve of the idea of public facilities for the purpose. If Mr. Ian Fleming is to be believed, the Japanese Government was quite upset by the increasing number of suicides at the elaborate poison garden maintained by Mr. Ernst Stavro Blofeld, alias Dr. Shatterhand. Remember Bond's mission in "You Only Live Twice"? Mr. Blofeld was certainly more imaginative than Mr. Seierup; the island on which he built his castle of death was equipped with a fabulous variety of poisonous vegetation, animals and other organisms. Visitors had a wide choice, not only of ways of death but also of degrees of pain. Such macabre fancies will, of course, repel most people, but suicides are a fact of life—or of death, if one must be literal. Even so, the plan for technical aid, however well meaning, is absurd. Imagine social welfare officials screening applications for suicide assistance, interviewing the applicants to test sincerity, investigating likely effects on family and friends, examining possible complications over insurance and other claims, finally selecting those who deserve to take their own lives and then instructing them how to procure a little prussic acid from a Government store. The routine could kill even the desire to die, which, of course, would not be a bad thing at all.

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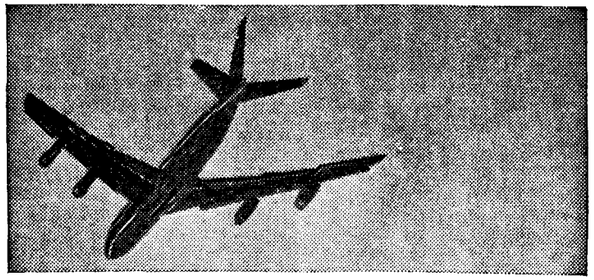
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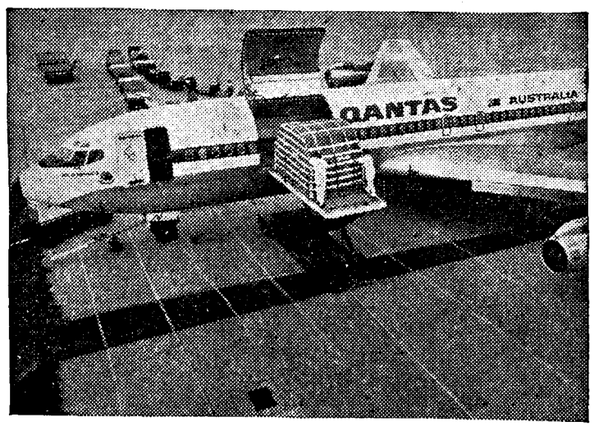
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MANAGEMENT

How Management Can Prepare a Prudent Dividend Policy

By A. Seetharaman
Chief Accountant,
Cooptex, Madras

The dividend policy of a company clearly shows how prudent is its financial management. It is in the interest of both shareholders and a company that a dividend rate once established is maintained.

A STABLE dividend policy has a high investment appeal and improves the market for securities. But a dividend policy is essentially a board matter. Dividend should be declared only if profits remain after meeting all expenses, all losses, reasonable depreciation on assets, taxation and after transferring a reasonable amount to reserves. Profit does not mean capital profits; it is revenue profits. As Lord Herschell says: "Profits are ascertained by setting against the income earned, the cost of earning it".

While recommending a rate of dividend, the directors will look into the cash or liquid assets of the company. The whole position of the working capital of the company must be considered. Since the cash dividend reduces current assets of a company, the effect of dividend distribution on corporate working capital has to be carefully weighed. As the payment of dividend involves a heavy flow of cash, it should be provided in the company's cash budget. The rate of dividend may be affected by the future prospects of the company, such as the expansion of existing operation, diversification and mergers with other business. Factors such as the dividend declared by other companies in the same industry and the market rate of interest should also be considered.

Regularity of Dividend

It is in the interest of both shareholders and a company that a dividend rate once established is maintained. The regularity of dividend is of the highest importance to shareholders. Some of them count upon these returns as a fixed portion of their regular income. The modern tendency is to stabilise dividend payments around a certain percentage and then retain the balance in the business. Investors are then able to see that regular and fixed payments have been made, and this in itself tends to inspire confidence. But, in practice, not every company is able to afford a regular dividend policy. A policy of regular dividend should only be seriously considered by a business when (1) it enjoys a reasonable stability of earnings; (2) it has reached the plateau of its life cycle and does not, therefore, anticipate any significant growth or decline in the foreseeable future; and (3) it has ready access to both the investment and money markets. But the above practice is not widely prevalent.

It is implied that a company, which distributes all its profits, would be regarded as imprudently managed, since the neglect of such things as working capital and the replacement of assets would lead rapidly to disaster. Investors are concerned, therefore, with a company's ability to continue its dividend payments and have adequate resources to plough back. An efficient company will usually ensure that not all its profits are distributed and adequate funds are ploughed back into the business by creating reserves or sinking funds for matters such as the replacement of assets or the acquisition of new ones.

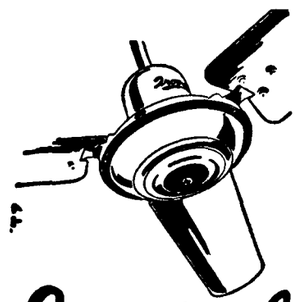
Ploughing Back Profits

Ploughing back or reinvestment of a part of profits is an ideal method of financing expansion and improvements. Ploughing back is a necessary adjunct to commercial success. There is no doubt that ploughed-back profits—including depreciation provisions and reserves—are a major source of finance. The need to expand cannot be ignored, and undoubtedly the cheapest form of finance for expansion comes from a company's own funds. The dividend policy plays a vital rôle in determining the size of profits retained. Besides, the size of the profits retained in the business depends upon the following factors: (1) total profit earned; (2) fixed assets employed and their depreciation, development and taxation rebates; (3) nature of business; (4) reserves earmarked for specific purposes, the details of which are as follows: (a) Replacement of fixed and current assets in times of rising prices; (b) possibility of obsolescence of fixed assets; (c) dividend equalisation; (d) redemption of preference share capital or debentures; (e) future taxation; and (i) reserves not arising from the transfer of profit, but from accounting transactions or adjustment, *e.g.*, capital profit arising from the revaluation of fixed assets. (This has been considered separately).

Thus, well-managed companies, by following prudent and cautious dividend policies, are often able to build up a substantial amount by way of reserves. From the points mentioned above, it is clearly known that the upper limit on dividends is fixed by the earnings of the current period since the retained earnings of the previous years become a part of the permanent investment of the business upon which current earnings are based.

Capitalisation of Profits

A company may, if authorised by its article, capitalise its profits instead of paying them as dividends. The effect of capitalisation is that the com-



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pany does not part with any of its assers. It is enabled to increase the capital and the shareholders get their dividends in the shape of future shares which are called "bonus shares". This procedure does not affect the financial position of the company, since it results in nothing more than a decrease in surplus and an exactly equal increase in the value of shares.

The Companies Act lays down certain fundamental principles in relation to the payment of dividend. The important principles are as follows:

(1) Dividends must only be paid out of profits and not out of capital. Dividends may be paid out of funds provided for the purpose by the Central or State Governments under certain circumstances.

(2) Directors who are party to the payment of dividend out of capital are *prima facie* jointly and severally liable to repay the amount.

(3) Dividend must be paid only to a registered shareholder or his authorised representative and in the manner provided in the Act;

(4) No dividend shall be payable except in cash which includes cheque or dividend warrant. However, this provision does not prohibit the capitalisation of profits or reserves of a company (i) for the purpose of issuing fully paid-up bonus shares; (ii) for the purpose of paying up any amount for the time being unpaid on any shares held by a member.

(5) Dividend cannot be declared or paid by a company unless the adjustments relating to depreciation and past losses are made under Section 205 of the Companies Act. Depreciation plays an important rôle to ascertain the quantum of dividend. Section 205 imposes an obligation on the company management to provide for depreciation to the extent and in the manner specified.

(6) Provision for depreciation under Section 205 is a condition precedent for the declaration or payment of any dividend. A company may also be permitted with the approval of the Central Government to declare or pay dividends to its shareholders without providing for depreciation.

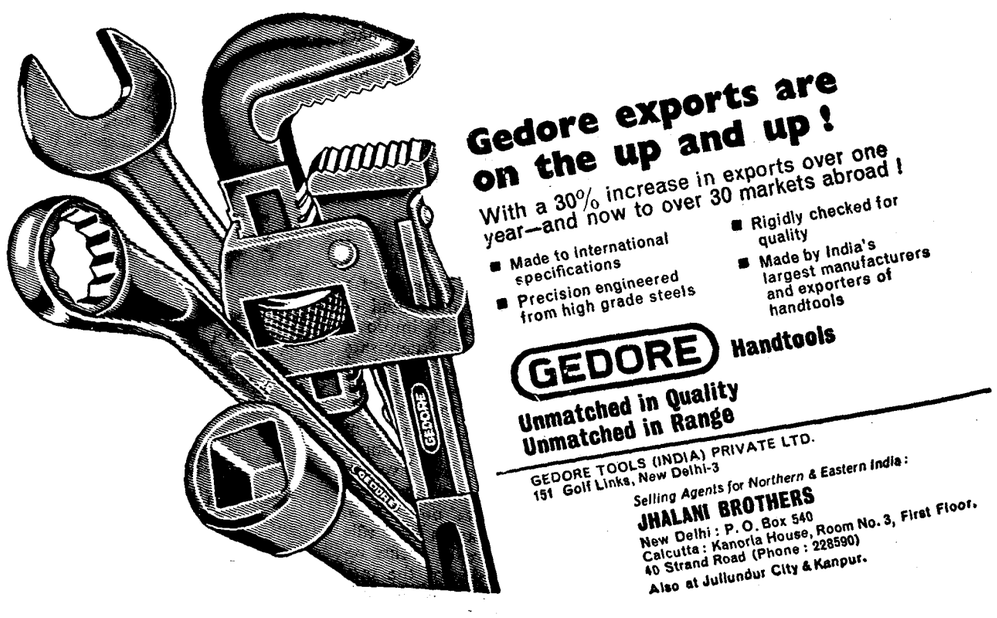
(7) It is beyond the powers of a company to declare a further dividend after declaration of a dividend at the annual general meeting.

(8) The company should pay dividend to the shareholders within 42 days of its declaration.

Capital Profits

Prudence demands that capital profits should not be distributed as dividends. But legal decisions allow that capital profits may be distributed only if the following conditions are satisfied: (1) The articles and memorandum of association do not forbid such distribution; (2) profits are realised in cash; (3) there must be a surplus after revaluation of all assets; and (4) such revaluation should not affect the interests of creditors and debenture holders.

It may not be out of place to stress here once again that under normal circumstances, the payment of dividend out of revenue profits shows the signs of a prudent financial management.



SPECIAL ARTICLES

How the Trade Development Authority Can Play Its Role Well

(BY A SPECIAL CORRESPONDENT)

The mere setting up of the Trade Development Authority will not help India much in her export drive. The T.D.A. should play its rôle well so that exporters may consider it to be of much practical use to them.

THE Trade Development Authority (T.D.A.), set up recently by the Central Ministry of Foreign Trade, seems to have started its work in earnest. But a study of its programme makes one wonder whether the T.D.A. has not taken upon itself too many responsibilities for which it does not appear to be adequately equipped. The main objectives of the T.D.A. are said to be to develop new products and markets, to provide faster and better services to exporters, and to ensure co-ordination in regard to applications for export assistance. It has set up three divisions—for information, for research and analysis, and for merchandising. But has it provided itself with the expert staff required for these divisions? Its Information Division alone will need a large number of trained men if it is to perform its functions efficiently.

This division, according to a brochure issued by the T.D.A., "is designed eventually to store comprehensive information with fast retrieval covering all aspects of capacity, production, production-units, product and packaging specifications, product development/adaptation in the country, size and status of foreign markets, prices obtaining in foreign markets, important foreign buyers, distribution channels, pricing mark-ups in the buying countries, nature and character of competition, import and tariff regulations, payment terms etc on the external side." The Research and Analysis Division and the Merchandising Division have also been assigned a vast range of responsibilities.

But so far the T.D.A.'s secretariat consists only of an executive director, three chiefs of divisions, and a secretary. It has a high-powered steering committee which includes the Secretaries of the Ministry of Foreign Trade and the Ministry of Industrial Development and Internal Trade, the chairman of the State Trading Corporation, the Additional Secretary, Department of Expenditure, the Director-General of the Indian Institute of Foreign Trade, and the chairmen of the Engineering Export Promotion Council and the Export Promotion Council for Finished Leather and Leather Products. But the steering committee obviously can give only broad guidance to the T.D.A. The day-to-day work has to be done by its own staff which at present seems to be quite inadequate to handle its heavy responsibilities.

Even if the T.D.A. is able to get the money necessary to expand its staff in a big way, it remains to be seen to what extent it will be able to ensure effective co-ordination with the other organisations which have been set up to perform practically the same type of functions. To begin with, the T.D.A., has selected the following items for developing their exports to the U.S.A., Canada, western Europe, including the U.K., and Japan: electronic equipment and components; sewing machines and components; bicycles and bicycle components, particularly for sports and racing models; automobile ancillaries; industrial fasteners; ferrous castings and forgings for industrial applications; stainless steel cutlery; thermo plastic goods; canned fruits and juices; selected handicrafts; and selected consumer goods.

Since exports of all these items are already being handled by some export promotion council or the other, it is not clear where exactly the T.D.A. comes in, and whether it is going to provide services which are already being made available by them. Industry and trade at present have no idea about this aspect. They do not know in what ways the T.D.A. can serve them better. The major hurdles to the export of most non-traditional goods are their high costs of production, uncompetitive prices, scarcity of essential raw materials, uneconomic shipping freight, inefficiency in the ports, and lack of regular sailings to various parts of the world. There is no evidence yet to show that all these problems are being handled at the highest level with the necessary amount of co-ordination and a sense of urgency. Without giving prompt and proper attention to these questions, the mere setting up of one more agency for developing trade is not going to be of practical help to export promotion.

The T.D.A. says that a number of consultants, Indian and international, have been appointed and that more may be hired shortly. They will advise the T.D.A. in the implementation of its programmes, including internal and external product and market surveys, collection and compilation of trade information, and merchandising contracts. The U.S.A.I.D., U.N.D.P., U.N.I.D.O. and other international organisations are said to assist the T.D.A. in providing these inputs. But does the T.D.A. require international bodies to help it even to compile trade information? The country's embassies, industrial and trade organisations, chambers of commerce, export houses, commercial banks, as well as export promotion councils can be of great assistance to the T.D.A. in this matter. Why not make effective use of them for the collection and dissemination of commercial intelligence?

The T.D.A. says that its Merchandising Division will be the "core division, exemplifying the micro-concept and single-point-servicing that is the real character of the T.D.A.". Such vague sentences do not help business men to have a clear idea of its functions. If the T.D.A. is to be of practical use to exporters, it should see to it that it does not duplicate the work of other organisations and does not become another bureaucratic body with all its forms and formalities. Its Information Division, for instance, should concentrate on collecting data in respect of some selected markets and products instead of attempting to "store comprehensive information" covering all aspects of export operations. Already there is a very large volume of commercial information which the Government of India is getting from various sources. But most of this information is not promptly passed on to those to whom it will be of practical use. It is also necessary to convey this information not in a routine manner as Government departments do but in such a way as to make a direct impact on the exporter and arouse his interest. The Central Foreign Trade Ministry should give more thought to the rôle of the T.D.A. and see to it that it is able to make some distinct contribution to the promotion of India's foreign trade.

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Can India Do without Food Imports ?

By Om Narain

As long as the country has to rely on imports of foodgrains and the bounty of nature, the emphasis should be on raising production. The Ministry's current thinking not to allow any food imports from the next financial year will raise many issues.

IN an illuminating address to the tenth convocation of the Indian Agricultural Research Institute held recently in New Delhi, Dr. M. S. Swaminathan, Director of the Institute, observed that India could reasonably expect another bumper crop of wheat by April next "if the winter rains do not totally fail." He recommended the application of 20 kilograms of nitrogen a hectare immediately after the winter rains. The Government agencies should organise the spread of urea to unirrigated crops of wheat, rice, pulses, cotton, mango, grapes, roses and sunflower through air sprinkle. As an eminent agricultural scientist, Dr. Swaminathan, one expected, would be more pragmatic and forthright. There is no denying that even after decades of research in India's nutrition laboratories, the country has not learnt to live without imports; and that season after season, it has to invoke the blessings of nature.

All agricultural researches have been set at naught. Millions of acres of fallow land are reported to have been brought under cultivation in recent years. Is the improvement in agriculture commensurate with the spending on new inputs? At no stage during the last decade has there been a halt, even temporary, to the rise in foodgrain prices; roughly the prices of all food articles have doubled. According to official information the production of foodgrains in 1969-70 was 99.5 million tonnes; but that was not enough and the country had to resort to imports. This year, *i.e.*, by the end of March 1971, production is expected to go up to 104.5 million tonnes. India's population increases by 13 million a year. There should be no difficulty in estimating the food requirements of the country from year to year.

The Fourth Five Year Plan lays down the main objectives of the food policy as follows: (a) to stabilise the consumer prices and safeguard the interests of the low income consumers; (b) to provide incentives to producers for increasing production; and (c) to build up an adequate buffer stock of foodgrains. One is not concerned here either with the quality of food or changes in nutritional standards. For problems like these could divert one from the basic stand of availability of food to the people at reasonable prices. Mention has already been made that the prices of foodgrains have never been stable; nor have producers been provided with proper incentives. These two objectives are complementary in nature. But the third objective—the creation of a buffer stock—is unconnected with the other two.

The National Food Congress Commission has said that the food and nutrition policy as outlined in the Fourth Plan should be actively pursued. For this, inter-disciplinary research is necessary. Nothing can be more vague and meaningless. This is typical of the framers of India's food policies and programmes. The chapter on Food and Nutriton in the Fourth Plan document does not "advance" beyond scribbling down a few pieces of advice; more stress is laid on what constitutes nutritive food. This aspect should have been given prominence after attaining targets with convincing accuracy.

In 1965-66 India had to import as much as 11 million tonnes of food due to the scanty rainfall and the war with Pakistan which meant a great drain on the country's food resources. Imports of foodgrains are still continuing; in the current year, India will be getting as much as 3 million tonnes from outside. The Central Minister of Food and Agriculture, Mr. Fakhruddin Ali Ahmed, said recently that the Government possessed operational stocks of about 5.45 million tonnes, including a buffer of 3 million tonnes. The Fourth Plan buffer stock target is 5 million tonnes. This has taken into account factors like the population explosion, which is constantly being countered by the gigantic family planning programmes, standards of living and the social structure.

The Central Ministry of Food has announced that India will not import any foodgrains from the next financial year. It is no doubt a bold policy. But it raises many issues, the most prominent being the application of fertilisers. The present rated capacity of the fertiliser industry is 2.5 million tonnes of nitrogen. Half a dozen projects are in hand which will increase production by 1 million tonnes, and another 1.3 million tonnes of capacity will be set up in the private sector. Although 4.8 million tonnes of fertilisers are considered adequate, the target will, if all goes well, be achieved by 1974. Various State Governments are being asked whether it is advisable to continue the import of fertilisers like urea. But the final decision is likely to take a little longer because of the political developments.

Rationalising the Tax Structure to Promote Economic Growth

By Ram Pyare Jain

Indirect taxes have a very important rôle in raising revenue in a developng country like India as the scope for direct taxation is restricted. The Government should see to it that economic development does not suffer due to its enthusiasm to raise large revenues for financing social services.

IN a poor country like India most of the people have a low level of income. This restricts the scope for taxing them directly. Thus, indirect taxes will have to play an important rôle in raising revenue. Although underdeveloped countries are facing the problem of economic fluctuations as is being faced by developing countries, the nature of fluctuations is very different. In underdeveloped countries, the fluctuations in the economy are at a low level of income. The maintenance of stability cannot bring about economic progress. There are greater fluctuations in income and prices than in employment and output. This is particularly due to the lack of

diversification in the economy. Due to the low level of income, the marginal propensity to consume is very high and tends to create inflationary pressures. On the other hand, in a developed economy, where the level of income is high and the capital structure is very large, the marginal propensity to some is likely to be considerable.

In underdeveloped countries, the main tasks of the fiscal policy are to raise resources for the development of public and private sectors, controlling inflationary tendencies and improving the distribution of income and wealth. In a poor country the poor people have also to be taxed. The tax system should be such as to encourage initiative and enterprise. The risks in such countries are greater because of the absence of adequate demand, lack of technical skill and the fear of foreign competition. Because of the prevailing high income-tax exemption limit, most people can be taxed through indirect taxes only. But the objective should not be to reach any definite proportion between direct and indirect taxes, but to achieve an overall equity.

To what extent inequalities should be reduced is partly a matter of value judgment, partly a matter of the economic system that has been adopted, and partly a matter of incentives within that system. It has been argued by Professor R. Nurkse that "not a change in the inter-personal income distribution but an increase in the proportion of national income devoted to capital formation is the primary aim of public finance in the context of economic development."[1] In one sense direct taxes are more equitable. They can be related to the ability to pay and can take into account the differences in the levels of income of tax payers. Income is the most satisfactory index of one's ability to pay taxes. The most important direct tax is income-tax. A highly progressive direct tax reduces the capacity to save and leads to a decline in private investment.

In India, progressive taxes on income have been increased. The sales tax has also tended to increase the burden of taxation on urban people. On the contrary, the income of the agriculturists have increased due to the rise in prices of farm products and the improved productivity of land; consequently, the proportionate burden of taxation on them has declined. The result has obviously been that their economic position has relatively improved. Even the middle class people have suffered as their incomes have not increased in the same proportion as the rise in prices. Thus, they have been sandwiched between taxation and inflation. In a country like India, commodity taxes occupy an important place. Commodity taxes are included in the price of the taxed commodities. Such taxes are an indirect incentive to save. A reduction in direct taxes and an increase in commodity taxes will encourage saving.

Commodity taxes also act as a powerful instrument in regulating the distribution of resources between different industries. A heavy commodity tax will raise price, reduce demand and force producers to curtail production. But commodity taxes are undesirable on welfare grounds. Such taxes raise prices and change the expenditure pattern of people. This change will force the consumer to inferior combinations. Therefore, it is suggested that the best indirect taxes are those which tax commodities whose demand is inelastic because in their case the loss of consumer surplus is less. "In fact, taxation may be the most effective means of increasing the total volume of saving and investment in any economy where the propensity to consume is normally high."[2]

The limit of taxation is reached much earlier in a poor country like India because of low levels of income. Moreover, the Government is not in a position to provide modern amenities and social services to the people without imposing a tax on them. Therefore, the State has to work out a proper balance between the two, keeping in mind that the economic development does not suffer from the enthusiasm to raise large revenues for financing social and development services. The Government should establish a new relative standard which can achieve equity and ensure a quick generation of resources. The scope for tax reduction in India is limited, as the tax structure here has got certain socio-economic objectives to realise. Only marginal changes are possible. The developed countries themselves should lower the tax liability of those who invest in underdeveloped countries. The Indian tax structure should also aim at revitalising the capital market.

[1] R. Nurkse, *Problem of Capital Formation in Under-developed Countries*, page 147.

[2] *Report of Taxation Enquiry Commission (1953-54)*. Vol. I, page 149.

Yugoslavia's Move to Change the Trading System with India

(BY A SPECIAL CORRESPONDENT)

A Yugoslavian team is now in New Delhi to explore the possibilities of how the trade between the two countries can be conducted in free foreign exchange. If India can maintain a favourable balance of trade with Yugoslavia, it should pose no problem to her to switch over to a system of trading in free currency.

YUGOSLAVIA is at it again. She has resumed her effort to change the mode of trade with India. A Yugoslavian team is now in New Delhi to explore the possibilities of how soon the rupee trading system between the two countries could be ended and trade conducted in free foreign exchange. The understanding between the two countries is that the present system should continue till March 1972, and as and when both countries agree to change the present system, the change should be brought about in a smooth way so as not to impair the growth in their mutual trade.

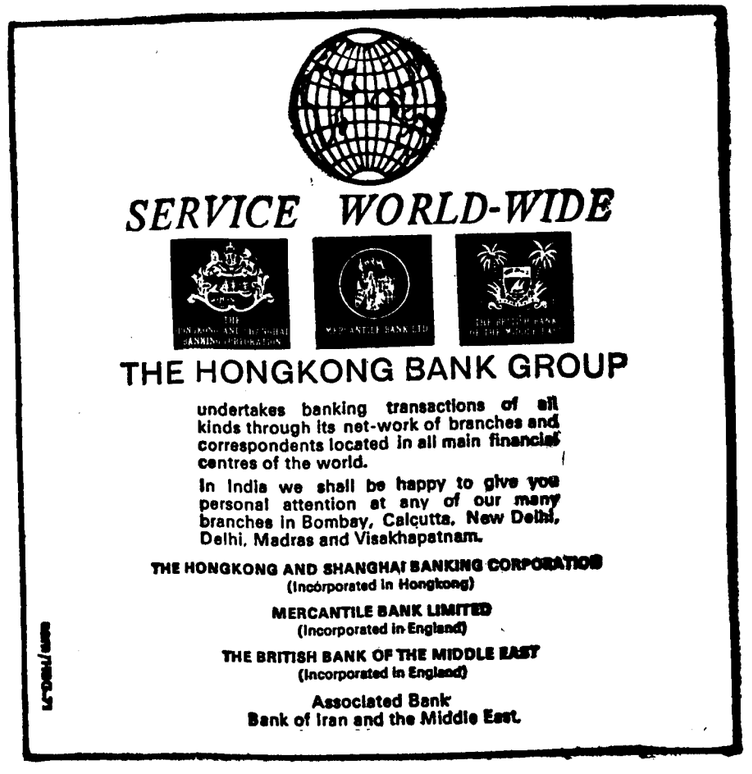
Yugoslavia has been wanting to end the rupee trading system with India since 1969. One of the reasons put forward by Yugoslavia is that the "clearing arrangements" she has been having with various countries is posing a budgetary problem to her. In view of the favourable trade she had with various countries, the local currencies she accumulated as a result of the "clearing arrangements" at one point of time amounted to Rs. 105 crores. As far as Yugoslavia was concerned, until she was able to balance the trade with the countries, this amount was considered as "blocked funds". In the case of India in 1969, Yugoslavia's rupee accumulations amounted to about Rs. 28 crores. Another reason put forward by Yugoslavia for wanting to change the rupee trading system was that in view of the freedom given to its trading organisations to purchase goods from any source, it was becoming difficult to ask them to buy goods only from countries with "clearing arrangements". The objective behind all this exercise is to make the dinar strong.

Yugoslavia is not unaware that the transition from "clearing arrangements" to free trade has to be smooth. She has succeeded in changing the trading pattern with the U.A.R. Her next attempt appears to be to bring about a change in relation to India. About her trade with the C.O.M.E.C.O.N. countries, it will obviously take longer to bring about a change. As far as India is concerned, there has been a change recently in her trade with Yugoslavia. As a result of considerable increase in exports, the balance of trade is now favourable to India. This has helped to wipe out the rupee accumulation of Yugoslavia. For instance, in 1968, India's imports from Yugoslavia were of Rs. 13.2 crores, compared with her exports of Rs. 16.1 crores. In 1969, the favourable balance of trade was more noticeable. Compared with Indian imports of Rs. 6.4 crores, exports to Yugoslavia amounted to about Rs. 30.4 crores. This favourable trend has continued in the first half of 1970 also—Indian imports were of Rs. 3.8 crores, compared with exports amounting to Rs. 16.8 crores.

If this favourable balance of trade is maintained, it should pose no problem to India to switch over to trade with Yugoslavia in free currency. While the nature of the talks the Government of India is having with the Yugoslavian team is not known, it can safely be said that ending of the rupee trading system with Yugoslavia will not be considered in New Delhi as an isolated issue. It is part and parcel of India's entire trade with eastern Europe, which has grown over the years. For instance, while in the early 'fifties, imports from and exports to east European countries constituted hardly 1 per cent of India's global imports and exports, in 1969-70 exports to this region constituted 21.9 per cent of India's global exports, and imports from this region constituted 17.9 per cent of this country's imports. The rupee trading system has, therefore, become a cornerstone of India's foreign trade policy and it is difficult to imagine the Government, as it is constituted today, taking the initial steps to effect any change in this policy.

But looked at objectively, a policy that was good over the past 15 years need not necessarily continue to pay dividends in future. It is true that the rupee trade has helped India to get machinery and equipment when she needed them and when she was not in a position to pay for them in free foreign exchange. She is no longer in such a situation, as spokesmen for the Government have themselves claimed time and again. What India needs at her present stage of industrialisation is sophisticated industrial machinery which may not all be available in eastern Europe. And India's efforts to get more industrial raw materials from east European countries have succeeded only partly.

But to come back to Yugoslavia. This country need not strictly be considered part of eastern Europe. As everyone knows only too well, Yugoslavia, despite her links with eastern Europe, has not hidden her links with the West. With certain limitations, conditioned by her own political set-up, she is keen to usher in free trade between herself and the rest of the world. In such a situation what should be India's response to Yugoslavia's request for a change in the rupee trading system? First, any change in the rupee payment system with Yugoslavia does not necessarily mean that the rest of eastern Europe will follow suit. Unless Russia makes a move in this direction, it is highly unlikely that eastern Europe will initiate such a move. Secondly, any country which has come of age as an exporting nation, must test its efficiency in the open market. If India strongly believes that she can competitively sell some goods in the international market, she need not unduly worry about one country going out of the orbit of the rupee payment system. In a way this may be one way of testing India's strength as an exporting nation. It will also help in making many business men conscious about the quality of their products. They must know that bilateral arrangements can help them only to a certain extent. Ultimately, they must learn that if they want to be in the export business, they must compete with the rest of the world. As far as Yugoslavian business men are concerned, the Government of that country is prepared to take the lead. Whether the Indian Government is equally prepared is difficult to say. A decision to change the rupee payment system may perhaps have to wait until a new Government is installed at the Centre.



SPOTLIGHT ON STATES

Poll Alliances in Rajasthan: Regional Considerations Predominate

(BY A SPECIAL CORRESPONDENT)

THE Congress Party and its organisation in Rajasthan is a post-independence development unlike other major States of the Indian Union and on this ground, the ruling Party is on the same footing as the principal right-of-centre parties. Although the Congress failed to secure a comfortable majority in the State Assembly in the 1967 general election, Mr. Mohan Lal Sukhadia has been able to maintain his Government by a clever manipulation of various castes and regional alliances and sub-coalitions. When the great split came in the Congress, it was said that the heart of Mr. Sukhadia was with Mr. Morarji Desai and the so-called Syndicate but his uncomfortable majority both within the State Congress and in the legislature forced him to the bandwagon of the Requisitionist Congress. While the undivided Congress was a rightist Party in Kerala and West Bengal confronted with the communist opposition, in Rajasthan it succeeded in getting a leftist face following its opposition to the emerging rightist parties.

Mr. Sukhadia and his Rajasthan group are basically right-of-centre in the all-India perspective. They are now finding themselves against a massive alliance of all kinds of rightist forces. If there were an Assembly election today, the Grand Alliance of the Swatantra Party, the Jana Sangh, the S.S.P., the princes and industrialists could wrest the control of the State Government. Mr. Sukhadia is not only fighting to win a few more Lok Sabha seats for Mrs. Gandhi but also for his own survival. It may be recalled here that 19 salute and 3 non-salute princely States merged together to constitute the present Rajasthan and this regional identification is a great obstacle to political integration of the State. The revenue divisions of Jodhpur, Bikanere, Ajmere, Jaipur, Udaipur and Kotah are the symbols of regional politics.

The Udaipur division is Mr. Sukhadia's power base. Although the fortunes of the Congress fluctuated in the last four elections in most of the divisions, Udaipur consistently backed the Congress. In 1967, the Congress got 30 out of 36 Assembly seats and all the four Lok Sabha seats from the Udaipur division. The rest of the State gave the Congress another 59 seats making a total of 89 in a house of 184. Two factors helped Mr. Sukhadia to maintain the strong-lead position in his home region. First, compared with other divisions, more money was pumped into the Udaipur division and the adjoining parts of southern Rajasthan. Secondly, the Maharana of Udaipur backed Mr. Sukhadia and the Congress perhaps for the traditional Mewar family's hostility to the Jaipur house for helping the Moguls.

Other regions reacted adversely to this partisan favour to Udaipur. But they continued to suffer. Rajasthan is rich in dairy-cattle, but there is not a single large-scale dairy project in the desert areas of north-western Rajasthan. The progress of the Rajasthan Canal Project is extremely slow. The State Government did not push through the settlement programmes in the new irrigated cultivable land in the northern tracts served by several canals. In this area, both the Jodhpur house and the Bikanere house are not with the Congress from the beginning. Mr. Sukhadia also managed to keep the Jat community divided and made a Jat-Rajput alliance impossible. In 1967, the Janta Dal (now part of the Bharatiya Kranti Dal) led by the late Raja Harishchandra and Mr. Kumbharam Arva constituted a viable Jat-Rajput alliance and attempted to challenge the supremacy of the Udaipur region; but the sudden death of Raja Harishchandra gave a new lease of life to Mr. Sukhadia.

After the attempt to abolish the privy purses, the Mewar house has forgotten its ancient distrust of the Jaipur house led by Maharani Gayatri Devi of the Swatantra Party and has come out openly in favour of an anti-Congress (R) alliance. Dr. Karni Singh of Bikanere is also no longer neutral. The Jodhpur house has been always against the Congress. The anti-Sukhadia faction within the Congress (R) led by Mr. Nathu Ram Mirdha commands the support of another block of Jat voters. Both Mr. Sukhadia and the Grand Alliance leadership are now afraid that a Jat sub-coalition may emerge as a strong third force after the elections. This would suit Mr. Charan Singh of Uttar Pradesh.

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• Nairobi	: Kenya	— September 1971.
• Baghdad	: Iraq	— October 1-30, 1971.
• Texas	: U.S.A.	— October 1971.
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LABOUR

Higher Wages Reduce Employment Potential in Industry

(BY A SPECIAL CORRESPONDENT)

The concept of social justice cannot be delinked from increased productivity. But have not employment potentials suffered due to higher wages in industry?

THE Southern India Chamber of Commerce recently held a seminar in Madras, on the occasion of the diamond jubilee of the Chamber, on "Social Justice and Economic Growth" —a very appropriate subject in the context of the present state of the economy. After two decades of planning, the rate of economic growth has been small and the lot of the common man is not much better. The planners have not touched the fringe of the problem of unemployment, there has been continuous deficit financing, and inflation has worsened the lot of the middle class and the self-employed. There has been no elimination of poverty for large sections of the population. The only class whom the concept of social justice has benefited is the privileged industrial workers on whom the State has been showering benefits, and small sections of people like the employees of nationalised banks. It is, therefore, a very relevant question as to what ails the economy and what precisely is the reason for the State not being able to secure social justice for large sections of the population.

Mr. S. L. Kirloskar, former president of the Federation of Indian Chambers of Commerce and Industry, rightly observed that social justice could not be delinked from productivity. Politicians gave the impression that the rich should be robbed to give plunder to the poor and that the rich had become rich by unfair means. Robin Hood was characterised as a robber, although he robbed the rich to give to the poor. Socialism, if it means robbing the rich to distribute poverty, could not be anything else. Those who do productive jobs, and those who saved should not be penalised. Mr. Kirloskar could not understand how some people, who through enterprise were able to provide jobs, not because they were born rich or favoured by banks, should be penalised in the guise of equity and social justice, when they bore an extra responsibility and burden in society. This is sheer muddle-headed thinking. The employment potentials had suffered due to unrealistic wage standards. Wage levels at certain levels of the economy were not such as to generate employment. Plenty of jobs could be made available if wages were reasonable. More employment at lower levels would mean more income, more production, more availability of goods, and lower prices.

Mr. D. C. Kothari, president of the F.I.C.C.I., observed that an economic crisis was developing through the lowering of production, heavy idle capacity, growing unemployment, and the impact of all this would be that the next Central Budget would reveal a larger deficit. Imports would have to go up even for current levels of production as industry had already eaten its stockpiles. Crucial raw materials like cotton and steel had to be imported on a large scale. He emphasised the need for keeping down costs so that exports could be maintained even at the present levels. He was not opposed to social justice, appealed to industrialists to attune themselves to it, but there should be correct priority for social justice and economic growth. Social justice unaccompanied by proper growth would fail. The public-sector investment of Rs. 6,000 crores needed to be utilised to bring at least a 10 per cent overall return. While this sector had done well both in the western industrialised countries and in the communist bloc, it had failed in India.

Mr. M. V. Arunachalam, chairman of the Jubilee Celebration Committee, observed that growth was complementary to social justice in that elimination of poverty helped growth, but equity and social justice could come out of faster growth only. Mr. Hannen Ezekiel, an economist, expressed the view that some measures believed to contribute to social justice were tending to hamper the process of development. Mr. M. G. M. Ramaswamy, president of the Chamber, said that there was urgent need today to discuss and crystallise the concept of social justice, and its place and the priority it should get. The policies pursued today would determine the future. Dr. Malcolm Adisheshiah, former Director-General of the U.N. E.S.C.O., observed that in India, a two-sector economy had developed—a highly productive economy using capital and modern technology which paid high wages; the rest of the economy was the second sector which resulted in reduced employment opportunities, an explosion of urban population with three or four times the wages in rural areas, the influx of rural labour into cities seeking non-existent jobs and the increase in disguised rural under-employment. He underlined the need for a new industrial policy, among other imperatives, as a *sine qua non* for ensuing social justice through economic development, a rational wages and price policy and a rational fiscal policy.

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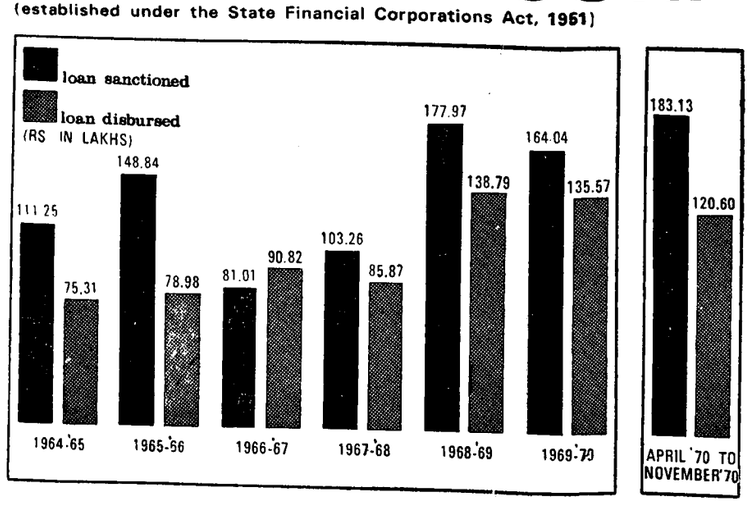
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INSURANCE

Threat of Nationalisation Hampers General Insurance Business—I

(BY A SPECIAL CORRESPONDENT)

The threat of nationalisation has hampered the growth of general insurance business. It is essential to maintain competitive co-existence in this sector to ensure satisfactory service to the insured. This is the first in a series of two articles. The other will appear next week.

SPEAKING in Parliament in 1956, at the time of nationalisation of life insurance business, Mr. C. D. Deshmukh, the then Central Finance Minister, went out of the way to stress that it was neither necessary nor desirable to nationalise general insurance for the following reasons: (a) General insurance was part and parcel of the private sector of trade and industry and functioned on a year to year basis. (b) The errors of omission and commission in the conduct of its business did not directly affect the individual citizen. (c) The dimension of funds was not present in any great degree in the case of general insurance business. (d) From the point of view of assistance to Plans, the institution of general insurance was not going to offer any significant contribution. (e) The policyholders in general insurance were persons in commerce and industry, who had given good evidence of being able to look after themselves. Their policies were usually short-term ones not exceeding one year. It was open to them to change from one insurer to another without any loss to themselves. It was, therefore, clear that there was no vital or particular purpose that the nationalisation of general insurance would serve. This class of policyholders really did not stand in need of protection or assistance from the Government.

Those who advocate the nationalisation of general insurance seem to base their case on the following grounds: (a) The Government will get hold of huge funds immediately. (b) Nationalisation will result in a substantial annual income to the exchequer. (c) Allowing general insurance to remain in the private sector would lead to the concentration of economic power. (d) There is a substantial drain of foreign exchange at present which would come to an end, once the business is nationalised. (e) There are certain errors of omission and commission in the present conduct of business. (f) The cause of democratic socialism would be furthered as a consequence of nationalisation.

While the Central Government weighs the *pros* and *cons* of nationalising the industry which issues over 3 million policies generating about 500,000 claims a year to earn a meagre profit of under Rs. 3 crores, certain political elements are out for a kill. Meanwhile, the entire private sector is dismayed at the prospect of having to depend on a public-sector monopoly for general insurance—the only protective factor in private enterprise today. The Government is bound to be influenced by considerations of political expediency as well as by practical difficulties of running an industry which depends for success on personalised service. Meanwhile, there remains this dangling sword of nationalisation which is an exercise in suspense—neither good for the industry nor for its clientele.

While general insurance is a small but vital adjunct to trade and industry, the dispersal of capital and executive talent in general insurance and the existence of two public-sector units competing with private operators make it impossible for a monopoly to develop. General insurance has a tradition of patriotism, and, in its own enlightened self-interest, promotes economic activity. As such, general insurance has a highly personalised service on which trade and industry lean in times of stress. They could never lean on an impersonal and monolithic public-sector corporation. General insurance does not enjoy or exercise any patronage but seeks patronage from its clients. Its shareholding is broad-based and spread over 50,000 shareholders. Its investments are not concentrated in any one company or a few companies but are well diversified. Funds at its disposal are small and do not afford any opportunity to manipulate finances or control other companies or to build up any concentration of power or wealth.

At present, both public and private-sector units, including foreign companies, operate in a competitive environment. There is a "mixed economy" in the industry. Such competitive *co-existence* is very essential in a service industry like general insurance to ensure better service and a better deal to the consumer, *viz.*, the insured, and at the same time to benefit the economy. The nationalisation of general insurance would constitute a significant departure from this accepted policy and would be against the interests of the insured and the nation. Nationalisation would also mean payment of compensation for taking over the resources of general insurers in the private sector. This would run into crores of rupees and the State will be left with even more meagre resources.

Various Government spokesmen and experts, who have dispassionately studied the problem, have time and again categorically stated that there is neither a case nor any need to nationalise this business. Even the Special Officer appointed by the Government of India is reported to have opined against nationalisation. Nationalisation will benefit none, not even the State. At the same time, it is realised that general insurance should be responsive to the socio-economic urges and be a source of strength to the economy. This can only be done in an effective and easier way through stricter regulation and social control of the industry. If this is done, this will also constitute a step in the direction of a socialist pattern of society without hampering the growth of the industry or adversely affecting the interests of the economy.

An analysis of 39 private sector Indian companies, representing almost the whole of Indian market shows that the bulk of the shares is not held by company directors and the total aggregate capital of about Rs. 10 crores is spread over about 50,000 shareholders. Only 121,000 shares out of a total number of 4,400,000 shares are held by directors. Indian insurance executives enjoy a free hand in working because the shareholding is widely dispersed and there are often no persons having a decisive majority of shares. That is also the reason why the executives are able to invest their meagre resources profitably. General insurance offers no opportunity of manipulating finances or controlling other companies. General insurance is a service industry generating no financial power and yielding only a small profit.

(To be continued)

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INVESTMENT

Curbs on Advances against Shares Affect Sentiment

THE stock markets have given an almost repeat performance this past week. They have staged a further retreat. Since the factors influencing sentiment have not been any different from those in the preceding week, the markets have moved at a slower pace. Sellers have continued to dominate the scene, but the pressure has been much lighter, and it has tended to subside with the fall in prices. Selling pressure alone would not perhaps have caused equity prices to decline the way they did if fresh support had not been virtually absent. That bulls should have preferred to keep off the market is not surprising. It is not just that investible funds have been reserved for attractive new issues. But there are far too many uncertainties to reckon with. Elections are drawing nearer and one cannot be too sure that the party voted to power will have a clear majority necessary to take sufficiently bold measures to give the much-needed boost to the economic and industrial tempo. Domestic relations have come under considerable strain following the destruction of the Indian hijacked plane. Reports of military build-up on the India-East Pakistan borders have been viewed with concern.

The corporate news during the week has been quite pleasing and also plentiful. But it has not cheered the markets which seem to be a good deal worried on account of the continued monetary stringency Reports are that curbs on advances against shares are being tightened. Repayment schedules already fixed for advances of Rs. 5 lakhs and above are to be strictly adhered to and banks will insist on a phased repayment of advances between Rs. 1 lakh and Rs. 5 lakhs. Some banks are said to have imposed restrictions on their advances against shares with a view to achieving an immediate reduction in the quantum of outstandings. Credit curbs have led to an increase in carry-forward charges, making bull operations costly.

The stock markets have other worries too. Economic indicators such as the rate of industrial growth, export performance and industrial relations do not inspire confidence. But with good shares continuing to be in short supply, bears are unlikely to assume an aggressive posture in the immediate future, especially when the recent decline in equity prices has brought the market quite close to its November-December lows, which have come to be regarded as important support levels. Whether the markets will strike a new low, it is difficult to say.

Government securities have been quiet during the past week. The Conversion loan 1986 is quoted at Rs. 60. Other Central securities have received little attention. Turnover has remained restricted.

The Calcutta stock market has remained quiet this past week. Rumours about the devaluation of the rupee and reports of the mobilisation of Pakistani troops along the India-East Pakistan borders have depressed sentiment. The election uncertainties have also made operators reluctant to extend their commitments. Among engineering shares, Jay Engineering, Shriram Bearings and Electrosteel Castings have been easier. Among paper shares, Seshasayee, Bengal, and Ballarpur have remained dull. Among jute shares, Hukumchand, Agarpara and Birla have been quiet. Among miscellaneous shares, Graphite India, Phillips Carbon, Metal Box and Britannia Biscuits have been transacted. Among tea shares, Patrakola, Grob and Assam Brook have changed hands.

Dalal Street has had an uneasy time this past week. Equity prices have suffered a further setback on light but persistent selling and lack of fresh support. Very few counters have managed to wind up the week with plus signs, and the net changes have been negligible. The carry-forward charges at the turn of the ten-day settlement have been on the higher side, reflecting the impact of the credit squeeze. Cotton mill shares have ruled easier following uninspiring reports from the piecegoods market. Century, Standard and Kohinoor have been among the prominent losers. Rayon shares have also shown a distinctly easy tendency because of easier advices from the yarn market. Century Enka have fared the worst. National Rayon have also been under considerable pressure. Gwalior Rayon have kept relatively steady. Steel shares have remained distinctly subdued with Tata Steel touching a new low after a long time. Excepting Voltas and Tata Engineering and Locomotive, which have ruled steady, engineering shares have registered moderate losses on scattered selling and lack of support. Associated Bearing, Larsen and Toubro, Mahindra and Mahindra and Sandvik Asia have been among the weak spots. Alcock Ashdown have moved both ways in a wide range but closed with a sizable net gain over the previous week-end quotation. Cement shares have been subdued and shipping shares have been marked down on profit-taking. Sugar shares have ruled steady. Paper shares have displayed a slightly easier tendency. Automobile shares have followed the general trend and recorded small losses. Chemicals have been subdued due mainly to the lack of support. Pharmaceutical shares have been marked down and only Madras Rubber have closed firm. Bank, insur-

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Amalgamated Development
Anaparai Estates
Bharat Heavy Electricals
Colour-Chem
Excel Industries
Fit Tight Nuts
Hercules Hoists
Hoechst Pharmaceuticals
I.C.I.C.I.
I.D.B.I.
Kirloskar Tractors
Madras Cements
Madras Vanaspati
Mahindra Owen
Manbhoom Coal
Nuchem Plastics
Panyam Cements
Shalimar Rope Works
Siemens India
State Bank of Indore
Trichy Steel
Union Carbide
United Carbon
United Commercial Bank

ance and electric shares have ruled steady. Among miscellaneous shares, Hindustan Aluminium, Motor Industries and Phillips Carbon have eased further while Camphor and Allied, Tata Oil and Bombay Burmah have kept quite steady.

The Madras stock market has been quietly steady this past week. In the planting section, Cochin Malabar and Nonsuch Tea have been easier. Vayitri Plantations and Kailas Rubber have been quiet. In the textile section, South India Viscose and Dhanalakhsmi have met with buying enquiries. In the sugar section, some business was put through in Andhra Sugars. In the miscellaneous section, Aspinwall and Mettur Chemicals have been supported. But Mandya National Paper have eased due to lack of support.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 21/05—21/15—20/70—20/75—(36/05)
Burrakur Coal 10/37—11/00—10/37—11/00—(12/06)
Dunlop India 37/90—37/95—37/80—37/85—(28/15)
Guest, Keen, Williams 30/15—31/35—30/15—31/00—(12/35)
Hindustan Motors 12/70—12/75—12/20—12/35—(15/26)
Indian Aluminium 35/30—35/40—34/50—34/50—(29/00)
Indian Cable 16/25—16/30—15/95—15/95—(11/85)
Indian Copper 4/20—4/28—4/12—4/12—(3/75)
Indian Iron 12/80—13/10—12/20—12/20—(16/75)
Jaipur Udyog 8/80—9/00—8/70—8/70—(9/05)
J. K. Cotton 10/55—10/55—10/55—10/55 (11/40)
Jayashree Tea & Industries 17/75—18/00—17/75—17/94—(12/44)
Kesoram Industries 15/75—15/80—15/75—15/80—(14/45)
Orient Paper 37/85—38/00—37/45—37/50—(29/20)
Orissa Cement 18/15—18/15—18/00—18/00—(12/20)
Rohtas Industries 6/55—6/65—6/40—6/50 (7/06)
Textile Machinery 10/00—10/10—9/80—9/90—(10/35)

United Commercial Bank Achieves Satisfactory Progress

IN the report of the United Commercial Bank for 1969 which was recently submitted by Mr. R. B. Shah, Custodian, for and on behalf of the directors of the bank, it is stated that the operations of the bank in India and abroad recorded a satisfactory progress during the year. (A fuller version of the report was published in last week's issue of *Capital*.) The functioning of the bank was not affected by nationalisation which came into force on 19th July, 1969, and the report covers the developments over the entire year. Deposits and other accounts of the bank increased by Rs. 24.43 crores to Rs. 257.53 crores. Advances and bills rose by Rs. 24.89 crores to Rs. 162.82 crores. The credit-deposit ratio at the end of the year increased to 63.22 per cent. Investments increased by Rs. 7.82 crores to Rs. 84.28 crores, the investment-deposit ratio being 32.73 per cent. The profit of the bank, including that of overseas branches from 19th July to 31st December, 1969, amounted to Rs. 48.87 lakhs. The profit for the period from 1st January, 1969 to 18th July, 1969, amounted to Rs. 40.35 lakhs. The whole year's profit amounted to Rs. 89.22 lakhs, against Rs. 81.04 lakhs.

The bank opened 52 branches during 1969. The total number of branches at the end of 1969 was 372, out of which 184 were in rural and semi-urban areas and six in foreign countries. As a result of the "lead banks scheme" announced in December 1969, 23 districts have been allotted to the bank as "lead" districts in seven States. The bank is making special efforts for opening branches in the eastern region of the country. The move for deposit mobilisation has been intensified. In order to fulfil the obligations expected of it following nationalisation, the bank has intensified the financing of productive operations in the priority sectors. It has given substantial assistance to the agricultural sector. The total number of farm accounts has increased from 578 in 1958 to 9,951 at the end of the year. The bank's assistance to the small-scale industries has been satisfactory throughout the year. The number of accounts has risen from 1,304 in 1968 to 3,010 at the end of 1969. As for other preferred sectors, the bank has enlarged its advances to retail trade, artisans, small business men, professionals and self-employed persons, students, etcetera. Exports have also received the bank's attention. With the network of its branches in India and abroad and correspondents throughout the world, it has rendered adequate foreign exchange service by way of pre-shipment as well as post-shipment advances at the concessional rate of interest of 6 per cent a year.

EXCEL INDUSTRIES

Attractive Share Offer

THE subscription list for the fully underwritten public issue of Rs. 46.55 lakhs—all in equity shares of Rs. 10 each—by Excel Industries will open on 24th February and will close on 6th March or earlier but not before 26th February. The issue made at par is attractive. The Company is doing well. Prospective investors have the chairman, Mr. C. C. Shroff's assurance of a minimum dividend of 10 per cent during the first two years and the possibility of a higher distribution thereafter. During the year ended September 1970, the Company made a pre-tax profit of Rs. 39.72 lakhs on a turnover of Rs. 3.06 crores, against Rs. 25.66 lakhs on a turnover of Rs. 2.21 crores in 1968-69. Sales during the first four months of the current year are placed at Rs. 129 lakhs, against Rs. 82 lakhs in the same period of 1969-70. Turnover for 1970-71 is estimated at Rs. 4 crores, rising to Rs. 4.50 crores in 1971-72 and Rs. 5 crores in 1972-73. The Company has been licensed to produce 5,000 tonnes of phosphorous a year but, initially, it would start with a production of 2,000 tonnes and expand to 5,000 tonnes later, depending on the increase in demand. If all goes well, the trial production of phosphorous is expected to start by May and commercial production by October 1971. The plant is located in Bhavnagar and the entire phosphorous project has involved a capital outlay of Rs. 1.60 crores which is being financed by the proposed capital issue of Rs. 50 lakhs, a loan of Rs. 11.80 lakhs from the I.C.I.C.I., bank borrowings of Rs. 40 lakhs and internal resources of Rs. 32 lakhs. The Company's existing capital is Rs. 45 lakhs half of which is held by the Shroff family and the employees, 25 per cent by the Tatas and 25 per cent by Fisons.

UNION CARBIDE

Good Results

UNION Carbide India has reported improved results for 1970 and this has enabled the directors to maintain the dividend at 15 per cent on the increased capital following the one-for-two bonus issue. According to the brief preliminary figures, sales are up by 9 per cent from Rs. 44.04 crores to Rs. 48.03 crores and the pre-tax profit has risen by 10.3 per cent from Rs. 5.64 crores to Rs. 6.22 crores. Even after providing more for the tax liability—Rs. 2.84 crores, against Rs. 2.48 crores—the net profit is higher at Rs. 3.38 crores, against Rs. 3.16 crores in the previous year. After providing for development rebate reserve and sinking fund reserve and making some adjustments, a sum of Rs. 2.30 crores (against Rs. 2.28 crores) has been transferred to general reserve. The dividend is to be paid out of general reserve.

I.C.I.C.I.

Results Improve

FOR the year ended December 1970, the net profit of the Industrial Credit and Investment Corporation of India Ltd, after providing for depreciation, doubtful debts and taxation, is Rs. 168.26 lakhs, against Rs. 160.39 lakhs for the previous year. The directors have decided to recommend a dividend of 10 per cent on ordinary shares, against the previous year's 9 per cent.

I.D.B.I.

Half-yearly Report

THE Industrial Development Bank of India's report on its operations during the half-year ended December 1970 shows a marked rise in the demand for industrial capital, reflecting the improvement in investment climate which is amply borne out by the record applications received by the Government for industrial licences and the increase in import licences for raw materials and capital goods. The I.D.B.I.'s total sanctions and disbursals registered an impressive rise of 55 per cent each over their respective July-December 1969 levels; gross sanctions rose from Rs. 23.01 crores to Rs. 35.72 crores and disbursals from Rs. 20 crores to Rs. 31.10 crores. The increases in the October-December quarter were 64

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per cent and 50 per cent, as compared with the corresponding quarter of 1969.

The bulk of the improvement in sanctions during July-December 1970 was brought about by sharp increases under direct loans (other than for exports) and underwriting direct subscription to shares and debentures of industrial concerns. Such assistance aggregated Rs. 12.7 crores (against Rs. 2.92 crores) in respect of 14 projects, covering industries like aluminium, agricultural tractors, electrical insulators, ball bearings, ferro alloys, polyester fibre, nylon filament yarn and tungsten filament wires. Direct loans to industrial concerns, other than for exports, amounted to Rs. 9.16 crores, against Rs. 1.90 crores during July-December 1969. Sanctions under refinance of industrial loans were also higher by about 83 per cent at Rs. 11.7 crores, against Rs. 6.4 crores during July-December 1969. The proportion of refinance in respect of loans to small-scale industries and small road transport operators to total refinance recorded a further increase. Export assistance sanctioned was lower at Rs. 97 lakhs, against Rs. 2.43 crores, but disbursements were substantially larger at Rs. 4.60 crores, against Rs. 43 lakhs. Allowing for the inflow of funds from repayments of assistance disbursed earlier as well as sale of investments, the net outgo of funds from the bank increased substantially to Rs. 13.6 crores in July-December 1970 from Rs. 5.6 crores in the same period of 1969.

SIEMENS INDIA

A Good Year

THE directors of Siemens India Ltd have proposed an equity dividend of 8 per cent for the year ended September 1970. This decision comes on the eve of the Company's equity and debentures issues proposed for March this year. The Company's total income has increased to Rs. 25.03 crores from Rs. 20.31 crores. Its working has resulted in a gross profit of Rs. 2.21 crores, compared with Rs. 76 lakhs in the previous year. After adjustments and providing Rs. 94 lakhs (against Rs. 61 lakhs) for depreciation, Rs. 36 lakhs (against nil) for development rebate reserve, and Rs. 6.6 lakhs (against nil) for doubtful debts reserve, the net profit works out to Rs. 89 lakhs (against Rs. 20 lakhs). After adjusting carried-forward losses of Rs. 12.32 lakhs, the balance of Rs. 76.68 lakhs has been transferred to general reserve from which dividends amounting to Rs. 9.60 lakhs will be paid.

BHARAT HEAVY ELECTRICALS

Production and Sales Rise

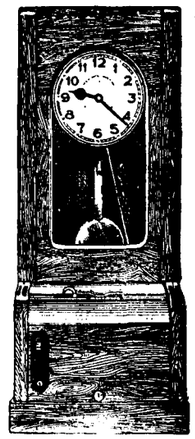
THE latest report of Bharat Heavy Electricals Ltd for the year ended March 1970 states that the year 1969-70 has been significant in the activities of the Company. Workers of all categories have given their best in maintaining the Company's growth. There is still a long and arduous journey before full production in all the units is achieved. The board of directors feels encouraged at the rate of growth and has every confidence that the different units of the Company will fulfil their targets in the coming year. They foresee that very soon the Company will not only become self-sufficient financially but will generate adequate funds for growth.

Production rose from Rs. 35.26 crores to Rs. 44.61 crores. Although sales have risen from Rs. 7.79 crores to Rs. 8.51 crores, the Company has suffered a loss of Rs. 1.50 crores, against a loss of Rs. 3.37 crores, after providing Rs. 3.80 crores (against Rs. 3.72 crores) for depreciation, Rs. 7.57 crores (against Rs. 4.82 crores) for interest and Rs. 2.48 crores (against Rs. 2.50 crores) for contingencies. The manufacturing profit has amounted to Rs. 10.38 crores, against Rs. 6.54 crores. Taking into account the loss of Rs. 1.65 crores carried forward from the previous year and an adjustment of Rs. 66 lakhs relating to earlier years, the total loss carried forward amounted to Rs. 1.86 crores.

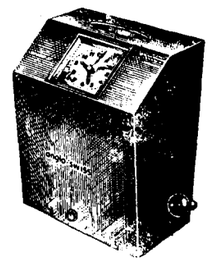
MAHINDRA OWEN

New Achievement

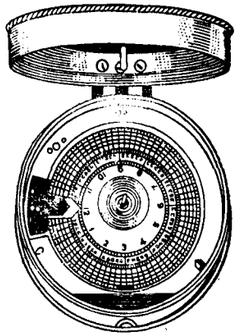
MAHINDRA Owen Ltd, a member of the Mahindra and Mahindra group of industries, has claimed yet another "first" to its credit by manufacturing for the first time in India a 80-tonne payload capacity trailer for use with Canada-made 330 B.H.P. Sicard Truck Tractor model No. T-6476. This trailer which has many sophisticated features incorporated into it like drop frame construction for lowering the loading height, hydraulic steering mechanism on the rear bogie and removable goose neck, will be used by the



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Jamuna hydel scheme for transporting extra equipment like generators and transformers from the nearest railway station to the power house, a distance of about 70 kilometres.

STATE BANK OF INDORE

Good Rise in Profit

THE State Bank of Indore's net profit for the year ended December 1970 amounted to Rs. 4.16 lakhs, as against Rs. 2.63 lakhs for the year 1969. Together with the sum of Rs. 3,000 carried forward from the previous year, the amount available for appropriation is Rs. 4.19 lakhs. Appropriations include reserve fund Rs. 84,000 against Rs. 53,000, staff welfare fund Rs. 30,000 against Rs. 25,000 and dividend at Rs. 8 a share Rs. 2.80 lakhs against Rs. 2.80 lakhs. This leaves a balance of Rs. 25,000 which is carried forward.

The bank made satisfactory progress in all the major fields of activities, namely, deposits, advances, assistance to the priority sectors and branch expansion. The deposits and other accounts of the bank stood at Rs. 32.49 crores and were better by Rs. 6.17 crores, registering an increase of 23 per cent, as compared with Rs. 26.32 crores on 31st December, 1969. The advances as on 31st December, 1970, stood at Rs. 24.44 crores, as against Rs. 16.88 crores at the end of the preceding year, representing an increase of 45 per cent over the year. The total credit extended to the neglected sectors of the economy as well as the priority sectors rose from Rs. 4.28 crores at the end of 1969 to Rs. 7.24 crores at the end of 1970, representing an increase of 69 per cent and forming 30 per cent of the bank's total advances. The number of branches increased from 56 to 94.

COLOUR-CHEM

New Intermediates Plant

COLOUR-CHEM'S Rs. 2.75-crore intermediates plant in Thana (Bombay), formally inaugurated on 29th January by Maharashtra Governor, Nawab Ali Yavar Jung, marks the beginning of a new chapter in the history of the Company which has already achieved a very creditable record. Designed as a multi-purpose plant, capable of manufacturing as many as 85 different products, it will initially produce 250 tonnes a year of a large variety of products, such as diketene, acetic anhydride and bromamine acid. In the next two or three years, the capacity will be raised to manufacture about 1,500 tonnes of various intermediates a year. When in full production, some time in 1973, the plant will help save the country about Rs. 2 crores in foreign exchange annually. About 80 per cent of the complicated machinery required for the plant has been purchased indigenously.

Promoted to manufacture pigments and pigment printing emulsions with the active participation of the two leaders of West Germany's giant chemical and dyestuff industry—Farbenfabriken Bayer and Ferbwerke Hoechst—Colour-Chem has made impressive progress during the past 11 years that it has been in production, in respect of both volume of production and range of products. The Company's output during the first nine months of the current year (April to December) is placed at around Rs. 6.96 crores, exceeding the total output for the whole of the previous year by about Rs. 20 lakhs. The total output for the current year is estimated at around Rs. 8.75 crores. The wide variety of products manufactured by Colour-Chem, apart from making dyestuffs of superb quality available to numerous Indian industries, has resulted in saving crores of rupees worth of foreign exchange over the years. Its exports have already crossed the Rs. 1-crore mark. The Company's products have been well received in Australia, Middle East countries, France, West Germany, the U.K. and the U.S.A. The Company is paying increasing attention to research so as to develop further the lines of manufacture not only in the dyestuff range but also extending in time to the field of allied chemicals.

FIT TIGHT NUTS

Sales Up but Profit Down

FIT Tight Nuts and Bolts has proposed a final dividend of Rs. 10 a share for the year ended September 1970, which together with the interim payment of Rs. 5 a share makes a total of Rs. 17 a share—the same as had been paid for 1967-68. The directors have also recommended a cash bonus of Rs. 5 a share to celebrate the completion of ten years of working as a public limited concern. The equity distribution for 1969-70 will thus add up to Rs. 22 a share. It is estimated that about 49 per cent of the dividend will be tax-free in the hands of the shareholders. The Company had skipped the dividend for 1968-69 but proposed a one-for-three bonus issue. The proposal was turned down by the Controller of Capital Issues under the new guidelines according to which a bonus issue cannot be made in lieu of dividend.

Despite an increase of about 19 per cent in sales from Rs. 2.52 crores to Rs. 3.01 crores, the gross profit has shrunk by 10 per cent from Rs. 63.11 lakhs to Rs. 56.75 lakhs. Margins have been eroded by the higher prices of steel, tools, tool-steel and other consumable items as well as by the increased rate of dearness allowance. A prolonged strike at the works of one of the main customers led to accumulation of stocks of semi-finished and finished items. Sales to oil pumps and the diesel engine industry were much lower due to the recession in these industries. The directors state that the effects of these adverse factors have now been practically overcome. The demand for ground-threaded components produced by the Company has considerably increased. To meet the ever increasing demands of the spare parts market, the Company has launched an ambitious scheme of countrywide sales through a network of area distributors, stockists and dealers.

After providing Rs. 68,000 (against Rs. 3.53 lakhs) for managing agents' commission, Rs. 23.85 lakhs (against Rs. 20.28 lakhs) for depreciation, Rs. 11.95 lakhs (against Rs. 15.65 lakhs) for development rebate and Rs. 3 lakhs (against Rs. 6.10 lakhs) for taxation, the net profit amounts to Rs. 17.28 lakhs, against Rs. 17.55 lakhs in the preceding year. After providing Rs. 5.04 lakhs for interim dividend and making some adjustments, the surplus of Rs. 12.72 lakhs (against Rs. 17.59 lakhs) has been transferred to general reserve. The preference dividend, final dividend and the cash bonus on equity shares are to be paid out of this reserve.

SHALIMAR ROPE WORKS

Sales and Profit Rise

IN their latest report for the year ended June 1970, the directors of the Shalimar Rope Works Ltd say that the Company could have achieved better results in the sphere of modernisation, diversification and increased turnover had there been no substantial rise in wages. The demand

for the products is maintaining an upward trend because of the high standard of quality. Sales are up from Rs. 1.38 crores to Rs. 1.64 crores and the profit has risen from Rs. 18,862 to Rs. 2.14 lakhs, after providing Rs. 6.27 lakhs (against Rs. 4.35 lakhs) for depreciation, Rs. 2.53 lakhs (against Rs. 1.50 lakhs) for development rebate reserve and Rs. 95,000 (against nil) for taxation. The directors have recommended the payment of dividend at the rate of 75 paise a share, subject to tax, which will be paid out of general reserve. This offers a yield of 4.7 per cent at the present price of Rs. 16 a share of Rs. 10 each. After transferring Rs. 964 (against Rs. 90,136) from taxation excess provided in earlier years and making other adjustments, there is a carry-forward of Rs. 2,725, against Rs. 3,926 brought in.

TRICHY STEEL

Dividend Raised

TRICHY Steel Rolling Mills Ltd has produced very encouraging results for the year ended September 1970. Due to a substantial improvement in profit, the dividend has been stepped up to 10 per cent from 7 per cent for the previous year. The profit amounts to Rs. 14.06 lakhs, after providing Rs. 3.78 lakhs for depreciation. This compares with the previous year's profit of Rs. 3.03 lakhs, after providing Rs. 2.59 lakhs for depreciation. Sales, however, declined to Rs. 109.86 lakhs from Rs. 126.56 lakhs in the previous year. With Rs. 936 brought forward from the previous year, the total surplus available for appropriation comes to Rs. 14.07 lakhs. Out of this, a sum of Rs. 60,000 (against Rs. 11,000) is transferred to development rebate reserve. Donations amounted to Rs. 1,000, taxation accounts for Rs. 6.15 lakhs (against Rs. 400). After taking into account a sum of Rs. 2,509, paid towards income-tax, the balance of Rs. 7.29 lakhs is transferred to general reserve. The 10 per cent dividend will be paid out of general reserve.

MADRAS CEMENTS

Better Results

MADRAS Cements Ltd has reported improved working results for the year ended September 1970. The directors have stepped up the equity dividend to 12 per cent from the previous year's 10 per cent. According to the preliminary figures, the profit, before depreciation and taxation, amounts to Rs. 51.19 lakhs (against Rs. 42.18 lakhs). With the brought-forward sum of Rs. 2,376, the total available for appropriation comes to Rs. 51.21 lakhs. Out of this, depreciation amounts to Rs. 16.78 lakhs (against Rs. 14.38 lakhs). Donations absorbed Rs. 32,181, (against Rs. 36,290). Development rebate reserve gets Rs. 3.65 lakhs (against Rs. 71,700). Taxation accounts for Rs. 13.65 lakhs (against Rs. 11.32 lakhs). General reserve gets Rs. 3.35 lakhs (against nil). The dividend on 6¼ per cent preference shares absorbs Rs. 81,213 and the dividend on 9.3 per cent redeemable preference shares amounts to Rs. 1.86 lakhs. The equity dividend of 12 per cent claims Rs. 10.78 lakhs. The balance of Rs. 278 is being carried forward.

MANBHOOM COAL

Dividend Skipped

MANBHOOM Coal Co. Ltd has shown unsatisfactory working results for the year ended March 1970. Despite an increase in sales by Rs. 7.30 lakhs to Rs. 56.80 lakhs, the profit has fallen sharply from Rs. 3.97 lakhs to Rs. 1.66 lakhs, after providing Rs. 2.12 lakhs (against Rs. 1.02 lakhs) for depreciation. In view of the poor performance, the Company has skipped the ordinary dividend for the seventh year in succession. After transferring Rs. 44,485, (against Rs. 28,041) to development rebate reserve, the net debit balance of Rs. 1.54 lakhs is proposed to be carried forward. Raisings showed an improvement from 154,000 tonnes to 156,000 tonnes while despatches fell from 166,000 tonnes to 143,000 tonnes.

AMALGAMATED DEVELOPMENT

Loss Incurred

IT is stated in the latest report of Amalgamated Development Ltd for the year ended June 1970 that the sale of land and the cash realisation of interest on land were considerably affected due to the general recession and disturbed political situation in West Bengal. The Company has incurred a heavy loss of Rs. 1.04 lakhs, against a profit of Rs. 6,067, after providing Rs. 5,670 (against Rs. 5,675) for depreciation. A sum of Rs. 5,035 (against Rs. 1,946) has been provided for taxation relating to the previous year. After making other adjustments and bringing in a credit balance of Rs. 29,224 from the previous year, there is a net debit balance of Rs. 79,380 which is proposed to be carried forward.

HOECHST PHARMACEUTICALS

Research Centre

THE largest Indo-German venture in the field of drugs and chemicals in future will spend large sums on basic research and development in the field of pharmaceuticals. The research centre being set up by Hoechst Pharmaceuticals Ltd in Mulund, Bombay, is expected to function by mid-1971. The construction has already begun and the sophisticated scientific appliances required for this project will soon arrive in Bombay as a gift by the parent firm, Farbwerke Hoechst of West Germany.

KIRLOSKAR TRACTORS

A New Venture

AN agreement was recently concluded between Kloeckner-Humboldt-Deutz (K.H.D.) of West Germany and Kirloskar Brothers Ltd of Poona for the manufacture of K.H.D. tractors and air-cooled Deutz diesel engines. A new factory is being set up in Nasik (Maharashtra) for an annual output of 10,000 tractors and engines ranging from 30 to 100 h.p. Kirloskar Tractors Ltd, as the new Company is called, has been established with a capital of Rs. 5 crores. It is expected that the factory will go into production by the end of 1973. The manufacturing programme for which an industrial licence has been received envisages the production of four different models. The indigenous content will progressively rise from 65 per cent in the initial stages of production to 90 per cent in the next two or three years depending upon the availability of raw materials.

NUCHEM PLASTICS

Profit Up

NUCHEM Plastics has reported considerably improved results for the year ended September 1970 and the directors have recommended an equity dividend of 6 per cent. Sales have risen by a little over 6 per cent from Rs. 90.25 lakhs to Rs. 95.97 lakhs and the gross profit has regis-

tered an impressive rise of 63 per cent from Rs. 6.69 lakhs to Rs. 10.89 lakhs. After providing Rs. 7.96 lakhs (against Rs. 3.77 lakhs) for depreciation, the net profit is almost unchanged at Rs. 2.93 lakhs against Rs. 2.92 lakhs in the previous year. After some adjustments, which include the transfer of Rs. 1.55 lakhs from development rebate reserve, the surplus of Rs. 4.57 lakhs has been transferred to general reserve out of which the proposed dividend is to be paid.

The directors point out that the formaldehyde plant went into operation towards the end of the year. This has enabled the Company to run resin and powder plants at the rated capacity. The Company's sales during the first quarter of the current year are placed at around Rs. 48.51 lakhs, against Rs. 19.39 lakhs during the corresponding period of the preceding year. This holds out the promise of substantially improved results for the current year.

MADRAS VANASPATI

Shortage of Working Funds

IN their annual report for the year ended June 1970, the directors of Madras Vanaspati Ltd say that the factory could not work regularly during the year and, therefore, production of *vanaspati* and refined oil was considerably lower. The Company took up processing of industrial hard oil for others in a limited way. The directors add that the major obstacle in the Company's going into regular production continues to be the non-availability of adequate working funds. With a view to augmenting the Company's income, the directors are considering a proposal to take up more servicing job, along with its own production. The Company has also plans to take up the manufacture of some allied products, utilising the available facilities and resources. The directors say that such surplus or obsolete items as are not required for the working of the factory are being disposed of on terms favourable to the Company.

PANYAM CEMENTS

Dividend Repeated

THE directors of Panyam Cements and Mineral Industries Ltd have maintained the equity dividend at 12 per cent for the year ended August 1970. The profit amounts to Rs. 46.31 lakhs, after providing Rs. 49.32 lakhs for depreciation. This compares with the previous year's profit of Rs. 49.49 lakhs, after providing Rs. 44.82 lakhs for depreciation. Adding to the year's profit a sum of Rs. 5,010 brought forward from the previous year, Rs. 22,510 being excess provision relating to the previous year and Rs. 21,943 transferred from reserves for rehabilitation, modernisation and development, the total surplus comes to Rs. 46.80 lakhs. Out of this, a sum of Rs. 27 lakhs (against Rs. 28 lakhs) is transferred to development rebate reserve. Donations amounted to Rs. 12,800 (against nil). The dividend on 9.3 per cent "A" preference shares absorbs Rs. 22,822 and the dividend on 9.3 per cent "B" preference shares accounts for Rs. 1.04 lakhs. The dividend on 9.3 per cent redeemable "C" preference shares amounts to Rs. 1.06 lakhs while the dividend on 9.5 per cent redeemable "D" preference shares claims Rs. 2.37 lakhs. The equity dividend absorbs Rs. 14.90 lakhs. The balance of Rs. 7,885 is being carried forward. Cement sales for the year amounted to Rs. 423.39 lakhs (against Rs. 356.77 lakhs).

HERCULES HOISTS

Maiden Dividend

HERCULES Hoists has declared a maiden dividend of 8 per cent for the year ended 1970 ; the entire dividend is expected to be tax-free in the hands of shareholders. The working results for 1969-70 show considerable improvement over the previous year's performance, with sales up from Rs. 23.56 lakhs to Rs. 31 lakhs and the gross profit higher at Rs. 5.84 lakhs (against Rs. 3.59 lakhs). After providing Rs. 93,000 (against Rs. 80,000) for depreciation, Rs. 157 (against Rs. 563) for development rebate reserve and Rs. 2.56 lakhs (against nil) for taxation, the net profit amounts to Rs. 2.35 lakhs (against Rs. 2.77 lakhs). Together with the previous year's surplus, the total disposable surplus of Rs. 3.34 lakhs is carried to general reserve out of which the proposed dividend is to be paid.

The directors state that sales have continued to show an uptrend in the current year. Full-scale production of the two new products—roller chain electric hoists and Ratchel hoists—is being taken up as the initial troubles have been overcome. Sales of these products should further increase the Company's turnover. The increase in production costs resulting from the rise in prices of raw materials and components will be offset partly by the increase in selling prices of the products and partly by higher production.

UNITED CARBON

Dividend Raised

THE United Carbon of India has raised the dividend for 1970 from a maiden 15 per cent to 20 per cent. As in the previous year, the entire dividend for 1970 is expected to be exempt from tax. The preliminary figures, however, show that the Company has not done as well as it did in 1969. Despite a 7.6 per cent rise in sales from Rs. 3.54 crores to Rs. 3.81 crores, the gross profit is down by 6 per cent from Rs. 182.44 lakhs to Rs. 170.99 lakhs. The ratio of gross profit to sales has declined from 51.4 per cent to 44.9 per cent. After providing Rs. 36.26 lakhs (against Rs. 34.45 lakhs) for depreciation, Rs. 7.05 lakhs (against Rs. 33 lakhs) for development rebate and Rs. 53 lakhs (against Rs. 26 lakhs) for taxation, the net profit amounts to Rs. 74.69 lakhs, against Rs. 89 lakhs in the preceding year. After making some adjustments, the surplus of Rs. 81.60 lakhs (against Rs. 89 lakhs) has been transferred to general reserve. The proposed dividend absorbing Rs. 31.07 lakhs (against Rs. 23.30 lakhs) is to be paid out of general reserve.

The directors state that the Company's production during 1970 was only marginally higher than in 1969. The Company completed during the year the first expansion from 30 million pounds to 40 million pounds of carbon black but the full impact of the expanded capacity could not be reflected in the financial results for 1970 mainly on account of some technical difficulties.

ANAPARAI ESTATES

Dividend Maintained

ANAPARAI Estates Ltd has maintained the equity dividend at 20 per cent for the year ended June 1970. The profit is Rs. 5.48 lakhs, after providing for depreciation and other charges, as compared with the previous year's profit of Rs. 6.32 lakhs, after providing depreciation, etcetera. With Rs. 1,691 brought forward, and with Rs. 11,967 transferred from provision for bonus, there is a total surplus of Rs. 5.62 lakhs. Out of this, provision for income-tax amounts to Rs. 2.78 lakhs (against Rs. 4.95 lakhs) and bonus accounts for Rs. 40,000 (against Rs. 55,000). The dividend claims Rs. 2.41 lakhs. The balance of Rs. 2,078 is being carried forward.

COMMODITIES

Competition from Pakistan and Synthetics Obscures Outlook for Carpet-backing

THE export-oriented carpet-backing sector of the Indian jute industry has been languishing fast due to the keen competition from the Pakistani product and synthetic backing materials, says the Indian Jute Mills Association in a Press note issued in Calcutta a few days ago. In spite of the rising burden of costs, New Delhi has been, in effect, directly encouraging the expansion and consolidation of the carpet-backing sector of the Pakistani industry by persistently refusing to abolish the export duty on the construction. Its present policy is also encouraging the manufacturers of synthetic backing materials in the U.S.A. and offering them the inducement to diversify and expand their capacities.

The I.J.M.A. says that the installed broadloom capacity in India which turned out a maximum of 22,700 tonnes of carpet-backing cloth in July 1969, has now been operating at a level of some 60 per cent, equivalent to a monthly output of some 14,000 tonnes. It seems to be the maximum limit of the construction which the industry can reasonably expect to export, considering the ever-increasing competition from synthetics on the one hand and the competitive Pakistani product on the other. There is the inevitable prospect, therefore, of 40 per cent of the carpet-backing productive capacity remaining permanently idle and the percentage going up further with every increase in the Pakistani production of the construction. "It will be an incredible folly to fritter away such an excellent asset as the carpet-backing industry, which involves a capital investment of Rs. **60 crores** and has a capacity to **employ 75,000** workers," it says.

Foreign Exchange Earnings

In 1969, carpet-backing exports helped India earn Rs. 110 crores in foreign exchange which declined to only Rs. 55 crores in the next 12 months. The stake of the jute grower in West Bengal in carpet-backing cloth is enormous, primarily because this State produces a large quantity of high grade fibre, exclusively used in the production of this special-purpose item. The present output of such selected grade fibre can be expanded appreciably in the State by resorting to advanced agronomic practices. Loss of the international market of carpet-backing cloth has thus a special significance for the jute grower in West Bengal.

Continuing, the I.J.M.A. says that Pakistan has about 1,300 broadlooms today with a capacity for producing 55,000 tonnes. The figure is expected to go up to 86,000 tonnes at the end of this year with some 2,000 looms in operation by that time. A further increase, planned for 1972, will extend the loomage to 3,000 and the annual capacity to 126,000 tonnes.

The Press note further says that the inroads being made by synthetics are equally serious. They accounted for 33 per cent of the total primary backings used in tufted carpet production in the U.S.A. during the third quarter of 1970, against 29.2 per cent in 1969 and only 16 per cent in 1968. The share of jute primary backings, on the other hand, fell from 80.6 per cent in 1968 to 66.6 per cent in 1969 and finally to 61.6 per cent in the third quarter of 1970. Jute's share of the market for secondary backings also went down to 62.3 per cent in the third quarter of 1970 from 76.1 per cent in 1969 and 71.2 per cent in 1968. All these had happened when tufted carpet manufacture was hit hard in the U.S.A. due to the impact of the recession. As the demand for tufted carpets grows steadily with the current recovery in home-building activities in the U.S.A., the I.J.M.A. warns that there is every possibility of the Indian jute carpet-backing facing a far more severe competition than hitherto from the lower priced Pakistani jute backing and the still cheaper synthetic products.

Need for Diversification

Speaking at the annual meeting of the Jute Brokers' Association, Mr. M. C. Bhura, president, referred to the slower pace of progress of the jute industry so far during the Fourth

I.J.M.A. STOCK FIGURES FOR JANUARY

The Indian Jute Mills Association reports the total stocks of jute goods at the end of January as follows:

Description	31st January, 1971		31st December, 1970		Increase over (+) or decrease from (−) last month		31st January, 1970	
	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)	000 Metres (Lakh Yds.)	000 Tonnes (000 Tons)
Hessian cloth and bag	11,85,68 (12,97)	35.6 (35.0)	14,37,83 (15,72)	43.3 (42.6)	—2,52,15 (—2,75)	—7.7 (—7.6)	5,95,90 (6,52)	18.6 (18.3)
Sacking cloth and bag	7,54,34 (8,25)	33.7 (33.2)	8,44,16 (9,23)	38.1 (37.5)	—89,82 (—98)	—4.4 (—4.3)	4,55,91 (4,99)	20.0 (19.7)
Carpet-backing	99,44 (1,09)	11.4 (11.2)	1,20,12 (1,31)	13.9 (13.6)	—20,68 (—22)	—2.5 (—2.4)	2,24,72 (2,46)	24.5 (24.1)
Others		6.7 (6.6)		7.0 (6.9)		—0.3 (—0.3)		8.6 (8.5)
Grand Total (000 Tonnes/Tons)		87.4 (86.0)		1,02.3 (1,00.6)		—14.9 (—14.6)		71.7 (70.6)

Note : All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and Bird group of mills. The figures in brackets are in British measures. Figures do not include Naskarpara.

Plan period and the recent discouraging trend in exports. Unless the problems of these industries were tackled energetically, he said, it would not be possible for them to play their rôle in augmenting the country's foreign exchange earnings. Mr. Bhura expressed the view that the future of the Indian jute goods industry depended upon the extent to which it could develop new uses of jute goods and diversify its range of products and activities. He considered it equally important to reinforce the competitive potential of Indian jute goods *vis-à-vis* the Pakistani products.

Gunnies React

After opening on a quiet note, the Calcutta gunny market developed a sharp reactionary trend during the past week due to the continuing lack of interest from the major internal and overseas buyers. Except for some reports of scattered Russian business, fresh enquiries of a worthwhile nature were conspicuous by their absence. The continuing credit stringency induced some bulls to lighten their long positions in P.D.O.s for ready to forward positions while bears also resorted to some aggressive short-selling. The I.J.M.A. statement on the continuing erosion of the carpet-backing market abroad was an additional depressant. The report that India was worst affected by the 11.7 per cent decline in the U.S. burlap consumption during 1970, against the levels of 1969, further depressed the market. The import of burlap into the U.S.A. from India during the 11 months ended November 1970 slumped from 247,100 tons during the comparable period of the previous year to 181,100 tons, although supplies from other sources increased from 77,000 tons to 98,000 tons. So, India's share in U.S. burlap imports was reduced from 76.3 per cent to 64.9 per cent. The heavy decline in carpet-backing exports from 157,100 tons to 100,800 tons during the same period, against an increase in supplies from other sources from 4,700 tons to 31,500 tons, also caused concern. The gathering depression in the fibre market influenced some mills to emerge as keen sellers for ready to far forward positions without evoking much response from the other side. The market appeared to be in such bad shape that the sizable price recession during the week failed to induce the shorts and shippers to cover their open positions in spite of the impending extended due date in relation to the January delivery contracts. Since the announcement of the I.J.M.A. production and stock figures for January, there was a nominal revival of interest at the lower levels, helping partially to erase the top losses. Transactions were more or less of a routine covering nature. Even the Government of India agencies and the major seasonal industries and trades were virtually out of the market. The earlier elimination of the weaker bulls and the clearance of some market load during the initial phase of recession induced scattered covering at the dips. But the improvement proved to be short-lived. As soon as the keener shorts had covered their immediate requirements, the market closed on a hesitant note, registering sizable losses from the preceding week-end levels in both hessian and sacking. In spite of the proximity of the closure of the February delivery hedge contracts in 40in. 10 oz. hessian and B Twills, the trend was subdued in the hedge market as well, mainly in sympathy with the trend in the spot market and also due to the continuing technical imbalance which could hardly be rectified because of the reluctance of the shorts who were expecting a further decline in prices. Turnover was small. The closing undertone was hesitant. The I.J.M.A. production statement showed that working for 200 hours in January, against 64 hours in all during the previous month because of the 21 days' abstention from work, mills registered an increase of 56,300 tonnes in output over the previous month to 86,100 tonnes in January. Hessian rose by 17,900 tonnes to 26,100 tonnes, sacking by 24,200 tonnes to 39,200 tonnes, carpet-backing cloth by 10,900 tonnes to 15,500 tonnes and other goods by 3,300 tonnes to 5,300 tonnes. End-January stocks, however, showed a more comfortable position due to the sizable clearance of held-over despatches during the month. End-of-month stocks with mills declined by 14,900 tonnes over the end-December level to 87,400 tonnes, in spite of the substantial rise in production. Hessian inventories were down by 7,700 tonnes to 35,600 tonnes, sacking by 4,400 tonnes to 33,700 tonnes, carpet-backing cloth by 2,500 tonnes to 11,400 tonnes and other goods by 300 tonnes to 6,700 tonnes. An analysis of the two statements revealed that overall despatches also more than doubled over the December figures from 48,900 tonnes to 101,000 tonnes during January—hessian from 15,000 tonnes to 33,800 tonnes, sacking from 21,600 tonnes to 43,600 tonnes, carpet-backing cloth from 9,900 tonnes to 18,000 tonnes and miscellaneous goods from 2,400 tonnes to 5,600 tonnes.

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I.J.M.A. PRODUCTION FIGURES FOR JANUARY

The Indian Jute Mills Association reports the total production of jute goods at the end of January as follows:

	Jan. '71	Dec. '70	Jan. '70
(000 metres and 00,000 yds.)			
Hessian	8,47,10 (9,26)	2,83,66 (3,10)	10,51,19 (11,50)
Sacking	8,52,02 (9,32)	5,31,77 (3,63)	7,51,09 (8,21)
Carpet-backing	1,39,22 (1,52)	41,74 (46)	1,49,22 (1,63)
(000 tonnes and tons)			
Hessian	26.1 (25.7)	8.2 (8.0)	32.1 (31.6)
Sacking	39.2 (38.5)	15.0 (14.8)	34.6 (34.1)
Carpet-backing	15.5 (15.3)	4.6 (4.5)	17.2 (16.9)
Others	5.3 (5.2)	2.0 (2.0)	5.5 (5.4)
Grand Total	86.1 (84.7)	29.8 (29.3)	89.4 (88.0)
Hours worked:	200.0	64.0	208.0

Note : All figures are at bale-point. Figures do not include Naskarpara.

N.B.—These statistics are based on replies received and represent all members of the Association, National, New Central, Shree Hanuman, General Industrial, Hooghly, Premchand and the Bird group of mills. The figures in

Latest available quotations (in rupees) were as follows:

	Feb.	Mar.	Apr.-June	June-Sept.
40in. 7½oz.	64.50	64.50	64.00	63.25
40in. 8oz.	69.50	—	—	—
40in. 10oz.	83.50	84.00	84.50	84.00
B Twills	264.50	263.00	260.00	255.00
Heavy Cees	264.50	263.00	260.00	255.00
Cornsacks	—	—	—	—
A Twills (U.S.)	325.00	322.00	314.00	310.00
Liverpools	308.00	303.00	296.00	292.00

Setback in Fibre

The raw jute market suffered a further setback during the past week since the virtual withdrawal of the mills and mill agents from the market. In addition to a comfortable inventories position, the possibility of a further slump in fibre prices was ascribed to be the main cause of the downward drift. The sagging trend in the end-products market was yet another depressant. The rigorous enforcement of payment terms by some sellers and brokers, combined with the continuing credit stringency also accentuated mill indifference. This apart, the fibre, generally on offer, consisted of sub-standard grades and were unsuitable for batching purposes. Holders showed a positive inclination to dispose of their offgrade stocks around this time when prices of fibre were ruling pretty high above the official support levels. The expectations of a larger coverage under fibre and a higher crop next season were aroused following well-spread late-winter showers in the growing areas. The selling pressure was accentuated by the stringent conditions in the money market. Arrivals in Cossipore and mill stations were well maintained by both road and rail. Turnover was poor. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	February-March Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	144.68	136.64	51.00
Northern Jute	137.98	129.94	48.50
Western Desal Jute	131.28	123.24	46.00
Selected Daissee	148.70	140.66	52.50
Assam-Agartala Tossa	150.04	142.00	53.00
Mesta :			
Assam Mesta	131.28	123.24	46.00
Selected Daissee Murshidabad	125.92	117.89	44.00
Bihar Dist.	117.89	109.85	41.00

COTTON

Break in Prices

Cotton prices have registered a very sharp decline from their January high levels—the highest ever recorded. This is the first big shake-up that the market has had ever since it commenced its steep climb early in October. The fall in prices ranges from Rs. 200 to Rs. 600 a candy and it is the most popular varieties like CO2 and Digvijay which have suffered the worst. Several factors have contributed to the recent sharp break in prices and the further tightening of the credit screw by the Reserve Bank through an increase in the margin (from 25 per cent to 40 per cent) on advances to mills against cloth stocks is perhaps the least important of them all. The price limit had been over-reached. During the four-month period, October to January, cotton prices had risen by Rs. 1,200 to Rs. 1,900 a candy.

Perhaps the fantastic rise in prices alone might not have compelled mills to restrict their purchases to the minimum if the piecegoods market had not shown increasing signs of consumer resistance to higher cloth prices. Since the demand for cotton is derived from the demand for cloth, the sluggishness in the cloth market made for caution. Such was the situation obtaining in the market when cotton arrivals in Gujarat started to pick up. Precariously perched on the high altitude, the market tumbled when it was forced to retreat under pressure of arrivals in Gujarat. Reports from Gujarat indicated that the crop was likely to be around 1.8 million bales, against the earlier estimate of 1.6 million bales. Yet another factor which has affected sentiment is the prospect of very substantial arrivals of foreign cotton in the near future.

TEA	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
ASSAM			Rs.	Rs.
Amluckie	2	Nil	9/00	9/00
Anand Bag	7½	5-10*	33/25	33/25
Assambrook Estate	10	10-1*	9/00	8/81
Baghmari	Nil	Nil	4/19	4/19
Basmatia	15	Nil-12½*	11/31	10/00
Bateli	12½	5	16/00	16/00
Betjan	2½	Nil-15*	11/56	11/56
Bishnauth	8	Nil-Nil*	7/37	7/25
Bormah Jan	12½	10	7/44	7/44
Dejoo Valley	2½	...	7/06	7/06
Dhelakhat	5	Nil-3*	9/87	8/87
Dhunseri	13	13-10*	10/25	10/25
Dibrugarh	30	30	19/12	19/12
Dimakusi	15	12½-12½*	14/75	14/75
Dillapukuri	Nil	Nil	12/06	12/06
Drob	6	Nil-Nil*	4/06	3/87
Doograjuli (Assam)	9	...	20/50	20/50
Doolungooree	Nil	Nil-12½*	97/00	97/00
Donktollie	12½	...	14/50	14/50
Dtlibari	10	10-20*	16/00	15/50
Edo	7½	5-5*	9/50	9/50
Fethoni	13	6-7*	10/50	10/25
Gothola	8	10-10*	133/00	133/00
Gurphulani (Assam)	20	13-13*	9/00	9/00
Haga Hills	20.63	7½-7½*	11/31	11/31
Hamburandi	15	15-10*	15/25	15/25
Hajgarh	20	20	9/00	9/00
Hapoi	10	Nil-12½*	10/31	10/31
Heloijan	Nil	...	8/00	8/00
Hengpani	4	Nil-4*	3/19	3/19
Hezpore	10	10-20*	59/00	59/00
Hyroon	15	5-5*	12/56	12/56
	6	Nil	20/12	20/12
CACHAR				
Eastern Cachar	Nil	Nil	4/87	4/87
Hattikhira	Nil	Nil-Nil*	7/56	7/50
North Western	6	...	77/00	76/50
Rungamattee	12½	7½	8/00	8/00
Sonai River	Nil	Nil	3/25	3/25
DARJEELING				
Chamong	6	2-3*	5/25	5/25
Gielle	10	10-10*	7/00	7/00
Longview	4	Nil	3/22	3/22
Margaret's Hope	12½	12½-5*	7/62	7/62
Mim	13	Nil-7½*	150/00	150/00
Nargi Farm	15	12½	10/62	10/62
Okayti	10	2½-2½*	600/00	600/00
Poobong	Nil	Nil	9/94	9/94
Soom	17½	10-5*	17/31	17/31
Sungma	8	8	7/56	7/56
Teest Valley	10	10-7½*	7/69	8/19

*1969

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
DOOARS			Rs.	Rs.
Banarhat	20	5-Nil*	89/00	90/50
Bhatkawa	6	...	4/87	4/87
Birpara	12	5-Nil*	84/50	84/50
Carron	10	Nil	170/00	170/00
Ellenbarrie	10	Nil	85/00	85/00
Gairkhata	20	3½-Nil*	7/10	7/10
Hasimara	Nil	Nil-5*	3/69	3/65
Huldibari	10	10-5*	5/50	5/25
Jaybirpara	Nil	Nil-Nil*	5/56	9/20
Oodlabari	8	...	7/00	7/00
Rajabhat	Nil	...	3/75	3/75
Rydak	15	7½-5*	8/37	8/19
Sarugaon	...	...	26/87	26/87
TERAI				
Belgachi	10	6-Nil*	19/00	19/00
New Chumta	10	7-5*	5/25	5/25
New Terai	2½	6	15/31	15/31
Pahargoomiah	Nil	Nil	9/56	9/56
Tirribannah	50	50	70/00	70/00
SYLHET				
New Samanbagh	Nil	Nil	5/00	5/00
Patrakola	Nil	Nil	45/50	44/50
MINING				
Indian Copper	8	9-9*	4/12	4/30
Orissa Minerals	5	5-10*	11/87	11/81
CEMENT & LIME				
Ashoka Cement	10	7-6*	4/81	5/12
Bengal Potteries	9	9-Nil*†	1/62	1/62
Bisra Stone Lime	Nil	12½-15*	12/94	12/94
Dalmia Cement	12½	12½-12½*	14/44	14/31
Jaipur Udyog	10	10-10*	8/70	9/00
Kalyanpur Lime	8	6	11/69	11/69
Orissa Cement	11	11-12½*	18/00	18/35
Sone Valley	Nil	Nil	1/66	1/75
CHEMICALS				
Alkali & Chemical	18	5-10*	28/87	28/87
Bengal Chemical	10	7½-7½*	43/50	44/00
Calcutta Chemical	18	...	21/25	21/25
Chemicals & Fibres	27½	27½-27½*†	47/00	47/87
Indian Explosives	15	15-15*	26/46	26/56
Smith Stanistreet	18	15-15*†	5/20	5/20
ELECTRICITY				
Benares Elec	6	6-Nil*	14/75	14/00
Calcutta Elec	9	9-13*	17/81	17/91
Dishergarh Power	12½	9-9*	10/37	10/37
Jubbulpore Elec	10	10-10*	14/00	14/00
Patna Electric	11	11-11*	12/56	12/56
Sijua (Jheriah) Elec.	10	11-10*	8/31	8/31

†1971

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
ENGINEERING			Rs.	Rs.
Bhartia Electric Steel	2½	Nil-Nil*	7/50	7/60
Binani Metal	12	5	5/12	5/12
Braithwaite India	6	Nil-Nil*	5/69	5/37
Bridge & Roof	10	10-8*	35/19	36/19
Britannia Engineering	Nil	...	1/84	1/81
Biecco Lawrie	17½	10-Nil*	12/00	12/00
Burn (Engineering)	Nil	Nil	55/50	54/00
Calcutta Steel	12½	12½-Nil*	6/19	6/19
Engel India	Nil	...	3/50	3/50
Escorts Ltd	10	13	22/00	22/00
Guest Keen Williams	Nil	Nil-8*	31/00	30/70
Hindusthan Wire	...	...	9/62	9/75
Hooghly Docking	Nil	Nil-Nil*	31/00	31/00
Hope's Metal	Nil	Nil-Nil*	3/50	3/00
Indian Iron & Steel	8½	Nil-5*	12/20	12/60
Indian Standard Wagon	Nil	Nil-Nil*	4/50	4/44
Indian Steel & Wire	24	20-20*	26/87	26/87
Industrial Containers	3	8-12½*	13/56	13/56
Jay Engineering	Nil	8-10*	13/56	13/81
J. K. Steel	10	Nil-Nil*	9/06	9/06
Jessop & Co	12½	Nil-Nil*	5/81	5/94
Kumardhubi Eng	Nil	Nil-Nil*	3/19	3/00
Machinery Mnfg	Nil	Nil	6/69	6/69
Marshall Sons (India)	8	4-Nil*	1/06	0/97
Saran	10	Nil-6*	9/25	9/31
Sen Raleigh Industries	9	10	8/19	8/19
Simon Carves	7	7	8/25	8/00
Steel Containers	15	20-20*	20/12	20/12
Textile Machinery	Nil	Nil-Nil*	9/90	10/00
Wellman Incandescent	8	8-8*	8/69	8/69
SUGAR BREWERIES				
Balrampur	Nil	8-10*†	2/80	3/03
Belsund	10	13½-13⅜*	8/75	8/81
Carew	Nil	6-Nil*	7/50	7/50
Cawnpore	Nil	Nil-Nil*	6/22	6/22
Champaran	Nil	15-5*	11/62	11/62
Durbhanga	Nil	10-7½*	5/15	5/15
Ramnugger Cane	8	20-10*	8/00	8/50
Baza Buland	Nil	Nil-Nil*	2/03	2/03
Shree Krishna Gyan	5	6-Nil*	4/00	4/00
United Provinces	10	12½-10*	6/75	6/75
MISCELLANEOUS				
Aluminium Corporation	12	12-10*	14/81	14/62
American Refrigerators	15	10	8/31	8/31
Andrew Yule	...	10-10*	7/12	7/12
Angelo Bros	16	17½-7½*	7/19	7/19
Asiatic Oxygen	Nil	...	2/81	2/81
Assam Match	14	15-17*	21/25	21/25
Associated Battery	15½	16-18*	30/06	29/81
Avery	12	12-13.8*	14/31	14/40
Balmer Lawrie	12	8-8*	64/00	64/00
Bararee Coke	20	20-20*	18/00	17/00
Birds Investments	Nil	Nil-Nil*	2/50	2/50
Britanina Biscuit	20	18-22*	35/87	36/25
British India Crop	Nil	Nil-Nil*	3/75	4/03
British Paints	10	10-12½*	21/75	22/00
Brooke Bond India	...	13½-17½*	26/81	27/12
Clive Row Investment	4	4½-3*6†	7/06	7/06
Dr Paul Lohmann	Nil	Nil-Nil*	3/15	3/12
Duncan Brothers	12	12-12*	116/00	116/00
Dunlop India	17½	17½-20*	37/85	38/20
East Anglia Prastics	6	5-6*4†	4/50	4/44

*1969 †1970

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
MISCELLANEOUS—Contd.			Rs.	Rs.
Eastern Investments	4	4½-9½*	7/19	7/19
Electric Construction	10	10-Nil*	24/25	24/62
English Electric	Nil	Nil-Nil*	16/31	17/12
Fort Gloster Industries	2½	2½	170/00	170/00
French Motor	Nil	Nil-Nil*	14/12	14/12
Ganges Rope	20	15-7½*	160/00	160/00
Gillanders Arbuthnot	12½	12-6*	7/00	6/91
Godfrey Phillips (India)	35	35	49/50	49/50
Goodyear India	15	15-17½*	53/25	54/50
Gramophone Co.	...	15*	23/50	23/00
Gwalior Rayon	16½	17½-17½*	39/85	39/85
Hindustan Aluminium	10	10-10*	35/37	36/25
Hindustan Motors	12½	12½-10*	12/35	12/60
Hindusthan Pilington	Nil	5-8*	8/56	8/56
Hindusthan Sanitary Wares	10	10-10*	15/25	15/25
Hindusthan Wire Pro	...	...	25/25	25/25
India Tobacco	10	11-13*†	16/87	17/12
Inchek Tyres	Nil	Nil-6*Nil†	8/81	9/00
Indian Aluminium	17½	14-14*	34/50	35/60
Indian Cable	15	5-2½*	15/95	16/30
India Carbon	16	16-16*	31/19	31/19
Indian Oxygen	12	12-12*	22/12	22/75
Indian Rubber Mfg.	Nil	Nil-Nil*†	21/00	21/00
Indian Tack & Nail	14	3-5*	7/00	8/15
Indian Wood Products	9	9-15*	13/12	13/12
J. K. Synthetics	12½	12½-12½*	41/62	41/50
Jardine Henderson	7	4-Nil*	34/00	34/00
Jay Shree Tea & Ind.	11½	10-10*†	17/94	18/12
Kesoram Industries	16	13½-13½*10†	15/80	16/30
Macneill & Barry	5	5-5*	40/00	40/00
Martin Burn	12½	6-10*	7/87	7/75
McLeod & Co.	Nil	Nil	190/00	190/00
Metal Box Co of India	12	9-9*	13/19	13/06
Metal Distributors	...	...	7/37	6/87
Mohan Meakin	17½	9-10*	13/25	13/00
National Insulated Cable	20	5-5*	9/00	9/19
National Pipes & Tubes	10	5-2½*	7/69	8/31
National Rolling & Steel	20	5-2½*	5/81	5/31
National Rubber Mfrs.	12	12-5*	8/10	8/10
National St Duncan	Nil	...	239/00	239/00
National Tobacco	5	8½-9*	13/12	12/56
Phillips Carbon	15	15-15*	17/87	18/25
Philips India	19	20-23*	40/25	40/62
Rallis India	13	13-13*	140/50	140/50
Rohtas Industries	Nil	Nil-Nil*†	6/50	6/60
S. S. Duncan	15	22½-22½*	42/50	42/50
Shaw Wallace	15	15-15*	22/19	22/37
Stewarts & Lloyds	Nil	Nil-10*	13/50	14/12
Union Carbide	15	15-15*	29/25	28/75
Universal Cable	10	10-10*	16/81	16/37
Usha Martin	Nil	Nil-5*	17/50	16/37
Walford Transport	7½	7½-7½*	0/87	0/78
Woolcombers of India	Nil	3-6*	11/06	11/12
INSURANCE				
Concord of India	15	20-20*	12/50	12/50
Hercules	15	18-21½*	23/12	23/12
Ruby General	12½	12½-12½*	15/50	15/37
Triton	12½	12½-17½*	135/00	135/00
FLOUR MILLS				
Bengal	3	3-4*	13/12	13/12
Hooghly	Nil	Nil-10*	19/75	19/75
United	5	5-5*	19/25	19/25

*1969 †1970

COMPANY AND PUBLIC NOTICES

INDIA PAPER PULP CO., LTD.

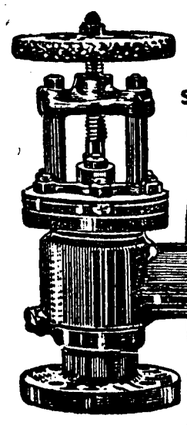
7% Debenture Stock 1967/77

INTEREST Warrants will be despatched by 31st March, 1971 in payment of interest for the half year ending 31st March, 1971 at the rate of Rs. 35-00 per Rs. 1,000-00 of Debenture Stock. Tax will be deducted in accordance with the provisions of the Finance Act currently in force.

The Register of Debenture Stockholders and the Debenture Stock Transfer Register of the Company will be closed from 25th March to 31st March, 1971, both days inclusive.

By Order of the Board,
INDIA PAPER PULP CO., LTD.,
ANDREW YULE & CO., LTD.,
P. R. ROY,
Secretaries.

Registered Office:
8, Clive Row,
Calcutta-1.
10th February, 1971.



'BUCO' STEAM VALVES
As Per Indian Boiler Regulation Act.

BENGAL UNITED CO. (P) LTD
'Dolphin Court'
7A, Middleton Street,
Calcutta-16

For a nominal charge "Capital" 's Statistical Department can provide you with a certificate of share prices.

MACNEILL & BARRY, LIMITED

Redemption of 5% Debenture Stock 1966/71

NOTICE is hereby given that in accordance with the conditions endorsed on the Debenture Stock Certificates in respect of the 5% Debenture Stock 1966/71 of the total nominal value of Rs. 75,00,000/- constituted and secured by the Trust Deed dated the 5th May, 1951 as modified by the Supplemental Trust Deeds dated 15th December, 1960, 18th January, 1968 and 29th April, 1969 and in each case made between Macneill & Barry, Limited of the one part and Atlas Assurance Company, Limited as Trustees for the Stockholders of the other part, the Debenture Stock (to the extent that it has not been repaid or redeemed in accordance with the conditions endorsed thereon or converted into 7¾% Debenture Stock 1986 in accordance with the Supplemental Trust Deed dated 29th April, 1969 between Macneill & Barry, Limited of the one part and Atlas Assurance Company, Limited of the other part) will mature for repayment at par together with accrued interest on 1st April, 1971 on which date the principal money in respect of the outstanding 5% Debenture Stock 1966/71 will be paid to the Debenture Stockholders on presentation and surrender at the Registered Office of the Company of the Debenture Stock Certificates held by them duly receipted. Interest on the outstanding Debenture Stock for the half-year ending on 31st March, 1971 will be paid separately in the usual course.

The Register of 5% Debenture Stockholders will remain closed from 16th March to 31st March, 1971, both dates inclusive.

MACNEILL & BARRY, LIMITED
S. C. BHANDARI
SECRETARY

Registered Office:
2,Fairlie Place,
Calcutta 1.
16th February, 1971.

BOOKS RECEIVED

Agricultural Development and Small Farmers—A Study of Andhra Pradesh. By Gogula Parthasarathy. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Price Rs. 16.50, pages 123.)

Changing Horizon—A Study of Future Prospects for Engineering Goods Export. By R. K. Singh. (Published by Sindhu Publications Pvt. Ltd., Hind Rajasthan Chambers, 6 Oak Lane, Fort, Bombay 1. Price Rs. 20, pages 100.)

Commerce Pamphlet 34. By Ram Mohan Saksena. (Published on behalf of Commerce. Vora and Co. Publishers Private Ltd., 3 Round Building, Kalbadevi Road, Bombay 2. Price Rs. 2, pages 36.)

P. S. Sivaswami Aiyer. By. K. Chandrasekharan. (Published by Publications Division, Ministry of Information and Broadcasting, Government of India, New Delhi. Price Rs. 2.75, pages 156.)

The Political Economy of Development. By Amritananda Das. (Published by the Minerva Associates, P542 Raja Basanta Roy Road, Calcutta 29. Price Rs. 25, pages 183.)

Multi-level Planning and Decision-making—Papers Presented to the Sixth Meeting of Senior Economic Advisers to E.C.E. Governments. (Published by the United Nations, New York, 1970. Price $ (U.S.) 3, pages 204.)

Statistical Handbook of Japan, 1970. (Published by Bureau of Statistics, Office of the Prime Minister, 95 Wakamatsu-cho, Sinjuku-ku, Tokyo. Pages 141.)

Effects of Futures Trading on Prices. By A. S. Naik. (Published by Somaiya Publications Private Ltd., 172 Naigaum Cross Road, Bombay 14. Price Rs. 36, pages 154.)

Saga of Security—Story of Indian Life Insurance, 1870-1970. (Published by the Life Insurance Corporation of India, Jeevan Bima Marg, Bombay 20. Pages 344.)

A Handbook of Quality Control and Its Techniques (Jute). By S. C. Mital and A. P. Asopa. (Published by Tara Publications, 93 Gandhi Nagar, Agra 3. Price Rs. 15, pages 213.)

STATISTICS

Stock and Share Prices

The following are the official quotations of the Calcutta, Bombay and Madras Stock Exchanges. Fuller details relating to the accounts of companies are published in the final week's issue of 'Capital' every month.

CALCUTTA

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	8-2-71
BANKS			Rs.	Rs.
Allahabad Bank	13	13	135/00	160/00
Bank of India	20	20	132/00	**132/00**
Bank of Baroda	17	18	97/50	**97/00**
Central Bank of India	20	20-8*	70/50	70/50
Chartered Bank	15	15	sh. 42/-	42/-
Hongkong & Shanghai	sh. 10 2/5	sh. 12⅛	£10½	£10½
Indian Bank	15	15	164/00	164/00
Indian Overseas Bank	11	11	168/00	168/00
National & Grindlays	13½	13-9	sh. 54/3	sh. 53/9
Punjab National Bank	22	22	23/94	23/94
United Bank of India	7¼	7¼-7½*	9/37	9/37
United Commercial	14	14	92/50	92-50
Union Bank of India	12	12	8/98	8/48
COAL				
Amalgamated	12½	7½-10†	7/75	8/00
Bengal	10	12-12*	156/00	156/00
Bokaro & Ramgur	...		12/00	12/00
Borrea	Nil	5-15*	15/00	15/00
Burrakur	13	Nil-12*	11/00	11/12
Central Kurkend	...	...	3/44	3/44
East Indian	15	Nil-Nil†	7/00	7/00
Equitable	Nil	Nil-Nil*	4/75	4/75
Karanpura Devt	2	Nil-5*	6/78	7/06
Karanpura Collieries	10	12-20*	10/75	10/75
Katras Jherriah	5	10-10*	9/81	9/81
New Beerbhoom	8	12-12*	13/62	13/62
New Manbhoom	Nil	Nil-Nil*	4/25	4/25
Pench Valley	12½	7½-10†	8/25	7/62
Raneegunge	5	7½-10*	11/06	8/37
Rewa	12½	12½-15*	26/37	26/37
Sendra	3½	3½-7½*	4/56	4/75
South Karanpura	2½	10-20*	12/94	12/94
Standard	Nil	5-10*	7/62	7/37
Union	Nil	Nil	5/00	5/00
Western Bengal	7½	7½-8*	6/62	6/50

†1970 *1969

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	8-2-71
JUTE			Rs.	Rs.
Agarpara	5	5-5*	6/12	5/9¼
Alexandra	Nil	...	25/50	25/50
Alliance	Nil	...	17/25	17/25
Anglo India	2½	2½-2½*	91/00	92/00
Auckland	Nil	Nil-Nil*	50/00	50/00
Bally	10	10-10*	12/50	12/00
Baranagore	Nil	Nil-Nil*	73/50	73/50
Birla	15	15-15*	20/75	21/15
Budge Budge Amal.	Nil	Nil-Nil*	7/00	7/12
Champadany	Nil	Nil-5*	13/25	13/25
Chitavalash	Nil	Nil	6/25	6/25
Dalhousie	Nil	Nil-Nil*	37/50	37/50
Empire	Nil	Nil	4/60	4/60
Fort William	2½	Nil	10/62	10/62
Ganges	5	Nil-7½*	6/75	6/97
Ceneral Industrial	6	9-10*	10/75	10/75
Gourepore	5	5-Nil*	6/50	6/25
Hastings	4	2½-2½*	104/00	104/00
Hooghly	10	10-10*6†	9/50	9/50
Howrah	Nil	Nil-Nil*	6/44	4/27
Hukumchand	Nil	Nil-Nil*	12/69	12/35
India	Nil	3½-5*	6/87	6/87
Kamarhatty	Nil	Nil-Nil*	68/00	74/00
Kanknarrah	Nil	Nil-Nil*	28/00	26/00
Kelvin	Nil	Nil	20/00	20/00
Khardah	Nil	Nil-Nil†	5/06	5/06
Kinnison	Nil	Nil	19/50	19/50
Lansdowne	Nil	Nil	24/50	24/50
Lawrance	3	2-Nil*	25/50	26/00
Megna	6	Nil-Nil*	3/06	3/25
National	Nil	10-Nil*†	7/50	7/50
Nellimaria	6	4	7/50	7/56
New Central	...		3/73	3/50
Northbrook	10	Nil-10*	9/87	9/87
Nuddea	2½	2½-Nil*	4/12	4/19
Presidency	Nil	...	1/03	0/97
Reliance	Nil	Nil-Nil*	4/87	4/87
Titaghur	Nil	Nil	10/12	10/12
Union	Nil	Nil	29/00	29/00
Waverley	15	15-6*	3/00	3/00
COTTON TEXTILES				
Bharat Commerce	15	15-15*	20/31	19/69
Birla Cotton	10	10-10*	14/50	14/50
Bowreah	17½	17½-17½*	13/62	13/81
Cawnpore Textile	Nil	10-8*	3/06	3/06
Delhi Cloth & Genl	12	6-12*	84/91	82/31
Dunbar	5	Nil-Nil*	10/12	10/25
Elgin	10	10-8*	7/00	7/06
J. K. Cotton	15	5-6*	10/55	11/00
Jaya Shree	5	Nil-Nil*	5/25	5/50
Jagatjit	10	...	8/81	8/81
Jiyajeerao	10	...	23/00	23/00
Orissa Textiles	Nil	Nil	3/41	3/41
Rampooria	Nil	Nil	3/25	3/25
Swadeshi	2½	5-5*	11/50	11/50

TEA	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
ASSAM			Rs.	Rs.
Amluckie	2	Nil	9/00	9/00
Anand Bag	7½	5-10*	33/25	33/25
Assambrook Estate	10	10-1*	9/00	8/81
Baghmari	Nil	Nil	4/19	4/19
Basmatia	15	Nil-12½*	11/31	10/00
Bateli	12½	5	16/00	16/00
Betjan	2½	Nil-15*	11/56	11/56
Bishnauth	8	Nil-Nil*	7/37	7/25
Bormah Jan	12½	10	7/44	7/44
Dejoo Valley	2½	...	7/06	7/06
Dhelakhat	5	Nil--3*	9/87	8/87
Dhunseri	13	13-10*	10/25	10/25
Dibrugarh	30	30	19/12	19/12
Dimakusi	15	12½-12½*	14/75	14/75
Gillapukuri	Nil	Nil	12/06	12/06
Grob	6	Nil-Nil*	4/06	3/87
Hoograjuli (Assam)	9	...	20/50	20/50
Hoolungooree	Nil	Nil-12½*	97/00	97/00
Joonktollie	12½	...	14/50	14/50
Jutlibari	10	10-20*	16/00	15/50
Ledo	7½	5-5*	9/50	9/50
Methoni	13	6-7*	10/50	10/25
Mothola	8	10-10*	133/00	133/00
Murphulani (Assam)	20	13-13*	9/00	9/00
	20.63	7½-7½*	11/31	11/31
Naga Hills	15	15-10*	15/25	15/25
Namburandi	20	20	9/00	9/00
Rajgarh	10	Nil-12½*	10/31	10/31
Sapoi	Nil	...	8/00	8/00
Teloijan	4	Nil-4*	3/19	3/19
Tengpani	10	10-20*	59/00	59/00
Tezpore	15	5-5*	12/56	12/56
Tyroon	6	Nil	20/12	20/12
CACHAR				
Eastern Cachar	Nil	Nil	4/87	4/87
Hattikhira	Nil	Nil-Nil*	7/56	7/50
North Western	6	...	77/00	76/50
Rungamattee	12½	7½	8/00	8/00
Sonai River	Nil	Nil	3/25	3/25
DARJEELING				
Chamong	6	2-3*	5/25	5/25
Gielle	10	10-10*	7/00	7/00
Longview	4	Nil	3/22	3/22
Margaret's Hope	12½	12½-5*	7/62	7/62
Mim	13	Nil-7½*	150/00	150/00
Nargi Farm	15	12½	10/62	10/62
Okayti	10	2½-2½*	600/00	600/00
Poobong	Nil	Nil	9/94	9/94
Soom	17½	10-5*	17/31	17/31
Sungma	8	8	7/56	7/56
Teest Valley	10	10-7½*	7/69	8/19

•1969

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
DOOARS			Rs.	Rs.
Banarhat	20	5-Nil*	89/00	90/50
Bhatkawa	6	...	4/87	4/87
Birpara	12	5-Nil*	84/50	84/50
Carron	10	Nil	170/00	170/00
Ellenbarrie	10	Nil	85/00	85/00
Gairkhata	20	3½-Nil*	7/10	7/10
Hasimara	Nil	Nil-5*	3/69	3/65
Huldibari	10	10-5*	5/50	5/25
Jaybirpara	Nil	Nil-Nil*	5/56	9/20
Oodlabari	8	...	7/00	7/00
Rajabhat	Nil	...	3/75	3/75
Rydak	15	7½-5*	8/37	8/19
Sarugaon	...	...	26/87	26/87
TERAI				
Belgachi	10	6-Nil*	19/00	19/00
New Chumta	10	7-5*	5/25	5/25
New Terai	2½	6	15/31	15/31
Pahargoomiah	Nil	Nil	9/56	9/56
Tirrihannah	50	50	70/00	70/00
SYLHET				
New Samanbagh	Nil	Nil	5/00	5/00
Patrakola	Nil	Nil	45/50	44/50
MINING				
Indian Copper	8	9-9*	4/12	4/30
Orissa Minerals	5	5-10*	11/87	11/31
CEMENT & LIME				
Ashoka Cement	10	7-6*	4/81	5/12
Bengal Potteries	9	9-Nil*†	1/62	1/62
Bisra Stone Lime	Nil	12½-15*	12/94	12/94
Dalmia Cement	12½	12½-12½*	14/44	14/31
Jaipur Udyog	10	10-10*	8/70	9/00
Kalyanpur Lime	8	6	11/69	11/69
Orissa Cement	11	11-12½*	18/00	18/35
Sone Valley	Nil	Nil	1/66	1/75
CHEMICALS				
Alkali & Chemical	18	5-10*	28/87	28/87
Bengal Chemical	10	7½-7½*	43/50	44/00
Calcutta Chemical	18	...	21/25	21/25
Chemicals & Fibres	27½	27½-27½*†	47/00	47/87
Indian Explosives	15	15-15*	26/46	26/56
Smith Stanistreet	18	15-15*†	5/20	5/20
ELECTRICITY				
Benares Elec	6	6-Nil*	14/75	14/00
Calcutta Elec	9	9-13*	17/81	17/91
Dishergarh Power	12½	9-9*	10/37	10/37
Jubbulpore Elec	10	10-10*	14/00	14/00
Patna Electric	11	11-11*	12/56	12/56
Sijua (Jheriah) Elec.	10	11-10*	8/31	8/31

†1971

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
ENGINEERING			Rs.	Rs.
Bhartia Electric Steel	2½	Nil-Nil*	7/50	7/60
Binani Metal	12	5	5/12	5/12
Braithwaite India	6	Nil-Nil*	5/69	5/37
Bridge & Roof	10	10-8*	35/19	36/19
Britannia Engineering	Nil	...	1/84	1/81
Biecco Lawrie	17½	10-Nil*	12/00	12/00
Burn (Engineering)	Nil	Nil	55/50	54/00
Calcutta Steel	12½	12½-Nil*	6/19	6/19
Engel India	Nil	...	3/50	3/50
Escorts Ltd	10	13	22/00	22/00
Guest Keen Williams	Nil	Nil-8*	31/00	30/70
Hindusthan Wire	...	...	9/62	9/75
Hooghly Docking	Nil	Nil-Nil*	31/00	31/00
Hope's Metal	Nil	Nil-Nil*	3/50	3/00
Indian Iron & Steel	8½	Nil-5*	12/20	12/60
Indian Standard Wagon	Nil	Nil-Nil*	4/50	4/44
Indian Steel & Wire	24	20-20*	26/87	26/87
Industrial Containers	3	8-12½*	13/56	13/56
Jay Engineering	Nil	8-10*	13/56	13/81
I. K. Steel	10	Nil-Nil*	9/06	9/06
Jessop & Co	12½	Nil-Nil*	5/81	5/94
Kumardhubi Eng	Nil	Nil-Nil"	3/19	3/00
Machinery Mnfg	Nil	Nil	6/69	6/69
Marshall Sons (India)	8	4-Nil*	1/06	0/97
Saran	10	Nil-6*	9/25	9/31
Sen Raleigh Industries	9	10	8/19	8/19
Simon Carves	7	7	8/25	8/00
Steel Containers	15	20-20*	20/12	20/12
Textile Machinery	Nil	Nil-Nil*	9/90	10/00
Wellman Incandescent	8	8-8*	8/69	8/69
SUGAR BREWERIES				
Balrampur	Nil	8-10*†	2/80	3/03
Belsund	10	13½-13½*	8/75	8/81
Carew	Nil	6-Nil*	7/50	7/50
Cawnpore	Nil	Nil-Nil*	6/22	6/22
Champaran	Nil	15-5*	11/62	11/62
Durbhanga	Nil	10-7½*	5/15	5/15
Ramnugger Cane	8	20-10*	8/00	8/50
Baza Buland	Nil	Nil-Nil*	2/03	2/03
Shree Krishna Gyan	5	6-Nil*	4/00	4/00
United Provinces	10	12½-10*	6/75	6/75
MISCELLANEOUS				
Aluminium Corporation	12	12-10*	14/81	14/62
American Refrigerators	15	10	8/31	8/31
Andrew Yule	...	10-10*	7/12	7/12
Angelo Bros	16	17½-7½*	7/19	7/19
Asiatic Oxygen	Nil	...	2/81	2/81
Assam Match	14	15-17*	21/25	21/25
Associated Battery	15½	16-18*	30/06	29/81
Avery	12	12-13.8*	14/31	14/40
Balmer Lawrie	12	8-8*	64/00	64/00
Bararee Coke	20	20-20*	18/00	17/00
Birds Investments	Nil	Nil-Nil*	2/50	2/50
Britanina Biscuit	20	18-22*	35/87	36/25
British India Crop	Nil	Nil-Nil*	3/75	4/03
British Paints	10	10-12½*	21/75	22/00
Brooke Bond India	...	13½-17½*	26/81	27/12
Clive Row Investment	4	4½-3*6†	7/06	7/06
Dr Paul Lohmann	Nil	Nil-Nil*	3/15	3/12
Duncan Brothers	12	12-12*	116/00	116/00
Dunlop India	17½	17½-20*	37/85	38/20
East Anglia Prastics	6	5-6*4†	4/50	4/44

	Dividend per cent 1967	1968	Latest Market Quotations as available until 15-2-71	8-2-71
MISCELLANEOUS—Contd.			Rs.	Rs.
Eastern Investments	4	4½-9½*	7/19	7/19
Electric Construction	10	10-Nil*	24/25	24/62
English Electric	Nil	Nil-Nil*	16/31	17/12
Fort Gloster Industries	2½	2½	170/00	170/00
French Motor	Nil	Nil-Nil*	14/12	14/12
Ganges Rope	20	15-7½*	160/00	160/00
Gillanders Arbuthnot	12½	12-6*	7/00	6/91
Godfrey Phillips (India)	35	35	49/50	49/50
Goodyear India	15	15-17½*	53/25	54/50
Gramophone Co.	...	15*	23/50	23/00
Gwalior Rayon	16½	17½-17½*	39/85	39/85
Hindustan Aluminium	10	10-10*	35/37	36/25
Hindustan Motors	12½	12½-10*	12/35	12/60
Hindusthan Pilington	Nil	5-8*	8/56	8/56
Hindusthan Sanitary Wares	10	10-10*	15/25	15/25
Hindusthan Wire Pro	...	...	25/25	25/25
India Tobacco	10	11-13*†	16/87	17/12
Inchek Tyres	Nil	Nil-6*Nil†	8/81	9/00
Indian Aluminium	17½	14-14*	34/50	35/60
Indian Cable	15	5-2½*	15/95	16/30
India Carbon	16	16-16*	31/19	31/19
Indian Oxygen	12	12-12*	22/12	22/75
Indian Rubber Mfg.	Nil	Nil-Nil*†	21/00	21/00
Indian Tack & Nail	1½	3-5*	7/00	8/15
Indian Wood Products	9	9-15*	13/12	13/12
J. K. Synthetics	12½	121-121*	41/62	41/50
Jardine Henderson	7	4-Nil*	34/00	34/00
Jay Shree Tea & Ind.	11½	10-10*†	17/94	18/12
Kesoram Industries	16	13½-13½*10†	15/80	16/30
Macneill & Barry	5	5-5*	40/00	40/00
Martin Burn	12½	6-10*	7/87	7/75
McLeod & Co.	Nil	Nil	190/00	190/00
Metal Box Co of India	12	9-9*	13/19	13/06
Metal Distributors	...	...	7/37	6/87
Mohan Meakin	17½	9-10*	13/25	13/00
National Insulated Cable	20	5-5*	9/00	9/19
National Pipes & Tubes	10	5-2½*	7/69	8/31
National Rolling & Steel	20	5-2½*	5/31	5/31
National Rubber Mfrs.	12	12-5*	8/10	8/10
National St Duncan	Nil	...	239/00	239/00
National Tobacco	5	8½-9*	13/12	12/56
Phillips Carbon	15	15-15*	17/87	18/25
Philips India	19	20-23*	40/25	40/62
Rallis India	13	13-13*	140/50	140/50
Rohtas Industries	Nil	Nil-Nil*†	6/50	6/60
S. S. Duncan	15	22½-22½*	42/50	42/50
Shaw Wallace	15	15-15*	22/10	22/37
Stewarts & Lloyds	Nil	Nil-10*	13/50	14/12
Union Carbide	15	15-15*	29/25	28/75
Universal Cable	10	10-10*	16/81	16/37
Usha Martin	Nil	Nil-5*	17/50	16/37
Walford Transport	7½	7½-7½*	0/87	0/78
Woolcombers of India	Nil	3-6*	11/06	11/12
INSURANCE				
Concord of India	15	20-20*	12/50	12/50
Hercules	15	18-21½*	23/12	23/12
Ruby General	12½	12½-12½*	15/50	15/37
Triton	12½	12½-17½*	135/00	135/00
FLOUR MILLS				
Bengal	3	3-4*	13/12	13/12
Hooghly	Nil	Nil-10*	19/75	19/75
United	5	5-5*	19/25	19/25

•1969 †1970

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 5-2-71	29-1-71	6-2-70
Liabilities—			
Notes in Banking Dept. ...	5,91,60	6,46,34	26,75,00
Notes in Circulation ...	41,67,58,50	40,96,34,90	37,61,80,02
Total Notes Issued ...	41,73,50,10	41,02,81,84	37,88,55,02
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,71,42,00	2,61,42,00	2,96,42,00
Total of A ...	4,53,95,11	4,43,95,11	4,78,95,11
B. Rupee Coin ...	53,26,92	56,97,92	67,24,88
Rupee Securities ...	36,66,28,07	36,01,88,21	32,42,35,03
Total	41,73,50,10	41,02,81.24	37,88,55,02
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00.00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75.00,00
Deposits—			
(a) 1. Central Govt. ...	2,80,31,99	2,55,67,19	50,96,80
2. State Govts. ...	9,10,55	9,52,22	12,41,48
(b) Banks—			
(i) Scheduled Banks ...	1,78,21,20	1,96,35,41	1,53,35,86
(ii) State Co-operative Banks	9,43,78	9,79,03	7,51,09
(iii) Non Scheduled State Co-operative Banks ...	74,91	75,51	64,53
(iv) Other Banks ...	32,22	36,31	17,23
(c) Others	80,48,39	82,10,95	1,71,68,45
Bills Payable	46,21,11	51,02,44	46,75,32
Other Liabilities	1,24,93,89	1,26,10,70	1,11,16,14
Total	11,88,78,04	11,90,69,76	9,74,66,90
Assets—			
Notes	5,91,60	6,46,34	26,75,00
Rupee Coin	2,98	7,72	3,37
Small Coin	4,11	4,03	3,69
Bills Purchased and Discounted:— ...	70,93	29,74	
(a) Internal	8,18,00	7,47,15	52,87,30
(b) External	98,51,28	1,14,15,51	1,07,54,27
(c) Govt. Treasury Bills ...	98,96,55	1,04,89,43	92,18,23
Balances held abroad ...			
Investments			
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ...	1,73,06,00	1,77,32,13	1,35,62.34
Loans and Advances to:—			
(i) Scheduled Banks ...	3,68,87,50	3,48,72,29	1,62,69,03
(ii) State Co-operative Banks	2,93,16,13	2,90,79.77	2,83,63,41
(iii) Others	2,98,80	2,15,90	2,62,21
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,11,09	34,01,72	31,66,53
(ii) State Co-operative Banks	20,90,25	21,06,25	15,23,58
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	4,99,44	9,59,42	6,53,20
National Industrial Credit (Long Term Operational) Fund	28,03,71	5,03,26	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	**40,69,51**	**40,55,39**	**41,23,42**
Total	**11,88,78,04**	**11,90,69,76**	**9,74,66,90**

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 5-2-71	29-1-71	6-2-70
(i) Demand Liabilities—			
(a) Demand Deposits:			
(1) From Banks ...	1,63,45,00	1,60,22,00	1,36,72,00
(2) From others ...	25,71,50,00	25,69,75	21,89,32,00
(b) Borrowings from Banks	23,13,00	27,55,00	34,43,00
(c) Others	1,59,13,00	1,59,13,00	1,23,46,00
(ii) Time Liabilities—			
(a) Time Deposits:			
(1) From Banks ...	1,03,08,00	1,05,92,00	94,97,00
(2) From others ...	33,27,72,00	33,11,84,00	28,44,06,00
(b) Borrowings from Banks	7,59,00	12,40,00	10,11,00
(c) Others	41,08,00	38,92,00	28,97,00
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	30,66,00	32,02,00	28,03,00
(b) Time Liabilities ...	66,91,00	65,90,00	66,58,00
(iv) Borrowings from Reserve Bank	6,84,38,00	6,64,56,00	4,61,73,00
(v) Cash	1,64,84,00	1,65,40,00	1,34,30,00
(vi) Balances with Reserve Bank	1,97,33,00	1,83,00,00	1,74,40,00
(vii) Balances with other banks in current account ...	70,58,00	73,66,00	57,96,00
(viii) Money at call and short notice	37,35,00	45,03,00	52,84,00
(ix) Investments in Central and State Govt. Securities ...	14,09,76,00	14,12,80,00	12,39,18,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,51,29,00	37,62,32,00	32,47,15,00
(b) Due from banks ...	4,99,70,00	4,93,59,00	4,43,63,00
(xi) Inland Bills purchased and discounted	7,45,71,00	7,28,59,00	4,47,89,00
(xii) Foreign bills purchased and discounted ...	2,11,47,00	2,12,07,00	1,90,22,00
(xiii) Total of X, XI and XII ...	52,08,17,00	51,96,57,00	43,28,89,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960=100)

	1970	1969	1968
January	186.6	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1

FILING FALSE TAX RETURNS!

DO YOU KNOW THE CONSEQUENCES?

BEWARE! Filing of false tax returns is severely punishable under the Income-Tax, Wealth Tax and Gift Tax Acts. It may cost you more than what you have concealed.

Under the Income-Tax Act, a minimum penalty equal to the amount of the concealed income and a maximum penalty equal to twice that amount, is prescribed. Besides, there can also be prosecution and conviction—rigorous imprisonment for not less than six months which can be extended to two years.

Similarly, evasion of wealth tax is also severely punishable under the Wealth Tax Act. A minimum penalty of an amount equal to the value of the asset so concealed or to the extent of understatement in the value of an asset or overstatement in the value of any debt, is prescribed. This penalty can be as high as twice this amount. In addition, there can be prosecution and conviction with rigorous imprisonment for not less than six months extendable to two years.

Furnishing inaccurate particulars of any gift is punishable with a sum not less than 20% but not more than one and a half times of the tax which would have been avoided if the return had been accepted as correct. Apart from this, you can be prosecuted. Conviction can mean simple imprisonment extendable to one year or with fine upto Rs. 1,000 or both.

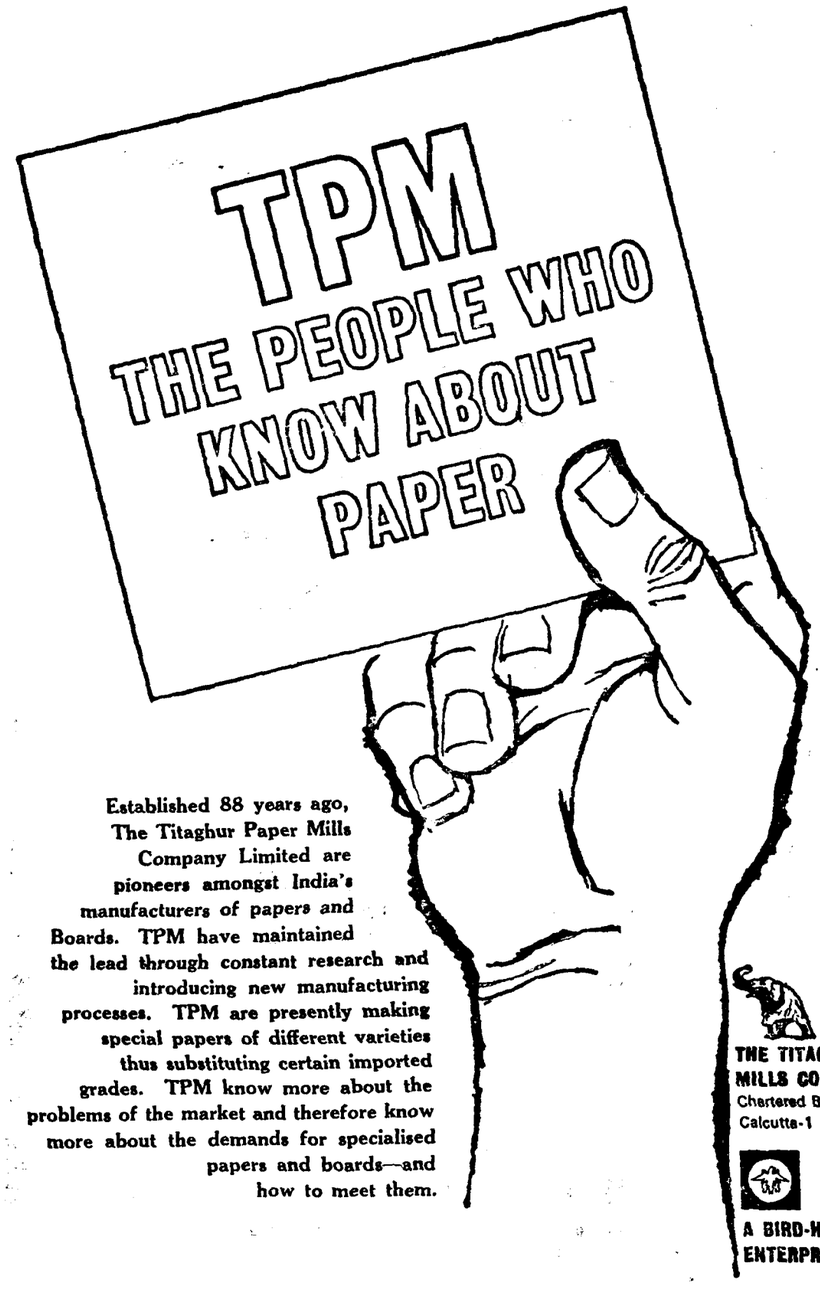
REMEMBER EVASION OF TAX IS A CRIME

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MINISTRY OF FINANCE, GOVERNMENT OF INDIA

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Money in Maelstrom

WHEN President Nixon declared a few weeks ago that he is now a Keynesian, the sense of shock was not confined to Professor Milton Friedman and his Chicago monetarists. For that matter, it was not restricted to U. S. economists and voters either. This was an altogether breathtaking admission fo. any Republican President to make, even if he had only meant it in jest. But Mr. Nixon was talking against the background of something which to him is no joke, namely, his prospects of winning the next Presidential elections in just over 18 months' time. And what he was saying, in effect, is that he has abandoned the hope of being able to do that on the basis of the economic policies used over the past two years. These were designed to eliminate inflation, but have caused widespread unemployment and a slow-down in production growth instead. To a politician seeking re-election, they have, therefore, failed, whatever reservations the economists might make. Yet in their time these policies were loudly trumpeted as the ultimate answer to the U. S. inflationary dilemma, and they are still being implemented in other countries facing similar problems. It is time to ask exactly where this statement that President Nixon is now a Keynesian leaves Professor Friedman and his monetary theories.

It seems fair to point out right away that the Professor never claimed for his rediscovery of the monetary wisdom anything more than a purely neutral rôle in economic management. He all along emphasised the dangers of attaching too much importance to the money supply rather than too little. What he has said is simply that in order to preserve stability in an economy—whether in expansion or stagnation—it is necessary to control the growth of its money. He has always taken pains to make clear that he accords monetary policy no active rôle in economic "fine-tuning", and he has never denied the extent to which time lags can confuse the relationship between the money supply and the resulting impact on prices and output. Nevertheless, his teachings were purported to offer an effective answer to inflation, and if they had been successful would certainly have replaced Keynesianism altogether as a tool of economic management. That is why their failure under practical conditions—as announced by President Nixon—is of such importance. What the President was saying, in so many words, was that in a modern industrial economy such as the United States, inflation is incurable and must henceforth be endured. At any rate, if politicians hope to win elections, that is.

If one disregards the points Professor Friedman would doubtless make in defence of his policies, and which may or may not be valid, it is easy enough to identify the effect monetary policy has had on the U.S. economy. It has produced bankruptcies and unemployment, and must to some extent have squeezed costs. But it has done these things through depressing investment, employment, and the general level of economic activity. It has not done them to anything like the degree predicted by the monetarists through reducing wage costs and prices. The impact on these, at which the monetary policies were really aimed, has been slight, and in any case not proportionate to the effort and hardship involved in attaining it. The lesson, quite simply, is that it is virtually impossible to reduce money or real wages in an industrial society. This is not new. It was stated by Keynes himself in his *General Theory*. In so far as it was in the context of unemployment and stagnation, Keynes's remedies were a combination of exchange-rate mani-

pulation and internal monetary expansion. What now seems to have been proved—at least in the case of the United States—is that when its background is inflation, there is nothing man has yet devised which can succeed in managing the economy. This is a disturbing conclusion.

It must be very upsetting for Mr. Edward Heath, whose Conservative Government in Britain is currently using Friedman expedients almost exclusively for controlling an inflationary situation even more dangerous than the one President Nixon inherited. Britain recently had its equivalent of the New York, Pennsylvania Railroad failure in the spectacular collapse of Rolls-Royce. It is easy to identify the special factors involved in the Rolls-Royce débâcle. But Mr. Heath himself has emphasised the part inflation played, and it is true enough that had costs on the RB-211 engine contract for Lockheed been more predictable, the Company need not have gone under. It was said some months ago that what the Conservative Government's economic policy required to make it effective was a few dramatic bankruptcies. But even now that the pride of Britain's engineering industry has gone to the wall, there is no sign of that country's inflation diminishing; rather the contrary. What there is every sign of, however, is falling investment and rising unemployment. It is now being asked how long Mr. Heath will persist with policies which are patently failing to achieve their aim of controlling inflation. The answer is that he would probably have abandoned them already if he had been facing an election in under two years' time, and if the balance of external payments had not been so much more important a factor in Britain's economic calculations than it is in the United States'.

The apparent failure of the monetary wisdom raises two vital questions for developing countries, such as India. First, why do wage costs continue to rise in modern industry, regardless of what happens to output, employment and investment? Secondly, does the answer have any important significance for countries where the major proportion of economic activity is still agricultural? It is not yet possible to give a complete answer to the first question. Basically, it would seem to be buried somewhere in the complex relationship between industrial management and organised labour. Modern trade unions are extremely powerful, and their members are far enough from the breadline to be able to withstand a lengthy struggle. This alone would ensure their bargaining power, even if it were not vastly strengthened by the vulnerability of capital-intensive industry. Put briefly, the more capital a worker has at his elbow, the less can the industrialist afford his being away from his job for any length of time. Compared with the cost of keeping expensive plant idle, that of settling a strike on more or less the unions' terms is not so large as to justify a protracted strike.

This change in the respective bargaining strength of workers and employers in modern industry is paralleled by a similar shift in the relationship between management and the general public. The former is nowadays mainly professional and salaried, and the pursuit of profit is secondary to considerations of career building and job holding. This means that management does not have the same incentive to resist a strike as a proprietor might have; indeed, it probably has a community of interests with workers, because both are employees, and pay at the top may increase proportionately to wages at the bottom. Moreover, it is comparatively easy for modern management to pass on wage increases to consumers in the form of higher prices, especially when resistance to these on the part of governments inevitably leads to unemployment. It all adds up to a formula for inflation originating from the monopoly bargaining power of organised labour, if not in fact founded exclusively on it. Professor Friedman foresaw this clearly enough in his early advocacy of the monetary wisdom. But his explanation of unemployment in terms of the growing monopoly power of labour has all along had more theoretical interest than practical. These are days when democratic governments are simply not strong enough to stand up to the overweening power of organised labour. It will be interesting to see whether the conflict between the two dominates the final quarter of the twentieth century in the United States, as that between government and monopoly capital dominated the last two decades of the nineteenth century.

Finally, the second question. The answer is simply, not yet. In a country such as India what happens in a monsoon has much greater importance for prices and ultimately wages than the strength of trade unions, even if these were not inherently weakened by corruption, poor organisation, massive unemployment and too great a preoccupation with politics. But this is of course not the last word. As Indian industry grows in size, labour's monopoly bargaining power seems likely to increase in importance in the context of overall economic costs and especially of exports. One can only hope that by then the world will have discovered the answer to inflation, as it did to deflation in the 'thirties. In the meantime, developing countries stand to suffer from the inability of the richer nations to control their inflation problem, mainly through the price of their imports. In India's case, where development is based on deliberate external payments deficits, this is a serious matter, especially when inflation is used as an excuse for not increasing international aid programmes.

T.D.A.: Approach to Exports

A MICRO approach to exports has been given a formal blessing with the inauguration in New Delhi last week of the Trade Development Authority (T.D.A.), which has been set up to provide a package of services to individual exporters. It is stated that the T.D.A. has already about 100 clients, and the number is expected to rise to about 200. These clients would represent the cream of export capability in the country in the product range which the T.D.A. has chosen to cover in the initial stages. The products include electronic equipment and components, sewing machines and components, bicycles and bicycle components (particularly for sports and racing models), selected automobile ancillaries, industrial fasteners, ferrous castings and forgings for industrial application, stainless steel cutlery, thermo-setting and thermo-plastic goods, canned fruits and juices, leather garments, wooden furniture, and selected handicrafts and consumer goods.

These products have been chosen both because of the production base

available within the country and in view of the large volume of trade in these items in the developed world. Except the last three groups of items mentioned above, international trade in the other products is estimated at Rs. 1,000 crores a year. India's exports of these nine items to Japan, western Europe, the U.S.A., Canada and Britain—the markets which the T.D.A. will concentrate for the moment—amounts to no more than Rs. 1.5 crores. This shows the possibilities of exports in these items. According to T.D.A. sources, export prospects of these items—based on identified international buyers and trade enquiries—are good and could be at least Rs. 50 crores in the next three years. If the T.D.A. and its clients can translate this potential into actual exports, it would be a creditable achievement indeed.

To enable this new public-sector agency to discharge its responsibility effectively, the Government is considering entrusting the T.D.A. with additional powers. While the details are being finalised, Mr. L. N. Mishra, Central Minister of Foreign Trade, has also given the assurance that the T.D.A. will be "an important agency of the Foreign Trade Ministry to cut through various bottlenecks and delays." In fact, apart from bringing together the foreign buyer and the domestic seller, a major job of the T.D.A. will be to eliminate delays in doing export business. Several steps have been taken in this direction. Procedures for the import of samples have been simplified. The T.D.A. has been given a bulk foreign exchange allotment, which it can allot in turn to its clients when they need to import samples of items to be manufactured and exported. The T.D.A. has been made the sponsoring authority for advance import licences for the import of raw materials for export production. The same procedure is being applied in relation to the supply of indigenous steel and electrical grade aluminium. Once the T.D.A. has scrutinised the applications of its clients and sponsored them, they will go to a specifically designated officer and import licences will be granted without delay. The effort is to see that licences are granted within a fortnight after the T.D.A. forwards the applications. Wherever new capacity has to be created or the existing capacity expanded, the T.D.A. will be the prime moving authority in relation to its clients. Once the T.D.A. is satisfied about the need to expand or create new capacity, the application of a client will be processed directly by an inter-ministerial committee on which are represented almost all the top officials directly concerned with industrial licensing. Thus the desk-to-desk movement of a file is sought to be eliminated.

All these innovations essentially boil down to streamlining the existing procedures. If the Government had only lived up to its professions of extending every facility to the export sector, these procedures should have been streamlined long ago. But these professions have somehow remained pious resolutions to be spoken of at ceremonial occasions. That a separate agency had to be created to do what is essentially the normal duty of various Government departments speaks volumes about the latter's efficiency. Even now, while the clients of the T.D.A. will get privileged treatment, which they no doubt deserve, what is to happen to the innumerable other exporters who do not have the backing of the T.D.A.? At the inauguration of the T.D.A. last week, Mr. Mishra said: "The Government has decided to develop the export production sector as a preferred sector and extend all needed facilities, incentives and priorities." If the export sector had in fact been treated as a "preferred sector", India's export performance last year and so far this year would not have been so abysmally poor. The new Secretary to the Central Foreign Trade Ministry, Mr. H. Lal, regretted that while, between 1964 and 1968 Hongkong registered an export growth rate of 16.8 per cent, Taiwan 37.2 per cent, and South Korea 65.1 per cent, India's rate of growth during the same period was only 3.2 per cent. There is hardly any purpose in citing the examples of other countries when, with better resources, India is not prepared to do what they are doing and Governmental policies are ideologically biased.

The formation of the T.D.A. has come not a day too late, judging from the enquiries it has received so far. But one of the major constraints in the long-term promotion of exports of products within the T.D.A.'s range is inadequacy of manufacturing capacity in the country. For instance, the T.D.A. has received a firm enquiry for 250,000 special quality bicycles a year from a worldwide departmental store. But the T.D.A. has been able to locate only a few units, which, between themselves, can supply about 100,000 bicycles a year of the selected model. The constraints are both in relation to capacity and raw material. If, for instance, one of the units selected has a large share of the domestic market, it will immediately attract the Monopolies and Restrictive Trade Practices Act if it wants to expand. It is such problems the T.D.A. has to sort out in relation to its clients and the Government in relation to the entire export sector. With the rise in the crude oil import bill having already wiped out the increase so far in the country's overall exports, it is time more serious attention was paid not only to the T.D.A.'s clients but to the entire export sector. Otherwise, the country's foreign exchange reserves will steadily dwindle.

Banks: Record Branch Expansion

THE nationalisation of 14 major Indian scheduled commercial banks has imparted an unprecedented impetus to commercial bank branch expansion. With the opening of a record 1,909 new offices in 1970 (against 1,112 in 1969), the total number of new offices opened by the public-sector banks since nationalisation in July 1969 stood at 2,194 at the end of December 1970; of these, 1,750 offices were in the hitherto unbanked centres. The total number of commercial bank offices at the end of 1970 was 11,184, against 8,284 before nationalisation. In other words, five new offices were opened every day during the period July 1969 to December 1970. The annual average of bank offices opened during the nine years prior to nationalisation was barely 362.

Of greater significance than the overall increase is the geographical dispersal of bank offices. Banks have made a conscious endeavour to correct the long-standing disparities in the regional spread of banking facilities. Roughly two-thirds of the new offices opened since nationalisation have been in the hitherto unbanked areas and about 40 per cent of the new offices were in the relatively underdeveloped States of Uttar Pradesh, Bihar, Orissa, West Bengal, Assam, Madhya Pradesh and Rajasthan. The national average of population a banking office has been brought down substantially and the

average in certain regions has been narrowed. This range of territorial expansion has meant the extension of banking to those sectors of society that were hitherto outside the pale of commercial banking. On the eve of nationalisation, scheduled commercial banks had on their books a total of around 1.2 million borrowal accounts in respect of all sectors of the economy. In September 1970, loan accounts in respect of agriculture alone were almost one million. Since June 1969, there has also been a substantial increase in lending to other priority sectors, such as small-scale industry, road transport operators, retail trade, small business, professionals and other categories of self-employed people.

The performance of new branches in mobilising deposits in rural areas, particularly in the hitherto unbanked centres, is not unsatisfactory. The average level of deposits an office as on 30th June, 1970, mobilised by rural branches opened since July 1969 in the hitherto unbanked centres, was about Rs. 2 lakhs. There has also been an appreciable increase in the *disbursal of credit, particularly in the* rural centres. As against a credit-deposit ratio of 41 per cent in 1966 in the rural centres for all bank offices, the ratio for new offices in the banked rural centres was as high as 85 per cent and for those in the hitherto unbanked rural centres was 68 per cent in June 1970.

Despite the large number of new bank offices opened since nationalisation, particularly in the unbanked centres, there is considerable leeway yet to be made up in the expansion of the branch network of commercial banks. According to the findings of a study by the Credit Planning Cell of the Reserve Bank of India, the population served per bank office, as on 30th September, 1970, was about 100,000 in 117 districts, as against the national average of 52,000 an office. There also remain wide inter-district variations both in terms of population coverage and credit-deposit ratios. In a letter addressed to the banks, Dr. R. K. Hazari, Deputy Governor of the Reserve Bank, has asked banks to give urgent attention to the opening of branches in the backward areas to remove imbalances in banking facilities. Banks have been asked to complete the quick surveys of the relatively backward districts under the lead bank scheme at the earliest so as to provide a basis for expanding offices in 1971.

The 1971 branch expansion programme for the unbanked centres in eastern India has been completed. It visualises 272 new branches during the year, including 94 by the State Bank of India. Licences have already been issued in respect of 101 bank offices while in the case of the remaining 171 offices, the issue of licences will be on the basis of centres allotted to different banks at the meetings of the representatives of the banks concerned, convened by the Reserve Bank in Calcutta and Patna recently. Of the 272 new offices, 129 are to be opened in Bihar, 75 in West Bengal, 46 in Orissa, 19 in Assam (including Meghalaya) and three in Tripura. In addition to these, bank branches will also be opened in some urban, under-banked and unbanked centres of the eastern region.

Britain Goes Decimal

FEARS that there would be a lot of fuss and fury over the decimalisation of currency in the United Kingdom had not come true. The transition so far—according to the Decimal Currency Board—has not led to any hitches. In fact, it has been much quieter than expected. The U.K.'s experience may be compared with that of Australia on 14th February, 1966, when everybody had a decimal story at the end of the first day with the new currency. Not only Australia but also New Zealand, another dominion, built their currency system around U.S. dollars and cents but with distinct national characteristics. The U.K. retaining the pound and the pence and dropping the shilling which never made any great impact had prompted one Australian columnist to gibe at the British people that "only they, surely, could go decimal and still wind up with the half-penny." On many occasions since the middle of the seventeenth century, the British people were urged to give up a coinage to which they were very much used and which their "language embodied". But as *The Times* has pointed out, "neither the example of the emancipated American colonies nor the prestige of Napoleon nor the promptings of imperialism and internationalism" had any effect till the White Paper on decimalised currency was published by the Labour Government in 1966.

The rationale for decimalisation as noted in the White Paper is not any different from the one advanced by the Select Committee in 1853. In both cases, it has been said in favour of the change-over to the decimal system that it would rationalise calculation, help save labour and facilitate conversion into foreign currencies. The only additions in the present case are improved export prospects for business machines and higher productivity. The 1853 Select Committee did anticipate opposition to the conversion from the lower and middle class people, for the penny—whose value would change in relation to the pound—meant much to them. But the inflation in the U.K. has so much reduced the worth of a penny now that its transition into something else is no longer of any moment.

The educational campaign for the general public, which was purposely limited to as short a period as possible, enabled it to take the change in its stride. The difficulties with the rounding up and rounding down the prices were, however, unavoidable. Trade and industry honoured the Government's appeal to round down wherever possible, but eyebrows were raised as the Government itself rounded up in respect of fees and charges and rounded down where payments to the public were involved. It is doubtful whether Britain would have gone for the decimal conversion if it did not improve her prospects of joining the European Common Market. British industries, with an expanding market in Europe, have long felt the need of a decimal currency. The Association of British Chambers of Commerce together with the British Association for the Advancement of Science produced a report showing the benefits of a decimal system. It is for all to see that "they did not speak in vain to a Conservative Government that was in a process of discovering the political virtues of modernisation."

As the British society is geared to a high level of automation, a great number of business machines and coin-operating machines will have to be adjusted to the new scale involving a huge sum of money. Although the old system will remain valid till July 1972—the period of transition—the general expectation is that trade and industry as well as banks will be in tune with the new system much before that. The first phase of difficulties will be over when the adjustment of the new money with the old weights is completed, but a new set of difficulties will arise when the latter are also decimalised.

CURRENT COMMENT

PAKISTAN

The Tussle Continues

Pakistan People's Party leader, Mr. Zulfiqar Ali Bhutto's threat to boycott the proposed session of the National Assembly in Dacca on 3rd March, if materialises, may be a turning point in the history of Pakistan. It is unlikely that the Awami League leader, Sheikh Mujibur Rahman, whose Party has got an absolute majority in the National Assembly will surrender to what the East Pakistanis believe to be Mr. Bhutto's "blackmail". In the present mood of East Pakistan, Sheikh Mujibur Rahman cannot make any compromise on any of his Party's six-point demands.

The differences between the two major Parties have made the Pakistan President's task much too difficult. There is no doubt that the Awami League would like to go ahead with the preparation of a Constitution based on the six-point demands of his Party. In the absence of an agreement with the dominant Patry in West Pakistan, Mr. Bhutto's People's Party, the Pakistani President would certainly hesitate to approve it. He could hardly agree to a Constitution which would deprive the Centre of any say over the country's foreign trade and finance.

These two subjects have been and are very vital for the West Pakistani rulers. If foreign trade becomes the absolute charge of the provinces, as demanded by the Awami League, the Central Government in Pakistan will not be able to use the resumption of trade with India as a bargaining counter for a dialogue on Kashmir. Once the subject goes to the provinces, the East Pakistani Government is sure to go ahead with efforts to normalise trade with India. Similarly, if the finances are under the absolute control of the provinces, East Pakistan may not release funds for keeping a large army.

In the absence of an agreement between the two Parties, Pakistan has only two alternatives. It can continue the *status quo* maintaining East Pakistan, as at present, as a colony or to develop some sort of a confederation of autonomous provinces. If the military rulers of Pakistan want to continue the *status quo*, the whole of East Pakistan would be in turmoil and it may be difficult for them to keep East Pakistan under domination for long. The bitterness that such a course will create will ultimately result in the secession of East Pakistan and the end of Pakistan as a State.

I.B.R.D.

Capital Increase

The authorised capital of the International Bank for Reconstruction and Development (World Bank) has been increased from $24,000,000,000 to $27,000,000,000. The increase became effective from 31st December, 1970. This increase in the Bank's authorised capital makes it possible for the Bank to accept "Special Increases to Capital Stock" by 75 member-countries, amounting to the equivalent of $2,222,000,000, that had been approved last July. It also leaves room for new members' subscriptions and for future increases in individual members' subscriptions. The special increases in the subscriptions of 75 members follow similar increases in their "quotas" in the International Monetary Fund.

Under the resolution authorising special increases to capital stock, the 75 members involved would have the right to subscribe to an additional 22,220 shares of the Bank at a price of $100,000 a share. On account of the shares so subscribed 10 per cent would be paid in, while the remaining 90 per cent would be subject to call only in the event the Bank cannot meet its obligations to investors. If all the authorised subscriptions were taken up, the Bank's subscribed capital would rise to $25,429,200,000, of which $2,542,920,000 would be paid in and $22,886,280,000 would remain subject to call only to meet the Bank's obligations.

ENGINEERING

Difficulties Highlighted

Speaking at a Press conference in Calcutta recently, Mr. Stya Paul, president, Engineering Association of India, said that there was a gross under-utilisation of existing engineering fabrication capacity in the country mainly because of four reasons: acute shortage of steel, stringent credit curbs on the engineering industry, significant gaps in technical know-how, and a slower rate of investment in large projects. He felt that if the existing capacity could be fully utilised, additional engineering goods worth at least Rs. 500 crores a year could be produced. Discussing the imperatives for better utilisation of existing engineering capacity, Mr. Paul reiterated that such a manifestation would also improve the internal finance of engineering units, help the growth of total savings for future investments and would tend to be a natural antidote to severe inflationary pressures which were plaguing the price line.

Mr. Paul said that the steel shortage was increasing for two reasons. First, the aggregate demand for steel-based goods was increasing in the country, which in its turn helped to increase the aggregate steel demand. Secondly, the indigenous supply of steel from the five major plants was not increasing significantly. Two years ago there were shortages only in certain items, mostly flats. Today there were shortages of even angles and channels and the acuteness of shortage of flats had become more pronounced. The import of finished steel, on the other hand, was slow and irregular. He pleaded for a rational steel distribution policy, including the withdrawal of compulsory deposit as earnest money of 10 per cent of the value of iron and steel indented by engineering units. This deposit acted as a disincentive to procuring export orders by reducing the availability of finance with the units.

FOUNDRIES

Prospects Improve

The chairman of the Indian Foundry Association, Mr. V. D. Jhunjhunwala, in a Press statement, has welcomed the various steps taken by the Government for the development of the industry. Due to the shrinkage of the internal market during the last few years, the industry was faced with grave difficulties. It is heartening to note that the crisis is over and there are signs of an all-round improvement. Mr. Jhunjhunwala said that the foundry industry still lagged behind in the sphere of technology.

For example, India is not equipped to make grade 40 castings, the castings produced do not give close tolerance and the castings according to the D.I.N. specification are not produced in the country. He pleaded that all efforts should be made to import the necessary technical know-how.

Mr. Jhunjhunwala stated that castings were now being exported from India in larger quantities covering more and more areas of the world. There is a good demand for castings even in such highly industrialised countries as the U.S.A. and the U.K. He pleaded that the Government should allow the Association to send small study teams to different markets to study the problems and book orders.

SUGAR

Urgent Remedy Needed

In a Press note issued by the Federation of Indian Chambers of Commerce and Industry, it has expressed concern over the present difficulties of the sugar industry. The problems stem from the heavy accumulation of stocks, maintenance of cash-credit limits by the Reserve Bank of India at the old levels, and the continuance of uneconomical prices for levy sugar. The current crushing season started with an all-time record in the carry-forward stock of 2.1 million tonnes, as against 1.3 million tonnes last year, and there will be a peak level stock of 3.4 million tonnes in the next three months. For financing such huge stocks, the requirements of the industry are about Rs. 400 crores. This calls for an immediate increase in cash-credit limits of sugar factories, but it is unfortunate that advances against sugar stocks have continued at the old level of Rs. 253 crores.

If the Reserve Bank does not ease credit restrictions, there is serious apprehension that mills would be unable to make regular payments to growers and the workers, and to meet other obligations. This will inevitably affect production adversely. The scheme which has been under discussion for creating a buffer stock needs to be framed expeditiously. The Federation also points out that despite a substantial rise in costs, the prices for levy sugar have been fixed at last year's level. It has urged the Government immediately to allow a reasonable increase in the levy price of sugar and at the same time, to levy the excise duty on a uniform basis on levy and non-levy sugar.

EXPORT POLICY

Feasibility Studies

The speech delivered by Mr. A. L. Mudaliar, chairman of the Imkemex India Ltd, at the annual general meeting in Calcutta a few days ago contains a number of helpful suggestions. Mr. Mudaliar thinks that there is a great importance of undertaking feasibility studies of labour-intensive ventures with an export potential. It is also necessary to diversify exports and develop chemical and engineering products and services to reduce the dependence on traditional items. Mr. Mudaliar has emphasised the importance of close and purposeful consultation between the Government and industry in order to find out the possibility of the former securing advice from professional managers from industry dealing with specific product groups. He has referred to the Japanese method of promoting uninterrupted growth of exports. Mr. Mudaliar has specifically drawn attention to the importance of size and economies of scale (while encouraging small and medium units) which can be achieved by suitable exemptions from monopoly legislation so that the leaders in each field can coordinate the export drive and achieve a high degree of selectivity.

LEIPZIG FAIR

Important Exhibits

At the 1971 Leipzig Spring Fair, the German Democratic Republic—the host country—will be represented by some 4,500 exporters and foreign trade enterprises in 25 trade groups of the engineering industries and 22 consumer goods groups. As far as the G. D. R. displays are concerned, interest will be focussed on the numerically-controlled machines of machine tool engineering, plant and equipment for information techniques from the telecommunication and measuring equipment manufacturers, electronic installations designed for the automation of technological processes, machine systems developed by the textile engineering industry, and on various container transport systems. No less than 25 developing countries from Asia, Africa and Latin America will be participating in the fair. The fair will remain open from 14th March to 23rd March.

BANKS

Deposit Mobilisation

The need for banks to make an all out effort to mobilise deposits was stressed by Dr. R. K. Hazari, Deputy Governor of the Reserve Bank of India, while inaugurating a meeting of chief economists and chief development officers of major Indian scheduled commercial banks held recently in Bombay. Although the growth rate of bank deposits had been reasonably satisfactory, it was not adequate in the context of requirements, Mr. Hazari said. Discussions at the meeting covered various aspects of deposit mobilisation. The meeting facilitated an exchange of ideas and views on the institutional factors affecting the growth of deposits—branch expansion, trends in deposit collection, progress towards viability, types of branches, competition from other banks and other savings media as well as non-banking intermediaries, staffing patterns, method of assessing deposit growth, the machinery and methods of assessing the deposit potential, and fixing targets.

The meeting highlighted certain new experiments conducted by some banks to induce people to keep a part of their savings in the form of deposits. These included the provision of reading-room and library facilities within banks in the rural and semi-urban areas, organisation of fairs and exhibitions, screening of special films to spread the savings habit of the people, and mobile and satellite offices. The meeting also discussed the need for conducting surveys on banking habits and for evolving a machinery for assessing the deposit potential and fixing targets for deposit mobilisation on bankwise and branchwise bases.

MONEY MARKET

Tight Conditions

The short-term money market has been very tight this past week. The call rate has been steady at 12 per cent, with borrowers over. Around mid-week, small stray lots were done at 11½ per cent. The demand for remittances has been very meagre. The supply of tea bills has been very small while that of gunny bills has been nominal. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

I HAD COME TO SUSPECT THAT NOTHING could shock Calcutta any more, but the whole of West Bengal was profoundly shaken last Saturday. To suggest that the daily killings of unknown people should be as shocking as Mr. Hemanta Basu's murder would be no more than a display of rather barren logic; human responses are blunted by habit, and it is not altogether surprising that many people now glance at newspaper headlines about the number of people killed on the previous day almost as casually as they read about the day's maximum and minimum temperatures. Yet nobody could have conceived of a man like Mr. Basu becoming the target of a deliberate and obviously pre-planned attack. Violence never makes much sense; the insensate individual assaults that now seem inextricably linked with West Bengal's politics appear still more pointless. Even so, the motivations—however stupid and brutal—are sometimes recognisable. But the universal reaction to Mr. Basu's murder must have been that it made no sense at all. The old and widely respected man was not involved in any bitter political dispute, let alone any factional feud. He did belong to a political party, but most members of rival parties had a personal respect for him; in a sense, he was above partisan politics. Was it some kind of dangerous lunacy that drove the killers to do what they did? Or was there a more sinister design? It is impossible to believe that any party could have hoped to gain from such an act. I do not wish to go into the controversy about any party's or group's responsibility for the murder; all political parties have condemned the murder and further comment should be deferred until after the killers are identified, their affiliations established and their motives determined. But that does not mean that I can foresee an end to this sort of horror. Nor does the record of the law enforcement machinery inspire much confidence. The day after Mr. Basu was murdered and only about a fortnight after the escape of several prisoners from Calcutta's Presidency Jail, as many as 23 prisoners were able to slip away from the Siliguri Special Jail. And on the same day, an armed gang snatched away nine rifles and about 250 rounds of cartridges from the guards at the Behala airstrip. The guards could not even offer resistance. If it were not in poor taste to drag Mr. Basu's name into angry banter, one could perhaps ask whether his death had so benumbed the guards as to drain away both their will and ability to resist.

I AM GETTING RATHER BORED OF MR. S. P. Sen-Varma, the Chief Election Commissioner, for whose homilies on my democratic duties I have never felt any particular need. His function is to conduct the elections, not to persuade me to take part. I am not even sure that the democratic system makes it morally obligatory for me to vote. I am not one of those who have no faith in the electoral process, but I can exercise my political choice as validly by expressing my rejection of all candidates in the field as by registering my preference for one. Theoretical arguments apart, my preference may not be as passionate as to make me risk my personal safety. But Mr. Sen-Varma is displaying a missionary zeal not only to hold the elections on schedule but also to ensure that not a single vote is wasted. Last Friday, he took the quite unprecedented step of making a direct appeal to the Kerala Government employees to call off their strike. Why should he be specially anxious to see the elections held on schedule "in one of the most politically advanced States of India"? It is not for the Election Commissioner to pronounce upon degrees of political advance. Why is the schedule so important for Kerala? And even after Mr. Hemanta Basu's murder underscored the risks in West Bengal, Mr. Sen-Varma was not in favour of postponing the elections in this State. Of course, West Bengal's political parties, too, seem opposed to a postponement and their views should certainly matter. But if these parties were to prefer a postponement or if the State administration were to hold that free and fair elections would be impossible, Mr. Sen-Varma's personal determination should cease to count. This does not, however, mean that I regard postponement as a solution, for I cannot see how violence can end, or be put down more effectively, if the present poll schedule is cancelled. The elections may be a mockery of free political choice; but they could conceivably have a purging effect. I do not know for certain, and I have little reason to hope that the process of purgation will not become still more painful immediately before and after the poll. Yet I can see no painless method



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of cleansing the atmosphere of the violent passions that have been worked up by party feuds and individual assaults. Perhaps even these reflections are useless; it's too late for pity.

A ROLLS-ROYCE BY ANY OTHER name . . . . ? Fortunately, there will be no need to ask that question; that most aristocratic of all armorial bearings, the intertwined Rs. is to go smoothly and silently on. But it nevertheless seems reasonable to wonder whether "the best car in the world" will be quite the same when somebody else is making it. Certainly one tearful salesman was nationally quoted on the morning after the débâcle as believing it could never be, although doubtless he will not be saying that to his prospective customers by now. The real question is what that exclusive fraternity of international Rolls-Royce enthusiasts who provide a market for the car are going to feel. Will their money be forthcoming in future in the same quantity as in the past? In such quantity, in fact, that the car division of Rolls-Royce was always profitable even when a 15-month waiting list could only be attained on production of at least £1,000, in cash. Indeed, it is said that many American tycoons pay this kind of money simply to be able to prove their boast that they do have a Rolls-Royce on order, so valuable is the social and business *cachet*. A friend who once owned a Bentley has written from Britain to remind me that one possible result of any fall in the prestige of new Rolls-Royces could be an increase in the demand for the old ones. Most of these are now in the United States, I gather. But there was a time when India had the lion's share, many of them tucked away in the obscurity of vanished Maharajahs' elephant houses. There could still be a few about, and anybody owning one is hereby advised to hang on to it until such time as conditions in the market become clearer. Incidentally, we in *Capital* have reason to feel sadder than most at what has happened to Rolls-Royce. This newspaper was the last in India to carry the advertisement for that famous car. It was a gesture of respect from one renowned, prestigious institution to another. I must confess there have been times in the past few years when I did not think Rolls-Royce would be the first to go.

INDIA WAS, OF COURSE, THE FIRST country in the world to install a communist Government by democratic means. But that was a local affair, and I am glad we have not earned the distinction of being first to vote a national communist regime to power. That one has gone to Chile, democratically the most advanced of all the Latin American countries. It will be interesting to see whether, now that he is safely inaugurated, President Allende shows the respect for Chile's constitutional traditions which he claims to possess. Admittedly, he is no Castro; his patently middle-class background, his age, and his lack of any trace of really revolutionary zeal, would all seem to indicate that he is a Marxist only in name. It is even rumoured he has never read Karl Marx. Moreover, his Government was elected on a minority vote, and any shift towards extremism would certainly unite his political opponents. It would also alarm the army which, as in all Latin American countries, really holds the keys to power in Chile. But when all that has been said, President Allende remains a communist; some say a Maoist. And his victory, following the happenings in Peru and Bolivia, is reported to be giving Washington much cause for alarm. Oddly enough, it appears not to be suiting the Russians either. They are not anxious to add another such expensive pensioner to their camp as Cuba. Yet if a communist regime in Chile were to wreck the country's industry and be refused economic help from Russia, it would doubtless turn to China, and that would suit Moscow even less. It would perhaps be going too far to suggest that there are no more staunch supporters of the Monroe Doctrine these days than the Russians, but Moscow's attitude towards foreign communists will continue to be that they can be supported only as long as it is in the interests of Mother Russia.

I MAY HAVE BEEN A LITTLE UNFAIR TO President Yahya Khan of Pakistan. A British correspondent who has visited Pakistan several times in the recent past tells me that President Yahya is not unsympathetic towards the demands of the country's eastern wing, nor is he contemplating reimposing military rule after the National Assembly experiment. I am yet to be wholly convinced, although I accept the argument that President Yahya cannot be so naïve as to believe that he can hold the country together by military force after rejecting a Constitution based on the Awami League's demands. But can the country be held together by a Constitution which Mr. Bhutto's People's Party is determined to reject? It is not easy to decide what Mr. Bhutto is really up to—apart from anti-Indian mischief. Last Friday, he revived the bogey of Indian aggression and threatened to boycott the National Assembly session in Dacca; but although he claimed that it would be risky for members of his Party to stay away from their families at a time of Indo-Pakistani tension, he also made it clear that his threat was really designed to put pressure upon Sheikh Mujibur Rahman to moderate the Awami League's stand on autonomy. What Mr. Bhutto seems particularly to fear is the removal of Central control on foreign trade; the resumption of trade between India and East Pakistan would vindicate the Indian position on a "step-by-step" improvement of relations. But Mr. Bhutto would not agree to any step before settling the Kashmir issue on his own terms. Surely he knows that his plans for the "liberation" of Kashmir are unlikely to have much success; but he cannot let the Kashmir hysteria die even if he wants to, for it remains the major source of his political influence in West Punjab. He also knows that Sheikh Mujibur Rahman will not resile from the six-point formula. Politically, therefore, his best bet is to dissociate himself from a Constitution which would be a negation of his entire anti-Indian plank; this might mean East Pakistan's separation, but it would at least allow him to maintain his political influence in the western wing. Or he can perhaps still hope that President Yahya will reject a Constitution framed by the Awami League majority in the National Assembly. That a military solution is no longer possible should be clear enough; but military men have seldom been deficient in ideas of omnipotence.

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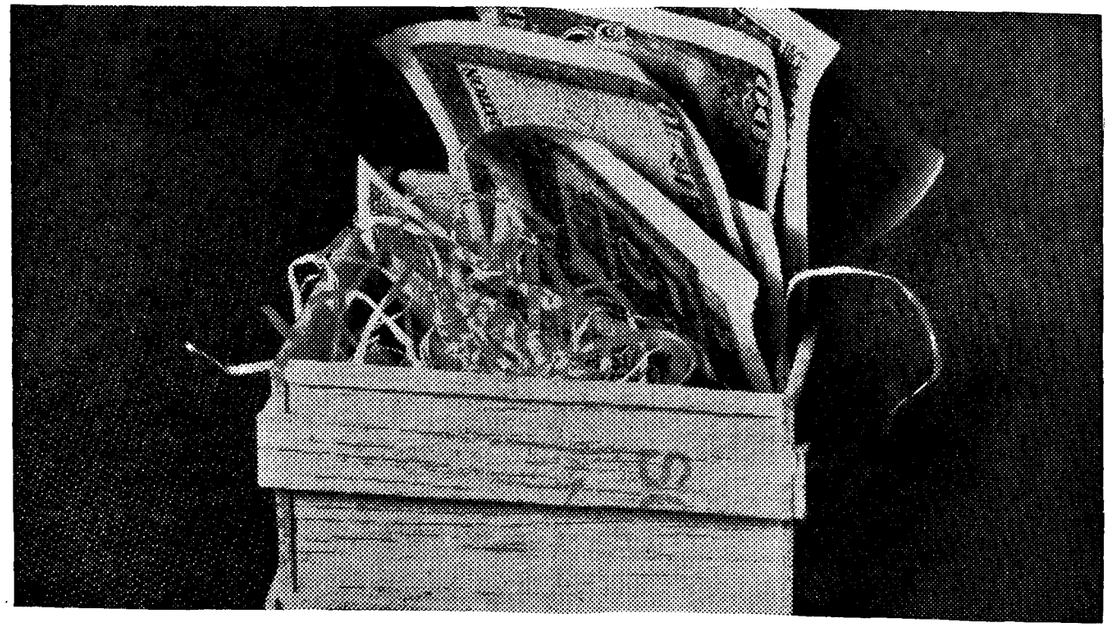
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MANAGEMENT

Importance of Performance Audit in Public Undertakings

By P. Chattopadhyay
Director of Research,
Institute of Cost and Works Accountants of India

There is a great need to undertake performance audit in public undertakings. But in doing this, some uniform methods of reopening should be adopted for the various undertakings examined, without reducing the contents to routine.

THE Central Government Audit Report (Commercial), 1970, has broken many new grounds. This is the first report since the appointment of the Audit Board as a result of the recommendations of the Administrative Reforms Commission. The report for 1970 has been in ten parts. Eight of them are concerned with the study of individual undertakings taken up for detailed scrutiny. One part for one undertaking has meant that the information and analysis related to each of the undertakings have been in much greater detail than ever before. Certain aspects of performance of these undertakings have been underscored for the first time. The attitudes and the undertones of discussions, observations and comments have stressed, logically, the constructive and critical appreciation of the characteristic problems of each of the undertakings.

Detailed Scrutiny

The features of the report have indeed made it a *de facto* exercise in performance audit of the public undertakings taken up for detailed scrutiny. The undertakings are National Buildings Construction Corporation (Part II), Shipping Corporation of India (Part III), National Mineral Development Corporation (Part IV), Heavy Electricals (India) (Part V), Indian Telephone Industries (Part VI), Heavy Engineering Corporation (Part VII), Oil and Natural Gas Commission (Part VIII) and Bharat Heavy Electricals (Part IX). Parts I and II are concerned with introduction, profitability analysis and reporting of accounting lapses and other minor matters, including the salient pointers from the reports of the professional auditors.

The cost break-up of work done by the N.B.C.C. (Part II, page 7) helps one to get an insight into the functioning of the concern. It gives, for example, the value of work done, the prime cost, field and head office overheads, total cost and the net loss suffered during the period from 1960-61 to 1968-69. The proportion of prime cost to the value of work done comes to around 80 per cent, field overheads 8 per cent or 9 per cent and head office overheads 7 per cent or 8 per cent. The balance of 5 per cent or 3 per cent constitutes the profit on construction. The reasons attributed for the loss are (i) excessive consumption of raw materials and labour due to lack of control; (ii) delay in construction resulting in higher field overheads; and (iii) low output of the units. The picture given in the table is dismal and it shows lack of management alacrity towards those of its functions that are indeed basic to itself, *i.e.*, planning, co-ordination, motivation and control. Yet, no subjective judgments are given. The presentation is such as to allow the reader to form an opinion on the undertaking in the context of the views offered by management and the Government.

Inter-firm Comparison

The performance of the Shipping Corporation has been assessed with reference to that of the private-sector shipping companies. The inter-firm comparison has been a highly useful exercise that enables pinpointing of issues demanding attention. Service and sectorwise performance details given in this context should be treated as an authentic account along with the reading of these details. For instance, a decline in the rate of profit on operations was traced to the faster rate of increase in expenses than that of earnings in spite of higher tonnage. An interesting feature of this part is the inter-firm comparison of sundry debtors throwing highly relevant sidelights on the financial performance of the Company. The observations appear to be fairly restrained when the report says: "After making allowance for the above outstanding adjustments (*i.e.*, those related to subsidy from the Government, outstandings against various agencies of the Government and year-end adjustment for incomplete voyages), the percentage of sundry debtors (Rs. 933 lakhs minus Rs. 472 lakhs) to operating earning is 11.7 per cent, which is remaining high". (Page 49). In the case of many undertakings in this sector, credit management has long remained a weak area, mainly because they appear not to have any remedy against the defaulting Government departments.

Part V of the report notes (Page 24) the good effect on productive efficiency of an incentive scheme introduced in the Heavy Electricals (India) since March 1965. Giving the details of output and costs for four years since 1965-66, the net loss has been stated as sliding down from 66.5 per cent of output in 1965-66 to 17.19 per cent in 1968-69. Although the picture remains rather dismal, the silver lining is given in no uncertain manner. This is indeed an interesting feature of the 1970 report that the assessment has been made on a professional basis without attempting to hide anything that is good. The enquiry of this Company, for example, is comprehensive enough to

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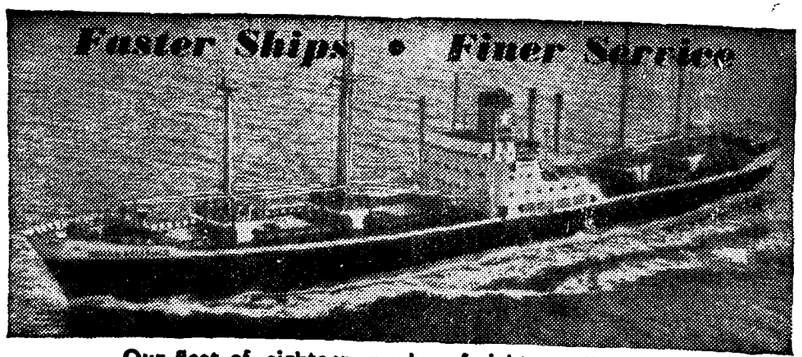
Part VI of the report gives a new feature related to the customer composition of the Indian Telephone Industries. It is revealing to stress here that the company sells 80 per cent of its total production to the Posts and Telegraphs Department of the Government of India. Even the balance of its production is largely accounted for by other departments of the Central and State Governments. Selling in typical conditions of monopsony, the Company's profits are a direct reflection on the expenses of the Posts and Telegraphs and non-Posts and Telegraphs departments of the Central and State Governments. In such conditions, it is questionable whether the I.T.I. should have been a Company at all. The expenses directly ascribable to corporate bodies are (i) printing annual reports ; (ii) higher payment to labour ; (iii) expenses connected with legal, audit, and advertisement ; and (iv) remuneration to managing director and directors, at scales higher than of Government servants and travelling expenses for board meetings. These diseconomies are hardly compensated by the creation of separate entities because Government companies as such have been *de facto* extensions of the secretariat. Sham profit shown under these conditions hardly helps anybody and does make any profitability analysis only a futile exercise.

While the assessment of performance of companies producing goods or services for selling is easier, that of a public corporation like the Oil and Natural Gas Commission appears complicated because of mixed objectives. However, the enquiry into the affairs of this undertaking has been competent and comprehensive. The details dealt with have been different from the usual exercises of audit. Gauging achievements against objectives, the report raises pointers that should contribute to a better performance of the Commission. The irregularities have been quite a few but they have been discussed in a manner that is at once constructive and incisive.

Fruitful Endeavour

In all, this exercise in performance audit has set an example which should be continued. One only wishes that there were some uniform methods of reporting adopted for the various undertakings examined, without reducing the contents to routine. The report should evoke wide interest among managers, students and teachers of public-sector management as a first rate source material and authentic interpretation of what is going on in this rapidly expanding sector in India.

As for the implementation of the observations in the report, the Committee on Public Undertakings of the next Lok Sabha would take care ; so far the Parliamentary Committees have successfully taken care of this question. One small submission here is that in the reports of the C.P.U., the details given in the Audit Report Commercial should be updated. Secondly, the C.P.U. report should be a consolidated one on the line of the Public Accounts Committee's report on the Audit Report Commercial, 1963, and not on a dispersed basis as adopted in the case of, for instance. the 1967 report ; in this case, a separate C.P.U. report (Tenth Report, 4th L.S) was issued exclusively on the National Coal Development Corporation. The focus comes much sharper in a consolidated report than it does otherwise.



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SPECIAL ARTICLES

Will the Economy Benefit from the Centre's Larger Revenue Earnings ?

(BY A SPECIAL CORRESPONDENT)

The Central Government's revenue earnings are running at a satisfactory level. But if the larger revenues are eaten up by non-development expenditure, the country's economy will hardly benefit.

THE revenues of the Government of India in the first eight months of 1970-71 are estimated to have reached Rs. 1,818.42 crores, compared with the Budget estimate of Rs. 2,966.97 crores for the whole year. These collections represent about 49 per cent of the estimate and they are expected to pick up before the financial year ends. Compared with April-November 1969, collections in the same period of the current year have increased by about Rs. 217.50 crores. Customs have yielded about Rs. 292.93 crores or 62 per cent of the estimated receipt of Rs. 466 crores for the year. The yield from union excise duties in the first eight months was Rs. 1,139.30 crores, compared with the annual estimate of Rs. 1,788 crores. Receipts from corporation tax and income-tax also appear to be satisfactory. In the first eight months, the corporation tax revenue was Rs. 172 crores and income-tax Rs. 197 crores, compared with the estimate of Rs. 342 crores and Rs. 438 crores, respectively, for the financial year. The yield from wealth tax is Rs. 7.91 crores, against the estimate of Rs. 18 crores for the year. Revenue from the estate duty is expected to reach the target of Rs. 7.50 crores, as against the Rs. 3.32 crores collected in the first eight months.

These figures may give an impression that the economy is becoming buoyant after the recent recession. But it is necessary to analyse the figures closely to find out to what extent they really indicate a revival of economic activity. For this purpose, more details of the trends in the revenues of the Government of India are essential. It may be pointed out, however, that the higher revenues do not necessarily reveal that the economic growth has started gathering momentum. For instance, the sharp increase in the excise revenue may have something to do with the rise in the prices. It has been pointed out by industrial organisations that the tax element constitutes a substantial part in the prices of many essential commodities. If, therefore, the revenue from excise shows a big increase, it is bound to have its impact, at least to some extent, on the prices and the cost of living. At present excise duties are levied on a large number of commodities which enter into the cost of living. Examples are sugar, petroleum products, matches, vegetable oils, chemicals and drugs, beverages, and various other items. On sugar, for example, the total revenue from excise was only Rs. 656 lakhs in 1950-51 but in 1968-69 it was Rs. 8,648 lakhs. This shows how an important consumer item has been taxed heavily. The Federation of Indian Chambers of Commerce and Industry estimated recently that the rise in the prices of manufactures on account of indirect taxation has been, on average, about 6 per cent.

The rise in revenue from Customs duties seems to have taken place at the cost of the country's earnings of foreign exchange. Export duties are still an important source of revenue for the Government. The items subjected to export duty include jute manufactures, black pepper, groundnut meal, unmanufactured tobacco, hides and skins, coir manufactures, mica, manganese ore, iron ore, and other items. The Budget for 1969-70 placed the revenue from export duty at Rs. 70.27 crores and for the current year the estimate is Rs. 65.15 crores. But export duties are inconsistent with the objective of achieving a high rate of export growth. In particular, on jute manufactures the continuation of export duties has been hurting their competitive capacity and giving a substantial advantage to Pakistan. But New Delhi seems to think that it is worth while to earn more revenue from export duties than more foreign exchange through larger exports.

Higher Customs revenue seems to have been derived also from the import duties. In the current year, the import policy of the Government of India has been considerably upset because of the acute shortage of raw materials, particularly steel and cotton. This, incidentally, indicates the lack of proper care in planning. The Central Budget for 1970-71 had estimated the revenue from import duty on iron and steel at Rs. 40,00 lakhs, compared with Rs. 36,50 lakhs in 1969-70 (revised) and Rs. 37.91 lakhs in 1968-69. It is also significant that the Government estimates a revenue of Rs. 133,00 lakhs from the import duty on machinery, compared with Rs. 100,00 lakhs in 1969-70 (revised) and Rs. 37,91 lakhs in 1968-69. As imported machinery is required mainly for modernisation or setting up new industries, a high level of import duty will inevitably add to the cost of production.

The buoyancy in the revenues from income-tax and corporation tax reflects, perhaps, greater vigilance and vigour in collection than definite indications of an expanding economy. The fact is that the rates of personal and corporate taxation continue to be quite heavy and are deterring capital formation. The Direct Taxes Enquiry Committee has received memoranda from industrial associations all over the country, explaining the adverse impact of high taxation on economic growth. It is hoped that the committee will make realistic recommendations for a rational tax structure.

It is true that the Government must have adequate revenues to meet essential expenditure but, at the same time, it is important not to make the tax burden so heavy as to stifle initiative and enterprise or the export trade. The Government of India has been releasing, from time to time, figures relating to the trends in revenues. But unless similar figures are given in respect of expenditure also, it is not possible to have a clear picture of the finances of the Government. In particular, it is important to know to what extent non-development expenditure is being reduced. The Budget for 1970-71 provided Rs. 244 crores for non-development expenditure on revenue account, which is an increase of Rs. 18 crores or 8 per cent over the previous year's Budget.

In last December, the Central Finance Ministry urged the other Ministries to drop new schemes of non-development expenditure. The Finance Ministry suggested that the Ministries should make special efforts to ensure that the increase in non-development expenditure did not go beyond 3 per cent or 4 per cent a year. The specific steps suggested by the Finance Ministry included a 5 per cent *ad hoc* cut on contingencies, travelling allowance, and entertainment expenditure, prohibition of pur-

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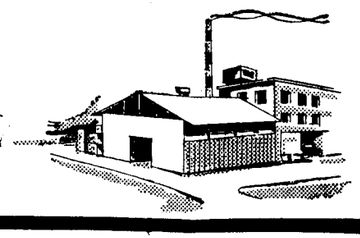




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chase of new furniture, and stricter control on the frequency and number of deputations abroad. But with the Ministers being so busy with the mid-term poll, it is doubtful if these instructions are being effectively implemented. If the larger revenues derived from direct and indirect taxation are eaten up by non-development expenditure, the economy will hardly benefit.

Can the Congress(R) Succeed in the Mid-term Poll?

By Om Narain

No major political party is inclined to have any truck with the Congress (R). So it stands more or less isolated in the battle of the ballot. But whether by going it alone, the Party will be able to achieve any worthwhile poll success remains to be seen.

INDIA'S political firmament has seldom appeared so hazy, confused and uncertain as at the present juncture. The absolute supremacy the Congress had enjoyed since independence received a severe jolt the day it split. The ruling Congress of the Prime Minister, Mrs. Indira Gandhi, had a strength of 228 in a House of 523 and her Government was dependent on the support of some other parties. She realised it was no longer possible for her to complete the full term up to February-March 1972. The Lok Sabha was dissolved in the last week of December and the new elections are due next month. Will Mrs. Gandhi carry the country with her? Will her radicalism survive? Will she become the Prime Minister again? Combinations and permutations of possibilities are numerous and are on the lips of everyone, although none can make a correct assessment of the situation.

There are people who believe that by introducing progressive measures she has succeeded in placing the country on the road to welfare and prosperity. The nationalisation of banking institutions is regarded by them as a revolutionary step which would go a long way in providing monetary assistance to the man in the street. The nationalised banks have been authorised to advance loans to the small traders on reasonable terms without much red tape. But this is an erroneous impression, for the small traders and farmers have so far received precious little from the banks, thanks to the presence of the "middle men".

The Bill for the abolition of privy purses and privileges of former princes, although considered a popular measure, failed to evoke the conscience of the common man. In fact, by introducing this Bill, Mrs. Gandhi has incurred the displeasure of the entire princely order. These princes have now resolved to fight the elections from their regions either as independents or with the support of the four-party alliance—the Opposition Congress, the Jana Sangh, the Swatantra and the Samyukta Socialist Party. All these groups have joined hands to challenge the pattern of socialism championed by the Congress of Mrs. Gandhi and Mr. Jagjivan Ram. In case Mrs. Gandhi's Party can muster 260 seats or more, a stable Government will be assured for the next five years. If, however, she manages to scrape through with a razor-edge majority, she will have to lean on the Communist Party of India or the Muslim League.

The total strength of the constituent elements of the alliance added up to 148 in the dissolved House. Even if the B.K.D. falls in line, the number goes up by ten. Therefore, it is a herculean task for the Opposition parties to emerge with a comfortable majority to enable them to form a stable Government. The princes no doubt constitute a solid bloc. But even then, this Opposition will not include the C.P.I., C.P.I.(M), P.S.P., D.M.K. and some independents. Theoretically speaking, it is a formidable task for the Opposition to perform because the margin enjoyed by the ruling Party is by no means narrow. Upsets and surprises are, however, the order of the day. An inkling of this trend was discernible in the 1967 general elections when the undivided Congress had to absorb a number of shocks. In informal chats with leaders of almost all the groups, this writer found that each one was confident of better performance at the polls, both for the Lok Sabha and the three State Assembly contests in West Bengal, Orissa and Tamil Nadu.

The leaders of the United Front of the Opposition are all bitter about the performance of the ruling Congress; they have made scathing, stinging and scorching attacks on the personality of the Prime Minister. The Marxists are already sore with the Centre, presumably as a result of its policy in Kerala. The right communists have also declared that they will not lend unflinching support to Mrs. Gandhi. The B.K.D. of Mr. Charan Singh is dictating its own terms to the S.V.D. in Lucknow; at the same time, it is not prepared to have any truck with the ruling Congress as it holds Mrs. Gandhi and her supporters responsible for the former U.P. Ministry's downfall some time ago. The princes are not prepared to extend any co-operation to the Government for obvious reasons. In the process, the ruling Congress stands more or less isolated in the battle of the ballot.

Need to Create Fruitful Employment for Statisticians

By R. K. Nandy

Statisticians are given simple assignments for which no special knowledge of statistics is necessary. Employers should take the responsibility of finding fruitful employment for them.

STATISTICS was first introduced in India as a subject of study at the post-graduate level in the year 1941 by Calcutta University with a modest out-turn of five statisticians in 1943. With the flurry of post-independence economic activity in the country, the demand for statisticians in the employment market rose steadily, reaching a peak during the latter half of 1950's and the first half of 1960's. Then came the period of depression in the employment market which continues even today, indicating a fall in employment opportunities for the statisticians. The

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reason for this declining trend in demand is not the futility of statisticians but the loss of confidence of employers in them, which evidently arose due to disillusionment.

Post-graduate statisticians are specialists by profession. Utility generated demands for them. Employers began to recruit statisticians hoping perhaps some kind of wonder-result from them. Paradoxically a majority of statisticians were given very simple assignments which did not require the services of specialists. The result was predictable. The cost benefit from such employment was practically nothing and a non-statistician was adequate for such works. Thus, the improper utilisation of specialists resulted in disillusionment. Not being aware of the precise rôle of statisticians, employers generally do not allow them sufficient freedom to carry on their assignments. This action has its opposite reaction in the form that statisticians cannot render satisfactory service to earn the confidence of employers. Consequently, the demand for statisticians has waned. The increase in the university outturn of statisticians planned in anticipation of future higher demands on account of increased volume of statistical work has further aggravated the situation.

Today in India there are about 5,200 statisticians with at least a Master's degree mainly composed of outturns of Indian universities and a very small proportion with first degree from foreign universities. These 5,200 statisticians form 3.4 per cent of all post-graduate scientists. The outturn for the year 1970 is estimated to be about 380 constituting only 2.6 per cent of the university outturns of post-graduate scientists. As mentioned earlier, the demand for statisticians was due to a sudden spurt in their recruitment by industrial and Governmental organisations. The fall in the demand for statisticians is evident from the very few number of situation vacant advertisements in the newspapers as also from the decline in the number of queries made to the National Register of the C.S.I.R. and the D.G.E.T. by employers. This does not, however, prove that the importance of statisticians in the employment market has diminished. On the contrary, by creating the Indian Statistical Service in line with the Indian Administrative Service, the Indian Engineering Service, and the Indian Medical Service, official recognition has been accorded to statisticians as a distinct class of professionals. Can it be said that statisticians are receiving a fair deal from the policy-makers and the nation is getting a good return on its investment in educating them? A good number of statisticians like other scientific, engineering and medical personnel are going abroad every year. Some of them are returning to the country, and some are settling in foreign countries. Those who do not return pose a problem popularly known as "brain drain". Different experts on the subject have different views. Even without going into the details of the problem of brain drain, it can be said that the nation can ill-afford to lose its paltry resources.

Only about 35 out of every hundred employed statisticians are in educational institutions, compared with 50 per cent or 60 per cent for other scientists. The employment mechanism for scientists as a whole works on a feed-back system. After the completion of education, a good number of scientists find employment in educational institutions as teachers. For a statistician, the situation is different. Due to a smaller number of teaching departments for statistics, there is not much employment potential in the educational sector. Of course a good proportion gets Government jobs. Since industries do not employ a large number of statisticians, many fail to get employment. It is generally observed that in the employment market mathematicians, economists and commerce degree holders compete with statisticians except in teaching and research jobs, with the resultant shrinkage in the latter's job opportunities.

Statistics is a branch of science based on observations. It touches the fringes of all other fields. It has a wide field of application. A properly educated statistician is an important tool in decision-making. A statistician cannot be substituted by other scientists. His rôle is much more important than is apparent. The moot point is whether a non-statistician on receiving in-service training in statistics will do as much good work as a professional statistician. Statisticians are professionals like physicians and engineers. A statistician qualifies after undergoing training and professional indoctrination for a number of years. The assimilation of improved technology in all spheres of economic activity is bound to produce more employment opportunities for statisticians. Quality control, C.P.M./P.E.R.T., operation research, systems analysis, and management science are but a few of the fields where a statistician can be profitably utilised. The responsibility of getting good work from statisticians largely lies on employers. Statisticians are like sophisticated instruments; they are to be employed wisely. They should be employed only if there is a real need. Then only it will be a profitable investment.

The Impact of Green Revolution on Backward Regions

By N. Krishnaji

A survey of a backward village in south Orissa has revealed that the "green revolution" has brought only marginal increases in income for most villagers. The only hope of modernisation of agriculture in backward regions lies in breaking up traditional land relations and introducing collectivisation.

THE cultivation of high-yielding dwarf varieties is spreading fast in the wheat belt, particularly in areas with an assured water supply. Yield rates have doubled and optimists, both inside Yojana Bhavan and outside, are predicting that in a few years the country will be self-sufficient in food production. But those who have studied the new technology in some depth have already pointed out its limitations: the "green revolution" today is only a revolution in wheat production; even after the problems of the new rice varieties are finally solved in a few years time, new varieties cannot extend to more than a fourth of the cultivated land; income disparities are increasing in the countryside and the consequences of the resulting social tensions are unpredictable; and India's dependence on foreign aid will grow because she cannot manufacture enough fertilisers. Implicit in the new strategy is a process of selection: it is only the large farmer with irrigated land and enough capital to invest who can derive the maximum benefit; for the small farmer who scrapes the bottom of the barrel in and out of the season, doubling productivity is a dream that will never be fulfilled. But the question is: How are

the different classes of farmers actually faring, particularly in the backward regions of the country and what does the "green revolution" mean to them? The following is a report of impressions formed after a brief trip to a village in south Orissa.

Kerenditula, a village in Ganjam district, has a population of about 3,000 and is about ten miles from Berhampur which is the main market town of the district. The 2,000 acres of cultivated land here are distributed as unevenly as everywhere else in the country: about 5 per cent of the population are landless labourers who work for at least two months in a year outside agriculture; almost half of the land owners have holdings of less than 2 acres in size; there are only a couple of farms which can be called big—about 40 acres each; and farms of varying sizes between 2 acres and 25 acres make up the rest of the land. Significantly, both the big farms and a good number of farms between 10 acres and 20 acres are owned by people who live in the neighbouring towns of Berhampur or Chatrapur and who have representatives in the village to supervise farming entrusted to permanent farm hands or hired labourers. Even this latter type of arrangement is characterised as "personal-cultivation" for legal purposes. The main source of irrigation is a rain-fed canal through which water is available from July to November. In the summer months (February to April), a tank of the Irrigation Department provides some water—sufficient only for irrigating about 200 acres of low-lying land. Besides these, there are a few privately owned tanks and wells which go dry in the summer. The main crops of the region are paddy and groundnut. Double cropping is possible only in the canal-irrigated low-lying farms; where such a possibility exists two types of crop rotation are practicable—I.R.8, the high-yielding variety, planted in June followed by *Padma* to be planted in November or *Satika* commencing in May followed by I.R.8 in mid-September. As of now, double cropping is restricted to the favourably located land which constitutes a bare 5 per cent of the total.

By 1966, almost every farmer has begun to experiment with the high-yielding varieties, although on an extremely limited scale. Most farmers experimented with as little as 10 to 20 cents of land while a few risked planting an acre with the new seed. In the year 1970 the total coverage under I.R.8 is estimated to be about 150 acres, *i.e.*, about $7\frac{1}{2}$ per cent of the cultivated area. In the next few years this will rise to 10 per cent or so but that appears to be the ceiling to the spread of the "green revolution" here: the limiting factor is water availability. This is an interesting contrast to Punjab where supplementary irrigation is being made available through tube-wells. The sub soil structure of Kerenditula does not permit the digging of tube-wells. The only possibility of supplementary irrigation is through the digging up of tanks but for this purpose fertile land has to be sacrificed. One is, therefore, forced to conclude that in this region, which is backward by any standards, the "green revolution" would only mean a marginal increase in production and very little else considering the village as a whole. But this does not mean that substantial gains are not possible for individual farmers; indeed, the evidence seems to point to such gains. In what follows, the different classes of farmers and what the new varieties mean to them have been considered.

The economies of the high-yielding varieties is now examined. The cultivation of the ordinary varieties involves an expenditure of Rs. 300 an acre which includes besides the cost of physical inputs and labour, depreciation charges for the replacement of bullocks every four years, while the planting of new varieties means an additional expenditure of Rs. 200 an acre, mainly for fertilisers and pesticides. The yield rate of old varieties is about ten bags (a bag is approximately 50 kilograms) an acre; the output of I.R.8 would depend on the amount of fertiliser used—at the current rate of usage which is less than the recommended dose it is about 20 or 25 bags an acre. Thus, if a farmer (with no double cropping possibility) plants I.R.8 on an acre, his net income for that acre would be in the neighbourhood of Rs. 600 (the price of paddy is assumed to be Rs. 50 a bag); if he plants the same plot with old varieties, his income would only be Rs. 200. Thus, it will be seen that gains can be substantial for a farmer who owns 10 or 15 acres—planting I.R.8 would imply an increase of Rs. 400 for each acre. But such gains are, in fact, not realised for the simple reason that no farmer is free to allocate land between old and new varieties as he likes—the restriction being the supply of water and the ability to invest in fertilisers. Last year, for example, a typical 2-acre farmer had sown I.R.8 in a few cents of land, a 10-acre farmer had planted the new variety in about 1 or 2 acres. Profits seem to have increased by 20 per cent or 25 per cent over the past rates for most farmers. The big farmers who are fortunate enough to own low-lying land adjacent to the canal, according to some, doubled their profits within two or three years through extensive cropping of I.R.8 as well as double cropping. All this is explained by the fact that in so far as the possibility of planting I.R.8 exists under the present conditions, a large farmer is able to exploit such a possibility more effectively than a small one.

In Punjab and elsewhere, the "green revolution" is receiving institutional support through a variety of agencies like credit co-operatives and commercial and land mortgage banks. Although these institutions are supposed to provide adequate credit to small farmers to ensure an even distribution of the benefits of the new technology, in practice, their credit policies tend to reinforce rural disparities. Kerenditula is no exception to this: large farmers are more creditworthy and it is only they who can use such facilities. Agricultural loans are available, for example, for buying fertilisers; these are repayable immediately after the harvest. Big farmers have enough cash and do not need such loans. Most small farmers are already in debt, and even if they boldly take new loans for buying fertilisers, they find it difficult to resist the temptation of spending the money otherwise; the net effect is that their indebtedness increases. Loans for buying pump-sets up to Rs. 5,000 are also available at an interest of 8 per cent and repayable in ten years. Very few farmers have taken such loans as there are only a few wells where pumps can be used. What does all this mean to the progress of the "green revolution"? The answer is that, given the extremely skew distribution of land, low creditworthiness of the majority of farmers coupled with the backwardness of the region, credit facilities alone cannot promote the new technology. The only hope of modernisation of agriculture in such backward regions, then, lies in breaking up traditional land relations and introducing collectivisation. To conclude, one may say that the "green revolution" has meant only marginal increases in income for most villagers and the scope for further progress seems to be very limited.

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A Year of Record Results

The following is the Statement by Mr. R. F. S. Talyarkhan, Chairman & Chief Executive, Voltas Limited, circulated to the Members of the Company with the Annual Report for the year 1969-70.

To the Members,

In my Statement to you last year, I referred to 1968-69 as the "crisis year", because the results were the worst ever achieved in the history of our Company. In view of the fact that we had two successive years of labour unrest severely affecting our working and the normal growth of our Company, some people seriously doubted whether we would be able to survive the shocks to our corporate system, while others felt it would take a very long time before we could get back into our stride. I am happy to say that all those gloomy forebodings have been proved wrong and in 1969-70 we achieved the very best results of any year since the inception of our Company 16 years ago.

What was even more remarkable was that this figure was obtained in much less than a full 12 months' period, for the reasons given in the Directors' report. In addition, our working was affected by rising prices, shortages of raw materials and components, intense competition and unstable political conditions in certain States. The task, first of recovery from the damage suffered last year, and then of reorganising ourselves to meet the new challenges posed in 1969-70, required all the skills we possess. After much thought and careful planning, a three-pronged attack was launched: one involving a market strategy which would yield the best results, another on a careful utilisation of our available financial resources, and the third on improving our operational efficiency to the maximum extent possible. Team work in the entire organisation was necessary to achieve all these objectives and, except for a handful of malcontents, the response was most heartening. It would appear that employees by and large have begun to realise that full co-operation is as essential to their well-being and welfare, as it is for that of the Company at large.

The year 1970-71 has started well in that the first four months' sales and gross margins show an improvement on those of the previous year. However, because of our product-mix and other variable factors, sales in any particular period do not necessarily reflect the position as it might be at the end of the financial year. Given a fair chance to operate, without too many restrictions and restraints, there is no reason why the results in 1970-71 should not be at least as good as for the year under review.



Mr. R. F. S. Talyarkhan

We look upon the present decade as one for expansion and diversification. It has been decided to enter, on a large scale, the growing market for consumer products—both consumables as well as durables. The Company's distribution outlets throughout the country offer an excellent opportunity to reach every sector of the population right down to the village unit level. The development of systems and processes to supplement the products handled by your Company is another avenue for expansion. In this context Members will be glad to know that the Government has approved of our collaboration with one of the best known firms in the world for design engineering and installation of Electrostatic Precipitators. Air pollution is amongst the greatest hazards facing the health of people today, particularly those living in or adjacent to industrial zones and your Company's associates Research-Cottrell Inc., U.S.A., who have done such remarkable work in other countries, will be of great assistance in solving similar problems in India. Perhaps the most significant achievement attained during the year was in Air Conditioning and Refrigeration, where new ground was broken particularly in the ship building industry. Cold storages and silo air conditioning for essential food products, as also freezing storage equipment for export of items such as fish, were developed at a faster rate along with Dairy Refrigeration which holds great promise for the future.

Another significant feature was the decision to expand the Project Engineering Division which is being equipped to undertake turnkey assignments incorporating systems and design engineering. The need for such services is growing in India and it is expected this Division will play a vital role in the planning and structuring of manufacturing schemes not only here but also in foreign countries.

Members are aware of the Company's substantial interest in the rural economy and I would like to digress on this aspect for a while. The terms of trade have been shifting in favour of agriculture. Three good crop seasons and the introduction of new farming techniques have increased the purchasing power of the farmer and the Seventies should see a tremendous growth of rural markets. More and more goods, both capital and consumer products, will have to head towards the rural tracts which lie in far away and distant places in the interior, well off the highway. Remote locations call for greater marketing efforts, which must be planned beforehand so that goods reach the farmer ahead of the time of use. Along with this it is necessary to impart specialised training to the rural buyer who is not particularly

mechanically minded. This training should extend to the buyer's employees and the members of his family, and even to the bazaar mechanic who is the farmer's guide and friend. Lack of such training is already resulting in heavy losses through increased down-time, frequent breakdowns and higher costs of farm operations.

It is realised that Government has already introduced many schemes for training and for the use of scientific methods in agriculture. I feel I am right in saying that the Private Sector is anxious to join in this enormous task and to help make it a successful joint venture. However, to explore and develop rural markets is an expensive venture. It is not merely the cost of selling the goods required, but the costs of essential services including training, extension education and demonstrations which absorb much time and money. To encourage business houses to plough more resources into such essential services, I would suggest that these expenses are reimbursed through a system of refunds in corporate taxation as is done in the U.K. where, I believe, all expenses incurred by the farmer for his training and that of his employees, are made good to him by Government by way of grants. These grants, in fact, go to the input suppliers who provide the training required. Then again, the development of rural markets requires data collected through market surveys which are essential though expensive marketing tools. Without such surveys it is difficult to assess the demand, to develop the profile of the rural buyer, and to identify rural markets and the scope for development of secondary industries. Here again, to encourage industries to take greater interest in exploring rural markets, expenses on market surveys and studies of this nature, could be reimbursed by Government through suitable remission in corporate taxation. In any event, your Company is alive to the problems of the rural markets which pose a challenge to marketing skills and it is fully committed to an integrated programme for their development. Fortunately, we are associated with one of the world's leading producers of minerals and fertilizers—the International Minerals & Chemical Corporation, U.S.A.—one of the world's largest producers of mixed and complex fertilizers with the finest fertilizer marketing organization in America. In association with your Company, it recently organised its 7th Asia/Pacific Food Production Conference in Delhi to discuss the all important problem of "Incentives for Development". With the assistance of their world-wide experience and expertise, I expect Voltas to become a vital unit in the national task of solving the food problem of this country.

While India's record of exports in the past ten years is quite impressive, it accounted for no more than 5% of the total output of the country's engineering industry, whereas it is quite common for firms in other countries to export 20% to 40% of their production. This means that we have a long way to go before we can be compared in size and strength to our foreign neighbours, and consequently if the export successes of the Sixties are to be repeated, or even improved upon, in the Seventies, we shall have to ensure the creation of a rapidly expanding manufacturing home base which has in-built capacity to cater both to the home and overseas markets. Any weakening or deterioration of the home base will have an immediate effect on the growth of exports, and in the present age only those corporate units which can exploit and utilise today the technology of tomorrow have a fighting chance in international markets. Restrictions and restraints on manufacturing capacity, technology, imports, development, finances, marketing techniques and labour discipline only hinder and dampen the spirit of enterprise so essential to the growth of international operations. If we wish to operate on an international scale, we have to be internationally minded and put aside preconceived and ideological notions which ignore the demands of world business today. The separations and distinctions between domestic and foreign markets are fast disappearing—the successful corporation of today thinks in terms of global strategies for a global market. Perhaps it is not fully appreciated by the authorities as to what is involved in the establishing of exports and of operations abroad. I am positive that many more firms would be in a position to start manufacturing ventures in foreign countries if permitted freely to explore particular markets and to make a sizeable investment in such projects. I would plead that our Government makes available by way of repayable loans, at least a fair amount of foreign exchange in such cases, after satisfying itself about the viability of the project and the standing and ability of the applicant.

The progress of almost all our associate companies was most encouraging and fully justified the confidence reposed in them from their very inception. On the engineering side the products of Tata-Merlin & Gerin are reputed to be at least as good as those of any other older established electrical equipment company, and second to none in quality. Power and distribution transformers, winding wires and conductors as well as foundry products of the National Electrical Industries Group of Companies are also firmly established in the market. Your Company's order books for the products of both these units are in a very healthy position and the outlook for the next few years appears to be very bright. For reasons largely beyond their control, as for example the shortage of heavy plates and hydraulic equipment, the output of the Scottish Indian Machine Tools Ltd., was severely affected. The Company's Machine Tool Division and other technical staff are working closely with the Simtools Management to so plan its production schedules as to make that company a viable unit, while at the same time providing sufficient suport to our trading as well as manufacturing operations. The International Tractor Company of India Limited and the Lakshmi Machine Works Ltd., in both of which your Company has a sizeable investment, contributed handsomely to our turnover.

Your Company received excellent support from its two Pharmaceutical Principals, Roche Products Limited and Merck Sharp & Dohme of India Ltd., in both of which we are financially interested. However, the Drugs (Price Control) Order will have an adverse effect on our margins in future. Being a low margin/high volume business, any reduction in margins will have to be offset by a higher volume of sales and the use of highly sophisticated methods and techniques to restrict the costs of sales to the minimum while maintaining a high degree of operational efficiency. Your Company enjoys a high reputation for fair and equitable distribution of all goods, particularly those that may be in short supply from time to time. In the belief that the Government intends to make life-saving drugs available to a wider public, your Company has taken necessary steps during the year to augment its own sales force, as also create a network of stockists in about 200 important towns throughout the country, which will ensure that goods are delivered expeditiously even to the most distant clients.

The Directors' Report deals fairly exhaustively with the improvement in operations at the manufacturing unit at Thana and some of the more important new products developed during the year. I shall not therefore dwell further on these aspects, but I should like to draw attention to the effects of Government policies and of the application of the Monopolies and Restrictive Trade Practices Act on the normal development of manufacturing operations in your Company. Tagged as we are with the label of a large concern, or dominant undertaking, we are today restricted from expanding our manufacturing base, except as provided for in the Monopolies Act and in certain recent notifications of Government. If applied too literally, it would in fact prevent your Company from obtaining any new industrial licences since very few, if any, of our proposed ventures would be of the magnitude laid down by Government for large concerns or be regarded as projects named in the hard core of industries. Yet such projects as we envisage are but a normal development and growth of specialised lines for which we are already licensed, or where we are in a position to introduce into India a high degree of technology by collaboration with foreign firms for products and projects vitally necessary for the country and about which we have acquired a certain expertise. I would therefore respectfully submit for the attention of the Authorities that Government adopt Mr. J. R. D. Tata's recent suggestion for establishing certain fair and significant criteria, rather than mere size, when dealing with the granting of industrial licences to a firm or company.

The introduction of restraints and restrictions on the growth of the larger corporations in the private sector comes at a time when critical shortages of vital raw materials such as steel were already beginning to spiral manufacturing costs upwards and cause serious under-employment of productive resources. Inflation of this sort can only be countered by a steady growth in the supply of goods and services which should keep pace with their demand, and any policy which inhibits the growth and development of the Nation's economic assets will only aggravate the series of factors which have already made India into a high-cost producer of manufactured goods.

It must be realised that the accumulated financial resources of the larger corporations and the deployment of these in the expansion, diversification of manufacturing facilities, and in research and development, constitute the main-stream of economic growth and prosperity, pulling in its wake the growth of a host of smaller entrepreneurs for whom a widening market is created. Then again, the advanced technology of the 1970's can only be tapped by organisations and resources equal to the tasks and risks involved: organisations which can withstand the vicissitudes of global business successfully.

It is hard to understand some of the reasoning behind the restrictions on the growth of large corporations, especially since these corporations are only midgets when compared to the large multi-national companies in the East and West, which account for so much of the prosperity and dynamism of their respective national economies. The growth of efficient manufacturing units — whatever the size — never forecloses or restricts opportunities for the smaller man. The contrary is proven true, for, with every advance in technology, a plethora of new ventures spring up to reap the rich harvest that inevitably follows.

The large corporations in India have a genuine record of economic and social service to the Nation in general and to their employees in particular. If these companies are to continue to offer the best terms of service to their employees, thereby raising the general standard of living, they must be allowed to expand into existing and new fields, failing which they will be faced with mounting overheads and costs, the pressures of which, if not canalised and harnessed, will only lead to disintegration of a well-tried and proven economic structure.

Lest it be felt that my remarks above are made in a spirit of criticism, let me say quite frankly that this is not so. A very large and growing section of the private sector is perfectly willing to accept certain disciplines and controls, but these should not be such as to retard the fast development of the country along democratic lines. It would be ideal, but too much to hope for, that this country follows the Japanese pattern, where Government and Industry sit down together to pre-audit national economic policies. Too much has been said in this country of dialogues between Government and Industry, which usually result in nothing more than carping criticism from both sides. Nothing constructive ever appears to emerge from these dialogues. To my mind, it is vital at this critical stage of the country's economy that both Government and Industry adopt a POSITIVE APPROACH towards each other and to finding practical solutions to our various problems. Unemployment, the establishing of small and middle scale entrepreneurs, the promoting of research and development and the harnessing of the enormous potential of this country in men, materials and undoubted skills, could best be tackled and solved by a positive and combined approach, shorn of all mistrust and lack of confidence in each other.

I should like to conclude my Statement with an expression of sincere appreciation for all those employees who worked hard and conscientiously during the year to bring about such excellent results. I trust that the few who advocate agitation on the slightest pretext, and the adoption of measures to embarrass the Management, will soon have a change of heart, for such tactics only recoil on themselves and prevent the bulk of the staff from getting the benefits of good results. I am sure I voice the feelings of my colleagues on the Board and in the Management when I express the hope that industrial relations in this Company will soon improve so that the entire organisation may once again work together as a closely knit and united team.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting which was held on 23-2-71.

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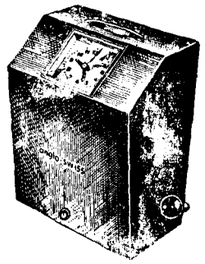
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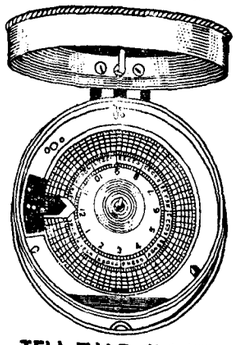
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SPOTLIGHT ON STATES

Maharashtra : A Better Deal for Slum Dwellers

(BY A SPECIAL CORRESPONDENT)

THE decision of the State Government not to ask for the dissolution of the Assembly and a mid-term poll was as expected and generally welcomed by the Assembly members. The ruling Party having a comfortable majority, there was no point in having a mid-term poll, while the Opposition also had no enthusiasm for it. At the time of writing, in regard to the election to the Lok Sabha from Maharashtra, the ruling Congress appears to retain the primacy which the undivided Party enjoyed in the State. The situation in Greater Bombay which has five seats is, however, different. With the combination of the Congress (O), the Jana Sangh, Shiv Sena and the S.S.P., the new Congress would find the going difficult.

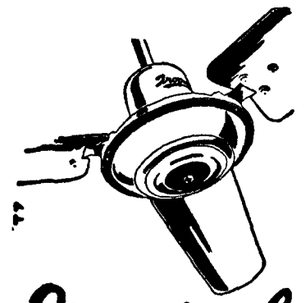
While election news eclipses other State news in the newspapers, some development activities in the State deserve to be noted. The removal of slums has been long recognised to be a crying need, particularly in the cities of Bombay and Calcutta. Open spaces in cities and towns are being encroached upon and used for constructing hovels or ugly structures by persons who have no places to live, while some do not have even the refuge of a slum and sleep on the pavements. As observed by one writer, imposing skyscrapers have been going up, almost at the rate of one huge block of apartments a week, but there is a simultaneous mushrooming of slumming huts at the rate of one "slum village" a day.

Foreign tourists on their drive from the airport in Bombay get as their first view the eyesore of tumbled down shacks and clusters of hutment dwellers in conditions of incredible filth. In this context, it is heartening to note that the Rs. 30-crore scheme to remove the slums in Greater Bombay and rehabilitate slum dwellers has been evolved by the Government of India and the Maharashtra Government and recently inaugurated by the Prime Minister, Mrs. Indira Gandhi. A cell of town and country planning experts in the city would be drawing up plans for slum clearance and prepare rehabilitation schemes for the slum dwellers. The project under the multi-crore scheme, which has been accorded priority, is the slum clearance and development of the areas on both sides of the Western Express Highway between Mahim and Santa Cruz airport. The scheme envisages the construction of tenements for housing 100,000 slum dwellers. The project has been possible by the decision of the Central Housing Corporation to give the seed capital of Rs. 5 crores to the Maharashtra Housing Board.

Another scheme which has been launched and deserves to be mentioned is the Rs. 5-crore housing project on a hire-purchase system at Borivli, a suburb of Bombay, launched by the Life Insurance Corporation. The project would benefit about 4,000 policyholders. One thousand tenements are expected to be completed by October 1971. In all 4,000 flats of sizes varying from 280 square feet to 800 square feet are expected to be constructed in three years. The policyholder would have to make a down payment of 20 per cent of the price of the flat, the balance to be covered by loans, to be repaid by instalments with a reasonable rate of interest. In this housing colony, facilities like a shopping centre, school, hospital, bank, and playgrounds would be provided. The township will be known as Jeevan Bima Vihar.

The highways in Maharashtra also stand in great need of improvement. The World Bank has sanctioned a loan of Rs. 15 crores for improving the Bombay-Poona national highway and the Bombay-Agra national highway passing through Maharashtra. Recently, the Maharashtra Minister for Buildings and Communications, Mr. M. G. Vairale, stated that a total of Rs. 55 crores would be spent by the Maharashtra Government on the construction of roads during the Fourth Plan period, and that the State Government had obtained an aid of Rs. 36 crores from the Central Government for improving national highways passing through the State. When all these plans materialise, Maharashtra, which is in other respects has been foremost in the race for progress, will have national highways in keeping with the State's progress and development in other fields.

The work on the project to establish a twin city near Bombay has been started, although controversy is still going on with differing views on the project. According to one view, the development of the twin city would only attract more people to Bombay and thus increase the overcrowding there. On the other hand, it is stated that the scheme has been formulated after taking counsel from social planning experts, and that the twin city scheme would help to solve Bombay's numerous problems and mitigate the rate of migration of people to Bombay.



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Madhya Pradesh : Mid-term Poll Prospects

(BY A SPECIAL CORRESPONDENT)

THE Grand Alliance led by the Jana Sangh in Madhya Pradesh is going to fight the forthcoming elections with confidence. In this State the Swatantra Party and the Congress (O) are not much in the scene. The S. S. P. is also a weak force with limited following in one or two districts. The Jana Sangh has always had a mass base here financed by Jain and Hindu traders. Mrs Vijaya Raje Scindia of Gwalior has succeeded in uniting all the Maratha and Rajput princes and in coalescing them with the Jana Sangh. In the 1967 elections, the united Congress Party enjoyed the support of the princely families of Madhya Bharat and Chattisgarh regions.

The civic life of central India was always under the influence of three outside groups, namely, the Brahmin-Kayasthas of origin in Uttar Pradesh, the Maharashtrians and the Telegu-speaking people. The Congress leadership of Mishras and Shuklas are provided by the Kanauji Brahmins of U.P. On the other hand, the Marathi Brahmins and princes had always abetted Hindu revivalism propagated by the Rashtriya Sevak Sangh founded in Nagpur. The Telegu group lost its former eminence in the post-State reorganisation period. A son of President V. V. Giri is seeking election to the Lok Sabha from the new industrial-mining belt of Chattisgarh.

Even before the final lists of candidates of various parties were released, the fact that was crystal clear was that the ruling party would have a tough time in this State. Since the general election of 1967, the State has undergone several poltical ups and downs, with fortune smiling on the Jana Sangh and the Congress (R) alternately. But as far as the State politics is concerned, the Congress (R) has been the gainer. The Requisitionsts have fared well in the by-elections to the State Assembly during the last two years. Political stability since the installation of the Shukla Cabinet helped the progress of development projects ; almost all development works remained suspended during the Samyukta Vidhayak Dal Ministry as it was always under the threat of defection.

Madhya Pradesh has more than 50 princes but many of them are politically inconsequential. Again not a few are indifferent to politics. The Raja of Rewa helped the Congress to bag all the five Lok Sabha seats from the Vindhya region in 1967 ; this time, he is on the other side. There are 12 seats in the Madhya Bharat region under the direct influence of the princes of Maharashtrian origin and the Congress (R) will have difficulty in retaining the three won in 1967. Mr. Atal Behari Vajpayee, Jana Sangh president, is contesting from Gwalior city. Mahakoshal, including Chattisgarh, was a stronghold of the Congress but some important tribal and Rajput princes have now joined the alliance led by the Gwalior Rajmata. In 1967, the Jana Sangh contested 32 out of 37 seats and won 10 seats. Under the four-party accord, the Jana Sangh has fielded candidates for 27 seats and it will be no surprise if it doubles its strength. The Congress (O) will contest four seats and the S. S. P. two.

The factional fight between Mr. D P. Mishra and his former disciple Mr. S. C. Shukla is causing considerable damage to the Congress (R). Mr Gobinda Narayan Singh, a former Chief Minister and the leader of the Rajput community, is also a considerable force in the new Congress (R). The privy purse issue is likely to become not only the major but the only issue in the elections. This may come handy for the ruling Party to seek popular support. In case the four-party alliance wins a majority of the Lok Sabha seats from this State, they would certainly demand an early dissolution of the Assembly.

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PEOPLE AND PERSONALITIES

Mr. K. K. Dhandhania of Dhandhania and Co., and Mr. S. P. Sinha of D. L. Miller and Co. Pvt. Ltd, have been elected president and vice-president of the Jute Brokers Association, respectively, for 1970-71.

Mr. Richard Wood, U.K. Minister for Overseas Development, is leading the British delegation to the twenty-first meeting of the Colombo Plan Consultative Committee being held in Manila, Philippines.

BOOKS

The Role of Institutional Finance in Economic Development

Institutional Financing of Economic Development in India. By. T. V. Sethuraman. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Pages 166, price Rs. 20.)

Throughout the world, the institutional financing of economic development is rapidly growing. In India, even before the 14 major commercial banks were nationalised, there was a fairly well-established complex of institutions providing term finance to industrial and agricultural projects. Now the institutional agencies dominate the total financial scene. With the emphasis on planning, the financial institutions have assumed a large rôle in providing assistance for rapid economic development. The industrialisation process is now being accompanied by a rapid spread of technical and engineering skills and a diffusion of entrepreneurship, reflected in a rapid advance of mechanised small and medium industries. Under the new industrial licensing scheme, these units are to be boosted still further. Thus, it is imperative that if institutional financing is to aid economic growth processes in a meaningful manner, its working, its shortcomings and its improvement potential must be known in some detail. Dr. Sethuraman has tried to sketch those details in this study.

The author deals with the subject in nine separate chapters which discuss institutional financing and economic development, the managing agency system, finance corporations, State financial corporations and similar institutions, mixed banking, the L.I.C., central banks, and development banking, external capital and economic development and a postscript on institutional financing. At the end, a select bibliography and a sizable index are given.

All in all, Dr. Sethuraman's book would be a useful addition to the growing literature about the working of institutional financing in this country. During the Fourth Plan period, the rôle of this sort of financing is likely to increase both in magnitude and in diversity. This fact gives a new poignancy to this volume.

Labour Problems

Labour Problems and Industrial Development in India. By D. Sanjivayya. (Published by Oxford and I.B.H. Publishing Co., Oxford Building, N-88 Connaught Circus, New Delhi 1. Pages 283, price Rs. 32.)

This book is a collection of some of the speeches and articles of the author who is the Central Minister for Labour and Employment. The speeches and articles relate to the period 1964-67 when the author held charge of two important Ministries, namely, Labour and Employment and Industry, when he had occasions to address meetings, conferences, seminars, etcetera. The book deals with aspects of labour problems and industrial development under seven broad categories, *viz.*, labour problems, trade unions, labour welfare, productivity, small-scale industry and industrial development. The speeches and articles relate to a period when the economy was under severe strain and are, therefore, of more than ordinary interest than one might expect from such a collection. They show a scholarly bent of mind as well as a broad outlook.

The author rightly drew the attention of trade unions to some of their social responsibilities when he observed in one of his speeches: "The trade unions in underdeveloped countries, I think, will have to turn their thoughts more and more to the millions who are waiting on the fringe to join the ranks of wage-earning labour. In a real sense, the industrial working class—at any rate in the organised sector—is in a position of advantage in relation to the growing ranks of the unemployed and the under-employed. In advancing the interests of this section, relatively small trade unions should not lose sight of the needs of the vastly bigger one. And their first need is employment. May I suggest that the trade unions should be ready to let go a little of the immediate advantage if that will promote the interests of their potential members."

M. R. MEHER

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Foreign Investors May Not Like State Take-over of General Insurance—II

(BY A SPECIAL CORRESPONDENT)

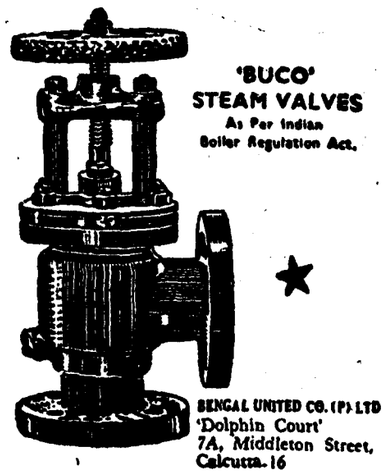
Foreign investors will be forced to have second thoughts on any future commitments in India if the general insurance business is nationalised. They do not believe that an insurer in the public sector would be able to offer them the kind of service they are getting from private insurers. This is the second in a series of two articles. The first was published last week.

THE very restricted size of the Indian insurance industry makes it impossible for insurers to retain risks which often exceed their capital and reserves. But when they have to reinsure with companies abroad, they do so judiciously. As a result, in the last seven years, the insured in India had recovered from companies abroad *claim amounts which* exceeded the net reinsurance premiums paid by Indian insurers. Again, it is nationally beneficial to reinsure abroad, for when there is a loss of an aeroplane or a ship, the claim is settled in foreign currencies. Even a State monopoly would have to reinsure abroad and probably to a greater extent as has happened in life insurance business. General insurance does not charge for risk which may arise many years later. General insurance units issue covers from year to year and have to pay claims immediately so that they cannot accumulate large funds or hold public monies in trust. Nevertheless general insurers encourage and protect business men and manufacturers by quickly giving diverse covers imaginatively adapted to individual needs and settling claims sympathetically and promptly. Thus the tempo of trade and industry and national economic development is maintained. Except for the statutory investment in Government securities which is small, general insurers are free to invest funds at their discretion.

The Congress Working Committee's directive to the Government to prepare a scheme for the nationalisation of general insurance had caused considerable surprise to the realists even in that Party, not to speak of the Planning Commission members, Secretaries to the Government of India and the general public. Realists in the Congress were half apologetic. They knew that the Working Committee had been led by the garden path by those members of the Working Committee who were roundly discarded by the electorate. The discarded members must now seize the platform by indulging in political dramatics so that they could, sooner or later, stage a come back. Another motivation which worked with them was to embarrass the Government by high sounding political slogans. Furthermore, the Congress Working Committee had endeavoured to take the wind out of the sails of the left Opposition parties. The calculation was to create a division in the Opposition and prolong the Congress hegemony over Indian administration. Whether irresponsible party slogans should direct the policy of the administration has often been debated. A proper understanding of this political background is necessary to consider the economic issues involved in the nationalisation of general insurance. Often, politically motivated thinking clouds economic issues.

Investors from highly industrialised countries are particularly jittery. All their investments are founded on the solid rock of service and security. Many have expressed the view that there is bound to be second thoughts on investments if general insurance is taken over by the Government. Private insurers, with their long experience in processing insurance and claim settlements, are rendering useful service to foreign investors. Large claims are often settled at a conference round the table. Foreign investors are extremely pessimistic about comparable service from a nationalised institution. A tradition is developing with Government officials to defer decisions indefinitely as they are constantly under surveillance. The same officials who now settle claims in the *private sector* backed by the management will, it is feared, have second thoughts on similar claim settlements if they are integrated with the Government service. The bureaucratic approach would be a bar to the promotion of foreign investments and collaborations. Crores of rupees have been invested in public-sector undertakings but the return on capital, if any, is an unmentionably paltry percentage. It will be suicidal to load the Government of India with additional responsibilities when its hands are already full. General insurance is a highly complex and technical business. It is not a case of claim settlement of an individual, but of the whole industrial complex. The responsibility is far greater than is apparent and this aspect should not be lost sight of by the Government.

Realists have pointed out that the dividends do not work out to more than 4 per cent or 5 per cent of the invested capital of Indian insurers. To contemplate the nationalisation of a trade thriving on such paltry return, according to them, cannot be explained by objective thinking. It has been suggested that the Government should nationalise general insurance companies by taking over their assets and liabilities. That will naturally mean paying adequate compensation both to Indian and foreign insurers. About 60 foreign companies would require the repatriation of compensation together with deposits with the Controller of Insurance resulting in an immediate strain on the already depleted foreign exchange balance of the Government. Shrewd observers have suggested that



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India should follow the way of nationalisation of business in Ceylon whereby the Government sponsored company takes over the new business from a given date leaving to the companies concerned the servicing of the existing business till expiry. It has been contended that by this method of nationalisation the Government of India can be relieved of the liability to pay compensation and the liability of the existing business. But an arbitrary method is open to several objections. First, in Ceylon, indigenous companies were very few in number and, therefore, the absorption of the existing staff was not very difficult. Secondly, foreign companies functioned through agency houses and not as full-fledged companies. In India, it is inconceivable that any step towards nationalisation can be planned without guaranteeing full employment to about 50,000 employees of all categories.

The balance-sheet of nationalisation is thus heavily weighed against it. When the scare at one time arose in Great Britain, the Labour Government in its wisdom did not abide by the Party mandate. The administrative difficulties, the economics of the measure, and the odds for and against nationalisation were carefully weighed. The decision arrived at was not to disturb private trading. In India, the administrative difficulties are far more complex. The economics of the measure does not stand scrutiny. The Government of India should not indulge in a course of action which in the final analysis does not produce any new wealth. The transfer of business from one sector to the other is a needless luxury. Nor is it necessary for the Government to fritter its energy in formulating a bulky scheme, when it could be usefully employed in following a scheme of priorities.

On the general insurance front things are moving pretty fast. What would be the outcome of the Supreme Court hearing on the derecognition of princes and the abolition of privy purses was never in doubt. And the verdict going against the Government hastened the mid-term election. After the verdict Mrs. Indira Gandhi had either to obtain a Parliamentary mandate, or dissolve the Lok Sabha to have a fresh mandate in terms of constitutional obligation and propriety. Against this background, the Government has to prepare the ground for gaining popular support in the electoral battle. The question of the nationalisation of general insurance is, therefore, inextricably mixed with the changing political and party compulsions. As the situation stands now, another spate of nationalisation is likely to be in the offing to sustain the socialistic image of the Congress (R). Certain recent developments would indicate how general insurance has become a counter in the political chess-board. Noticeably, for the last few months nothing is heard about it. In fact, earlier in the year, Mrs. Gandhi and subsequently Mr. Y. B. Chavan, in their statements in Parliament, had given the impression that they were staying away from outright nationalisation. This naturally lifted the air of uncertainty from the industry and general insurance companies picked up their lost confidence.

The industry's operating results for 1969 were strikingly good; they seemed to be still better in 1970. But as the political situation and the fortunes of the Congress (R) started becoming uneasy, the Government seemed to change its mood. The first indication was apparent when on 14th December, 1970, the Central Cabinet decided that the Life Insurance Corporation of India would not, in future, conduct general insurance business and this business, including the canvassing part of it would be handled by the Corporation's subsidiary, the Oriental Fire. Now this decision was taken by the L.I.C. some months ago to which, it is reported, the Government took objection and the earlier decision of the L.I.C. doing its own general business was restored. The revised Cabinet decision taken on 14th December, 1970, has to be read along with the prospect of an impending mid-term poll. To round off the move, it was stated in the Rajya Sabha on 15th December, 1970, by Mr. Chavan that "the Government had already decided in principle to nationalise general insurance", and it was now "a question of fixing the time".

Mr. Chavan said that nationalisation would take place as soon as the new Cabinet was formed. The past commitments will stand the scrutiny of the new Government if it does not pursue a doctrinaire policy. The previous Cabinet came to a decision about the nationalisation of general insurance. But the new Cabinet should review the whole matter afresh.

(Concluded)

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INVESTMENT

Share Prices Decline in the Absence of Support

THE stock markets have continued to wear an uneasy look and have staged a further retreat this past week. In view of the many imponderables, operators have adopted a wait-and-watch attitude with the result that business has shrunk to small proportions. With trading sentiment unsettled by a spate of murders and attacks on political leaders, even small selling has been enough to depress equity prices. This week's decline has carried the markets to a new low after the 1970 high recorded in the first week of October. Quite a number of popular shares have recorded new lows for many months.

The week's relatively scanty corporate news has provided a rather mixed fare. But even good corporate results have had little influence on sentiment. The political situation has been causing concern. The election campaigning has been marred by many ugly incidents and violence has been on the increase. The Indo-Pakistani relations have also been getting increasingly tense and the reported massing of Pakistani troops along the eastern border has been viewed with deep concern.

The economic scene also is rather depressing with several industries reporting serious production lags, some on account of the acute shortage of steel and other raw materials and some because of financial stringency. Many industrial units have already sent distress signals indicating that credit curbs have started stifling production. Credit curbs are not intended to hurt the productive effort and if production has been hit by the paucity of funds, the banking authorities will need to have a careful look into the difficulties experienced by industrial units so as to extend adequate assistance and facilities. Excise collections and railway earnings during the first nine months of the current fiscal year reveal an unhappy position in that revenues are lagging behind the Budget estimates, indicating slackness in the growth of the economy. The price situation also continues to cause concern and many industrial units are complaining about the erosion of their profit margins due to cost inflation. Considering all these factors, it is doubtful whether the stock markets will be able to put up a steadier show for some time. Nor is activity likely to record any significant increase till the elections to the Lok Sabha are out of the way. The only redeeming feature of the situation is that new issues continue to evoke good response, reflecting investors' confidence in the long-term future of good projects.

Government securities have remained featureless during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have received little attention. Turnover has remained restricted.

The Calcutta stock market has remained easier this past week following the Reserve Bank's directive to commercial banks to tighten the curbs on bank advances against shares. Reports of widespread violence as the election date draws near have created fresh uncertainties. Among engineering shares, Indian Standard Wagon, Shriram Bearings and Saran Engineering have been quiet. Among paper shares, Titaghur, Bengal and Tribeni Tissues have remained dull. Among jute shares, Ganges, Nellimarla and Hukumchand have been easier. Among miscellaneous shares, Aluminium Corporation, G.E.C. and Hindustan Aluminium have received attention. Among tea shares, Hasimara and Grob have been transacted.

Dalal Street has lived through yet another uncomfortable week. With both bulls and bears inclined to mark time, activity has been at a low ebb. Equity prices have eased further due more to the lack of support than to any important selling. Quite a few shares have touched the lowest levels for many months. The small decline in carry-forward charges at the turn of the ten-day settlement has failed to impart much steadiness to the market. Trading sentiment remains unsettled mainly because of political tensions. The shortage of funds and high cost of borrowing have also affected sentiment. Cotton mill shares have been marked down because of discouraging advices from the piecegoods and yarn markets where the offtake has shrunk and prices have registered a decline. Standard, Mafatlal Fine and Kohinoor have been among the prominent losers. Century Mills have also been distinctly subdued. Among rayons, National Rayon have suffered the worst and Indian Rayon too have been weak. Century Enka and South India Viscose have ruled steadier. Steel shares have been dull and barely steady. Sellers have been rather reserved. Engineering shares have made a mixed showing. Alcock Ashdown, S.L.M.-Maneklal and Sandvik Asia have registered sizable losses while Tata Engineering, Voltas, Associated Bearing and Zenith Steel have displayed a steadier tone. Automobile shares have been subdued due to the lack of support. Cement shares have ruled steady with limited turnover. Shipping shares have shown an easier tendency, and the decline in Great Eastern Shipping has been heavy. Dyes and Chemicals have displayed an easier tendency with Indian Dyestuff, N.O.C.I.L., Polyolefins and Bayer showing losses over the week-end. Chemicals and Fibres have also been marked lower.

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Bank of Maharashtra
Bengal Assam Steamship
Bhopal Sugar
Bormah Jan Tea
Challapally Sugars
Ghaziabad Engineering
Indian Aluminium
Indian Co-operative Petrofils
Indian Oxygen
Kothari (Madras)
Kumergode Estates
Mahindra and Mahindra
Mercara Rubbers
Mysore Coffee
Mysore Iron and Steel
Nellimarla Jute
Nenmeny Investments
New Commercial Mills
Peria Karamalai Tea
Sahu Minerals
Shree Sitaram Sugar
Tube Suppliers
Union Carbide
Walchandnagar Industries

Tata Chemicals, Polychem and Hindustan Polymers have kept steady. Pharmaceutical shares have maintained a quietly steady tone. Except for Ceat Tyres, which have recorded a rise, the shares of all other tyre companies have closed the week with minus signs. Trading in sugar shares has been notable for the sharp decline in Walchandnagar Industries because of the disappointing results for 1969-70. Paper shares have kept subdued. Bank, insurance and electric shares have ruled steady. Among miscellaneous counters, Motor Industries, Hindustan Aluminium and Premier Construction have suffered heavy losses while Food Specialities, Hindustan Lever and Camphor and Allied have kept fairly steady.

The Madras stock market has maintained an easier trend this past week. Selling has been attributed to the uncertain political climate and the continuing credit squeeze. Among planting shares, Blue Mountain have received support while Peria Karamalai have been easier. Consolidated Coffee have been transacted while Ouchterlony Valley have received little buying support. Among textile shares, Lakshmi have declined after an earlier rise as have Madura on selling pressure. Among cement shares, Dalmia Cement have hardened fractionally while India Cements have been transacted. Among sugar shares, Deccan have been easier on selling pressure.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/70—20/75—20/55—20/70—(36/75)
Dunlop India 37/50—37/50—36/90—37/20—(29/00)
Guest, Keen, Williams 30/55—31/05—30/20—30/70—(12/50)
Hindustan Motors 12/40—12/45—12/05—12/15—(15/22)
Howrah Jute 6/37—6/37—6/25—6/25—(7/81)
Indian Aluminium 34/90—38/10—34/90—37/60—(29/20)
Indian Cable 16/10—16/40—16/00—16/40—(11/80)
Indian Copper 4/14—4/16—4/05—4/08—(3/85)
Indian Iron 12/00—12/25—11/50—11/85—(18/00)
Jaipur Udyog 8/55—8/90—8/55—8/90—(9/15)
Jayashree Tea & Industry 17/75—17/87—17/75—17/87—(12/56)
J. K. Cotton 10/30—10/35—10/30—10/35—(11/70)
Kesoram Industries 16/00—16/00—15/90—15/90—(14/30)
National Rubber 7/56—7/56—7/56—7/56—(11/50)
Orient Paper 37/30—37/40—36/80—37/30—(29/60)
Orissa Cement 18/20—18/20—18/10—18/15—(12/25)
Rohtas Industries 6/50—6/50—6/40—6/40—(7/10)
Textile Machinery 10/00—10/05—9/85—9/95—(10/35)

Indian Aluminium's Production and Sales Reach New Peaks

THE directors of Indian Aluminium Co. Ltd, have recommended a preference dividend of Rs. 6.25 a share and a dividend of 85 paise on each fully-paid ordinary share, the dividend on partly-paid ordinary shares being in proportion to the amount actually paid up. With new output from the Belgaum smelter, the Company's production and sales for 1970 reached new records. Sales for the year at Rs. 35.4 crores showed a substantial increase over the previous year's figure of Rs. 26.43 crores. The net profit for the year, after taxes and provision for development rebate reserve was Rs. 2.75 crores compared with Rs. 2.61 crores in 1969. Development rebate reserve amounted to Rs. 2.52 crores, (against Rs. 2.05 crores). The total development rebate recorded in the accounts together with depreciation allowances for income-tax purposes are adequate to reduce the liability for income-tax on 1970 income to zero.

In Belgaum, the third potroom and the alumina plant were commissioned during the year. All the major units of the smelter and alumina plant are now in operation. Construction activities for the new sheet mill in Taloja increased substantially following the end of the monsoon. The installation of the hot mill equipment has now commenced and production is expected to start by the end of this year. During the year, the Company obtained an industrial licence to expand the Belgaum smelter by the addition of a fourth potroom. This will add about 10,000 tonnes a year to the capacity already installed and is expected to be in production by the end of the year.

In order to bring the issued share capital of the Company more in line with the value of its fixed assets, the directors have recommended capitalisation of a sum of Rs. 60,079,430 out of capital and general reserves of the Company by the issue of bonus shares in the proportion of one new ordinary share for every two existing ordinary shares. The proposed issue of bonus shares is subject to the consent of the Controller of Capital Issues.

INDIAN OXYGEN

Expansion Plan

A COMPREHENSIVE expansion plan for the next few years has been prepared by Indian Oxygen Ltd and will be submitted to the Government of India shortly. This announcement was made by Mr. N. Dandeker, chairman, while addressing the annual general meeting of the Company held recently in Calcutta. The Chairman said that the plan envisaged manufacturing activities in many fields—several of these in areas not directly related to the Company's present manufacturing facilities and products. The new projects have been selected after a careful assessment of the Company's own resources, the external resources likely to be available, the country's requirements as also the feasibility of the entire plan. Special emphasis had been laid on the task of import substitution and export promotion and the implementation of the plan would help to improve the country's foreign exchange position, Mr. Dandeker said. The project also seeks to improve the supply position of certain critical raw materials. Mr. Dandeker expressed the hope that the Company's application for the issue of bonus shares long pending before the Controller of Capital Issues would be expeditiously dealt with.

MAHINDRA AND MAHINDRA

All-round Progress

MAHINDRA and Mahindra has reported substantially improved results for the year ended October 1970. Not only has there been a further good rise in sales and profits but margins too have improved. Turnover is up by 10 per cent from Rs. 29.46 crores to Rs. 32.46 crores and the gross profit has increased by 14.5 per cent from Rs. 107.67 lakhs to Rs. 123.33 lakhs. The ratio of profit to sales has improved from 3.6 per cent to 3.8 per cent in spite of the fact that the Company's operations were plagued by ever-rising costs and shortages of critical raw materials. Manufacturing activities were at a higher level than in the preceding year and there was increased demand for the Company's products and services. The dividend has been kept unchanged at 11 per cent but unlike in the preceding year, the dividend is fully earned.

Appropriations of the year's profits include depreciation Rs. 36.99 lakhs (against Rs. 25.51 lakhs), development rebate reserve Rs. 13.42 lakhs (against Rs. 4.98 lakhs) and taxation Rs. 30.50 lakhs (against Rs. 41 lakhs), leaving a net profit of Rs. 42.42 lakhs (against Rs. 36.18 lakhs). After some adjustments, the disposable surplus is Rs. 43.04 lakhs (against Rs. 47.84 lakhs). A sum of Rs. 4 lakhs (against Rs. 2 lakhs) has been transferred to debenture redemption reserve. No transfer has ben made to general reserve, against Rs. 6.50 lakhs in the previous year. The preference dividend claims Rs. 4.06 lakhs (against Rs. 4.49 lakhs) and the equity dividend Rs. 34.85 lakhs (same).

The Company proposes to undertake a massive programme of expansion and rationalisation. The directors are exploring different avenues to augment financial resources to undertake the expansion programme. The proposed merger of the residual Union Bank of India Ltd with the Company is the first step in this direction ; this will make available nearly Rs. 2.70 crores to the Company. Negotiations are being held with financial institutions to seek their assistance in enlarging the Company's activities in the coming years. The Company has an industrial licence for raising the capacity for the manufacture of jeeps from 10,000 to 25,000 a year.

WALCHANDNAGAR INDUSTRIES

Dividends Skipped

WALCHANDNAGAR Industries has reported extremely disappointing results for the year ended September 1970. Even though the total sales are only marginally down from Rs. 10.22 crores (in 1968-69) to Rs. 10.16 crores, the outcome is a huge loss of Rs. 95.32 lakhs, against a gross profit of Rs. 58.07 lakhs in 1968-69 and Rs. 1.45 crores in 1967-68.

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With the Company going deep into the red, both preference and equity dividends have had to be skipped. The Company had paid dividends at the rate of 10 per cent for 1968-69 and 12 per cent for 1967-68.

Out of the total sales of Rs. 10.16 crores, machinery sales accounted for Rs. 6.27 crores, against Rs. 6.40 crores previously. The output of sugar was higher. The Company crushed 257,000 tonnes (against 232,000 tonnes) of sugarcane and produced 255,000 bags (against 243,000 bags) of sugar at an average recovery of 9.85 per cent, against 10.46 per cent in the previous year. In view of the loss suffered by the Company, no provision has been made for depreciation and development rebate reserve which received Rs. 35 lakhs and Rs. 1.25 lakhs, respectively, in the previous year. After making adjustments. the total deficit amounting to Rs. 97.77 lakhs is being carried forward. The preliminary report does not mention how the Company has fared so very badly during 1969-70.

BANK OF MAHARASHTRA

Merger Plan

YET another residual banking Company—the Bank of Maharashtra Ltd—is merging with a well-established Company—Swastik Rubber Products Ltd—with a view to making profitable and productive use of its funds (about Rs. 2.30 crores) received by way of compensation. The amalgamation scheme, already approved by the boards of directors of the two Companies, will have to be ratified by the shareholders of both the Companies and will require sanction from the Bombay High Court and the consent of the Central Government before it comes into force from 1st July, 1971. The scheme presupposes that the dividend of Rs. 5 a share would be declared by the Bank of Maharashtra Ltd before the effective date of amalgamation.

Under the terms of the proposed amalgamation, for every one equity share of Rs. 50 each of the Bank of Maharashtra Ltd, Swastik Rubber will issue (1) four 8 per cent convertible redeemable debentures of Rs. 10 each fully paid and (2) three equity shares of Rs. 10 each on which Rs. 4 a share will be treated as paid-up on amalgamation and the balance of Rs. 6 a share will be considered as calls received in advance carrying interest at the rate of 12 per cent a year till the balance is treated as paid-up. Dissenting shareholders will have the option to receive Rs. 64 for every one equity share of the bank held by them. Swastik Rubber will not issue any bonus or rights shares till 30th June, 1976, when the debentures will be converted. In order to facilitate the scheme of amalgamation, Swastik Rubber would convert its equity and preference shares of Rs. 100 each into equity and preference shares of Rs. 10 each.

The management of Swastik Rubber seems confident of earning a "reasonable return" on the funds which would become available to it under the scheme to the mutual benefit of its existing and new shareholders. The Company has an annual turnover of Rs. 6 crores, selling a wide variety of products catering to the needs of various industries, defence and general consumers. Its annual exports are of the order of about Rs. 80 lakhs. The additional funds will enable Swastik to complete its Nasik project speedily and develop its marketing operations. The Company has already planned to establish a chain of its own shops with a view to maintaining direct contact with the market throughout the country. Export business also holds the prospects of further growth.

SAHU MINERALS

Profit Rises

SAHU Minerals and Properties Ltd has produced satisfactory working results for the year ended August 1970. It has made a higher profit of Rs. 11.01 lakhs before providing for depreciation, against Rs. 2.43 lakhs in the previous year. With this profit, it has been possible to wipe off the entire loss of Rs. 6.58 lakhs brought forward from the previous year. After payment of Rs. 5 on account of forfeited dividend, the surplus of Rs. 4.43 lakhs is carried forward. Various schemes are being implemented to increase the production of the Company's collieries. The quantity of coal raised was 281,643 tonnes (against 229,304 tonnes), recording an increase of more than 20 per cent. The production of soft coke rose to 23,101 tonnes from 4,520 tonnes in the previous year. The production of hard coke also increased to 27,968 tonnes from 27,361 tonnes.

UNION CARBIDE

Sales and Profit Rise

IN respect of the year ended 25th December, 1970, Union Carbide India Ltd's sales amounted to Rs. 48.03 crores, as against Rs. 44.04 crores in 1969. The profit before tax and prior to adjustment for development rebate was Rs. 6.22 crores. The net profit after tax and before provision for development rebate was Rs. 3.38 crores, as against Rs. 3.15 crores in 1969. Provision for corporate tax and surtax was Rs. 2.84 crores, compared with Rs. 2.48 crores in 1969. Bonus shares in the ratio of one for two were issued in October 1970 resulting in an increase in the share capital of the Company to Rs. 12.28 crores. An interim dividend of 75 paise a share (subject to the deduction of income-tax) was paid to the shareholders on 10th December, 1970. Out of the remaining surplus for the year, Rs. 2.30 crores have been transferred to general reserve and Rs. 3 lakhs to sinking fund reserve to provide for the redemption of Rs. 1 crore 15-year 6½ per cent debentures. A final dividend of 75 paise a share amounting to Rs. 92 lakhs (subject to the deduction of income-tax) will be paid to the shareholders on the register of members as at 16th April, 1971. The interim as well as the proposed final dividend is on the increased share capital, bringing the full dividend for the year 1970 to Rs. 1.50 a share.

Construction at the electrolytic manganese dioxide plant was almost completed at the year end. There is, however, great difficulty in obtaining graphite anodes within the country and this will undoubtedly delay the Company in achieving capacity production. It is to be regretted that in spite of the very active negotiations with the Government, industrial licences for hard facing and wear-resistant products and for the expansion of capacity for carbon electrodes have not yet been received. There was continuously rising demand for polythelene during the year. In anticipation of this trend, the Company applied for an expansion of its licensed capacity in February 1970. It is to be hoped that before the Government resorts to any large-scale importation of polyethelene, it will take effective steps to ensure that no capacity in the country is kept idle. The expansion and modernisation of various manufacturing facilities were also undertaken. Total construction expenditures amounted to Rs. 3.43

crores, compared with Rs. 2.38 crores in 1969.

GHAZIABAD ENGINEERING

Tractor Plant

THE first tractor plant in Uttar Pradesh is being set up in Loni with Russian collaboration. It will manufacture Russian tractor T-25, a new improved version of the popular DT-14B. The plant will be the first in India for the manufacture of small tractors in the 20 h.p. range. Ghaziabad Engineering Co., an Indian firm which handled the sales and service of Russian tractors earlier, will manufacture this tractor under technical guidance of Russian experts at the Rs. 10-crore tractor project. The tractor will be manufactured according to a phased programme starting from 2,000 tractors from about the middle of this year. The Company expects to raise the production to 6,000 by 1972 and 10,000 by 1974 which is the installed capacity of the plant. The Company also plans to manufacture Byelarus 50 h.p. tractor at a later stage.

MYSORE IRON

Outlook Improves

THE total turnover of Mysore Iron and Steel Ltd during the first nine months of the current financial year amounts to about Rs. 13 crores. The contribution of special and alloy steels to this is nearly Rs. 7 crores. The production of special and alloy steels in the electric furnaces reached a record figure of 5,300 tons in December last. The production of these categories would have been still better if M.I.S.L. had not to cut down the output of mild steel for some extraneous reasons. It is expected that by March 1971, the Company's mild steel commitments will be fully met and that in the next year it will be in a position to concentrate mainly on the production of special and alloy steels. The management, during the past few months, had been able to procure most of the alloying compounds required for the manufacture of various grades of special and alloy steels. The year 1971, therefore, augurs well for M.I.S.L. to accept the challenge to reduce India's dependence on imports of special and alloy steels.

SHREE SITARAM SUGAR

Profit Earned

SHREE Sitaram Sugar Co. Ltd has done well for the year ended August 1970. The Company has earned a profit of Rs. 2.87 lakhs, after providing Rs. 2.28 lakhs (against Rs. 1.51 lakhs) for depreciation, Rs. 6.98 lakhs (against nil) for capital reserve and Rs. 2.25 lakhs (against nil) for taxation. It had suffered a loss of Rs. 10.57 lakhs in the previous year. The dividend has been skipped again. There is a debit balance of Rs. 7.67 lakhs which is proposed to be carried forward, against a debit balance of Rs. 10.54 lakhs brought in. Sales are shown at Rs. 1.22 crores (against Rs. 1.38 crores). The cane crush rose from 1,013,776 quintals to 1,054,625 quintals. The recovery was 9.71 per cent (against 8.75 per cent).

BHOPAL SUGAR

A Better Year

THE working results of Bhopal Sugar Industries for the year ended September 1970 show an impressive improvement over the previous year's disappointing performance. The Company has made a gross profit of Rs. 25.48 lakhs, against a loss of Rs. 5.47 lakhs in 1968-69; the profit comes after three years of continuous losses. The equity dividend has again been skipped—for the fifth successive year—but the directors have proposed the payment of arrears of the preference dividend for three years ended September 1968 which would require Rs. 2.37 lakhs. After providing Rs. 4.90 lakhs (against Rs. 2.71 lakhs) for depreciation and Rs. 65,000 (against nil) for development rebate reserve, there is a surplus of Rs. 19.93 lakhs, against a deficit of Rs. 8.18 lakhs in the preceding year. After making some adjustments, the surplus is adjusted against the cumulative deficit of Rs. 25.51 lakhs brought in from the previous year, leaving a deficit of Rs. 5.31 lakhs to be carried forward. The preference dividend for three years is to be paid out of general reserve.

NELLIMARLA JUTE

Dividend Skipped

IN their latest report for the year ended July 1969, the directors of Nellimarla Jute Mills Co. Ltd say that the year 1968-69 was one of the most critical periods in the history of the jute industry. The jute crop for the year was adversely affected due to drought conditions in the jute-growing areas earlier and the subsequent heavy rainfall followed by floods. Due to the short jute crop recorded, the prices of raw jute were very high. After providing Rs. 8.56 lakhs (against Rs. 5.16 lakhs) for depreciation, the Company has incurred a loss of Rs. 7.29 lakhs, against a loss of Rs. 1.79 lakhs in the previous year. In view of the poor working results, the dividend has been skipped, against 4 per cent in the previous year. After transferring Rs. 1.64 lakhs (against Rs. 4.13 lakhs) from development rebate reserve and making other adjustments, a debit balance of Rs. 5.62 lakhs is carried forward, against a credit balance of Rs. 2,487 brought in. Sales rose from Rs. 2.17 crores to Rs. 2.60 crores.

I.C.P.L.

New Venture

INDIAN Co-operative Petrofils Ltd is the tentative name of a new company which has been formed to undertake the manufacture of polyester filament yarn in the co-operative joint sector. The plant which is proposed to be set up in Baroda, will have a daily capacity of 10 tonnes of filament yarn. The Government has already issued a letter of intent to the State-owned Indian Petro-Chemicals Corporation Ltd, Baroda, (I.P.C.L.) with instructions that participation of the co-operative sector should be sought for the implementation of the project. The Deccan Co-operative Spinning Mills of Ichalkaranji (Kolhapur) and co-operative mills from Surat and Amritsar are participating in the venture.

The project is estimated to cost Rs. 18 crores of which Rs. 6.6 crores are likely to be spent on imported equipment. The cost is proposed to be met by the share capital of Rs. 6 crores and long-term loans from financial institutions amounting to Rs. 12 crores. The I.P.C.L. will hold 52 per cent of the share capital and the balance will be held by the three co-operatives. Detailed proposals about the know-how have been received from Vickers Zimmer, Chemtex and Inventa. Some more are expected shortly. Commercial production is expected to commence within three years after signing the agreement with engineering contractors. The participating co-operatives will be getting polyester yarn quota in proportion to their investment. The availability of polyester yarn at reasonable prices will enable the powerloom sector to diversify its activities and start weaving terrylene, and terrycot fabrics.

NEW COMMERCIAL MILLS

Profit Earned

THE New Commercial Mills Co. Ltd (Ahmedabad) appears to have turned the corner. There has been a marked improvement in the Company's working since its takeover by the new management in July 1969. Sales of cloth, yarn and waste during the year ended March 1970 amounted to Rs. 3.42 crores, against Rs. 1.63 crores in the preceding year, and the outcome was a trading surplus of Rs. 23.83 lakhs, against a deficit of Rs. 86.63 lakhs. After providing for development rebate for three years—1967-68 to 1969-70—amounting to Rs. 4.24 lakhs (against nil) and with no tax liability (against Rs. 37,000), there is a net surplus of Rs. 19.59 lakhs, compared with a deficit of Rs. 87 lakhs. This has been adjusted against the brought-in deficit of Rs. 145.56 lakhs, leaving a deficit of Rs. 1.26 crores. The Company has implemented a scheme of compromise and/or arrangement with the members and creditors and has reduced its capital, resulting in a surplus of Rs. 125.80 lakhs. This has been utilised to wipe out the entire outstanding deficit. Arrears of depreciation at the end of March 1970 amounted to Rs. 35.37 lakhs. The Company's working so far in the current year is reported to be more encouraging than in the past year. A sum of Rs. 14.57 lakhs was spent on capital account during 1969-70 and orders of the value of Rs. 63 lakhs were placed for plant and machinery with a view to renovating and modernising the mills. The production pattern has been changed to suit consumer preference and efforts continue to be made to improve quality and operational economy.

KUMERGODE ESTATES

Dividend Maintained

THE directors of Kumergode Estates Ltd have maintained the dividend at 18 per cent for the year ended October 1970. The profit amounts to Rs. 2.74 lakhs, as compared with Rs. 3.56 lakhs in the previous year. After providing Rs. 1.30 lakhs (against Rs. 1.92 lakhs) for taxation, there is a net profit of Rs. 1.44 lakhs. The amount brought forward is Rs. 104. The total surplus available for appropriation comes to Rs. 1.44 lakhs. Out of this, Rs. 36,000 (against Rs. 56,000) is transferred to general reserve. The interim dividend of 8 per cent absorbed Rs. 48,000 and the proposed final dividend of 10 per cent claims Rs. 60,000. The balance of Rs. 346 is being carried forward.

KOTHARI (MADRAS)

Merger Scheme Approved

THE amalgamation of five Companies, namely, Adoni Spinning and Weaving Co. Ltd, Waterfall Estates Ltd, Kothari Textiles Ltd, Blue Mountain Estates and Industries Ltd, and Balmadies Plantations Ltd, with Kothari (Madras) Ltd has now been approved by the High Court of Madras. The sanction of the Controller of Capital Issues for the issue of capital to be made by the Company in accordance with the terms of the merger scheme is expected shortly. Under the terms of the scheme, the Company will make allotments to the equity shareholders of the merging Companies and the preference shareholders of Kothari Textiles Ltd on the basis of the shares held in their respective names in the respective registers of members of the amalgamating companies as on the date of the scheme, *viz.*, the date on which the sanction of the Controller of Capital Issues is received for the issue of capital. Payments will be made to the preference shareholders of Waterfall Estates Ltd, Adoni Spinning and Weaving Co. Ltd, and Balmadies Plantations Ltd in accordance with the terms of the merger within two months from the date of the scheme.

CHALLAPALLI SUGARS

Loss Incurred

DUE to a loss in working for the year ended June 1970, the directors of Challapalli Sugars Ltd have not recommended any dividend for the year. The directors state in their report that there has been a huge fall in the recovery rate—from 8.2 per cent to 7.96 per cent—due to severe cyclones and heavy rains before the commencement of the season. The working results were adversely affected due to the fall in recovery and also due to the fall in the prices of sugar in the open market and because of the unremunerative price fixed for levy sugar. The Company has incurred a loss of Rs. 19.92 lakhs, after providing Rs. 9.25 lakhs for depreciation. This compares with the previous year's profit of Rs. 12.52 lakhs, after providing Rs. 8.15 lakhs for depreciation. Deducting from the year's loss a sum of Rs. 46,097 being items of excess provision written back, there is a balance loss of Rs. 19.46 lakhs. Adding to this loss a sum of Rs. 1.65 lakhs being expenses not relating to the year and also donations, there is a total deficit of Rs. 21.11 lakhs which is being carried forward.

BENGAL ASSAM STEAMSHIP

Profit Earned

BENGAL Assam Steamship Co. Ltd has earned a profit of Rs. 2.73 lakhs for the year ended October 1970, against a loss of Rs. 97,033 in the previous year, after providing Rs. 71,021 (against Rs. 97,185) for depreciation and taking into account Rs. 3.84 lakhs (against Rs. 69,648) from depreciation overprovided in previous years on block assets sold. The dividend has been skipped again. After transferring Rs. 3.13 lakhs from development rebate reserve and making other adjustments, there remains a credit balance of Rs. 20,502 which is proposed to be carried forward, against a debit balance of Rs. 5.65 lakhs brought in. Out of the total amount repayable to the preference shareholders, Rs. 53,100 is still lying as unclaimed with the Company. Freight earnings are shown at Rs. 7,200 (against Rs. 2,500).

BORMAH JAN TEA

Dividend Raised

THE Bormah Jan Tea Co. (1936) Ltd has shown improved working results for 1969. The Company has raised the taxable ordinary dividend from 10 per cent to 12.5 per cent, absorbing Rs. 93,750 (against Rs. 75,000). This offers a yield of 16.8 per cent at the present price of Rs. 7.44 a share of Rs. 10 each. The pre-tax profit has risen from Rs. 89,004 to Rs. 2.35 lakhs, after providing Rs. 1.29 lakhs (against Rs. 92,616) for depreciation. Allocations include Rs.

81,000 (against Rs. 47,000) for taxation, Rs. 17,850 (against nil) for development rebate reserve, Rs. 12,491 (against Rs. 4,587) for development allowance reserve and Rs. 25,000 (against nil) for general reserve. After adjustments, there is a balance of Rs. 6,056 which is proposed to be carried forward, against Rs. 8,342 brought in. The crop rose from 385,822 kilograms to 397,140 kilograms, and the average sale price was shown at Rs. 6.78 (against Rs. 6.07) a kilogram. Estimates for the 1970 season provide for a crop of 400,000 kilograms at a revenue expenditure of Rs. 24.50 lakhs.

TUBE SUPPLIERS

Profit and Sales Rise

TUBE Suppliers Ltd has produced better results for the year ended July 1970, but no dividend has been declared due to the brought-forward deficit. Sales for the year have moved up to Rs. 29.67 lakhs (against Rs. 24.66 lakhs). The profit amounts to Rs. 3.85 lakhs, after providing Rs. 33,798 for depreciation and Rs. 1 lakh for taxation. This compares with the previous year's profit of Rs. 2.59 lakhs, after providing Rs. 30,601 for depreciation and nil for taxation. Adding to the year's profit of Rs. 3.85 lakhs a sum of Rs. 500 being excess provision and also Rs. 8,379 being interest no longer required, the total comes to Rs. 3.94 lakhs. After deducting this profit from the brought-forward loss of Rs. 6.80 lakhs, there is a deficit balance of Rs. 2.86 lakhs which is being carried forward.

MYSORE COFFEE

Same Dividend

THE directors of Mysore Coffee Curing Works Ltd have maintained the equity dividend at 10 per cent for the year ended June 1970. The profit amounts to Rs. 2.99 lakhs, before providing for taxation. This compares with the previous year's profit of Rs. 2.65 lakhs. Out of this profit, donations amounted to Rs. 1,202. Provision for taxation amounts to Rs. 1.64 lakhs and special rehabilitation reserve gets Rs. 11,973. After the above provisions, there is a balance of Rs. 1.22 lakhs. Adding to this profit the amount of Rs. 796 brought forward, the total comes to Rs. 1.23 lakhs. Out of this, general reserve gets Rs. 15,050 and dividend equalisation reserve gets Rs. 8,000. The dividend absorbs Rs. 98,731. The balance of Rs. 962 is being carried forward.

MERCARA RUBBERS

Profit Declines

FOLLOWING a drop in the profits for the year ended June 1970, the directors of Mercara Rubbers Ltd have reduced the equity dividend to 10 per cent from the previous year's 15 per cent. The profit amounts to Rs. 60,961, after providing Rs. 15,900 for depreciation. This compares with the previous year's profit of Rs. 1.47 lakhs, after providing Rs. 15,280 for depreciation. With Rs. 46,641 brought forward, the total surplus comes to Rs. 1.08 lakhs. Out of this, taxation accounts for Rs. 1,000 (against Rs. 44,174) and bonus amounts to Rs. 50,000 (against Rs. 22,780). The preference dividend at 6.14 per cent claims Rs. 15,350 and the equity dividend of 10 per cent absorbs Rs. 32,500. The balance of Rs. 8,752 is being carried forward.

PERIA KARAMALAI TEA

Bigger Profit

ADDRESSING the shareholders at the annual general meeting of Peria Karamalai Tea and Produce Co. Limited, Mr. H. C. Lakhani, chairman (in the absence of Mr. A. F. W. Low), noted with satisfaction that an improvement in the crop and better realisation for teas led to a higher profit for the year. But the dividend has been only maintained at 14 per cent as the directors considered it prudent to plough back a portion of the increased earnings so that the contemplated plans to improve the working and profitability might not suffer a setback. The chairman also referred to the pressures on cost. Referring to the tea industry, he said that it being a labour-intensive industry, it was difficult to achieve desired economies or control on expenditure on a large scale unlike other industries. Fiscal imposts are stated to be a severe burden for the industry. The chairman said that the benefit of the abolition of export duty and the rebate on excise duty allowed for exports was offset to a great extent by the increase in excise duty in some zones.

As far as Peria Karamalai is concerned, the excise duty bill on account of this increase has gone up by about Rs. 2.60 lakhs in a year. The introduction of a system of excise geared to the price of teas obtained at the auctions is suggested by the chairman. This step will give an incentive to produce quality teas which will enable the country to earn more foreign exchange and will also effect a reduction in sub-standard teas. Peria Karamalai has been exporting teas to the U.K. for the last many years. But now it has been decided to stop export of teas to that country consequent on the fall in prices. The Company has not been able to take advantage of the abolition of export duty and the drawback of excise duty available on exports, as the prices prevailing at the local auctions are comparatively high than those obtainable at the London auctions.

NENMENY INVESTMENTS

Dividend Maintained

THE directors of Nenmeny Investments have maintained the equity dividend at 15 per cent for the 13-month period ended March 1970. The financial year will now run from February to March. The directors say that the sale of Nenmeny Estate, which was held up because of an injunction, has now been completed. The Company has been working the estate on the buyer's account as from 1st October, 1969. The other estate belonging to the Company, the Eldorado Estate, has also been sold. In this case too, the Company has been working the estate on the buyer's account as from 1st March, 1970. The rubber crop on the Company's account during the period was 144,704, kilograms which was sold at an average price of Rs. 5.24 a kilogram. The directors' report also says that the extraordinary general meeting held on 10th January, 1970, resolved, subject to the confirmation by the High Court of Kerala, to pay off the preference share capital and, subject to the approval of the Central Government, to change the name of the Company to Nenmeny Investments and Agencies Limited. Court sanction has also since been received for alteration of the provisions of the Company's memorandum. The Company will now function as an investment Company. Court sanction has also been obtained for a reduction of the capital and the nominal capital of the Company is now Rs. 7 lakhs divided into 10,000 7 per cent tax-free cumulative preference shares of Rs. 10 each and 60,000 equity shares of Rs. 10 each. Thirty thousand preference shares of Rs. 10 each have since been paid off along with the accumulated dividend at 7.01 per cent a year.

COMMODITIES

I.J.M.A. Stresses Need to Improve Size and Quality of the Jute Crop

THE size and quality of the next jute crop are of vital concern to the jute industry, says the Indian Jute Mills Association in a Press note issued in Calcutta a few days ago. The expected carryover from the current season of 1.3 million bales is barely sufficient for a little over two months' consumption by the mills. An early crop is eagerly looked for by the mills because it is helpful to them in balancing the quality composition of the batch. Besides, the I.J.M.A. emphasises, the industry needs an assurance of an adequate supply of fibre at stable and reasonably low prices in order to plan its export strategy for retrieving the lost overseas markets. In addition to export requirements, the industry has also to fulfil its commitments to an expanding domestic market for jute goods, and the commodities packed, such as foodgrains, fertilisers, and cement constitute the life-line of the community.

In view of the stimulus of a high price for jute which has been prevailing for the past two years, the Association is optimistic that farmers will opt for a larger acreage under fibre, provided the weather conditions are reasonably favourable. Their "sowing intentions", however, can be successfully implemented only if they can readily lay their hands on the inputs, particularly seeds for the high-yielding improved varieties of jute, nitrogenous fertilisers, urea or ammonium sulphate, which all have a decisive influence on the yield of fibre. The I.J.M.A. points out that one great advantage of the early sown white jute and some of the latest improved varieties of Tossa is that these allow the land sown to be double cropped with *aman* paddy later in the season. Apart from the rain-fed areas, the jute-growing tracts with an assured supply of water under tube-well and river irrigation projects are ideally suited for double-cropping. The I.J.M.A. has urged the administration of the jute-growing States to ensure the timely availability of adequate irrigation water to jute growers in order to augment the production of fibre

Concern over Credit Curbs

The Indian Jute Mills Association has expressed serious concern over the recent curbs on credit by the imposition of higher margins in respect of accommodation against the hypothecation of raw jute and jute goods stocks held by the industry and the trade. Ascribing the unseasonal declining trend in fibre prices during the past couple of weeks to the inability of mills to lend adequate buying support, an I.J.M.A. Press note, issued in Calcutta a few days ago, says that it is an extraordinary development at this time of the season when the quantity of fibre on offer is extremely low and the mills need to make regular replacement purchases to meet their batching requirements. It has been caused by the decision of commercial banks to impose, only under 24 hours' notice, a higher margin of 15 per cent, against 10 per cent in respect of raw jute and of 20 per cent, against 15 per cent in the case of manufactured goods, on their lendings to jute mills.

Furthermore, banks have been charging a penal rate of interest in addition to the normal interest on the entire funds commanded by them under their individual cash-credit limits, even though the value of raw jute and jute goods covered thereunder falls nominally short of the limits, the I.J.MA. continues. These restrictions have hit the mills badly "because the inter-trade accommodation and credit they previously enjoyed are no longer available." Because of their unsatisfactory liquidity position due to continuous trading losses incurred in previous years, a majority of jute mills are unable to pay

MIDDLE CLASS COST OF LIVING INDEX NUMBER FOR CALCUTTA

(Base : August 1939)

THE Middle Class Cost of Living Indices, by groups, have now been brought up to January 1971. As compared with December, the January index for Food shows a drop of 12 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 412, 693 and 392 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living declined by 6 points during January 1971.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Jan. 1970	Feb. 1970	Mar. 1970	Apr. 1970	May 1970	June 1970	July 1970	Aug. 1970	Sept. 1970	Oct. 1970	Nov. 1970	Dec. 1970	Jan. 1971
Food	53.6	856	853	855	860	865	864	874	881	891	900	911	906	894
Fuel and Lighting	4.4	412	412	412	412	412	412	412	412	412	412	412	412	412
Clothing ...	12.4	682	682	682	682	682	682	682	693	693	693	693	693	693
Miscellaneous ...	29.6	387	387	388	388	391	391	391	392	392	392	392	392	392
Combined Index ...	100.0	676	674	676	678	682	682	687	692	697	702	708	705	699

Compiled and constructed by the Statistical Department of "Capital".

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their raw jute bills in time, and non-payment debars them from lending fresh support to the market by way of new jute purchases. The chain reaction ultimately shows itself in the shape of a sagging trend in fibre prices.

As units of an export industry, the Press note continues, the mills had, however, been hoping that the Government would, in accordance with its Export Policy Resolution, allow some concessions to them within the broad framework of the monetary policy to facilitate the financing of raw jute purchases and also the manufacture and marketing of jute goods. The I.J.M.A. points out that the various restrictions now imposed "are manifestly a contradiction of the Government's professed policy to aid export industries." It warns that the "continuance of the restrictions with their inevitable drag on raw jute prices is bound to react adversely on sowing for the next crop which is due to commence in the low-lying areas of the Brahmaputra Valley in Assam and in parts of north Bengal and Uttar Pradesh by the end of the current month."

The S.T.C. Export Drive

The State Trading Corporation has drawn up a scheme for exporting Rs. 15 crores or Rs. 20 crores worth of jute goods by the end of the current fiscal year, according to an unconfirmed Press report from Bombay. It has been stated that the S.T.C. will be permitted to set off the losses it may incur in this drive for jute goods exports by the import of certain sensitive items to the extent of some 25 per cent of the amount of exports under the scheme. The move by the S.T.C. has reportedly been endorsed by the authorities for making up the losses sustained in the export of the end-products due to the spate of long-drawn-out strikes, first by the bargemen in Calcutta port between end-May and end-July, then by the jute mill workers and finally by the unregistered stevedore employees and clerks of the Calcutta Customs establishment.

Gunnies Decline

The downward drift was accentuated in the Calcutta gunny market during the past week with prices of hessian and sacking dipping to new lows due to the persistent lack of interest from major overseas buyers. Even the Government of India agencies, the major internal industries and the seasonal foodgrains and cereals trades were sitting on the fence in spite of the attractive low levels of goods prices. Market circles were worried over the indications of an undeclared rate war between India and Pakistan, following the S.T.C.'s reported woolpacks deal with Australia and hessian and sacking business with some Middle East countries at competitive prices. In retaliation, Pakistan had reportedly offered B Twills at the throw-away price of Rs. 170 a 100 bags, against the current Calcutta quotation of about Rs. 250. The industry in both the countries was reported to be fairly booked for the remainder of the season, and the ready inventories carried by them had been small, ruling out the prospect of any bulk deal for fairly long positions during the rest of the current season. Overseas buyers preferred to abstain from extending their commitments in a declining market. Local speculators who had been holding an exceptionally optimistic view about the late season outlook, were unnerved and emerged as keen sellers of ready and near-delivery P.D.O.s at sizable discounts from the previous week-end levels in an unwilling market. The drastic increase in the margin on advances, at a very short notice, by commercial banks was yet another major factor which accentuated the downward drift. Even the due date covering against the outstanding January delivery contracts, extended up to 21st February, and the closure of the February delivery futures contracts in B Twills and 40in. 10oz. hessian failed to activise the shorts and shippers on the one hand and the bears on the other. Turnover was restricted to a routine offtake against earlier deals. While the bearish trend in the fibre market affected sentiment in the goods market, inducing some mills to make stray offers of goods for forward deliveries, prices fell much below parity in the end-products markets, further accentuating the downward trend in the raw jute market. There was a fair aggressive short-selling by bears. Sentiment was also rendered rather obscure on the report that the outlook for Indian carpet-backing cloth had turned uncertain in the U.S. market due to the growing competition from Pakistani and synthetic products. The immediate prospect, according to the I.J.M.A., was a 40-per cent idle potential of the still expanding capacity in the carpet-backing sector in India. Turnover was small. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Feb. Extd.	March Extd.	Apr.-June	June-Sept.
40in. 7½oz.	64.00	64.25	64.25	63.75
40in. 8oz.	69.25	—	—	—
40in. 10oz.	83.00	83.75	84.50	84.50
B Twills	260.50	261.50	262.50	257.50
Heavy Cees	260.50	261.50	262.50	257.50
Cornsacks	—	—	—	—
A Twills (U.S.)	323.00	321.00	316.00	310.00
Liverpools	303.00	301.00	298.00	293.00

Fibre Easier

The recessionary trend in the raw jute market was further accentuated during the past week. Stringent margin restrictions, enhanced at a short notice by commercial banks in respect of cash-credit accommodation, and also the levy of a penal rate of additional interest when the limit was crossed even by nominal limits, forced the industry to stay out of the market, in spite of the downward price trend. Worried over the continuing drift in the fibre market, the Bharat Jute Sellers' Association referred to the panicky conditions prevailing in the market due to the indifference of mills and complained against the low prices offered by the S.T.C. Besides a comfortable inventories position with the mills, the bearishness was aggravated by the talk that on the basis of fairly large arrivals of raw jute in the agencies at this time of the season, the current season's crop was some 6.5 million bales, against the earlier estimate of 6 million bales. Holders showed keenness in disposing of their holdings, while mills were forced out of the market due to the stringency of credit and also the rigorous enforcement of the terms of payment by sellers. Because of the resultant selling pressure, some deals were reported at lower than quoted rates. Turnover was small, and the closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	March-April		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	142.00	133.96	50.00
Northern Jute	135.30	127.26	47.50
Western Desal Jute	128.60	120.57	45.00
Selected Daissee	146.02	137.98	51.50
Assam-Agartala Tossa	147.36	139.32	52.00
Mesta :			
Assam Mesta	128.60	120.57	45.00
Selected Daissee Murshidabad	123.24	115.21	43.00
Bihar Dist.	115.21	107.17	40.00

OILSEEDS

Prices Drift Lower

The oilseeds market has been drifting lower for some time and prices have registered a sharp decline from their January high levels. Castor futures (April contract) in Bombay which had been bid up to Rs. 155.25 (a quintal)—record high for the current season—were marked down to Rs. 134.50 early in the third week of February and linseed futures moved down from Rs. 173.50 to Rs. 149. During the same period, linseed oil (spot) declined by about Rs. 900 (a tonne), castor oil (commercial) by Rs. 600, mustard oil by Rs. 750 and groundnut oil by Rs. 300. Prices have staged a small-to-moderate recovery from these low levels. The decline in prices started as a correction of the preceding spectacular rise but several factors combined to accelerate the pace of the decline. A favourable assessment of the *rabi* crops following late rains, fresh curbs on advances against oilseeds, including the hitherto exempted cottonseed, and oils and *vanaspati*, the general tightening of the credit squeeze leading to a rise in lending rates in the indigenous money market, distress selling caused by the failure of some bull operators to honour their (illegal) commitments—illegal because speculative positions had been built up despite the ban on forward trading—and the prospects of improved supply with the progress of the marketing of *rabi* oilseeds—all these factors have had a bearish impact on the market.

The decline in prices is to be welcomed as it will provide badly needed relief to hard-pressed consumers of edible oils. But it seems doubtful whether the current phase will last more than a few weeks. With the peak of the marketing season over, groundnut oil supplies are likely to shrink gradually whereas there has been a marked increase in demand from *vanaspati* manufacturers because of the industry's stepped-up capacity. The overall supply position of oils is far from satisfactory. New Delhi will need to keep a close watch on the price situation in order to be able to deal with it effectively. This is all the more necessary because with the steep rise in prices abroad, imported oils are no longer cheap ; nor is it easy to obtain large supplies from abroad, except on a commercial basis.

COMPANY AND PUBLIC NOTICES

EASTERN INVESTMENTS LIMITED

NOTICE is hereby given that the Annual General Meeting of EASTERN INVESTMENTS LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Friday, the 26th March, 1971 at 11-30 A.M. for the following purposes:

1. To consider the Profit and Loss Account of the Company for the year ended 31st December, 1970 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To declare the Dividends recommended by the Directors.
3. To appoint Directors in the place of retiring Directors.
4. To appoint Auditors and fix their remuneration.

The Registers of Members of the Company will be closed from 17th March, 1971 to 26th March, 1971 both days inclusive.

By Order of the Board
BIRD & Co. (PRIVATE) LIMITED
K. L. DUA
Managing Director
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta: 18th February, 1971.

Notes : (a) A Member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company.

(b) The Dividends, if declared, will be paid on or after 31st March, 1971, to those Members so entitled whose names appear in the Company's Registers of Members on 26th March, 1971 or to their Mandatees. No application for Dividend Warrants will be necessary.

EASTERN INVESTMENTS LIMITED

Notice of Dividend Recommendation

THE Board of Directors of EASTERN INVESTMENTS LIMITED at a Meeting held on 18th February, 1971, has decided to recommend to the forthcoming Annual General Meeting of the Members of the Company, the following Final Dividends for the year ended 31st December, 1970, subject to deduction of tax:—

(a) On the 5% (Taxable) Cumulative Preference Shares @ 4.02375% per annum.

(b) On the Ordinary Shares @ 2% making a total of 10% for the year.

By Order of the Board
BIRD & Co. (PRIVATE) LTD.
K. L. DUA
Managing Director
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta, 18th February, 1971.

BOOKS RECEIVED

Industrial India—Annual 1970. (Published by United Asia Publications Pvt. Ltd, 12 Rampart Row, Bombay 1. Price Rs. 15, pages 168.)

Aluminium Industry in India—Problems and Prospects. (Published by the Economic and Scientific Research Foundation, Federation House, New Delhi. Price Rs. 10, pages 85.)

The Madras Stock Exchange Official Year-Book, 1970-71. (Compiled by Madras Stock Exchange Ltd., 322/323 Linghi Chetty Street, Madras 1. Price Rs. 20, pages 1273.)

Programming and Coding Digital Computers. By Philip M. Sherman. (Published by Wiley Eastern Private Ltd., J41 South Extension 1, New Delhi 49. Price Rs. 19.50, pages 444.)

The Administration of Agricultural Development—Lessons from India. By Guy Hunter. (Published by the Oxford University Press, Mercantile Buildings, Post Box 530, Calcutta 1. Price Rs. 30, pages 160.)

"CAPITAL" STOCK AND SHARE LIST

Official quotations of the Calcutta, Bombay and Madras Stock Exchange Associations and other sources.

This list is brought up-to-date and published in the last issue of "Capital" each month.

GOVERNMENT LOANS

Outstanding Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
GOVERNMENT OF INDIA				
2,48,90,76,000	3	1946	1986 or later	60/00
			At the option of the Government of India after 3 months' notice	59/00
8,93,33,000	3	1896-97		
14,77,48,000	2½	1946	1976	90/85
86,63,53,000	3½	1956	1974	98/25
1,54,70,47,000	4	1957	1972	99/90
97,51,44,000	4	1958	1973	99/65
81,06,39,000	4	1959	1979	94/15
98,05,17,000	4	1960	1980	92/90
65,96,55,000	4	1961	1981	92/30
1,00,13,00,000	4½	1967	1972	100/65
14,33,08,000	4½	1965	1972	101/15
28,22,34,000	4½	1962	1972	100/30
1,59,08,07,000	4½	1963	1973	100/10
1,39,77,92,000	4½	1965	1971	100/25
1,14,03,37,000	4½	1962	1985	92/95
1,03,09,83,000	4½	1963	1986	92/50
1,40,26,47,000	4½	1964	1989	93/05
1,11,16,14,000	5½	1965	1990	101/20
1,07,97,66,000	5½	1966	1991	101/10
1,00,10,00,000	5	1967	1982	98/70
1,50,20,00,000	5½	1967	1992	100/60
1,75,00,00,000	5½	1968	1995	99/35
1,35,00,00,000	4½	1968	1975	99/40

PORT TRUST LOANS

Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
CALCUTTA				
90,24,300	4	1914	1974	95/50
76,90,100	4	1915	1975	95/25
68,02,300	3	1921	2nd 1981	82/00
1,50,00,000	6¾	1921	2nd 1981	144/00N
£892,600	5	1923	1953-83	£55¾
£901,000	5	1924	1954-84	£55¾
1,24,00,000	4½	1957	1987	95/50
1,30,00,000	4½	1958	1988	95/50
50,00,000	4½	1959	1989	95/00
1,50,00,000	4½	1961	1971	97/00
80,00,000	4	1931	1991	93/00
50,00,000	3	1946	1976	84/00
50,00,000	3	1945	1-2-2005	70/00
50,00,000	3	1945	1-2-1975	84/00
50,00,000	3	1946	2006	70/00
50,00,000	2¾	1947	1977	80/00
50,00,000	3	1948	1978	83/00
50,00,000	3	1950	1980	81/00
50,00,000	3	1951	1981	80/50
50,00,000	4	1953	1983	94/75
90,00,000	4	1955	1985	94/75
77,00,000	4	1956	1986	92/00
1,00,00,000	5	1963	1993	94/00
60,00,000	5½	1965	1977	99/00
1,00,00,000	5½	1967	1979	97/50
2,00,00,000	5½	1967	1979	97/50
25,00,000	5½	1968	1980	98/00
1,00,00,000	5½	1969	1979	100/00
1,00,00,000 1st 5½		1970	1980	100/00
1,00,00,000 2nd5½		1970	1980	100/00

IMPROVEMENT TRUST LOANS

Amount	Interest per cent	Year of issue	Repayable	Market quotations
Rs.				Rs.
CALCUTTA				
65,00,000	4½	1959	1974	95/50N
BOMBAY				
£566,600	4	1909	1969	£95¾
£333,000	4	1910	1970	£95.50¼
25,00,000	4	1912	1972	57.57N
13,00,000	4	1913	1973	97/57N
50,00,000	4	1914	1974	97/50N
25,00,000	4	1916	1976	97/50N
66,00,000	6	1920	1935-80	97/50N
25,00,000	4	1927	1961-70	98/00N

STATE GOVERNMENT LOANS

Amount Outstanding Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
MAHARASHTRA				
4,35,25,000	4½	1958	1971	99/40
15,00,00,000	5½	1965	1977	100/65
10,00,00,000	4½	1961	1972	99/10
12,00,00,000	4½	1962	1974	99/50
15,00,00,000	4¾	1964	1976	99/40
MADRAS				
14,00,00,000	5½	1965	1977	99/90
8,77,00,000	4	1959	1971	99/00
10,00,00,000	4½	1961	1972	99/00
12,00,00,000	4½	1962	1974	99/40
14,00,00,000	4¾	1964	1976	98/75
WEST BENGAL				
7,69,69,400	4	1959	1971	99/00
7,00,00,000	4½	1961	1972	99/00
7,00,00,000	4½	1962	1974	99/40
7,00,00,000	4¾	1964	1976	98/75
7,00,00,000	5¼	1965	1977	100/00
6,00,00,000	5½	1966	1978	100/00
8,00,00,000	5¾	1967	1979	100/70
8,00,00,000	5¾	1968	1980	100/70
11,00,00,000	5¾	1969	1981	100/70

MUNICIPAL LOANS

Amount Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
CALCUTTA				
72,50,000	4½	1954	1979	94/50N
21,10,000	3½	1942	1972	92/00
2,22,72,000	4	1955	1985	94/75N
1,67,32,000	4½	1958	1970	95/50N
57,72,000	4½	1961	1976	...

Amount Rs.	Interest per cent	Year of issue	Repayable	Market quotations Rs.
BOMBAY				
2,50,00,000	4	1955	1967	96/00
8,25,00,000	3½	1947	1977	83/00
2,13,14,500	3½	1949	1979	80/00
2,09,10,500	4½	1957	1969	99/60

JOINT STOCK COMPANIES' DEBENTURES

Amount Authorised Rs.	Amount Outstanding Rs.	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE 20-2-71	MARKET PRICE 25-1-71	Interest payable	Principal Repayable
COAL								
60,00,000	27,03,000	6½	Bengal	1961	93/00	93/00	1st May 1st Nov.	31-10-75
30,00,000	11,01,000	7¼	Bharat Collieries	1944	80/00†	80/00†	30th April 31st Oct.	31-10-72
20,00,000	20,00,000	8	Burrakur	1967	98/00†	98/00†	30th June 31st Dec.	30-6-82

JOINT STOCK COMPANIES' DEBENTURES—*Contd.*

Amount Authorised Rs.	Amount Outstanding Rs.	Rate of interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE 20-2-71	MARKET PRICE 25-1-71	Interest payable	Principal Repayable
JUTE								
15,00,000	15,00,000	7½	Auckland	1945	90/00†	90/00†	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	7	Bengal (2ndMortgage)	1945	80/00†	80/00†	30th June 31st Dec.	30-6-70
12,00,000	10,69,000	8½	Chitavalsah	1951	94/00†	94/00†	30th June 31st Dec.	30-6-71
30,00,000	22,88,000	7¾	Howrah	1955	97/50†	97/50†	31st March 30th Sept.	31-3-80
25,00,000	25,00,000	7¼	Kinnison	1949	93/00†	93/00†	30th June 31st Dec.	31-12-79
25,00,000	10,54,000	7¾	Kamarhatty	1955	96/00†	96/00†	30th June 31st Dec.	30-6-80
25,00,000	25,00,000	8	Naihati	1952	85/00†	85/00†	30th June 31st Dec.	31-3-82
5,00,000	5,00,000	6¼	Nellimarla	1939	90/00†	90/00†	14th Nov. 14th May	14-5-74
20,00,000	20,00,000	7½	Northbrook	1945	93/00†	93/00†	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	6½	Waverley	1925	89/00†	89/00†	31st Jan. 31st July	31-8-72
MISCELLANEOUS								
10,00,000	9,78,072	7	Aluminium Corporation of India Ltd.	1948	92/00†	92/00†	1st Jan. 1st July	15-7-75
5,00,000	5,00,000	7½	Bareilly Electric Supply Co. Ltd.	1949	96/00†	96/00†	30th June 31st Dec.	31-12-77
12,00,000	1,00,000	7½	Benares Elec. Ltd. & Power Co. Ltd.	1949	96/00†	96/00†	30th June 31st Dec.	30-6-75
40,00,000	31,00,000	7½	Britannia Engineering	1959	85/00†	85/00†	30th June 31st Dec.	31-12-70
17,50,000	14,48,000	7	Carew & Co.	1938	93/00†	93/00†	1st June 31st Dec.	1-6-71
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00†	80/00†	1st July 1st Jan.	1-7-86
1,00,00,000	1,00,00,000	6½	Dalmia Cement	1946	94/00†	94/00†	31st March 30th Sept.	30-9-70
2,30,00,000	1,75,06,500	6½	Dunlop India	1950 & 1958	97/00†	97/00†	1st Jan. 1st July	1-1-73
1,00,00,000	91,80,000	7¾	Indian Cable Co. Ltd.	1954	97/50†	97/50†	1st Jan. 1st July	30-6-84
20,00,000	20,00,000	5½	Kumardhubi Fireclay & Silica Works	1954	98/00†	98/00†	31st Dec.	31-12-69
10,00,000	10,00,000	8	Kumardhubi Engineering Works Ltd.	1946	98/00†	98/00†	31st May 30th Nov.	31-5-79
6,50,000	6,50,000	6	Katakhal Lala Bazar Railway	1945	88/00†	88/00†	30th June 31st Dec.	31-12-74
45,00,000	39,70,000	4	McLeod & Co. Ltd. (Con Notes)	1947	301/00 P note	301/00 P note	30th June 31st Dec.	31-12-72
1,00,00,000	14,24,000	5	Macneill & Barry Ltd.	1951	85/00†	85/00†	1st April 1st Oct.	1-4-71
...	59,36,000	7¾	Do.	1969	87/00	87/00	Do.	1-4-86
20,00,000	20,00,000	7½	Patna Electric Supply Co. Ltd.	1949	93/00†	93/00†	31st May 30th Nov.	1-12-73
1,00,00,000	50,50,000	6½	Rohtas Industries Ltd.	1946	96/00†	96/00†	30th June 31st Dec.	31-12-69
75,00,000	75,00,000	7¾	Shaw Wallace & Co. Ltd.	1967	97/50†	97/50†	1st April 1st October	31-3-79
10,00,000	10,00,000	8	Shree Gopal Paper Mills Ltd.	1944	98/00†	98/00†	Jan. & July	15-7-76
15,00,000	11,40,000	5	Sijua Jherriah	1951	87/00†	87/00†	1st Jan. 1st July	30-6-76

JOINT STOCK COMPANIES' PREFERENCE SHARES

Dividends are cumulative and shares carry a preferential claim on the property for the payment of capital and on the profits for dividends. Months against names of companies indicate approximate time of payment of dividends. **T means** that dividend tax is deducted at source.

Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up per Share	Market Quotations 20-2-71
		Rs.		Rs.	Rs.
	BANK				
1901	Allahabad Bank (May Nov.)	15·00	6	100	78/00
	COAL				
1896-97	Borrea (June Dec.)	4·00	6¼	100	78/00
1901-19	Burrakur (Jan. July)	22·93	7	100	73/50
1946	Burrakur (June Dec.)	4·50	6T	10	4/25
1895	Equitable (May Nov.)	4·00	6	100	86/00
1931	Khas Kajora (March Sept.)	1.93	8	10	5/31
1920	New Beerbhoom (Jan. July)	2·00	7	10	7/00
1898-00	Ondal (June Dec.)	2.00	6½	100	79/25
	COTTON				
1902	Ahmedabad Advance (Apr. Oct.)	10·00	7·14	100	77/50
1938	Basanti (Oct.)	5.00	6½	10	3/81
1900	Bowreah A (Apr. Oct.)	6·00	8	100	92/00
1900	Bowreah B (6) (1) (Apr. Oct.)	6·00	7	100	67/00
1919	Bradbury 'B' (Jan. Dec.)	14.85	10	50	25/00
1928	Cambodia (July)	1·00	7	100	82/72
1912	Central India (Apr. Oct.)	50·00	7·14	500	366/25
	Delhi Cloth & General (Oct.)	20.00	4½	25	...
1912	Elgin (May Nov.)	11·00	8	100	85/00
1943	Elgin 'B'	10·00	5	10	6/44
1919	Elphinstone (May Nov.)	25·00	7	100	56/00
1919	Kesoram (June Dec.)	20·00	10	100	98/00
1925	Khatau Makanji (Nov.)	10·00	4	100	66/00
1937	Kothari (Nov.)	12·00	6	10	7/85
1913	New Great Eastern (Mar.)	8·00	5½	200	100/00
1933	Palani Andavar (Mar.)	2·00	9·1	50	86/87
1935	Svadeshi (Bombay) (May)	15·00	7·14	100	81/00
1927	Swadeshi (Cawnpore) (Mar.)	35·00	6	100	61/00
1931	Vasanta (Apr. Oct.)	3·00	6⅔	100	68/10
	JUTE				
1927	Agarpara (Jan. July)	10·00	7	100	63/00
1905	Alexandra (Feb. Aug.)	9·00	7	100	50/00
1895	Alliance (March Sept.)	15·00	6	100	26/50
1917	Anglo-India (May Nov.)	40·00	7	100	68/00
1909	Auckland (July Jan.)	10·00	5½	100	49/50
1945	Auckland (July Jan.)	15·00	4½	100	41/50
1918	Bally (Jan. July)	20.00	10	100	84/00
1896	Barnagore (Oct. Dec.)	£200	5T	£5	31/00
1940	Bengal (June Dec.)	10.00	5½	100	44/00
1919	Birla (June Dec.)	23.64	7½T	100	58/00
1934	Calcutta (Jan. July)	6.00	6½	100	33/00
1915	Caledonian (June Dec.)	10.00	7	100	50/00
1928					
1903-13					
1897	Chitavalsah (Mar. Dec.)	5.00	7	100	72/00
1912	Dalhousie (July Jan.)	11.76	7	100	34/50
1890-93	Empire (Jan. July)	10.00	7	100	41/00
1948	Fort Gloster (Jan. July)	14.00	7	100	87/00
1911	Fort Gloster (2nd)	7.00	5	100	56/00
1916	Fort William (May Nov.)	10.00	7	100	83/00
1895-04	Ganges (June Dec.)	6.00	10.4	100	100/00
1935	Gourepore (June Dec.)	26.50	6	100	59/00
1913	Hastings (Aug. Feb.)	25.00	6	100	59/00
1890	Hooghly (July)	11.76	10	10	9/25
1903-06	Howrah (Jan. July)	8.75	7	100	49/50
1919	Howrah "A" (Jan. July)	17.50	7	100	52/00
1898-04	Hukumchand (June Dec.)	40.00	7	100	77/00
1900	Kamarhatty (Apr. Oct.)	16.00	6	100	51/50
1935	Kanknarrah (Apr. Oct.)	10.00	6	100	39/25
1907	Kelvin (Mar. Sept.)	10.00	7	100	45/00
1895-09	Khardah (May Nov.)	9.00	6	100	59/00
1900-13	Kinnison (July Jan.)	15.00	7	100	40/00
1905	Lansdowne (July Jan.)	15.00	7	100	40/00
1912	Lawrence "A" (July Jan.)	5.00	7	100	64/00
1906-07	Lawrence "B" (July Jan.)	10.00	5½	100	46/50
1905-06	Naihati (July Jan.)	7.50	7	100	50/75
1945	Naihati (July Jan.)	10.00	4½	100	36/50
1917	National (May Nov.)	5.00	7	100	71/00
1905-06	Nellimarla (Apr. Oct.)	5.00	6	100	43/50
1945	New Central (Jan. July)	33.00	7	100	56/00
1917	Northbrook (July Jan.)	15.00	5½	100	47/00
1906-12	Rameshwara (Jan. July)	7.00	6	10	8/80
1928	Reliance (Jan. July)	20.00	7	100	84/50
1920	Shree Ambica (Mar. Sept.)	11.70	7½	100	29/00
1901-02	Union (July Jan.)	6.00	7	100	56/00
1918	Waverley (Mar. Sept.)	7.50	5	50	27/00
	MISCELLANEOUS				
1937	Alkali & Chemical (Mar. Sept.)	31.00	5	100	76/00
1938	Aluminium Corpn. (Oct.)	20.00	8.8	100	86/00
1944	Aluminium Corpn. (Oct.)	20.00	6.5	100	63/00
1917	Andhra Valley Power (May Nov.)	49.34	7T	100	86/00
1919	Arthur Butler (Mar.)	1.30	7	10	3/25
1916					

JOINT STOCK COMPANIES' PREFERENCE SHARES—*Contd.*

CAPITAL, 25th FEBRUARY, 1971

Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up per Share	Market Quotations 20-2-71
		Rs.		Rs.	Rs.
	***MISCELLANEOUS*—Cont'd.**				
1895	Bengal Assam Steamship (Nov.)	3.00	7	60	44/50
1926	Bengal Chemical (Aug.)	6.25	10½	10	9/69
1889	Bengal Paper Mill (Mar. Sept.)	2.00	7	50	39/50
1928	Bengal Paper Mill "A" (Mar. Sept.)	4.00	7	100	68/00
1936	Birds Investment (Dec.)	24.00	5½T	100	34/75
1962	Braithwaite & Co	40.00	9T	100	79/50
1918	Britannia Biscuit (Feb. Aug.)	15.00	8	10	10/25
1920	British India Corporation (Feb.)	81.00	8	100	97/50
1995-99	Burn Eng. (1st & 2nd) (Feb. Aug.)	13.00	7	100	76/50
1903-5	Burn Engineering (Feb. Aug.)	15.00	6	100	61/50
1909-11	Calcutta Electric Supply (Apl, Nov.)	£1,900	6	£1	10/94
1937	Calcutta Silk Manufacturing (July Jan.)	2.00	10	100	82/00
1906	Calcutta Tramways (Jan. July)	£250	5T	£1	8/75
1938	Carew & Co. (Jan.)	8.00	6½	100	75/00
1905-24	Cawnpore Sugar Works (Feb. Aug.)	10.00	8	100	107/00
1940	Chrestien Mica Industries Ltd.	30.00	5½T	100	28/50
1937	Dalmia Cement (Bharat)	35.00	6	10	7/19
1935	Deshergarh Power Supply "A" (Jan.)	16.00	5	100	58/00
1940	Duncan Brothers & Co. Ltd.	45.00	4	100	44/25
1926	Dunlop India First (Jan. July)	30.00	8	100	92/00
1936	Dunlop India Second (Apr.)	40.00	5½T	100	60/00
1897	East India Distilleries (Jan. July)	£200	9	20sh.	17/85
1946	Gillanders Arbuthnot (Apr. Oct.)	25.00	5½T	100	37/00
1948	Godfrey Phillips India Ltd.	30.00	5½T	100	52/00
1940	Gwalior Sugar (Redeemable) (Dec.)	6.75	7	100	...
1940	Gwalior Sugar (Dec.)	5.00	7	100	...
1936	Humayan Properties Ltd. (Nov.)	12.00	6	10	5/00
1936	Indian Aluminium (Mar. Sept.)	40.00	5T	100	60/00
1927	Indo Burma Petroleum (Jan. July)	50.00	7T	100	46/50
1899	India General Navg. & Railways	£244	6T	£10	30/00
1918	Indian Standard Wagon (Aug. or Sept.)	19.66	7	100	66/75
1936	Indian Iron & Steel	2,69.95	5	100	65/50
1937	Jardine Henderson Ltd.	50.00	5	100	33/25
1941	Jessop & Co.	10.00	5	100	52/50
1915	Kumardhubi Engineering (June)	12.00	5	100	43/00
1915	Martin Burn Ltd.	30.00	5	100	45/50
1946	McLeod & Co.	10.00	5T	100	30/50
1930	McLeod & Co.	40.00	5	100	24/50
1936	Mettur Chemical & Industrial (Sept.)	20.00	6	10	7/70
	Metal Box Co. of India Ltd.	30.00	6T	100	76/69
1938	Mysore Chemical Mfg. (Sept.)	2.00	6	10	7/40
1942	National Tobacco (June Dec.)	25.00	5	100	52/00
1944	National Tobacco (Jan. Dec.)	20.00	4½	100	52/00
1935	Premier Construction "First" (Aug.)	10.00	6½T	100	67/70
1936	Premier Construction "Second" (Apr.)	15.00	6½T	100	67/70
1922	Purtabpore (Sugar) (Oct.)	6.00	10	10	9/97
1936	Ramnugger Cane & Sugar (Aug.)	4.00	6	100	59/00
1933-36	Rohtas Industries (April)	20.00	7	100	69/50
1935	Rohtas Industries "B" (April)	86.00	4½	100	42/50
1944-48	Shaw Wallace & Co. Ltd.	75.00	6T	100	50/50
1936-38	Shree Krishna Gyanoday Sugar "A" (Oct.)	6.00	6	100	66/00
1937	Shree Krishna Gyanoday Sugar "B"	12.00	5	100	40/00
1918	Smith Stanistreet (Chemists) (Nov.)	5.00	10	50	51/00
1933	South Behar Sugar (Oct.)	5.00	9	100	20/50
1897	Spencer & Co. A (Provisions) (Jan. July)	23.20	6½T	10	5/60
1923	Spencer & Co. B (Provisions) (Jan. July)	36.80	8½T	10	7/50
1936	Star Paper (Apr. Oct.)	10.00	5	100	54/00
1925	Surat Electricity (April)	5.00	6½	100	89/50
1939	Tata Chemicals (Nov.,	60.00	7.14	100	85/00
1910	Tata Hydro Electric Power (Sept. Mar.)	89.28	7	100	84/00
1906	Tata Iron & Steel (First) (Nov.)	75.00	6T	150	111/00
1918	Tata Iron & Steel (Second) (May)	6,93,82	7½T	100	86/50
1919	Tata Power (May Nov.)	86.97	7½	1,000	91/00
1928	Titaghur Paper Mills (Mar. Sept.)	11.50	8	100	90/50
1936	Titaghur Paper Mills "2nd" (Mar. Sept.)	15.00	4½	100	42/00
1934	Vellore Electric (Sept. Mar.)	1.25	6	10	2/64
	TEA				
1903	Amluckie (May Nov.)	75.00	7	10	21/96
1901	Banarhat (Jan.)	4.00	6½	100	51/00
1900	Birpara (Jan.)	1.00	6	100	52/75
1947	Assambrook Estate	35.00	6T	100	38/50
1901	Dimakusi (June Dec.)	70.00	8T	10	8/81
	Dhunseri	1.20	10T	10	7/50
1894	Gielle (Sept.)	2.00	6	100	45/00
1904	Hasimara (Mar.)	3.00	7	100	63/00
1929	Moheema (May Nov.)	3.20	6	10	4/31
1903	New Samanbagh (Nov.)	1.00	8	100	63/00
1888	Okayti (Dec.)	50.00	7	100	85/50
1914	Peermade (July)	1.50	6	100	54/46
1916	Pussimbing (Jan.)	2.05	7	100	100/00
1909	Sonai River (May)	1.00	8	100	80/00
1932	Tezpore (Jan.)	2.06	6	6	6/69
1922	Tirrihannah (May Nov.)	1.00	10	10	11/46

BANKS

H indicates that Share capital is half paid Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed

Paid-up Capital Ordinary	Reserve & other Funds	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.	Rs.
90,00,000	1,48,51,000	44,39,42,719	37,95,470	1,534	12	Allahabad Bank P	13	13	13	100	135/00	160/00
2,50,00,000H	3,40,76,510	1,34,80,10,876	92,80,951	62,908	12	Bank of Baroda	18	17	18	50	95/00	97/00
4,05,00,000H	6,52,00,000	1,58,91,26,293	1,49,82,705	...	12	Bank of India	18	20	18-Nil*	50	133/00	130/50
52,50,000 }	7,63,00,778	1,72,56,26,710	1,18,72,601	36,841	12	Central Bank of India	20	20	20	25	70/50	70/50
4,22,47,975H }												
£8,470,000	£10,850,000	£274,291,125	£2,149,326†	£542,098	12	Chartered Bank	15	15	15		sh. 39/3	sh. 39/3
1,25,00,000H	10,00,000	3,70,10,489	9,68,909	17,401	12	Hindusthan Commercial	Nil	Nil	Nil	50	22/12	19/31
50,00,000H	3,10,000	1,52,63,057	2,11,49,462	52,289	12	Hindusthan Mercantile	Nil	Nil	Nil	50	26/75	26/75
HK$19,12,91,625	HK$26,00,00,000	HK$5,22,22,50,866	HK$9,07,36,157	HK$64,52,371	12	Hong Kong & Shanghai	sh 10‡	sh 10/8d‡	sh 12/1d-sh 13/-*	HK$25	£10¼	£10⅞
88,59,950	96,69,883	24,75,00,867	17,34,255	1,10,781	12	Indian Bank	15	12	12-6*	100	164/00	160/00
1,00,00,000	1,14,80,738	59,46,53,120	15,15,535	43,447	12	Indian Overseas Bank	14	11	11-Nil*	100	168/50	168/00
£7,604,000	£11,464,000	£213,359,000	£1,502,000†	£760,000	12	National & Grindlays Bank	13¾	13½	13.9	£1	271¼	sh. 53/3
2,00,00,000	5,01,50,000	1,62,56,55,584	1,46,16,892†	75,708	12	Punjab National Bank	22	22	22	10	23/94	24/37
1,00,00,000	84,00,000	26,93,06,358	32,28,551	1,46,209	12	Union Bank of India	12	12	...	5	8/48	8/40
2,68,84,370	1,33,50,000	49,60,96,734	25,73,369	66,671	12	United Bank of India	7½	7½	7½	10	9/56	9/56
2,80,00,000	5,50,00,000	10,66,79,073	44,31,565	8,01,285	12	United Commercial Bank	13	14	14	50	91/00	98/00

†After Taxation *1969 ‡Per Share

CALCUTTA JUTE MILLS

P. next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid up Capital Ordinary	No. of Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
60,00,000	879	81,23,180	79,88,500	5,73,417	6,67,967	8,96	3	79	Agarpara P.	5	5	5	10	6/06	6/00
18,00,000	446	42,80,380	6,12,200	9,61,678	—15,38,541	—12,28,415	12	165	Alexandra P.	Nil	Nil	...	100	25/50	25/50
30,00,000	1,264	43,75,072	12,28,250	2,85,586	—18,27,284	—24,42,555	5	165	Alliance P.	Nil	Nil	...	100	17/25	17/25
59,04,900	2,581	1,85,16,219	1,20,82,484	71,07,837	26,45,800	23,585	3	63	Anglo-India P.	7½	2½	2½-2½*5†	100	91/00	100/00
40,00,000	810	1,61,41,562	38,49,654	4,42,855	—8,03,351	...	3	453	Auckland P.	7½	Nil	Nil-Nil*†	100	50/00	50/00
20,00,000	959	1,02,10,368	46,32,069	6,64,478	15,79,586	24,424	3	22	Bally P.	10	10	10	100	12/44	11/75
£275,000	1,889	£354,948	£248,568	£112,879	£5,282	£8,292	3	128	Barnagore P.	15	Nil	Nil-Nil*†	£5	73/50	73/00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	1,33,355	6	235	Bengal P.	Nil	...	...	10	2/00	2/00
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	40,062	3	22	Birla	15	15	15	10	20/20	21/35
7,47,380	502	12,59,648	4,17,958	1,73,320	61,970	48,461	6-12	62	Calcutta P.	...	...	...	10	5/00	5/00
1,64,75,540	3,721	2,05,12,226	80,29,995	2,00,315	—38,68,804	—28,04,941	11	102	Budge-Budge Amal.		Nil	Nil-Nil*	10	7/06	7/06
18,00,000	616	54,89,909	40,88,628	4,33,492	19,56,178	7,332	11	440	Caledonian P.	2½	...	...	100	52/00	55/00
29,58,200	1,400	1,08,23,608	1,16,92,537	81,396	19,26,044	66,166	3	304	Champdany P.	Nil	Nil	Nil-5*5†	10	12/50	13/25
30,15,000	500	47,58,760	36,18,100	24,13,893	—12,54,300	—28,06,412	7	165	Chitavalsah P.	Nil	Nil	Nil-Nil*	10	6/19	6/31
31,49,200	766	136,28,339	20,94,569	5,23,512	—7,72,146	—20,82,065	3	200	Dalhousie P.	Nil	Nil	Nil-Nil*†	100	37/50	37/50
30,00,000	500	31,21,705	15,28,300	15,57,032	—16,81,580	—11,68,141	7	65	Empire P.	7½	Nil	Nil	10	4/56	4/50
41,99,250	1,014	1,79,27,023	34,81,489	5,49,201	7,31,753	...	3	234	Fort William P.	12½	2½	Nil-Nil*†	10	10/62	14/44
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	2,901	3	367	Ganges P.	5	5	Nil	10	6/75	7/25
54,00,000	607	2,23,27,300	73,04,180	2,67346	25,641,70	13,822	12	359	General Industrial	6	8	9-10*	10	10/75	11/56
48,00,000	1,394	117,93,416	96,22,586	17,02,162	—53,23,294	6,539	3	234	Gourepore P.	7½	5	5-Nil*	10	6/50	6/25
80,00,000	1,078	1,54,55,552	1,12,99,562	84,57,999	7,78,541	3,911	3	234	Hastings P.	6	4	2½-2½*†	100	104/00	104/00
65,62,500	720	82,99,921	3,33,875	4,74,228	—8,50,920	—66,18,729	3	128	Howrah P.	10	Nil	Nil-Nil*Nil†	10	6/25	6/44
52,50,000	2,272	2,80,69,771	27,09,318	16,42,898	3,97,947	—23,21,098	3	190	Hukumchand P.	6⅔	Nil	Nil-Nil*†	10	12/56	10/00
16,80,000	2,272	3,14,95,248	57,53,568	10,96,375	—11,13,303	9,613	3	35	Hooghly P.	10	—	...	7½	9/50	9/50
87,30,000	1,118	1,22,90,100	58,83,095	69,58,593	16,13,082	8,120	3	355	India	6	Nil	Nil-5*4.8†	12½	6/87	6/31
43,20,000	1,997	68,74,774	16,60,818	5,13,028	—36,16,054	—57,29,093	12	62	Kamarhatty P.	Nil	Nil	Nil-Nil*	100	66/50	74/00
54,00,000	1,527	60,82,911	1,36,374	4,11,527	—42,20,810	—1,20,67,284	12	62	Kanknarrah P.	Nil	Nil	Nil-Nil*	100	28/00	26/00
77,00,000	703	1,41,94,637	22,90,246	31,82,401	—24,82,807	—24,77,015	5	165	Kelvin P.	Nil	Nil	...	100	20/00	19/50
67,50,000	1,530	95,57,285	12,32,836	4,91,257	—34,79,253	—36,59,587	3	382	Khardah P.	10	Nil	Nil-Nil*Nil†	10	5/06	5/06
59,96,400	1,337	1,78,80,175	28,48,377	37,18,131	—13,22,459	—61,38,341	3	453	Kinnison P.	Nil	Nil	Nil-Nil*†	100	19/50	19/50
24,48,000	841	72,78,713	1,33,600	8,50,484	4,06,886	—47,001	3	453	Lansdowne P.	Nil	Nil	Nil-Nil*†	100	24/50	24/50
28,00,000	840	10,35,768	12,89,006	42,37,568	—86,779	...	3	453	Lawrence P.	Nil	3	2-Nil*†	100	25/50	25/00
81,65,200	1,283	2,04,00,863	42,91,376	25,94,823	—29,86,688	7,673	3	355	Megna	6	6	Nil-Nil*†	10	3/06	3/25
29,98,900	815	97,08,300	32,50,383	20,56,128	5,26,808	7,507	3	101	Naihati P.	Nil	Nil	Nil-Nil*Nil†	100	27/00	27/00
20,00,000	425	10,79,854	15,55,000	26,11,429	3,36,343	17,816	4-10	107	Naskarpara	...	...	...	10	3/87	3/87
85,00,000	852	3,27,07,154	1,06,69,449	13,97,686	—10,90,246	17176	10	378	National P.	Nil	Nil	...	10	7/50	7/50
36,75,000	816	37,15,481	26,91,700	22,85,992	—1,79,005	2,487	7	165	Nellimarla P.	6	6	4	10	7/25	7/75
2,56,00,000	1,765	3,08,96,118	2,42,19,122	26,20,231	—18,53,066	15,530	3	335	New Central P.	...	...	...	10	3/72	3/62
16,79,880	567	83,30,109	45,89,880	6,40,331	—15,43,230	...	3	453	Northbrook P.	10	10	10-10*Nil†	10	9/87	9/87
62,79,500	1,092	1,04,94,081	16,94,868	5,20,356	—53,10,897		12	19	Nuddea	5½	2½	2½-Nil*	10	4/12	4/19
25,00,000	400	23,02,605	6,08,654	7,76,711	—19,57,279	—25,79,189	7	165	Presidency	Nil	...	...	5	1/00	1/06
20,00,000	305	30,11,604	7,00,286	81,450	6,65,429	—	3	454	Rameshwara P.	Nil	Nil	Nil	10	9/75	9/69
49,50,000	1,276	1,67,26,400	88,72,947	2,02,791	30,39,366	...	3	452	Reliance P.	Nil	Nil	Nil-Nil*†	10	4/87	4/91
30,00,000	911	47,47,618	15,81,656	27,81,388	2,13,128	3,184	9	61	Shree Ambica P.	2½	Nil	Nil	10	4/06	4/06
£1,892,722	1,794	£1,220,775	£455,838	£38,677	—£385,385	£1,327	12	64	Titaghur P.	Nil	Nil	Nil	£1	10/12	10/12
35,98,600	1,326	98,58,072	5,15,713	4,80,597	—13,80,391	—16,28,600	3	322	Union P.	Nil	Nil	Nil-Nil*†	100	29/00	44/00
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	165	Waverley P.	51	7½	15-6*	1	3/00	3/69

* 1969 † 1970

CALCUTTA COAL COMPANIES

F indicates Founder shares P next to the name of the company indicate that the Company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
51,00,000	71,32,601	50,54,428	4,48,663	20,49,328	11,473	3	236	Amalgamated	12½	2½	7½-10*	10	7/75	7/87
1,20,00,000	4,82,72,900	3,84,36,472	38,54,411	42,23,765	...	10	2	Bengal P.	10	10	12-12*	100	153/00	158/00
4,49,350	4,37,882	1,30,132	91,796	43,397	4,471	10	5	Bengal Bhatdee	Nil	Nil	...	10	2/37	2/37
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	368	Bengal Nagpur	5	7½	5	10	8/06	8/06
15,97,000	25,07,455	4,47,308	14,214	—2,45,265	—6,47,481	9	153	Bhalgora	...	...	...	10	0/87	0/87
7,15,000	14,96,845	11,02,672	64,329	—3,06,406	—4,92,536	6	335	Bhulanbararee	Nil	Nil	Nil	10	8/56	8/56
16,00,000	38,87,275	16,18,636	7,185	1,21,936	—79,196	12	362	Bokaro & Ramgur	...	...	...	10	12/00	12/00
15,00,000	48,61,037	24,63,752	8,23,935	6,28,529	...	12	118	Borrea P	Nil	Nil	5-10*	10	15/00	15/00
1,21,23,300	3,30,27,105	1,56,04,105	35,58,979	—11,66,299	...	6	21	Burrakur P	13	13	Nil-12*	10	11/00	11/37
8,00,000	9,74,804	6,16,228	1,61,693	46,450	— 5,34,766	12	10	Central Kurkend P.	Nil	Nil	Nil-Nil*	10	3/44	3/44
16,00,000	25,01,305	Nil	19,429	—6,45,261	—5,39,034	12	444	Dhemo Main	Nil	Nil	...	10	0/97	0/97
£614,000	£1,291,995	£549,137	£196,185	—£39,408	—£333,308	4	128	East Indian	15	15	Nil-Nil*Nil†	£1	7/00	7/00
29,63,760	2,14,98,966	1,35,30,025	16,55,768	2,81,332	—1,33,85,305	12	19	Equitable P.	Nil	Nil	Nil-Nil*†	10	4/75	4/75
15,00,000	26,44,248	2,30,000	16,401	2,89,347	—11,61,930	3	307	Ghusick & Muslia P.	...	...	...	10	11/00	11/00
8,00,000	5,43,022	...	16,702	—10,172	—3,65,025	12	393	Hurriladih	...	...	...	10	1/43	1/43
15,00,000 / 5,00,000F	12,22,251	8,73,318	14,98,223	3,88,279	...	12	459	Karanpura Development	2	2	Nil-5*	10	6/69	7/44
30,00,000	84,74,921	52,13,401	10,28,265	28,60,921	...	2	21	Karanpura Collieries P.	15	10	12-12*-12†	10	10/75	10/87
18,90,460	52,89,576	44,03,671	11,93,599	2,35,816	...	1	313	Katras Jherriah	10	10	10-10-10†	10	9/81	10/50
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	337	Khas Kajora P.	Nil	8	...	10	10/25	10/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	347	Nazira	Nil	Nil	...	10	1/18	1/18
31,97,210	76,76,368	69,42,934	4,44,085	22,66,947	...	10	2	New Beerbhoom P.	5	8	12-16*	10	13/37	13/94
10,00,000	14,60,892	3,25,512	19,872	2,87,458	—1,98,283	3	485	New Manbhoom	Nil	Nil	Nil-Nil*†	10	4/25	4/25
1,15,000 / 1,57,500	7,03,719	4,31,409	40,364	1,44,042	15,045	12	441	North West	10	10	7½	10	9/50	9/50
7,50,000	1,55,601	13,73,841	18,88,194	2,34,618	...	12	447	Ondal P.	7½	7½	7½-10*	10	16/25	16/25
16,68,000	86,95,091	18,35,371	4,30,954	2,99,204	3,757	12	207	Parasea P.	2½	2½	6½	10	14/00	14/00
31,50,000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3	236	Pench Valley	20	12½	7½	10	8/25	7/62
52,48,010	1,35,88,712	66,75,970	23,45,686	13,15,487	15,837	3	370	Raneegunge	14	5	10-10*†	10	11/06	11/06
000'09'07	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12	236	Rewa	20	12½	15	10	26/37	26/37
12,84,000	3,039	6,53,980	20,03,309	44,362	9,540	12	106	Sendra	Nil	3½	3½	10	4/56	4/75
26,95,000	37,54,499	20,85,378	3,63,913	18,55,402	...	8	21	South Karanpura	7½	2½	10-20*20†	10	12/94	13/19
8,00,000	1,30,000	1,69,85,401	26,16,724	1,46,795	12,845	12	85	Standard	Nil	Nil	5-10*	10	7/75	7/19
2,50,000	4,36,300	3,23,000	86,660	1,37,973	1,77,952	12	11	Union	Nil	Nil	..		5/00	5/00
99,95,008	1,84,95,190	72,96,056	18,13,809	34,12,743	14,138	3	166	Western Bengal	8¼	7¼	7½-8*8½†	10	6/56	6/50
7,00,000	26,06,335	Nil	47,091	—6,51,403	—6,23,711	12	444	West Jamuria	Nil	Nil	...	10	2/50	2/50

* 1969 †1970

CALCUTTA COTTON MILLS

Po. and Dd. indicate Preferred Ordinary and Deferred Shares respectively. P. next to the name of the company indicate that the company also has Preference Shares Figures in 'accounts closed' column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Number of Spindle	Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Director etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up-per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.			Rs.	Rs.	Rs.	Rs.	Rs.							Rs.		
15,00,000	17,044	356	64,58,797	99,386	93,691	—4,39,327	—13,38,120	12	49	Basanti P	Nil	Nil	Nil-Nil*	10	3/81	3/81
7,11,280	36,000	932	17,17,120	2,20,369	30,842	31,66,177	47,818	3	27	Bengal Luxmi	...	...	...	40	36/00	36/00
1,00,00,000	24,000	...	4,08,58,373	1,89,56,527	17,64,215	76,03,094	...	12	394	Bharat Commerce P	17½	15	15-15*	10	20/25	19/37
39,95,950	45,000	1,100	1,41,21,067	2,04,63,385	46,60,129	35,71,457	17,682	3	22	Birla Cotton	20	10	...	10	14/50	14/50
33,60,000	60,336	937	1,43,92,365	90,79,726	4,44,105	17,16,279	...	12	138	Bowreah P	15	17½	17½-17½*	10	13/69	13/69
60,00,000	33,384	604	73,03,054	43,06,253	13,41,959	17,97,124	8,697	12	457	Cawnpore Textile	7½	Nil	10-8*	5	3/12	3/03
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	...	6	238	Delhi Cloth & Genr P	12	12	6-12*	25	82/69	83/69
47,50,000	68,084	734	1,33,27,812	28,65,495	—7,75,049	—7,75,049	...	12	138	Dunbar	15	5	Nil-Nil*	10	11/25	9/87
63,50,000	1,20,006	2,302	1,59,42,527	1,59,59,322	2,52,091	43,76,451	4,891	12	457	Elgin P.	12½	10	10-8*	10	6/94	7/00
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	1,22,795	12	158	J. K. Cotton (Rayon) P	4	5	5	10	10/35	11/20
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	—23,27,825	...	12	22	Jaya Shree P.	12½	10	Nil-Nil*	10	5/22	5/25
35,11,583	70,072	1,333	29,46,783	...	5,76,388	—11,19,044	—2,47,96,754	12	333	New Victoria P.	Nil	Nil	Nil-Nil*	2½	0/53	0/53
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	—23,98,843	3	399	Orissa Textiles P.	Nil	Nil	Nil-Nil*Nil†	10	3/41	3/50
19,47,750 / 5,00,000Dd	23,196	795	25,28,451	4,01,892	1,42,774	—8,80,396	—43,54,178	6	20	Rampooria Cotton	Nil ...	Nil ...	Nil ...	10 1	3/25 0/20	3/25 0/20
17,50,000 / 1,57,50,000Po	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	...	12	333	Swadeshi (Kanpur) P.	Nil 5.71	2½ 5.71	5-5* 5.71-5.71*	10 10	11/50 8/56	11/50 9/00

*1969 †1970

CALCUTTA TEA COMPANIES

Po indicates Preferred Ordinary Shares P next to the name of the company indicates that the company also has Preference Shares Figures in "accounts closed" column indicate the months of the calendad year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary Rs.	Net Block Accounts Rs.	Reserve & other Funds Rs.	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968 Kgs.	Rs.	1969 Kgs.	Rs.	Estimate 1970 Kgs.	Net Profits including taxation 1970 Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share Rs.	Latest Market Quotations as available until 20-2-71 Rs.	25-1-71 Rs.
												ASSAM						
16,37,100	23,80,974	12,15,938	368	6,42,883	5.95	...	...	...	...	12	163	Amluckie	2	Nil	...	10	9/00	9/00
8,75,000	12,67,985	8,35,443	203	3,37,284	6.53	3,37,800	6.75	3,60,000	3,52,346	12	144	Ananda Bag	7½	5	10	10	33/25	33/25
35,00,000	78,49,906	17,53,684	1,184	15,80,321	5.59	16,91,077	5.19	...	5,42,095	6	127	Assambrook	10	10	12½	10	9/19	9/00
5,50,000	20,72,431	15,13,120	242	4,13,881	6.19	...	...	...	—2,91,455	12	179	Baghmari	Nil	Nil	...	10	4/19	4/19
7,65,000	21,71,483	12,45,000	197	2,63,600	7.57	2,86,700	7.20	2,80,000	1,66,730	12	111	Basmatia	15	Nil	12½	10	11744	10/00
9,91,800	...	...	337	4,67,493	5.71	...		...	...	12	349	Bateli	12½	5	...	10	16/00	16/00
10,24,000	18,21,039	11,03,601	280	4,04,733	6.50	4,45,300	6.82	4,50,000	5,07,738	12	144	Betjan	2½	Nil	15	10	11/56	11/56
41,23,960	76,87,444	15,43,234	1,836	19,68,731	7.28	18,59,072	7.36	19,01,740	2,01,501	12	279	Bishnauth	8	Nil	Nil	10	7/37	7/25
7,50,000	21,14,995	14,44,230	220	3,85,822	6.07	...	...	...	1,02,439	12	396	Bormah Jan. P.	12½	10	...	10	7/44	7/44
9,60,000	16,57,346	3,48,488	137	2,74,799	6.65	...	...	...	1,89,728	12	165	Dejoo Valley	2½	...	...	10	7/06	7/06
17,53,440	...	...	194	3,40,227	6.05	...	...	...	...	12	214	Dhelakhat	5	Nil	3	10	9/19	8/81
10,00,000	19,40,390	15,78,520	369	4,53,191	6.47	4,20,400	6.41	4,75,000	3,18,258	12	365	Dhunseri	13	13	10	10	10/25	10/25
4,50,000	...	...	205	4,06,785	7.05	...	...	...	5,95,017	12	396	Dibrugarh	30	30	...	10	19/12	19/12
9,46,800	14,04,914	11,20,500	267	3,32,141	7.43	3,45,223	7.01	3,43,000	3,86,924	12	279	Dimakusi P.	15	12½	12½	10	14/75	14/50
10,00,000	...	...	518	5,61,465	5.94	...	...	...	...	12	354	Gillapukri	Nil	Nil	...	10	12/06	12/06
10,14,000	13,91,843	8,66,200	222	2,95,210	7.84	2,86,898	...	2,84,200	1,84,033	12	279	Gohpur	10	5	5	10	9/56	9/50
23,29,085	59,88,543	34,93,111	1,088	11,72,321	6.36	11,86,693	6.47	11,70,000	—2,37,363	12	202	Grob	6	Nil	Nil	2/65	4/28	3/65
10,00,000	...	...	285	3,47,701	...	...	...	...	...	12	23	Hoograjuli	9	...	...	10	20/50	20/50
8,70,000	30,75,787	26,24,629	365	2,48,100	8.01	3,12,100	7.91	3,30,000	1,67,465	12	60	Hoolungoorie	Nil	Nil	12½	100	97/00	97/00
13,50,000	21,49,952	13,38,838	425	5,71,659	6.75	6,08,800	6.70	6,15,000	8,92,678	12	144	Jutlibari	10	10	20	10	16/00	15/50
7,05,015	29,35,073	9,57,554	598	7,33,371	5.20	8,22,487	5.18	7,90,000	1,47,815	12	63	Kotamullai P.	Nil	Nil	Nil	10	4/16	4/16
7,00,000	13,21,699	2,75,000	140	2,38,012	6.44	2,33,909	6.29	2,60,000	81,468	12	41	Krishnabehari	10	10	6	10	10/00	10/00
2,00,000	...	...	...	...	...	...	...	...	...	12	236	Kyang Tea	...	...	...	10	6/37	6/37
6,50,000	...	...	282	4,14,965	4.87	...	...	...	1,12,616	12	63	Ledo	7½	5	5	10	9/50	9/50
20,40,000	31,70,044	22,07,933	471	6,50,140	7.01	6,21,968	7.39	6,40,000	5,58,685	12	202	Methoni	13	6	7	10	10/50	10/25
6,00,000	...	11,94,675	383	2,82,771	...	...	...	...	...	12	138	Mothola	8	10	10	100	133/00	133/00
8,00,000O 2,00,000Po	21,23,826	10,12,950	207	2,14,800	6.61	1,96,900	7.65	2,15,000	1,32,416	12	60	Murphulani	15 20.63	7½ 15.13	7½ 13.13	10 10	9/00 11/31	9/00 11/31
6,00,000	28,58,218	18,46,177	299	3,15,989	7.80	3,26,903	7.15	3,35,000	62,744	12	143	Naga Hills	15	15	10	10	15/25	15/25
8,82,750	...	...	569	6,68,872	5.31	...	...	...	...	12	27	Namburnadi	20	20	...	100	9/00	9/00
7,50,000	20,50,699	10,86,794	378	3,85,045	6.17	4,24,289	6.12	3,80,000	2,52,788	12	131	New Cinnatolliah	12½	12½	12½	10	136/00	136/00
6,00,000	21,75,734	8,96,927	223	2,49,200	7.94	2,72,100	8.10	29,00,000	1,47,594	12	130	Rajgarh	10	Nil	12½	10	10/31	10/31

CALCUTTA TEA COMPANIES—*Contd.*

CAPITAL, 25th FEBRUARY, 1971

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Rs.	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968 Kgs.	Rs.	1969 Kgs.	Rs.	Estimate 1970 Kgs.	Net Profits including taxation Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share Rs.	Latest Market Quotations as available until 20-2-71 Rs.	25-1-71 Rs.
18,00,000	...	...	674	6,76,673	5.87	...	...	...	19,161	12	354	Sapoi	Nil	...	...	10	8/00	8/00
17,94,000	21,12,013	4,82,412	10,253	4,34,522	6.23	4,44,233	6.28	4,60,000	7,22,494	12	215	Teloijan	4	Nil	4	10	3/19	3/19
10,00,000	15,05,527	10,22,356	271	4,18,050	6.87	3,96,400	7.31	4,35,000	2,87,129	12	144	Tengpani	10	10	20	10	59/00	59/00
19,82,880	46,20,328	33,33,614	992	13,57,511	5.94	13,52,101	5.43	13,33,658	...	12	182	Tezpore	15	5	5	10	12/69	12/12
5,20,000	...	...	471	6,08,131	5.82	...	...	...	...	12	28	Tyroon	6	Nil	...	10	20/12	20/12
												CACHAR						
3,00,000	...	...	349	2,18,300	4.00	...	...	...	...	12	30	Arcuttipore	Nil	Nil	...	10	10/50	10/50
4,00,000	...	...	205	1,55,965	4.48	...	...	...	...	12	...	Baitakhal	...	...	...	10	5/00	4/60
7,00,000	5,74,416	43,780	278	2,76,250	5.16	...	...	...	41,056	12	383	Eastern Cachar	Nil	Nil	...	10	4/87	4/97
4,50,000	...	...	...	...	...	...	...	...	...	12	384	Kallinugger Khoreel	...	...	...	100	33/50	33/00
12,60,000	20,29,595	7,82,355	983	7,02,705	4.75	7,23,990	4.81	7,10,000	—57,184	12	202	Hattikhira	Nil	Nil	Nil	10	8/81	7/25
3,60,000	...	...	252	1,26,597	4.00	...	...	...	...	12	63	Kunchunpore	...	...	...	10	3/50	3/50
5,63,690	6,06,836	2,69,025	236	1,74,833	4.93	2,08,946	4.73	1,85,000	23,858	12	202	Loobah	Nil	Nil	Nil	10	3/87	3/19
12,60,000	...	...	888	5,18,387	4.33	...	...	...	...	12	43	North Western	6	...	...	100	77/00	76/50
2,59,050	9,42,022	2,35,265	255	2,77,850	5.18	2,96,946	5.09	2,75,000	66,501	12	202	Pathemara	Nil	Nil	Nil	10	10/06	10/06
2,60,000	8,87,816	6,514,486	255	2,52,359	5.44	...	...	...	1,78,181	12	165	Roopacherra	10	...	...	10	4/12	4/12
10,50,000	19,77,402	12,77,950	341	4,25,980	5.07	...	...	...	2,16,876	12	63	Rungamattee	12½	5	5	10	8/00	8/00
4,00,000	...	...	292	1,87,584	4.53	...	...	...	...	12	...	Sonai River	Nil	Nil	...	10	3/25	3/25
												DARJEELING						
3,99,750	...	...	...	...	...	...	...		...	12	...	Bloomfield	...	...	...	10	8/00	6/12
16,79,400	...	...	516	4,65,697	7.68	...	...	...	...	12	279	Chamong	6	2	3	10	5/25	5/25
5,64,000	...	...	400	3,63,382	7.93	...	...	...	...	12	45	Darjeeling Tea	7½	2½	2½	100	104/00	104/00
2,00,000	...	...	195	72,236	6.12	...	...	...	...	12	200	Dilaram	...	...	...	100	95/00	95/00
4,00,000	...	...	228	1,45,471	12.56	...	...	...	...	12	74	Gielle P	10	10	10	10	7/00	7/00
10,32,000	...	...	713	5,10,867	7.54	...	...	...	...	12	47	Longview	4	Nil	...	10	3/22	3/37
7,00,000	7,27,254	5,75,561	333	...	...	...	...	...	...	12	163	Margaret's Hope	12½	4	5	10	7/62	7/62
4,77,000	5,94,817	2,05,500	167	1,04,200	9.92	87,100	13.23	1,00,000	94,090	12	60	Mim	13	Nil	7½	100	150/00	150/00
8,99,700	21,62,867	14,84,508	283	2,30,423	11.28	1,41,343	12.22	2,28,300	—1,13,446	12	279	Nagri Farm	15	12½	...	10	10/62	10/62
4,00,000	...	...	205	1,01,478	9.95	...	...	...	...	12	390	Okayti P	10	2½	2½	10	600/00	600/00
3,30,000	...	...	618	2,01,208	5.62	...	...	...	...	12	49	Pashok	...	...	...	100	55/12	55/12
3,00,000	4,57,415	...	153	1,11,778	8.54	...	...	...	—1,11,456	12	63	Poobong	Nil	Nil	...	100	9/94	9/94
2,05,000	...	5,07,800	228	1,20,831	6.46	...	...	...	1,38,033	12	63	Pussimbing	Nil	Nil	...	10	7/62	7/62
4,20,000	5,71,917	...	148	1,02,440	11.81	...	...	...	...	12	54	Runglee Rungliot	17½	7½	15	10	136/00	136/00
6,00,000	...	...	156	1,97,600	2.82	...	...	...	...	...	56	Seeyok	7½	...	...	10	4/25	4/50
6,25,000	...	...	293	1,13,274	9.21	...	...	...	...	3	57	Singell	2½	2½	...	10	50/00	50/00
9,00,000	...	...	233	1,33,350	5.58	...	...	...	...	12	279	Singtom	Nil	Nil	5	10	3/25	3/20
6,00,000	10,71,558	5,30,400	203	1,45,290	11.22	1,26,456	13.00	1,59,800	10,257	12	361	Soom	17½	10	5	10	17/31	17/31
15,62,500	12,95,745	8,55,381	298	1,88,219	12.14	...	...	...	3,73,274	2	74	Sungma	8	8	...	10	7/56	7/56
6,40,000	...	...	306	1,88,392	11.04	...	...	...	...	12	396	Teesta Valley	10	10	7½	10	7/69	8/19

CALCUTTA TEA COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop 1968		1969		Estimate 1970	Net Profits including taxation	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1967	1968	1969	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.		Kgs.	Rs.	Kgs.	Rs.	Kgs.	Rs.							Rs.	Rs.	Rs.
												DOOARS						
58,50,000	1,43,92,728	64,39,414	2,046	27,80,100	5.73	24,66,900	5.93	27,95,000	—7,58,909	12	2	Banarhat P.	20	5	Nil		87/50	90/00
9,00,000	...	...	476	7,43,400	5.50	...	...	...	...	12	386	Bhatkawa	6	...	...		4/75	4/87
47,52,000	1,05,55,156	92,36,347	1,756	24,71,576	4.90	24,88,867	5.17	24,80,000	4,20,479	12	63	Birpara P.	12	5	Nil	10	84/50	84/50
6,00,000	...	...	257	...	...	...	...	...	...	12	63	Carron	10	Nil	...	100	170/00	170/00
6,00,000	...	...	198	3,00,928	4.89	...	...	...	...	12	58	Ellenbrrie	10	Nil	...	100	85/00	85/00
2,40,000	...	...	266	1,54,561	4.58	...	...	...	...	12	397	Engo	10	Nil	...	100	225/00	225/00
4,90,000	...	...	227	3,34,747	...	...	...	...	...	12	72	Ethelbari	12½	7½	...	100	15/50	15/50
10,50,000	14,88,860	6,90,187	481	6,06,251	5.22	4,22,300	5.42	6,50,000	—2,57,142	12	144	Gairkhata	20	3½	Nil	10	7/10	7/10
14,00,000	...	...	466	...	...	...	...	...	...	3	387	Gopalpur	...	...	...	10	9/00	9/00
64,00,000	...	...	2,214	32,87,486	...	...	...	...	...	12	74	Hasimara	Nil	Nil	5	25	4/06	3/50
16,50,000	...	...	738	12,05,898	5.26	...	...	...	...	2	74	Huldibari	10	10	5	10	5/50	5/37
7,00,000	...	...	246	2,44,000	4.55	...	...	...	...	12	475	Jaybirpara	Nil	Nil	Nil	10	5/37	9/20
31,32,000	68,68,217	65,53,562	1,200	16,82,972	5.25	15,43,311	5.21	16,80,000	1,72,128	12	78	Killcott	14	12½	5	10	9/06	9/06
6,40,000	...	...	284	3,26,073	3.55	...	...	...	...	12	363	Oodlabari	8	...	...	100	7/00	7/00
2,50,000	...	...	112	1,59,200	4.81	...	...	...	...	12	63	Phaskowa	Nil	...	...	10	119/00	119/00
6,00,000	...	...	286	4,42,390	5.26	...	...	...	...	12	476	Rajabhat	Nil	...	...	100	3/62	3/75
7,65,000	...	...	654	5,61,465	5.52	...	...	...	...	12	477	Ranicherra	Nil	...	...	10	2/81	2/81
74,85,000	98,44,433	61,28,614	2,145	27,85,982	5.73	26,30,516	5.80	29,89,000	1,39,246	12	204	Rydak	15	7½	5	10	8/37	8/87
3,46,000	15,18,281	10,74,456	279	...	...	...	...	...	...	12	44	Sarugaon	...	...	...	10	26/87	26/87
												TERAI						
4,50,000	...	...	...	...	...	...	...	...	...	12	74	Atal	...	...	...	10	4/81	4/81
7,50,000	...	...	262	2,74,774	...	2,70,000	...	...	...	12	496	Belgachi	10	6	Nil	100	19/00	19/00
13,44,000	42,59,295	22,62,078	4,716	9,24,241	4.52	9,21,599	4.89	9,80,000	—4,47,544	12	63	Gungaram	10	Nil	...	10	56/50	56/50
13,50,000	...	...	231	...	...	...	...	...	...	2	74	New Chumta	10	7	5	10	5/25	5/25
7,20,000	...	...	308	4,01,240	...	...	...	...	...	12	139	New Terai	2½	6	...	10	15/31	15/31
11,70,000	...	...	445	6,10,865	...	...	...	...	...	12	63	Phargoomiah	15	Nil	...	10	9/56	9/56
3,00,000	...	...	122	1,33,877	...	...	...	...	...	12	491	Putinbaree	Nil	...	...	10	14/94	14/94
2,20,000	...	...	231	4,46,669	...	...	...	...	...	12	165	Tirrihannah P.	50	50	...	10	70/00	70/00
												SYLHET						
6,00,000	...	...	245	...	...	...	...	...	...	12	63	Daurachera	...	...	...	10	7/62	7/62
5,59,930	...	12,33,587	465	...	...	...	...	...	...	12	164	New Samanbagh P.	Nil	Nil	...	10	5/00	5/00
36,00,000	...	...	1,799	19,40,713	...	...	...	...	...	12	63	Patrakola	Nil	Nil	...	100	45/50	44/50
9,00,000	...	...	505	...	...	...	...	...	...	12	63	Teliapara	...	...	...	.00	135/00	135/00

CALCUTTA MISCELLANEOUS COMPANIES

Dd., Po. indicate Deferred and Preferred Ordinary Shares. P. next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share	Latest Market Quotations as available until 21-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								MININGS						
£2,369,769	...	£283,339	£522,382	£6,076	£201,743	12	372	Burma Mines	...	...	Nil*	3½sh.	1/00	1/00
30.00.000	18,42,300	19,17,592	48,53,513	9,74,317	24,849	12	312	Chrestien Mica industries P.	Nil	Nil	Nil	10	5/12	5/12
15.00.000Dd									...	...	...	5Dd	2/56	2/56
£2,571,188	£4,907,664	£3,574,096	£458,348	£1,225,126	...	12	93	Indian Copper Corporation	7.6	8	9-9*	2sh.	4/08	4/25
2.39.52.727	40.07.495	22.25.150	1.11.140	5,75,762	18.044	8	343	Metal Corporation P.	...	...	...	10	6/56	7/12
60,00,000	39,60,086	48,39,650	54,24,712	27,99,170	...	6	21	Orissa Mineral Development	5	5	5-10*12½†	10	10/44	12/00
								CEMENT, LIME, SLATE, ETC.						
59.90.843	1,50.96.951	54.89.539	7,02.647	13.38.096	...	3	381	Ashoka Cement	10	7	6	10	4/81	5/06
55.23.546	1,04.34.291	40.16.797	18.888	—10.73.604	...	6	155	Bengal Potteries	9	9	9-Nil*	2½	1/62	1/62
50,00,000	1,26,43,729	45,96,816	76,268	17,17,315	...	3	169	Bisra Stone Lime	10	Nil	12½-15*†	10	12/94	13/12
2.86.93.580	2,50,16,176	3,26,42,543	2,30,22,104	1,77,27,068	...	12	123	Dalmia Cement (Bharat) P.	12½	12½	12½-12½*	10	14/56	14/50
3.00.00.000	4.69.93.753	1.64.70.210	65.45.205	51.15.119	...	3	335	Jaipur Udyog P.	10	10	10-10*-10†	10	8/70	9/35
1.00.00.000	4.68.78.451	52.68.042	2.25.121	19.87.662	2,11,202	12	499	Kalyanpur Lime	8	8	6	10	11/69	11/69
50.00.000	88.00.224	52.44.398	3.67.104	827.929	...	12	21	Kumardhubi Fireclay & Silica P.	5	Nil	Nil-Nil*	10	18/45	18/45
2.70.00.000	3.25.82.809	2.54.41.112	35.87.638	1.17.38.898	...	12	77	Orissa Cement P.	12½	11	11	10	18/30	18/70
6.00.000	20.07.006	21.78.065	17.41.738	4.85.806	30.441	2	223	Reliance Firebricks & Pottery	Nil	Nil	...	10	21/00	21/00
75.00.000	68.28.018	44.95.600	5.26.119	12.18.128	6.195	12	357	Sone Valley Portland Cement	8	Nil	Nil	5	1/44	1/66
14.45.200	29.62.248	14.97.441	5.46.579	6.28.332	21,489	12	3	Sutna Stone & Lime	15	5	...	10	15/12	15/12
								CHEMICAL INDUSTRIES						
4,34,00,000	6,64,32,327	2,50,42,491	91,68,423	2,37,84,069	1,157	9	121	Alkali & Chemical Corpn of (I)	25	18	5-10*-15†	10	27/87	30/75
15,00,000O														
11.08.900A	76.41.344	68.84.605	21 11.440	18.06.053	1,30,717	3	245	Bengal Chemical & Pharm P.	10	10	7½	100	43/50	48/00
22.54.700B														
15.00.000	44.70.125	43.10.662	30.13.152	19.51.649	3,14.635	6	377	Calcutta Chemical P.	18	...	...	10	21/25	21/25
4,90,00,000	4,41,62,331	2,76,83,586	6,44,295	3,52,95,990	156	9	489	Chemicals And Fibres	22½	27½	27½-27⅜*27½†	10	46/00	46/50
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	2	129	Frank Ross P	6	5	Nil-2½*†	6	1/62	1/62
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	488	Indian Explosives	12½	15	15-15*	10	26/00	26/87
30.00.000	15,87,299	20,47,448	13.45,227	15,65,565	879	6	191	Smith Stanistreet P	27½	8	15-15*	5	5/06	5/12
								ELECTRIC LIGHTING, POWER						
19.99.600	2.78.34.554	48.06.732	15.68.313	— 1.67.752	...	3	32	Agra Electric	6	6	10	100	129/00	129/00
8.00.000	39.77.346	16.69.259	6.68.814	1.56.078	221	3	32	Bareilly Electricity	8	10	6	10	16/25	13/25
17.00.000	1.23.17.670	60.56.282	15.26.090	1.78.574	851	3	32	Benares Electric	10	6	6	10	14/75	13/50
5.91.000	16.64.579	10.99.239	13.29.578	1.66.823	25.297	3	202	Bhagalpur Electric Supply	11	11	11	8	10/37	10/37
£4,262,646	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	90	Calcutta Electric Supply P.	9	9	9-9*	61	17/62	18/87
43.20.000	1.10.73.188	52.45.587	35.65.119	25.36.602	36.929	3	2	Dishergarh Power Supply P.	12½	12½	9	10	10/37	10/37

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CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.								Rs.	Rs.
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	32	Jubbulpore Electric	10	10	10	10	14/00	13/62
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	258	Mirzapur Electric Supply	Nil	Nil	Nil	10	2/56	2/56
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	202	Muzafferpore Electric Supply	12	10	10	9	10/19	10/19
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	329	Muttra Electric	10	10	10	10	10/40	11/00
35,07,380	1,35,93,224	61,40,656	1,96,943	13,09,947	80,097	3	202	Patna Electric Supply	10	10	11	10	12/56	12/56
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	202	Shahjahanpur Electric P	8	7	10	10	7/94	7/92
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	21	Sijua (Jherriah) Electric	10	10	11	10	8/31	8/31
								ENGINEERING & METAL						
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	84	Arthur Butler (Muzafferpore) P	...	...	...	10	6/55	6/55
50,00,000	53,56,692	65,81,000	88,223	—21,13,139	—38,70,033	12	31	Bhartia Electric Steel	5	2½	2½-Nil*	10	7/50	7/50
1,60,00,000	2,95,78,876	68,19,483	4,66,566	—1,24,85,483	—99,58,070	12	289	Braithwaite & Co. (India) P	8	6	Nil-Nil*	10	5/62	5/44
36,00,000	57,16,762	63,05,500	6,69,804	25,82,202	...	12	24	Bridge & Roof	10	10	10	10	35/19	36/19
19,88,670	35,74,701	3,41,621	94,336	—11,88,790	—37,57,538	12	192	Britannia Building & Iron P	Nil	Nil	Nil-Nil*	10	0/55	1/50
1,00,00,000	1,69,30,485	27,07,000	10,24,766	—85,28,723	—69,11,305	12	165	Britannia Engineering P	17½	Nil	Nil	10	1/75	1/56
3,36,00,000	2,62,64,997	72,89,647	70,05,434	—98,59,818	—95,93,478	4	32	Burn P (Engineering)	17½	Nil	Nil-Nil*†	100	54/00	59/00
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	437	Calcutta Steel	12½	12½	12½-Nil-5†	10	6/25	6/69
6,32,18,740	14,66,22,882	10,58,46,267	1,17,13,514	1,60,65,802	...	12	227	Guest Keen Williams	12	Nil	Nil-8*	10	30/60	32/55
17,50,000	16,79,688	2,83,600	26,325	—55,265	—13,43,343	12	32	Hooghly Docking	Nil	Nil	...	50	31/00	31/00
24,88,17,980	67,46,15,102	40,88,16,626	4,02,76,290	2,59,97,025	...	3	32	Indian Iron & Steel P	17	8½	Nil-5*6†	10	11/65	13/10
5,65,000	11,52,812	14,001	1,82,994	—4,15,836	—4,03,294	3	225	Indian Malleable Casting	...	...	...	5D	2/00	2/00
1,54,000Dd									...	...	...	1	0/50	0/50
1,55,94,000	54,26,818	31,84,791	34,18,507	—82,15,695	—1,22,14,432	3	32	Indian Standard Wagon P	20	Nil	Nil-Nil*†	10	4/37	4/72
96,79,140	1,51,85,532	4,53,81,200	4,00,21,298	1,04,99,227	7,304	3	122	Indian Steel & Wire Products	24	24	20	10	26/87	26/87
12,00,070	6,23,260	13,46,680	1,83,546	13,76,042	...	12	24	Industrial Containers	10	3	8	10	13/56	11/75
1,97,43,750	2,05,19,702	1,29,43,183	28,40,309	41,27,148	...	3	443	Jay Engineering P.	8	Nil	8-10*10†	10	13/25	14/37
60,00,000	1,62,98,825	27,11,124	12,16,436	...	...	6	132	J. K. Steel P	15	10	Nil-Nil*Nil†	10	8/94	9/62
2,04,00,000	5,70,13,862	3,86,27,099	78,65,081	—49,87,735	...	10	290	Jessop & Co. P	12½	12½	Nil-Nil*	10	5/81	6/87
65,29,599	1,96,60,305	45,64,109	5,74,661	—33,39,942	—20,88,516	11	100	Kumardhubi Engineering P	Nil	Nil	Nil-Nil*	3	3/06	2/94
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	170	Marshall Sons (India)	7½	8	4	2	1/06	1/03
49,96,000	61,94,985	13,58,398	3,83,036	2,56,716	—4,42,917	3	192	National Iron and Steel	Nil	...	...	10	1/06	1/31
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	480	Saran Engineering	10	10	...	10	9/19	9/50
59,99,250	44,32,212	12,23,725	15,49,586	10,83,926	...	12	449	Simon-Carves	7	7	7-8*	10	8/40	7/87
1,35,00,000	2,42,12,335	1,14,74,736	15,34,774	5,46,376	1,796	9	376	Sen Raleigh Industries P	8	9	7-Nil*	4	8/19	8/19
14,00,070	11,02,797	23,46,907	12,53,446	13,38,837	...	12	24	Steel Containers	10	15	...	10	20/12	20/12
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	26,409	12	22	Textile Machinery	17½	Nil	Nil	10	9/95	10/70
24,98,770	10,59,368	11,17,159	1,28,637	8,26,369	...	3	478	Wellman Incandescent	6	8	8-8*10†	10	8/69	9/25

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CAPITAL, 25th FEBRUARY, 1971

CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								SUGAR BREWERIES ETC.						
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	371	Balrampur Sugar	4	Nil	8-10*10†	2½	3/00	3/03
29,23,537	25,90,571	18,57,627	8,15,697	17,17,269	3,873	9	234	Belsund Sugar	10	10	13½	7½	8/75	8/81
15,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	316	Bharat Sugar P.	20	13½	13 7/8	10	11/00	11/00
32,00,000	35,16,933	72,68,155	1,78,079	13,45,271	...	9	444	Carew (Sugar) P.	Nil	Nil	6	10	4/56	7/50
30,00,000	1,62,84,360	69,17,847	11,65,536	42,904	—42,36,240	10	458	Cawnpore Sugar P.	Nil	Nil	Nil	10	6/22	6/25
18,00,000	52,71,190	67,01,949	3,48,016	13,73,596	37,123	6	492	Champaran Sugar P.	Nil	Nil	15	10	11/62	11/62
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	395	Durbhanga	10	Nil	10	10	5/15	5/15
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	140	New Savan Sugar and Gur	2½	Nil	Nil	10	2/44	2/44
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	400	Purtabpur Sugar P.	Nil	Nil	Nil	10	6/12	6/12
16,59,820	38,88,363	62,68,727	9,291	7,28,133	6,226	8	1	Ramnugger Cane & Sugar P.	8	8	20	10	8/00	8/81
65,00,000	1,36,73,218	39,23,734	8,59,581	—55,32,027	—22,79,801	10	92	Raza Buland	Nil	Nil	Nil	10	2/03	2/03
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	25	Ryam Sugar P.	Nil	Nil	Nil	10	2/19	2/19
11,99,000	22,10,161	18,54,067	2,09,163	—2,24,407	—2,20,853	6	92	Samastipur Central Sugar	Nil	Nil	Nil	10	0/33	0/33
40,00,000	1,00,22,238	18,34,483	5,60,693	—6,11,276	...	7	455	Shree Krishna Gvanoday Sugar P.	3	5	6	10	3/97	4/00
15,89,000	13,29,503	16,01,933	30,60,111	—10,56,886	—10,54,435	8	140	Shree Sitaram Sugar	Nil	Nil	5-Nil*	10	7/62	7/62
9,99,950	20,87,159	80,565	62,828	—8,01,122	—21,84,604	6	94	Sitalpore Sugar	Nil	...	...	10	4/50	4/50
16,00,000	42,22,843	19,40,304	2,03,163	—11,15,414	—9,17,147	9	341	United Provinces	7	10	12½	10	6/75	6/75
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	316	Upper Ganges Sugar P.	...	...	...	10	11/12	11/12
								MISCELLANEOUS						
1,35,00,000	7,24,57,999	3,89,03,842	8,43,489	64,53,352	10,697	3	132	Aluminium Corporation P.	9	12	12-10*	10	14/75	14/12
2,00,00,000	1,01,17,943	70,30,647	2,24,88,151	43,36,214	...	12	498	Andrew Yule P.	16	8	10-10*	10	7/12	7/90
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	456	Angelo Bros.	16	16	17½-7½*	10	6/87	7/45
50,00,000	48,66,683	53,39,605	4,21,796	51,72,526	...	12	274	Assam Match	14	14	15-17*	10	21/25	21/06
13,99,998	26,77,314	27,24,034	7,342	1,52,254	...	9	348	Assam Saw Mills & Timber	3	3	10-10*	3	2/69	2/81
2,12,40,000	1,58,63,619	1,48,90,530	58,24,967	1,62,54,861	...	8	276	Associated Battery	15½	15½	6-18*20†	10	29/37	31/37
1,44,03,000	51,40,652	1,20,30,776	1,02,75,353	22,28,338	...	12	380	Balmer Lawrie & Co.	14	12	8-8*	100	64/00	64/00
12,00,000	10,55,266	23,36,210	61,118	2,74,318	...	3	128	Bararee Coke	20	20	20-20*15†	10	18/12	16/25
20,00,000	...	5,36,037	61,00,044	55,554	70,371	9	160	Birds Investments P.	Nil	Nil	Nil-Nil*	10	2/50	2/50
1,66,00,350	2,64,30,428	2,77,65,335	1,11,03,150	2,45,85,019	...	3	50	Britannia Biscuit P.	20.15	20	15½-18-20†	10	35/50	36/62
3,25,00,000	1,26,02,068	1,89,17,670	1,59,41,991	64,11,410	8,829	12	33	British India Corporation P.	Nil	Nil	Nil-Nil*	5	3/94	4/12
75,00,000	35,46,674	73,85,764	8,29,485	49,68,784	466	12	392	British Paints	15	10	10-12½*	10	21/62	23/69
6,70,00,000	4,12,57,451	7,59,07,932	2,17,25,613	5,24,25,986	...	6	497	Brook Bond India	...	...	13½-17½*20†	10	26/31	27/75
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	213	Calcutta Silk Manufacturing P.	.	...	...	10	6/87	6/87
1,38,80,000	...	11,85,521	1,52,89,904	4,33,757	23,625	12	102	Clive Row Investment	4½	4	4½-3*	10	7/06	7/06
1,30,68,000	45,20,187	1,93,10,000	3,01,07,477	44,19,024	2,628	12	102	Duncan Brothers & Co. P.	12	12	12-12*	100	116/00	116/00
10,00,00,000	11,02,71,203	9,41,94 806	34,82,066	6,98,61,229	...	12	96	Dunlop India P.	17½	17½	17½-20*	10	37/50	37/50

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CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Shares	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
76,89,000	...	65,47,410	1,72,95,476	8,11,646	5,88,527	12	21	Eastern Investments P.	7	4	4½	100	7/19	7/06
1,27,40,250	3,00,23,411	1,31,46,125	6,62,680	23,75,784	7,902	10	388	Electric Construction P.	12½	10	10-Nil*	10	24/31	23/31
1,35,85,000	3,75,21,140	1,41,87,078	8,72,429	20,28,356	...	3	138	Fort Gloster P.	15	2½	2½*-7½†	100	170/00	170/00
30,00,000	34,79,154	46,900	11,48,349	—15,43,626	—8,57,415	3	51	French Motor Car	Nil	Nil	Nil-Nil*Nil†	20	14/12	14/12
14,00,000	14,56,886	24,56,804	3,00,630	963	20,273	12	19	Ganges Rope	22½	20	15-7½*	100	160/00	160/00
65,00,000	25,12,513	72,67,593	1,49,73,033	27,65,000	...	3	105	Gillanders Arbuthnot & Co. P.	9.36	12.5	12.5.12-6*	10	7/00	7/25
60,00,000	52,80,206	53,75,200	53,693	86,44,858	25,315	12	310	Godfrey Phillips (India) P.	35	35	35	10	49/50	49/50
2,53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	...	12	451	Goodyear India	15	15	15-17½*	10	54/50	54/50
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	225	Great Eastern Hotel	Nil	Nil	Nil-Nil*	250	285/00	285/00
5,99,15,000	12,12,97,991	1,57,327	36,27,386	4,65,783	—1,90,67,933	12	438	Hindustan Aluminium P.	10	10	10	10	35/62	36/19
10,97,10,070	44,70,63,499	12,08,69,050	1,49,42,736	4,36,227	2,24,274	3	22	Hindustan Motors P.	12½	12½	12-10*Nil†	10	11/90	15/55
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	108	Hindusthan Pilkington P.	Nil	Nil	10-8*	10	8/56	9/12
49,90,440	1,17,39,700	56,51,769	8,59,745	23,21,373	...	3	211	Hindustan Sanitaryware P.	12	10	10-10*	10	15/25	15/25
35,20,000	38,70,309	...	28,22,894	32,82,526	—24,61,728	12	294	Hoare Miller & Co.	Nil	Nil	...	10	2/56	2/56
18,95,00,000	10,48,33,594	17,06,68,005	2,05,86,397	7,83,02,631	...	3	325	India Tobacco	10	10	11-13-13½†	10	16/50	17/31
60,00,000	2,88,17,227	1,50,14,188	4,46,672	38,96,742	193	6	487	India Carbon P.	10	16	16-16*-16†	10	31/31	31/50
12,00,88,389	35,93,23,869	15,51,19,782	4,94,58,096	5,25,37,889	1,955	12	494	Indian Aluminium P.	19	17½	14-14*	10	37/65	35/70
4,14,42,410	2,45,37,553	3,17,45,871	31,70,774	8,70,485	...	3	34	Indian Cable	25	15	5-2½*2½†	10	16/40	15/85
4,62,00,000	6,67,33,813	5,64,27,167	41,37,651	1,90,21,031	...	9	366	Indian Oxygen	12	12	12-12*14†	10	21/87	23/69
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	3	223	Indian Rubber Manufacturers P.	10	Nil	Nil	10	21/00	21/00
36,00,000	2,45,142	16,01,910	2,23,547	5,85,470	...	9	88	Indian Wood Products	10	9	9	10	13/12	13/06
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	4,671	6	439	J. K. Synthetics	12½	12½	12½-12½*15*	10	40/87	42/25
2,00,00,000	55,06,451	1,28,88,758	5,98,54,868	1,39,884	...	3	39	Jardine Henderson P.	7	7	4-Nil*†	100	34/00	35/00
1,63,99,940	3,30,95,000	1,40,74,090	19,49,926	47,29,145	6,219	12	496	Jay Shree Industries P.	11½	11½	10	10	17/87	18/56
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	...	3	22	Kesoram Industries P.	15	16	13½-13*	10	15/90	16/50
6,34,000C }	3,17,363	6,02,958	8,21,617	—14,078	—4,849	3	133	Macfarlane & Co.	Nil	Nil	Nil-Nil*	50	2/00	2/00
66,000Dd }									Nil	Nil	Nil-Nil*	1Dd	0/56	0/56
1,50,00,000	1,96,74,937	1,31,48,312	2,10,65,916	11,83,866	25,454	12	334	Macneill & Barry P.	6½	5	5-5*	100	40/00	40/00
1,47,12,250	71,24,878	97,62,208	2,21,16,459	56,72,587	13,015	9	309	Martin Burn Ltd. P.	25	12½	6-10*	10	7/72	7/85
47,12,000	18,02,622	83,33,368	2,45,85,302	11,70,747	2,15,473	12	282	McLeod & Co. P.	11½	...	...	100	190/00	190/00
6,64,12,500	7,01,13,939	2,85,55,151	1,13,20,628	26,39,560	10,032	3	167	Metal Box Co. of India P.	16	17½	9-6*	10	12/94	14/12
2,43,09,940	3,74,67,212	4,65,92,074	84,90,675	2,46,12,954	30,455	9	116	Mohan Meakin (Breweries)	15	17½	9-10*12†	5	13/12	13/75
2,02,50,000	62,42,181	1,14,61,033	11,91,664	41,00,306	...	3	482	National Insulated Cable P.	20	20	5-5*10†	10	9/19	9/81
60,00,000	36,47,120	23,66,145	2,64,231	—1,43,593	...	9	7	National Pipes & Tubes P.	20	10	5-2½*	10	7/75	8/31
64,00,000	82,94,471	81,17,204	3,32,551	18,92,448	...	6	486	National Rolling & Steel Rope	20	20	5	10	5/31	5/25
23,31,600	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	375	National Rubber P.	12	12	12	10	7/56	8/81
79,97,000	81,79,664	1,97,70,558	39,37,283	28,74,697	...	12	79	National Tobacco P.	12	5	8½	10	13/12	14/25
50,00,000	1,014	13,02,891	9,90,509	6,26,950	40,375	12	35	New India Investment Corpn	5½	1½	4½	75	41/50	41/50

*1969 †1970

CALCUTTA MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
								MISCELLANEOUS (Contd.)						
3,64,00,000	7,35,62,526	5,38,82,016	89,47,567	5,27,07,923	...	12	364	Philips India	18	19	20-23*	10	39/75	40/12
2,86,200	57,500	6,36,653	92,939	5,33,181	72,801	3	145	Publicity Society	25	12½	15	4	4/75	4/75
2,25,00,000	1,65,99,578	1,42,10,957	2,20,54,621	85,72,108	...	8	332	Rallis India P.	13	13	13-13*13+	100	138/00	140/50
5,00,00,000	7,83,40,803	1,57,26,775	74,69,230	1,36,89,037	...	3	308	Rohtas Industries P.	6	Nil	Nil-Nil*Nil†	10	6/40	6/81
94,27,380	4,73,05,083	10,00,000	14,42,952	—1,00,411	13,613	9	114	Sirsilk P.	Nil	Nil	Nil-Nil*	10	4/31	3/87
1,00,00,000	86,79,977	1,70,64,312	1,77,46,612	59,66,898	76,551	12	278	Shaw Wallace P.	15	15	15-15*	10	22/19	22/12
8,19,00,000	19,13,27,431	10,59,30,229	1,88,58,257	5,63,53,477	...	12	301	Union Carbide	15	15	15-15*	10	28/87	30/06
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	3	483	Universal Cables	10	10	10-10*	10	16/50	16/37
31,53,000	19,04,731	23,80,875	14,19,210	6,73,686	7,803	12	195	Walford Transport	21	7½	7½	1	0/87	0/87
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	63	Woolcombers	Nil	Nil	3	10	10/87	11/50
								INSURANCE COMPANIES						
13,50,000	23,65,213	1,45,18,760	1,31,08,607	19,22,680	16,447	12	174	Concord of India	15	15	20-20*	5	12/50	12/12
24,00,000	6,51,713	1,36,63,498	1,32,88,263	15,25,573	4,525	12	248	Hercules	15	15	10	15	23/12	23/12
70,00,000	1,14,97,733	2,90,85,330	4,63,82,183	56,88,901	16,991	12	38	Ruby General	16½	12½	12½-5*	10	15/37	14/87
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	39	Triton	12½	12½	12½	100	135/00	135/00
								FLOUR MILLS						
30,00,000	11,07,196	20,86,062	4,80,286	3,18,940	...	12	24	Bengal	10	3	3	10	13/12	13/12
7,15,980	13,70,610	37,26,856	8,44,273	4,76,152	...	10	97	Delhi P.	...	12	12	10	10/06	10/06
9,00,000	3,99,736	6,90,051	3,10,760	4,20,302	3,436	12	236	Hooghly	10	Nil	Nil	10	19/75	19/75
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11	236	United	7½	5	5	10	19/25	21/50
								OIL COMPANIES						
£2,900,001	£1,735,685	£3,216,506	£1,741,561	£217,574	£4,146	12	249	Attock Oil	...	...	16Z*	£1	87½	sh. 20/3
£117,577,699	£32,260,063	£2,706,475	£127,586,985	£27,267,159	£866,021	12	52	Burmah Oil P.	...	5	...	£1	308⅜	sh. 60/6
1,00,00,000	79,66,401	1,71,43,536	2,58,49,049	31,22,549	87,095	12	110	Indo Burmah Petroleum P.	15	15	15	10	14/06	15/25
6,00,000	5,01,064	14,15,170	3,26,432	9,77,124	34,960	10	2	Tide Water Oil	22½	22½	22½	10	30/50	29/75

*1969 †1970

CALCUTTA MISCELLANEOUS COMPANIES —*Contd.*

Paid up Capital Ordinry	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per Share	Latest Market Quotations as available until 20-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
PAPER MILLS														
1,25,56,710	4,82,42,758	1,51,25,115	16,44,354	46,24,767	638	12	436	Bengal P	15	7½	-10*	10	17/31	17/87
1,23,48,000	1,52,89,747	12,51,744	10,02,032	—32,38,779	—92,59,101	3	2	India Paper Pulp	Nil	Nil	Nil-Nil*†	10	5/62	5/94
3,81,74,500	24,89,00,000	3,61,27,428	55,63,530	1,15,53,401	39,858	3	22	Orient Paper P	20	10	10-10*	10	37/05	39/10
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	22	Sirpur P	12	8	Nil-Nil*	10	12/19	13/00
1,40,64,900 10,00,000A	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	36	Star Paper P	6	Nil	Nil-Nil*Nil†	10	8/69	9/12
4,37,500PO									13	13	13-13*†	2½PO	2/81	2/81
3,64,03,500O 56,04,800B	6,11,89,988	1,15,45,621	32,54,058	21,44,503	5,000	3	106	Titaghur P	3	Nil	Nil-*2½†	10AO	6/69	6/62
									3	Nil	Nil*2½†	10BO	6/69	6/62
3,24,20,800 56,95,600	3,97,86,845	1,57,39,525	10,26,69,115	1,07,73,940	537	12	180	Tribeni Tissue	...	...	18*	100 50	... 20/06	15/87 21/81
PRESSING COMPANY														
4,50,000	1,81,531	1,45,000	5,34,786	65,294	24,928	7	326	Camperdown	...	...	...	100	120/00	120/00
REAL PROPERTY STORAGE														
1,00,00,780O 1,25,000B 2,00,000 25,000Dd	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	73	Bengal Bonded Warehouse	10	...	...	A500 B62½ C100 D12½	955/00 101/00 165/00 60/00	955/00 101/00 165/00 60/00
1,00,00,780O 2,00,000Dd	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	9	432	Humayan Properties P	Nil Nil	Nil Nil	...	100 1Dd	10/25 1/30	10/25 1/30
79,90,000	40,62,780	Nil	8,47,175	5,43,528	—15,87,314	4	448	Midnapore Commercial	Nil	Nil	Nil-Nil*	85	43/50	43/50
TRAMWAYS & STEAMER														
20,00,000	8,13,420	19,60,785	21,44,476	21,44,476	20,502	10	146	Benyal Assam Steamship P	Nil	Nil	Nil-Nil*Nil†	100	36/00	36/00
6,25,000	4,66,783	7,61,818	9,53,643	79,944	17,786	10	89	Calcutta Landing & Shipping	Nil	Nil	3	10	8/31	8/81
12,60,000	47,23,178	14,01,984	1,02,898	63,719	—11,281	8	398	Calcutta Steam Navigation	Nil	Nil	Nil	10	0/40	0/40
£700,000	£2,889,537	£1,565,916	£315,682	£153,252	£2,006	12	98	Calcutta Tramways P	...	...	...	£1	8/62	9/12
6,04,880	6,97,987	8,56,706	33,440	1,35,098	—633	3	139	Fraser & Co	Nil	...	...	10	2/56	2/56
£655,580	£1,297,907	£485,048	£25,756	...	...	12	431	India General Nav. & Rly P	Nil	Nil	Nil-Nil*Nil†	£10	16/50	16/50
2,47,50,000	11,13,54,408	5,03,30,188	2,19,60,638	81,89,490	...	3	291	India Steamship P	5	7	8-10*†	10	11/03	10/94
2636,460	45,33,830	8,48,956	21,039	74,511	...	12	450	Port Shipping	15	2½	4	10	8/00	8/00

† 1970 *1969

BOMBAY COTTON MILLS

P next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Number of Spindle	Looms	Net Block Account	Reserve & other Funds	Cash & taxation Securities	Net Profits including	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share 1966	Latest Market Quotations as available until 19-2-71	22-1-71
Rs.			Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
40,00,000	48,652	1,016	1,28,56,156	46,70,828	20,69,878	10,39,744	26,620	...	269	Ahmedabad Advance P.	9	9	9-9*	100	220/00	227/50
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	12	229	Apollo	Nil	Nil	Nil	2	0/54	0/54
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	9	472	Baroda Rayon	Nil	8	8-8*	100	119/00	118/00
3,61,41,125	2,03,942	4,911	6,21,75,465	3,46,74,532	43,32,279	43,32,279	11,565	12	199	Bombay Dyeing. etc.	16	12	12-12*	25	43/00	44/75
10,00,000	35,052	648	32,07,778	34,59,612	5,45,173	10,89,180	1,37,996	3	262	Bradbury P.	15	15	Nil-Nil*	50	47/00	47/00
2,54,90,900	1,18,296	2,760	95,79,538	6,46,84,314	4,55,244	4,05,56,456	...	12	22	Century	37	37	40-40*	100	846/00	874/00
46,87,500	1,15,188	2,062	2,99,18,629	10,75,722	15,14,712	3,59,289	—40,19,762	6	269	Central India P.	Nil	Nil	Nil-Nil*	100	44/00	48/00
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	3	68	Coorla	12	9	9-9*	100	127/50	127/50
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	12	262	Dawn	30	20	10-10*	50	66/00	69/50
30,00,000	47,700	886	1,29,89,439	47,86,744	3,05,575	—2,29,847	1,578	12	59	Elphinstone P.	Nil	Nil	Nil-Nil*	50	25/00	30/00
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	12	241	Finlay	13½	15	10-11*	100	168/00	169/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	12	86	Gokak	14	12	15-15*	100	150/00	157/00
2,00,00,000 50,00,00,000	2,48,870	6,498	4,41,45,022	3,84,70,022	31,82,629	1,32,22,197	5,89,816	12	15	India United	Nil Nil	Nil Nil	Nil-Nil* Nil-Nil*	10 1Dd	1/88 0/36	1/88 0/36
2,49,62,500	...	...	5,44,40,998	...	34,33,245	—31,38,833	—31,80,002	6	473	Indian Rayon P.	Nil	Nil	Nil-Nil*	100	77/50	82/00
50,00,000	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	12	103	Indore Malwa United	Nil	Nil	Nil	100	165/00	165/00
59,85,000	65,260	1,514	1,07,21,545	82,79,165	25,00,707	76,87,297	38,751	6	149	Khatau Makanji P.	10	10	10-10*	100	155/00	156/00
1,00,00,000	1,20,504	1,846	1,69,24,239	1,20,99,729	16,14,657	—2,40,871	2,781	12	146	Kohinoor	6	6	Nil-12*	100	252/00	271/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	—24,99,262	—49,14,154	12	83	Lakshmi-Vishnu P.	Nil	Nil	Nil-Nil*	100	103/00	105/00
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	6	104	Morarjee Goculdas P.	15	15	15-15*15†	100	290/00	295/00
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	2	261	Mysore Spg. & Mfg. P.	Nil	Nil	Nil-Nil*	10	10/20	10/20
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	12	...	New City of Bombay	7½	5	5-6*	100	61/00	75/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	12	...	New Great Eastern P.	Nil	Nil	Nil-Nil*	100	70/00	70/00
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	12	119	Phoenix	20	15	Nil-Nil*	100	72/00	70/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	3	379	Simplex	24	20	16-16*	50	106/00	111/50
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	12	327	Shree Niwas P.	10	8	5-10*	100	132/00	127/00
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	8,176	12	269	Svadeshi P.	10	14	9-9*	100	150/00	161/00
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	12	341	Swan	15	15	15-12*	100	147/00	150/00
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	12	269	Tata	8	Nil	Nil-Nil*	25	33/50	34/50
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	3	205	Western India	28	28	9½–9½*	250	188/75	206/25

* 1969 †1970

CAPITAL, 25th FEBRUARY, 1971

BOMBAY MISCELLANEOUS COMPANIES

F. indicates Founder Shares. P. next to the name of the company indicate that the company also has Preference shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Premium & Forfeited Shares if any Rs.	Cash & Securities Rs.	Net Profits including taxation Rs.	Carry forward Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 19-2-71 Rs.	22-1-71 Rs.
								CEMENT						
28,47,75,400	55,44,18,349	21,24,07,366	5,87,15,014	8,01,56,323	8,472	7	53	Associated Cement	12	12	12-12*12†	100	140/50	142/25
								ELECTRIC LTG. POWER						
8,74,77,100	19,53,38,681	4,48,49,557	2,57,00,400	2,16,91,751	105	3	196	Ahmedabad Electricity	9	9	9-9*†	100	108/75	112/25
3,02,77,000	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3	196	Andhra Valley Power P.	12	12	12-12*	100	158/50	161/00
2,58,67,900	12,15,43,411	3,82,49,028	40,21,132	66,10,571	2,187	3	196	Bombay Subarban Elec.	10	11	11-11*	100	128/00	127/15
2,39,99,975	7,17,76,350	1,39,56,841	51,65,971	60,68,808	27,536	3	196	Tata Hydro Elec. Power P.	12	12	12-12*	100	160/00	161/00
5,15,36,000	17,59,03,832	3,61,11,341	57,28,753	1,22,80,113	29,988	3	267	Tata Power P.	12	12	12-12*	100	157/00	161/00
								ENGINEERING & METAL						
33,42,200	17,06,292	44,16,374	1,54,08,311	5,79,666	1,35,820	12	268	Alcock Ashdown	5	5	5-Nil*	100	70/00	79/00
4,00,00,000	4,54,62,666	72,000	36,71,749	—24,39,656	—47,42,841	12	461	Associated Bearing	Nil	Nil	Nil	100	302/00	290/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	115	Jost's Engineering	5	6	Nil	50	31/00	31/00
3,63,00,000	6,46,65,430	2,34,87,196	2,13,62,600	1,18,35,044	...	3	351	Larsen & Toubro P.	15	15	15-10*10†	10	22/24	24/32
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7	283	Mckenzies	24	24	Nil	100	82/00	82/00
2,50,000 } 1,31,250F }	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	284	Premier Construction P.	34	36	36-40*	50	177/00	199/00
75,00,000	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	462	Sandvik	10	10	10-10*	100	274/00	288/00
1,77,77,250	1,68,38,555	...	21,840	—17,72,188	—50,40,288	12	463	Sankey Wheels	Nil	Nil	...	10	6/88	7/36
7,99,97,300	17,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	269	Tata Engg. & Locomotive P.	14½	14½	14½-14½*	100	227/00	233/50
38,58,01,637	1,01,51,15,046	52,71,37,866	14,63,49,405	11,32,49,040	...	3	269	Tata Iron & Steel P.		16	11⅞—11⅞*11⅞†	75	86/50	103/75
1,05,00,000	1,67,50,407	1,06,82,012	4,90,251	40,45,044	14,868	4	479	Zenith Steel	10	8	9-10*	10	16/76	16/72
								INSURANCE COMPANIES						
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	297	British India General	...	...	...	10	17/12	17/52
18,74,940	25,01,134	2,88,61,155	2,61,49,442	38,951	4,65,316	12	55	Jupiter General P.	...	...	...	15	11/80	11/80
1,70,90,550	1,16,06,358	12,60,43,884	17,69,50,056	1,77,99,237	...	12	179	New India	40	40	40-40*	15	36/50	45/00
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	255	Vulcan	20	20	20-20*	10	14/80	14/88
								MISCELLANEOUS						
1,44,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	460	Alembic Chemical	12	12	12-12*	100	183/75	185/00
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	—8,04,219	—7,87,678	12	464	Bayer	...	Nil	Nil-Nil*	100	233/50	250/00
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	9	42	Belapur Sugar	30	14	22-22*	50	81/50	84/00
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,15,567	18,787	5	285	Bombay Burmah Trading	8	14	14-15½*15†	25	44/00	46/00
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	465	Ceat Tyres	6	9	9-11*	100	227/50	240/00
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	3	481	Dharangadhra Chemical	12	12	12-12*	100	142/00	142/50
4,79,06,260	21,12,87,108	6,46,00,063	5,52,95,724	1,58,77,000	45,270	6	466	Great Eastern Shipping	16	20	20-25*12†	10	35/50	37/00

†1970 * 1969

BOMBAY MISCELLANEOUS COMPANIES—*Contd.*

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Premium & Forfeited Shares if any Rs.	Cash & Securities Rs.	Net Profits including taxation Rs.	Carry forward Rs.	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 19-2-71 Rs.	22-1-71 Rs.
								MISCELLANEOUS (Contd.)						
2,48,18,580	2,26,04,319	2,01,82,407	33,47,738	1,34,59,334	...	3	484	Hindustan Ferodo	20	20	20-22½*	10	36/75	37/50
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	91	Hindustan Lever	14	14	14	10	22/24	22/88
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	299	Industrial Invt Trust	6½	6½	7	200	92/00	92/00
11,99,900	13,82,957	7,34,142	14,05,223†	68,232	16,942	7	67	Kemp (Chemists)	...	...	...	100	175/00	175/00
1,24,95,600	39,03,579	53,88,113	1,75,58,164	28,72,674	20,587	11	467	Killick Industries	10	10	10		102/00	102/00
2,64,41,900	9,86,22,308	2,83,02,205	44,45,798	2,12,35,409	2,98,157	12	352	National Rayon	...	...	...	100	519/00	549/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	468	Permanent Magnets	8	9	9	100	146/25	158/00
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	469	Phalton Sugar	20	20	24-20*	50	87/50	88/00
7,48,38,785	16,13,54,387	2,79,95,044	41,09,113	17,80,480	29,80,721	6	470	Premier Automobiles	...	Nil	Nil-Nil*†	100	58/50	65/50
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	471	Sandoz	9	9	10-10*	10	18/36	18/48
11,27,72,980	40,30,24,881	16,81,62,371	23,82,18,364	2,20,94,830	418,097	6	198	Scindia Steam Navign	6½	7½	7½*8¾†	20	20/72	22/24
21,00,000	32,82,527	44,05,000	4,14,686	—3,03,605	2,943	11	...	Shivrajpur Synd	Nil	Nil	Nil-Nil*	10	7/68	8/24
5,74,91,000	8,61,34,995	1,93,15,921	89,75,702	2,16,43,902	16,948	12	490	Synthetics And Chemicals	Nil	Nil	Nil-6*	100	172/00	195/00
3,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	269	Tata Chemicals P	16	17	17-15*	10	35/50	36/25
1,05,05,475	2,21,88,319	1,25,42,886	47,75,465	50,73,815	1,187	3	269	Tata Oil P	14	14	18-15*	25	67/00	82/00
4,32,90,000	5,43,41,581	4,15,69,048	1,98,04,934	2,58,24,320	...	8	360	Voltas	15	15	15-7*-15†	100	238/50	248/50
4,12,50,000	2,99,66,764	1,81,18,645	1,27,75,802	1,23,23,399	6,010	12	274	Western India Match	11	11	11-12*	100	163/00	165/00

† 1970 * 1969

SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary Rs.	Net Block Account Rs.	Reserve & other Funds Rs.	Hectares	Outturn and Average Price per kg/lb realised for crop Kilograms	Rs.	Net Profits	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent 1966	1967	1968	Paid-up per share Rs.	Latest Market Quotations as available until 19-2-71 Rs.	25-1-71 Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	1.48	70,011	12	402	Anandam P.	Nil	Nil	Nil-Nil*	10	12/50	12/50
10,98,990	13,96,078	4,83,841	...	225,168	4.34	4,11,290	3	287	Balanoor P	15	15	15-15*	10	14/75	15/25
3,00,00	3,92,218	...	171	51,000	...	—52,885	8	404	Balmadies P.	10	10	Nil-Nil*†	2	2/10	2/10
17,32,230	13,36,710	3,86,253	...	3,59,531	1,65cts	68,110	5	270	Be Be P.	7	Nil	Nil-Nil*	5	2/80	2/80
84,00,000	1,22,39,799	14,13,889	...	10,60,000	...	11,92,421	8	141	Blue Mountain	10	11	8-6*-Nil†	2	1/70	1/71
20,53,480	35,53,194	24,06,114	1,832	8,37,342	5.22	3,94,950	3	210	Chembra Peak	20	22½	5-10*-10†	2	2/67	2/67
26,91,279	46,12,278	19,45,895	3,257	11,32,759	3.41	10,18,198	2	210	Cochin Malabar P.	17½	17½	10-12½*	3	6/45	6/45
32,50,000	39,31,709	30,58,661	2,710	19,48,320	. .	8,71,279	6	405	Coffee Lands P.	15	16	16-16*	10	21/75	21/65
71,55,000	1,15,74,494	68,44,278	7,001	60,81,120	. .	25,60,562	6	406	Consolidated Coffee P.	27½	18½	18½-18½*	10	25/85	25/50
5,66,730	22,17,651	13,84,267	174	29,08,68	5.69	3,26,850	9	203	Coonoor P.	15	15	20-20*†	10	28/84	28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1.52	1,19,880	3	407	Coorg P.	10	10	10-10*	2	2/30	2/30
6,00,000	11,82,508	2,17,761	...	1,57,785	1,47	46,942	3	12	Cottanad Plantation P.	15	20	10-15*	10	15/75	15/75
6,00,000	8,89,831	4,80,155	...	3,25,310	2,66	1,25,818	12	212	Devashola (Nilgiri)	9	Nil	...	10	15/75	15/75
6,74,650	9,14,644	3,31,040	...	1,38,386	4,26	1,36,712	3	287	Devon P.	15	15	15-15*	10	15/50	15/50
7,50,000	3,38,952	1,26,500	...	1,12,936	2,66	28,121	12	408	Emerald Valley	20	20	20-20*	5	11/50	11/50
4,50,000	3,64,462	20,000	. .	62,830	...	40,424	12	409	Gokul	15	15	15-13*	2	4/37	4/37
25,00,000	42,82,150	17,77,500	...	17,21,550	2,04	2,13,414	12	410	Hailevburia P.	9	10	10-8*	10	7/90	9/20
11,85,700	28,02,058	10,77,705	...	9,59,804	1,67	3,60,461	2	402	Kailas	22½	22½	15-15*		4/60	4/60
9,00,000	12,32,263	7,23,749	378	3,14,942	...	4,04,443	3	210	Kalasa Tea Produce	12	16	14-16*	2	3/05	3/00
17,17,076	28,48,525	14,32,010	811	4,62,975	5,54	7,80,200	10	210	Kil Kotagiri P.	17½	20	15	2	2/90	2/95
5,00,000	9,11,259	1,21,604	267	305,757	2.31	96,485	12	203	LuckyValley	10	10	10-10*	10	19/75	19/00
18,50,000	19,78,359	9,14,031	1,785	3,42,784	3,03	4,63,747	3	411	Malankara	24	25	22½-35*	10	29/00	29/00

* 1969 † 1970

SOUTH INDIAN PLANTATION COMPANIES—*Contd.*

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Outturn and Average Price per kg/lb realised for crop		Net Profits	Account closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
														19-2-71	25-1-71
Rs.	Rs.	Rs.		Kilograms	Rs.	Rs.				1966	1967	1968	Rs.	Rs.	Rs.
40,50,000	67,47,600	17,25,166	4,013	12,60,448	3.85	9,94,509	3	270	Midland Rub & Prod P.	10	10	10-7½*	10	12/15	12/15
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	1,60,000	3	402	Nilgiri P	8	Nil	Nil-5*	10	7/02	7/10
23,10,000	24,28,291	11,02,621	1,057	7,29,106	2.92	16,62,532	1	14	Nonsuch	20	15	17½-17½*	10	19/25	19/25
9,75,000	11,21,586	3,67,000	293	2,29,900	...	3,27,700	3	210	Ossoor	15	15	12-15*	2	3/33	3/30
19,45,980	33,19,864	24,42,874	7,970	6,55,342	4.48	—5,06,184	10	210	Ouchterlony	10	6	Nil-Nil*	2	3/00	3/06
17,00,000	27,55,157	13,87,519	1,099	10,69,078	4.19	7,13,678	12	9	Parkside Neilgherry	30	30	30-30*	10	33/75	33/75
17,00,000	27,36,576	12,82,318	1,563	10,83,565	4.20	11,29,838	12	9	Peermade I	15	17½	10-10*	10	13/00	13/20
6,00,000	7,90,516	3,35,530	1,167	3,83,268	4.50	1,65,244	2	259	Peninsular	20	10	18-14*	10	15/66	15/66
57,94,880	78,72,019	20,68,711	2,074	23,46,900	3.88	13,16,964	3	210	Periakaramalai	20	20	10-10*	2	2/97	3/18
13,50,000	48,44,469	13,58,959	952	845,000	3.16	8,05,161	6	270	Rajagiri Rub & Prod P	13	13	13-13*	10	19/12	19/12
2,00,000	3,14,567	1,53,963	711	...	4.48	1,18,791	3	412	Rajendra P	25	50	30-30*	5	22/00	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1.51	63,263	3	172	Teekoy P.	9	9	Nil-6*	10	5/90	5/90
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3.20	2,77,689	9	210	Thirumbadi	Nil	Nil	Nil-15*	1	2/20	2/25
6,00,000	6,51,402	46,742	1,307	2,23,794	3.21	30,950	12	414	Travancore Rubber	10	8	8-8*	10	9/00	9/00
41,00,000	72,63,801	12,63,584	2,535	12,19,484	...	10,61,172	12	9	Travancore Rub & Tea P	10	8	8-8*	10	9/10	9/10
20,00,000	23,48,701	1,36,000	3,028	6,38,402	1.00	2,02,762	12	271	Tropical Plantation	8	10	8-8*	25	22/25	22/25
15,75,000	2,47,811	16,00,000	1,267	9,63,293	2.16	1,00,000	12	410	Twyfords	5	5	5-5*	10	4/75	4/95
81,93,280	30,03,223	17,04,089	3,638	8,28,976	5.11	12,85,658	3	250	United Nilgiri	17½	17½	14-14*	10	16/70	16/85
8,80,010	9,26,859	2,82,051	952	4,94,400	1.50	2,20,096	12	415	Vaikundam	30	20	15-15*	10	28/50	28/50
47,25,000	1,19,27,305	37,59,110	2,214	7,68,146	...	10,82,508	8	157	Waterfall Estates P	12½	14	10-12*-Nil†	2	2/58	2/52

SOUTH INDIAN COTTON MILLS

Paid-up Capital Ordinary	Number of Spindle Looms		Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
											1966	1967	1968		19-2-71	25-1-71
Rs			Rs.	Rs.	Rs.	Rs.								Rs.	Rs.	Rs.
80,00,000		...	67,98,387	62,16,405	2,38,650	15,12,989	4,952	12	474	Anglo-French P.	17½	15	15-15*	100	151/00	151/00
20,00,000	28,000	...	22,72,378	81,406	96,302	7,68,513	42,421	12	433	Cambodia P.	Nil	Nil	Nil-Nil*	10	1/40	1/25
35,99,600	33,864	...	74,98,712	39,35,014	8,68,959	20,95,517	...	12	188	Coimbatore Cotton	8½	9	5-10*	100	130/00	130/00
30,76,900	22,832	407	47,91,212	7,98,681	22,227	—7,52,342	—10,23,340	1	46	Coimbatore Spg. & Wvg	Nil	Nil	Nil-Nil*	50	115/50	115/50
67,20,000	30,512	200	87,47,369	20,79,194	7,10,548	6,34,530	15,879	12	141	Kothari Textiles P.	5	6	5-7*	10	7/70	7/70
1,06,50,000	1,10,800	...	1,78,79,375	1,06,05,813	74,49,476	14,73,436	2,142	3	186	Lakshmi	14	10	8-8*	50	68/00	68/00
7,00,09,920	4,02,004	1,011	6,56,49,772	3,83,37,688	8,65,30,46	81,25,486	4,101	12	...	Madura	7½	10	10-6*	15	18/25	18/75
1,13,61,000	26,496	654	50,79,268	46,70,299	5,84,128	51,61,924	179	3	29	Mettur Beardsell	17½	17½	20-15*	100	174/00	176/00

‡ Hectares

* 1969 †1970

SOUTH INDIAN SUGAR MILLS

P. next to the name of the company indicates that the company also has Preference Shares. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed. For Managing Agents refer to the Key (at the end of the list) under the numbers indicated.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
									1966	1967	1968		19-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
80,00,000	62,64,264	26,55,000	5,52,400	10,92,779	22,959	9	417	Andhra P.	12	12	12-12*	10	10/10	10/25
40,00,000	80,62,883	12,61,424	1,58,472	13,46,266	1,40,987	6	218	Cauvery P.	Nil	7	8½-9*	100	98/00	98/00
39,84,000	82,69,922	56,93,500	10,51,344	33,73,758	5,798	5	218	Deccan Sugar	13½	12	13½-15*	5	4/30	4/50
£3,140,560	£3,985,923	£19,46,203	£17,53,230	£411,657	£3,010	9	319	E.I.D. Parry	8	7½	10-6*†	£1	15/00	15/10
63,97,650	39,62,680	15,44,848	64,64,375	12,35,437	69,501	9	418	India Sugar P.	5	7½	15-Nil*	10	8/00	8/00
12,45,572	1,22,66,623	18,99,861	1,51,052	5,99,416	2,090	6	419	Jeypore P.	10	10	10-12*	10	14/25	16/00
10,52,200	2,87,27,773	1,23,75,000	31,53,982	20,76,426	91,745	6	420	K. C. P.	7½	10	10-10*	10	10/25	11/00
67,20,000	68,25,707	17,54,874	7,44,531	22,50,032	13,43,312	8	450	Kothari	6	9	12-Nil*Nil†	10	6/00	5/90
54,05,340	83,78,838	1,06,24,518	54,87,288	6,67,635	20,031	6	264	Mysore	Nil	Nil	Nil-20*	10	19/75	19/75
30,00,000	35,93,381	11,41,000	10,12,037	4,88,902	1,46,735	4	218	Travancore P.	6	6	9-Nil*	10	5/00	5/00
1,00,00,000	85,60,975	91,07,747	1,27,84,916	45,25,260	...	3	320	United Breweries	6	9	9-10*	10	15/65	15/65

SOUTH INDIAN MISCELLANEOUS COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Accounts closed	Chairman Mg. Directors etc.	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
									1966	1967	1968		19-2-71	25-1-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							Rs.	Rs.	Rs.
2,31,15,668	1,96,45,010	1,13,97,169	62,02,907	71,71,658	10,357	3	421	Aluminium Industries	18	12	6-Nil*	10	7/07	6/85
71,03,170	67,38,199	11,05,008	6,17,579	24,62,265	15,621	12	16	Andhra Cement P.	10	10	10	10	10/60	10/60
3,02,67,658	1,59,93,383	25,63,610	1,84,694	30,01,343	20,076	12	495	Ashok Leyland	10	8	8-9*	5	6/30	6/50
1,00,00,000	17,47,081	49,33,435	2,75,867	19,86,813	4,39,222	12	423	Binny	...	...	6*	100	82/00	88/00
7,50,000	5,45,587	56,538	41,650	93,226	—1,46,143	12	270	Brunton & Co.	Nil	Nil	Nil-Nil*	10	3/60	3/60
73,00,000	1,79,06,906	26,81,982	6,22,914	19,27,076	4,396	12	424	Enfield P.	6	Nil	6-10*	10	10/10	10/10
2,24,44,750	3,21,08,642	66,66,496	73,60,475	51,28,679	1,38,608	3	425	India Cement P.	9	9	9-9*	5	5/60	5/60
23,82,732	16,92,196	2,50,222	93,924	2,16,808	2,977	12	230	Indian Steel Rolling P.	6	Nil	Nil-Nil*	10	8/70	9/20
1,40,00,000	1,39,97,059	37,48,801	36,09,251	29,82,180	11,631	3	253	Mettur Chemical Industries P.	8	Nil	Nil-4*	10	12/15	12/35
24,81,220	12,69,939	10,47,778	17,48,674	8,48,641	8,514	3	233	Mysore Chem & Fert	Nil	Nil	Nil-Nil*	10	6/25	6/25
8,00,000	5,20,889	4,52,189	2,18,413	2,33,791	85,187	3	151	Mysore Chemical Mfgs. P.	20	15	10-10*	10	10/70	10/70
6,56,250	5,13,585	9,38,696	6,374	1,23,899	3,146	3	426	Mysore Lamp P.	Nil	7	Nil-Nil*	10	11/75	11/75
25,00,000	55,50,342	37,12,500	2,43,664	14,29,395	36,663	3	226	Mysore Paper	6	Nil	Nil-Nil*	10	17/20	18/10
10,00,000	7,56,329	3,16,884	29,32,342	75,422	622	3	201	Mysore Tobacco	10	10	11-8*	10	13/45	13/45
20,00,000	11,42,007	11,74,500	1,32,329	21,82,347	3,899	3	218	Parry's Cont.	24	18	18-15*	1	2/45	2/50
40,00,000	1,05,13,334	1,26,57,980	59,59,486	24,85,127	3,92,204	6	221	Spencer (Provisions)	18	18	20-20*20†	10	29/00	30/25
47,00,000	86,53,610	20,65,000	51,902	7,85,966	3,869	12	427	Standard Motors P.	6	6	Nil	10	7/30	7/30
11,56,300	5,95,547	14,04,007	16,66624	4,19,707	41,732	9	428	T Stanes P.	30	30	15-15*	10	14/50	14/50
39,84,400	42,58,650	13,07,759	26,027	6,92,616	932	4	...	Textool	7	Nil	Nil-Nil*	100	27/00	27/00
3,75,00,000	5,18,36,058	2,25,17,394	86,31,139	33,46,806	2,468	7	430	Tube Investments	12½	10	8-10*	100	139/50	140/00

*1969 †1970

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)	Week Ended 12-2-71	5-2-71	13-2-70
Liabilities—			
Notes in Banking Dept. ...	4,25,53	5,91,60	12,09,29
Notes in Circulation ...	42,08,34,67	41,67,58,50	38,00,96,04
Total Notes Issued ...	42,12,60,20	41,73,50,10	38,13,05,33
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,78,42,00	2,71,42,00	3,06,42,00
Total of A	4,60,95,11	4,53,95,11	4,88,95,11
B. Rupee Coin	52,41.07	53,26,92	66,75,56
Rupee Securities ...	36,99,24,02	36,66,28,07	32,57,34,66
Total	42,12,60,20	41,73,50,10	38,13,05,33
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	2,98,60,79	2,80,31,99	74,36,48
2. State Govts. ...	6,63,31	9,10.55	9,36,38
(b) Banks—			
(i) Scheduled Banks ...	1,79,16,37	1,78,21,20	1,69,38,92
(ii) State Co-operative Banks	8,76,14	9,43,78	8,11,59
(iii) Non Scheduled State Co-operative Banks	76,07	74,91	57,55
(iv) Other Banks ...	32.53	32,22	23,95
(c) Others	77,25.73	80,48.39	1,66,69,95
Bills Payable	53,65,68	46,21,11	41,86,91
Other Liabilities	1,27,19,04	1,24,93,89	1,13,03,65
Total	12,11,35,66	11,88,78,04	10,03,65,38
Assets—			
Notes	4,25.53	5,91,60	12,09,29
Rupee Coin	4,18	2,98	3,68
Small Coin	4,19	4,11	3,61
Bills Purchased and Discounted:—			
(a) Internal	...	70,93	
(b) External	86,91		
(c) Govt. Treasury Bills ...	4,92.61	8,18,00	37,90,86
Balances held abroad ...	89,19,10	98,51,28	1,01,26.96
Investments	97,98,78	98,96,55	86,65,52
Loans and Advances to:—	...	...	...
(i) Central Government ...	1,85,65,44	1,73,96,00	1,47,53,49
(ii) State Governments ...			
Loans and Advances to:—			
(i) Scheduled Banks ...	3,94,27,15	3,68,87,50	2,27,20,94
(ii) State Co-operative Banks	2,92,86.62	2,93,16,13	2,78,01,87
(iii) Others	2,92,15	2,98,80	2,48.12
Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,16,34	34,11,09	31,72,18
(ii) State Co-operative Banks	20,64.81	20,90,25	14,98,76
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from National Industrial Credit (Long Term Operation) Fund ...	4,95,43	4,99,44	6,13,37
the Development Bank	4,95,43	28,03,71	6,26,71
Other Assets	40,93,29	40,69,51	41,55,41
Total	12,11,35,66	11,88,78,04	10,03,65,38

SCHEDULED BANKS

(In 000's of Rupees)	Week Ended 5-2-71	29-1-71	13-2-70
(i) Demand Liabilities—			
(a) Demand Deposits:			
(1) From Banks ...	1,63,45,00	1,60,22,00	1,33,25,00
(2) From others ...	25,71,50,00	25,69,75	21,68,22,00
(b) Borrowing from Banks	23,13,00	27,55,00	32,58,00
(c) Others	1,50,13,00	1,59,13,00	1,31,39,00
(ii) Time Liabilities—			
(a) Time Deposits:			
(1) From Banks ...	1,03,08,00	1,05,92,00	1,01,71,00
(2) From others ...	33,27,72,00	33,11,84,00	28,59,31,00
(b) Borrowing from Banks	7,69,00	12,40,00	7,81.00
(c) Others	41,08,00	38,92,00	29,80,00
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	30,66,00	32,02,00	26,26,00
(b) Time Liabilities ...	66,91,00	65,90,00	67,89,00
(iv) Borrowing from Reserve Bank	6,84,38,00	6,64,56.00	5,10,76,00
(v) Cash	1,64,84,00	1,65,40,00	1,33,55,00
(vi) Balances with Reserve Bank	1,97,33,00	1,83,00,00	1,68,90,00
(vii) Balances with other banks in current account ...	70,58,00	73,66.00	56,01.00
(viii) Money at call and short notice	37,35,00	45,03.00	54,06.00
(ix) Investments in Central and State Govt. Securities	14,09,76,00	14,12,80.00	12,37,61,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,51,29,00	37,62,32,00	32,78,24,00
(b) Due from banks ...	4,99,70,00	4,93,59,00	4,34,99,00
(xi) Inland Bills purchased and discounted ...	7,45,71,00	7,28,59.00	4,56,02,00
(xii) Foreign bills purchased and discounted ...	2,11,47,00	2,12,07,00	1,90,83,00
(xiii) Total of X, XI and XII	52,08,17,00	51,96,57,00	43,60,08,00

INDIA'S FOREIGN TRADE

(In crores of rupees)

Year/Month	Imports	Exports
1961	958·43	675·64
1962	981·28	691·10
1963	987·65	770·36
1964	1082·66	836·16
1965	1348·06	803·16
1966	1581.48	979.54
1967	2016.97	1210.45
1968	1538.33	1095.13
1969	1277.74	1146.19
1969		
November	105.99	105.30
December	115.07	118.32
1970		
January	128.62	145.04
February	132.03	96.78
March	125.54	128.14
April	142.59	127.97
May	127.63	119.11
June	132.64	93.95
July	132.78	91.81
August	154.73	127.00
September	130.76	119.19
October	125.32	129.50

Source: Supplement to the monthly Statistics of Foreign Trade of India.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

1. B. P. Kedia—7 Wellesley Place, Calcutta.
2. Bhaskar Mittar—8, Clive Row, Calcutta.
3. S. N. Bert—6, Middle Road, Hastings Calcutta.
5. Jamandas Karabhai Dalal, Bhatdee, Dhanbar.
7. S. Singh Roy—Nicco House', Hare Street, Calcutta-1.
9. D. M. Hacking Belmont, Coonoor P. O. Nilgiris.
10. B. P. Jain—*91*, Stephen House, Calcutta-1.
11. Ramdas M Varma—135, Biplabi Rashbehari Road, Calcutta-1.
12. K. L. Narasinha Rao, 2/230 Wynad Road, Pudupadi, P. O. Kerala, (Kerala State).
14. Ram Narain Kapur—Ritz Bldgs, Coonoor-1, Nilgiris.
15. S. D. Mehta, 'Indu House' Dougall Road, Ballard Estate, Bombay.
16. V. Ramkrishna—Ramkrishna Bldgs. 38, Mount Road, *Madras-6.*
19. Lord Sinha of Raipur—2, Fairlie Place, Calcutta.
20. Chhaganlall Baid—*8B*, *Lal* Bazar Street, Calcutta-1.
21. Pran Prashad—Chartered Bank Buildings, Calcutta.
22. B. M. Birla, India Exchange, 4 India Exchange Place, Calcutta.
23. P. Kanoi—20, R. N. Mukherjee Road, Calcutta.
24. R. P. Goenka—21, Netaji Subhas Road, Calcutta.
25. T. Kanoria, India Exchange, Calcutta-1.
27. R. G. Saharia—35, Chittaranjan Avenue, Calcutta.
28. D. N. Jalan—3, Netaji Subhas Road, *Calcutta.*
29. M. E. *Bourcier*, 3rd Floor, Bombay Mutual Bldg., N. S. C. Bose Road, Madras-1.
30. U. S. Bajoria, Narayani Bldgs—27, Brabourne Road, Calcutta.
31. Rameshwar Tantia—1 & 2, Old Court House Street, Calcutta.
32. Sir Biren Mookerjee—12, Mission Row, Calcutta.
33. Sri Prakasa—'BIC House', 14/77, Civil *Lines*, Kanpur, U.P.
34. Dr. W. J. J. Curry—9, Hare Street, Calcutta.
35. J. P. Goenka—9, Brabourne Road, Calcutta.
37. G. D. Birla, Industry House—159, Churchgate Reclamation, Bombay-1.
38. K. P. Modi, 'Ruby House', 8 India Exchange Place, Calcutta-1.
39. Donald Fordwood—4, Clive Row, Calcutta.
41. Biharilal Lahoty—14/2A Burdwan Road, Alipore, Calcutta.
42. Neville N. Wadia—Brady House, 12-14, Veer *Nariman* Road, Bombay-1.
43. M. Nohany—4, Synagogue Street, Calcutta.
44. Punam Chand Batia—*19*, Circular Garden Reach Road, Calcutta.
45. Lord Sinha of Raipur—2, Fairlie Place, Calcutta.
46. G. I. Purushotham Naidu—24, Krishnaswamy Mudaliar Road, Coimbatore.
47. Sitaram Daga—16, Hare Street, Calcutta.
49. M. K. Mookerjee—18, Netaji Subhas Road, Calcutta.
50. A. C. Khanna—15, Taratola Road, Calcutta.
51. P. B. Sen Gupta—234-3, Lower Circular Road, Calcutta.
52. W. E. Eadie—175, West George Street, Glasgow, C.2.
53. N. A. Palkhivala—121, Maharshi Karve Road, Bombay-20.
54. G. P. Kanoria—11, Rajendra Nath Mukherjee Road, Calcutta.
56. R. C. Karnani—16/3, Jawaharlal Nehru Road, Calcutta-13.
57. R. N. Chirimar—10, Clive Row, Calcutta-1.
58. T. C. Agarwala—50, Jatindra Mohan Avenue, Calcutta-5.
59. N. K. Jalan—Kamini Chamber, 32. Nicol Road, Ballard Estate, Bombay.
60. J. F. Brierley, 8 Clive Roy, Calcutta.
61. M. R. More—5, Clive Row, Calcutta.
62. D. Fordwood, 4, Clive Row, Calcutta-1.
63. K. P. Goenka—31, Netaji Subhas Road, Calcutta.
64. Sir John D. K. Brown—2, Fairlie Place, Calcutta.
65. Dass Bros.—29 and 30, Strand Road, Calcutta.
67. Day, P. E.—Anderson's House, Bishopgate, London, E.C.2.
68. R. P. Goenka, 241-242 Backbay Reclamation, Nariman Point, Bombay-1.
72. H. P. Kanoi—20, R. N. Mukherjee Road, Calcutta-1.
74. Sumat Prasad—5 and 7, Netaji Subhas Road, Calcutta-1.
77. G. H. N. Todd, Winchester House, 77, London Well, London, E.C.
78. A. F. Macdonald 31, Netaji Subhas Road, Calcutta.
79. D. I. Abraham—1 and 2, Old Court House Corner, Calcutta.
83. Pratapsingh Mathuradas—9, Wallace Street, Fort, Bombay.
84. Onkarmal Sonthalia—40, Strand Road, Calcutta-1.
85. K. K. Dutt—Chartered Bank Buildings, Calcutta.
86. F. H. Kemple—Forbes Buildings, Home Street, Fort. Bombay.
87. S. V. S. Iyer—88C, Old Prabhadevi Road, Bombay-28.
88. H. W. G. Stamper—Gilliander House, Netaji Subhas Road, Calcutta.
89. H. F. Whithouse—4, Fairlie Place, Calcutta.
90. A. R. Colley, Victoria House, Bloomsbury Square, London W.C. 1.
91. V. G. Rajadhyaksha—Hindustan Lever House. 165/166, Backbay Reclamation, Bombay-1.
92. K. L. Paricha, 1, Netaji Subhas Road, (1st Floor), Calcutta-1.
93. G. D. Kothari—Gillander House, Netaji Subhas Road, Calcutta-1.
94. R. N. Datta—*93-A*, Dharamtalla Street, Calcutta.
96. J. A. Moore—57B, Mirza Ghalib Street, Calcutta-16.
97. R. K. Jain, Roshanara Road, Delhi.
100. S. P. Puri, Chartered Bk. Bldgs, Calcutta.
101. K. C. Bhagat *33*, Netaji Subhas Road. Calcutta-1.
102. J. F. Brierley, 8, Clive Row, Calcutta.
103. Kundila, G. Seksaria—139, Meadow Street, Fort, Bombay.
104. Gopikisan Piramal—Dr. Ambedkar Road, Parel, Bombay-12.
105. Henry William Gilborn Stamper—Gillander House, Netaji Subhas Road, Calcutta.
106. Bhagwandas Bajoria, Chartered Bank Buildings, Calcutta.
107. N. K. Jalan—8, Dalhousie Square East, Calcutta.
108. P. N. Talukdar—4, Chittaranjan Avenue, Calcutta13.
110. Kamaljit Singh, Gillanders House, Netaji Subhas Road, Calcutta.
111. P. K. K. Nambiar,—8, Clive Row, Calcutta-1.
114. N. Sundaresan—3-6-237 Himayatnagar, Road, Hyderabad.
115. T. V. Braddeley—The Great Social Buildings, Sir Phirozeshah Mehta Road, Fort, Bombay.
116. Major Kapil Mohan, Solan Brewery, Simla Hills (H.P.)
118. K. L. Dua, Chartered Bk. Bldgs, Calcutta
119. Radhakrishna Ramnarain, 462. Senapati Bapt Marg. Lower Parel, Bombay-13.
121. Alan William *Hamer*—18, Strand Road, Calcutta.
122. Sardar Ajaib Singh—7, Wellesley Place. Calcutta
123. Mridu Hari Dalmia, Dalmiapuram, Madras State.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

127. J. B. Brighouse, 9, Shakespeare Sarani, Calcutta-16.
128. Donald Fordwood—4, Clive Row, Calcutta.
129. S. S. Bhimwal—7, Chowringhee Road, Calcutta.
130. L. R. Puri,—8, Clive Row, Calcutta.
131. D. K. Sen 31, Netaji Subhas Road, Calcutta.
132. Hari Shankar Singhania—7, Council House Street, Calcutta.
133. G. N. Khaitan—14, Radhabazar Lane, Calcutta.
138. P. D. Bangur—21, Stand Road, Calcutta.
139. M. P. Podder—4, Fairlie Place, Calcutta.
140. Brij Mohan Thapar—Thapar House. 25, Brabourne Road, Calcutta-1.
141. D. C. Kothari—20, Nungambakkam High Road, Madras-34.
142. R. Suryanarayan Rao—Channapatna, Mysore State.
143. S. L. Dhanuka—19, R. N. Mukherjee Calcutta-1.
144. S. B. Datta,—Gillander House, Netaji Subhas Road, Calcutta.
145. P. S. Nilkantan—1, Waterloo Street, Calcutta.
149. Dharamsey M. Khatau—6, Ballard Road. Fort, Bombay.
151. S. Ramanathan—Chickmanavar, P.O. Bangalore Dt.
153. Jai Kumar Karnani—3, Synagouge Street, Calcutta.
155. Bharat Ram—45, Tangra Road, Calcutta-15.
157. H. C. Kothari—20, Nungambakkam High Road, Madras-34.
158. Padampat Singhania—Kamala Tower Kanpur.
160. N. D. Bangur—4, Lyons Range, Calcutta.
163. H. R. Shah—3, Netaji Subhas Road, Calcutta.
165. A. C. Fotheringham—3 Netaji Subhas Road, Calcutta.
166. D. N. Bhattacharjee—Birla Building—9/1, R. N. Mukherjee Road, Calcutta-1.
167. D. I. Allport—Barlow House 39C, Chowringhee Road, Calcutta.
169. B. P. Ray, Chartered Bank Buildings, Calcutta.
170. A. N. Sircar—33/1, Netaji Subhas Road, Calcutta.
172. V. O. Markos—30/A Ward, Palai Kerala State.
174. C. B. Loxley—8, Clive Row, Calcutta.
179. J. D. Choksi—New India Assurance Bldg., Mahatma Gandhi Road, Fort. Bombay.
182. A. W. B. Hayward,—4 Bankshall St. Calcutta.
186. S. M. Kuppuswamy Chettair, 348, Avanashi Road Pappanaikenpalavam, Coimbatore.
188. G. Venkataswamy Naidu, Uppilipalayam P. O. Coimbatore-15.
190. J. M. Goenka,—9, Brabourne Road, Calcutta.
191. P. Sinha—18, Convent Road, Entally, Calcutta.
192. B. D. Agarwalla—Stephen House, 4, Dalhousie Square, Calcutta.
195. B. C. Roy—71, Park Street, Calcutta.
196. Kantilal Nahalchand, Killick House, Home Street, Fort, Bombay.
198. Dharamsey M. Khatau—Scindia House, Narottam Morajee Marg, Ballard Estate, Bombay.
199. Neville N. Wadia—Neville House, Ballard Estate, Bombay.
200. A. Basu—Chartered Bk. Bldg., Calcutta.
201. R. Arunachalam—17, Richmond Road Bangalore-1.
202. J. C. Crawford—14, Old Court House Street, Calcutta.
203. D. M. Hacking Belmount Coonoor, Nilgiris.
204. Malcolm Lamond,—4, Clive Row, Calcutta.
205. A Hydari, Indian Mercantile Chambers, Nicol Rd., Ballard Estate, Bombay.
207. Deepchand Kishenlal—25, Netaji Subhas Road, Calcutta.
210. R. R. Mohta, 7, Lyons Range, Calcutta-1.
211. H. L. Somany—2, Wellesley Place, Calcutta.
212. P. G. Krishna Iyer—Mount Pleasant, Coonoor Nilgiris.
213. Poddar K. N.—37, Vivekananda Road. Calcutta.
214. V. V. Parekh, Tinsukia, Lakhimpur, Assam.
215. Sumat Prasad,—3, Netaji Subhas Road, Calcutta.
218. H. V. R. Iy—Dare House, Parry's Courner, Madras.
221. C. H. Bhabha, Spencers Buildings, Madras-2.
223. R. N. Agarwala—4, Lyons Range. Calcutta.
225. Roy, B. K.—1, 2 and 3, Old Court House Street, Calcutta.
226. M. D. Shivananjappa—Kampegowda Road, Bangalore-9.
227. K. C. Maitra—"3A, Shakespeare Sarani. Calcutta-16.
229. Dwarkadas Shriniwas—N. M. Joshi Marg, Chinchpokli, Bombay-11.
230. Rajam C. Oriental Bldg., Armenian Street, Madras.
233. T. Shamanna—1129, Vani Vilasa Road, Mysore.
234. N. D. Bangur—14, Netaji Subhas Road, Calcutta.
235. Soorajmull Nagermull—8, Dalhousie Square East, Calcutta.
236. C. M. A. Bathrust, 4, Bankshall Street, Calcutta.
238. Dr. Bharat Ram—Bara Hindu Rao, Delhi.
241. Singh Ranjit—Lucknow.
245. Dr. B. N. Ghose—6, Ganesh Avenu, Calcutta-13.

CHAIRMAN, MANAGING DIRECTORS OR DIRECTORS WITH THEIR RESPECTIVE ADDRESSES

249. Charles Henry Elliot, Chesterfield House, 26/28, French Church St., London, E.C. 3.
250. M. S. Ramaswamy, 6/23-24 Race Course Road, Coimbatore.
253. R. B. Pradhan—Empire House, 214, Hornby Road, Bombay.
255. Setalvad J. C.—73, Oppo Churchgate Station Fort Bombay.
258. H. M. Periwal, 24 Indra Roy Road, Calcutta.
259. S. Ramashramony Aiyer—Trivandrum.
261. N. D. Sirur—70, Forbes Street. Fort Bombay.
262. Ramniwas Ramnarain, 5, Convent St., Colaba, Bombay-1.
264. V. Venugopal Naidu—Sir Jayachamaraja Wadiyar Road, Bangalore-2.
267. N. H. Tata—24, Bruces Street, Bombay.
268. A. K. Roy—16, Bank St., Fort, Bombay.
269. J. R. D. Tata—Bombay House, Bruce St., Fort Bombay.
270. Pothen George, Punalur P.O., Kerala State.
271. Thomas P. T.—Kottayam S. India.
274. A. Hydari—Indian Mercantile Chambers. Nicol Road, Ballard Estate, Bombay.
276. Tulsidas Kilchand, Indian Mercantile Chambers, Nicol Road, Ballard Estate, Bombay.
278. Anthony William Byrd Hayward, 4, Bankshall Street, Calcutta.
279. B. M. Khaitan—4, Mangoe Lane, Calcutta.
282. C. Hockley—3, Netaji Subhas Road, Calcutta.
283. P. L. Jhunjhunwala—King Edward Road, Sewrie, Bombay-15.
284. Lalchan Hirachand—Walchand Hirachand Marg—Ballard Estate Fort Bombay.
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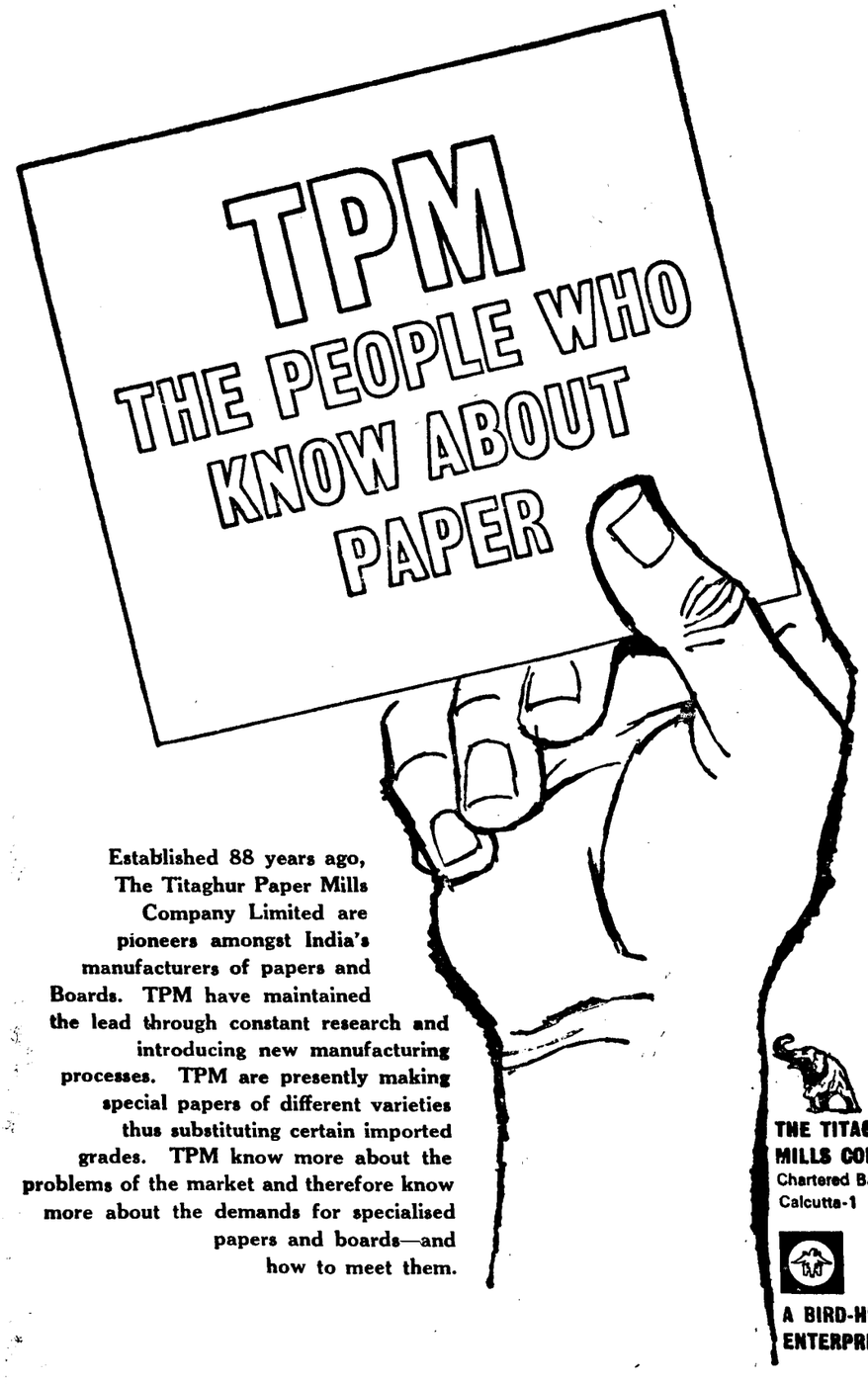
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Recasting the Fourth Plan?

THE Prime Minister, Mrs. Indira Gandhi, is reported to have said in Bombay recently that there had been many mistakes in planning and that she was in favour of completely recasting the Fourth Plan. That Mrs. Gandhi has been having such a feeling is no secret, for she herself had, at several meetings of the Planning Commission and elsewhere, criticised the present system of planning. Predictably, her opposition to the present pattern is on the ground that the benefits of planning have not percolated to the lowest strata of society and glaring disparities in the lives of the rich and poor still persist in the Indian society.

Few will disagree with the Prime Minister on her general thesis. What she now finds has many times been pointed out by critics of the Indian system of planning in the past. But their views were rejected as being biased and inspired by the protagonists of free enterprise. The need for indicative planning on the lines of the French system has been stressed by several well-known economists and experts but in vain. It is only now that the Prime Minister seems to recognise the importance of indicative planning as she finds the present system too rigid and too much target-oriented.

The Prime Minister, however, has given no indication of the lines on which she proposes to revamp the Planning Commission if she is returned to power at the Centre. But now that she has set the ball rolling, it may be expected that any party or coalition of parties at the Centre will give equal attention to this question and take urgent steps to give a new direction to the economy, which, in any case, will not be possible without a complete reorientation of the Fourth Plan. Today, no political party—not even the Swatantra Party—is opposed to planning as such. The criticism of Opposition parties has, by and large, been concerned with the manner of its implementation. The Prime Minister's admission of "many mistakes in planning" can be taken as an implicit acceptance by her of the points of criticism by her opponents.

If Mrs. Gandhi is genuinely interested in rectifying past mistakes and giving a new direction to planning, there is little doubt that her idea will receive wide support from all sections of the people. The election manifestoes of different political parties clearly show that they are all agreed on what ails the economy, although they have different remedies. For instance, all political parties are agreed on the urgent need to increase production, enlarge employment opportunities and stabilise prices. If these are accepted as the most urgent tasks, then the differences in approach can be considerably reduced through discussion. And the differences will not also matter, provided any good approach is able to yield results.

But if the present system of planning—however defective it may be—is to be given a go-by only to leave the Government free to take up such politically-expedient schemes as locating a steel plant in a State or a second refinery in another, then it will spell disaster for the whole economy. If Mrs. Gandhi's only consideration in revamping the Plan is that the Planning Commission—as constituted at present—is behaving too much like a mother-in-law, and does not allow her sufficient manoeuvrability in economic matters, then it will be dangerous to let her have her way. She has already shown little regard to the Planning Commission's views on such schemes as the "small car project" and the Bokaro steel plant expansion. And these schemes have been taken up at the

cost of other more important schemes included in the Fourth Plan.

There is widespread suspicion that the powers of planning may be utilised by the Congress (R) merely to strengthen its political base instead of widening the base of the economy and providing stimulus for growth. The recent promulgation of an ordinance providing for a family pension scheme for industrial workers is seen as one such politically-motivated measure. There is no denying the fact that the scheme will benefit thousands of workers but it is also true that the timing of the ordinance is such that it will benefit the Party in power too. The ruling Party, however, contends that the scheme is nothing new and is part of the budgetary proposals of the Prime Minister but it has no real explanation to offer why its implementation should have been delayed so long or why it should have been introduced in such haste now.

The pension scheme will cost the Central Government between Rs. 12 crores and Rs. 16 crores a year to begin with. When the Government mooted the proposal, the Planning Commission took exception to launching the scheme outside the Fourth Plan in view of the large outlay envisaged. The Commission had also taken the line that the resources position of the Government did not justify going in for too many welfare schemes. Such schemes, it rightly holds, should be capable of paying for themselves ; otherwise, they only add to the inflationary pressures in the economy and erode the real value of the rupee. Prices over the past 12 months have already risen by more than 7 per cent, and it is reported that the extent of deficit financing this year may be as high as Rs. 800 crores, compared with Rs. 250 crores envisaged in the last Central Budget.

Rural labour is already having a feeling of having been let down by both the planners and politicians. The pension scheme for industrial workers is bound to create heart-burn among farm workers who do not enjoy any security of tenure. It can be safely expected that other political parties will not be found wanting in exploiting the grievances of farm labour and spearheading agitations for a better deal for them. There will thus be so many demands for wage increases and benefits that little will be left as resources with the Government for taking up really productive projects. If this trend should continue, the country will not only be repeating the past mistakes of planning but also committing new blunders.

Recent studies of the economy show that there is virtual stagnation in the capital goods industries. If these industries are to pick up again, the necessary impetus has to be provided by the Government by way of fresh investment in projects that will widen the basic infra-structure of the economy. The immediate need is to create durable capital assets which can be utilised to generate new demands and open up new production opportunities and employment potential. Rural roads and houses need immediate attention. This will also provide work for the heavy industries which will be called upon to produce earth-movers, cranes, trucks, lorries, stone-crushers, etcetera. Unless, steps are taken to generate employment opportunities in the rural areas, the primary object of developing a balanced economy will be defeated. For a vast country like India with nearly 80 per cent of its population depending on agriculture for their livelihood, the consequences of unbalanced growth are only too plain to see.

Battle for the Ballot

INDIA will be choosing her political masters at the Centre for the next five years in a few days. Who will be picked up by the 270 million voters to shape the country's destiny and what sort of political alignments they will build remains a speculative exercise. It is, however, conceded that the elections will be crucial for the future of India's parliamentary democracy, decisive in the context of socio-economic tensions built up over a period, and unique in as much as over a third of the voters having no emotional ties with the freedom struggle will decide the fate of the ballot box. Yet the fact needs to be faced that the election campaign has been on a low key. Barring Tamil Nadu, West Bengal and Orissa, the elections to the Lok Sabha have been isolated for the first time from those for the State legislatures with the result that the candidates will not have their local mounts and the voters will have to vote on national issues. Secondly, the candidates selected by the parties have made a late start. Thirdly, and more important, the relative merits of the parties, instead of those of the candidates, will be the major consideration with voters.

Mr. Jagjivan Ram's Congress has lionised Mrs. Gandhi who hitherto worked on a strategy of driving a wedge between the haves and the have-nots and has now preferred the consolidation of political gains she has made during the past 18 months. It has preferred local adjustments and has rejected electoral alliances with the C.P.I. and the P.S.P. at the national level. The Grand Alliance based on the sole objective of defeating the Congress (R) has developed cracks It has, however, helped the Organisation Congress, the Jana Sangh and the Swatantra Party to improve their images by roping in the S.S.P. From the choice of candidates, it is not easy to identify the precise political complexions of the leading parties. The Congress (R) has fielded four princes as socialists ; but three of them have continued to receive their privy purses. An overwhelming majority of princes is, however, with the Alliance. The big landlords have been evenly divided between the two. Although industry has divided its contribution between the Congress (R) and the Alliance in the ratio of 70:30, the former has fewer industrialists than the latter in the contest. The ideological battle is being fought in south Bombay where Mr. George Fernandes faces Mr. Naval Tata, leaving the rest to fight on the sidelines.

The voters have an unenviable job of making up their minds. In 1967, they gave an opportunity to the non-Congress parties to form State Governments either singly or in coalition in several States but were disappointed by their failure to redeem their promises. They are equally disappointed with the Congress (R) at the Centre and know that the split in the Congress has generated the possibility of other parties collectively sharing the Central power provided they oblige them. The manifestoes would not help them to make their choice. The manifesto of the ruling Congress condemns both the left extremism and right reaction but is vague on how it proposes to tackle the national problems. The only firm promise it makes is to nationalise general insurance and abolish the privy purses. It is, however, silent on the implementation of land reform laws and has preferred to run the socialist concept in the second gear.

An exercise in impossibilities is the keynote of the manifestoes of the Opposition parties which have made a bid to join the Congress (R) in creating an atmosphere of economic radicalism. By drawing heavily on the A.I.C.C. resolution of the Organisation Congress of 28th June in its election manifesto, the Swatantra Party has not shown any originality. The Jana Sangh, the P.S.P., the Organisation Congress and the C.P.I. have tickled the electorate by assuring the right to work as a fundamental right without caring to spell out how it can be exercised. Although the two Communist Parties are divided on foreign policy in relation to Moscow and Peking, both are quite clear that they must uproot the right reaction since it is inspired by America to kill democratic movements and forces in the country. But whereas the C.P.I. has shown caution while giving its judgment on the ruling Congress, the Marxists have minced no words in saying that they do not believe in the radical posture of Mrs. Gandhi and have opined that the rightists are their enemies and the so-called leftists are traitors.

It is becoming increasingly clear that the Fourth Plan is running into difficulties. Economic stagnation and the resultant fall in opportunities for employment have assumed a new dimension and the people are no more in a mood to live on hopes held out by the Government. The existence of the malaise has been acknowledged by all parties but they differ violently both on the causes and the remedial action. The differences over the causes and their effect are of an academic interest. What is relevant is how soon the imbalances in the economy will be corrected, the price and cost inflation halted, the tempo of new investment through real savings given fresh momentum and the tensions will be contained. The wild promises of politicians can hardly carry conviction because the position has been allowed to deteriorate through sheer obstinacy and wishful thinking. No party has taken note of the hard facts that the human factor has the decisive influence on the gap between targets and achievements and the traditional society opting out for modernisation has to face complex problems.

If the kind of socialism professed by Mrs. Gandhi can do the trick of challenging communism by tackling more pressing problems, the state of the nation would not have been what it is today. The Government has no doubt acquired a commanding position over the economy ; but its inability to build up the much needed surplus has already thwarted the development effort. As for the private sector, it is to be wondered whether it can initiate the process of development when bound hand and foot with money getting costlier and scarcer. The cost of money, if available, is about 12 per cent, while the Government's notion of a fair return has been hovering around 8 per cent. Again, it wants to assure an adequate price for the primary producer, a better wage to labour irrespective of output, higher revenues through increased taxation for the exchequer to finance welfare services and cheaper goods for the consumer.

Nobody wants to say at the moment wherefrom these combined benefits are going to be showered. It follows from this that whichever party is voted to power, its task will be unenviable. The move for setting up the Reconstruction Finance Corporation acknowledges that what had been laboriously built up has been already destroyed. But are conditions favourable for reconstruction ? Socialism of the nineteenth century will not be able to reconstruct the economy with the aid of indiscipline, inflation and welfare economies. Whether democracy will be preserved in such a situation during the next five years is the biggest question mark as the elections are being held.

Fillip to Small Units

THE Central Government has done well to reserve 73 more items for exclusive production in the small-scale sector. This will mean that henceforth new production in these items will not be allowed in any other sector except the small-scale sector. Together with the new additions, the list of items reserved for the small-scale sector goes up to an impressive total of 128. This ought to provide a fillip to the small-scale industry which has, by and large, done well in the last ten to 15 years.

According to official statistics, the number of registered small-scale units rose from 121,619 in 1966 to 190,727 in 1970, representing more than a 50-per cent increase. Employment provided by this sector rose from 5.8 million in 1965-66 to 6.5 million in 1970-71. It is apparent that employment has not expanded at the same rate as the number of units in the small-scale sector. Since one of the primary aims of encouraging the small sector to grow is to tap its employment potential to the maximum extent possible, new entrepreneurs should be prevailed upon to make optimum use of the cheap labour available in the rural areas, instead of locating their units in urban centres and resorting to labour-saving techniques of production. For instance, there is no logic in having small units manufacturing agricultural implements in an urban area and it is here that the small units should impose upon themselves some kind of self-regulation.

Since the recession of 1966-67, the small-scale sector has achieved a remarkable recovery. The average growth rate in the last two or three years has been around 11 per cent, compared with about 8 per cent in 1965-66. Much of the advance made by the small-scale sector can be attributed to the helpful and sympathetic policies followed by the Central Government in particular and the State Governments in general. Direct encouragement is provided for units in the small sector by expanding periodically the list of Government stores to be purchased from them. They are also allowed a price premium on items for which they have to compete with the organised sector. They have been provided special facilities in the matter of their raw material requirements and imports for the small-scale sector have risen from a mere Rs. 4 crores in 1965 to Rs. 100 crores in 1970. Recently, a notional allotment of 40,000 tonnes of imported steel has been made to meet the needs of small units "off the shelf". All these facilities should go a long way to help the small units to disperse and strengthen the industrial base, especially in the rural areas.

It must, however, be mentioned that many in the small-scale sector suffer from the complex that their survival is always under threat from the organised sector. This may be partly due to the Government's own policy of baiting the organised sector day in and day out. As a result, the essential

need to promote inter-dependence between the two sectors has not been adequately recognised even in responsible circles. The official fiat to large undertakings in the public and private sectors to farm out their requirements of components and spares for manufacture in the small-scale sector fails to take note of the progress already made in this direction in a number of industries. For example, a tractor manufacturing firm in New Delhi is reported to have given up the manufacture of certain ancillaries in its own factory and is now buying them from small units because of the cost advantage. This only goes to show that if the small units are capable of producing quality goods at reasonable prices, they need have no fears about their future; the bigger units will only be too ready to take their products.

Another fear that seems to haunt many small entrepreneurs is that they may be "condemned" for ever to manufacture ancillary items and never complete products by themselves. This again is an unfounded fear. The Japanese example is there for all to see. Even in India, there are hundreds of small units making such finished goods as sewing machines, electrical gadgets, radios, transistors and even television sets. Whereas units manufacturing such goods have to grapple with marketing problems, those producing ancillaries have no such worries and are able to operate on the basis of an assured market for their products. In fact, the small-scale sector can achieve even a higher rate of growth than at present if entrepreneurs take to ancillaries in a bigger way.

The small units have also done well in the field of exports. More than 400 small units exported goods worth nearly Rs. 20 crores in 1970-71 out of their total production of about Rs. 62 crores. This means that their average exports have been of the order of 32 per cent of their production! Of these total exports, nearly 20 per cent was contributed by seven units engaged in the manufacture of ready-made garments in the small-scale sector, which together exported 95 per cent of their production in 1969. Another 16 per cent of the exports was accounted for by 34 units engaged in the manufacture of woollen hosiery goods. In the field of engineering industries, 117 small units shared among themselves 32 per cent of the total exports. Some of the notable exports were domestic utensils, bicycles and bicycle parts, electrical goods and components.

The possibilities for the future are unlimited. In India, there is abundant scope not only for the small-scale sector but also for the public, private and co-operative sectors. They could engage themselves in competitive as well as complementary production. That is the only way to secure accelerated growth in industrial production. It is claimed on behalf of the small-scale industry that its production accounts for nearly one-third of the country's total industrial output. And yet, it is strange that the contribution made by this growing sector is not taken note of in the index of industrial production. This is a deficiency that must be made good immediately.

Unemployment: The First Priority

THE versatile Mr. B. K. Nehru, Governor of Assam, Meghalaya and Nagaland, could not have possibly selected a theme more appropriate than unemployment for his B.F. Madon Memorial lecture—the eighth in the series—which he delivered in Bombay recently under the auspices of the Indian Merchants' Chamber Economic Research and Training Foundation. He very rightly called it "The First Priority". Unemployment is unquestionably the biggest challenge facing the country today. The magnitude of this malady is already so great and the rate at which it is increasing is so rapid that, if nothing is done to cure it, it will eat into the vitals of the nation and cause a collapse of the body politic.

While reliable statistics are badly lacking, it is estimated that there were a little over 3 million unemployed in 1950 and 14 million in 1970. If present policies continue, the figure of unemployed is likely to rise to 37 million in 1980, constituting nearly 14 per cent of the labour force at that time. And if one were also to include persons living below the level of subsistence, the figure would swell to around 220 million in 1980. The problem of unemployment is not only one of numbers. It has many facets; educated unemployed raise important issues. The person who is unemployed or living below the subsistence level has quite naturally no attachment and no loyalty to the preservation of a social, political and economic system which appears to him to be monstrously unjust, corrupt and hypocritical. The result is a violent and explosive determination to overthrow it.

Discontent and indiscipline have already assumed frightening proportions in several spheres of national life. If the forces of disintegration are to be held in check, increasing employment must have the first priority. But employment has not only to be gainful (in the sense of holding a job which enables the holder to draw a wage or salary at the end of every month) but also productive. It has to be productive not only in the sense of somehow managing to produce more than is consumed in the process but in the sense of employing the best available techniques and the best available mix of the factors of production that may be available at any particular time or place. According to Mr. Nehru, instead of employing, under political pressure, three or four times as many people as are necessary to do a job, the Government could as well embark upon a programme of straight-forward unemployment relief.

The objective of creating employment is in reality the objective on the one hand of increasing production, and on the other of ensuring that the total purchasing power in the country is so distributed that as much of the needs of as many people as possible are met from the total production of the country. Mr. Nehru considers the problem of distributing purchasing power to be the easiest of all. He says that through the powerful armoury of progressive direct taxation, the Government can distribute purchasing power exactly as it pleases. While this is theoretically possible, it is not practicable or administratively feasible. The real trouble, however, arises in relation to the problem of increasing production. It is here that the Government's economic policy has faltered. For, instead of devoting itself wholeheartedly and single-mindedly to increase production, it has permitted a large number of other considerations, all of them desirable in themselves, to effect its policy to the detriment of productive activity. Ideological obsessions with social justice are known to have led to the adoption of measures which have stifled initiative and productive effort; "anti-concentration" drive is but one example.

"There are too many hungry and naked and homeless people for us to wait for the establishment of a perfect social order before turning our attention to their needs", says Mr. Nehru. The top priority must, therefore, be given to increasing production "at all cost". The daily urgings and exhortations to work hard and make sacrifices for the good of the nation can produce little effect. What is required is that the incentives and disincentives to each individual engaged in the task of creating wealth should be so arranged as to encourage production. The wholly sterile controversy about the public and private sectors must go. What is relevant is management. Whoever can produce at less real cost to the economy should be allowed to do so. The controversy of small-scale *versus* large-scale industries should also be relegated to the background. The merits of each case should be judged by the relative productive efficiency of the unit, whether in the field of agriculture or industry. The fear complex about the use of foreign capital and foreign collaboration must also go. This is sound advice. Will New Delhi heed it?

The need for increasing production requires no special emphasis. A minimum rate of growth of the economy on a self-sustaining basis is a prerequisite for the formulation of programmes for dealing effectively with any specific aspects of unemployment. In the long run, opportunities for employment grow at the rate at which the national output expands. Obviously, the national output must grow at least as fast as the employable population if the proportion of the unemployed is to be kept constant. It must expand even more rapidly if the country has a backlog of unemployment to cope with. A substantial increase in the rate of growth calls not only for more efficient management of various resources but also larger fresh investment.

CURRENT COMMENT

U.S. AID

Major Reforms Proposed

The Nixon administration is continuing to back efforts to promote the export of and increase financial aid to developing nations to assist those countries in becoming economically independent. These goals—to be promoted through the proposed generalised tariff preferences and more official aid and private investment—were reaffirmed in the annual report of the President's Council of Economic Advisers. The report accompanied President Richard M. Nixon's Economic Report to the Congress. The Economic Council noted that export expansion was not the only means of aiding developing countries. "Capital flows, both official and private, must play a major rôle in the economic development of these nations," the Council said. "There are indications that, in line with the President's declared policy, the downward trend in the absolute level of U.S. aid will be reversed," the Council said.

In so doing, President Nixon has proposed major reforms in the U.S. aid programme to divide it into three components: development assistance, humanitarian assistance and security assistance. Bilateral aid would be administered through two new organisations. In addition, Mr. Nixon has recommended that a higher proportion of American aid be channelled through multilateral institutions to allow greater co-ordination of international assistance and reduce some of the political frictions associated with bilateral aid.

INDUSTRIAL ENGINEERING

Rôle in Management

Addressing the members of the Institution of Industrial Engineers in Calcutta a few days ago, Mr. S. K. Nanavati, Managing Director of the Tata Iron and Steel Co. Ltd, said that industrial engineering had an important rôle in the vital management task of improving productivity by an effective utilisation of resources, such as labour, materials and machinery. Method study, materials handling, labour control, incentive planning and capital expenditure control are some of the important fields for the application of industrial engineering. Many modifications and refinements have taken place in the techniques adopted in the conventional areas of its application. More important is the continuous development and adoption of newer techniques. These techniques have become so specialised that they have branched off into a special field called operations research technique. Mr. Nanavati said that industrial engineers should familiarise themselves with this new science. An industrial engineer has two distinct functions, namely, "control functions" and "improvement functions". The former relate, among other things, to establishing norms of performance and incentive plans while the latter include improvement in processes and methods of operation.

TOURISM

Evaluation of Progress

There was a significant increase in the number of foreign tourists visiting this country in 1970. The Tourist Department can rightly claim credit for this. There has been a late but welcome awareness that the tourist industry can earn a considerable amount of foreign exchange. Foreign exchange earnings from tourism rose by Rs. 5 crores to Rs. 38 crores. The Tourist Department feels that the earnings would have been much higher if the situation in respect of hotel accommodation and accommodation in planes and railways was better. Even after 1975 when all the hotel projects now in hand are completed, there would be, according to a conservative estimate, a shortage of nearly 5,000 hotel beds. One of the obsessions from which the Tourist Department still suffers is its effort to sell mainly the Delhi-Agra-Srinagar region to foreign tourists. Benares and Jaipur have also got the patronage of the Department. But as far as the rest of the country with many interesting tourist spots is concerned, the Department has hardly shown any interest. It is not by accident that Delhi in course of a few years has become the main point of entry for foreign tourists. Air agreements have been revised in such a way that Delhi becomes the touching point for most of the international airlines.

Although there was an increase of 14 per cent in the number of foreign tourists arriving last year compared with that in the previous year, there was practically no change in their composition. The U.S.A., the U.K. and Ceylon continued to be the main points of origin. There were significant increases in tourist arrivals from Canada, France, Italy, the Persian Gulf countries, Iran, Afghanistan and Singapore. A decline in

tourist arrivals from Ceylon was recorded. One interesting factor noticed in 1970 is that tourists arrived almost throughout the year; tourist arrivals in winter months constituted 51.3 per cent. With a little more imagination, India's tourist trade can be expanded considerably. The Government must give up its present attitude of selling only the internationally known places. There should be efforts to open up this vast and beautiful country to tourists and not particular places. Custom regulations have improved, but these need further streamlining and improvement. As India launches a massive drive for attracting tourists, steps should be taken to improve hotel facilities, the internal air services and road and rail transport.

WEST BENGAL

Industry Lags Behind

Mr. B. D. Pande, Secretary in the Central Ministry of Industrial Development, told the Indian Chamber of Commerce, Calcutta, a few days ago that last year the Government of India had received a record number of over 3,000 applications for industrial licences from various parts of the country. But he regretted that the number of applications from West Bengal had been negligible. He said that industrial expansion of West Bengal would depend mainly on the extent to which a climate of confidence could be created. He suggested that business men in West Bengal themselves could take the initiative in restoring confidence by coming forward to set up new industries, for which there was considerable scope. He assured the Chamber that his Ministry would take particular care to dispose of quickly all applications from West Bengal. Mr. Pande said that the Reconstruction Bank would soon start functioning in Calcutta. It would be an independent body with powers to make its own decisions. It would also look into the managerial aspects of the sick industrial units to make them viable.

EXPORT CREDIT

Refinance Facilities

At a meeting which the Governor of the Reserve Bank of India, Mr. S. Jagannathan, had with the chief executives of major banks in Calcutta recently, one of the points raised was that the existing basis of refinance facilities against export credit was likely to result in a lower quantum of entitlement for refinance at the concessional rate of 4½ per cent during 1971. It was also felt that the quantum of such entitlement might vary from week to week, thereby leaving room for uncertainty. The Reserve Bank has since carefully reviewed the basis of refinance facilities against export credit, taking into account that the ceiling of 6 per cent on all export credit extended by banks will continue and decided to make some changes. Refinance is being made available, irrespective of the net liquidity ratio, from 26th February, 1971: (a) Up to an amount equal to 10 per cent of the annual average of export credit in 1970 (calculated as the average of the outstanding level of export credit during 52 weeks) at 4½ per cent; and (b) an additional amount up to 10 per cent of the annual average of export credit as defined above at Bank rate. Borrowings in terms of (a) and (b) will not be taken into account while computing the net liquidity ratio.

BAGGAGE RULES

Liberalisation Announced

According to a public notice issued by the Central Ministry of Foreign Trade, the import of goods as personal baggage has been liberalised. At present, passengers returning to India from abroad, after a stay of less than three months, are allowed to import, duty-free and without import trade control (I.T.C.) formalities, articles up to a value of Rs. 500. A passenger will henceforward be eligible, at the discretion of the Customs authorities, to import articles of an additional value of Rs. 750, subject to the payment of Customs duty. It has also been decided that in the event of the value of any of the following articles exceeding Rs. 750, only that article will be allowed to be imported, on payment of duty: T.V. set, fire-arm, watch valued at over Rs. 100, camera, movie camera, projector, tape-recorder, amplifier, golf set, electric shaver, hair dryer, flash gun and exposure meter.

Persons living abroad continuously for more than three months will be entitled to further concessions. They will be eligible to import, on payment of duty without I.T.C. formalities, the articles listed above and those articles that have been in their actual use, on the basis of Rs. 250 for each completed month of stay abroad, up to a limit of Rs. 6,000. Such imports will also be subject to the provision that these are purchased out of the passenger's earnings abroad.

MONEY MARKET

Call Rate Steady

The short-term money market has been extremely tight this past week. The call rate has been steady at 12 per cent, with stray lots done at 11 per cent early in the week. The demand for remittances has been nominal. With the tea season virtually at its end, the supply of tea bills has been very small while that of gunny bills has been nominal. The pound-sterling has weakened somewhat against most major foreign currencies during the week.

LIFE INSURANCE

A CORRESPONDENT writes in Current Coin: The word "insure" means to make sure to secure, as to insure safety to any one, and the object of insuring one's life is to make sure that a certain sum of money shall be available and forthcoming on the death of the insurer or on his attaining a certain age. There should be no risk about this, because if there is a risk there is no security; there is in fact no insurance. The risk is only with the company that insures; and in the case of well-established and properly managed companies there is really no risk, because the gains and losses are evenly apportioned on actuarial data. If people would only bear this in mind they would be saved a great deal of anxiety and possibly spared the misery of seeing, through the failure of their life office, their dear ones wholly unprovided for. If there is any possible doubt about a life office, avoid it, and insure in one of the many that are *sans peur et sans reproche*.

FROM
CAPITAL
2nd March, 1911

A Ditcher's Diary

HASN'T SOMEBODY WRITTEN ABOUT "the ten days that shook the world"? I don't think that the phrase will be used in referring to free India's fifth general election. The country itself may remain unshaken by the ten-day exercise that began last Monday. To many people the exercise must seem purely ritualistic; and many may still fail to see the need for this elaborate ritual. To those directly involved something surely is at stake; otherwise there would have been no spending so much time, energy and—above all—money. But the majority of people, who are still being reminded by the indefatigable Mr. Sen-Varma of their "sacred duty" to vote, should be able to see that what is at stake is by no means a change in the quality of life. To both Mrs. Gandhi and her opponents she is the only issue in this election; nothing else really matters. If she can ensure for herself another five years of undisputed power, her radicalism will be so restrained by the economic realities that her domestic policy, at any rate, may be indistinguishable from any advocated by her rivals on the right. And if the Grand Alliance is able to form a Government, free enterprise cannot but be tarnished by the Jana Sangh's populist pressure, the S.S.P.'s quixotic ideas about time-bound equality and the Syndicate's ambivalent allegiance to ten-point socialism; it was not insignificant that the Swatantra election manifesto promised a massive programme of public works as a short-time solution to unemployment. Only the postures will vary; perhaps also the style. Judging by the campaign, Mrs. Gandhi's style may have a greater professional touch; her public relations boys have learnt fast, but she cannot have needed much assistance. But how good are her chances? An Indian astrologer who now owns three houses in London and has the distinction of having predicted Mr. Heath's victory against the opinion of all pollsters does not think that the stars are now in her favour; this view is shared by a foreign astrological magazine. But astrologers in this country may not agree; at least one of them predicts an invincible position for the lady after 22nd March. All the election results should be available by 12th March; will then there be something to shake Delhi for ten days before Mrs. Gandhi can emerge finally triumphant? After having consulted her own astrologer, she probably knows the scenario in advance.

ELECTIONS TO THE WEST BENGAL Assembly are not being fought over what the parliamentary poll is about, but there's one feature that strikes me as oddly similar. As Mrs. Gandhi is the only issue in the national poll, the C.P.I. (M) seems to be the only issue in the local contest in West Bengal. Everybody is debating whether the Marxists will make it, or whether they can be stopped. The C.P.I. (M)'s opponents are talking mostly about the need for keeping the Party at bay instead of any positive plan of their own. Even when they seem confident of their own success, they do not say that they will win but that the Marxists will be defeated. An article in a pro-C.P.I. daily has suggested that the Congress (R) will win more than 100 seats, that the C.P.I. will bag more than 50, and that the C.P.I. (M) may not be able to reach even its 1967 figure of 43; yet, instead of proclaiming the assumed near-certainty of a Congress (R)-C.P.I. Government, the article's heading merely predicts a big defeat for the Marxists. The C.P.I. (M) may not be unhappy that it has become the subject of such obsessive concern among all other political circles, and it has predictably tried to keep itself at the centre of the stage by frequent claims that it will get an outright majority. I find it impossible to evaluate the claims and counter-claims; I have seen the Marxists' claims being presented as convincingly as the counter-claims by their opponents, and the truth I do not pretend to know. The Marxists talk about their organisational strength in the villages, about which I know little; their opponents talk about the Marxists' association with violent politics and a consequent alienation of people, but I do not know the extent of this alienation or its likely impact on the voting pattern outside my immediate environment. And I suspect that most confident predictions have a strong wish-fulfilling element. Judgments are influenced not only by what one sees and hears, but by also what one wishes to see and hear. So I would rather wait for the results to be announced in just over a week's time than form opinions on partisan claims and not wholly unpartisan forecasts. But, whatever happens, the Marxists are enjoying a pre-election prominence which they should find flattering. And among the Marxist leaders, it is Mr. Jyoti Basu who seems to dominate the

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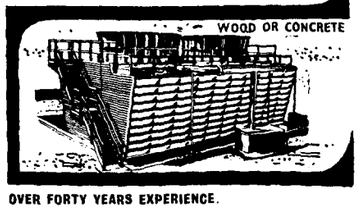
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public debate. In strictly political terms this is a bit odd, for it is Mr. Promode Das Gupta who is the Party boss in West Bengal. But perhaps Mr. Basu has acquired some kind of charisma among the urban middle class which is the most articulate section of the electorate.

UNLESS YOU HAVE BEEN READING your newspapers very carefully indeed, you will be startled to learn that the President of the country which supplies South Africa with the bulk of her imported arms recently toured the capitals of five black African States. Scarcely a mention of it in the headlines; no detailed accounts of public demonstrations and anguished discussion because there was none. How the bruised and battered Mr. Heath in London must have envied President Pompidou returning in quiet triumph to Paris. Why, he must have reflected, is it only the Africans of the British Commonwealth who feel so strongly about such things? A valid question, you must admit; it is one I have frequently pondered, so far without finding an answer. It may be true that South Africa was formerly a part of the British Commonwealth, and so was once the responsibility of the Government in London even if it is no longer. But that surely does not offset the fact that precisely the same arguments apply to France supplying arms to white South Africans, as to Britain. If it is a life-or-death matter for English-speaking black Africans, then it must be for their French-speaking colleagues also. One can only conclude that the answer lies not in how Africans feel, but in the contrasting feelings of the British and the French. What I mean is that whereas the prevailing British attitude to an imperial past and evidence of racialism in the present is one of deep and obvious guilt, that of France is compounded of pride and satisfaction. Ex-President de Gaulle characterised the French attitude to the Commonwealth in his lofty paternalism. Nobody would have shaken his conviction that France's mission in Africa had been a civilising one, and that those States which had experienced it could count themselves fortunate. Yet Britain's attitude to her former empire is one of abject apology. Her obvious guilt feelings about having ruled others, and frequently despised them for the colour of their skins, may be fitting, and do her credit. But it also invites the kind of pressure from Africans which President Pompidou neither expected, nor experienced.

A COCKTAIL BAR WAITRESS IN SYRACUSE recently lost her job because her employer considered her to be too flat-chested, and she filed a complaint with the New York State Human Rights Division against this discrimination against pectoral deficiency. I do not know if the young lady has been reinstated; perhaps she has found another job under an employer who prefers Modigliani to Rubens. After all, as *New Scientist* has pointed out: "Twiggy made a fortune out of nothing without anybody mistaking her for Raquel Welch". This excellent source of information has also given some practical advice for women who have too little or too much. Plastic surgeons are now in a position to help, and the most effective help is obtainable in Rio de Janeiro which is now regarded as the world capital of female vanity-surgery. Brazilian ladies are now said to be having their faces, hips and bottoms reshaped to order as easily as women elsewhere have their hair dyed. But the biggest business is in remoulding bosoms. Women's Liberation movements are unlikely to approve; but if brassières are cast off a restructured bosom should be acceptable from the point of view of practical convenience even if Women's Lib. leaders frown upon its sexual association. But I cannot believe that Women's Lib. will ever have a very large following; it is biologically unsound. In his now famous book, *The Naked Ape*, Dr. Desmond Morris has shown that the large and protruding breasts that distinguish women from females of other primates are more a sexual than a maternal characteristic; other species of primates provide an abundant milk supply for their offspring without clearly defined hemispherical swellings. The female of our species have several unique devices for sexual signalling. Dr. Morris has a fascinating theory on the evolutionary need which made human beings the sexiest of all primates; and both men and women are endowed with features, which are unique among primates, to make nearly constant sexual stimulation and its fairly regular satisfaction possible. The breasts must provide sufficiently powerful visual signals in order to conjure up visions of pneumatic bliss, and a well-shaped amplitude seems essential for this tactile promise. I do not think that the brassières burnt on New York street corners will set women's world ablaze; even those who take to falsies are only being true to their basic biological nature. All roads may not lead to Rio, but the signals are the same.

THE DEEP RELATIONSHIP OF RESPECT, trust and even friendship which existed between Lord Linlithgow and Mahatma Gandhi must surely have been among the strangest of its kind in history. These two men were just about as far apart as human beings can be in terms of background, temperament and outlook. Each in his own way typified that distinction between East and West which Kipling assured us would never meet. Yet these so-contrasted individuals did meet, and talk in words that each understood; and heaven knows how many lives were saved during and after the disturbed years of Lord Linlithgow's viceroyalty as a result. Odd really, unless one seeks the explanation among those basic character roots which all men have in common. In this country we can readily understand the influences which animated Mahatma Gandhi; to a large extent we all share them. But we are not anything like so well equipped to form a true appreciation of what produced the phenomenon of a Linlithgow; and the historical events which formed the background to the intercourse between these two remarkable men probably do not help. That is why I am looking forward to the newly-published biography of Lord Linlithgow, *The Viceroy at Bay*, from his son, Lord Glendevon. The various official documents relevant to the period of the Cripps Mission, and the final acceptance of the partition as a principle, are now becoming available, and doubtless Lord Glendevon has made a useful contribution to our understanding of the history of those last few years of his father's responsibilities for the destiny of India. But what I feel will interest me is what he says about Linlithgow the man, the austere Scotish aristocrat who somehow contrived to win the confidence of the saintly mystic whose humble *khadi* made such a contrast with the viceregal regalia. The fact that the noble Scot must have been a man of flawless integrity and unwavering sincerity goes without saying. Nor is it possible to doubt his dedication to the responsibilities of his high office. But exactly what were his other attributes, those which made him a human being as distinct from an admirable pro-Consul, is the thing I, for one, am eager to read about.

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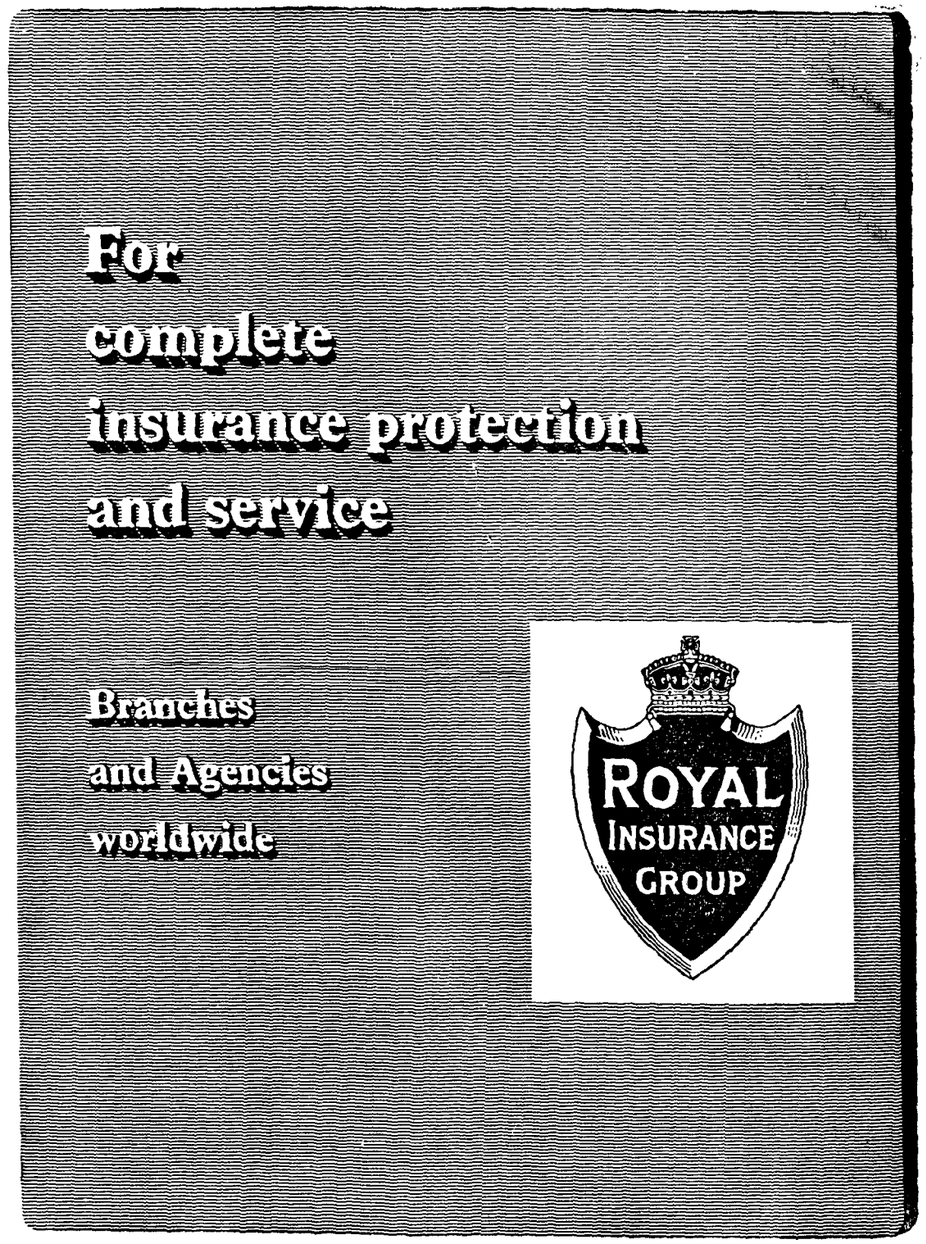
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MANAGEMENT

Changing Pattern of Management: Need for Modern Concepts

By K. K. Rai

The need for modern concepts has arisen with the changing pattern of management. A recognition of the importance of the individual and of the rôle that he plays in any organisation may, therefore, be appropriately termed as the focal point of all current thinking on the subject.

TAYLOR was primarily responsible for the introduction of the concepts of industrial engineering, such as time and motion study on the shop-floor and thus began the productivity revolution. His methods were eminently successful where processes, lay-outs and machines were concerned. But he paid scant attention to human behaviour and motivation. Therefore, organisational structures built on the concept of definite division of labour and compartmentalisation to which this inevitably led, while adequate for the needs of industry till a decade ago, have been found wanting when life cycles of products became shorter.

Based on the concept of separate functions such as selling, finance, estimating, planning and shop-floor production being autonomous specially in large enterprises, the communication channels tended to lengthen and the management tended to become impersonal. This aided the establishment of a hierarchical bureaucracy. As long as there was a long life cycle for its products, such an organisation could continue to function, but if the demand for its products changed, such an organisation lacked the dexterity to address itself to the new market demands. In and around Calcutta, how many instances of this can be cited? Many affluent firms—with established reputations and markets—suddenly found that they were no longer economically viable.

Life Cycle of a Product

The life cycle of a product comprises (i) its development and introduction in market, (ii) growth of demand, (iii) stagnation, and (iv) decline and obsolescence. In case of a large unit with long hierarchical channels of communications, the flow of information takes a considerable time, and if the various phases of life cycle of products occur quickly, the response of the organisation to these occurrences does not remain quick enough. Such delayed response, in addition to "managerial ego", or failure of the management to realise that the products round which the company had been built are obsolete and no longer remunerative, has occasioned the oft-witnessed phenomenon of a company continuing to bring forth a product in the market after its demand has ceased to exist. Rose stated that disaster never struck any organisation because a wrong policy was initiated, but because even after the results repeatedly demonstrated the policy to be wrong and harmful, such a policy was continued. If the communication channels are long, the hierarchy in addition to being prone to "Peter's Principle" also runs the risk of going bankrupt before it interprets the feedback. A second result of compartmentalisation is the ennui of monotony to which the employees are often subjected.

A recognition of the importance of the individual and of the rôle that he plays in any organisation may, therefore, be appropriately termed as the focal point of all thinking on management science and practice today. Philips and I.C.I. are two of the many organisations that have taken a second look at their functioning and made changes to permit the individual employee leeway to assert himself and assume his place of importance.

The abstract modern management theoreticians, who were confident of switching over to a programme on the computer, on the basis of quantifying every factor including the human, and of coming out with a solution on the basis of techniques of Operational Research to every problem are now somewhat cautious in their treatment of the human factor. This does not belittle the usefulness, or the importance of the ever improving techniques of Operational Research. This frank realisation of the importance of the human factor and of the necessity of shortening the channels of communication only sharpens the edge and increases the effectiveness of the techniques of Operational Research.

At the worker level, "work structuring" by Philips and "weekly staff agreement" programmes by I.C.I. brought forth maximum participation of the employee. In the former, due recognition is given to the fact that the worker knows best what he can do and how he can perform most effectively; the latter calls for a continuous worker-management dialogue on all problems of production. Both have resulted in a changed management attitude, management pattern, sense of belonging in the employees, job titles and assignments and have achieved the goal of motivation and reduced employee turnover.

Responsibility and Authority

In the case of a large hierarchy with long channels of communications and impersonal relationships between departments, the interpretation of responsibility, authority and accountability become perverse. Responsibility becomes diluted. Authority and responsibility are seldom commensurate. Since co-ordination between departments becomes complex, some gaps remain between the various domains. Rules have to be formulated to channel and unwittingly impede the functioning and coordination of departments. This results in persons being made accountable for observance of rules. There is hardly any accountability for results:

Therefore, while realising the importance of separate functions and maintaining their individual identities, to shorten the channels of communications, quicken the flow of information, speed up decision-making, keep accountability for results in focus, based on the principle of "management by results", the technique of "logistics" or "cybernatic organisation" has now come into being. A task force comprising the departments involved in a particular job is made responsible for the job. Each is accountable for its rôle and the one department concerned most automatically assumes supremacy in the execution of the project and its status in the task force. Because of (i) warm personal relationships, (ii) dedication, (iii) definite accountability, (iv) sense of purpose and direction, and (v) avowed purpose of accomplishing the task set before it, the system does give results.

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SPECIAL ARTICLES

The U.S. Agro-industrial Prosperity: A Lesson for India

By Gopal Bhargava

India should give top priority to agro-industrial growth. This is necessary because on it depends her overall economic progress.

THE rapid economic prosperity in America was achieved through effective agro-industrial sectoral planning. This process promoted optimum production, income and employment opportunities, and helped the American economy to build a large exportable capacity which accelerated the tempo of capital formation. Thus, American planning was resource-based and directed to make the optimum use of the rural raw material potential. India too should develop agro-industries to build a high-yielding marketable and exportable surplus.

The agricultural economy of India has a scattered settlement pattern, and does not have the suitable infrastructure to promote production and employment opportunities. Moreover, the small towns and rural areas have no effective economic opportunities, and so migration to the urban areas has been on the increase. If the rural areas of India are to develop, then the small towns must be given such necessary provisions as transport, power, water, efficient administration and personnel facilities. Furthermore, the agro-industrial small towns have to be oriented to meet the demand requirements of the rural economy. Thus the developmental function has to be attuned to the production of income and employment prospects for the inhabitants of the adjoining rural areas.

In America, it was through mechanisation that agriculture generated high production and income opportunities. Similarly, in the Indian economy, there is the vital need to integrate agriculture with industry in small towns. In the realm of national planning, there is a need to develop the viable small towns which have been neglected in the past and which have the potential for optimum realisation of economic resources to ensure balanced regional development. In the advanced countries like the U.S.A., the small sector plays a two-fold rôle: (1) it serves as a field for free play of a competitive mechanism, and (2) it operates as a base for a regionally balanced economy on a decentralised basis.

According to the 1961 census records, there has been a concentration of economic opportunities in the urban areas, not having had the requisite developmental possibilities. Agro-industrial small towns should be located in those areas where demographic, occupational, social and infra-structural provisions exist. It is desirable to have the following data for establishing agro-industrial small towns in India: (1) the level of agricultural production in villages, (2) the consumption pattern in each village, (3) the amount of surplus available which could be used as raw materials in central villages and which could come from the adjoining villages, (4) existing and future assessment of power and water supply, (5) existing industries, and (6) the existence of the socio-economic amenities, such as education, medical, transport and commercial.

It would be desirable to know the existing functional and organisational set-up of the market mechanism in the agro-industrial centres. This would facilitate trade and commercial activities of the adjoining villages. A better administration would have to be recommended for distributing goods and services. The small towns have to be viewed as focal, spatial and socio-economic points, which have the potential to generate adequate capital and which can absorb idle manpower resources. They would have to evolve a process for adopting rapid industrialisation to utilise to the maximum the agricultural marketable surplus. To establish agro-industrial centres, it is important to know the possible line of selection of the various socio-economic components which must be taken into consideration. A tentative list which can help select potential agro-industrial small towns is outlined below.

A small town with a population of between 5,000 and 10,000 and between 10,000 and 20,000, *i.e.*, class IV and class V towns according to the census of 1961 should be taken up for purposeful developmental planning. This requires a check of census figures for diagnosing the occupational pattern of the already existing villages for various economic activities. This would show the occupational engagement in the primary, secondary and tertiary sectors. The agro-industrial small town's ideal occupational pattern would be about 60 per cent in the primary and 40 per cent in the combined secondary and tertiary sectors. This selection would ensure the effective flow of economic resources in terms of raw materials and manpower. The small town should have two functional dimensions. First, it should have transport links with the adjoining areas and, secondly, it should be near the urbanised industrial centres. This latter provision would accelerate the small town's rate of socio-economic development.

The use of electricity in modern industries has opened up great potential, particularly in the Fourth Plan programme for decentralised electric power generation. Electricity can be made available through transmission grids from the urban industrial areas. This would lead to the setting up of factories and agricultural processing establishments away from the congested urban centres and in this way the migration from rural areas to the urban centres could be checked. Protected water supply is a must for the growth of the village.

The administration and economic control of the small town should be aimed at bringing about a high level of employment and better income prospects. Rural migration to urban areas can thus be reduced. The selection of technical personnel would enable the agro-industrial small towns to function as specialised units. They should become the centres of training for unskilled labour so that they can spontaneously yield higher productivity.

The distribution of wealth of the agro-industrial centres should be in accordance with the working capacities of workers and their share in the formation of the area's total income. The worker's wages must be related to the cost of living index. Reasonable wages and salaries will attract better talent. Small towns should be equipped with a good market organisation with storage facilities for grains and fertilisers.

The Regional Planning Development Committee may comprise (1)

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the chief administrator from the Central Government; (2) a representative from the Central Power Commission; (3) a chief representative of the region; (4) a town planner with engineering background; (5) a geologist; (6) a geographer-*cum*-pedologist; and (7) an economist. Thus, effective agro-industrial planning would ensure optimum economic developmental prospects. India should have a vigorous programme to promote agro-industrial growth. To compete in the world market, it is essential that the product cost be lowered and industrialists be given the necessary encouragement. India's economic success lies in agro-industrial development and to this end it should direct its planning.

Inter-party Feud Poses a Threat to Free Voting in West Bengal

(BY A SPECIAL CORRESPONDENT)

The law and order situation in West Bengal has deteriorated so much that it is doubtful whether the voters will be able to exercise their franchise without fear. The whole nation will be watching with anxiety the course of events in the State.

THE unprecedented violence that has been taking place in West Bengal has cast doubts whether a free and fair election is possible in this part of the country. Nearly 270 million voters would go to the polls to elect a new Government at the Centre. The Chief Election Commissioner, Mr. S. P. Sen-Varma, is making a valiant bid to stick to schedule. He is not to change the polling dates unless it becomes impossible for the voters to go to polling booths for the lack of security. Fortunately, in the rest of the country, there is peace and there is no reason why a free and fair election is not possible provided the State Governments continue to take the necessary steps to maintain law and order. But the question that has been raised in several quarters is whether a Lok Sabha could be validly constituted if elections to it are for some reason or the other postponed in one or more States. The law apparently is silent on the subject and there is no specific provision which permits the holding of elections to the Lok Sabha in parts. The Chief Election Commissioner himself is not sure of the constitutional position and is prepared to study the matter when the need arises.

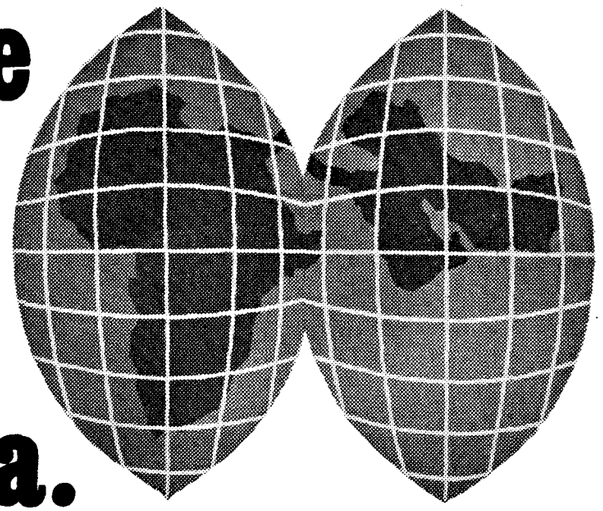
The situation in West Bengal is such that genuine doubts are being expressed whether it would be possible for the voters to go to the polling booths without fear. The murder of Mr. Hemanta Kumar Basu, chairman of the Forward Bloc, has certainly come as a rude shock and is regarded as a pointer to the shape of things to come. Police and intelligence reports maintain that the real trouble in West Bengal is not so much due to the activities of either the extremists or the anti-social elements as to the inter-party feud. This is a matter which must cause concern to all leading political parties in the State. The decision of the Chief Electoral Officer in West Bengal, Mr. B. S. Raghavan, to consult leaders of all political parties as to what should be done to ensure a peaceful poll was welcomed by the public. But as the constituents of the United Left Democratic Front had refused to sit with the C.P.I.(M) at the same table and the Bangla Congress did not give any indication of attending the proposed conference, Mr. Raghavan decided to call off the all-party meeting. So the whole nation is watching with anxiety the course of events in West Bengal.

The president of the Organisation Congress, Mr. S. Nijalingappa, has come down heavily on the Centre which has been governing West Bengal for nearly a year now. According to him, there is complete Central indifference to the course of events in the State. Possibly, the Centre was hoping that matters would improve as a matter of course. These hopes have been completely belied; now complacency has given place to helplessness. The Centre has deployed troops in the State. Even so, the law and order situation is deteriorating. Under these circumstances, it is for the authorities as well as the Chief Election Commissioner to ensure a fair and free election in West Bengal. If it is not possible to guarantee a free election, the Election Commission should have no second thoughts on the matter of postponement. The situation in Kerala was much simpler. The State Government employees had chosen the election eve to press their demands. The Election Commission has announced that Kerala will now go to the polls on 6th and 9th March instead of 3rd and 6th March to elect 19 members to the Lok Sabha. The dates were changed on a request by the Chief Minister, Mr. Achutha Menon, because of the State employees' strike which has since been called off.

The Prime Minister, Mrs. Indira Gandhi, has been stressing that three problems—rising prices, growing unemployment and violence—are facing the country and the people should cast their votes in favour of the Congress (R) if these are to be solved. While it is for the voters to decide as to whom they should elect, one could pertinently ask what Mrs. Gandhi's Government has done to tackle the problems of unemployment and rising prices. It is the misconceived economic policies that have brought things to the present pass. In the name of socialism, the leading commercial banks have been nationalised and one wonders who really stands to gain by this measure. In the name of socialism again, the Government made a bid to abolish the privy purses and in the process had brought about a crisis in Parliament leading to its dissolution. The Government should not have issued an ordinance by virtue of which families of workers would be getting pensions. Issuing an ordinance at this juncture, when Parliament does not exist, may not be strictly proper. The obvious aim is to induce workers to vote for the Congress (R). The Government had actually introduced a Bill towards the fag end of the winter session of Parliament but did not think it worth while to push it through. It has now come in handy and there is no denying the fact that the ordinance is an election stunt.

No different is the ordinance issued by the Tamil Nadu Government creating an agricultural university in a district. Perhaps, this is the first time that such an extraordinary step as issuing an ordinance has been taken to set up what is nothing more than a university which could have waited for some more weeks. But this is an obvious move to win the votes of students who seem to have adopted a hostile attitude to the D.M.K. for its anti-English policy. In the face of these developments, it is too much to expect that the Election Commissioner's appeal to the general public to eschew questionable methods and corrupt means to win elections will be heeded.

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Excessive Government Interference Stifles Growth of Private Enterprise

By S. N. Murthy

It is a pity that the Government always treats private enterprise with suspicion. It is time the former gave up this attitude and came forward to assist the latter in all possible ways in order to ensure the country's economic progress.

THE nationalisation of imports in a big way is more than a certainty. This featured prominently in the resolution drafted during the last session of the Congress (R) in Bombay. The canalisation of imports of various items through Government agencies has been in vogue for quite some time now. A fair assessment reveals that industry, in general, is not happy over the performance of these agencies in procuring imported items. The State Trading Corporation is responsible for the purchase and distribution of some selected goods. By and large, the prices obtained are not the best, which was of course anticipated, as there are no incentives for hard bargaining. The built-in margin in the selling price to the actual user is wide enough so as to be singularly responsible for inflating the cost of the ultimate finished product.

Most of the items which were procured from east European countries against rupee payments have been found to be of doubtful quality. The recent imports of tractors from East Germany bear testimony to the fact that conditions for approval by Government testing laboratories are far from satisfactory. This has necessitated the return of the defective tractors to East Germany. It appears that enough thought was not given before drawing up the list of items to be canalised. The necessity of having adequate storage facilities and the expertise to handle bulk cargoes, particularly special chemicals, are found to be wanting.

The ultimate user who is forced to depend upon Government agencies for his essential raw materials is at a disadvantage, as he is not certain always whether the goods will reach him in time and whether it will satisfy his requirements. Forward orders cannot be entertained due to this uncertainty of supply and quality. This problem is more acute when the manufacturer participates in export orders and the finished product requires imported components. The present shortage of steel in the country and the belated decision by the Government to allow restricted imports on an *ad hoc* basis has considerably affected the export performance which is already not encouraging.

The Fourth Five Year Plan envisages an annual increase of 7 per cent in exports. According to a review recently published by the National Council of Applied Economic Research, the increase is not likely to exceed 4 per cent and it expresses the fear that even this figure may be found to be too optimistic. A glance at the available statistics confirms this fear. Total exports from April to August 1969 amounted to Rs. 580.30 crores, as against Rs. 558.83 crores in the same period of 1970. The Central Ministry of Foreign Trade seeks consolation from the fact that the rate of decline has since improved from an alarming 5 per cent up to July to 3.8 per cent by the end of August. A marked improvement is, however, anticipated in the next few months. But the recent 66-day strike in Calcutta port has falsified all hopes of a revival. The decline in exports in June and July from Calcutta port is assessed at Rs. 59 crores.

It is a tragedy that in spite of the fact that India has an abundance of natural wealth, fertile land, men, materials and enterprise, a fountainhead to harness and divert the energy for cementing a production-oriented economy is totally absent. Japan has shown what a people can achieve with so little in a short span of 20 years. By concentrating on production, with a watchful eye on costings, she has been able virtually to close her home market for outsiders. According to *Time*, "Japan's phenomenal export performance can be attributed to the fact that the high profits the Japanese companies earn in their home market are effectively used in offering unbelievable low prices in their export sales."

This may provide a lesson for Indian entrepreneurs. Of course, it is true that this country's cost of production is considerably high in spite of cheap labour. One of the reasons advanced is that most factories work much below the rated capacity. This is particularly noticeable in public-sector enterprises which are regarded as a drag on the national exchequer. For instance, Durgapur Chemicals, which is a West Bengal Government undertaking, commenced production on an ambitious scale. The equipment and machinery were largely imported and the products in the production list were quite impressive. However, it was discovered that there was not adequate demand in India for pentachlorophenol, which is one of the items it produces. Phthalic anhydride, another of its product which finds wide application in several industries, was not available freely due to plant trouble, as a result of which a foreign expert had to be specially flown to examine the plant. This naturally led to bulk imports of this chemical causing considerable drain of foreign exchange.

Gradual nationalisation of industry and commerce is not likely to benefit the country in the long run. The working of Indian Airlines is a glaring example, where monopoly breeds arrogance and inefficiency at the cost of the taxpayer. Likewise, the nationalisation of banks has not had the desired effect on the economy. The lack of competition causes lethargy and kills enterprise. Innovation in business methods ceases once the necessity to improve one's product is absent. For the healthy growth of the economy which is so very necessary for the expansion of job opportunities, it is vitally important to encourage private enterprise and to allow it to run with minimum Government interference.

The inherent difficulties the Government finds in working harmoniously with industry are attributable to misplaced inhibitions and distorted attitudes. Private enterprise is always regarded with suspicion and the myth "exploitation of the labour class" is given undue emphasis, with the result that political parties with vested interests do not fail to take advantage of the situation in creating unrest and chaos in the industrial field. Government officials dealing with industry do not always command the respect of the business community. Such mutual disrespect contributes to the stagnation in industry. This is fortunately absent in the Japanese industrial arena. There, Government officials at the highest

level are often men from industry who take the lead in export performance. The remarkable growth of Japanese exports to western Europe is attributed largely to market forecasts conducted by the Government-sponsored agency called J.E.T.R.O. A closer participation of the Government in helping the wheels of industry to move with least friction is called for if India's economy is to forge ahead.

Ensuring a Regular Supply of Raw Materials to Small-scale Industries

By Narayan Das

Small industries are at a great disadvantage in procuring scarce raw materials. Any development programme for the small-scale sector would be self-defeating unless a regular supply of raw materials and components is ensured at fair prices.

THE engineering industry in India has been working under the crippling effects of the under-utilisation of capacity. A large proportion of productive capacity in a number of engineering units has remained unutilised. During the recession, the under-utilisation of capacity was very high. Although the position slightly improved by the end of 1968, the industry is still suffering from the same malady mainly due to the scarcity of raw materials. Shortages of raw materials like steel and non-ferrous metals have affected a majority of the engineering firms which have been compelled to curtail their activities. In some cases, the units have no other choice but to close down.

The problems of small-scale engineering units are the greater in so far as they have to compete with the products manufactured by large units which generally obtain their supplies at much lower prices than the former. The inequity in the struggle for existence of small units against large units is too glaring due to the distribution policy of raw materials. Small-scale industries have made a significant contribution to various spheres of the economy by increasing the value of gross national product, providing many new employment opportunities, decentralising economic power, and by promoting a more equitable distribution of national income. Although the Government has appointed a number of study teams and committees to go into the problem of an equitable distribution of raw materials and has accepted some of the recommendations made by them, many of the recommendations have not been implemented. The few which were implemented, were not carried out with the necessary dynamism and energy with the result that the *status quo* continued in several fields.

Despite the fact that small units have made a steady headway in creating new employment potential and in promoting a more equitable distribution of national income, the problem of getting sufficient scarce raw materials remains. It is paradoxical that many of the so-called scarce raw materials are available in the open market at fantastic premiums. This leads one to the conclusion that even though there might be a physical shortage in relation to the demand for some of these materials, there is also maldistribution among the various claimants. As for imported raw materials, the small-scale sector continues to receive a discriminatory treatment in as much as licences granted to them are divided into different types of currencies. Instances are there when certain raw materials required by small units are not available under the rupee or the U.S.A.I.D. licences but are generally available from the free currency areas. In such cases, small-scale actual users stand to lose. Small-scale industries contribute nearly 50 per cent of the country's industrial output.

In view of promotional programmes like schemes for the development of entrepreneurial talents and self-employment of engineers, considerable diversification and expansion of the small-scale sector are evident in the 'seventies. It has been estimated that the average rate of growth of the small-scale sector in the 'seventies would be 15 per cent or 20 per cent, as compared with 10 per cent or 12 per cent during the last decade. It, therefore, goes without saying that the demand for raw materials in coming years will grow by leaps and bounds. While a number of public-sector undertakings are virtually controlling the basic raw materials required by the small-scale sector, they have failed to meet the requirements of industries even on the basis of their working capacities. A few private-sector undertakings are also producing a number of basic raw materials. The availability of even these items to small units is eratic and uncertain and the prices are also exorbitant. The Dutt Committee on industrial licensing said that proper measures should be taken to ensure that small industries were able to obtain components and materials on fair conditions. In this connection, labour problems faced by small units are relevant. Often, due to the non-availability of raw materials, the staff of a small unit remains idle and production suffers ; consequently, the unit has to incur losses which ultimately lead to its closure. Labour problems have now become so acute, particularly in the eastern region of the country, that the termination of services has become a fallacy.

Any development programme for the small-scale sector would be self-defeating if a regular supply of scarce raw materials is not ensured. All other facilities and incentives would have only a marginal impact unless these are accompanied by a regular supply of essential raw materials. It is, therefore, necessary to establish reliable channels of distribution to ensure that raw materials are available at fair prices and in adequate quantities to small-scale units.

PEOPLE AND PERSONALITIES

Mr. Frank Batstone recently arrived in Calcutta to take up duty as BOAC's Manager for Eastern India. He has succeeded Mr. John Blows, who has been transferred to Karachi as Manager, Pakistan.

The Government of India has appointed Mr. Keshub Mahindra as chairman of the board of directors of the Housing and Urban Development Finance Corporation.

MONEY AND BANKING

Nationalised Banks Try to Achieve Their Social Objectives

By Suresh Chandra Srivastava

The nationalised banks are trying to achieve their social objectives in various directions. But they have yet to achieve success in mobilising public deposits.

IT was more than a year ago that 14 major Indian commercial banks were nationalised with a view to meeting increasingly the credit needs of all productive sectors, particularly those of agriculture, small industry, export and the weaker sections of society. Managements of the nationalised banks have accordingly come forward with new schemes to help these groups.

Between June 1969 and March 1970, which roughly corresponds to the first nine months of nationalisation, direct finance to agriculture, that is to farmers, increased from Rs. 27 crores to Rs. 81 crores or by Rs. 54 crores. Since July 1969, there has been an improvement in the ratio of loans extended to agriculture to total bank credit from 5.2 per cent at the end of June 1969 to 7.2 per cent at the end of March 1970. The number of agricultural accounts has increased from 135,000 to 218,000 during the period. Direct finance to agriculture at this rate should assume a proportion of Rs. 98 crores by the end of June 1970, representing an increase of 3.5 times.

No data on the extent of finance to small farmers have been released so far. The State Bank of India, however, has claimed that a sizable portion of its farm loans has gone to farmers with less than 5 acres of land each. The nationalised banks have lent heavily, among others, to producers of cash crops like sugarcane who are located around processing industries. Advances to small-scale industries increased from Rs. 148 crores in 36,000 accounts to Rs. 199 crores in 56,800 accounts, an increase of Rs. 5.5 crores in loans and of 2,400 in accounts a month. Loans to small-scale industries at this rate should be of an order of Rs. 216 crores by the end of June 1970. These two categories of priority advances accounted for 19 per cent of the total bank advances in March 1970, as against 14 per cent before nationalisation.

Advances to retailers increased from Rs. 19 crores in June 1969 to Rs. 41 crores in March 1970. By June 1970, this should increase to Rs. 48 crores. During this period, advances to taxi operators, rickshaw-pullers and other road transport operators increased from Rs. 669 crores in 2,527 accounts to Rs. 1,641 crores in 8,925 accounts. Advances to self-employed persons increased from Rs. 33 lakhs to Rs. 6.81 crores. Similarly, advances to deserving students increased from Rs. 46 lakhs to Rs. 1.83 crores.

The total amount of advances given by the 14 nationalised banks to agriculturists, small-scale industries, retailers, taxi operators, rickshaw-pullers and other road transport operators, self-employed persons and meritorious students swelled from Rs. 202 crores to Rs. 345 crores during the period under review. Small loans have thus increased at the rate of Rs. 16 crores a month. It is estimated that by the end of June 1970, small loans should account for 20 per cent of the total bank credits.

Export items like jute secured the largest bank credit—Rs. 88 crores at the end of June 1969 and Rs. 105 crores at the end of April 1970. There was a surge in credit to the engineering industry from Rs. 510 crores to Rs. 585 crores during the ten months ended April 1970. Interestingly, advances to commerce, which include advances to public-sector trading bodies, declined from Rs. 780 crores to Rs. 720 crores during these ten months and their percentage share in the total bank credit fell by 4 points to 17.5 at the end of April 1970.

The extent to which the new policy of diversification of bank credit can be carried out depends on two considerations. First, the success of the public-sector banks in mobilising additional deposit, and secondly, the promptness with which the new clients honour their obligations. The growth of bank deposits, in absolute terms, was nominally higher during the year ended July 1970—the period broadly coinciding with the first year of bank nationalisation—than in the corresponding 12 months of 1968-69.

The latest preliminary data show a Rs. 655-crore surge in bank deposits to Rs. 5,324 crores during the year ended 17th July, 1970. The growth rate for the year works out at 14 per cent, against 16 per cent in the previous year. In real terms also, the deposit accretion by the banking system has been unsatisfactory. The price level during this period rose by 6 per cent. In real terms, banks have set the target of expanding their deposits by 11 per cent a year. On this count, the deposit growth at current prices should have touched 16 per cent during the year ended 17th July, 1970.

This unsatisfactory growth in bank deposits is attributable to various factors. First, there has been a perceptible slow-down in deficit financing during 1969-70. The estimated deficit financing was of the order of Rs. 130 crores, a half of that recorded in the previous year. This drop in spending adversely affected the growth of income and savings stemming from that income. Secondly, deposit interests have been kept down during the period of a sustained rise in the general price level and the cost of credit. Thirdly, the pick up in investment in small-scale industry, in shares and in farm equipment has reduced the volume of surplus savings available to banks in the shape of deposits relating to the period when investment opportunities appeared narrow. Lastly, branches have been opened at a break-neck speed.

About 1,100 branches were opened between July 1969 and March 1970. Of these two-thirds were opened in the rural areas. Currently about 140 branches are being opened every month and the pace is proposed to be stepped up in the near future. But many of the branches, especially in the rural areas, are not even worthy of being called sub-offices, and a sizable proportion of them is devoid of properly trained men. This has resulted in "lending at a price" but not matching this with deposit mobilisation. Furthermore, the preference of the nationalised banks in opening branches has apparently been in favour of the developed States.

LABOUR

Need to Make Personnel Management Purposeful in Industry

(BY A SPECIAL CORRESPONDENT)

In the changing industrial environment of today, productivity and discipline should be everybody's concern. The personnel officer can no longer pose as one whose function is to spread happiness, divorced from results.

PERSONNEL management as a profession is gradually developing in India. The Indian Institute of Personnel Management recently appointed a number of study groups comprising personnel managers and academicians to study, review and assess the content and methodology of education and training currently available in the country and make necessary suggestions or recommendations on the basis of the above and in the light of the present demands on the profession in actual practice. Of these groups, the report of the study group on "human relations and personnel function", constituted by Dr. B. P. Singha, Chief of Personnel, Heavy Engineering Corporation, Ranchi, Reverend M.V.D. Bogaert, Director, Xavier Institute of Social Sciences and others is pragmatic and of particular interest.

The group reports that the personnel manager is not yet considered a fully integrated part of the management team. On the part of the management, there is as yet, in too few industries, a clear personnel policy, rooted in the company's objectives and philosophy, not to talk of its implementation. On the other side, too many young personnel officers come out of their training with an orientation on labour welfare approach, which was valid 20 years ago, but is no longer so today. Managements complain, and not without reason, that with this turn of mind, which is a hang-over of the past decades, the personnel officer, in many cases, tends to create problems rather than solve them.

In the changing industrial environment of today, productivity and discipline should be everybody's concern. The personnel officer can no longer pose as one whose function is to spread happiness, divorced from results. Happiness and human relations yes, but to the extent that they are integrated with the overall objectives of the organisation. In a situation where managers—not workers—are the besieged party, the personnel officer is called upon, more than ever, to be indentified with the management team, and to have the full courage of his convictions. When the management has seen too many of its prerogatives slip into the hands of trade union leaders, judges, politicians, Government officials, local leaders or the Press, the personnel officer who would advise management to take weak decisions, or to yield to demands, even though there are no finances available, in order to get out of a difficult situation, would be performing a definite disservice to his profession and industry.

In short, the personnel officer has more than ever to stand by the management, also in implementing some of the unpleasant but inevitable functions, in view of the long-range interest and survival of industry. That being the position, most existing training institutions in personnel management will have to recast their training programmes. The approach to human relations in India has been too much influenced by the West, where industrialisation has gone far ahead of its initial period. This approach is not at all adapted to the present-day situation in India, and is one of the reasons why personnel officers often seem to create more problems in industry than solve them.

Human relations are a means to production and should not be at the expense of it. The subject includes a very broad area covering, among others, motivation in organisations, the organisation as a social system, communication, leadership and control, internal and external environment, wage administration and wage incentives, procedure and work systems, etcetera. Human relations can be distinguished from industrial relations in that the latter deals with the more formal and legal aspects of the relations with the employee, especially as a member of a trade union or a work group while human relations rather cover the informal relations and environment. The personnel function should be responsible in industry for all the staff functions that fall within the scope of human relations, besides the more traditional functions, such as labour welfare, industrial relations, recruitment and training. These are not water-tight compartments.

The changes that have taken place in the recent period in the Indian worker may be expressed in short by saying that "the age of the coolie in India has passed". Managers have now to deal with a new type of worker who is aware of his dignity, has a certain sense of security and enjoys the basic necessities which a welfare State can provide. This applies especially to workers in the organised sector of industry, and more so to those in Government service or public enterprises. These workers can no longer be motivated by fear, but by more elevated and subtler motivations of a social and psychological nature.

Social and cultural factors outside the factory walls as well as those pertaining to the informal organisation of industry, many of which have not yet been properly identified, increasingly influence the behaviour of workers and unions in their relations with the management in demands for more wages. The art of human relations deals with labour problems, and personnel managers will need a sound grounding in the art, if they are to face and solve them creatively.

At present, unfortunately, personnel specialists are not fully equipped to do this because the approach seems to be wrong on two counts. First, there is the labour welfare approach, or at least its hang-over, which has already been mentioned. Many personnel officers still believe that they have to be the intercessors of workers with the management. They tend to recommend a pacifying approach, which may solve problems for a short while, but creates more serious ones in the long run. Secondly, concepts of human relations as taught in India at present, are taken mostly from American textbooks, without having been digested properly by teachers, some of whom have been trained abroad, and lack the required understanding of Indian industry.

INDUSTRY

Will the New Steel Distribution Policy Remove Supply Uncertainties?

(BY A SPECIAL CORRESPONDENT)

The relaxations made under the new steel distribution policy are aimed at placating certain criticisms which are unpalatable to the Government. It remains to be seen whether the new concessions will remove the uncertainties over the supply of steel.

WITH the mid-term elections now being held, the Government seems to be seized with the hardships of the steel consuming industries. While the authorities may deny any link between the poll and the relaxations in the steel distribution procedure announced on 23rd February, 1971, it remains a fact that the concessions are aimed at placating certain criticisms which were certainly unpalatable and to that extent unhelpful for an election-eve image. How far these concessions will satisfy genuine consumers is, of course, a different issue. Another factor that has possibly set the process of rethinking is the judgment of the Allahabad High Court on 9th February, 1971, striking down the Government resolution of 22nd May, 1970, outlining the procedure for priority allocations. There are good reasons for the Court's verdict as, basically, the distribution scheme has a contradiction which is hard to resolve. While steel is out of statutory control and indenting has been thrown open to all without even a ceiling fixed on the tonnage indented, the Government-dominated Steel Priority Committee determines all despatch priorities barring which there is rarely a chance of getting supply. The net result has been uncontrollable hardship in the "decontrolled" grip of the Government.

The question that one might be tempted to ask is: will this grip be loosened as a result of the new concessions announced? The main point that has been made in the announcement is the raising of the tonnage-ceiling up to which indents may be placed by manufacturers without the payment of earnest money. True, this will allow industries to put in indents for higher tonnages without blocking money for two years, but will that necessarily mean passing of these indents finally by the Steel Priority Committee for despatches? The present trend does not indicate any such possibility, particularly in the context of the shrinking availabilities.

The other relaxation is the abolition of the provision of paying earnest money at 5 per cent for indenting flat products by the State-owned Small-scale Industries Corporations. This will no doubt give some advantage to the State Governments. How much of this facility will trickle down to small-scale industries is, however, a different matter. The way some of the Small-scale Industries Corporations have been realising earnest money and service charges does not encourage hope. Not many of them have given a good account of efficiency in distribution. At least one such Corporation surprised the producers by placing, in a few indents, orders for nearly 100,000 tonnes of steel material in a single day. The rationale of this demand did not seem to be convincing. And in the case of another, substantial tonnage was lying unutilised in its godown till recently. Yet another State went by default for not properly sponsoring its requirements before the Steel Priority Committee.

A joke that does not sound quite funny is the "notional" allotment of 40,000 tonnes to new industrial units coming up under the Directorate General of Technical Development. While undoubtedly some arithmetical exercises will be undertaken to work out the availability of 40,000 tonnes on paper, how much of it will be actually delivered is anybody's guess. In fact, the earlier "notional" provision of 60,000 tonnes a year to the Development Commissioner, Small-scale Industries, for allocation to new units in the small-scale sector has been brought down to 40,000 tonnes without, it appears, much of a discussion with the parties concerned. The thinking possibly was that "notional" allotments could be notionally increased or decreased without affecting the realities.

The Central Steel Ministry, however, deserves thanks for at least simplifying the processing of indents by the Joint Plant Committee and doing away with some of the certificates which had been a source of positive harassment to indentors. Having regard to the judgment of the Allahabad High Court, it is to be seen if the Government will resort to full control or appeal to the Supreme Court for maintaining the *status quo*. Till then, the situation will be anomalous.

It, however, remains a fact that with the tight supply position, some regulation of despatches is unavoidable to meet the national priorities. Experience shows that there is plenty of scope for readjustment in this area. For instance, a sizable quantity of Defence contract jobs may not stand the scrutiny of operational urgency. Over-indenting by Government departments is often resorted to as a safeguard against residual shortage. Even allowing some margin for these considerations, the question remains as to what happens to the materials declared surplus after completion of a job. Does it go to the reserve from where it was allocated? Unfortunately, the answer is in the negative and the surplus material finds its way into the open market. The Central Steel Ministry could possibly consider all these factors and a further dispensation at an early date is not unlikely in view of the Court verdict.

SIEMENS

New Starter Introduced

Siemens has recently introduced, for the first time in India, a revolutionary new product called the "circuit breaker starter". It can be used for current ratings up to 100 amperes. Its application is comparatively economical. In India, circuit breakers are generally being used in distribution feeders for current ratings of 800 amperes and above only. Switchfuse units are used for lower ratings, as circuit breakers are not available at comparable costs. In the industrially advanced countries of the West, circuit breakers of lower ratings are frequently used in motor feeders as well as in distribution feeders. The introduction of circuit breaker starters in India adds a new perspective. These new circuit breakers perform the dual function of circuit breakers in distribution networks and starters in motor feeders. They are particularly suited for rural conditions as they are unaffected by voltage fluctuations. Furthermore, they do not require fuse replacement.

AVIATION AND TOURISM

International Airlines Face the Prospect of Profitless Growth

(BY A SPECIAL CORRESPONDENT)

IN a forecast and commentary, the Director General of International Air Transport Association, Mr. Knut Hammarskjold, said that for a sizable sector of the world air transport industry, the year 1971 could be one of continued profitless growth. For the I.A.T.A. member airlines, which carry more than 90 per cent of the world's scheduled air traffic, the number of passengers should reach about 265 million in 1971. The total passenger traffic should be near 370 billion passenger-kilometres. The anticipated 10-per cent increase represents a slightly higher rate of growth compared with last year. However, the 1970 rate was lower than what was forecast, mainly due to the lack of growth in a very important sector of the industry, namely, the North American domestic market, representing about half of the I.A.T.A. membership's total passenger traffic. It should be noted, however, that the international traffic increased approximately as forecast. As far as the freight traffic is concerned, the current year is expected to see an increase of about 15 per cent over 1970, with traffic totalling some 113 billion tonne-kilometres.

Statistics showing a growth in traffic can be misleading if used to gauge the world air transport industry's financial health. This has been particularly true in the past year when decreasing yields and rising costs have offset for an increasing number of airlines the financial advantages which should be expected to accrue from greater traffic. One of the main problems of the industry is inflation and the accompanying cost developments. For long, the international airlines have been proud of their steady record of reducing fares or combating inflation by not making increases. This has been achieved, against all economic trends, by making the maximum use of modern technology and by rationalisation. Nevertheless, this steady downward trend must now be checked in order to give the industry time to catch its breath.

Mr. Hammarskjold said that the cost problem—the major preoccupation of the airlines—is being attacked energetically in a number of ways by all I.A.T.A. member airlines. One partial solution is the use of bigger production units. For optimum use to be made of these larger units, co-operation in the technical field will be of paramount importance. On the commercial side there has already been much progress in making use of technological developments (particularly in the computer field) in order to effect economies. The industry is taking all possible steps to keep down costs. But the uncontrollable cost items, such as salaries and charges, will have to be passed on to the ultimate consumers—the passenger and the shipper. Corrective measures are being taken to overcome the serious cost/revenue squeeze. However, action by the industry alone will not be enough. There must be simultaneous action by all others involved, directly or indirectly, in providing the public service of international air transport. Special comprehension is needed in respect of charges imposed by airports and the Government, if the airlines are not to be saddled with heavy financial burdens.

Mr. Hammarskjold is particularly concerned that the Governments and airport authorities like the airlines should keep their contribution to the common cause of furthering the public service of air transport under cost-effectiveness control. Where costs are motivated by considerations other than those concerned with air transport, the financial burden must not be put on the consumer *via* the airlines. Only in this way can there be a sound and economic air transport system. A matter of particular public interest at the present time is that of ecology. An understanding on the part of Governments is especially required in respect of the environment of air transport, if the carriers—and eventually its customers—are not to have to contend with "sociological charges" of a tremendous magnitude. It must also be recognised that the airlines are faced with a monopoly situation as far as the choice of airport is concerned. Therefore, it should be up to those responsible for airports to ensure that this monopoly situation does not work out negatively either for the public service of air transport or for the airport environment. A positive outcome can be achieved only by strict discipline in planning and the utilisation of land surrounding airports.

LUFTHANSA

New Company Formed

Lufthansa and the Deutsche Bank have jointly founded a new Company, Jumbo Finance Co. Ltd, to finance the fleet of Condor Flugdienst GmbH, Lufthansa's subsidiary chartered airline. The new Company will operate in Duesseldorf, Hamburg and Munich. The Condor fleet now consists of two *Boeing 707s*, seven *Boeing 727s* and negotiations are at present under way for the purchase of two *Boeing 747s*. The capital required for the purchase of the fleet of 11 aircraft will be subscribed by the partners of the new Company, with the help of the Deutsche Bank. Lufthansa and the Deutsche Bank each owns 50 per cent of the new Company.

SWISSAIR

Traffic Results

In 1970, Swissair carried a total of 3,927,864 passengers over all segments of its network which had an aggregate length of 210,000 kilometers and embraced 75 cities in 55 countries on all continents except Australia. The number of passengers was 10 per cent higher than in 1969. Cargo carriage climbed to 99,090 tons, up 13 per cent. Mail advanced to 9,587 tons, an increase of 2 per cent.

PAN AM

Streamlining Programme

In its worldwide self-improvement programme, aimed at reducing expenses and returning to profitability, Pan Am's station in Calcutta is being restructured. This was announced by Mr. J. G. O'Donnell, Vice President-Sales, Asia and the Middle East. Mr. George J. Angelis, currently Director-Sales, Eastern India and Nepal, has been nominated Director-Sales for the Arabian Peninsula and Gulf. He will take charge of his new regional district to be headquartered in Bahrain. Mr. A. M. C. Moir, Pan Am's Airport Services Manager in Calcutta for the past 3½ years, assumes additional duties as the Station's Senior Representative. Mr. Clarence (Clarry) Myers remains in his position as Sales Manager.

INVESTMENT

Uncertainties Over Mid-term Poll Results Depress Share Prices

THE stock markets have presented an extremely dull appearance this past week. Operators have been increasingly inclined to keep off the market on the eve of the mid-term poll. Much of the limited business that has gone through has been in the nature of precautionary trimming of outstanding positions. Fresh business has been negligible. Occasional spells of tired bull liquidation and short-covering have made for irregular fluctuations. But turnover has been restricted. Net changes over the week show a mixed pattern with plus and minus signs almost evenly spread out. The markets would perhaps have put up a steadier front if trading sentiment had not been guided mainly by political uncertainties, for the week's news has generally been of a bullish nature.

Corporate news has been pleasing and plentiful. Albright Morarji, Bayer (India), Bajaj Tempo, Khandelwal Ferro Alloys, Voltas, Electric Construction and Equipment and Bombay Dyeing—to mention some important names—have had a message of cheer for their respective shareholders. The December export figure of Rs. 151.27 crores is an all-time record. Coming in the wake of encouraging performance in October and November, the December figure holds out the hope of a definite move away from stagnation. If the average level of exports achieved in the October-December quarter is maintained in the final quarter of the current financial year, the 7 per cent target planned for export growth might well be exceeded. Formalities and procedures for obtaining steel, the shortage of which has been holding up production in many areas, have been simplified. Refinance facilities for export credit have also been liberalised.

But the markets have also had to reckon with some bearish influences. Perhaps the more important among these are the continuing monetary stringency and New Delhi's reported move for the squaring up of the forward positions in shares remaining outstanding since the ban on forward trading on 27th June, 1969. Reports are that the stock exchange authorities have been asked to have all the outstanding positions squared up as quickly as possible, preferably within two months. The law and order situation is also causing considerable anxiety. The Planning Commission seems greatly exercised over the rise in unproductive expenditure following the spate of pre-poll concessions granted by several State Governments to their staff amidst growing inflationary pressures. For the time being, however, the stock markets' attention is focussed mainly on the outcome of the crucial elections to the Lok Sabha. For only an effective Government can cope with the urgent economic and political tasks facing the country.

Government securities have remained featureless during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60.05. Other Central securities have received selective support. Turnover has remained restricted.

The Calcutta stock market has remained quiet during the past week and turnover has been restricted. Operators have apparently been reluctant to extend commitments in view of the ensuing elections. Among engineering shares, Guest, Keen, Williams, J. K. Steel and Jay Engineering have received selective support. Among paper shares, Straw Products, Tribeni Tissues and Bengal have changed hands. Among jute shares, Budge-Budge Amalgamated, Electric Construction and Indian Aluminium have received buying enquiries. Among tea shares, Assam Brook, Birpara and Banarhat have been transacted.

It has been an unusually quiet week for Dalal Street. Trading has been characterised by a note of caution and hesitancy. Offerings have been poor but buyers too have been reserved. Market gossip has centred on the possible outcome of the mid-term elections and most market men have been inclined to keep their fingers crossed. After drifting idly most of the time, the market has wound up the week on an uncertain note with gains and losses evenly spread out. Cotton mill shares have ruled steadier with Standard and Kohinoor receiving fair attention. Century have moved erratically and finished only a little above the week's lowest level. While there is considerable satisfaction over the decline in cotton prices, mills are not happy with the trend of cloth and yarn prices and offtake. Rayon shares have been somewhat subdued on scattered selling. National Rayon have closed the week with a modest gain. Tata Steel have kept quietly steady. Engineering shares have made a mixed showing, although net changes have been small. Voltas have improved a little while Tata Engineering have been marked lower. Larsen and Toubro have ruled steadier on fresh support. Motor Industries have recorded an impressive rise. Hindustan Motors have remained subdued while Premier Automobiles have improved a little. Shipping shares have kept barely steady. The shares of chemical companies have ruled steadier on cautious support and scarcity of offerings. Bayer (India) have responded to good corporate news. Cement shares have displayed a steady tone. Sugar shares have been dull and subdued. Tyre company shares have kept steady with Ceat attracting some fresh support. Among

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Albright Morarji
Associated Bearing
Bababudin Coffee
Bajaj-Tempo
Bayer (India)
Cottanad Plantations
Emco Transformers
Hindustan Breweries
Hongkong and Shanghai
Indian Wood Products
Jain Shudh Vanaspati
Jaipur Spinning
Khandelwal Ferro
Larsen and Toubro
Peirce Leslie
Shah Construction
Shriram Refrigeration
Smith Stanistreet
Tan India Wattle
Ultramarine and Pigments
U. P. Hotels

miscellaneous shares, United Carbon and Hindustan Aluminium have provided the firm features. Bank, insurance and electric shares have kept quietly steady.

The Madras stock market has remained quietly steady this past week. Planting shares have received selective support. Some business has been done in Blue Mountain and Kil Kotagiri. Nelliampathy and Cochin Malabar have declined on selling pressure. In the textile section, Kothari Textiles and South India Viscose have been transacted. Bank shares have remained quiet. Among sugar shares, sellers predominated in Travancore Sugar and Andhra Sugars. Among miscellaneous shares, Mysore Paper and Lakshmi Machine have met with buying enquiries. Some business has been done in Kirloskar Electric, Rallies and Seshasayee Industries at the quoted rates.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/50—20/55—20/30—20/40—(39/00)
Burrakur Coal 10/69—10/81—10/69—10/81—(13/37)
Dunlop India 37/40—38/65—36/90—37/40—(33/00)
Guest, Keen, Williams 31/40—32/30—31/15—31/60—(13/80)
Hindustan Motors 12/00—12/40—12/00—12/20—(15/45)
Indian Aluminium 37/70—38/00—37/35—37/70—(30/20)
Indian Cable 16/25—16/90—16/09—16/80—(12/50)
Indian Copper 4/08—4/10—4/05—4/07—(4/36)
Indian Iron 11/60—11/60—11/25—11/60—(17/75)
J. K. Cotton 10/35—10/40—10/35—10/35—(12/88)
Kesoram Industries 16/00—16/20—16/00—16/20—(15/75)
Orient Paper 37/20—37/60—37/20—37/60—(32/20)
Orissa Cement 18/30—18/60—18/30—18/60—(13/45)
Rohtas Industries 6/35—6/50—6/35—6/40—(7/34)
Textile Machinery 9/90—10/00—9/80—9/90—(10/35)

Willcox Buckwell to Merge with Larsen and Toubro

LARSEN and Toubro has convened an extraordinary general meeting on 17th March to consider resolutions relating to (1) the merger of Willcox Buckwell—a subsidiary—with the parent Company, (2) the purchase of Utkal Machinery shares, and (3) increase in the Company's authorised capital. Willcox Buckwell India is proposed to be amalgamated with Larsen and Toubro with a view to combining the resources of the two Companies to optimise their utilisation, effect internal economies and improve the efficiency of Willcox Buckwell. This is expected to be achieved by carrying on business of Willcox Buckwell as part of Larsen and Toubro's business and making available for the same the extensive resources and creditworthiness of the Company. Under the proposed scheme of merger, five equity shares of Rs. 10 each, fully paid-up, of Larsen and Toubro will be offered against eight equity shares of Rs. 10 each, fully paid-up, of Willcox Buckwell. Out of the 300,000 shares of Willcox Buckwell, Larsen and Toubro already holds 278,802 shares. Larsen and Toubro will thus have to issue 13,249 shares for the balance of 21,198 equity shares of Willcox Buckwell.

Larsen and Toubro also proposes to purchase 50,000 equity shares of Utkal Machinery of Rs. 10 each at par value plus 70 paise a year a share from 15th March 1965, involving a total investment of Rs. 7.28 lakhs. These shares are held by the I.C.I.C.I. and are in fact a part of the "rights" offered to Larsen and Toubro and which it would have subscribed to at the time these were offered. The I.C.I.C.I. has now asked the Company to repurchase them from it in accordance with the undertaking given at the time of allotment. The proposed purchase of these shares requires Government consent.

The directors of Larsen and Toubro have also proposed to increase the Company's authorised capital from Rs. 5 crores to Rs. 10 crores by creating 3.7 million equity shares of Rs. 10 each and 130,000 unclassified shares of Rs. 100 each. The increase in the authorised capital is proposed as an enabling measure in the event of any proposal about further issue of capital materialising at a future date.

ASSOCIATED BEARING

Bigger Dividend

ASSOCIATED Bearing Company has raised the dividend for 1970 from a maiden 10 per cent to 12.5 per cent. As in the previous year, the entire dividend will be exempt from tax in the hands of shareholders. According to the very brief preliminary statement, which does not mention sales or profit figures, the Company has made a tax provision of Rs. 64 lakhs (against nil) for 1970 after completely availing itself of the benefits of development rebate in respect of 1970 and earlier years, as also the accumulated relief under Section 80 J of the Income-Tax Act. Henceforth the Company will be liable to income-tax at the rate applicable and, depending upon the profits, it may also become liable to surtax. The dividend absorbing Rs. 56 lakhs (against Rs. 40 lakhs) will be paid out of general reserve.

BAYER (INDIA)

Results Impress

THE preliminary statement from Bayer (India) on its working results for 1970 shows further marked progress all round. Sales have increased by 28.7 per cent from Rs. 5.76 crores to Rs. 7.42 crores and the gross profit has risen by as much as 58.8 per cent from Rs. 1.02 crores to Rs. 1.62 crores. After providing Rs. 55 lakhs (against Rs. 50 lakhs) for depreciation and Rs. 54,000 (against Rs. 11 lakhs) for development rebate reserve, the net profit for 1970 is placed at Rs. 1.06 crores, against Rs. 41 lakhs in the previous year. The net profit has been utilised to reduce the deficit balance to Rs. 17 lakhs. It is significant that the Company has at the same time built up reserves of the order of Rs. 1.25 crores.

All the three divisions of the Company have achieved better sales. The pesticides and pharmaceuticals divisions in particular have made marked progress. Rubber chemicals sales could have been still better but for strikes and go-slow policies adopted by labour in the major tyre manufacturing companies. The directors hope to achieve still better results during the current year. The Company has already received a letter of intent from the Central Government for effecting substantial expansion in the manufacture of rubber chemicals and to manufacture intermediates thereof. It is proposed to set up a plant for the manufacture of toluene diisocyanate, an important raw material for the manufacture of polyurethane foams. The necessary letter of intent is expected shortly.

U. P. HOTELS

Dividend Raised

THE directors of Uttar Pradesh Hotels and Restaurants Ltd have proposed a higher equity dividend of 10 per cent for the year ended September 1970, as against the maiden dividend of 7 per cent paid for the previous year. They have also recommended the payment of dividend on the 9 per cent preference shares. There are no arrears of preference dividend to be paid. The dividends on the equity and preference shares are payable only to the holders of the old issue of equity and preference shares of the Company. The higher dividend follows an improvement in the Company's earnings. The income from room sales and beverages was Rs. 50.20 lakhs, against Rs. 38.08 lakhs in the previous year—an increase of 32 per cent. Adding the fixed income from shop licence fees, etcetera, the total income for the year comes to Rs. 52.79 lakhs, against Rs. 40.87 lakhs in the previous year.

The gross profit for the year, after meeting all expenses, including the managing agents', managing directors' and directors' remuneration but before providing for depreciation and development rebate, is Rs. 17.71 lakhs, against Rs. 11.76 lakhs in the previous year—an increase of 50.6 per cent. After adjusting for depreciation and development rebate, the net profit before tax was Rs. 12.96 lakhs (against Rs. 5.37 lakhs)—an increase of 141 per cent. Provision for taxation amounts to Rs. 4.15 lakhs (against nil) and the net profit after this provision for tax is Rs. 8.81 lakhs (against Rs. 5.37 lakhs)—an increase of 64 per cent.

HINDUSTAN BREWERIES

Share Offer

HINDUSTAN Breweries and Bottling Ltd—a new enterprise promoted by the Gokul Chand Narang group of Delhi—will soon be in the

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market to raise Rs. 12.25 lakhs—all in equity shares of Rs. 10 each issued at par—to meet part of the financial requirements of the project. The list for the public issue, which will be fully underwritten, will open on 10th March and will close on 20th or earlier but not before 14th March. The Company proposes to set up in Thana (Bombay) a beer plant with an installed capacity of 50,000 hectolitres a year, or 25,000 bottles a day. This will be Maharashtra's first beer plant in the private sector. The project is estimated to cost Rs. 74.24 lakhs which will be met by the share capital of Rs. 25 lakhs of which Rs. 12.75 lakhs have already been subscribed and paid by the promoters, borrowings of Rs. 46.24 lakhs and deferred payment facility of Rs. 3 lakhs. The technical consultants, Turcorn India Private Ltd, staffed by Danish qualified and trained experts in the brewery field and having access to Danish know-how, have undertaken to complete the plant for commissioning by August 1971. Sales are expected to commence in September.

Mr. K. R. Narang, a director, told newsmen in bombay the other day that the cost of the Company's project compared very favourably with that of plants of the same size set up elsewhere in the country. This is largely on account of the experience of the promoters and technical consultants for the project. The promoters have good experience of the fermentation industry and have set up a brewery plant in Uttar Pradesh which produces "Esquire" and "Continental" beers. Their beer is claimed to be the first in the country to have received the I.S.I. mark. Since the Company's plant will be the first beer plant in Maharashtra where the demand for beer is good, marketing is not expected to present any problem.

Sales during 1971-72, when the plant will be in commercial production for about seven months, are expected around Rs. 71 lakhs, yielding a net profit of about Rs. 4.20 lakhs. Sales are estimated at around Rs. 154.58 lakhs in 1972-73, Rs. 192.38 lakhs in 1973-74 and Rs. 203 lakhs in 1974-75 ; the net profit figures for these years are placed at around Rs. 11.41 lakhs, Rs. 16.17 lakhs and Rs. 18 lakhs, respectively. According to the Company's managing director, Mr. A. P. Sahgal, the shareholders can look forward to a maiden distribution of 12 per cent for 1972-73—the first full year of production.

ALBRIGHT MORARJI

Maiden Dividend

ALBRIGHT, Morarji and Pandit has reported very encouraging results for the year ended October 1970 which has enabled the directors to reward the shareholders with a maiden dividend of 12 per cent, that is, Rs. 6 a share. Income from sales of products and processing charges has risen from Rs. 1.75 crores to Rs. 3.05 crores and the profit after depreciation is placed at Rs. 80.15 lakhs, against Rs. 22.01 lakhs in the preceding year. A sum of Rs. 29.55 lakhs (against nil) has been allocated to development rebate reserve, leaving a net surplus of Rs. 50.61 lakhs (against Rs. 22.01 lakhs). No provision is required for taxation in view of the arrears of depreciation and development rebate brought forward and "tax holiday" reliefs. The directors have transferred Rs. 20.15 lakhs (against Rs. 18.80 lakhs) to general reserve No. 1 and Rs. 30.45 lakhs (against nil) to general reserve No. 2. The proposed tax-free dividend of 12 per cent is to be paid out of general reserve No. 1.

ULTRAMARINE AND PIGMENTS

Bulk Order from Saigon

ULTRAMARINE and Pigments Ltd has secured a bulk order from South Vietnam for export of 150 tonnes of Ultramarine Blue under U.S. aid. The country will earn a substantial amount of foreign exchange from this deal. The first consignment of 30 tonnes left Madras recently. This is the first time Ultramarine Blue is being exported in such large quantities.

BAJAJ-TEMPO

Dividend Doubled

BAJAJ-TEMPO has done extremely well during the year ended September 1970 and the dividend has been raised from 5 per cent to 10 per cent. The preliminary figures show a rise of 66 per cent in sales from Rs. 3.26 crores to Rs. 5.41 crores and the gross profit is up by 50 per cent from Rs. 38.67 lakhs to Rs. 58.53 lakhs. After providing Rs. 14.40 lakhs (against Rs. 28.55 lakhs) for depreciation, Rs. 2.20 lakhs (against Rs. 3.56 lakhs) for development rebate reserve and Rs. 4.65 lakhs (against Rs. 9,147) for taxation, the net profit for 1969-70 amounts to Rs. 37.28 lakhs, against Rs. 6.47 lakhs in the preceding year. After adjusting the brought-forward loss of Rs. 10.68 lakhs, there remains a surplus of Rs. 28.60 lakhs. As a result of a change in the method of calculating depreciation, Rs. 38.41 lakhs thus found to be surplus in the previous provisions have been transferred to general reserve.

INDIAN WOOD PRODUCTS

Dividend Reduced

THE working of the Indian Wood Products Co. Ltd shows a lower pre-tax profit of Rs. 8.29 lakhs for the year ended September 1970, against one of Rs. 14.88 lakhs in the previous year, after providing Rs. 74,183 (against Rs. 75,285) for depreciation. In view of the Company's poor performance, the taxable ordinary dividend has been reduced from 15 per cent to 9 per cent, including an interim of 4 per cent, absorbing Rs. 3.24 lakhs. This offers a yield of 6.1 per cent at the present price of Rs. 13.12 a share of Rs. 10 each. Taxation is allocated Rs. 4.37 lakhs (against Rs. 8.28 lakhs). After making other adjustments, a sum of Rs. 2.48 lakhs is transferred to general reserve. Sales rose from Rs. 91.48 lakhs to Rs. 1.01 crores.

SMITH STANISTREET

Profit Declines

THE preliminary report of Smith Stanistreet and Co. Ltd shows that the Company has not done well for the year ended June 1970. The profit, before providing for taxation, is shown at Rs. 12.58 lakhs, against Rs. 15.58 lakhs in the previous year. The net profit has declined from Rs. 7 lakhs to Rs. 4.38 lakhs, after providing Rs. 8.20 lakhs (against Rs. 8.58 lakhs) for taxation. Because of the Company's unsatisfactory working results, a taxable ordinary dividend of 10 per cent has been declared, against 15 per cent. The yield works out to 9.9 per cent at the present price of Rs. 5.06 a share of Rs. 5 each.

SHAH CONSTRUCTION

Dividend Skipped

SHAH Construction Company has turned out poor results for the year ended June 1970 and the divi-

lend has been skipped. The work lone is down from Rs. 5.09 crores to Rs. 4.31 crores and the gross profit has declined from Rs. 26.77 lakhs to Rs. 20.33 lakhs. Appropriations include depreciation Rs. 15.50 lakhs (against Rs. 15.92 lakhs), development rebate reserve Rs. 33,000 (against Rs. 2.60 lakhs) and general reserve Rs. 4.50 lakhs (against Rs. 8.50 lakhs). Poor results for 1969-70 have been attributed to the non-availability of steel for a considerable period, labour trouble and an increase in the prices of building materials. The outlook for the current year appears to have improved with the procurement of substantial contracts recently of the value of over Rs. 10 crores. It is expected that the Company will be able to service the contracts satisfactorily and profitably. The Company's proposal to issue bonus shares has been turned down by the Controller of Capital Issues.

PEIRCE LESLIE

Profit Declines

THE working of Peirce Leslie India Ltd for the year ended September 1970 has resulted in a profit of Rs. 8.06 lakhs. This compares with the profit of Rs. 32.37 lakhs for the previous year, covering 14 months ended 30th September 1969. After providing Rs. 1.95 lakhs (against Rs. 19.90 lakhs) for taxation, there is a net profit of Rs. 6.11 lakhs. Adding to this profit Rs. 48,344 brought forward from the previous year and also Rs. 1.46 lakhs being excess tax provision, there is a surplus of Rs. 8.06 lakhs available for appropriation. Out of this, general reserve gets Rs. 2.10 lakhs (against Rs. 6.40 lakhs). Share issue expenses amounted to Rs. 47,131. Development rebate reserve gets Rs. 37,200 (against Rs. 20,200). The preference dividend absorbs Rs. 79,878 and the equity dividend of 10 per cent claims Rs. 4 lakhs. The balance of Rs. 31,469 is being carried forward.

TAN INDIA WATTLE

Profit Earned

TAN India Wattle Extracts Co. Ltd reports encouraging working results for the year ended June 1970, although the waiting period for a dividend is still there. In their report, the directors point out that most of the problems relating to the supply of raw materials have been solved. Continuous and sustained supply of wattle bark to the factory has now been ensured. Production operations at the factory have been well toned up and the performance of the plant has been satisfactory. The Company has earned a profit of Rs. 3.10 lakhs, before providing for depreciation, against the loss of Rs. 1.53 lakhs in the previous year. Depreciation for the three years 1968, 1969, and 1970 have not been provided and the arrears of depreciation amount to Rs. 14.47 lakhs.

KHANDELWAL FERRO

A Good Year

KHANDELWAL Ferro Alloys has reported considerably improved results for 1970. Not only has there been a rise in sales as well as profits but margins too have improved appreciably. While sales are up by 10.9 per cent from Rs. 6.96 crores to Rs. 7.72 crores, the gross profit has gone up by about 38 per cent from Rs. 70.93 lakhs to Rs. 97.80 lakhs. The gross profit has been arrived at after debiting Rs .40 lakhs for electricity claims for previous years and after taking into account the profit of about Rs. 20 lakhs on the sale of Delhi property—both the items are of a non-recurring nature. The dividend has been kept unchanged at 12 per cent and it is expected to be exempt from tax. Appropriations of profits include depreciation Rs. 20.29 lakhs (against Rs. 17.06 lakhs), development rebate reserve Rs. 14,000 (against Rs. 2 lakhs), taxation Rs. 17 lakhs (against nil) and general reserve Rs. 60.36 lakhs (against Rs. 51.87 lakhs). The preference dividend amounting to Rs. 4.75 lakhs and the equity dividend of Rs. 14.90 lakhs are to be paid out of general reserve

The Company's ferro-manganese plant worked above its rated capacity and production could have been still better but for the closure of one furnace on account of relining. Due to the restricted supply of raw materials, the tube mill plant worked at only 40 per cent of its capacity. The Company has recently received licences to import raw materials and it is hoped that the tube will be able to operate at around 60 per cent of its capacity during the current year. The Company has taken in hand plans for expansion of the mining division which will greatly help in augmenting supplies of raw materials for the ferro-manganese plant. The Company's exports during 1970 were lower at Rs. 2.79 crores, against Rs. 3.07 crores in 1969. The decline in exports occurred mainly because of the non-availability of adequate raw materials for the Company's tube plant. As against its paid-up equity capital of Rs. 1.25 crores, the Company's reserves at the end of 1970 amounted to Rs. 1.83 crores.

SHRIRAM REFRIGERATION

Results Improve

SHRIRAM Refrigeration Industries has reported improved results for the year ended September 1970. Sales are up from Rs. 1.43 crores to Rs. 1.87 crores and the gross profit has increased from Rs. 6.97 lakhs to Rs. 10.49 lakhs. After providing Rs. 7.87 lakhs (against Rs. 5.27 lakhs) for depreciation and Rs. 1.40 lakhs (against Rs. 26,000) for development rebate reserve, the net profit amounts to Rs. 1.22 lakhs, against Rs. 1.44 lakhs in the previous year. The surplus has been utilised to reduce the outstanding deficit to Rs. 14.09 lakhs which is carried forward. The prospects for the current year are considered bright. The demand for the Company's diesel engines is picking up and there are plans to diversify the Company's activities.

JAIN SHUDH VANASPATI

Share Offer Soon

JAIN Shudh Vanaspati Ltd, Delhi, is a new Company which will soon be in the market to raise Rs. 35 lakhs through the issue of equity and preference shares to meet a part of the financial requirements of its project. The Company proposes to set up a factory in Ghaziabad (near Delhi) for the manufacture of 50 tonnes of *vanaspati* a day. The capacity of the plant will, in due course, be raised to 100 tonnes a day. Installation of plant and machinery has commenced and the plant is expected to start production shortly. The project is estimated to cost Rs. 1.13 crores which is proposed to be met by the share capital of Rs. 55 lakhs, long-term loans of Rs. 45 lakhs, deferred payments for Rs. 7.8 lakhs and unsecured loans of Rs. 5.2 lakhs. The Company has an authorised capital of Rs. 75 lakhs made up of Rs. 60 lakhs in equity shares of Rs. 10 each and Rs. 15 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The

issued and paid-up capital is Rs. 20 lakhs—all in equity shares. It is now proposed to offer for public subscription 240,000 equity shares and 11,000 preference shares, raising the total capital to Rs. 55 lakhs. Out of the proposed public issue, equity shares worth Rs. 19 lakhs and the entire preference capital have been underwritten. For the balance amount of Rs. 5 lakhs in equity shares, the promoters have given an undertaking to the institutional underwriters that they will be fully responsible to make good any shortfall in the public issue.

JAIPUR SPINNING

Sales and Profit Up

THE Jaipur Spinning and Weaving Mills has reported substantially improved results for the year ended September 1970. Sales have risen by 46 per cent from Rs. 3.12 crores to Rs. 4.55 crores and the gross profit has recorded an impressive rise of 195 per cent from Rs. 13.10 lakhs to Rs. 38.63 lakhs. Margins have improved despite the rise in the cotton mill industry's production costs. The Company is now successfully manufacturing not only coarse and superfine counts of yarn but also rayon and synthetic yarns. After providing Rs. 16.22 lakhs (against Rs. 12.04 lakhs) for depreciation, the net profit amounts to Rs. 22.41 lakhs, against Rs. 1.04 lakhs in the preceding year. Together with write-backs of Rs. 1.25 lakhs, the surplus has been utilised to wipe off the entire loss of Rs. 18.11 lakhs brought in from the previous year and to provide for part of the arrears of depreciation amounting to Rs. 5.32 lakhs, leaving a sum of Rs. 10,274 to be carried forward. The arrears of depreciation remaining to be provided for 1964-65 to 1967-68 total Rs. 49 lakhs and the arrears of development rebate reserve for 1964-65 to 1969-70 amount to Rs. 23.96 lakhs. Referring to the current year's prospects, the directors state that raw cotton prices have skyrocketed and the scarcity of rayon and synthetic fibres has become very acute, but efforts are being made to mitigate these adverse factors.

EMCO TRANSFORMERS

Poor Results

DESPITE more than two-fold rise in production and expansion of sales from Rs. 58.09 lakhs to Rs. 136.24 lakhs during the year ended September 1971, Emco Transformers has incurred a loss of Rs. 3.69 lakhs (against Rs. 6.84 lakhs), after providing Rs. 1.33 lakhs (against Rs. 95,000) for depreciation. With this loss, the total deficit has risen to Rs. 7.41 lakhs. In addition, public issue expenses to the extent of Rs. 94,000 are yet to be written off and development rebate for three years amounting to Rs. 3.05 lakhs also remains to be provided. The loss in 1969-70 is attributed to the increase in the cost of raw materials coupled with the manufacture and despatch of a large number of transformers against orders booked during the preceding recession period at lower prices. The directors state that at the end of January 1971, the Company had on hand orders worth Rs. 5.23 crores, as against Rs. 2.17 crores a year ago. The Company has now started manufacturing special purpose transformers in addition to the existing line of power and distribution transformers.

BABABUDIN COFFEE

Dividend Repeated

THE directors of Bababudin Coffee and Produce Co. Ltd. have maintained the equity dividend at 12 per cent for the year ended June 1970. The Company has earned a profit of Rs. 68,139, after providing for depreciation. This compares with the previous year's profit of Rs. 2.17 lakhs, after providing depreciation. With Rs. 27,160 brought forward, the total surplus comes to Rs. 95,300. Out of this, tax provision amounts to Rs. 18,500 (against Rs. 85,000). General reserve gets Rs. 6,688 (against Rs. 40,000). The preference dividend absorbs Rs. 18,104, and the equity dividend takes away Rs. 48,000. The balance of Rs. 4,008 is being carried forward. The coffee crop for the year amounted to 95,562 kilograms (against 153,877 kilograms.

COTTANAD PLANTATIONS

Loss Incurred

THE directors of Cottanad Plantations Ltd have skipped the dividend on ordinary as well as preference shares for the year ended March 1970. The Company which is a regular dividend payer has had to pass the dividend this time because it has incurred a loss. The equity dividend for the previous year was 15 per cent. The loss for the year amounted to Rs. 14,015, after providing for depreciation. This compares with the previous year's profit of Rs. 3.18 lakhs. The surplus balance brought forward from the previous year was Rs. 6,829, to which is added Rs. 1,550 being excess provision written back, making a total of Rs. 8,379. Adding to the loss of Rs. 14,015 a sum of Rs. 13,555 being provision for bonus, the total deficit comes to Rs. 27,600. Deducting from this deficit of Rs. 27,600 the above mentioned surplus of Rs. 8,399, there is a deficit balance of Rs. 19,221 which is being carried forward.

HONGKONG AND SHANGHAI

Bonus Issue Planned

THE directors of the Hongkong and Shanghai Banking Corporation announce that the profit of the bank, including dividends from subsidiaries, for the year ended December 1970, after providing for taxation on profits, and after making transfers to inner reserves, out of which provision for diminution in the value of assets has been made, is $(HK) 114,218,607 (against $(HK)90,736,157). These figures are subject to audit. The group accounts will be published at a later date. It is proposed to make a transfer of $(HK) 10 million to published reserves and to write $(HK)3 million off bank premises. It is then proposed to pay a final dividend of £0.23 costing $(HK) 51,437,859. These appropriations, together with the interim dividend of $(HK) 27,955,358 already paid, leave $(HK)21,825,390 to be added to the undistributed profit carried forward. The total distribution for the year will thus amount to $(HK) 79,393,217 against $(HK)72,726,780 for 1969.

It is further proposed to recommend to shareholders at an extraordinary general meeting to be held on Friday, 26th March, that a bonus share issue be made in the proportion of one new share for each ten held on 26th March, 1971, by the capitalisation of $(HK)38,258,325 from the reserve fund. The new share issue be made in the proportional dividend for the year ended December 1970, but will be entitled to all subsequent dividends. Permission will be sought from the Stock Exchange in London and Hongkong for the quotation of the new shares. If the proposal is approved, the reserve fund will be restored to $(HK)270 million by the transfer of $(HK)16 million from the undistributed profit carried forward and $(HK)22,258,325 from inner reserves.

Subject to the level of profits being maintained, the directors expect to recommend dividends totalling £0.35 a share for the year 1971 on the increased capital.

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COMMODITIES

Jute Corporation in the Public Sector to be Set up Soon

THE Government of India has announced its final decision on setting up a jute corporation with an authorised capital of Rs. 5 crores in a month's time with headquarters in Calcutta. The corporation will also be functioning as the buffer stock agency, a jute board and a jute marketing board, following the suggestion contained in the U.S.A.I.D.-sponsored survey of India's jute goods exports carried out by the Administrative Staff College of Hyderabad more than two years ago. The corporation will be managed by a board of 11 directors, including a part-time chairman, a managing director and two functional directors. Announcing these details at a Press conference in New Delhi last week, Mr. H. Lal, Secretary to the Central Ministry of Foreign Trade, said that the corporation would conduct the price-support and buffer-stock operations with a view to imparting stability in the fibre market. It will also help stimulate the output of raw jute by offering adequate incentives to growers.

Import of Fibre

The corporation will also import fibre to supplement indigenous supplies, when it is needed, export fibre to the approved ceiling limits, process and export jute goods and carry on export promotion measures. With the setting up of the corporation, the State Trading Corporation will cease to be responsible for jute purchases from the next season. Its operations will be financed out of borrowings from financial institutions. Mr. Lal hoped that the corporation would be in a position to emerge as the most stabilising factor in the market. But Mr. Lal reiterated that it would not go in for monopoly purchases, although it would start buying in case the price tended to sag below the official support and derivative levels. He said that although the S.T.C. had conducted price-support operations for many years, it had been unable to ensure full coverage of all the markets.

It may be mentioned in this context that the S.T.C. was entrusted with the sole charge of making price-support purchases of raw jute this season. It had made necessary arrangements for the purchase of fibre in all the primary markets in the jute-growing States and had set up a network of purchasing agencies by enlisting the co-operation of approved dealers and the jute-growers' co-operatives in more than 300 centres. But because of the high ruling prices of fibre much above the official support levels throughout the season, it had hardly any occasion to make any price-support purchase this season.

Raising the Ceilings to E.C.M.

The "Six" have once again failed to agree on their reply to India's demand for an upward revision of the basic ceilings for the export of jute goods to the Community under the current agreement with the E.C.M., according to a report from Brussels. At their last week's meeting, representatives of the member Governments and the Commission made little progress and decided to take up the matter later this week. India has been asking for a 15-per cent annual increase in her basic quota of 5,500 tons. Until the issue is settled the "Six" cannot include jute manufactures in their offer in respect of generalised preferences.

Grouse of Sudanese Importers

Importers of jute goods in the Sudan have been sore with the Indian exporters over their failure to ship the end-products in time, says the World Trade Department of the Indian Chamber of Commerce in a recent issue of its fortnightly bulletin. The report says that the higher prices of Indian jute goods have also irritated the importers of the products in that country. The Sudan is anxious to get jute bags from India between November and January when its principal crops are harvested. Delay in the arrival of the packing materials from India upsets the Sudanese plants for the export of its farm products. The delay in shipments from India last year has been ascribed to the dislocation of shipments during the strikes in Calcutta port and in the industry.

Need for Good Seeds

The Indian Jute Mills Association has urged the Governments of the jute-producing States to take all precautions to ensure that non-descript spurious seeds do not fall into the hands of jute growers, for the planting of improved seeds ensures an increase in the unit yield of the crop by 10 per cent or 15 per cent and is a crucial factor for the success of the Government's intensive cultivation programme. Since a large quantity of jute seeds out of the 1969 seed crop could not be utilised in the 1970 season due to the sharp decline in the coverage under fibre, particularly in West Bengal, a Press release issued by the Association last week reminds the authorities that one great difficulty with jute seeds is that they lose their viability fast under ordinary conditions of storage. It is a common experience that old seeds do not germinate at all. Anticipating a possible swing towards jute by farmers because of the prevailing high prices of fibre, the release says that the demand for seeds is likely to be pretty keen during the current year. It warns that in such a condition, the tendency to mix the fresh seeds out of the 1970 seed crop with the spillover from the previous seasons may be irresistible for many seed traders.

Gunnies Steady

The recessionary trend in the Calcutta gunny market was arrested during the past week due to the emergence of sellers' resistance at the dips and a moderate offtake by shorts and shippers around the lowest levels against their impending end-of-month settlement of accounts and also the elimination of weaker bulls and the clearance of some market load during the protracted phase of bearishness. Trading was adversely interrupted due to the spontaneous suspension of activities following the assassination of a political leader and the *Shiva Chaturdashi* festival on the next day. Clive Row was, however, inclined to feel that prices had stabilised somewhat higher over the dips and were unlikely to react further. But activities were likely to be interrupted till the middle of the month due to the mid-term poll which had been picking up momentum in the

meanwhile. The prospects of early fiscal reliefs in the vote-on-account Budget to be presented to the reconstituted Lok Sabha around the end of the month were ruled out. Clive Row preferred to remain noncommittal relating to the Government's final proposal for setting up a jute corporation with an authorised capital of Rs. 5 crores with headquarters in Calcutta in a month's time. Anticipating the bearishness to accentuate still further on prospects of early sowings on a much wider area during the ensuing season, overseas and major internal consumers preferred to restrict their initial offtake to the barest minimum levels. But around the dips, they started covering their immediate open positions, helping partially to erase the top losses. The stock position and the anticipated production during the rest of the season indicated the prospect of prices hovering narrowly around the current levels if the Directorate-General of Supplies and Disposals succeeded in entering into a long-term agreement with the industry for the supply of B Twills on the expiry of the current contract this month. The output of jute goods during February was expected to be much smaller than anticipated due to a number of unforeseen holidays. Turnover was more or less of a routine nature confined to the offtake of ready and near-delivery goods. In the hedge market, February delivery futures contracts for B Twills and 40in. 10oz. hessian were closed on the due date by the adjustment of the outstanding positions. Thereafter, the May delivery contracts for the constructions were commenced in the usual course, subject to the same restrictions on trading to be enforced by the Vigilance Committee of the East India Jute and Hessian Exchange Ltd. The closing undertone was about steady.

Latest available quotations (in rupees) were as follows:

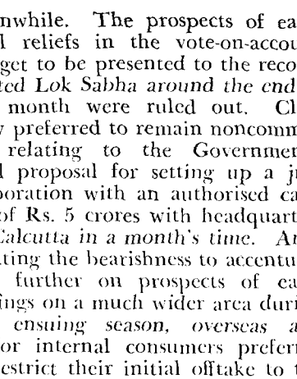
	Mar.	21st Apr.	Apr.-June	June-Sept.
40in. 7½oz.	63.25	63.25	63.25	63.00
40in. 8oz.	68.75	—	—	—
40in. 10oz.	82.50	83.00	83.25	83.25
B Twills	255.75	256.75	257.25	252.50
Heavy Cees	257.00	257.00	257.25	252.50
Cornsacks	—	—	—	—
A Twills (U.S.)	320.00	317.00	313.00	307.00
Liverpools	300.00	300.00	296.00	291.00

Fibre Firm

The raw jute market showed firmness after an initial phase of recession during the past week. The improvement in sentiment was ascribed to the elimination of a large number of weak holders and the clearance of a lot of lower grade fibre during the initial dull phase. Besides, some growers, finding it difficult to clear their sub-standard stocks, released their better grade holdings in an effort to meet the sustained mill demand for them for batching purposes. Although the fibre inventories' position of the mills was pretty comfortable, they showed a keen interest in absorbing selected grades. The congenial weather conditions in the jute-growing States and fair progress in soil preparation operations in the early sowing areas were welcomed. But the expectations of a more extensive coverage and a larger crop next season could not alleviate the interest in ready stocks of selected grade fibre. Turnover was small. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	March-April		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	142.00	133.96	50.00
Northern Jute	135.30	127.26	47.50
Western Desal Jute	128.60	120.57	45.00
Selected Daissee	146.02	137.98	51.50
Assam-Agartala Tossa	147.36	139.32	52.00
Mesta :			
Assam Mesta	128.68	120.57	45.00
Selected Daissee			
Murshidabad	123.24	115.21	43.00
Bihar Dist.	115.21	107.17	40.00



Promoting India's Tea Exports to West Germany

(BY A SPECIAL CORRESPONDENT)

THE high-powered West German tea delegation's current visit to India should enable this country to step up its tea exports to West Germany. The delegation consists of 14 persons representing well-known importing firms in West Germany and also some prominent tea tasters. The export of Indian tea to West Germany steadily increased from 1,177 metric tons in 1966-67 to 2,616 metric tons in 1967-68 and 3,500 metric tons in 1968-69. But in 1969-70 there was a decline to 3,162 metric tons. There is scope for increasing India's tea exports to West Germany. The *per capita* consumption of tea in West Germany in 1966-68 was very small, being only 0.13 kilogram which is one of the lowest in west Europe. This compares with 4.07 kilograms in the United Kingdom, 4.01 kilograms in Ireland and 0.69 kilogram in the Netherlands. This low consumption of tea in West Germany is due to the fact that the people are traditionally accustomed to drinking coffee.

It is, however, significant that West Germany has been obtaining her requirements of Indian tea more and more from the U.K. The export of Indian tea from the U.K. to West Germany increased from 311,000 kilograms in 1966 to 635,000 kilograms in 1969. It is necessary to enquire as to why so much of Indian tea should go to West Germany through the U.K. It would obviously be a great advantage for Indian exporters to export tea direct to West Germany. The Tea Board of India should see to it that West Germany's requirements of Indian tea are met, as far as possible, directly from this country rather than through the U.K. or some other source.

One major handicap for increasing the export of Indian tea to West Germany is the high level of internal taxes imposed by that country. The tax on tea in West Germany is Rs. 8.53 for packets above 3 kilograms and Rs. 9 for packets below 3 kilograms. Such a high rate of internal tax will naturally discourage the consumption of tea, particularly Indian tea. Can the Government of India persuade the Government of West Germany to lower this rate of duty in order to encourage the consumption of Indian tea?

West Germany's total tea imports have not shown a rising trend in recent years. In 1969, total imports amounted to 9,205,000 kilograms, compared with 8,589,000 kilograms in 1962. Between these two periods, imports stood at 6,948,000 kilograms in 1963, 9,109,000 kilograms in 1964, 8,400,000 kilograms in 1965, 7,898,000 kilograms in 1966, 8,112,000 kilograms in 1967 and 8,979,000 kilograms in 1968. These figures indicate that the level of tea imports has remained practically static. It is not known to what extent India's Tea Board has been doing propaganda either by itself or in collaboration with other tea producers to encourage tea consumption in West Germany. It is, however, encouraging to note that India has always been the largest supplier of tea to West Germany. In 1969, out of that country's total tea imports of 9,205,000 kilograms, India's share was 4,361,000 kilograms and Ceylon's 2,736,000 kilograms. The other main suppliers were Indonesia (1,157,000 kilograms), East Africa (202,000 kilograms), China (116,000 kilograms) and Mozambique (26,000 kilograms).

India may also consider the export of instant tea to West Germany. But here also the duties are quite high. The Customs duty on instant tea in West Germany is 14 per cent and the other taxes come to Rs. 4.99 a kilogram. At present, India does not have much of instant tea to export; but if countries like West Germany reduce the Customs duties, it may help India to step up production and exports.

The Government of India should publish the impressions of the West German tea delegation so that the trade and industry can adjust their production and export strategy accordingly. India is having a large trade deficit with West Germany which amounted to Rs. 53.96 crores in 1969-70, compared with Rs. 93.94 crores in 1968-69 and Rs. 122.24 crores in 1967-68. It will, therefore, be worth while to consider to what extent she can reduce this deficit by increasing her tea exports to West Germany.

Fair Demand

A Special Correspondent writes: At last week's tea auction in Calcutta, there was a fair general demand with a little better tone than has been the case for the past few weeks. Apart from fannings grades which were a weak feature of the auction, the orthodox descriptions sold reasonably well. Russia and the buyer for the Armed Forces were operating fairly freely with added competition from buyers for Australia and east European countries. There was a better demand for C.T.C. broken grades which generally sold at around the previous auction's levels. But fannings were again much lower, although at the lower rates there was more demand. Buyers for internal consumption were operating more freely than in the past few weeks but the U.A.R. was out of the market and this is the main reason for the decline in the demand for fannings grades. There was practically no London buying.

FREIGHT HIKES

Coir Exports Hit

The Travancore Chamber of Commerce, Alleppey, has expressed grave concern at the "spate of general freight increases" on Liner routes from India to the U.K., Europe, the U.S.A., and Australia. In telegrams sent to the Central Ministries of Foreign Trade and Transport and Shipping, the Chamber has particularly opposed the increase in the freight rate of 15 per cent from 1st June, 1971, recently proposed by the India-Pak-U.K.-Continental Conferences.

In a follow-up representation submitted to the Central Ministries concerned, the Chamber points out that the recent freight hikes and surcharge imposed by the Conferences have acted as a heavy damper on exports of coir and coir products which had already been facing an acute competition from synthetics and powerloom products abroad, besides heavy import duties in the European Common Market and South American countries.

SERVICE WORLD-WIDE

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THE BRITISH BANK OF THE MIDDLE EAST
(Incorporated in England)

Associated Bank
Bank of Iran and the Middle East.

BBM/HBG.71

COMPANY AND PUBLIC NOTICES

THE STANDARD COAL COMPANY LIMITED

NOTICE is hereby given that the *Annual General Meeting of* THE STANDARD COAL COMPANY LIMITED *will be held at the Registered* Office of the Company, Chartered Bank Buildings, *Calcutta*, on Wednesday the 31st March, 1971, at 11-30 A.M. for *the following purposes*:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st December, 1970, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following Resolution which will be proposed as a Special Resolution:—

"RESOLVED that subject to the approval of the Central Government pursuant to the provisions of Section 21 of the Companies Act, 1956, and availability of the name from the Registrar of Companies pursuant to the provisions of Section 20 of the Companies Act, 1956, the name of the Company be changed to "THE STANDARD INVESTMENTS COMPANY LIMITED".

6. To consider and if thought fit to pass the following Resolution which will be proposed as a Special Resolution:—

"RESOLVED that subject to the confirmation by the High Court at Calcutta under Section 17 of the Companies Act, 1956, Clause 3 of the Memorandum of Association of the Company be altered in the manner following, that is to say:

(a) By deleting the existing sub-clause (b) and substituting the following new sub-clause (b) in lieu thereof:—

"To acquire and hold and sell and purchase and otherwise deal with shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any Company, Government, Commissioner, Public Body or Authority, Municipality, local or otherwise, whether in India or elsewhere, and to acquire any such shares, stocks, debentures, debenture stocks, bonds, obligations and securities and whether or not fully paid up by original subscription and tender, sell, exchange, purchase or otherwise, and to subscribe for the same either conditionally or otherwise, to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof and to permit the same to be held by any person or company on behalf of or in trust for the company".

The Registers of Members of the Company will be closed from the 22nd March, 1971, to the 31st March 1971, both days inclusive.

By Order of the Board
K. L. DUA
Director

Registered Office:
Chartered Bank Buildings,
Calcutta: 25th February, 1971.

Notes: (1) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A blank form of proxy is enclosed, it should be sent back to the Company not later than 48 hours before the General Meeting.

(2) The Dividends if declared, will be paid on or after 12th April, 1971, to those Members so entitled whose names appear in the Company's Registers of Members on 31st March, 1971. No application for dividend warrants will be necessary.

(3) The Relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out above is being sent to the Members.

THE STANDARD COAL COMPANY LIMITED

Notice of Dividend Recommendation

THE Board of Directors of THE STANDARD COAL COMPANY LIMITED at a *Meeting held on* 25th February, 1971, *have decided* to recommend to the forthcoming Annual General Meeting of the Company the following Dividend for the year ended 31st December, 1970, subject to deduction of tax—

On Ordinary Shares @ 10%

By Order of the Board
F. W. HEILGERS & CO. (PRIVATE) LTD.
K. L. DUA
Managing Director
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta: 25th February, 1971.

THE ONDAL COAL COMPANY LIMITED

NOTICE is hereby given that *the Annual General Meeting of* THE ONDAL COAL COMPANY LIMITED, *will be held at the* Registered Office of the Company, Chartered Bank *Buildings, Calcutta, on Monday* the 29th March, 1971, at 11.30 A.M. *for the following purposes*:—

1. To consider the Profit and Loss Account of the Company *for the year ended 31st December, 1970,* the Balance Sheet as at that date and the *Directors' and Auditors' Reports thereon.*
2. To declare Dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass the following Resolution *which will be proposed as a* Special Resolution:—

"RESOLVED that subject to the approval of the Central Government pursuant to the provisions of Section 21 of the Companies Act, 1956, and availability of the name from the Registrar of Companies pursuant to the provisions of Section 20 of the Companies Act, 1956, the name of the Company be changed to "THE ONDAL *INVESTMENTS* COMPANY LIMITED."

5. To consider and if *thought fit to* pass *the following* Resolution which will be proposed as a Special Resolution:—

"RESOLVED that subject to the confirmation by the High Court at *Calcutta under* Section 17 of the Companies Act, 1956, Clause 3 of the Memorandum of Association of the Company be altered in the manner following, that is to say:

(a) By deleting the existing sub-clause (b) and substituting the following new sub-clause (b) in lieu thereof:—

"To acquire and hold and sell and purchase and otherwise deal with shares, stocks, *debentures, debenture stocks*, bonds, obligations and securities issued or *guaranteed* by any Company, Government, Commissioner, Public Body or Authority, Municipality, local or otherwise, whether in India or elsewhere, and to acquire any such shares, stocks, debentures, debenture stocks, bonds, obligations and securities and *whether or not fully paid up* by original subscription and tender, sell, exchange, purchase or otherwise, and to subscribe for the same either conditionally or otherwise, to guarantee the subscription thereof and to exercise and enforce all rights and power conferred by *or incident to* the ownership thereof and to permit the same to be held by any person *or company on behalf of or in trust for the company.*"

The Registers of Members of the Company will be closed from the 22nd March, 1971, to the 29th March, 1971, both days inclusive.

By Order of the Board
K. K. DAS GUPTA
Director

Registered Office:
Chartered Bank Buildings,
Calcutta: 25th February, 1971.

Notes: (1) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A blank Form of Proxy is enclosed; this should reach the Company not later than 48 hours before the time of holding the aforesaid meeting.

(2) The Dividends if declared, will be paid on or after 12th. April, 1971 to those Members so entitled whose names appear in the Company's Registers of Members on 29th March, 1971. No application for Dividend Warrants will be necessary.

(3) An Explanatory Statement in respect of item Nos. 5 and 6 will be sent to the Shareholders separately.

THE ONDAL COAL CO. LTD.

AT a Meeting of the Board of Directors held on Thursday, the 25th February, 1971, the following dividends were recommended for declaration at the Annual General Meeting to be held on Monday the 29th March, 1971, in respect of the year ended 31st December, 1970, subject to deduction of tax.

On Preference Shares at 8.45 per cent per annum.

On Ordinary Shares at 10 per cent per annum.

By Order of the Board
K. K. DAS GUPTA
Director

Registered Office:
Chartered Bank Buildings,
Calcutta: 25th February, 1971.

THE SENDRA COAL COMPANY LIMITED

NOTICE is hereby given that the Annual General Meeting of THE SENDRA COAL COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Monday the 29th March, 1971, at 11-15 A.M. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st December, 1970, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare Dividend recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To appoint Mr. K. L. Dua, a Director of the Company, who retires at this Meeting and in this connection, to consider and if thought fit, to pass the following Ordinary Resolution of which the prescribed notice has been received by the Company from a Member. Mr. K. L. Dua has filed with the Company his consent to act as a Director, if appointed.

"That Mr. K. L. Dua be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation."

5. To consider and if thought fit to pass the following Resolution which will be proposed as a Special Resolution:—

"RESOLVED that subject to the approval of the Central Government pursuant to the provisions of Section 21 of the Companies Act, 1956, and availability of the name from the Registrar of Companies pursuant to the provisions of Section 20 of the Companies Act, 1956, the name of the Company be changed to "THE SENDRA INVESTMENTS COMPANY LIMITED."

6. To consider and if thought fit to pass the following Resolution which will be proposed as a Special Resolution:—

"RESOLVED that subject to the confirmation by the High Court

at Calcutta under Section 17 of the Companies Act, 1956, Clause 3 of the Memorandum of Association of the Company be altered in the manner following, that is to say:

(a) By deleting the existing sub-clause (b) and substituting the following new sub-clause (b) in lieu thereof:—

"To acquire and hold and sell and purchase and otherwise deal with shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any Company, Government, Commissioner, Public Body or Authority, Municipality, local or otherwise, whether in India or elsewhere, and to acquire any such shares, stocks, debentures, debenture stocks, bonds, obligations and securities and whether or not fully paid up by original subscription and tender, sell, exchange, purchase or otherwise, and to subscribe for the same either conditionally or otherwise, to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to the ownership thereof and to permit the same to be held by any person or company on behalf of or in trust for the company."

The Register of Members of the Company will be closed from the 22nd March, 1971, to the 29th March, 1971, both days inclusive.

By Order of the Board
F. W. HEILGERS & CO. (PRIVATE) LTD.
S. GHOSH
Managing Director
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta: 26th February, 1971.

Notes : (1) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A blank form of proxy is enclosed, it should reach the Company not later than 48 hours before the Annual General Meeting.

(2) The Dividend if declared, will be paid on or after 12th April, 1971, to those Members so entitled whose names appear in the Company's Registers of Members on 29th March, 1971. No application for dividend warrants will be necessary.

(3) An Explanatory Statement in respect of item Nos. 4, 5 and 6 will be sent to the Shareholders Separately.

SENDRA COAL COMPANY LIMITED

AT a Meeting of the Board of Directors held on Thursday the 25th February, 1971 the following dividend was recommended for declaration at the Annual General Meeting to be held on Monday, the 29th March, 1971 in respect of the year ended 31st December, 1970, subject to deduction of tax.

On Ordinary Shares at 7 per cent per annum.

By Order of the Board,
F. W. HEILGERS & CO. (PRIVATE) LIMITED,
S. GHOSH
Managing Director,
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta: 25th February, 1971.

DISHERGARH POWER SUPPLY CO., LTD.

7¾% Debenture Stock 1975/77

NOTICE is hereby given that Interest Warrants will be despatched by 31st March, 1971 in payment of interest for the half-year ending 31st March, 1971 at the rate of Rs. 38.75 Rs. 1,000-00 of Debenture Stock. Tax will be deducted in accordance with the provisions of the Finance Act currently in force.

The Register of Debenture Stockholders and the Debenture Stock Transfer Register of the Company will be closed from 24th March to 31st March, 1971, both days inclusive.

By Order of the Board,
DISHERGARH POWER SUPPLY CO., LTD.,
ANDREW YULE & CO., LTD.,
P. R. ROY,
Secretaries

Registered Office:
8, Clive Row,
Calcutta-1.
25th February, 1971.

MARTIN BURN LIMITED

NOTICE

AT a Meeting of the Board of Directors today the Directors have recommended a final dividend of SIXTY PAISE per share on the Ordinary Share Capital for the year ended 30th September, 1970 for declaration at the Annual General Meeting to be held on Wednesday 31st March, 1971. An interim dividend of 40 Paise per share on the Ordinary Share Capital was declared by the Directors on the 25th September, 1970, which with final dividend will make a total of Re. 1/- for the year ended 30th September, 1970.

The Register of Members for Ordinary Shares of the Company will remain closed from the 18th March, 1971 to 31st March, 1971 both days inclusive, and the dividend, if sanctioned, will be paid after deduction of tax at the appropriate rates on or after the 2nd April, 1971 to those shareholders whose names appear on the Register of Members for Ordinary Shares on the 31st March, 1971.

By Order of the Board,
MARTIN BURN LIMITED,
L. K. SEN CHOWDHRY
Secretary

Registered Office:
12, Mission Row,
Calcutta-1.
25th February, 1971.

MARTIN BURN LIMITED

NOTICE

THE Annual General Meeting (being the Twenty-fifth Ordinary General Meeting) of the Company will be held on Wednesday, the 31st March, 1971 at 10 A.M. at the Registered Office of the Company, 12, Mission Row, Calcutta, to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended 30th September, 1970 and the Directors' and the Auditors' Reports thereon.
2. To declare a final dividend and to confirm the payment of interim dividend declared on the 25th September, 1970 on the Ordinary Shares in the Company.
3. To appoint a Director in place of Mr. Romen Mookerjee who retires by rotation and is eligible for re-election.
4. To re-appoint Auditors and to fix their remuneration.

The Register of Members for Ordinary Shares in the Company will be closed from 18th March, 1971 to 31st March, 1971 both days inclusive.

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

By Order of the Board,
L. K. SEN CHOWDHRY
Secretary

Registered Office:
12, Mission Row,
Calcutta-1.
3rd March, 1971.

Note :—The dividend, if sanctioned, will be paid on or after 2nd April, 1971 to those shareholders whose names appear on the Register of Members for Ordinary Shares on the 31st March, 1971 or to their mandatees.

The following statement of ownership and other particulars about "Capital", Calcutta, is published in compliance with Rule 8 of the Registration of Newspapers (Central) Rules 1956.

1. **Place of Publication**
   5, Mission Row, Calcutta-1.
2. **Periodicity of its Publication**
   Weekly.
3. **Printer's Name**
   C. L. Seal,
   Nationality
   Indian
   Address
   P187 Suren Sirkar Road, Calcutta 10.
4. **Publisher's Name**
   C. L. Seal,
   Nationality
   Indian
   Address
   P187 Suren Sirkar Road, Calcutta 10.
5. **Editor's Name**
   A. K. Ganguly, Acting Editor
   Nationality
   Indian
   Address
   5, Mission Row, Calcutta-1.
6. **Names and addresses of individuals who own the Newspapers and Partners or Shareholders holding more than one per cent of the total capital.**
   Capital Limited,
   5, Mission Row,
   Calcutta-1.

   Note: The above Company, Messrs. Capital Limited, is a wholly-owned subsidiary of Messrs. W. H. Targett & Co. Ltd., 5, Mission Row, Calcutta-1.

I, C. L. Seal, hereby declare that the particulars given above are true to the best of my knowledge and belief.

Sd/- C. L. Seal,
Signature of Publisher.

Dated 4th March, 1971.

STATE BANK OF INDIA

NOTICE

THE Sixteenth Annual General Meeting of the Shareholders of the State Bank of India will be held at the Bank's Local Head Office at Apollo Street, Bombay, on Friday, the 26th March 1971, at 4 P.M. for the transaction of the following business:—

To receive the Central Board's Report, the Balance Sheet and Profit and Loss Account of the Bank made up to the 31st December 1970 and the Auditors' Report on the Balance Sheet and Accounts.

R. K. TALWAR,
Chairman.

Central Office,
Bombay, the 22nd January 1971
2nd Magh, 1892 (Saka)

COMPANY MEETINGS AND DIVIDENDS DECLARED OR PROPOSED

Name of Company	Date	Hours I.S.T.
Eastern Investments Ltd.	26-3-71	11-30 a.m.
Sendra Coal Co. Ltd.	29-3-71	11-15 a.m.
Ondal Coal Co. Ltd.	29-3-71	11-30 a.m.
Standard Coal Co. Ltd.	31-3-71	11-30 a.m.
Martin Burn Ltd.	31-3-71	10 a.m.

DIVIDENDS DECLARED OR PROPOSED

Ondal Coal Co. Ltd—10 p.c., subject to tax

Sendra Coal Co. Ltd—7 p.c., subject to tax

National Rolling & Steel Ropes Ltd—2½ p.c., subject to tax

Indian Wood Products Co. Ltd—9 p.c., subject to tax

Midnapore Commercial Co. Ltd—Rs. 2 per share (0), subject to tax

Ashoka Cement Ltd—6 p.c., subject to tax

BOOKS RECEIVED

The Second Kashmir War—As Seen from Different Angles. By A. C. Roy. (Published by Lake Publishers, 27, Lake Temple Road, Calcutta 29. Price Rs. 12, pages 258.)

Wage Policy and Wage Determination in India. Edited by J. C. Sandesara and L. K. Deshpande. (Published by University of Bombay, Bombay 32. Price Rs. 28.50, pages 313.)

Swedish Export Directory 1970. (Published by the General Export Association of Sweden, Publishing Department, Stockholm, Sweden. Price U.S. $10).

How Companies Plan. By Stewart Thompson. (Published by D. B. Taraporevala Sons and Co. Private Ltd., Price Rs. 7.50, pages 215.)

Public Finance. Edited by R. W. Houghton (Published By Penguin Books Ltd., Harmondsworth, Middlesex, England. Pages 471.)

Growth Economics. Edited by Amartya Sen. (Published by Penguin Books Ltd., England. Pages 549.)

Seminar on Fertiliser Production and Technology 1969—Proceedings. (Published by the Fertiliser Association of India, 85 Sundar Nagar, New Delhi 3. Pages 753.)

The Essential Parkinson. (Published by the Economic and Scientific Research Foundation, Federation House, New Delhi 1. Price Rs. 3.50, pages 51.)

Introduction to Behavioral Science for Business. By Blair J. Kolasa. (Published by the Wiley Eastern Private Ltd., Publishers, J 41 South Extension 1, New Delhi 49.)

Indian Manager Jan-March 1970. (Published by the Foundation for Management Education, School of Management, University of Kerala, Cochin 22. Price single copy Rs. 10.)

Leading Issues in Economic Development—Studies in International Poverty. By Gerald M. Meier. (Copy received from the Oxford University Press, Mercantile Buildings, Post Box 530, Calcutta 1. Price 60s, pages 757.)

Statistical Outline of India 1970. (Published by Popular Prakashan, Bombay. Price Rs. 6, pages 145.)

STATISTICS

Stock and Share Prices

The following are the official quotations of the Calcutta, Bombay and Madras Stock Exchanges. Fuller details relating to the accounts of companies are published in the final week's issue of 'Capital' every month.

CALCUTTA

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	1-3-71
BANKS			Rs.	Rs.
Allahabad Bank	13	13	135/00	135/00
Bank of India	20	20	132/00	132/50
Bank of Baroda	17	18	97/50	93/00
Central Bank of India	20	20-8*	70/50	71/00
Chartered Bank	15	15	sh. 42/-	42/-
Hongkong & Shanghai	sh. 10 2/5	sh. 12½	£10½	£11⅛
Indian Bank	15	15	164/00	164/00
Indian Overseas Bank	11	11	168/00	168/50
National & Grindlays	13¼	13-9	sh. 54/3	287/-
Punjab National Bank	22	22	23/94	23/12
United Bank of India	71	7½-7½*	9/37	9/37
United Commercial	14	14	92/50	90/50
Union Bank of India	12	12	8/98	8/56
COAL				
Amalgamated	12½	7½-10†	7/75	7/75
Bengal	10	12-12*	156/00	153/00
Bokaro & Ramgur	...		12/00	12/00
Borrea	Nil	5-15*	15/00	15/00
Burrakur	13	Nil-12*	11/00	10/81
Central Kurkend	...	...	3/44	3/44
East Indian	15	Nil-Nil†	7/00	7/00
Equitable	Nil	Nil-Nil*	4/75	4/75
Karanpura Devt	2	Nil-5*	6/78	6/56
Karanpura Collieries	10	12-20*	10/75	10/75
Katras Jherriah	5	10-10*	9/81	9/81
New Beerbhoom	8	12-12*	13/62	13/19
New Manbhoom	Nil	Nil-Nil*	4/25	4/25
Pench Valley	12½	7½-10†	8/25	8/25
Raneegunge	5	7½-10*	11/06	11/06
Rewa	12½	12½-15*	26/37	26/37
Sendra	3½	3½-7½*	4/56	4/56
South Karanpura	2½	10-20*	12/94	12/94
Standard	Nil	5-10*	7/62	7/75
Union	Nil	Nil	5/00	5/00
Western Bengal	7½	7½-8*	6/62	6/75

†1970 *1969

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	1-3-71
JUTE			Rs.	Rs.
Agarpara	5	5-5*	6/12	6/06
Alexandra	Nil	...	25/50	25/50
Alliance	Nil	...	17/25	17/25
Anglo India	2½	2½-2½*	91/00	87/00
Auckland	Nil	Nil-Nil*	50/00	50/00
Bally	10	10-10*	12/50	12/50
Baranagore	Nil	Nil-Nil*	73/50	74/00
Birla	15	15-15*	20/75	20/40
Budge Budge Amal.	Nil	Nil-Nil*	7/00	7/06
Champadany	Nil	Nil-5*	13/25	12/50
Chitavalash	Nil	Nil	6/25	6/19
Dalhousie	Nil	Nil-Nil*	37/50	37/50
Empire	Nil	Nil	4/60	4/44
Fort William	2½	Nil	10/62	10/62
Ganges	5	Nil-7½*	6/75	6/75
Ceneral Industrial	6	9-10*	10/75	10/75
Gourepore	5	5-Nil*	6/50	6/12
Hastings	4	2½-2½*	104/00	104/00
Hooghly	10	10-10*6†	9/50	9/50
Howrah	Nil	Nil-Nil*	6/44	6/25
Hukumchand	Nil	Nil-Nil*	12/69	12/31
India	Nil	3½-5*	6/87	7/00
Kamarhatty	Nil	Nil-Nil*	68/00	67/00
Kanknarrah	Nil	Nil-Nil*	28/00	28/00
Kelvin	Nil	Nil	20/00	20/00
Khardah	Nil	Nil-Nil†	5/06	4/87
Kinnison	Nil	Nil	19/50	19/50
Lansdowne	Nil	Nil	24/50	25/00
Lawrance	3	2-Nil*	25/50	25/50
Megna	6	Nil-Nil*	3/06	3/06
National	Nil	10-Nil*†	7/50	7/50
Nellimaria	6	4	7/50	7/19
New Central	...		3/73	3/69
Northbrook	10	Nil-10*	9/87	9/87
Nuddea	2½	2½-Nil*	4/12	4/12
Presidency	Nil	...	1/03	1/06
Reliance	Nil	Nil-Nil*	4/87	4/85
Titaghur	Nil	Nil	10/12	10/12
Union	Nil	Nil	29/00	29/50
Waverley	15	15-6*	3/00	3/00
COTTON TEXTILES				
Bharat Commerce	15	15-15*	20/31	20/31
Birla Cotton	10	10-10*	14/50	14/50
Bowreah	17½	17½-17½*	13/62	13/75
Cawnpore Textile	Nil	10-8*	3/06	3/06
Delhi Cloth & Genl	12	6-12*	84/91	84/50
Dunbar	5	Nil-Nil*	10/12	11/00
Elgin	10	10-8*	7/00	7/00
J. K. Cotton	15	5-6*	10/55	10/35
Jaya Shree	5	Nil-Nil*	5/25	5/22
Jagatjit	10	...	8/81	8/81
Jiyajeerao	10	...	23/00	23/00
Orissa Textiles	Nil	Nil	3/41	3/41
Rampooria	Nil	Nil	3/25	3/25
Swadeshi	2½	5-5*	11/50	11/50

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	1-3-71
TEA			Rs.	Rs.
ASSAM				
Amluckie	2	Nil	9/00	9/00
Anand Bag	7½	5-10*	33/25	33/25
Assambrook Estate	10	10-1*	9/00	9/19
Baghmari	Nil	Nil	4/19	4/19
Basmatia	15	Nil-12½*	11/31	11/44
Bateli	12½	5	16/00	16/00
Betjan	2½	Nil-15*	11/56	11/56
Bishnauth	8	Nil-Nil*	7/37	7/37
Bormah Jan	12½	10	7/44	7/44
Dejoo Valley	2½	...	7/06	7/06
Dhelakhat	5	Nil--3*	9/87	9/19
Dhunseri	13	13-10*	10/25	10/25
Dibrugarh	30	30	19/12	19/12
Dimakusi	15	12½-12½*	14/75	14/75
Gillapukuri	Nil	Nil	12/06	12/06
Grob	6	Nil-Nil*	4/06	4/28
Hoograjuli (Assam)	9	...	20/50	22/50
Hoolungooree	Nil	Nil-12½*	97/00	97/00
Joonktollie	12½	...	14/50	14/50
Jutlibari	10	10-20*	16/00	16/00
Ledo	7½	5-5*	9/50	9/50
Methoni	13	6-7*	10/50	10/50
Mothola	8	10-10*	133/00	133/00
Murphulani (Assam)	20	13-13*	9/00	9/00
	20.63	7½-7½*	11/31	11/31
Naga Hills	15	15-10*	15/25	15/25
Namburandi	20	20	9/00	9/00
Rajgarh	10	Nil-12½*	10/31	10/31
Sapoi	Nil	...	8/00	8/00
Teloijan	4	Nil-4*	3/19	3/19
Tengpani	10	10-20*	59/00	59/00
Tezpore	15	5-5*	12/56	12/69
Tyroon	6	Nil	20/12	20/12
CACHAR				
Eastern Cachar	Nil	Nil	4/87	4/87
Hattikhira	Nil	Nil-Nil*	7/56	8/87
North Western	6	...	77/00	77/00
Rungamattee	12½	7½	8/00	8/00
Sonai River	Nil	Nil	3/25	3/25
DARJEELING				
Chamong	6	2-3*	5/25	5/25
Gielle	10	10-10*	7/00	7/00
Longview	4	Nil	3/22	3/22
Margaret's Hope	12½	12½-5*	7/62	7/62
Mim	13	Nil-7½*	150/00	150/00
Nargi Farm	15	12½	10/62	10/62
Okayti	10	2½-2½*	600/00	600/00
Poobong	Nil	Nil	9/94	9/94
Soom	17½	10-5*	17/31	17/31
Sungma	8	8	7/56	7/56
Teest Valley	10	10-7½*	7/69	7/69

*1969

	Dividend per cent		Latest Market Quotations as available until	
	1967	1968	15-2-71	1-3-71
DOOARS			Rs.	Rs.
Banarhat	20	5-Nil*	89/00	89/00
Bhatkawa	6	...	4/87	4/75
Birpara	12	5-Nil*	84/50	86/00
Carron	10	Nil	170/00	170/00
Ellenbarrie	10	Nil	85/00	85/00
Gairkhata	20	3½-Nil*	7/10	7/10
Hasimara	Nil	Nil-5*	3/69	4/06
Huldibari	10	10-5*	5/50	5/50
Jaybirpara	Nil	Nil-Nil*	5/56	5/37
Oodlabari	8	...	7/00	7/00
Rajabhat	Nil	...	3/75	3/62
Rydak	15	7½-5*	8/37	8/37
Sarugaon	...	...	26/87	26/87
TERAI				
Belgachi	10	6-Nil*	19/00	19/00
New Chumta	10	7-5*	5/25	5/25
New Terai	2½	6	15/31	15/31
Pahargoomiah	Nil	Nil	9/56	9/56
Tirrihannah	50	50	70/00	70/00
SYLHET				
New Samanbagh	Nil	Nil	5/00	5/00
Patrakola	Nil	Nil	45/50	46/00
MINING				
Indian Copper	8	9-9*	4/12	4/07
Orissa Minerals	5	5-10*	11/87	10/37
CEMENT & LIME				
Ashoka Cement	10	7-6*	4/81	5/00
Bengal Potteries	9	9-Nil*†	1/62	1/62
Bisra Stone Lime	Nil	12½-15*	12/94	12/75
Dalmia Cement	12½	12½-12½*	14/44	14/62
Jaipur Udyog	10	10-10*	8/70	8/70
Kalyanpur Lime	8	6	11/69	11/50
Orissa Cement	11	11-12½*	18/00	18/60
Sone Valley	Nil	Nil	1/66	1/50
CHEMICALS				
Alkali & Chemical	18	5-10*	28/87	28/19
Bengal Chemical	10	7½-7½*	43/50	43/50
Calcutta Chemical	18	...	21/25	21/25
Chemicals & Fibres	27½	27½-27½*†	47/00	45/75
Indian Explosives	15	15-15*	26/46	26/19
Smith Stanistreet	18	15-15*†	5/20	5/06
ELECTRICITY				
Benares Elec	6	6-Nil*	14/75	15/00
Calcutta Elec	9	9-13*	17/81	17/69
Dishergarh Power	12½	9-9*	10/37	10/37
Jubbulpore Elec	10	10-10*	14/00	14/00
Patna Electric	11	11-11*	12/56	12/56
Sijua (Jheriah) Elec.	10	11-10*	8/31	8/31

†1971

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 12-2-71	5-2-71	20-2-70
Liabilities—			
Notes in Banking Dept. ...	4,25,53	5,91,60	18,02,17
Notes in Circulation ...	42,08,34,67	41,67,58,50	37,81,18,41
Total Notes Issued ...	42,12,60,20	41,73,50,10	37,99,20,58
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,78,42,00	2,71,42,00	3,06,42,00
Total of A ...	4,60,95,11	4,53,95,11	4,88,95,11
B. Rupee Coin ...	52,41,07	53,26,92	67,90,40
Rupee Securities ...	36,99,24,02	36,66,28,07	32,42,35,07
Total	42,12,60,20	41,73,50,10	37,99,20,58
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	2,98,60,79	2,80,31,99	85,33,08
2. State Govts. ...	6,63,31	9,10,55	7,03,22
(b) Banks—			
(i) Scheduled Banks ...	1,79,16,37	1,78,21,20	1,73,51,00
(ii) State Co-operative Banks	8,76,14	9,43,78	7,84,21
(iii) Non Scheduled State Co-operative Banks ...	76,07	74,91	58,04
(iv) Other Banks ...	32,53	32,22	22,64
(c) Others	77,25,73	80,48,39	1,61,46,73
Bills Payable	53,65,68	46,21,11	39,73,62
Other Liabilities	1,27,19,04	1,24,93,89	1,13,62,15
Total	12,11,35,66	11,88,78,04	10,09,34,69
Assets—			
Notes	4,25,53	5,91,60	18,02,17
Rupee Coin	4,18	2,98	385
Small Coin	4,19	4,11	379
Bills Purchased and Discounted:— ...	86,91	70,93	
(a) Internal			
(b) External	4,92,61	8,18,00	23,99,88
(c) Govt. Treasury Bills ...	89,19,10	98,51,28	98,37,40
Balances held abroad ...	97,98,78	98,96,55	95,88,74
Investments			
Loans and Advances to:—			
(i) Central Government ..	...	...	...
(ii) State Governments ..	1,85,65,44	1,73,06,00	1,60,45,25
Loans and Advances to:—			
(i) Scheduled Banks ..	3,94,27,15	3,68,87,50	2,24,54,67
(ii) State Co-operative Banks	2,92,86,62	2,93,16,13	2,74,39,91
(iii) Others	2,92,15	2,98,80	3,22,76
Loans, Advances and Investments from National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,16,34	34,11,09	31,85,68
(ii) State Co-operative ... Banks	20,64,81	20,90,25	14,66,81
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	9,59,42	4,99,44	5,76,22
National Industrial Credit (Long Term Operational) Fund	4,95,43	28,03,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	40,93,29	40,69,51	42,06,24
Total ...	12,11,35,66	11,88,78,04	10,09,34,69

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 5-2-71	29-1-71	20-2-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,63,45,00	1,60,22,00	1,35,32,00
(2) From others ...	25,71,50,00	25,69,75	21,88,27,00
(b) Borrowings from Banks	23,13,00	27,55,00	35,78,00
(c) Others	1,59,13,00	1,59,13,00	1,26,05,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,03,08,00	1,05,92,00	1,00,07,00
(2) From others ...	33,27,72,00	33,11,84,00	28,63,16,00
(b) Borrowings from Banks	7,59,00	12,40,00	7,02,00
(c) Others	41,08,00	38,92,00	30,22,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	30,66,00	32,02,00	32,56,00
(b) Time Liabilities ...	66,91,00	65,90,00	65,67,00
(iv) Borrowings from Reserve Bank	6,84,38,00	6,64,56,00	5,16,81,00
(v) Cash	1,64,84,00	1,65,40,00	1,38,57,00
(vi) Balances with Reserve Bank	1,97,33,00	1,83,00,00	1,76,82,00
(vii) Balances with other banks in current account ...	70,58,00	73,66,00	54,57,00
(viii) Money at call and short notice	37,35,00	45,03,00	53,26,00
(ix) Investments in Central and State Govt. Securities ...	14,09,76,00	14,12,80,00	12,35,79,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,51,29,00	37,62,32,00	32,99,33,00
(b) Due from banks ...	4,99,70,00	4,93,59,00	4,31,69,00
(xi) Inland Bills purchased and discounted	7,45,71,00	7,28,59,00	4,82,48,00
(xii) Foreign bills purchased and discounted ..	2,11,47,00	2,12,07,00	1,88,76,00
(xiii) Total of X, XI and XII ...	52,08,17,00	51,96,57,00	44,02,26,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960=100)

	1970	1969	1968
January	186.6	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1

INTERNATIONAL FAIRS & EXHIBITIONS ABROAD

—APRIL-JUNE, 1971.

Indian Exhibition,
Jeddah (Saudi Arabia),
—May, 1971.

5th British Columbia International Trade Fair,
Vancouver (Canada)
—June 2-12, 1971.

Swedish International Trade Fair,
Gothenburg (Sweden)
—May 7-16, 1971.

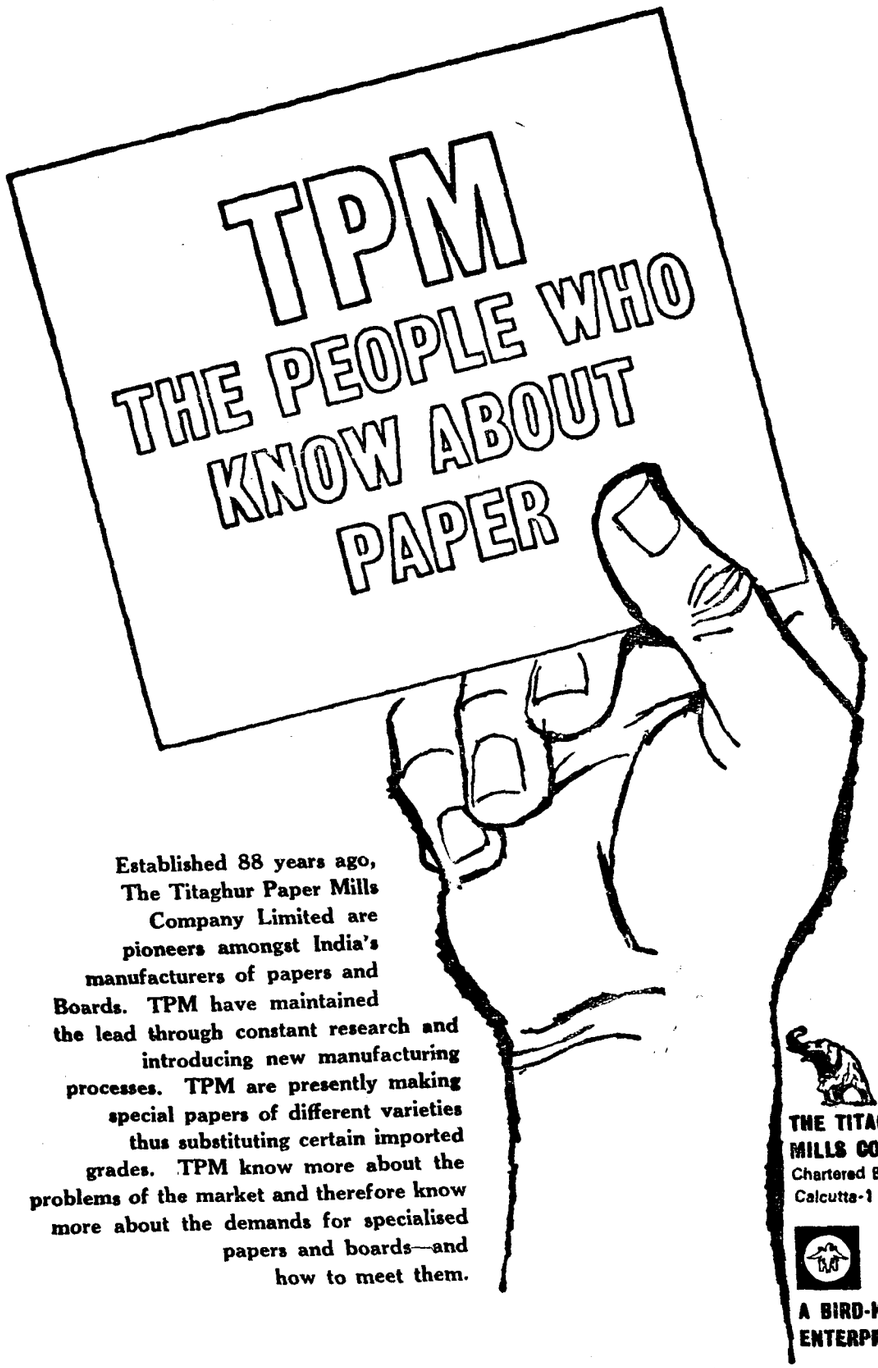
Tokyo International Trade Fair,
Tokyo (Japan)
—April 16 to May 5, 1971.

Budapest International Fair,
Budapest (Hungary)
—May 21 to May 31, 1971.

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Exports: Turning the Corner

Marketing Innovations in Banks

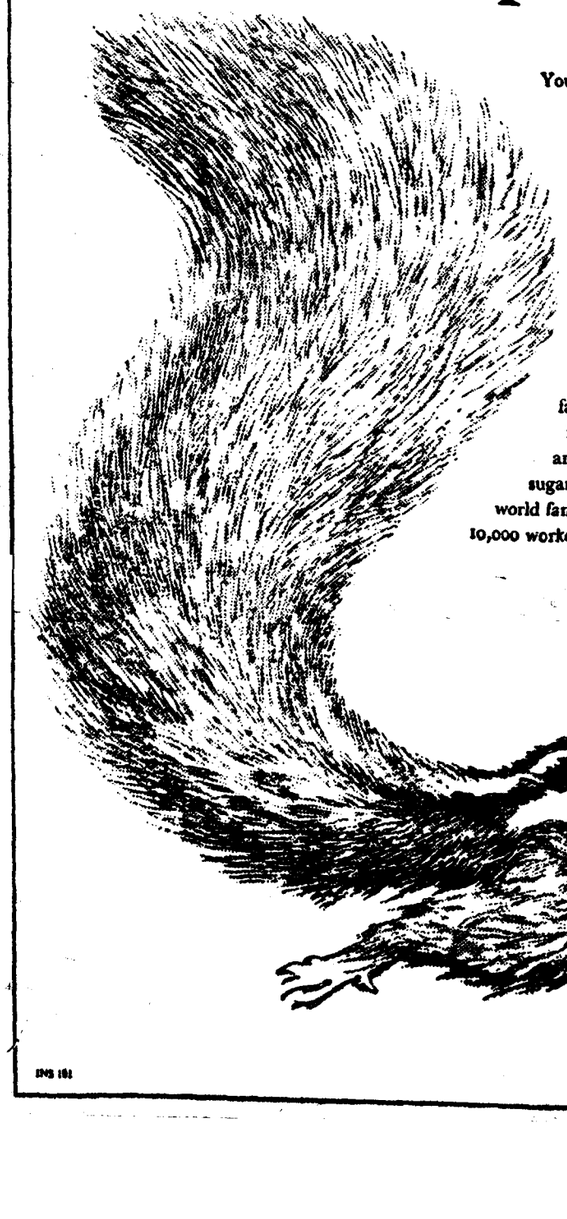
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CAPITAL

Incorporating the Indian Financial Review
Established 1888

Calcutta, 11th March, 1971
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Perspective after the Polls

THE election campaign marred by an orgy of violence of varying intensity in different States has made it clear that whatever might be the complexion of the new Government at the Centre, it will face the unevitable task of preserving the democracy and tiding over the deepening economic crisis. By 15th March it should be possible to know the strength of the political parties in the Lok Sabha. Doubts concerning the new Government's capacity to stem the crisis arise from the magnitude of the complex problems, limitations on its strength, capacity and will to tackle them and cynicism of the people nursed by frustrations over rising expectations. The current situation shows the low credibility of a Government wedded to the outmoded notion of socialism and welfarism at the cost of real growth. The mere fact that the mid-term elections could be held will not change the mass psychology which has a decisive influence on the behaviour of the nation.

The rapid deterioration in the law and order situation in West Bengal has tarnished the image of President's rule. Not a day is passing without reports of political murders; but the riots in jails and the snatching away of arms from the police suggest that the situation has been going from bad to worse. But it looks as if the menace will not be confined to West Bengal. Violence has been mounting in Uttar Pradesh and Bihar and the rioting in Kota culminating in a factory being set on fire is an indication that the disease is spreading like an epidemic. Its symptoms have been unfolded by political uncertainties; the root causes are economic. No specific has been discovered to check the rot and the election campaign has only resulted in aggravating the suffering.

The setback to the growth effort underlined by the slowdown in industrial production in the second year of the Fourth Plan has indicated that the problems of unemployment and inflation threaten to get out of control. The stock of industrial raw materials is poor and imports canalised through public-sector agencies have been inadequate, irregular and costlier. The wage costs have also been rising. The Government's effort to control the prices of end-products without controlling the cost of factors of production has squeezed the profitability of manufacturers, curbed fresh investment in industry, restrained production and reduced the employment potential. True, the Government has decided to set up a Reconstruction Finance Corporation to facilitate the reopening of factories shut down: but finance is only one of the difficulties. The decision at best acknowledges that enough damage has already been done to industry. Whether it can be remedied by efforts to refashion institutions and create new ones is a moot point.

To the numerous man-made problems is being added one more in the form of capital shortage. The operations of the nationalised banking system on the basis of credit growth being pushed up faster than the deposit growth during the past two years have prompted the Reserve Bank of India to make credit for industrial production in the organised sector both costlier and scarcer in the name of curbing inflation. The cost of short-term borrowing has risen to 12 per cent, where available. From a long-term viewpoint, it is obvious that fresh capital is getting scarce although the demand for it is rising. Industry has been offering 12 per cent and over on loans from the public for a period of eight to ten years. While this cost is part of the expenses deductible from the assessable profit, the cost of owned funds is not. Again, while the monetary policy has push-

d up the cost of money, the old tandards of profitability in relation o the employed capital have not een revised.

That the gap between the demand nd supply of capital has been widenng is obvious from the fact that the mounting inflation has been pushing ıp the demand and curbing the savings habit. It is equally clear that this trend will gain fresh momentum because the people have discovered that the economic policy has been penalising the saver and rewarding the spendthrift. The current fiscal year threatens to end with a rise of about 5.9 per cent in prices which, together with the tax on interest income, absorbs the reward for savings. A fresh bout of inflation is round the corner as a result of the interim relief provided to the State Government employees. To avoid their strike, Maharashtra, Kerala and Rajasthan have already conceded their demands and others will be finding it difficult not to follow suit. A month's strike has helped the officers of the Bank of India to inflate their purse. The vicious circle has been provided with a fresh motive power.

The Government's estimate of resources for the first three years of the Plan fixed at Rs. 1,900 crores at the pre-Plan level of taxation has gone wrong, and the shortfall is as much as two-thirds. True, the State Governments have been holding out the promise of augmenting their resources by fresh taxation ; but the Budgets of Punjab and Haryana for 1971-72 make it more than clear that the assurances used as a bait for inflating the States' Plans for the next fiscal year are never meant to be implemented. It would indeed be a folly to believe that the States will impose fresh taxation during the pre-election year. From the State plans for the next fiscal year approved by the Planning Commission, it may be noted that the increase in the outlay of Rs. 60 crores will be matched by a rise of Rs. 65 crores in Central assistance. Obviously, it does not take into account the cost of interim relief for their employees and the likely increase in resources from earlier measures. To hope that the Centre will be able to augment its resources for the Plan after the election is also to beg the question.

The Fourth Plan has already gone wrong. The assumption of price stability has been knocked down, the growth rate has shrunk, the export target has proved highly optimistic and calculations about the import needs of the economy have proved a gross underestimate. The crisis of financial resources for development has emerged as a result of the people and their welfare State choosing to live beyond their means. While writing the Fourth Plan document, the Planning Commission had observed that the short-term considerations of rapid growth had obscured the long-term needs of the country to prevent the concentration of wealth and to reduce income inequalities in the earlier developmental effort. It is to be wondered whether the reversal of the process during the past three years has not proved equally detrimental to the economic well-being of the nation. The new Government will have to engage itself in heart-searching of what it has bought in return for rising expectations, assess its capacity to refashion institutions about which so much has been said since 1951, and take note of limitations on its own capacity as well as on the human factor before thinking of remedial action. Will the fresh mandate from the electorate embolden it to see reason and appreciate the urgency of warding off the danger?

Exports : Turning the Corner

EXPORTS in the current financial year began with a dismal note which continued till October last. Compared with a growth rate of 13 per cent in 1968-69, the growth rate in 1969-70—the first year of the Fourth Plan—was only 4 per cent, against the average annual growth rate of 7 per cent envisaged in the Plan period. In the current year, except for April and May, exports have been continuously on the decline from June to October. The downward trend was first reversed in November, when exports showed an increase of Rs. 22 crores. The rising trend continued in December—the last month for which export figures are available—the actual increase being nearly Rs. 55 crores over the figure for April-December 1969. Incidentally, the rise during April-December 1970 (Rs. 55 crores) was as much as the total increase in exports in 1969-70. As a result, the growth rate during April-December 1970, 5.2 per cent, has already surpassed the 4 per cent rise in 1969-70.

It is but natural that the Central Ministry of Foreign Trade is happy over the reversal of the declining trend in exports. But, as usual, the Ministry has been carried away by the export performance in just two months. The December 1970 exports of Rs. 151.27 crores were described as an "all-time high", and Mr. L. N. Mishra, Central Foreign Trade Minister, said that the "country has turned the corner." So had it done, so to say, in 1968-69 with a record growth rate of 13 per cent. But this performance could not be sustained, and there is no reason to be so optimistic about tht future. Such misplaced optimism can soon turn into complacency and this is what the Ministry has to guard against. For instance, there has been a big slump in the export of jute manufactures—one of the big foreign exchange earners—and there is no immediate prospect of improving jute exports. Although commoditywise details are not available up to December, the items which have shown an appreciable increase in exports are iron ore, iron and steel, engineering goods, chemicals and spices. These are the points of growth and there are many constraints in exporting larger quantities of these items. The first and foremost is the availability of steel. With indigenous production not showing any signs of improvement, the Government had resorted to imports, but the shortage still persists. The recent closure of two wagon-building factories should, in due course, affect the export of railway wagons, if it has not already happened. Railway rolling stock has been a fast moving export item, and any reduction in this item alone can adversely affect the country's overall export performance.

Another aspect the Central Foreign Trade Ministry would do well to keep in mind is the ultimate effect of the recent increase in the crude oil import bill on the country's exports. The problem can be looked at from two angles. Even if the Government does not ultimately pass on the additional burden to consumers of various petroleum products, the country has anyhow to shell out more money in free foreign exchange to import crude. The additional burden would amount to about Rs. 25 crores immediately, rising up to about Rs. 50 crores by the end of the Fourth Plan period. Looked at from this angle, an increase of about Rs. 55 crores in exports does not materially improve the country's overall balance-of-payments position. In fact, instead of being happy over the reversal of the downward trend in exports, the Government should be concerned about the increase in the crude oil import bill and set the export target higher than the 7 per cent envisaged during the Fourth Plan period.

Secondly, apart from aiming at earning more through increased exports, the Government has also to keep in mind the rise in production costs should it decide to pass on to consumers the additional burden arising out of the increased crude oil import bill. Petroleum products are used as lubricants by almost the entire engineering industry, which also has to use the railways, ships and road transport to move the goods. If the excise duty on lubricants and diesel oil is increased, this will directly increase the production costs of the engineering industry, making exports less profitable. If this happens, exports of engineering goods—one of the admitted points of growth—will be adversely affected. The Government earns a revenue of over Rs. 500 crores a year by levying excise duty on petroleum products and in the current year the revenue is estimated at about Rs. 597 crores. It should, therefore, think twice before increasing its revenue disproportionately from this source, since it will boost industrial costs and ultimately the country's exports might suffer. The Government will also lose both ways—earning less by reduced exports and paying more for the import of crude.

Thus, instead of thinking in terms of "having turned the corner" the new Government has to give serious attention to increasing the country's exports at a faster rate. The constraints will not be external but domestic. When the generalised preferences scheme is implemented by the advanced countries, it would open up the prospect of additional exports of at least Rs. 150 crores or Rs. 200 crores a year for India. Is the country in a position to take advantage of this prospect? Apart from the raw material shortage, which can be removed at a pinch through increased imports, there are various sectors in which there is no adequate capacity for production. To cite only one example, the recently set up Trade Development Authority has found that it could sell more of a certain type of bicycle if only there was an adequate production capacity within the country.

Although the increase in exports in November and December last year is welcome, these increases are woefully inadequate from the points of view of both the country's needs and what it is capable of doing. The Central Foreign Trade Ministry alone can do very little in increasing the production capacity wherever it is needed, but unless the Government gives top priority to exports, the happiness over the recent upswing might remain short-lived.

Tea : Prosperity through Partnership

THE speech delivered by Mr. R. L. Mellor at the annual general meeting of the Indian Tea Association held in Calcutta on Friday is full of sparkling wit and humour, but in the process the chairman has not failed to discuss the outstanding issues facing the industry. He has offered a number of wholesome counsels which both the Government and the industry should implement right away so that the industry, which is one of the valuable foreign exchange earners for the country, may rehabilitate itself and offer increased revenues to the Government. Mr. Mellor showed a good gesture in pledging the Association's full support to the Government for establishing a lasting prosperity through partnership. It is undeniable that the continued rise in domestic consumption, which provides a lever to the industry's growth and expansion, is an essential precondition for maintaining its viability. But what is crucial to appreciate in this context is that the increased domestic consumption should not be allowed to come in conflict with the emphasis on increased exports. The need is apparently to give a substantial boost to production. The U.S.A.I.D. recently sponsored a survey of the problem of achieving a commensurate growth in both consumption and exports. It is good to know that the Association itself had been active in this sphere and had set up an *ad hoc* sub-committee of experts. The result of the enquiry has suggested explicitly that an increase in production is both possible and desirable and the industry has both the capacity and knowledge to undertake it.

But one should not mince matters while referring to the adverse factors which might retard the effort for increased production. The Government's fiscal policies being what they are, the industry has perforce to scrape the bottom of the barrel to find the resources to finance its expansion. Unless the Government helps it to generate internal resources from within and enables it to plough back profits for its growth and development, will it not be tantamount to killing the goose that lays the golden eggs? Mr. Mellor suggested two concrete steps which, he felt, should be immediately implemented. First, the Government should reintroduce development rebate on replanted teas. Secondly, New Delhi should liberalise credit facilities for some of the less profitable units, as has been strongly recommended by the Borooah Committee.

As it is, the industry received the last Central Budget with mixed feelings. While the producers welcomed the abolition of the anachronistic export duty, the disproportionate additions to the zonal rates of excise duties had caused widespread dismay. In effect, what the Government gave in one hand, it took away by the other. The industry had welcomed in principle the measure to allow a rebate of some of the excise duties on an *ad valorem* basis, with a view to stimulating the production and export of quality teas. But the method of implementation was made unduly complicated, with the result that the procedure involved needless delay to the discomfiture of producers. Mr. Mellor has rightly suggested that the exemption from excise duty—enjoyed by exporters of almost every other product—should be extended to tea as well. Despite the country's satisfactory export performance in December, the Government can ignore this advice only at the risk of making its crash programme for exports, which it has launched with a fanfare of publicity, prove a dismal failure. However, there is no denying that the fiscal measures introduced in the last Central Budget had enabled the industry to achieve an export total representing one-half of the Indo-Ceylon quota of 240 million kilograms under the Mauritius Agreement.

The back-breaking burden of taxation apart, the industry has had to contend with the demand for increased wages from labour. The gravity of the problem can be appreciated from the fact that something like an additional Rs. 20 crores will have to be found by it by way of increased emoluments before 31st December, 1973. Although 1970 has heralded better conditions for the industry than two years ago, when the prospects seemed much too bleak due to the looming spectre of overproduction in the world at large and the dwindling profitability at home, its position has apparently improved somewhat now. Incidentally, although Mr. Mellor welcomed the new tea auction centre in Gauhati, he appeared to be full of confidence that Calcutta would continue to be a natural outlet for the teas of north-east India. But the success of the Calcutta auction centre hinges on the important factor that favourable working conditions are maintained for marketing tea.

The Indian tea industry, on the face of it, has to contend with the serious problem of the growing imbalance between world supply and demand. New producers have come up in east Africa while India's traditional customers in the U.K. are gradually switching over to substitute beverages. Fortunately, the gravity of the impending danger was appreciated and an agreement was reached in Mauritius to impose some sort of a limit on the quantity of teas placed upon the world market in 1970. This was followed by another meeting in New Delhi last December, when it was decided to extend the agreement for another year. A further round of talks are scheduled to be held in Rome in a few weeks' time to discuss the allocation of a possible extra 10 million kilograms of the export quota to meet the estimated annual rise in the world demand at the current price level. However, the visit of the West German tea delegation to India has created considerable interest among tea producers here. The move to export quality teas to West Germany, where the consumption is meagre, is undoubtedly a step in the right direction. But greater efforts should be made both by the Tea Board and producers' associations to export a larger quantity of quality teas to the Continent and elsewhere. It is a truism that promotional campaigns launched hitherto have not aimed at some of the important markets. A more vigorous effort is apparently necessary if Indian tea is to find its foothold in some of the unexplored markets of the world.

The Cost Rise in Cotton Mills

NOT unexpectedly, New Delhi has once again turned down—for the third time perhaps—the cotton textile industry's request for a rise in prices of controlled varieties of cloth. Considering that the Government could not possibly have conceded a price rise at the time of parliamentary elections, the Indian Cotton Mills' Federation could not have chosen a more inopportune time to press its demand for a rise in prices of the popular (controlled) varieties of medium and coarse cloth like *dhoties, sarees* and long cloth. It is not perhaps altogether unlikely that the Government might also have been sore over the mishandling of the widely-talked-about delicate offer of the "election" quota of 100,000 bales of foreign cotton.

The Central Minister for Foreign Trade, Mr. L. N. Mishra, has sought to justify the Government's decision on the specious plea of its "declared policy not to permit a rise in prices of items of common consumption", including cotton; specious, because prices of items of daily consumption continue to rise. Mr. Mishra has also let it be known that the Government will not be bound by the recommendations that might be made by the Bureau of Industrial Costs and Production. Outlining the main features of the cloth policy, Mr. Mishra has stated that no price rise will be allowed in controlled varieties of cloth, that the level of production of popular varieties will be augmented and defaulting mills will be punished heavily, that the Government will ensure the availability of raw cotton and other materials at reasonable prices and that further measures will be taken to encourage the export sector in the textile industry.

The Government's anxiety to hold the price-line and its concern for the weaker sections of the community will be shared by all. But the mere declaration of intentions, however well meaning, does not make for sound policy; intentions have to be translated into action and it is here that the Government has failed miserably. New Delhi cannot be unaware that there has been a sharp fall in the production of controlled varieties which now accounts for no more than 8 per cent of the total production and is less than even half the quantity the industry would have produced under the statutory obligation if there were no escape clause. After allowing for export and defence production, the statutory obligation stands reduced from 25 per cent to around 18 per cent.

New Delhi has only itself to blame for the sharp fall in the controlled cloth output. Since mills are allowed to dispense with the manufacture of controlled cloth by paying a small penalty of six paise a square metre, most mills have long since discontinued the production of controlled varieties. Only those mills—60-odd in number—are sticking to controlled varieties which are handicapped by their equipment and machinery to switch over to uncontrolled varieties. One wonders whether the Government-run mills are fulfilling their statutory obligation in full. Under the scheme of statutory control, the Government is committed to the periodic revision of realisation multipliers to compensate the industry for a rise in production costs due to factors beyond its control. But the controlled prices have not been revised after May 1968, even though there has been a sharp rise in costs since then. According to industry sources, costs have gone up by over 45 per cent during the past one year or so. To what extent the industry's estimates are wrong, it is difficult to say. But one does not have to wait for the findings of the Bureau of Industrial Costs and Production to be convinced about the enormous rise in costs as there has been a fantastic rise in cotton prices and the wage bill also has got inflated by increased dearness allowance.

It is not for nothing that exporting mills have been allowed additional promotional assistance to offset the cost-price disadvantage in the international markets. How does the Government expect mills producing mainly controlled cloth to absorb the full impact of the increase in production costs? Mills have very little control over cotton prices—not the weaker units any way—and perhaps none at all over the wage bill. What is worse, mills engaged in the manufacture of controlled varieties also happen to be the weak units. It cannot be the Government's intention to push an increasing number of mills into a position where they will be compelled to seek an asylum in the public-sector nursing home for sick mills.

With the emergence of a sellers' market in cloth and the general inflationary upsurge, consumers have had to pay for the limited supplies of controlled cloth much more than the stamped prices. How the difference between the final consumer price and the controlled price is shared between the mills and the rest of the distributive trade is of little consequence from the viewpoint of the consumer for whom the Government pretends ever so much concern. There is no effective machinery to enforce control at the retail level. A Government which cannot equitably ration scarce cotton among 600-odd consuming mills cannot be expected to deal effectively with numerous retailers. If the Government had genuine concern for the common man, it should have taken effective steps to ensure a larger production of controlled varieties and the least it ought to have done was to remove the escape clause or impose a deterrent penalty for non-fulfilment of the statutory obligation. Partial control as it is operating at present may have some political value, but it makes little economic sense. If control cannot be made meaningful, it had better be scrapped.

What is worrying the cotton mill industry most at present is the financial stringency created by curbs on advances against cotton, cloth and yarn. The industry has recently drawn the attention of the Reserve Bank authorities to the harsh impact of the credit squeeze which is said to have placed many mills in an awkward position, several of them finding it difficult even to pay wages for the current month. The industry has gone to the extent of warning that unless the *status quo ante* is restored immediately, a serious situation would develop, resulting in a loss of production and more unemployment. Credit curbs are not intended to hurt production, they are designed essentially to discourage excessive holding or hoarding of stocks, be it cotton or cloth or yarn, so that the shortages do not get aggravated, thereby exerting an undue pressure on prices. Since credit is only one of the many factors influencing prices, its impact on prices can at best be only a limited one and this need not detract from the usefulness of credit curbs. But if credit restrictions are found to hurt production, the credit screw has got to be loosened. Nothing should be allowed to interfere with production. For increased production alone can help keep inflationary pressures under check.

CURRENT COMMENT

PAKISTAN

The Swords Cross

East Pakistan is literally in flames. Thousands of Bengalis have been killed by the West Pakistani-dominated Army during the last few days. But this has not been able to cow them down; in fact they are now protesting much more vehemently against the adventurous move of the Pakistani President to postpone the session of the National Assembly in which the East Pakistani leader, Sheikh Mujibur Rahman's Awami League obtained an absolute majority. After a lot of bloodshed, President Yahya Khan has announced his decision to reconvene the Assembly on 25th March. But a lot of things have happened during the intervening period—from 3rd March when the Assembly was originally to sit and 6th March when President Yahya Khan announced his decision. The whole of East Pakistan has risen in revolt in protest against the action of the President; the Pakistani national flag was burnt on the streets of Dacca and other East Pakistani towns and the picture of the Founder of Pakistan was ceremoniously defiled. The flag of "Banga Deash" was unfurled in many places. The recent incidents in East Pakistan have proved once again that mere religion cannot be the basis of a nation. Psychologically, Pakistan ceases to be a nation now. Probably, it is a matter of time when it will happen in reality.

Political circles are naturally guessing why the Pakistani President has acted in this manner—apparently on the advice of his military advisers and the fanatically anti-Indian Sindh politician, Mr Z. A. Bhutto, evidently a creation of the military clique of West Pakistan. According to these circles, President Yahya Khan took this step on two considerations. First, he was influenced by his advisers' theory that Sheikh Mujibur Rahman was not the undisputed leader of East Pakistan. Secondly, President Yahya Khan's advisers hoped that Sheikh Mujibur, a moderate leader, would surrender to Rawalpindi as soon as the movement went to the streets. They expected Sheikh Mujibur to take the help of West Pakistan in the event of his leadership being threatened in East Pakistan by the extremists. How wrong were the advisers! They never expected East Pakistan to hit back with such ferocity and Sheikh Mujibur to remain firm as its undisputed leader and to remain at the forefront in its days of trial. This has compelled President Yahya Khan to announce his decision to set 25th March as the fresh date for the National Assembly meeting.

But the tone of Mr. Khan's broadcast announcing his decision betrays a lack of sincerity in handing over power to the chosen leader of the majority Party. It is feared that the President has fixed 25th March so as to soothe the feelings of the East Pakistanis while utilising the intervening period for a massive military build-up in East Pakistan to suppress the rising popular demand. Pakistan's anxiety to get the snapped air services between the two wings of Pakistan over India restored is understandable in these circumstances. President Yahya Khan seems determined not to hand over power to Sheikh Mujibur Rahman on the latter's terms. This would mean the end of the exploitation by West Pakistani feudal lords who now dominate the life of Pakistan with the help of the Army. Mr. Bhutto has become a ready and willing tool in the hands of the President and the military clique in suppressing the voice of the majority. It is probably not a mere coincidence that Mr. Bhutto's Party got seats mostly in those districts of West Pakistan which are the recruiting centres for the Pakistani Army. It is surely not liberalism on the part of the military rulers that many of Mr. Bhutto's pranks which otherwise would have brought him under the mischief of military law were ignored by the obliging President. If President Yahya Khan guides himself by the advice of Messrs Bhutto and company he would probably go down in history as one who was instrumental in breaking up Pakistan.

COMPANY AFFAIRS

Shareholders' Control

The Company Law seminar, organised jointly by the Indian Law Institute and the Institute of Chartered Accountants of India under the chairmanship of Mr. M. C. Bhandari, president of the Institute of Chartered Accountants, discussed the problems of shareholders at its last session. The seminar came to the conclusion that its five major recommendations, if implemented, would go a long way in solving many a problem of the corporate sector relating to shareholders. The first measure which the seminar suggested was that all public companies with a share capital of Rs. 1 crore and above should be compulsorily required to enlist on a recognised stock exchange. Compulsory enlistment of big public companies on stock exchanges would, it was felt, promote sound management practices and help in building up a healthy corporate sector. The second recommendation was to make compulsory for all public companies, including Section 43(A) companies, to have proportional representation on the board of directors under the provisions of the Companies Act. This would necessitate the Act to be amended to make it compulsory for a public company to have at least ten directors so that 10 per cent shareholders could, if they wish, at least have one director on the board.

The third issue which the seminar discussed was the audit control over companies. It was felt that demands from society were increasing for proper and better disclosure of a company's state of affairs in its accounts and for more effective audit control. The seminar, therefore, recommended to the Institute of Chartered Accountants to consider these two problems in detail and to evolve such measures as it might think necessary. Fourthly, the seminar recommended that the law should be amended to provide that if not less than 10 per cent of shareholders write to the company to recommend declaration of dividends, at least to the extent of 50 per cent of the available profit, subject to a minimum of 6 per cent on the paid-up equity capital, the same should be declared and the remaining 50 per cent of the profits may be retained in the business. Lastly, the seminar decided to recommend the amendment of the Companies Act to provide that the directors and their relatives should not be entitled to vote on such resolutions in which they are interested.

FREIGHT HIKES

Worldwide Problem

Addressing the annual general meeting of the Calcutta Freight Brokers Association in Calcutta on Friday, Mr. K. N. Ghose, chairman, said that it was not a coincidence that the new year ushered in a spate of freight increases. The phenomenon of freight increases was not confined to India and all over the world shipping lines had been revising freight structures to give them a more realistic shape. Mr. Ghose emphasised that one way of arresting this trend would be to ensure that a ship's detention at the port was reduced to the minimum. Mr. Ghose said that the freight broker as the link between the shipping companies and exporters had a useful rôle to play. Freight brokers could enhance the value of their services by visiting the docks frequently and acquainting themselves with the problems of shippers and steamer agents.

Mr. S. C. Roy, chief guest at the meeting, said the year 1970 had seen an unprecedented enhancement in the cost of operations. The price of a ship only a few years ago was approximately Rs. 2 crores; today a ship cannot be purchased for less than Rs. 4 crores, and prices continue to manifest a pronounced tendency to rise. Floating staff salaries are rapidly increasing and the cost of maintenance and repair work likewise shows consistent and persistent enhancement. Most vessels use oil fuel and the price of oil fuel has gone up well over 100 per cent in the course of 1970 alone. There has been a further enhancement in price at the beginning of 1971 and additional increases are in the offing, following as an inevitable consequence, from the recently concluded agreement between the oil producing countries and the big oil companies. Port charges, stevedoring costs and all aspects of operations have shown a dramatic increase in the last 12 months.

MONEY MARKET

Tight Conditions

The short-term money market has been tight this past week. The call rate was quoted at 12 per cent at the opening but eased somewhat around mid-week with the rate coming down to 11 per cent, mainly because of the presence of pre-tax money. The demand for remittances has been nominal. The supply of tea bills has been very small while that of gunny bills has been nominal. The pound-sterling has strengthened somewhat against most major foreign currencies during the week.

BUDGET FOR 1910-11

IN his singularly compact and lucid survey of the principles of Indian taxation, Dr. Leonard Alston of Cambridge enunciates the undeniable proposition that a good Government makes its revenue as small as it safely can, in contra-distinction to a good business man who makes his income as large as he can. We have not the slightest doubt that Sir Fleetwood Wilson, Finance Member of the Viceroy's Executive Council, accepted the proposition in all sincerity when drawing up his Budget for 1910-11; but he differed from his critics, especially the paladins of Bombay, primarily as to what constituted safety in the face of threatening contingencies, and secondarily as to marginal significance. There is no need to retell the story of the year, which after all is best told in the clear financial statement presented to the Imperial Council on Wednesday last. In spite of all his charming apologies, the author practically admits that his critics have the better of the argument.

FROM
CAPITAL
9th March, 1911

A Ditcher's Diary

THE ELECTION RESULTS WILL BE KNOWN soon after these lines appear in print; forecasts, therefore, are totally futile now. Writing on Monday I note with some relief that polling so far has been seriously disturbed only in a few areas. Predictably, the worst incidents have occurred in Uttar Pradesh, but it has at least been possible to prevent the clashes from escalating into a Statewide outbreak of violence. People in West Bengal are keeping their fingers crossed; if a majority of voters still go to register their choice, it will be because of a growing feeling that a clear political decision will be preferable to the present state of uncertainty and tension. A decisive outcome will not necessarily restore peace; some of the recent and current bitterness will surely spill over into the period immediately following the poll. Opinion is sharply divided on the likely nature of the electoral outcome, but three possibilities have been dominating the pre-poll speculation. Will there be a Congress (R)-led Government? Will there be a Government controlled by, if not entirely composed of, the Marxists? Or will the picture be so confused that no party or group of parties will be in a position to form a stable Government, which will mean another long spell of President's rule. Ordinary citizens who have no strong political views and have watched the operation of party politics with increasing dismay should have no reason to resent a stable and purposive administration even if it is devoid of the dubious glamour of popular representation, but nearly a year's President's rule in West Bengal will make them wonder whether administrative failures are due primarily to political interference. The past one year's record has been one of almost incredible administrative incompetence. In recent months, the state of law and order has perhaps been worse than it was during the worst phase of United Front infighting; neither the P.V.A. Act nor the presence of the Army seems to have made much difference. Admittedly, the task of law enforcement is enormously difficult, and fresh complexities were introduced after the elections were announced. Yet the overall record is far too dismal to inspire much confidence in the administration's ability to cope with West Bengal's problems. After all, not every problem is quite so intractable as the state of public order; but, let alone any significant measure for development, the administration has failed even to keep the existing schemes going.

HISTORY IS BEING REWRITTEN IN "Bangla Desh". Violent protest is not something that India has not seen; West Bengal lives with daily violence in the name of political protest. But what is happening in East Pakistan is qualitatively different, and I have no time for our local revolutionaries who assume an air of superiority towards the "petit-burgeois nationalism" across the border and claim that their own "struggle" is of a politically higher quality. Sheikh Mujibur Rahman has united an entire people in an unshakeable resolve; surely East Pakistan's right to manage its own affairs is the most important precondition for any kind of political, social or economic advance. Unlike most politicians on this side of the border, who are either preoccupied with petty differences or are engaged in party feuds which make their "revolutionary" followers behave like professional hoodlums, the Sheikh has found a simple theme for united, determined and sustained mass action. Violence has occurred, but not of the ugly kind that marks the political scene in West Bengal. The people of East Pakistan have been involved in bloodshed only by defying what Sheikh Mujibur Rahman described as "an occupation force". Clearly they are prepared for bigger sacrifices on the way to what increasingly appears to be independence. India has no reason to look forward to Pakistan's disintegration; separatist sentiment can have embarrassing implications in this country as well. But Islamabad has only itself to blame if East Pakistan finally parts company with the western wing. I wonder what made President Yahya Khan act with such singular lack of political foresight; the theory that Mr. Bhutto and his allies in the Army forced the President to subvert the democratic experiment may not be wholly unfounded. But even so I have no sympathy for him in his present predicament. He must either accept the Sheikh's demands or reconcile himself to the prospect of the eastern wing tearing itself apart from the western strangle-



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hold; military force may delay the process but the added bitterness would only make the process irreversible and the final outcome totally certain. The possible *repercussions* are engaging much serious attention, but I see no reason seriously to examine the view put forward by some foreign journalists that the movement in East Pakistan could inspire similar feeling in West Bengal. But I do look forward to restoration of trade, travel and other links with "Bangla Desh"; I myself should like to make a sentimental journey. I am sure the steamer journey from Goalundo remains as enjoyable as ever.

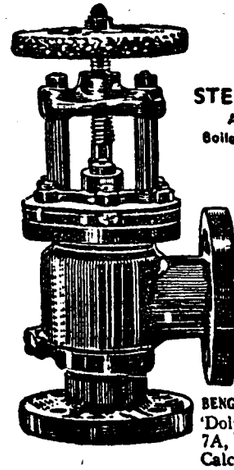
BRITAIN'S SWITCH TO A DECIMAL CURRENCY seems to have gone reasonably smoothly, despite some small difficulties caused by the coincidence of a postal strike. Observers are attributing it all to the good-humoured resignation with which the British people normally accept the follies of their Governments, because *there is no doubt that* the former Labour Ministry was quite unbelievably obtuse in deciding to keep the pound as the basis of the new system. Australia and South Africa, two related countries who preceded Britain into decimals, made their changes on the ten-shilling basis, and the reward in each case was a virtually complete absence of problems. But Britain clung to its pound, notwithstanding the ludicrous fact that it would mean halving the cent unit, the new penny. The decision was apparently made under severe pressure from the Bank of England, whose sense of the ridiculous at mixing fractions with decimals was completely outweighed by its concern that foreigners might regard a change to the ten-shilling basis as a concealed devaluation. The then Governor of the Bank, Lord Cromer, now Britain's ambassador in Washington, is believed to have held this opinion very strongly indeed. It invites the comment that noble English Lords should not make the mistake of believing that foreigners are as stupid as they themselves so often appear to be. What is more, this patronising view seems to have been widespread in British official circles at just the time that sterling was among the most suspect currencies in the world, and for reasons far more substantial than that a change to decimals was in prospect. However, the *result* now is that Britain is saddled with a half-penny piece which the banks, together with a fair proportion of the country's trading community are determined not to handle, or at any rate to dispose of as fast as possible. When it is remembered that this unpopular little waif is no less than one and a fifth as valuable as the lowest of the previous coins, the inflationary potential can easily be imagined.

THE COOLING OF RELATIONS between Moscow and Bonn, although disappointing, scarcely comes as a surprise. Ever since civil disturbances toppled Poland's Mr. Gomulka, it has been obvious that the search for scapegoats would inevitably mean the finger being pointed at West Germany. What we in India seldom grasp, or so it seems to me, is that there can never be true harmony and reconciliation along the western marches of the Russian empire any more than there can along the eastern, and for the same reasons. If Moscow did not have Bonn and Peking to blame for so many of its problems, it would be forced to invent them. The first signs of the change in central Europe's political climate can really be traced to quite early this year when East Germany tightened up on access to Berlin. It was obvious right away that the Ulbricht regime had done its homework on the situation in Warsaw and was looking for issues with which to divert the attentions of its own dissidents. This is the normal reaction among the Russians and their European satellites to signs of civil unrest, and the really surprising feature is that a rapprochement with West Germany was contemplated at all so soon after the Russian reconquest of Czechoslovakia. Now the question being asked is whether the world must brace itself for another great power mini-confrontation in Europe, and at the moment the omens are not good. In the first place, the Russians appear reasonably satisfied with what they have got out of Herr Brandt, for which they themselves have characteristically conceded nothing, and are confident that they will lose little if he is overthrown by his Christian Democrat rivals. Hence there is no longer any need to consider Bonn's feelings. Secondly, the prospects that the United States might become involved in the Laos fighting, coupled with the growing evidence from Washington that Mr. Nixon intends to win the next Presidential election come what may, encourage the belief that the reaction of the United States to increased tension in Europe will at best be delayed and unenthusiastic.

THAT THE CHIEF ELECTION COMmissioner, Mr. S. P. Sen-Varma, was held up in Calcutta last Sunday because the evening flight to Delhi was cancelled as a result of the I.A. employees' work-to-rule operation may not be universally regarded as a major disaster; that there was no polling anywhere in the country on Monday had nothing to do with Mr. Sen-Varma's absence from his august headquarters. I can think of much worse consequences of the go-slow tactics which the I.A. employees describe as working to rule. The rules must be very strange if they can so easily disrupt work on such a wide scale; no wonder that the employees' overtime pay has increased by 300 per cent in the past five years in spite of a 20 per cent increase in the staff strength. As for the slowing consequences, what I find most irritating is the disruption of mail; luckily I have not been required to travel by air since the I.A. employees reduced the speed of their work. During the elections I have also missed the regular delivery of newspapers from other parts of the country. Now that Britain's postal strike is over, I can at least look forward to receiving my daily copy of *The Times*, which I enjoy glancing through in spite of its disappointing experiments with "pop", lately "quali-pop". But why blame I.A. employees alone? In France, pilots, navigators and flight engineers, nearly half of whom are paid the equivalent of more than Rs. 12,000 a month, recently went on strike demanding more pay and less than two hours flying duty a day on average. And Sweden has recently seen the quite incredible spectacle of a strike by civil servants, judges, doctors and, the most curious of all, military men. To be more precise, these people were locked out; a Stockholm newspaper published a cartoon displaying what it presented as a declaration by the Minister of Defence: "It is forbidden to engage in war against Sweden during the lock-out." About the strike in France, *Le Monde* said: "The pilots have an excellent image. Do they want to spoil it through an excess of greed?" I am not quite certain about the excellence of the I.A. pilots' image; and it is not for the first time that the ground staff have shown a cynical disregard for the minimal interests of the travelling public.

THE DITCHER

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Zuordnung: Confirmation of West Berlin's economic, financial and legal *links with the Federal Republic* built up over the past two decades.

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MANAGEMENT

Marketing Innovations in Banking: Role of Management—I

By Tushar K. Das

The importance of marketing innovations in banks is widely acknowledged. It is no wonder, therefore, that progressive bankers are adopting the marketing concept in formulating their management policies. This is the first in a series of two articles. The other will appear next week.

THERE is increasing evidence of progressive bankers in this country adopting the marketing concept in formulating their management policies. As the cornerstone of this new emphasis on customer-orientation of organisational plans and programmes, which is the essence of the marketing concept, the indispensability of marketing innovations is widely acknowledged. Among the extensive range of modern investigational tools that are available, the sophisticated techniques of marketing research are particularly useful for innovational purposes.

For the proper application of these techniques, however, it is not enough that research should be encouraged in banks, although that is a primary requirement. What is also necessary is that bank managements, on their part, should become adequately proficient in the language of marketing research and other allied disciplines in order to have an idea of their possibilities and to be able to identify the areas of application of these sophisticated techniques in their organisations.

Modern Research Techniques

In this respect, unfortunately, one cannot say with conviction that commercial banks have kept themselves abreast of the times. There is some justification in the observation that bank managements have generally failed to employ the modern research techniques in improving the effectiveness of their decision-making process and fostering marketing innovations in their institutions. This drawback might undermine the growth of many banks, for without the efficient and productive use of marketing techniques and research findings in the solution of managerial problems, it would be well-nigh impossible to maintain a reasonable standard of customer service and open up fresh avenues for the expansion of business.

However, the first point which should be looked into by bank managements is the prevailing corporate policy for the encouragement of research and innovations. In case the organisational climate is not quite conducive to the encouragement of innovations, steps should be taken to provide the necessary incentives. The principal ingredient for a suitable atmosphere in the organisation is an understanding of the objective of marketing innovations. The importance of continuous research and development for the very survival of a bank should be made known to all employees of the institution. It is only when all the people in the organisation understand the significance of marketing innovations that the marketing researchers and other innovators can be motivated to peak performance. Hence, co-operation of all managers, based on an appreciation of the place of research and innovation in the corporate structure, is a prime requisite for success in this direction.

There is, moreover, another argument in favour of this need for mutual trust and understanding between the researchers or innovators and the other executives in a bank. It has to do with the stage subsequent to an innovation or development. Once a new service is evolved or a new facility is developed, the accent shifts to the introduction of the new proposal or scheme. Here, it is the marketing and other executives who would be responsible for efficiently working the revised procedure or popularising a new service. If, in the event, active co-operation is lacking between the innovators and the other sections of a bank, then the fresh proposals would be very likely to remain unworkable.

Managerial Prerogatives

Then again, any undue importance to the research effort may also be harmful. The marketing research function, for instance, should not be utilised as a substitute for good management. For, in an eagerness to give this function its due place in management, the benevolence can sometimes be overdone, with the marketing researcher usurping the top managerial prerogatives of planning and policy-making. Conversely, and more often, there is a lack of conscious direction of marketing research programmes by the top management, so that the researcher is left to fend for himself, which generally means, in effect, an endless dabbling in statistical information. The primary task of marketing research, namely, to furnish the top management with insights into future business trends and areas of growth, should not be lost sight of.

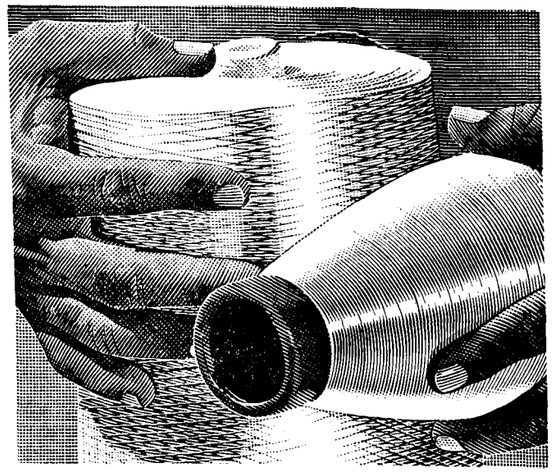
In order to gain a proper perspective about the rôle of marketing innovations in banks, it would be of advantage to attempt a brief survey of the major developments in the more advanced nations and note some of the latest thinking on the shape of banking in the future. An integrated and wide-ranging type of marketing management has already become a common feature of overseas banks. The years of neglect for marketing are probably over; the integrating nature of the marketing function and the relevance of the marketing concept to today's business are no longer unknown to modern managers. "In a sense", observes *Management Today* editorially, "a company really becomes the complete marketing organisation when it ceases to regard marketing as a separate function at all, and integrates all corporate activities under the market concept—very possibly, the shape of the future."[1] However, even in the American and British banks—the most progressive in the world—marketing-orientation in the fullest sense has not yet been achieved and much headway still remains to be made in this direction.

(To be continued)

[1] "The Marketing Era" (Editorial), *Management Today* (London), April 1969, page 10.

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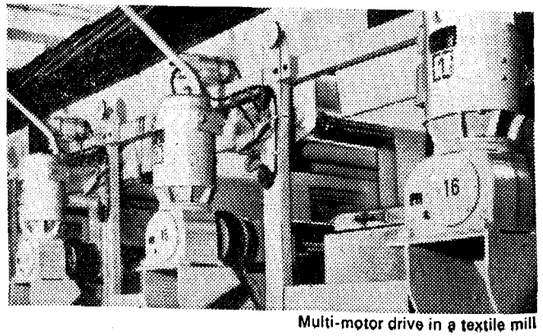
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SPECIAL ARTICLES

Need to Control Inflation by Reducing Non-development Expenditure

By P. K. Bhargava

The productive apparatus of the country's economy would be damaged if the present trend of rising prices continues. For controlling inflation, the Government will have to reduce non-development expenditure and every attempt will have to be made to dispel the psychology of scarcity.

ONE of the main objectives of the Fourth Five Year Plan is to ensure "growth with stability," but this now appears to be a mere wishful thinking. The Indian economy had experienced a severe rise in prices during the Second and Third Plans and again since the beginning of the Fourth Plan, there has been an abnormal rise in prices. Recently, the Central Finance Minister, Mr. Y. B. Chavan, admitted in the Rajya Sabha that the price rise had gone "beyond limits" and if something could not be done to bring down prices to "reasonable limits" in a "reasonable time", it would not only cause distortions in the Plan perspective but also lead to political difficulties. Rising prices distort the desired pattern of income distribution and saps the peoples' propensity to save.

A rapid rise in prices forces the Government to spend more on every activity, but it finds it difficult to raise the requisite resources to discharge its responsibilities. Rising prices are also detrimental to the achievement of the objective of democratic socialism. For, inflation results in an indiscriminate taxation—the rich and the poor having to pay the same price for any commodity. In such a situation, everybody's real income is reduced. The year 1970 was marked by a record inflation in a period of record production since independence. This is a peculiar phenomenon of the Indian economy. There are economists who consider that an excessive inflation can be the starting point of a recession which in the Parkinsonian jargon may run something like this: the more the price rise, the less the production. It may be emphasised here that the blame cannot be laid at the door of agriculture as 1970 has been the fourth successive year of a bumper crop. In fact, the prices of foodgrains have tended to fall.

Different economies react differently to the phenomenon of price rise. The world as a whole has experienced a severe inflation during 1970. Prices have been the foremost problem before almost every Government of the world. Even the economies of the U.K. and the U.S.A. are passing through hard times. In these countries, attempts are being made to tackle the problem by reducing Government expenditure. India had a price rise of as much as 12 per cent in 1970, as against 5 per cent in the preceding year. The Finance Minister of Punjab, Mr. Balwant Singh, perhaps hit the nail on the head when he accused Mr. Chavan of announcing a heavy wage increase for Central Government employees without consulting the States. The Centre will have to pay Rs. 106 crores more a year to its employees and the States Rs. 120 crores a year to their employees as a result of the former's bounty. The railways have already announced a wage hike of Rs. 37 crores for their employees. Banks too have increased the salary of their employees by 15 per cent to 20 per cent. Similar claims of other organised classes, such as teachers, and insurance and municipal employees cannot be ignored. There can be no difference of opinion that the answer to inflation in India lies in reducing Government expenditure.

The Fourth Plan in its pursuit of socialism has promised everything to everyone and the Government has been attempting all kinds of projects. Steel plants, oil refineries and other big projects are being distributed to the States like lollipops to the children. A promise has been made for 5 million new jobs during the Fourth Plan period. Jobs must be provided to all able-bodied people but 5 million jobs in a period of four or five years are nothing when the labour force in the country is increasing by 7 million every year. Additional jobs cannot be created unless there are adequate resources in the economy and if there are to be jobs for the sake of jobs, they would be a serious drag on the economy. The Congress (R) President, Mr. Jagjivan Ram, was reported to have said that it was not difficult to create 5 million new jobs; all that was necessary was finding another Rs. 60 crores. If it is really the question of creating jobs then much more resources have to be found for investment.

Deficit financing has played havoc with the Indian economy. Because of its expansionary effects during the First Plan, the planners learnt a bad lesson. During the Second Plan, the deficit financing was of the order of Rs. 948 crores. The evil consequences of this technique were realised when prices rose by 35 per cent. Accordingly, the planners fixed deficit financing at a modest figure of Rs. 550 crores during the Third Plan. The actual amount of deficit financing, however, turned out to be Rs. 1,150 crores. This added fuel to the fire of inflation. On top of the heavy increase in prices during the Second Plan, prices rose by 36 per cent during the Third Plan period. The Fourth Plan has fixed the target of deficit financing at Rs. 850 crores, but it is anybody's guess whether the actual amount will remain within the limit particularly when it has been of the order of about Rs. 500 crores during the first two years of the Plan.

The increasing outlay in the private and public sectors without a corresponding rise in output has also worsened the price situation. While the income accrues to the people every month, output increases (as a result of investment) after a certain interval. Besides, the defence expenditure is rising due to threats of war from China and Pakistan. It increased from Rs. 247.55 crores in 1960-61 on revenue account to Rs. 1,017.84 crores in 1970-71, or by 311 per cent. It may not be possible for the Government to cut down expenditure on defence but steps can be taken to reduce non-development expenditure.

If the present rise in prices continues, it would greatly damage the productive apparatus of the economy and upset the Plan priorities. The price policy has to be co-ordinated with other policies in order to attain the desired objectives. The problem of rising prices is a complex one and its control requires both short and long-term measures. Various schemes and policies of the Government have to be co-ordinated with the desirable



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price policy otherwise it is possible that the favourable effects of one may be nullified by the haphazard working of the other. The Reserve Bank of India has to intensify its policy of selective credit control and credit to the different sectors of the economy has to be given on a priority basis.

The short-term measures include the introduction of rationing and fair price shops and buffer-stock operations through a public marketing agency like the Food Corporation of India. Every attempt has to be made to dispel the present psychology of scarcity.

The Role of Pricing in Export Promotion

By P. Chattopadhyay

Pricing plays an important rôle in export promotion. It can make or mar the prospects of a product in different markets depending on whether it is judicious or otherwise.

PRICING is a key to success for management. It is particularly so for export management. The decisions with regard to pricing must at the same breath involve promotion of products in particular markets, attend to customer needs, sustain products in particular markets, face competition from competitors and substitutes and, above all, realise profit for the enterprise if not in the short run, at least in the long. The multifarious rôle of pricing hardly needs any elaboration. However, the pricing methods and the situations in which these are generally applied as also the parts played by pricing in varied contexts are an interesting area of enquiry. In the prevailing conditions in India, the art and science of pricing has been rather subject to a number of distortions both for the domestic market and for exports. These features with respect to pricing are proposed to be discussed here for the purpose of highlighting certain areas and considerations that seem to be rather ignored or deliberately underplayed. Cases are cited at appropriate places in support of the propositions made in the discussion, with the object of bringing out weaknesses in the national export policy which should be straightened.

Pricing has got several functions. It adds personality to certain products, in satisfying consumer tastes. This is specially true in the export of products like handicrafts. In such cases, whereas the style may be attractive and the appeal may be convincing, a low price may not interest a customer. In conditions where everybody wants to be different and more respectable than the other, high price clinches the issue. But how high is really high enough would depend on several factors, particularly the income stratum of the customer. In the case of some consumer goods as well this may hold good, irrespective of the cost of production. In certain other cases, including consumer and industrial goods, price acts as the primary indicator of quality.

Since the consumer and the product *must* have more than a passing acquaintance between them, pricing mechanism must be sensitive enough to perpetuate this link. If price does not indicate quality, the customer is likely to lose faith in the product. In the case of industrial goods generally, the buyers abroad are organised. Marketing effort in such cases implies matching the hard-headed bargaining effort of organised buyers. Pricing plays a crucial part along with demonstrated performance of products, after-sales service and supply of parts and components. In some particular cases, monopsonic conditions in the market tend to influence the pricing mechanism in different ways. This influence becomes more telling when there is keen competition among suppliers. Examples of this are exports of wagons, telephone equipment and transmission towers.

There are different pricing methods evolved from experience. These methods have been applied in varied situations and have different kinds of effect. The "cost plus" method is one of the earliest among these methods and has co-existed with other methods in both developed and developing countries. "Cost plus" implies usual mark up on the cost of sales by the manufacturer or trader and is based on the philosophy that business profit is, in fact, the balance between the sales revenue and the cost of sales for a particular period of time. Unless full costs are recovered and a surplus earned, the sustenance and growth of an enterprise are in jeopardy. As such, period profit is necessarily linked with the concept of "cost plus". The currency given to the term "cost plus" has been much more in the context of Government purchases of goods and services during war time. This system became quite common as Governments of several countries gave contracts to manufacturers on the stipulation that raw materials would be supplied by them and manufacturers would be entitled to a percentage of profit over the costs actually incurred by them.

This system presupposed that manufacturers knew their costs, which in this country was a myth and could be dealt with only on the basis of extensive investigations by representatives of the Government of India. Traces of the "cost plus" system can be found in India in the Tariff Commission's recommendations, in the purchases of telephone equipment and components by the P. and T. Board from the Indian Telephone Industries Ltd and price fixation by special enquiries. The effects are that the system does not recognise and give due incentive to efficiency in conditions of an insulated economy or monopsony. It has been suggested that under conditions of monopoly, exporters may price their products on the basis of absorption of full costs plus their margin of profit. While in the short run the suggestion does not indicate any weakness, in the long run the philosophy of "what the market can bear" increases the elasticity of substitution. The case of jute goods exports is a glaring pointer to this effect. Jute goods exports are now threatened seriously by substitutes mainly because of monopolistic pricing.

Economists' concept of marginal cost is the same as the incremental cost of the extra unit produced. Professor W. Arthur Lewis has recently introduced the concept of "escapable cost" in the context of marginal costs. Cost and management accountants' concept of marginal cost is related to the variable costs of products irrespective of whether these are produced marginally or otherwise. Marginal cost basis of pricing presupposes the managerial objective of maximisation of contribution, inclusive of fixed cost and profit. Often suggestions are put forward by various circles for adoption of this basis for pricing exports from India. There is nothing specially wrong with the suggestion but generally the marginal cost enthusiasts tend to soft-pedal the

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effects that arise in the conditions prevalent in this country. Some of these effects are enumerated below as illustrations.

(1) Most enterprises in India do not have adequate costing systems distinguishing between fixed and variable costs. The rock bottom suggested by variable costs may be a dangerous minimum below the level of tolerance; and contribution may be meagre.

(2) The prices of products may tend to stabilise at the level of marginal costs resulting in perpetuation of subsidisation by the Government, the internal market or other products. Variation in prices may lose custom when it is upward.

(3) It may not be possible for the exporter to charge different prices in different markets in conditions of intercommunication between markets.

Unlike the marginal costing basis, differential pricing may be based on total costs but the loss or disadvantage suffered in one market or product may be recovered from the other. In differential pricing, differentiation is made between the following:

(1) One level of capacity utilisation and another. This is on the basis of the assumption that the fixed costs would be recovered from the existing level of capacity utilisation and the further levels of capacity utilisation would result in economising costs on the basis of which management may differentiate between domestic sales and exports. While existing products may be priced on the basis of full costs, the extra units may be priced below the line.

(2) Differential pricing may be adopted for pricing export goods below the line and for recouping the entire loss on domestic sales.

(3) Differential pricing may be adopted for pricing different products in a multiproduct company, so that loss suffered on one product may be recovered from another.

(4) Differential pricing may be adopted on the assumption that the loss sustained in one market could be recovered from another.

Official circles in India have from time to time recommended that export prices should be differentiated from domestic prices. It is generally taken by the enterprises that they can go even below the variable cost in those cases, where there is cash assistance or other incentives, by the amounts so available. In many of the non-traditional exports even though exports do not realise more than 40 per cent or 45 per cent of the cost of production, the units have earned profit, mainly because of the incentives and/or recovery of export losses from domestic sales.

When an enterprise exports a small proportion of its total sales, it may conveniently recover the loss on exports from domestic sales. This is not feasible when a major part of its total sales constitute exports. Export of jute goods is a case in point. Price differentiation on grounds of underutilisation of capacity and domestic and export sales is not advisable in such a case because of the fact that the internal market is not in a position to absorb the higher price. Depending on the circumstances, differentiation between different products may be possible even in the above situation but for the fact that in jute goods, the influences in foreign markets are about the same for all constructions. At least, there is not a marked difference between jute gunny, jute hessian and carpet-backing cloth, as between domestic and foreign markets.

In some cases of engineering products, such differentiation has been more effective in the following conditions: (1) Large unutilised capacity existed not only due to the recession but also to other factors, such as raw materials shortage. Import entitlements and export assistance schemes helped better capacity utilisation. (2) Foreign exchange commitments impelled these units to export. Profitability became a secondary question. (3) The internal market for these products was in a position to bear the difference in view of the special circumstances for the industry created by Government policy. (4) Export promotion schemes and cash assistance recompensed the industry for the losses incurred on exports, the extent of which is considerable. (5) The extent of exports of these goods was a small fraction of total sales. (6) Price elasticity of demand for these products was insignificant in the domestic market for various reasons.

Different pricing methods have been evolved from experience with respect to their rôle and functions in assisting the customer to select the products for satisfying his various needs. Full-cost or "cost plus" pricing, marginal cost pricing and differential pricing have co-existed as management tools for dealing with different product-market situations that an enterprise faces from time to time. The assumptions behind each and the typical conditions in which each of these methods would be appropriate require to be judged by management not only with reference to current profitability but also future needs. As such, decisions on export marketing, nay marketing as a whole, have to be judicious and sensitive in so far as the pricing-mix implies making or marring the prospects of goods in different markets. In this context, market promotion and market maintenance should call for similar priorities with regard to traditional and new markets. Managerial attitude to pricing is an important factor in India's loss of markets to competitors and substitutes.

Will the Congress (R) Succeed in Improving Its Position in the New Lok Sabha ?

(BY A SPECIAL CORRESPONDENT)

The question that is now being debated is whether the Congress (R) will be able to improve its position in the new Lok Sabha. The Party's performance in the two key States—Uttar Pradesh and Bihar—will very much influence the entire poll results.

THE fifth general elections to the Lok Sabha have just been completed. The main question that is on the lips of everyone is whether the Prime Minister, Mrs. Indira Gandhi, would improve her position and would be able to get a distinct majority for her Party, the Congress (R), in the Lok Sabha. If that does not happen, the entire election would have been an exercise in futility for her. It is no doubt difficult to predict the exact outcome of the elections but this much can be said that the confidence with which the Prime Minister had recom-

mended a mid-term poll has yet to be justified by the course of events.

Mrs. Gandhi and her close advisers have no doubt been claiming that what they expected would come to pass and, yet, they have been publicly proclaiming that if the Congress (R) does not get an absolute majority, they would not go in for a coalition. In any case, the Ruling Congress (R) is to emerge as the single largest Party and, therefore, one would watch with great interest the course of political developments if the ruling Congress (R) prefers to keep away from the Ministry-making on the ground that it is against forming a coalition Government. There is, however, a distinct possibility that some of the independents may join the Congress (R) so as to make it easy for the Prime Minister to form a Government. This again depends on the actual number of seats the Party would obtain.

By and large, the Grand Alliance has succeeded in eliminating mutual contests, although in some of the key constituencies they were pitted against each other which only helped the ruling Congress. This, however, could not have been avoided since the four constituents of the Alliance are ideologically wide apart and they have united only for the negative purpose of unseating the Congress (R) from power at the Centre. The very fact that all these parties have issued their own election manifestoes is clear proof that what they aimed at was an electoral adjustment or understanding rather than a merger. And wherever they succeeded in eliminating multi-cornered fights which were a common feature in the 1967 elections, the Congress (R) has faced a difficult position. It can now be safely asserted that the key to the entire poll has been with two States—Uttar Pradesh and Bihar—which between them have 138 seats in the Lok Sabha. It is again in the former that the four-party alliance has been dominant and every possible effort has been made by it to thwart the attempt of the Prime Minister to get a strong foothold. If she fails to get a majority of seats in these two States, the chances of her getting an absolute majority in the Lok Sabha are not bright.

While Mysore seems to have responded well to the determined bid made by the Prime Minister to wean away a good number of members from the Organisation Congress, Tamil Nadu has proved a tough going for her. Three Mysore Ministers quitted the Cabinet some days ago to join the ruling Congress. Although Mr. S. Nijalingappa, Organisation Congress President, claimed that this would make no difference to his Party which is in power in that State, it is quite evident that the Congress (R) has been able to make a dent on the rival Congress. This has had its repercussions on the election and one need not be surprised, therefore, at the performance of the ruling Congress in the State. The same thing cannot be said of Tamil Nadu where Mr. K. Kamaraj has stabilised the position of the Organisation Congress with commendable zeal. He has been actively working not only in urban areas but in the remote villages as well. The student community which was hostile to him in 1967 has now turned pro. The Congress (R) has contested only ten seats but the Party is in confusion, thanks to the Prime Minister's haste in forging an electoral understanding with the D.M.K., which was resented to by the rank and file of the former.

In the rest of the States, the pattern of voting is bound to be, by and large, the same as in 1967. There could be a little improvement for the Congress (R) in Kerala because of the alliance with the Muslim League and the C.P.I., The Congress (R) had only one member from Kerala in 1967 but the number may go up now. If this should happen, the Prime Minister cannot escape from the criticism that this has been possible only by joining hands with a communal party like the Muslim League and that she has close links with the C.P.I. In fact, in other States too, the Congress (R) has left uncontested several seats in which the C.P.I. is strong and in the face of all this, it is not clear as to how the Prime Minister could really reject the suggestion that she has deliberately promoted an electoral alliance of convenience.

What is really surprising is that nowhere in the country did the issues which really prompted the Prime Minister to go to the polls figure at all. Although the delinking of the Assembly and Lok Sabha elections, except in three States, has had the effect of submerging purely regional issues to some extent, national issues did not make much of an impact. The Prime Minister told the nation soon after the Lok Sabha was dissolved that she was taking this step to seek a fresh mandate from the people on issues like the abolition of privy purses of former rulers and the removal of impediments in the way of ushering in a socialist society. Strangely, neither of these figured in any of the election speeches of prominent Congress (R) leaders in States. The entire election in the country was fought on a caste basis. To make things worse, the selection of candidates by various parties was made on the basis of caste.



PEOPLE AND PERSONALITIES

After 32 years of association, during the last 12 years of which he was the Managing Director, Mr. A. K. Sen is retiring from Indian Oxygen on 31st March this year.

A delegation of five eminent members of the Royal Society has arrived in New Delhi for a short stay as guests of the Indian National Science Academy. The group is led by Professor Alan Hodgkin, president of the Royal Society. The other members are Lord Blackett, immediate past president of the Society; Sir Harold Thompson, vice-president and Foreign Secretary; Sir Harold Himsworth, former Secretary of the Medical Research Council; and Sir David Martin, Executive Secretary of the Society.

BOOKS

Annual Numbers : A Mixed Bag with a Difference

Far Eastern Economic Review 1971 Year Book. Edited by Derek Davies. (Published by Far Eastern Economic Review Ltd., 401-408 Marina House, Hongkong. Pages 340, price $6.60.)

The yearbook of *Far Eastern Economic Review* is much more than an assemblage of facts; its usefulness lies in the interpretation of political and economic developments in Asia. It says that the year 1970 belonged to Japan in that there was a worldwide recognition of her emerging as a super-power in the near future. It has been forecast that by the mid-seventies, Japan would overtake Russia in terms of economic growth to occupy the second position only after America in a listing of world economic powers. The Japanese have been pursuing a very pragmatic economic strategy by making huge investments and distributing work in the non-communist Pacific Asia without importing labour like many western countries. Japanese products—both consumer and capital—have been well received in Asian countries, including China. In spite of bitter political differences, China has found it desirable to cultivate the Japanese markets. It should be remembered that although Japan's economic links with the Asian countries are growing, they are "plagued with political problems". The implications of Japan's economic and political emergence and other important developments in the region have been brilliantly discussed by Mr. Derek Davies in the introduction to the regional section of the yearbook, entitled "The Giants Square Off'.

The chapter on "Food and Population" says that because of the miracle of high-yielding varieties, the region has reached a stage where it can guarantee itself a minimum subsistence standard. But the problem of supplying agriculturists with the necessary farm inputs still remains in certain States. About the growth of population, it is said that "science will be more likely to find means of feeding than find jobs." The new realisation that Asians will be increasingly called upon to produce Asian solutions to Asian problems has led to the remarkable progress of regional organisations like the E.C.A.F.E. and the Asian Development Bank. This has been reviewed in the "Regional Co-operation" section. A very fine production, the yearbook will prove as useful as before.

Eastern Economist Annual Number, 1971. Edited by V. Balasubramanian. (Published from United Commercial Bank Building, Parliament Street, New Delhi. Price Rs. 10.)

Whether India has succeeded in achieving political stability and economic progress within the framework of a democratic society since independence is the main topic of this annual number. The four editorials of the annual have been written by the editor himself. He has candidly analysed the bottlenecks which are retarding the country's economic growth. He feels that it was very appropriate when India was exposed to the world in Osaka through the exhibition of a tiger behind the bars. On the cover page of the annual is pictured a white tiger from the Delhi zoo as it was exhibited at the Indian Pavillion in the Expo '70 in Osaka. Two case studies on energy constitute a separate section of the annual. Mr. R. C. Ummat visualises that the relatively easy energy supply position now existing will not continue for long. As the tempo of economic activity picks up, the shortage of energy—particularly of electricity—will start developing. In an article on "Price Movements and the Plans," an attempt has been made to analyse the price trend during the period from 1951-52 to 1961-68.

Commerce Annual Number, 1970. Edited by Vadilal Dagli. (Published from Manek Mahal, 90 Veer Nariman Road, Off Churchgate, Bombay 20. Price Rs. 10, pages 352.)

India's natural resources form the main theme of the 1970 *Commerce* annual number. The annual gives a comprehensive coverage to the subject and highlights the importance of utilising them. Land, forest, water, ocean, medicinal plants, cattle, cotton and wool have been discussed in its various articles. The annual includes most of the mineral resources. such as iron ore, non-ferrous metals, manganese ore, aluminium and bauxite, coal, powder and oil. The editorial says that natural resources available in a particular State can be economically and fully utilised only within the framework of an all-India effort. The articles include numerous maps, charts, and tables showing the country's various natural resources. There is a separate section entitled "Statistical Profile of India's Natural Resources" prepared by the Commerce Research Bureau.

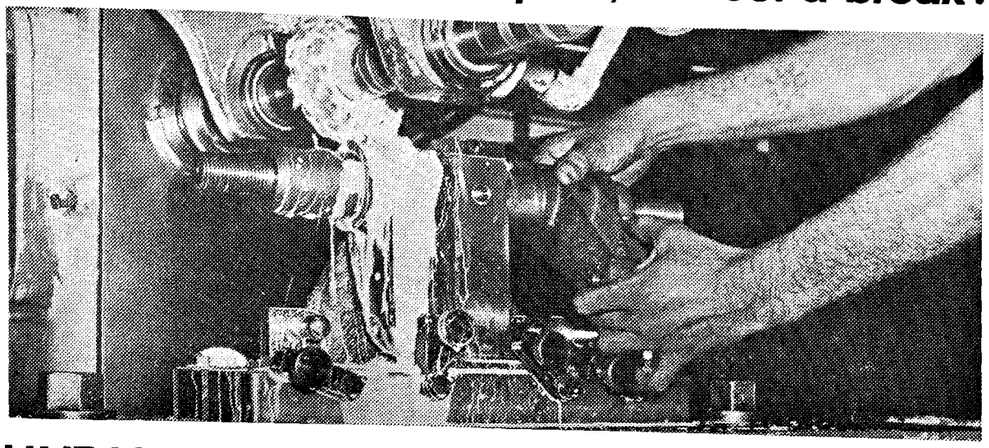
Economic and Political Weekly Annual Number, 1971. Edited by Krishna Raj. (Published from Skylark, 284 Frere Road, Bombay 1. Price Rs. 10, pages 404.)

The 1971 annual number of *Economic and Political Weekly* discusses many burning political and economic problems in the country. The editorial feels that the 1971 mid-term poll is likely to prove decisive for the future of democratic politics as well as the nature of Indian federalism. It says that a stable one-party Government can only steer the country to a stable future. A number of correspondents of the journal have given a comprehensive political assessment of Kerala, Tamil Nadu, Maharashtra and West Bengal in the first part of the annual. Apart from providing regional surveys, the annual contains some articles dealing with economic and political developments in Dar-es-Salaam, Canberra, Brussels, West Germany, London, Vienna, Washington, etcetera. Competitive politics and electoral change form the subject matter of the second part of the annual. The third part contains articles on the theory of development.

Monthly Commentary Annual Number, 1970. Edited by E.P.W. da Costa. (Published by the Indian Institute of Public Opinion Ltd., National Insurance Building, Parliament Street, New Delhi. Price Rs. 15, pages 190.)

India's destiny from 1970 to 1980 is the theme of this annual number. It is written in the firm conviction that the U. N. Second Development Decade will be India's wonderful age of fulfilment. The publication is divided into three parts. The first part deals with India's fifth Lok Sabha elections and after. A framework of planned growthmanship (1970-80) is the subject matter of the second part of the annual. The third part relates to the framework of social change from 1970 to 1980.

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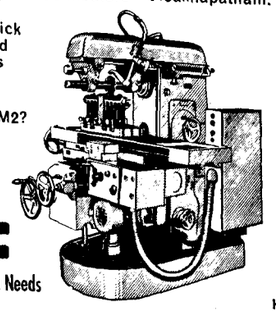
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MONEY AND BANKING

The Performance of Banks Before and After Nationalisation

(BY A SPECIAL CORRESPONDENT)

A comparison of the pre- and post-nationalisation performance of banks reveals that they have fared better in the public sector. But they should try to prevent their profitability from being affected by any increase in expenditure.

READERS of the financial statements, such as profit and loss accounts and balance-sheets of the nationalised banks for the year 1969, published in various newspapers, will be amazed to find that there was a considerable delay in their publication. An analysis of these statements assumes particular importance in view of the fact that they are the first to be published after the banks were nationalised. The stipulation by the Banking Regulation Act that all banks should publish these financial statements in the prescribed form duly audited by authorised auditors has facilitated the comparison of their pre- and post-nationalisation performance.

The items of common interest published in the profit and loss accounts are total income, profits and total expenses incurred during the two different periods—one for 199 days, *i.e.*, from 1st January, 1969 to 18th July, 1969 and the other for 166 days, *i.e.*, from 19th July, 1969 to 31st December, 1969. A comparison of absolute figures in respect of these items would not be of any use. Columns 4 and 8 in the table at the bottom of this page give relevant percentage shares of profits (subject, of course, to payment of bonus, etcetera) in total income (only in respect of business in India).

It would be seen from the table that out of the 14 nationalised banks, as many as ten have shown a rise in profits in absolute terms, as also in their percentage share in total income. This is a heartening feature of the banks' performance in the post-nationalisation period, as compared with that in the pre-nationalisation period. The overall performance of the 14 banks shows that the profits earned in their 199 private-sector days were of the order of Rs. 3.96 crores and total income and expenses were Rs. 116.43 crores and Rs. 112.47 crores, respectively, indicating the percentage share of profits as 3.4 of the total income earned. As against this, the achievement in earning profits to the tune of Rs. 4.40 crores was recorded by these banks in a shorter span of 166 days in the public sector, the total income and expenses aggregating Rs. 101.34 crores and Rs. 96.94 crores, respectively. The share of profits in the total income formed 4.3 per cent, representing an increase of nearly 0.9 per cent over the private-sector share of 3.4 per cent.

There may be a number of reasons for such a variation in different banks' share of profits in total income and a more detailed analysis will be essential to investigate the contributory factors, such as establishment expenses on account of vigorous branch expansion or certain items of income and expenses which do not find place in the first and second half of the year.

In order to test the operational efficiency of these banks during their existence in the private and public sectors, it is necessary to examine their per day income. The per day income of the 14 banks while in the private sector was Rs. 59 lakhs and rose up to Rs. 61 lakhs during their being in the public sector also, thus resulting in a slight improvement of Rs. 1 lakh in per day profit. It should, however, be noted that the per day expenses of the 14 banks have also risen by Rs. 1 lakh, *i.e.*, from Rs. 57 lakhs a day in the private sector, they have gone up to Rs. 58 lakhs. This probably is indicative of the rising burden of these banks by way of expenses which may affect their profitability unless the contributory factors referred to above are investigated by the authorities and steps taken to eliminate their adverse impact.

PERFORMANCE OF THE NATIONALISED BANKS

(Rs. in crores)

	As private-sector banks between 1st January, 1969 and 18th July, 1969				As public-sector banks between 19th July, 1969 and 31st December, 1969			
	Total income 1	Profits 2	Total expenses 3	(2) as % of (1) 4	Total income 5	Profits 6	Total expenses 7	(6) as % of (5) 8
Allahabad Bank	5.14	0.19	4.95	3.7	4.54	0.21	4.33	4.6
Bank of Baroda	13.50	0.22	13.28	1.6	11.94	0.34	11.60	2.8
Bank of India	16.02	0.81	15.21	5.1	13.10	0.80	12.30	6.1
Bank of Maharashtra	3.13	0.08	3.05	2.6	2.75	0.14	2.61	5.1
Canara Bank	6.49	0.21	6.28	3.2	6.09	0.34	5.75	5.6
Central Bank of India	19.22	0.62	18 60	3.2	16.62	0.47	16.15	2.8
Dena Bank	5.16	0.16	5.00	3.1	4.43	0.14	4.29	3.2
Indian Bank	3.75	0.02	3.73	0.5	3.16	0.07	3.09	2.2
Indian Overseas Bank	3.70	0.05	3.65	1.4	3.05	0.04	3.01	1.2
Punjab National Bank	14.37	0.73	13.64	5.1	12.50	0.86	11.64	6.9
Syndicate Bank	5.32	0.16	5.16	3.0	5.15	0.13	5.02	2.5
Union Bank of India	5.09	0.12	4.97	2.4	4.47	0.20	4.27	4.5
United Bank of India	6.17	0.28	5.89	4.5	5.17	0.17	5.00	3.3
United Commercial Bank	9.37	0.31	9.06	3.3	8.37	0.49	7.88	5.9
Total	116.43	3.96	112.47	3.4	101.34	4.40	96.94	4.3
Amount a day	0.59	0.02	0.57		0.61	0.03	0.58	

Note: Excludes banks' business outside India.
Profits are subject to payment of bonus.

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INSURANCE

L.I.C.'s Three New Schemes : Benefits Expected

(BY A SPECIAL CORRESPONDENT)

THE three new schemes launched by the Life Insurance Corporation to mark the centenary of life insurance in India are a further evidence of the Corporation's continuing efforts to extend benefits of insurance to wider segments of the population. Apart from the three low cost schemes linked to the banking system and the Unit Trust—effective from 1st March—the Corporation has also announced substantial cuts ranging from 14.9 per cent to 21.1 per cent for mortgage redemption and term insurance policies. The centenary package also includes a gift for employers who would now get a larger proportion of the profit under the one-year renewal group term insurance plan.

The deposit-linked life insurance scheme which would apply to deposits with all commercial and co-operative banks covers savings depositors, both male and female, between the age of 18 and 49. For depositors in the age group of 18 to 40, the sum assured would be twice the average amount of the deposit and those in the 41-49 age group would have cover for the average amount of the deposit. The annual premium would be 1.75 per cent of the average deposit on which banks pay interest every half year. Depositors have to maintain an average monthly deposit of Rs. 1,000 at the end of every half year. The maximum sum assured would be Rs. 10,000 for depositors up to the age of 40 and Rs. 5,000 for depositors in the higher age group. The profits arising out of the scheme would be shared equally by the L.I.C. and banks. This would serve as an incentive for banks to popularise the scheme.

Under the unit-linked savings-cum-insurance scheme carried over a period of ten years, life insurance protection would be provided to the extent of outstanding balance of the target contribution. The Corporation would issue a master policy to the Unit Trust of India which would pay the premiums due in respect of the investors participating in the scheme. The maximum age of entry is 45 years and the maximum cover is Rs. 12,000. Investors have to go in for a fixed monthly investment for a given period. The premium would vary with the age of the investor. The premiums are not payable for the entire period of the savings programme but limited to seven years. Under the bank deposit-linked accident insurance scheme, group personal accident insurance cover will be provided to individuals aged not more than 60 and holding savings bank accounts, recurring deposits or daily savings accounts with banks. The sum assured would be equivalent to the average amount held by a depositor on the last working day of the preceding 12 calendar months and subject to a maximum of Rs. 25,000 an account. The premium payable for a group of 500 or more works out to 65 paise a 1,000 group sum assured, after allowing a special discount to public-sector banks.

No information is available about the number of depositors who maintain with banks a minimum balance of Rs. 1,000 and it is only such depositors who are eligible to be covered by the savings-deposits scheme. The L.I.C. has not conducted any study before introducing the scheme. Quite possibly, the number of depositors qualifying for the insurance cover may be rather small. Similarly, not many investors are in the habit of purchasing units on a regular monthly basis for a long-term commitment. But this need not detract from the utility of the new schemes.

The substantial reduction in the premium rates for mortgage redemption and term insurance will benefit the middle class which taps housing loans from the L.I.C., the aged wealthy who have to cover their estate duty liabilities and those who seek assurance under an option plan in terms of which the premium rates are low during the initial period and rise thereafter. Liberalisation of the scheme of profit-sharing under the one-year renewal plan should encourage industrial units to go in for the group term insurance.

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TRANSPORT

Eliminating the Causes of Accidents on Highways

(BY A SPECIAL CORRESPONDENT)

IN India, there has been an increase in the number of motor vehicles of all categories from 300,000 in 1950-51 to about 1.44 million in 1968-69. Commercial vehicles like buses and trucks have increased from 116,000 to 386,000 in the same period. It has been estimated that the total goods traffic by road transport will rise to 84 billion tonne kilometres in 1973-74 (against 40 billion tonne kilometres in 1968-69) and the passenger traffic from 98 billion passenger kilometres to about 141 billion passenger kilometres in the corresponding period. To cope with this record increase in traffic, the number of trucks and buses must be increased from 360,000 and 85,000, respectively, in 1968-69 to about 470,000 and 115,000 in 1973-74. The above figures show commendable achievements of the industry as well as its inherent strength and vitality. But the truth also remains that this increase in the number of motor or commercial vehicles, simultaneously with the growth in population and increased trading activities in the urban and rural sectors, has inflated the number of traffic accidents and the consequent loss of human lives.

What are the road hazards? The principal one is the lack of surfaced roads. Indeed, according to a study of road development by the Reserve Bank of India, India's surfaced road length is just ten kilometres for every 100 square kilometre area. This is extremely low compared with the developed countries like France, Denmark, West Germany, the U.K., and the Netherlands. India's surfaced road mileage is about one-fifth of Ceylon and barely 60 per cent of the Philippines. About 30 per cent of 550,000 Indian villages do not have approach roads. An irony indeed when the taxes from the users are ever increasing, although the amount spent on roads as a proportion to the taxes collected is steadily declining. According to the Keskar Committee, the annual operating cost of road transport will be Rs. 150 crores less provided there is a modern road system. A N.C.A.E.R. study has estimated that on an investment of Rs. 3.35 lakhs in transport, power and warehouse facilities, annual benefits to the extent of Rs 4 lakhs would accrue from the rural roads alone. Similarly, a study by the Transport Research Division of the Central Ministry of Transport has concluded that the operating costs could be reduced considerably if the roads are well maintained.

Then there is the sad state of maintenance of roads. True, the Central allocation for the maintenance of roads has been increased from Rs. 7 crores in 1968-69 to Rs. 13 crores in 1970-71. Also, that the national and State highways in north-east India are fairly well maintained, although landslides there are common occurrences. But this is not the complete picture of India. For example, in an industrial town like Kanpur, narrow and rough roads are mainly responsible for frequent accidents. During the monsoon, pot holes appear in most of the roads due to waterlogging. Drainage facilities are poor. Even including the expenditure on maintenance, the proportion of expenditure on roads to the revenue from road transport accruing to the Centre and the States was only 31 per cent in 1968-69 (against 73 per cent in Ceylon). But the Road Transport Taxation Enquiry Committee noted that the expenditure on road development and maintenance need not be confined to the revenue from the industry. The revenue from road transport which was Rs. 220 crores during the First Plan period will probably exceed Rs. 3,500 crores in the present quinquennium. The sad state of road maintenance is mainly due to the fact that only 32 per cent of the road revenue are being ploughed back to road programmes, including maintenance.

The Reserve Bank in a recent survey has highlighted some serious deficiencies in the country's road network. They are: (a) numerous missing links, unbridged river crossings, and weak culverts and bridges. For example, at the end of March 1969, the national highway system had 305 kilometres of missing links and 46 major unbridged crossings. (b) About two-thirds of the system have single lane width. (c) Most of the arterial highways have road surfaces with a thickness of 9 to 10 inches when the demand is for 18 to 22 inches for heavy duty commercial trucks. (d) Several States are undertaking highways construction works independently when there should be an integrated road network for inter-State highways. (e) The roads constructed under the C.D.P. are not conducive to the operation of bullock carts in adverse weather conditions.

Road safety must be ensured at all costs. In fact, the problem has to be seen not only from the angle of engineering but also from the point of education and enforcement of traffic rules. From the engineering point of view, some experts feel that the essential characteristic of a national highway is to connect the different parts of the country. Yet it should avoid townships but simultaneously be fed by main routes from towns. It should join the towns with intermediate and outer ring roads. The existing roads must be remodelled to ease the flow of traffic and to minimise the chances of accidents. But this will be a colossal task involving heavy expenditure. The traffic must be made to fit into the existing roads. This implies that the traffic must be disciplined.

The contributory causes of accidents should not to be overlooked. They are: the lack of segregation of fast and slow vehicular traffic, want of pedestrian path and crossing places, at uncontrolled intersections, and insufficient weavings in lengths between intersections to help vehicles overtake comfortably. Naturally, the physical separation of the fast moving streams of traffic moving in opposite directions has to be made to avoid head-on collisions and to relieve materially the strain and fatigue of driving. Also, pedestrians and cyclists should not be allowed to use the national and regional through routes. Traffic control is possible both through restrictive measures and constructive works. Exclusive reliance on law cannot achieve the desired result. The stress must be on planning for the future traffic growth as also to provide for its easy flow with the least aid of any control or regulation. The road maker, the vehicle designer and the road user have their respective obligations towards road safety. That is why for safe travel on highways, the road designer should consider factors like good visibility, easy curves, sufficient width, parking places, provision of footpaths, controlled intersections or grade separations, sufficient turning radius and weaving lengths at main crossings.

INVESTMENT

Shares Dull Due to Mid-term Poll Uncertainties

THE stock markets have lived through yet another week of agonising dullness. In view of the mid-term poll uncertainties, both bulls and bears have continued to keep off the markets. Interest has tended to be very selective, with fluctuations in individual shares guided by special considerations. Net changes over the week have bees confined within narrow limits, and the price pattern has been mixed with gains slightly outnumbering the losses. The corporate news this week has been rather scanty and since it has provided a mixed fare, it has not had any noticeable influence on the general trading sentiment. New Delhi's surprise announcement accepting the Tariff Commission's recommendation to reduce the prices of rayon tyre cord yarn and fabrics produced some hasty selling in Century, National Rayon and Delhi Cloth Mills which are engaged in the manufacture of these materials. Since these shares happen to be market leaders, the setback in their prices had an unsettling influence on sentiment. But steadiness has returned following reports that the tyre cord manufacturers have decided not to reduce prices without seeking certain clarifications from the Central Minister for Foreign Trade, Mr. L. N. Mishra.

New Delhi's decision to reject the cotton mill industry's demand for a rise in the prices of controlled varieties of cloth has caused little surprise, and the main comment it has evoked in market circles is that the industry could not have chosen a more inopportune time for pressing its demand because the Government could not have possibly conceded a price rise at the time of parliamentary elections. But the Foreign Trade Minister's reported statement that the Government will not be bound by the recommendations that might be made by the Bureau of Industrial Costs and Production, which is currently investigating the industry's cost structure, has been viewed with concern. For the present, however, the stock markets' attention is focussed mainly on the outcome of the elections to the Lok Sabha. From the viewpoint of the markets, what is important is not who wins. But whether the party voted to power can provide a stable and effective Government. The country's economic prospect is closely linked with political stability at the Centre. Until uncertainty in this direction is ended, the stock markets are unlikely to make up their mind on the important phase of their journey.

Government securities have remained steady during the past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60.05. Other Central securities have received selective support. Turnover has been small.

The Calcutta stock market has remained subdued this past week. In view of the approaching elections, operators have been sitting on the fence without extending their commitments. The election uncertainties apart, continuing violence and the law and order problem have made operators cautious. Among engineering shares, Guest, Keen, Williams, Jay Engineering and Electrosteel Castings have received selective support. Among paper shares, Sirpur, Tribeni Tissues and Titaghur have been transacted. Among jute shares, Budge-Budge Amalgamated, Nuddea and Bally have changed hands. Among miscellaneous shares, Britannia Biscuit, Union Carbide and English Electric have been supported. Among tea shares, Grob and Dhelakhat have received buying enquiries.

Trading on the Bombay Stock Exchange during the past week has been generally characterised by a note of caution and hesitancy, reflecting the mid-term poll uncertainties and continuing monetary stringency. Interest has been selective with some half-a-dozen shares accounting for the bulk of the business put through during the week. Century Spinning and Weaving, Century Enka and National Rayon registered a sharp decline under heavy selling induced by the Government's decision to reduce the prices of rayon tyre cord. But the prices have staged a brisk rally on short-covering and fresh support following the manufacturers' decision not to effect the proposed cut in prices until they have had a discussion on this issue with the Central Foreign Trade Minister, Mr. L. N. Mishra. Recovery in National Rayon has also been aided by favourable rumours about the forthcoming dividend and bonus issue. Excepting Standard Mill shares, which have attracted sustained support, cotton textiles have been subdued. Sentiment has also been affected by the industry's warning that some units might have to be closed down due to the difficulties created by the current credit squeeze. Besides, conditions in the piecegoods market remain sluggish while cotton prices have developed a firmer tendency again. Steel shares have made a mixed showing, although most counters have wound up the week with small gains. Alcock and Larsen and Toubro have been among the soft spots. Among cements, only Digvijay have registered a decline while all other shares have ruled steady. Automobile shares have displayed a quietly steady tone. Among shipping, Great Eastern have held steady while Scindia are slightly easier. The shares of rubber tyre companies have maintained a steady tone. Ceat tyres have been a firm

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Belapur Sugar

Burmah Oil

Consolidated Coffee

Dunlop India

Eastern Investments

Indian Vegetable Products

Kelvin Jute

L.I.C.

Reckitt Colman

Shipping Corporation

Siemens India

feature. Chemicals have been distinctly steadier on modest support and poor offerings. Gujarat Fertiliser, N.O.C.I.L., Polyolefins, Hindustan Polymers and Indian Dyestuff have been among the firm features. Pharmaceuticals have generally held steady. Only Glaxo have remained subdued. Among banks, United Commercial have been a little easier. Insurance and electric shares have held steady. Sugar shares have ruled steady with a small turnover. Paper shares have also kept steady. Among miscellaneous shares, Motor Industries have been a bright spot and these shares have been marked up sharply on expectations of good corporate news. Tata Oil and Phillips Carbon have remained subdued. Nagpal, Ambadi, Zuari Agro-Chem and Albright Morarji have been among the steadier spots.

The Madras stock market has remained depressed this past week. Among planting shares, Blue Mountain and Ouchterloney Valley have been easier due to poor buying enquiries. Consolidated Coffee and Cochin Malabar have also lost due to selling pressure. Among textile shares, Madura have been maintained but have not attracted buyers Lakshmi have, however, declined on selling pressure. Among cement shares, Dalmia have firmed on bear-covering while India Cement have been transacted. Among sugar shares, Deccan have eased due to lack of support.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/25—20/50—20/05—20/30—(39/15)
Dunlop India 37/10—37/25—36/70—37/10—(33/30)
Guest, Keen, Williams 31/50—32/00—30/90—31/60—(13/55)
Hindustan Motors 12/05—12/35—12/00—12/20—(15/28)
Indian Aluminium 37/40—37/75—37/10—37/75—(31/05)
Indian Copper 4/06—4/12—4/03—4/12—(4/28)
Indian Iron 11/60—11/60—11/15—11/40—(17/35)
Indian Cable 16/50—16/65—16/50—16/65—(13/00)
J. K. Cotton 10/36—10/36—10/25—10/25—(12/10)
Jaipur Udyog 8/70—9/25—8/70—9/12—(9/55)
Jayashree Tea & Industries 17/94—18/12—17/75—17/87—(13/75)
Kesoram Industries 16/00—16/00—15/85—15/85—(14/60)
National Rubber 7/25—7/25—7/25—7/25—(12/10)
Orient Paper 37/25—37/50—37/05—37/50—(31/30)
Orissa Cement 18/50—18/50—18/50—18/50—(13/25)
Rohtas Industries 6/40—6/45—6/20—6/45—(7/17)
Textile Machinery 9/70—9/80—9/60—9/75—(11/10)

Shipping Corporation's Target Comes within Reach

THE State-owned Shipping Corporation of India, which has a creditable record of uninterrupted growth, both in size and operating profits, is all set to achieve the 2-million-tonne target by 1975. It already owns a diversified fleet of 77 vessels of 1.35 million D.W.T. and it has placed orders with Indian and foreign shipyards for 27 vessels of 803,170 D.W.T. These vessels are expected to be delivered by 1975. The acquisition of M. V. *Bailadila*, the last in the series of three large bulk carriers of 85,000 D.W.T. class ordered with a Yugoslavian shipyard, marks the completion of the first phase of development of the Corporation's tonnage. The first phase was planned in 1967 to acquire two large tankers of 88,000 D.W.T. class and three large bulk carriers of 85,000 D.W.T. class.

The Corporation has now entered the second phase which includes the acquisition of larger tankers and bulk carriers of 115,000 to 126,000 D.W.T. class and also container-oriented dry cargo vessels and modern passenger-*cum*-cargo vessels. The orders placed with various foreign shipyards include two tankers (230,000 D.W.T.) from Yugoslavia, one bulk carrier (126,000 D.W.T.) from Japan, two bulk carriers (150,000 D.W.T.) from the U.K., four bulk carriers (60,000 D.W.T.) from Rumania, six container-oriented cargo vessels (89,400 D.W.T.) from East Germany and three tankers (49,500 D.W.T.) from Russia. Orders placed in Iudia comprise seven cargo vessels (90,500 D.W.T.) with the Visakhapatnam shipyard and two passenger-*cum*-cargo ships (7,770 D.W.T.) with the Mazagaon Dock, Bombay. These orders add up to 27 vessels of 803,170 D.W.T. Apart from these, the Corporation is negotiating the acquisition of other ships.

In keeping with the modern trends in world shipping towards tanker and bulk carrier tonnage, the Shipping Corporation has been paying special attention for several years to orient its own development programme. More than 50 per cent of its fleet now consists of specialised vessels like tankers, bulk carriers and coal carriers. Among the Indian shipping lines, the Corporation owns the largest tanker fleet as well as the largest bulk carrier fleet. Speaking to newsmen in Bombay the other day, the chairman of the Shipping Corporation, Mr. C. P. Srivastava, paid a tribute to the 6,000 employees, both afloat and ashore, whose determined co-operative effort had contributed to the striking growth of the Corporation. The revenue of the Corporation for the first nine months of the current year is reported to be nearly Rs. 5 crores more than in the corresponding period last year. Turnover for the whole year (1970-71) is expected to be around Rs. 58 crores or Rs. 59 crores, against Rs. 52 crores in 1969-70. Despite higher costs, the net profit is expected to be maintained.

SIEMENS INDIA

Share Offer

SIEMENS India, an established Company engaged in the business and manufacture of engineering and electrical products, is offering for public subscription at par 600,000 equity shares of Rs. 10 each and 200,000 first mortgage redeemable debentures (1982-85) of Rs. 100 each carrying interest at 8 per cent payable half-yearly. The list for the fully-underwritten public issue will open on 15th March and will close on 25th or earlier but not before 17th March. The proceeds of the present issue will be utilised (1) to finance production, expansion and diversification of the Company's three plants, (2) to supplement working capital, (3) to repay some of the short-term bank borrowings, and (4) to cover the expenses of the issue to the extent of Rs. 13 lakhs. The Company is at present manufacturing switchboards, control boards and panels, switchgears, and electric motors above 11 KW. It has applied for industrial licences for the manufacture of power line carrier equipment, railway signalling equipment and electronic equipment for power engineering purposes. It also plans to increase as well as make greater utilisation of the productive capacity of its factories, particularly in respect of motor and switchgear units.

The Company's present paid-up capital stands at Rs. 1.20 crores—all in equity shares of Rs. 10 each. Of this, shares worth Rs. 61.20 lakhs are held by the holding Company, Siemens Asia Investments AG, Zurich, and Rs. 58.80 lakhs worth shares are held by directors and others. The present equity issue is for Rs. 1.20 crores of which shares worth Rs. 60 lakhs are reserved for Siemens Asia and the rest are being offered to the public. The Rs. 2-crore debentures offered to the public are fully underwritten. The Company has undertaken that the value of its net block shall at all times after 1974-75 be at least twice the amount of debentures now issued and debentures that may be issued later.

The Company's working results for the year ended September 1970 show a marked improvement over the previous year's rather unsatisfactory performance. It has made a gross profit of Rs. 2.21 crores on a turnover of Rs. 24.21 crores, against Rs. 48.31 lakhs on a turnover of Rs. 19.68 crores. The directors have proposed a dividend of 8 per cent for 1969-70. The annual turnover is expected to rise gradually to Rs. 38 crores in 1973-74. The profitability is expected to continue to improve and the directors are of the view that, barring unforeseen circumstances, the Company will be in a position to give a fair return on the investment in its shares. The Company's total assets at the end of September 1970 were valued at Rs. 21.5 crores. The gross block of Rs. 7.8 crores has been written down to Rs. 4.5 crores.

BELAPUR SUGAR

Profit Down

BELAPUR Sugar and Allied Industries Ltd (incorporatig the old Belapur Company and Gangapur Sugar Mills) has turned out disappointing results for the year ended September 1970. The gross profit has shrunk from Rs. 113.34 lakhs to Rs. 68.82 lakhs. While the dividend has been maintained at 18 per cent (Rs. 9 a share), the 4 per cent additional payment made last year to commemorate the golden jubilee has been omitted this time. The dividend for 1969-70 is, however, payable on a

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THE FERTILIZER CORPORATION OF INDIA LIMITED

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slightly higher capital of Rs. 1.80 crores as a result of the merger of the two companies—Belapur and Gangapur Sugar.

The Company crushed 247,000 tonnes (against 262,000 tonnes) of sugarcane and produced 279,000 quintals (against 296,000 quintals) of sugar at an average recovery of 11.31 per cent, the same as in the preceding season. After providing Rs. 21.18 lakhs (against Rs. 12.26 lakhs) for depreciation, Rs. 1.82 lakhs (against Rs. 15,000) for development rebate reserve and nil (against Rs. 29.41 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 45.82 lakhs, against Rs. 71.52 lakhs in the previous year. After setting aside Rs. 1.92 lakhs (against Rs. 12.56 lakhs) for bad and doubtful debts and making some adjustments, the surplus of Rs. 40.62 lakhs (against Rs. 30.63 lakhs) has been transferred to general reserve. The proposed dividend distribution is to be made out of general reserve. The Company's working results during 1969-70 were adversely affected by ever rising production costs and the sharp fall in open market sugar prices, from Rs. 210 to Rs. 130 a bag. The Company's working so far in the current year is reported to be quite satisfactory.

RECKITT COLMAN

Sales Rise

IN his statement to the shareholders for the year ended October 1970, the chairman of Reckitt Colman of India Ltd states that in the economic sphere, the recession has now been overcome and the demand for consumer goods is encouraging. Despite an increase in sales to Rs. 6.64 crores, representing a rise of 7 per cent, the profit before taxation showed a decline of Rs. 1.6 lakhs to Rs. 1.07 crores, against Rs. 1.08 crores. Due to the lower incidence of tax in 1969-70 as a result of the amalgamation of Atlantic (East) Ltd, the profit after tax and development rebate reserve increased to Rs. 39.9 lakhs (against Rs. 34 lakhs). A sum of Rs. 2 lakhs (against nil) has been released and brought back from development rebate reserve, making an aggregate amount of Rs. 41.9 lakhs available for appropriation. This has been transferred to general reserve.

During the year a special interim dividend of 7 per cent was paid out of general reserve on the paid-up share capital prior to the public issue, absorbing Rs. 12.25 lakhs. A final dividend of 7 per cent has been declared, making a total of 14 per cent for the year. This offers a yield of 10.6 per cent at the present price of Rs. 13.19 a share of Rs. 10 each. An industrial licence covering three new projects have now been received. The modernisation of the ultramarine factory in Dhadka is proceeding satisfactorily. In view of the uncertain economic and political situation in the country—particularly in West Bengal—it is difficult to make a forecast about trading results in 1971. The increased production capacity from the development projects is likely to be available from 1972.

DUNLOP INDIA

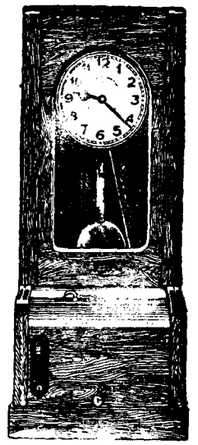
Dividend Maintained

THE preliminary report of Dunlop India Ltd for 1970 shows that its sales are up from Rs. 81.32 crores to Rs. 87.71 crores and the pre-tax profit has risen from Rs. 6.99 crores to Rs. 7.04 crores, after providing Rs. 1.31 crores (against Rs. 1.12 crores) for depreciation and Rs. 96.70 lakhs (against Rs. 68.90 lakhs) for interest Taxation is allocated Rs. 3.02 crores (against Rs. 2.83 crores) and for development rebate reserve, Rs. 31.87 lakhs (against Rs. 45.47 lakhs). A taxable final ordinary dividend of 12.5 per cent has been declared. This, together with an interim of 7.5 per cent, makes a total dividend of 20 per cent, the same as in the previous year. This offers a yield of 5.4 per cent at the present price of Rs. 36.90 a share of Rs. 10 each. The total dividends absorb Rs. 2.05 crores, leaving a retained profit of Rs. 1.66 crores for transfer to general reserve.

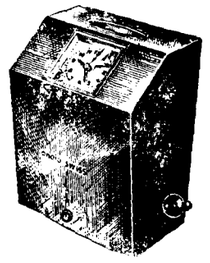
EASTERN INVESTMENTS

Profit Rises

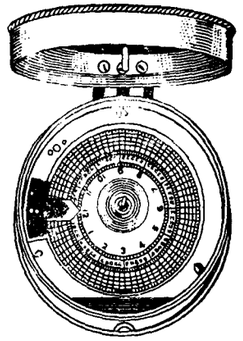
AFTER providing Rs. 2.39 lakhs (against Rs. 2.72 lakhs) for taxation, the profit of Eastern Investments, Ltd has risen from Rs. 8.16 lakhs to Rs. 8.62 lakhs for 1970. The taxable ordinary dividend has been raised from 9½ per cent to 10 per cent, including an interim of 8 per cent, absorbing Rs. 7.69 lakhs. This offers a yield of 14.4 per cent at the present price of Rs. 6.94 a share of Rs. 10 each. After adjustments, there remains no balance to be carried forward, against Rs. 3,866 brought in. The Company's portfolio is representative of investments which are quoted at the Calcutta Stock Ex-



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change with the exception of certain shares and debentures costing Rs. 26.52 lakhs for which no quotations are available. The total of the market value of investments for which quotations are available, together with the book-value of unquoted investments as at 31st December, 1970, amounts to Rs. 1.67 crores.

KELVIN JUTE

Dividend Skipped Again

IN their latest report for the year ended May 1969, the directors of the Kelvin Jute Co. Ltd say that trading was difficult throughout the year with raw jute prices rising steadily due to inadequate supplies caused by unfavourable climatic conditions. The Company has incurred a loss of Rs. 7.06 lakhs, against a profit of Rs. 2.08 lakhs in the previous year, after providing Rs. 23.66 lakhs (against Rs. 23.16 lakhs) for depreciation. In view of the Company's poor performance, the ordinary dividend has been skipped again. After other adjustments, there is a debit balance of Rs. 29.75 lakhs which is proposed to be carried forward, against a debit balance of Rs. 22.69 lakhs brought in. Sales of gunnies fell from Rs. 8.25 crores to Rs. 8.22 crores.

L.I.C.

Housing Loan

THE Life Insurance Corporation of India has disbursed last week the first instalment of Rs. 50 lakhs out of the fifteenth loan of Rs. 5 crores sanctioned to the Maharashtra Co-operative Housing Finance Society Ltd in November 1970. The 14 loans the L.I.C. has so far sanctioned to the Society aggregate Rs. 34.75 crores and it already stands fully disbursed. The L.I.C. is rendering considerable help towards the construction of houses in the country through its various schemes of loans for housing for individuals, co-operatives, etcetera. So far its total assistance to housing exceeds Rs. 286 crores.

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CONSOLIDATED COFFEE

Profit Declines

DUE to a fall in th ecoffee crop and the consequent lower profit, the directors of Consolidated Coffee Ltd have recommended a lower dividend of 15 per cent (against 18.5 per cent) for the year ended June 1970. The pre-tax profit amounts to Rs. 58.92 lakhs, as compared with Rs. 107.45 lakhs in the previous year. After providing Rs. 27.50 lakhs (against Rs. 64 lakhs) for taxation, the net profit comes to Rs. 30.92 lakhs. Adding to this profit a sum of Rs. 1.37 lakhs being refund of agricultural income-tax, Rs. 7.602 being development rebate reserve no longer required, Rs. 1,188 being unclaimed dividend and Rs. 639 being unclaimed debenture interest, the total surplus comes to Rs. 32.39 lakhs. Out of this, the preference dividend at 6.2548 per cent amounts to Rs. 1.17 lakhs. A sum of Rs. 3,629 (against Rs. 5,215) is transferred to development rebate reserve. The balance of Rs. 31.18 lakhs is transferred to general reserve. The recommended dividend of 15 per cent amounting to Rs. 26.83 lakhs will be paid out of general reserve. The total coffee crop for the year amounted to 2,453 tonnes (against 4,161 tonnes).

BURMAH OIL

Joint Enterprise

THE Burmah Oil Co. Ltd, London, and the Continental Oil Company, New York, have announced that they have entered into negotiations "to combine their assets and operations into a multi-national company". It is expected that putting together this new multi-national company will require extended negotiations as well as various governmental approvals on both sides of the Atlantic. If negotiations are successfully concluded, proposals will be submitted to the stockholders of the two Companies for their approval. Burmah's assets include 23 per cent of the ordinary stock of the British Petroleum Co. Ltd. Burmah has informed the British Government and B.P. that it would seek, as an essential element in the formation of the new group, the cancellation of a portion of its holding of B.P. stock in exchange for B.P. assets, particularly for oil and gas reserves and exploration acreage.

The first board of directors of the company would be composed of equal numbers of nominees from Burmah and Continental. Until negotiations between Burmah and Continental have been finalised, the necessary consents obtained from the British Government and agreement reached with B.P. on the exchange of ordinary stock for assets (on which negotiations have not yet begun), it is not possible to evaluate precisely the contributions which each party will be able to make to the joint enterprise. The objective of Burmah and Continental is that the British and American interests will have approximately equal participation in the new company.

I.V.P.

Better Results

INDIAN Vegetable Products has reported improved results for the year ended September 1970. Although sales, including "other income" are marginally down from Rs. 5.86 crores to Rs. 5.83 crores, the gross profit has risen by 32.6 per cent from Rs. 17.23 lakhs to Rs. 22.85 lakhs. The dividend has been increased to 17 per cent, inclusive of 3 per cent bonus, from 16 per cent paid in the previous year. After providing Rs. 3.51 lakhs (against Rs. 2.94 lakhs) for depreciation, Rs. 81,000 (against Rs. 26,000) for development rebate reserve and Rs. 10.88 lakhs (against Rs. 7.44 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 7.65 lakhs, against Rs. 6.59 lakhs in the preceding year. After some adjustments, the surplus of Rs. 9.03 lakhs (against Rs. 7.92 lakhs) has been transferred to general reserve from which equity distribution amounting to Rs. 4.94 lakhs (against Rs. 4.65 lakhs) is to be made. The directors state that the Company has achieved better results despite very difficult conditions in the *vanaspati* industry. This has been possible because of the increased contributions from the Company's other activities.

COMMODITIES

Dealers Advised Not to Get Panicky bout the Jute Corporation

ALTHOUGH the Jute Commissioner, Mr. S. P. Mukherjee, had no official information on the details concerning the Central Government's decision to set up a high-powered jute corporation to perform manifold functions, he expressed the hope that in case it was set up, it would be helpful to all *concerned—farmers*, the fibre trade and the industry. Speaking at the recent annual general meeting of the Bengal Jute Dealers' Association as the chief guest in Calcutta, he requested them not to get panicky about the possibility of unemployment among the people engaged in the trade at this stage.

Referring to the chairman's remark that even now farmers had been holding a stock of *some 1.4 million* bales of fibre which would fetch them much less in terms of money at the current level of prices and adversely affect sowings for the ensuing season, the Jute Commissioner said that he failed to assess the precise rôle played by traders. At one time they had been siding with growers and at another time they advocated the stand taken by the industry, he said. He refuted the notion of the Association's chairman that raw jute prices had come down from Rs. 64 a maund in September last to Rs. 49 in February this year, "causing heavy loss to the trade." While calculating the price of fibre, he urged the trade to take note of the average price which had been much higher this season due to the predominance of superior grades which attracted sustained interest from the industry at much higher premiums.

Technical Competence

Earlier, Mr. Madanlal Kala, chairman of the Association, expressed the hope that the jute *corporation would* be set up in a manner so as to supplement the existing jute trade and not to supplant it altogether. The trade was a highly technical one and the people who handled it should possess the necessary technical competence. The jute corporation would be able to serve the cause of growers and the trade, if it utilised the services of the existing units by allowing them to work as its agents. The technical skill and *contacts* of the trade would help the corporation substantially, he continued, and felt that it could achieve its objectives even without dislocating the existing trade and throwing out of employment thousands of people currently engaged in the business.

The chairman further said that during the last season, the jute trade had to face a lot of difficulties due to a spate of strikes. As a result, the Government, farmers and jute dealers had suffered a serious loss of earnings. *The industry*, Mr. Kala said, could manage to make up its losses by raising the price of its end-products, which "ensured them an increase in the margin of profit", and labour through higher wages, bonuses and amenities. But cultivators and the jute trade had *to suffer "on* account of a fall in prices while the Government lost due to the decline in the volume of exports." But the trade was by far the worst sufferer as it had to lose on multiple counts.

Need for Joint Move

Criticising the delay in payment by mills for fibre they bought, the chairman urged the introduction of a joint move for the realisation of the bills, including interests. He also pleaded for the fixing of the minimum price of raw jute at a higher level than the present official support level of Rs. 40 a maund, f.o.r. Calcutta ready, basis Assam Bottoms, taking due note of the higher cost of production. If the price were fixed at Rs. 50 a maund, the jute cultivator would get an incentive for producing more fibre.

Rise in Despatches

The cumulative position of despatches for the seven months ended January from mills reporting to the Indian Jute Mills Association shows an overall improvement of 44,000 tonnes over the 1969-70 level to 590,100 tonnes in 1970-71. While exports have risen by 22,700 tonnes to *343,400 tonnes—in* spite of the strike by mill employees in December and the unregistered stevedore employees and clerical staff of the Calcutta Customs thereafter—the internal consumption has registered an increase of *21,300 tonnes to* 246,700 tonnes. Hessian exports during the period have risen by 20,600 tonnes to 173,700 tonnes, sacking by 24,300 tonnes to 62,500 tonnes and other goods by 200 tonnes to 12,400 tonnes while carpet-backing cloth has slumped by 22,400 tonnes to 94,800 tonnes. The internal offtake of hessian has risen by 2,300 tonnes to 36,300 tonnes, sacking by 19,400 tonnes to 183,900 tonnes and miscellaneous goods have shown a minor setback from 26,900 tonnes to 26,500 tonnes. The overall despatches reveal a 22,900-tonne rise in *hessian to* 210,000 tonnes, 43,700 tonnes in sacking to 246,400 tonnes and a loss of 22,400 tonnes to 94,800 tonnes in carpet-backing cloth and of 200 tonnes to 38,900 tonnes in miscellaneous goods.

Gunnies Firm

There was a moderate revival of interest in the Calcutta gunny market during the past week, mainly induced by scattered enquiries from some overseas countries and their agents at the opening low levels. The abandonment of the closeout date procedure for the end-February loaders for the U.S.A. also induced a lot of squaring up of the due-date transactions by shorts. It paved the way for the elimination of a large number of weaker bulls and the clearance of a lot of market load. *The hand*some increase in export shipments and the internal offtake of jute goods during January also produced a favourable impact on traders who were inclined to take the view that most of the held-over shipments during the long strike in the mills and in the port had been cleared up. It appeared to have helped in the emergence of a more balanced technical position. The latest political developments in East Pakistan, combined with the outbreak of violence in and around the East Pakistani capital and important townships, induced the belief that the production and shipment of jute goods would be seriously disrupted in the wake of the resistance movement. These considerations led to *hectic covering* by shorts and shippers against their ready and near-deliveries in Calcutta, reinforcing the bullish trend. The continued spurt in fibre prices and the difficult availability of suitable grade of jute for batching purposes, combined with the pretty ready and forward *bookings position*, induced mills to be reluctant to extend their commitments except at sizable pre-

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 26-2-71	19-2-71	27-2-70
Liabilities—			
Notes in Banking Dept. ...	3,03,31	11,78,50	19,38,84
Notes in Circulation ...	41,55,80,72	41,71,88,10	37,55,55,28
Total Notes Issued ...	41,58,84,03	41,83,66,60	37,74,94,12
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,63,42,00	2,73,42,00	3,06,42,00
Total of A ...	4,45,95,11	4,55,95,11	4,88,95,11
B. Rupee Coin ...	53,64,74	53,47,41	68,63,33
Rupee Securities ...	36,59,24,13	36,74,24,08	32,17,35,68
Total	41,58,84,03	41,83,66,60	3,77,94,12
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—	3,01,51,02	3,08,26,54	78,44,38
(a) 1. Central Govt. ...	5,17,81	5,01,37	7,68,25
2. State Govts. ..			
(b) Banks—	2,02,07,47	1,91,52,94	1,70,56,89
(i) Scheduled Banks ..			
(ii) State Co-operative Banks	9,34,12	8,34,60	8,53,78
(iii) Non Scheduled State Co-operative Banks ...	76,47	85,46	59,75
	39,80	31,04	23,52
(iv) Other Banks ...	75,48,23	74,52,50	1,60,47,52
(c) Others	34,91,34	46,20,35	45,55,54
Bills Payable	1,28,07,73	1,27,84,39	1,18,75,91
Other Liabilities	12,16,73,99	12,21,89,19	10,10,85,54
Total			
Assets—			
Notes	3,03,31	11,78,50	19,38,84
Rupee Coin	6,01	5,37	9,97
Small Coin	4,63	4,28	3,97
Bills Purchased and Discounted:— ...	1,94,66	94,40	
(a) Internal	19,16,87	14,65,15	35,95,19
(b) External	94,89,60	91,04,22	1,08,55,98
(c) Govt. Treasury Bills ...	1,02,38,12	99,56,88	83,92,62
Balances held abroad ...			
Investments ...			
Loans and Advances to:—			
(i) Central Government ...	2,03,51,69	1,85,50,65	1,53,38,23
(ii) State Governments ...			
Loans and Advances to:—	3,55,54,05	3,84,88,60	2,22,11,33
(i) Scheduled Banks ...	2,90,14,17	2,89,46,08	2,73,63,85
(ii) State Co-operative Banks	4,11,21	3,60,90	2,67,51
(iii) Others			
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—	34,10,03	34,12,97	31,80,04
(i) State Govts. ...			
(ii) State Co-operative Banks	20,41,47	20,46,63	14,41,99
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	4,57,38	4,74,14	5,68,96
National Industrial Credit (Long Term Operations) Fund	29,83,71	29,83,71	6,26,71
(a) Loans and Advances to the Development Bank ...	43,37,66	41,57,29	43,15,71

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 5-2-71	29-1-71	27-2-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,63,45,00	1,60,22,00	1,38,52,0
(2) From others ...	25,71,50,00	25,69,75	21,85,96,0
(b) Borrowings from Banks	23,13,00	27,55,00	31,12,0
(c) Others	1,59,13,00	1,59,13,00	1,26,10,0
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,03,08,00	1,05,92,00	96,13,0
(2) From others ...	33,27,72,00	33,11,84,00	28,64,08,0
(b) Borrowings from Banks	7,59,00	12,40,00	6,36,0
(c) Others	41,08,00	38,92,00	29,13,0
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	30,66,00	32,02,00	34,49,0
(b) Time Liabilities ...	66,91,00	65,90,00	65,15,0
(iv) Borrowings from Reserve Bank	6,84,38,00	6,64,56,00	5,13,17,0
(v) Cash	1,64,84,00	1,65,40,00	3,51,40,0
(vi) Balances with Reserve Bank	1,97,33,00	1,83,00,00	1,37,97,0
(vii) Balances with other banks in current account ...	70,58,00	73,66,00	56,6
(viii) Money at call and short notice	37,35,00	45,03,00	45,8
(ix) Investments in Central and State Govt. Securities ...	14,09,76,00	14,12,80,00	12,28,8
(x) (a) Loans, Cash Credits and Overdrafts ...	37,51,29,00	37,62,32,00	33,27,1
(b) Due from banks ...	4,99,70,00	4,93,59,00	4,37,1
(xi) Inland Bills purchased and discounted	7,45,71,00	7,28,59,00	4,73,3
(xii) Foreign bills purchased and discounted ...	2,11,47,00	2,12,07,00	1,87,6
(xiii) Total of X, XI and XII ...	52,08,17,00	51,96,57,00	44,25,2

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960=100)

	1970	1969	1968
January	186.6	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.1
May	176.7	165.6	153.8
June	179.1	169.6	158.4
July		175.1	165.0
August		169.7	162.1
September		172.0	159.4
October		171.1	159.4
November		171.4	166.1

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miums from the previous levels. P.D.O.-holders followed suit, further accentuating the upward trend. The hedge market also ruled steady in line with the general trend in the spot and fibe markets. May delivery futures in B Twills and 40in. 10oz. hessian registered a moderate improvement over the previous week's levels as bulls tightened the squeeze, obliging the bears to follow the rise in covering their open positions. Turnover was moderate. The closing undertone was firm. The increase in export shipments of the end-products from 27,900 tonnes in December to 56,500 tonnes in January, in the internal offtake from 21,000 tonnes to 43,400 tonnes and in overall despatches from 48,900 tonnes to 99,900 tonnes produced a reassuring impact on sentiment. Hessian exports improved from 12,300 tonnes to 27,100 tonnes, sacking from 5,400 tonnes to 10,200 tonnes, carpet-backing cloth from 9,800 tonnes to 17,700 tonnes and miscellaneous goods from 400 tonnes to 1,500 tonnes. The internal offtake of hessian rose by 3,500 tonnes to 6,200 tonnes, sacking by 16,800 tonnes to 33,000 tonnes and other goods by 2,100 tonnes to 4,200 tonnes. The overall despatches revealed an increase of 18,300 tonnes to 33,300 tonnes in hessian, of 21,600 tonnes to 43,200 tonnes in sacking, and of 3,000 tonnes to 5,400 tonnes in other goods.

Latest available quotations (in rupees) were as follows:

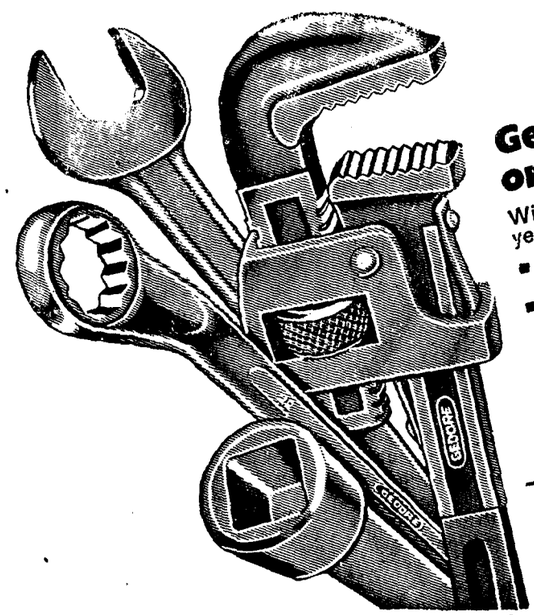
	Mar.	21st Apr.	Apr.-June	June-Sept.
40in. 7½oz.	64.50	64.50	64.50	64.50
40in. 8oz.	70.00	—	—	—
40in. 10oz.	84.25	84.50	84.75	84.75
B Twills	260.00	260.50	261.50	256.50
Heavy Cees	261.00	261.00	261.50	256.50
Cornsacks	—	—	—	—
A Twills (U.S.)	324.00	322.00	319.00	314.00
Liverpools	306.00	304.00	303.00	298.00

Fibre Buoyant

The raw jute market ruled exceptionally firm during the past week due to the vigorous absorption of all available offers of suitable grade fibre by mills and mill agents in Calcutta and the rest by the trade in the upcountry markets at rising prices. New Delhi's announcement of the setting up of a jute corporation early to perform manifold duties, including the extension of price-support to fibre and the building of a buffer stock caused a lot of misgivings. Industry and fibre trade circles believed that it would be difficult for them to procure adequate supplies of fibre from the open market during the initial period of operation of the corporation early next season. The uncertainties in the minds of the industry and trade were unlikely to be removed until the details relating to the *modus operandi* of the corporation were thrashed out. These conditions induced traders to step up their purchases boosting the hectic price rise. The brisk absorption of the floating stocks at rising prices helped in the elimination of the weak holders with the result that fresh arrivals shrank appreciably and the remaining holders turned cautious, refusing to relax the grip on their slender holdings except at sizable premiums. Higher advices from the end-products market were yet another stimulant. Turnover was moderate and the market closed with a fair number of buyers over even at a premium of Rs. 2 to Rs. 3 over the quoted prices. The closing undertone was buoyant.

Latest available quotations (in rupees) were as follows:

	March-April		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	152.72	144.68	54.00
Northern Jute	146.02	137.98	51.50
Western Desal Jute	139.32	131.28	49.00
Selected Daissee	156.74	148.70	55.50
Assam-Agartala Tossa	158.07	150.04	56.00
Mesta :			
Assam Mesta	140.66	132.62	49.50
Selected Daissee	135.30	127.26	47.50
Murshidabad	128.60	120.57	45.00
Bihar Dist.			



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COMPANY AND PUBLIC NOTICES

THE BOMBAY DYEING & MFG. CO. LTD.

NOTICE

THE Ninety-second Annual General Meeting of the Members of the Bombay Dyeing & Manufacturing Co. Ltd., will be held at the Patkar Hall, 1, Nathibai Thackersey Road, Bombay, on Thursday, the 1st April 1971 at 4.30 p.m. to transact the following business:—

1. To adopt the Directors' Report and the audited Balance Sheet and Profit and Loss Account for the year ended 31st December 1970.

2. To sanction the declaration of a Dividend.

3. To appoint a Director in place of Mr. J. D. Choksi, who retires by rotation and is eligible for re-appointment.

4. To appoint a Director in place of Mr. S. R. Vakil, who retires by rotation and is eligible for re-appointment.

5. To appoint a Director in place of Mr. Keshub Mahindra, who retires by rotation and is eligible for re-appointment.

6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass (with or without amendment as may be permissible) the following Resolution as Special or Ordinary Resolutions as set out hereafter:

7(a) ORDINARY RESOLUTION NO: 1.

"RESOLVED, pursuant to the provisions of Section 294 and other applicable provisions, if any, of the Companies Act, 1956, that the Company hereby approves of and accords its consent to the following appointments:—

(a) The appointment of Messrs. Universal Agencies, Jaipur, as Regional Distributors for cotton textiles and other fabrics manufactured by the Company, for the period commencing from the 1st July 1970 and ending on the 31st December 1972, for the territory comprising the State of Rajasthan;

(b) The appointment of Messrs. Kochhar Textiles, Patna, as Regional Distributors for cotton textiles and other fabrics manufactured by the Company, for the period commencing from the 1st September 1970 and ending on the 31st December 1972, for the territory comprising the State of Bihar;

(c) The appointment of Messrs Kishinchand Chellaram (India) Private Ltd., Bombay, as Regional Distributors for cotton textiles and other fabrics manufactured by the Company, for the period commencing from the 1st November 1970 and ending on the 31st December 1972, for the territory comprising the States of Tamil Nadu, Andhra Pradesh, Mysore and Kerela;

(d) The appointment of Messrs. Rajkamal Agencies, Delhi, as Indenting Agents for the sale of shirts and readymade garments manufactured by the Company, for the period commencing from the 1st September 1970 and ending on the 31st December 1971, for the territory comprising of the States of Punjab, Haryana and Jammu and Kashmir and Himachal Pradesh, and the Union territory of Delhi.

and subject in each case, to the terms and conditions contained in the respective letters of appointment, copies of which (initialled by the Chairman for the sake of identification) have been placed before the Meeting and subject also to the condition that the arrangements may be terminated earlier by six months' notice being given by either side; and

RESOLVED FURTHER that, in according the approval of the Company to the said appointments, authority be and is hereby given to the Board of Directors at its sole discretion, to renew the said arrangements for a further period or periods not exceeding the period of five years in the aggregate reckoned from the date of appointment, and also to make such variations as the Board of Directors may think fit."

7(b) SPECIAL RESOLUTION NO. 1

"RESOLVED that the Articles of Association of the Company be and they are hereby amended in the following manner:—

1. In Article 2 (Interpretation Clause), after the definition of 'Directors', the following shall be inserted:-

Chairman.

"The Chairman" includes (when he is absent) the Vice-Chairman, if any has been appointed by the Board under these Articles."

2. In Article 76 (Chairman of General Meeting), after the words "the Chairman of the Board of Directors shall, if present", the following words shall be added within brackets:—

"(or in his absence, the Vice-Chairman of the Board of Directors shall, if present,)"

3. In place of the existing Article 122 (Chairman of the Board), the following New Article shall be substituted:—

Chairman and Vice-Chairman of the Board

"122 (1) The Board shall elect one of its number to be the Chairman of the Board, and may also elect one of its number to be the Vice-Chairman of the Board; and the Board shall determine the period for which each of them is to hold such office.

(2) If at any meeting of the Board the Chairman is absent, the Vice-Chairman shall be the Chairman of the Meeting; and if both of them are absent, or are not present within fifteen minutes after the time appointed for holding the meeting, or if no Chairman or Vice-Chairman has been elected, the Directors present may choose one of their number to be the Chairman of the meeting the Board."

(The Explanatory Statement as required under Section 173 of the Companies Act, 1956, in respect of the above Resolutions, is annexed)

The letters of appointments of the parties referred to in Ordinary Resolution No. 1 are all open for inspection by any Member at the Registered Office of the Company, on all working days (except Saturdays) from 10-30 a.m. to 1-00 p.m.

By Order of the Board,
For THE BOMBAY DYEING & MFG. CO. LTD.
NEVILLE N. WADIA
CHAIRMAN.

Registered Office:
Neville House,
Ballard Estate,
Bombay, 22nd February 1971.

Notes: **(a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.**

(b) The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, the 6th March 1971 to Friday, the 19th March, 1971, both days inclusive.

(c) The Dividend when declared will be made payable at the National & Grindlays Bank Ltd., Bombay, and at any of its branches in India on or after Wednesday, the 7th April 1971 to those Members whose names stand on the Register of the Company on the 19th March 1971.

(d) The Members are requested to notify *immediately* any change of address to the Company.

(e) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the Special Business set out above is annexed to the Notice of the Annual General Meeting posted to the Members.

ESCORTS LIMITED

Registered Office:
'Escorts House',
Roshanara Road,
Delhi-7

NOTICE is hereby given to the members holding 5,80,608 Equity shares of Rs. 10/- each, Rs. 5/- paid up, allocated on 16th October, 1970 that the Board of Directors, in their meeting held on 5th February, 1971, have resolved to make first and final call of Rs. 5/- per share payable on or before 20th April, 1971. Individual call notices are under despatch to the members.

for ESCORTS LIMITED,
(CHARANJIT SINGH)
Secretary

2nd March, 1971.

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RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 26-2-71	19-2-71	27-2-70
Liabilities—			
Notes in Banking Dept. ...	3,03,31	11,78,50	19,38,84
Notes in Circulation ...	41,55,80,72	41,71,88,10	37,55,55,28
Total Notes Issued ...	41,58,84,03	41,83,66,60	37,74,94,12
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,63,42,00	2,73,42,00	3,06,42,00
Total of A ...	4,45,95,11	4,55,95,11	4,88,95,11
B. Rupee Coin ...	53,64,74	53,47,41	68,63,33
Rupee Securities ...	36,59,24,13	36,74,24,08	32,17,35,68
Total	41,58,84,03	41,83,66,60	3,77,94,12

BANKING DEPARTMENT

Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—	3,01,51,02	3,08,26,54	78,44,38
(a) 1. Central Govt. ...	5,17,81	5,01,37	7,68,25
2. State Govts. ..			
(b) Banks—	2,02,07,47	1,91,52,94	1,70,56,89
(i) Scheduled Banks .			
(ii) State Co-operative Banks	9,34,12	8,34,60	8,53,78
(iii) Non Scheduled State Co-operative Banks ...	76,47	85,46	59,75
(iv) Other Banks ..	39,80	31,04	23,52
(c) Others	75,48,23	74,52,50	1,60,47,52
Bills Payable	34,91,34	46,20,35	45,55,54
Other Liabilities	1,28,07,73	1,27,84,39	1,18,75,91
Total ...	12,16,73,99	12,21,89,19	10,10,85,54
Assets—			
Notes	3,03,31	11,78,50	19,38,84
Rupee Coin	6,01	5,37	9,97
Small Coin	4,63	4,28	3,97
Bills Purchased and Discounted:— ...	1,94,66	94,40	
(a) Internal	19,16,87	14,65,15	35,95,19
(b) External	94,89,60	91,04,22	1,08,55,98
(c) Govt. Treasury Bills ...	1,02,38,12	99,56,88	83,92,62
Balances held abroad ...			
Investments ...			
Loans and Advances to:—			
(i) Central Government ...	2,03,51,69	1,85,50,65	1,53,38,23
(ii) State Governments ...			
Loans and Advances to:—	3,55,54,05	3,84,88,60	2,22,11,33
(i) Scheduled Banks ...	2,90,14,17	2,89,46,08	2,73,63,85
(ii) State Co-operative Banks	4,11,21	3,60,90	2,67,51
(iii) Others			
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—	34,10,03	34,12,97	31,80,04
(i) State Govts. ...	20,41,47	20,46,63	14,41,99
(ii) State Co-operative Banks			
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	4,57,38	4,74,14	5,68,96
National Industrial Credit (Long Term Operational) Fund	29,83,71	29,83,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	43,37,66	41,57,29	43,15,74

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 5-2-71	29-1-71	27-2-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,63,45,00	1,60,22,00	1,38,52,00
(2) From others ...	25,71,50,00	25,69,75	21,85,96,00
(b) Borrowings from Banks	23,13,00	27,55,00	31,12,00
(c) Others	1,59,13,00	1,59,13,00	1,26,10,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	1,03,08,00	1,05,92,00	96,13,00
(2) From others ...	33,27,72,00	33,11,84,00	28,64,08,00
(b) Borrowings from Banks	7,59,00	12,40,00	6,36,00
(c) Others	41,08,00	38,92,00	29,13,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	30,66,00	32,02,00	34,49,00
(b) Time Liabilities ...	66,91,00	65,90,00	65,15,00
(iv) Borrowings from Reserve Bank	6,84,38,00	6,64,56,00	5,13,17,00
(v) Cash	1,64,84,00	1,65,40,00	3,51,40,00
(vi) Balances with Reserve Bank	1,97,33,00	1,83,00,00	1,37,97,00
(vii) Balances with other banks in current account ...	70,58,00	73,66,00	56,60,00
(viii) Money at call and short notice	37,35,00	45,03,00	45,81,00
(ix) Investments in Central and State Govt. Securities ...	14,09,76,00	14,12,80,00	12,28,85,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,51,29,00	37,62,32,00	33,27,17,00
(b) Due from banks ...	4,99,70,00	4,93,59,00	4,37,12,00
(xi) Inland Bills purchased and discounted	7,45,71,00	7,28,59,00	4,73,34,00
(xii) Foreign bills purchased and discounted ...	2,11,47,00	2,12,07,00	1,87,63,00
(xiii) Total of X, XI and XII ...	52,08,17,00	51,96,57,00	44,25,26,00

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Seasonally adjusted

(Base year 1960=100)

	1970	*1969*	*1968*
January	186.6	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December			173.3

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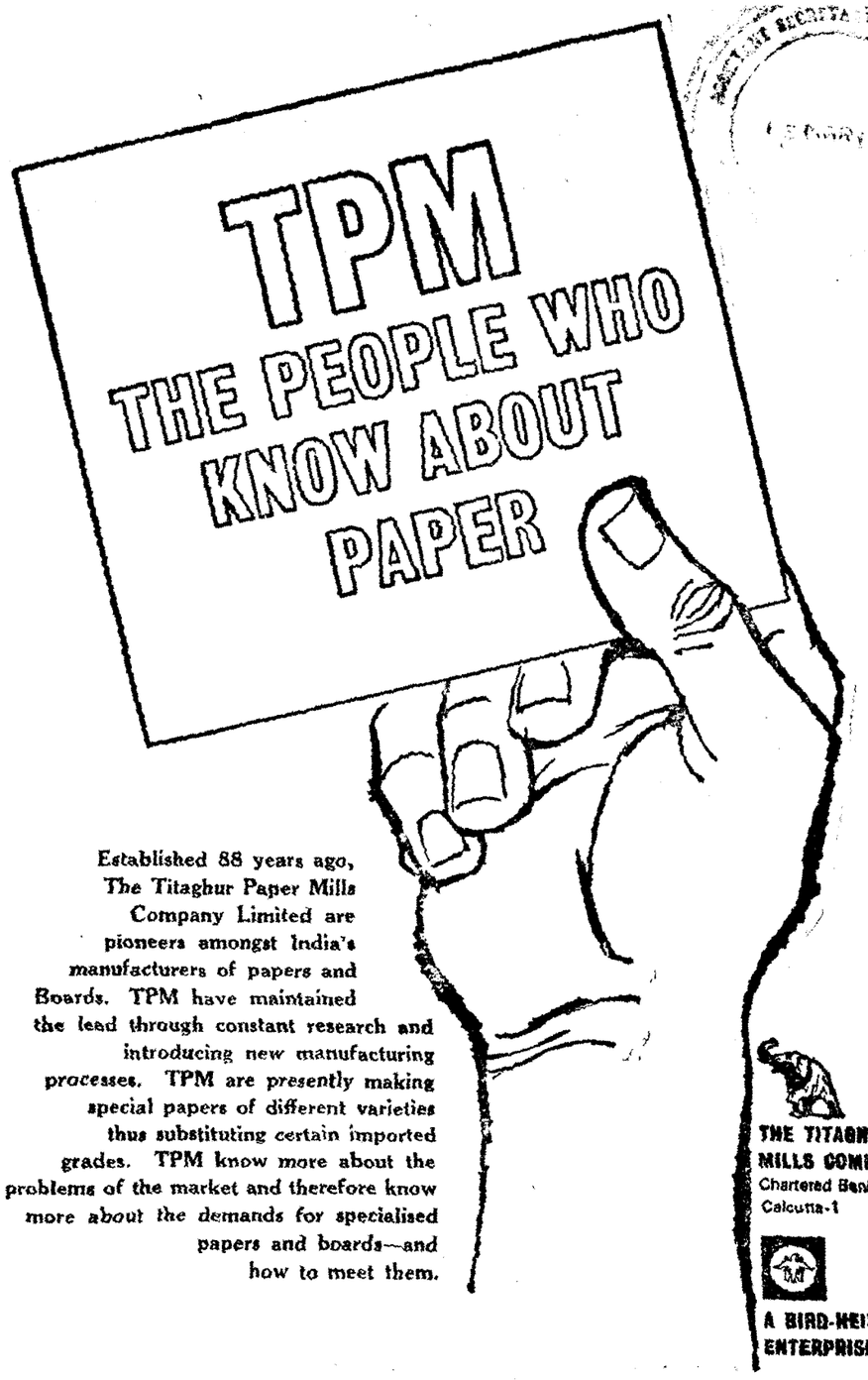
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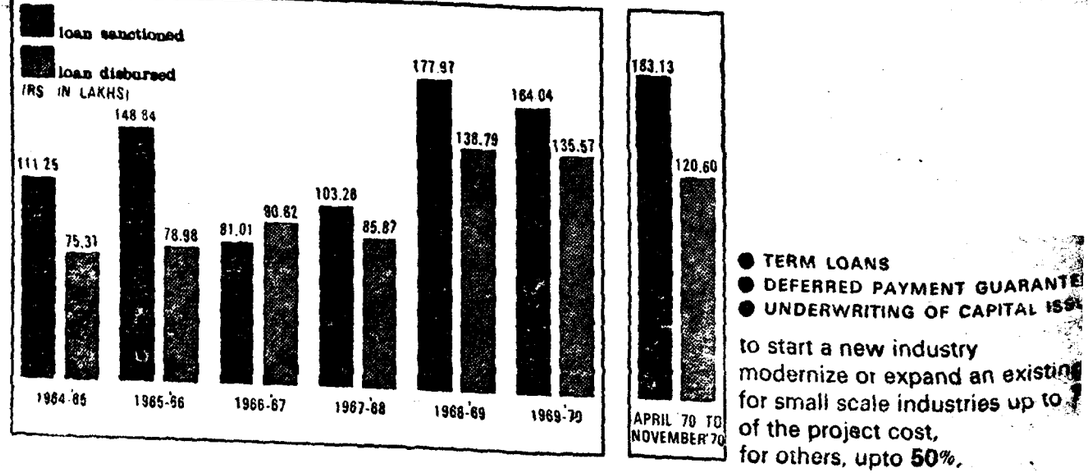
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Massive Mandate for Mrs. Gandhi

THE massive mandate that Mrs. Indira Gandhi has received from the electorate is a clear vindication that the country has given a vote of confidence to a leader who is endowed with a strong common sense and personality. The dramatic fashion in which Mrs. Gandhi has staged a comeback with a two-thirds majority in the fifth Lok Sabha does suggest that it is the firm belief of the nation that the Congress (R) can deliver the goods despite what the stalwarts of the Grand Alliance had stated in their electioneering speeches about the unabashed growth of the personality cult. Now it will appear that the Grand Alliance has received a grand burial, and many of its leaders have suffered a dramatic defeat in the elections. As it is, the winning of a two-thirds majority by the Congress (R) in the Lok Sabha does indicate that the hey-day of the Congress Party in the early 'sixties under the able leadership of Mr. Jawaharlal Nehru has come back once again, and Mrs. Gandhi will get a definite opportunity to mould her policies for ushering in a constructive future for the country. Whatever one may say about the radical postures of Mrs. Gandhi and the Congress (R), there is no denying that what the country needs at the moment is a strong, pragmatic and efficient leadership.

In the 'seventies, India is witnessing a painful situation when the centrifugal forces are steadily gathering momentum, regardless of their adverse effects on democracy in the country. A stable, rational and progressive Government pursuing many pragmatic policies is apparently the need of the hour. With widespread violence and a reign of terror eating into the vitals of the nation with law and order virtually thrown to the winds, the administration in many parts of the country appears to have completely broken down, and it is only a firm Government which can restore normal conditions. Mrs. Gandhi, admittedly, will face many difficult tasks after assuming the reins of administration. But if she plays her cards well—and there is every possibility that she will, considering the tact and intelligence she has shown in the past—there is hardly any doubt that the difficult tasks facing her will not prove to be insurmountable. She has already taken the wind out of the sails of the Opposition and has taught a lesson to her adversaries which they will find difficult to forget. If she chooses her colleagues well and shows both foresight and hindsight in appointing a strong Cabinet at the Centre, there is every possibility that the country will forge ahead for achieving all-round peace and progress with a stable Government.

In dissolving the fourth Lok Sabha and in giving a call to the nation for a mid-term poll, Mrs. Gandhi has shown both shrewdness and tact in ample measure in tiding over difficult situations. In the fag-end of the fourth Lok Sabha, she was regarded as the head of a minority Government whose existence depended on the Leftist support in Parliament. Happily, that stage has passed. Mrs. Gandhi will now find a fair field to pursue her radical policies. If she follows the golden mean between right reaction and left adventurism and hastens slowly with her radical socialistic programmes, there is hardly any doubt that the nation's economic growth will be accelerated and industry will find congenial conditions for growth and expansion. The crisis of confidence which has overpowered the psychology of industrial entrepreneurs and the back-breaking taxation which has been levied year after year have created a lot of impediments for the country's quick economic growth. The Central Budget, which will be presented to Parliament within a few weeks' time, will definitely give indications whether Mrs. Gandhi will tread the path of radicalism, regardless of its effects on the economy, or whether

she will pursue pragmatic policies for which there is a crucial need at the moment. If Mrs. Gandhi's recent Press conference in New Delhi is any guide, she has given the right priority to the problems which are bedevilling the nation at present. She has rightly suggested that the price and unemployment problems should be given the highest priority in tackling the nation's malaise. Whether Mrs. Gandhi will hasten with the constitutional changes to amend the provisions concerning fundamental rights is still anybody's guess, although she has stated unambiguously that she does not propose to do away with the right to property rightaway.

Spokesmen of trade and industry in this country have not often seen eye to eye with many of Mrs. Gandhi's policies and programmes. There is understandably a big gap in thinking of the Government in power and that of the country's numerous industrial entrepreneurs. It is widely felt that the growth and expansion of big business houses is being retarded because the Government is perpetually haunted by the spectre of monopoly and concentration of economic power. The latest directive from New Delhi is that big industrial houses will be asked to set up industries in backward regions if they seek licences for the manufacture of new articles in the existing units. Furthermore, the large industrial houses have been asked to farm out their orders for spares and components to small-scale units as many of the public undertakings are now doing. The high domestic demand for many important consumer goods points to the possibility that shortages might develop in many exportable items in the foreseeable future unless the Government allows the expansion of capacity without delay. In fact, an expert committee has urged the Government to take steps in this direction only a few days ago. Nobody disputes the Government's right to acquire control over the commanding heights of the economy, but should it not see to it that it does not swallow more than it *can chew?*

The *precondition* for the successful functioning of a democracy is the existence of an effective Opposition in the Legislature. So decisive and sweeping has been Mrs. Gandhi's victory in the elections that the Opposition has become divided, disparate and heterogeneous with no prospect of raising an effective voice against the ruling Party in the Lok Sabha. Apparently, what has been a gain for Mrs. Gandhi has been a loss for democracy in India. But the turbulent times through which the nation is passing at present requires a tough leadership at the Centre to nip all centrifugal forces in the bud. The massive mandate that Mrs. Gandhi has received from the electorate gives her a free hand to mould the destiny of 550 million people in this country. So one keeps one's fingers crossed and fervently hopes that democracy in India under the leadership of Mrs. Gandhi will march ahead to a millennium of peace, progress and stability.

New Government: Tasks Ahead

NOW that the elections to the Lok Sabha are over, the question that arises is: "What next?" It is clear that the new Government will have to address itself immediately to the task of meeting the economic challenge. The problems of rising prices, falling production in industry and growing unemployment are far too formidable for any Government to hope that they would resolve themselves in due course. Furthermore, the electoral promises have given rise to many new expectations among the people and the least that any responsible Government ought to do is to redeem the pledge given to the voters at the time of the poll.

The prime need of the country today is to revive the economy. Barring food production, the economy has been showing signs of sluggishness in almost all other sectors. In the industrial sector, the growth rate has declined and even an optimistic estimate does not place it at more than 6 per cent in 1970, as against the Fourth Plan target of 8 per cent to 10 per cent. Shortages of essential raw materials, particularly of steel, have hit not only the engineering industries but also heavy industries. Investments in new enterprises have fallen far short of expectations and are particularly disappointing in the public sector. The performance of the existing units in the public sector is hardly heartening, with giants like Hindustan Steel, Heavy Engineering Corporation, Heavy Electricals and the Bharat Heavy Electricals still being in the red. These have naturally constricted the scope for new employment.

Over and above all these is the sharp rise in prices in the past 12 months. The increase is of over 7 per cent, and the index is steadily on the rise. The only consolation is that food prices have remained more or less steady. While shortages have accounted for the rise in prices of industrial raw materials and finished products, a large increase in the money supply has also been a major contributory factor. The recent credit curbs may have a marginal effect but not sufficient to bring down the prices. Furthermore, in the wake of the poll announcement, there has been a series of increases in dearness allowances of Government employees in a number of States. These are bound to accentuate the price rise.

The first task of the new Government will, therefore, be to find ways and means of checking the further rise in prices. One sure way of doing it will be for the Government to observe austerity in non-essential expenditure and put aside grandiose schemes, however attractive they may be. Urgent attention will have to be paid to schemes which will directly benefit the people and will generate growth opportunities. The two primary aims of programmes of economic development will have to be to create employment opportunities and secure short-term results.

All these will mean having a fresh look at the Fourth Plan. The Plan has been in operation for nearly two years now and the performance so far has been admittedly poor. It was not because the Plan was ill conceived but because of a lack of political will on the part of the Centre and the States to mobilise the required resources and implement the Plan programmes with enthusiasm. Agricultural income-tax, for instance, is one of the many sources mentioned for the mobilisation of resources, but no State Government is prepared to tax this sector for obvious political reasons. Similarly, the State Governments are wary about raising the water rates in areas that have benefited from irrigation schemes. The attempt appears to be to raise more resources through direct and indirect taxation on the corporate sector and urban consumers but here again, the limit appears to have been reached. At least in direct taxation, any further rise in rates may only increase evasion and not revenue.

The new Government, in presenting its Budget, will have to think of ways how to streamline the tax structure in order not only to get the maximum from those sections which can pay but also to promote savings in order to utilise them for national development. It is evident that the rate of savings will go down with progressive increases in direct and indirect taxation and rising prices. Unless an attempt is made to tackle all these problems in an integrated manner, results will continue to elude the Government. If the new Government means business, it must immediately set up a panel of experts to redraw the Plan taking *into* account the new requirements of the economy. The aim must be not to achieve a fixed rate of growth but to maximise production in every industry, every factory and every farm. If the Party in power *realises that higher* production alone offers a solution to all the economic ills of the country, it should have no hesitation in providing the facilities required for securing that objective. If, however, for political reasons and for the sake of *appeasing certain* vociferous elements in Parliament, the new Government continues the policy of raising hedges and hurdles in the way of progress, it will soon find itself overrun by a galloping inflation which will set at naught all that has been achieved in *the* last two decades.

West Bengal: An Indecisive Verdict

POLITICAL prospects for West Bengal *remain obscure* due to the indeterminate outcome of the elections to the Assembly. Frankly speaking, the grouping of political forces was such that a decisive poll verdict was hardly anybody's forecast. What is, however, welcome is the trend towards polarisation between the C.P.I.(M) and the Congress(R) with other individual parties and combinations perched on the fence uncomfortably. The electors —particularly belonging to Calcutta and its surrounding areas—deserve a mention for exercising their franchise in great numbers as there was fear that possibilities of disturbances might induce them to stay away from the election process. While the Congress(R) has made an impressive gain in Calcutta by capturing 16 out of 22 seats mainly at the cost of the Marxists, the latter have been a direct beneficiary of the split in votes among the right parties and an assortment of political forces represented by the United Left Democratic Front in some districts. Unintended, the U.L.D.F. has helped both the C.P.I.(M) and the Congress(R) to make gains out of its campaign; the vacillating attitude of the C.P.I. towards the Requisitionists could well be a consideration for the electors—who are anti-Congress but not committed leftists—to cast their votes in favour of the Marxist candidates; as the poll outcome shows, it is the Congress(R) which has gained most from the vitriolic anti-C.P.I.(M) campaign of the eight-party combination.

Even though the Congress(R) is a close second to the single largest Party, the C.P.I.(M), the former has reason to be particularly happy, for it contested the election, unlike the latter, with no organisation worth the name. Two Parties in particular—the Bangla Congress and the Organisation Congress—have emerged in poor strength, but in the present fluid situation they can contribute to the formation of a Government with the Congress(R) as the focus. Mr. Atulya Ghosh has said that "the verdict of the people" should put an end to all controversies. As things stand, the organisation led by Mr. Jagjivan Ram is the Indian National Congress. The Bangla Congress, according to Mr. Ajoy Mukherji, will give unconditional support to the Congress(R) in its attempt at forming a non-Marxist Government in the State. On the other hand, the C.P.I.(M) is taking the R.S.P. and the S.U.C. into its calculations on the basis of the significant statements of Mr. Makhan Pal and Mr. Sibdas Ghosh. The C.P.I. with its tally of 13 seats is in a position to tilt the balance in favour of either the Congress(R) or the C.P.I.(M). The Congress(R) seems confident that any one of its three proposals for the formation of a non-C.P.I.(M) Government will click. It will take some time for the smaller parties to recover from the shock administered by the elections; meanwhile, they will be in disarray with debates continuing about the ways to rehabilitate themselves. With such conditions obtaining, it is anybody's guess whether they can lend solid support to any Government. The performance of the two U. F. Governments in 1967 and 1969 has shown the unworkability of any all-inclusive left coalition in West Bengal. The U.F. constituents could hold together as long as they were agreed that they had a common enemy in the Congress. The 32-point programme meant little. Political observers are agreed that the State will continue to alternate between coalitions of a sort and President's rule until one of the two major Parties emerges strong enough to form a Government in its own right.

Mr. Promode Das Gupta, general secretary of the C.P.I.(M) State unit, has said in course of an interview that his Party's programme "will simply be anti-Central Government." He further said that "even if we gain power in the State, we can do nothing for the people while we have to work under the restraints of the Centre's Constitution." The Party's election manifesto has demanded the abolition of the post

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of Governors and of President's rule in the States; revision of the allocation of powers and functions between the States and the Centre with a view to making the former's power real; and a 75-per cent share for the States of all the taxes collected by the Centre. But it does not seem the Party has any positive programme for encouraging investments in industries or creating conditions that will lead to the reopening of 400-odd industrial units in the State. What is primarily needed is the restoration of respect for the Constitution and the rule of law. The present situation demands of all nationalist parties to work in this direction in unison. The outcome of the elections to the Lok Sabha as well as to the Tamil Nadu Assembly will show that the C.P.I.(M) has been reduced to a regional Party, notwithstanding the fact that it will continue to wield considerable political influence in Kerala. The meaning of this is that the Marxists will be concentrating more than ever before in West Bengal. However, the rejuvenated Congress(R) should now feel encouraged to improve its organisation in the State.

Wanted: A Plan for Steel

THE current shortage of steel has had disastrous effects on India's economy. Not only has it acted as a drag on the further development of the engineering industry, but it has also led to a substantial capacity remaining idle even in existing engineering units. The impact has been particularly adverse in West Bengal where so many engineering units are located. According to a recent survey, in 1969-70, production as the percentage of installed capacity in some of these industries was 35.2 in railway wagons, 36.3 in steel castings, 43.4 in razor blades, 48.6 in wire ropes, 62.2 in tea machinery and 57.4 in sugar machinery. Although the figures for 1970-71 are not available, idle capacity is reported to have gone up further in these as well as in other industries. While part of the above idle capacity can be attributed to the lack of orders and labour trouble, it cannot be denied that the shortage of steel has been the most important contributing factor. As one surveys the recent history of steel production in India, one cannot help being struck by the lack of imagination, amounting almost to obtuseness, on the part of the Government.

The Planning Commission made a good beginning when it decided to set up three steel plants in the public sector with capacities which could be doubled at short notice, if considered necessary. Three plants thus came into existence in Rourkela, Bhilai and Durgapur (in that order). After some initial teething trouble, these plants started making steel and there was a time when they worked even up to 75 per cent of their installed capacities. The Commission began to work on a project for a fourth steel plant in the public sector and the Government decided that this should be in Bokaro. Then came the recession of 1965-67 and a slump in the demand for steel. The Government became panicky and was seized with a fear of having on its hands more steel than the country required. Ideas on the future trend of consumption underwent a radical change and frenzied attempts were made to export steel. As a matter of fact, in 1968-69, the export of steel amounted to nearly a million tonnes. No doubt, this earned valuable foreign exchange for the country, but both the Planning Commission and the Government failed to foresee the upsurge in the demand for steel that would come about as a result of recovery in agricultural production and further industrial growth. In this situation, the continued export of steel merely aggravated the shortage.

Belatedly, the Government seemed to wake up to the realities of the situation. After having wasted valuable time in protracted negotiations —first with the U.S.A. and then with Russia—over a project report for the Bokaro steel plant, it got down to brass tacks only towards the end of 1968. In the two subsequent years, it announced its decision to start three more steel plants—all in the southern region. As a matter of fact, the foundation-stones of two of these, namely, the one in Salem in Tamil Nadu and the other in Visakhapatnam in Andhra Pradesh were laid by the Prime Minister only a few months ago, and the site for the third, namely, Hospet in Mysore, has been announced. The Government has also expressed the hope that work on the construction of these three steel plants will start in 1972.

Most of these announcements were made with an eye to gaining votes for the ruling Party in the mid-term elections. The lackadaisical manner in which the problem of steel shortage is being tackled indicates a complete unawareness of the gravity of the situation. Even the conservative estimate now made by the Planning Commission places the internal demand for steel at the end of the Fourth Plan period, *i.e.*, at the end of 1973-74, at 14 million tonnes. Under the most favourable circumstances, a steel plant can operate, at best, at 90 per cent of its rated capacity. In other words, to meet a demand for 14 million tonnes of steel, there must be an installed capacity of 16 million tonnes by 1973-74. But the rate at which work is progressing offers no grounds for hope. As matters stand at present, the five major units in the public and private sectors can produce only 8.5 million tonnes of steel a year, if they work at 90 per cent of their rated capacities. Even this is a big "if". Past experience offers no grounds for hope in this direction: the Government itself has estimated that only 6 million tonnes of steel ingots will be produced in 1970-71.

What then is the way out? Frankly, the outlook is very grim. A steel plant has a long gestation period; setting it up takes time. More time is required to bring it into production, production even up to 50 per cent of its installed capacity. The Bokaro steel plant will not be able to make any significant contribution to internal availability even in 1973-74, as its schedule of construction has undergone another change. It may be able to produce sizable quantities of pig iron by that date, but the production of steel ingots will be marginal.

There will thus be a gap of 6 million tonnes, if not more, to be bridged. The Government can of course bridge part of the gap by permitting the two private-sector plants (T.I.S.C.O. and I.I.S.C.O.) to expand, but political idcologies stand in the way This will, therefore, have to be done through imports, although this will be a costly affair. Having bungled on the production front, the Government has hardly a choice in the matter. The only consolation is that part at least of the foreign exchange cost of importing steel can be recovered through the export of engineering products, but this would require timely feeding of those engineering units which are capable of producing exportable goods.

Thanks to bureaucratic red tape and the Government's obsession with political ideologies, this feeding has, to date, been most fitful and meagre.

For a long-term solution of the problem, three things are necessary. First, the capacity of the three existing steel plants in the public sector should be further expanded, expansion of T.I.S.C.O. and I.I.S.C.O. having been ruled out for ideological reasons. Secondly, work on Bokaro must be expedited: in any case, no further rescheduling, which may involve delay, should be permitted. Thirdly, work on the construction of the three new steel plants in Salem, Visakhapatnam and Hospet should start in earnest. If this requires securing liberal foreign aid, the same should be obtained even at the cost of other schemes and projects, because steel is basic to the economy of the country.

As one looks back, one cannot help coming to the conclusion that the Government is still not sufficiently aware of the implications of the steel shortage. The Government sets ambitious targets for both industrial growth and exports of non-traditional products, but how can these be achieved if a basic commodity like steel is in chronic short supply? It would have been preferable to err on the side of abundant supply rather than limp along in the manner in which the country is doing at present. Steel is not a perishable commodity and surpluses from one year can easily be carried forward to the next while efforts are made to find export markets for them. In reality, however, such a situation is not likely to arise in the foreseeable future—at least not during the next decade. The Government should, therefore, plan for plenty without any apprehension or misgivings on this score.

CURRENT COMMENT

RURAL EMPLOYMENT

Reserve Bank Study

The solution to the unemployment and underemployment problem in the rural areas has necessarily to be found mainly in the rural area itself and also at a moderate level of investment. This is the conclusion of a study on rural industries in the Indian economy published in the January issue of the *Reserve Bank of India Bulletin*. The Plan documents have stressed the importance of developing rural industries as a means of relieving unemployment and underemployment in the rural areas as also for preserving the arts and crafts of India. And in recent years, the financial provision for the promotion of rural industries has been of the order of Rs. 25 crores or Rs. 30 crores a year. The total amount spent during the three Plans is placed at around Rs. 276 crores and nearly Rs. 86 crores have been spent during the subsequent three non-plan years. The Fourth Plan outlay is placed at around Rs. 168 crores. Notable progress has been achieved under the Plans in the rehabilitation of certain rural industries and the employment provided by these has tended to increase. But viewed in the perspective of the total rural population and rural labour force, the achievement so far does not appear to be substantial. Rural industries produce and supply considerable amount of goods to the economy but almost all the industries are being supported heavily through grants and subsidies. The wage levels in these occupations have been generally low.

The report of the Khadi and Village Industries Committee observes that the main beneficiaries of the *khadi* programme have been women from middle class families and the benefits of village industries have not reached the needy sections of the rural population. Moreover, in relation to the wide range of rural industries and the large number of persons engaged in them, the coverage of the programmes of the Khadi and Village Industries Commission has been limited. The employment provided under the Commission's schemes was 875,000 in 1965-66 but it was lower at 768,000 in 1967-68. The handloom industry provides direct employment to nearly 3 million weavers now, as against 2.1 million weavers in 1960-61. The *khadi* industry provides employment (mostly part-time) for about 1.3 million persons, including 1.2 million spinners. The coir industry employs over 800,000 persons and the handicraft industry about 1 million persons. Sericulture is estimated to be providing employment to about 3 million people. The employment provided by the Commission so far accounts for only a small proportion of the potential. Village industries based upon local resources and skills have considerable potential and, given proper guidance and continuous improvement in techniques, the village industries programme can help in raising the living standards of the rural community, especially if productive efficiency is steadily promoted.

MACHINE TOOLS

Foreign Collaboration

Speaking at the fifth annual general meeting of the Machine Tool Trades Association held in Calcutta a few days ago, Mr. A. T. Rajiji, president, said that although economic progress, in general terms, gave rise to the hope of achieving many of the targets set under the Fourth Plan, there were still a number of disturbing factors, such as rising trends in prices, large idle capacity and the threat of near stagnation on the export front. He referred to the gains made on the food front and said that as a result of this, there was an upswing in the rural sector, with its favourable impact on the economy as a whole. Although some new purchasing power has been created in the country, it is regrettable that an all-round increase in production and economic prosperity has not followed. Mr. Kajiji referred to the useful rôle played by the machine tool trade in the development of the country's economy. With their association with the top-most manufacturers in the world, machine tool traders have made available to the country the benefits of up-to-date technical know-how. He expressed the hope that the stress on self-sufficiency would not come in the way of the industry's development and urged on the Government to adopt a flexible attitude towards foreign collaboration and the import of sophisticated machine tools. Machine tool traders are well equipped to apprise manufacturers of the likely trends in the demand for machine tools so as to enable the latter to plan their production accordingly.

EXCHANGE RESERVES

Further Fall Likely

At the beginning of the 1970-71 fiscal year, Inda's foreign exchange reserves stood at $729 million. This was in addition to gold worth $243 million plus $122 million worth of S.D.Rs. At present, the foreign ex-

hange reserves are about $720 million and S.D.R. holdings about $45 million. At the end of the fiscal year, however, there is likely to be a fall in the reserves. This is because of repayments to the International Monetary Fund and the use of foreign exchange to pay the gold subscription as a result of India's increased quota. The aid prospects for 1970-71 appear to be good. The Aid-India Consortium meeting held in May 1970 agreed that India needed substantial new commitments of non-project as well as project aid, if the growth of the economy was to be sustained and accelerated. The consensus was that new commitments of non-project assistance of about $700 million would be desirable and that new fresh project aid of about $400 million would be utilised effectively. Agreements signed up to November 1970 for non-project aid totalled $245 million and for project aid $174 million. Total aid commitments for 1970-71 are expected to be about $853 (or Rs. 640 crores), as against $813 million (or Rs. 610 crores) in the previous year.

India's repayment obligations to the I.M.F. are expected to be discharged fully by the end of March next year. In 1970, India's repayments to the I.M.F. amounted to $150 million leaving only $55 million to be paid before the close of the fiscal year on 31st March. The year also saw India's quota in the I.M.F. increasing from $750 million to $940 million. As a result, India has made an additional subscription to the Fund equivalent to $190 million. With the activisation of S.D.R.s, India received $126 million of which she used $83 million for making repayments and for payment of charges to the I.M.F.

MORMUGAO PORT

Record Traffic

The ore traffic through Mormugao port during 1970 has crossed the 10-million tonne mark, thus breaking all its previous records. The total traffic handled by Mormugao during 1970 has been around 10.4 million tonnes, consisting of 10 million tonnes of ore exports and the rest comprising other exports and imports. As against this, the maximum traffic handled previously by the port in any full year has been 9.3 million tonnes during 1968, consisting of 8.8 million tonnes of ore exports and the rest comprising other cargoes.

MONEY MARKET

Stringency Continues

The short-term money market has been steady this past week, although at the close tight conditions have been noted due to tax payments. The call rate from the beginning of the week till the close has been quoted at 11 per cent. The demand for remittances has been nominal. The supply of tea and gunny bills has been negligible. The pound-sterling has been steady against most major foreign currencies during the week.

CORRESPONDENCE

Tea in Turmoil

(To The Editor of "Capital")

Sir,

I have read the editorial entitled "Tea in Turmoil" in your issue of 18th February, 1971. The editorial has been well presented and makes interesting reading. But as I hold views different from what have been expressed in the article on the subject of purchases of tea by Russia from the Calcutta auctions, I take the liberty of expressing my views on the matter. It has been indirectly said that the better prices offered by Russia in the auctions have worked against the interests of both growers and other buyers. While it may be true that the purchase by Russia has affected the interests of other buyers, as a tea producer, I do not agree that it has affected our interests. Purchases by Russia have helped us to realise better average prices. The Russian purchases have also been of help in maintaining a sizable share in the export market. If the Russian purchases would not have been there, the total export from India would have been lower than what it is now.

It is well known that India's exports to traditional countries have gone down not because of Russian purchases but because of her inability to compete with east Africa and Ceylon; in Ceylon, there is better productivity while in east Africa, the cost of production is much lower. In the absence of Russian purchases, the unit value of Indian tea exports would also have been lower. Thus, the purchases made by Russia have not only been beneficial to tea growers and to the tea industry, but to the nation as a whole. I may also add that in the absence of Russian purchases, the decline in exports would have been very steep and that would have resulted in a lower rate of increase in production than what was achieved during the last few years.

Yours etcetera,
P. K. Kanoria
Chairman, Tea Research Association

Calcutta, 11th March, 1971

INVESTMENT IN PRECIOUS METALS

A CORRESPONDENT writes in Current Coin: If a fractional amount of the private owned jewellery and gold and silver ingots lying practically waste in every district of India were converted into active capital, India would have every prospect of being not only up-to-date, but showing the way in her productive methods and organisation. She appears to have made a real good start with banks. Let her sons now learn enterprise in other directions by acquiring the necessary knowledge and experience for themselves without waiting for it to be fed into them by the Government or any one but themselves. They like, so curious is the custom, to go on dallying and pretending they don't know how or indolently asking "how can" rather than bestir and assert themselves to do those many things which present civilisation demands. A little less family seclusion and a little more worldly self-reliance are greatly needed. Competence and wealth are obtainable by all who have the pluck and energy to go and find them, but they don't come unsought.

FROM
CAPITAL
16th March, 1911

A Ditcher's Diary

For a change I don't have to be wise after the event. I can think of many professional pollsters, political commentators and sundry others who must now be busy explaining with elaborate and totally unconvincing sophistry why their poll predictions went wrong. We had been told that Mrs. Gandhi might fail to secure even a simple majority; one analyst who bursts into prodigious, and presumably profitable, activity before every election informed us, only a few days before the mid-term poll, that opinion had suddenly swung against the lady. Perhaps it is my lack of self-confidence which prevented me from making any firm prediction, but I was in a pardonably self-congratulatory mood when I found that my tentative observations had not been falsified. I never thought that the negative approach of the un-Grand Alliance could make much of an impact, nor did I under-estimate the vote-catching potential of radical rhetoric. And I was impressed by Mrs. Gandhi's consummate public relations effort at the mass level. And, above all, there was her personal image, promising progress and stability at the same time; the public saw her as the one individual on a confused scene who was sure of herself and yet seemingly concerned for others; the poor were touched by her expressions of sympathy while many of the more privileged regarded her as reassuringly modern. I think I noted these points, at least by implication, in several earlier comments. Yet I would be dishonest if I did not admit that I could never foresee the extent of the success she has actually achieved; she has simply made nonsense of all pre-election estimates, even of the most optimistic ones from her point of view. It is my failure to gauge the full measure of the national swing in her favour that made my personal calculations about the West Bengal poll somewhat inaccurate. The Marxist gains I could foresee and did indeed write about. I was also sure that the Congress (R) in West Bengal would certainly improve upon the performance of the undivided Congress two years ago, but I did not really expect it to do so well as it has actually done. This was perhaps because I over-estimated the capacity of the Bangla Congress and the Congress (O) for claiming a share of the traditional Congress vote. Frankly, I did not even expect the performance of the C.P.I. and the Forward Bloc to be so poor as it has turned out to be. All in all, the country as a whole has voted for Mrs. Gandhi; and petulant complaints about the means she adopted for her success seem not only graceless but also totally irrelevant at this stage.

Let's have a look at some of the States. Now that Mrs. Gandhi has made mincemeat of all opposition at the national level, will she allow Opposition parties to retain such State-level strongholds that they still maintain? Of course, she could wait for the State elections due next year to repeat what she has done at the Centre. But will the auspicious wind blow as strongly in a year's time as it is doing now? Very high expectations have been raised. Can they be left unfulfilled for a year without allowing disenchantment to set in? And I cannot quite see how the Prime Minister can satisfy all the different sections of people she has filled with indeterminate hopes. Should she not, therefore, try to sail home in all the States while the wind is still favourable? Demands have already been made for the resignation of some non-Congress (R) Governments. The Chief Ministers are unlikely to oblige, but crises can be created or encouraged to develop. As for the three States where Assembly elections have just been held, there is no question of trying to unsettle things in Tamil Nadu, which are in any case not in conflict with Mrs. Gandhi's political interests. But both in Orissa and West Bengal the outcome has been indecisive. If fresh elections were held in these two States within a few months of the massive demonstration of the support that the Prime Minister enjoys at the national level, a clear decision in her favour might still be obtained. Is that why the Prime Minister was reportedly reluctant at the beginning of this week to see the Orissa Congress (R) enter into a hasty coalition? The calculations about West Bengal must be still more complex. Neither a Marxist-led Government nor a Government led by the Congress (R) could be expected, at least at the beginning of this week, to be stable. But even a few months in power

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would give the Congress time for the organisational consolidation necessary for an outright majority in yet another election. And if that election were held fairly soon, the Congress would be in a position to take full advantage of the parliamentary demonstration of the national swing. All this, of course, is pure speculation. It would be uncharitable to suggest that Mrs. Gandhi's performance in office will necessarily dampen the popular enthusiasm which has so powerfully surged in her favour. And in her present position she may not wish to appear to be engaged in petty party politics.

THERE WAS ONLY ONE THING THAT surprised me about the South Vietnamese invasion of Laos. Not the fact it happened at all ; I am astonished the war has only spread so far. Certainly not the mauling the invading troops have received ; unlike the North Vietnamese, they are still learning their job. No, what startled me was the comparative indifference with which it was received in the United States itself, especially among the student population. I have heard three good reasons suggested why this should be so. First, the explanation Mr. Nixon gave was that the move would assist the American withdrawal. This, or so it is said, cut the ground from beneath the protestors' feet. Secondly, the steady fall in the level of American involvement is anyway defusing the issue as a potential source of basic national anxiety. And thirdly, everybody is disillusioned with the impact of more than four years of agonising about a war which the U.S. Government is still prepared to see extended when it feels there is something to be gained. In other words, it has begun to dawn on young idealists that the issues involved in the war are practical, require calculations based on power, and perhaps best left to people who, after all, are elected for the very purpose of dealing with them. I would myself be a trifle disappointed if this were true. With all its dangers, the recent international fashion of greater involvement of the young in matters which concern them so vitally, seems to me among the more heartening features of our day and age. Yet it must be admitted there is growing evidence, much of it independent of the Laos incident, to substantiate the theory that America's young people are beginning to lose their interest in every conceivable issue both at home and abroad. It is even being said—not without astonishment—that they are getting back to their studies, quitting the campuses for the libraries. Perhaps the recent economic recession can explain why ; there is nothing like a blow to the pocket for encouraging a sense of realism, even if so much of the unemployment current today in the United States does seem to be concentrated among graduates.

THERE HAS BEEN SPECULATION IN this diary before as to whether giving the women of Switzerland the vote might not lead to that peaceful little haven of a country being shouldered with some of the vexing problems which trouble the rest of the world. Like war, pestilence and famine, for instance. But seriously, it is difficult to find anything but a welcome for the decision that Switzerland has now made, and quite impossible to accept all the dire consequences predicted. It has been clear for some time that change was beginning to overtake the Swiss. There has been talk recently of joining the United Nations, even abandoning the traditional neutrality on the grounds that in the modern world such concepts are meaningless. It seems unlikely things will go that far ; and enfranchising Swiss women could slow the pace at which the country is changing rather than accelerate it. After all, the female voter is now recognised throughout the world as among the more conservative and stable elements in any society—a point which former left-wing champions of women's emancipation must regard with some irony. But the fact remains that in this increasingly fast-moving world, when international boundaries are becoming more meaningless with each year that passes, even countries like Switzerland cannot remain as isolated as they would perhaps prefer to be. For example, if Europe were to be plunged into another war in the foreseeable future, and on the basis of existing realities, it is virtually inconceivable that Switzerland would be allowed to remain neutral in any acceptable interpretation of the term. Mountains, non-alignment and a shrewd capacity for making money out of both sides, are just no guarantee of immunity in modern war.

IF INDIA'S OPPOSITION LEADERS honestly recorded their thoughts of the past one week, we could have a fascinating political document. Most of them have accepted the electoral outcome in a formally polite manner. Mr. Atulya Ghosh did not follow Mr. Nijalingappa's unfortunate example of questioning the fairness of the elections ; he had the sense to recognise that the Congress (O) had ceased to exist in West Bengal. Mr. M. R. Masani accepted the popular verdict as a true democrat, and Mr. S. M. Joshi of the S. S. P. attributed Mrs. Gandhi's success to her rapport with the poor. But the private reactions cannot have been quite so restrained. Mr. Joshi admitted that the four-party alliance had been a mistake, a view which might be shared by Mr. Masani. Clearly, the S.S.P. harmed itself as well as the other three Parties by entering into this disparate alliance. The P.S.P. gained no more from its own brand of socialism, and last Sunday Mr. Kamath was agitated enough to repeat Mr. Nijalingappa's intemperate charges. The confusion in the socialist camp was further underlined by the suggestion by Mr. Prem Bhasin, the P.S.P. general secretary, that what was needed now was a separate and independent Socialist Party. A third one, or one in place of the existing two? Mr. Bhupesh Gupta of the C.P.I. was asked in a T. V. interview whether Mrs. Gandhi had not gained at his Party's expense. "Even the sensation of television will not provoke me to comment on this." The reply must have struck many people as unusually eloquent. Didn't Mr. Gupta say at an election meeting in Agartala that an absolute majority for the Congress (R) would be ruinous for the radical cause? Evidently the C.P.I. realised this too late to be able to keep Mrs. Gandhi's mandate to such proportions as her leftist allies could manage. Curiously enough, the C.P.I. (M), which has been neatly decimated in Tamil Nadu and severely mauled in Kerala, has emerged as the largest single Opposition group in the Lok Sabha on the strength of the returns from West Bengal. Shouldn't it now be re-christened the Communist Party of Eastern India (Marxist)? If the Marxist leaders in West Bengal want to claim greater authority in the Party's policy-making bodies, they had better do so before Mrs. Gandhi repeats her Kerala performance in West Bengal. But will not the Prime Minister miss an Opposition of respectable size? She might consider making a gift of a few Congress (R) seats.

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MANAGEMENT

Bank Personnel Should Understand the Role of Marketing Innovations—II

By Tushar K. Das

A creative atmosphere in which all personnel understand the important rôle of marketing innovations should be the goal of every bank management. This is the second in a series of two articles. The first appeared last week.

THE information explosion and consequent advances in computer technology have strengthened the hands of bankers in evaluating markets and carrying out extensive research studies. With an enormously expanded fund of statistical and other data, it is becoming increasingly possible for bank managements abroad to be more enterprising and innovative than in the past. It is highly likely that a universally acceptable credit card will be evolved as soon as an electronically based system for transferring funds can be developed. A logical extension of this idea would be to connect such a fund transmission system directly to the homes of customers, which would mean that banks would have less contact with their clientele. Perhaps bankers would then have to call on customers at their homes in the same way as the life insurance agents now do. Otherwise, it would be difficult for banks to sell their ancillary services which account for much of their revenue.

Range of Services

The range of services now offered may thus need extensive overhauling in the marketing-oriented banking of the future. For instance, the handling of cheques and other instruments, as well as the accounting system, will probably be entirely computerised. It has been predicted that the increasing use of the computer in banking in some of the western countries would make the credit card and the cheque obsolete in less than a decade. As Mr. George Norman of Britain has put it: "American experiments with computerised debt settlement based on the insertion of a personalised money-card into a computer terminal, and the rapid increase of cash dispensers in this country, suggest that the days of the cheque and even of the cashier may be numbered."[2] Already, automatic cash dispensers have been installed at hundreds of centres in Europe and America to enable customers to obtain a small amount of cash when they find themselves short. In India, though, these developments have still to take place and are thus at best indications of things to come, if they come at all.

The needs of the future customer, as one can easily surmise, would also be much more sophisticated than at present. He would, for example, expect an automatic line of credit according to a prior arrangement, so that all his financial requirements are fully met by his banker. This would certainly compel the bank manager to gather complete and continuous data about customers, which may not be a cheap proposition. To help him anticipate the financial problems of customers, perhaps even before they themselves do, the bank manager of the future would have to keep himself armed with up-to-the-minute information about their financial position; the banker should indeed be able to anticipate the financial problems in advance of the trouble actually materialising. The problem, however, is not as difficult as it seems, for banking as we know it now will very soon become a matter of history as a result of extensive computerisation of banking operations.

Another development which is most likely to change current banking practices drastically is concerned with the present anomalous position whereby a major portion of a bank's profits is generated from the idle funds of its customers who, in fact, want their funds invested or otherwise profitably employed instead of keeping them idle. This peculiar situation can be remedied by having a system in which the customer is charged a fee for the management of his money by commercial banks.[3] This suggestion should be taken to heart by the banking industry, if only because the customer of tomorrow would be much better informed and thus quite capable of investing his idle funds fully, leaving no opportunity for banks to make money the easy way at his cost. There are indications that banks abroad are increasingly relying upon the fee system in the case of corporate accounts. This trend is to be welcomed, and the sooner the banks are able to evolve a schedule of charges for all types of banking services, the better it would be for all-round efficiency in money management—the value of money and its employment would then become a matter of mutual concern for both the banker and the customer.

Far-reaching Changes

The rapid development of technology in the future would also lead to far-reaching changes in the traditional methods of banking. It would be expedient, therefore, for bank managements to prepare themselves professionally so that they are able to harness the potential inherent in technological advances for the improvement of customer service in banking. Banks would, naturally, require more trained and specialised personnel, within the organisation itself, who can effectively function in the revamped banking setup. The new marketing executive will have to exert even more than at present, because of increased sophistication in all spheres of human endeavour, to ensure that innovations are introduced in banking procedures and services on a regular basis and at a steady pace. It is not necessary that these developments should take place in rapid succession and absorbed into the banking system *per saltum*. The aim should be to introduce innovations in a gradual manner, so that the efficient running of the organisation is not unnecesarily disturbed.

Bank managements should, therefore, keep their sights trained on the future while doing their best to establish and maintain a corporate climate conducive to research and innovation. A creative working atmosphere in which all personnel understand the important rôle of marketing innovations in the growth of their organisation should be the goal of every bank management. Given such a policy for the encouragement of innovations and the co-operation of all executives, it would not be too long before concrete results in the form of new, better, and cheaper banking services would be developed. Banking customers in India do not deserve anything less than this.

(Concluded)

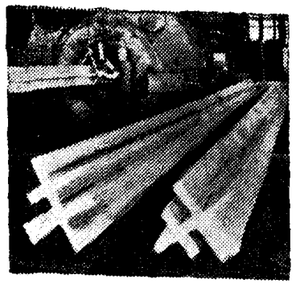
[2] George Norman, "The Twilight of Banking?", *The Bankers' Magazine* (London), September 1969, page 114.

[3] See Peter F. Drucker, *Managing for Results* (London: William Heinemann Ltd.; 1964), page 148.

VOLTAS



Perhaps not. Yet huge aluminium sections like these are already in widespread demand. Schloemann, for example, are currently building extrusion presses with capacities of 8,000 and 10,400 U.S. tons. Equipped with flat-billet containers, they will produce sections of up to 24 and 28 in. (600 and 700 mm) in width respectively. In the building industry as well as in the land, sea and air transport sectors, sections of this size are opening up possibilities which have been exploited for the past twenty years in the States. Here, Schloemann extrusion presses of 14,000 U.S. tons capacity are used for shaping large sections from aluminium.



The photos show two examples: components for a new type of turbo train (above) and for the Boeing 747 (below).

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SPECIAL ARTICLES

Victory of Congress (R) : Post-election Expectations

(BY A SPECIAL CORRESPONDENT)

The Congress (R) has secured a two-thirds majority in the new Lok Sabha. It will be watched with keen interest what the new Government does in political and economic spheres with the help of its newly acquired strength.

THE mid-term elections to the Lok Sabha have provided the biggest surprise in the post-independence history of India. Mrs. Indira Gandhi's Party has trounced all the Opposition parties, wiped out almost all the important critics, and has a two-thirds majority. The Opposition in the new Lok Sabha will have no status and Mrs. Gandhi's writ shall prevail over this country for the next five years. Her victory surpassing her own expectations has a wider political and economic import. The pundits having proved false prophets will prefer to watch the developments instead of venturing new prophesies. But far-reaching trends can emerge from the battle of Panipat which has demonstrated that the victorious party has not only an overwhelming majority in Parliament but has also the confidence of all sections of people in the country. One thing that has been made amply clear by the poll is that the electorate does not want the country to be pushed to the extreme right or the extreme left.

The Opposition left to lick its boots will have to think how it can reorganise its forces, build a homogeneous party apparatus wedded to a positive programme and improve its image by working among the masses. This task is by no means easy. The ideological differences are sharp, the conflict over personalities is acute, and the handicaps are too many. It remains to be seen whether the wisdom in the hour of defeat will help it rally around it the progressive forces eschewing opportunism. Past experience does not, however, inspire hope. Another aspect of the same problem is the rising tide against the Opposition in States where it is ruling today. From this point of view, the political developments in Uttar Pradesh, Bihar, Mysore, Orissa, Punjab and Gujarat will be watched with interest. Polarisation is already in full swing in Orissa. The developments will also indicate whether the people, who have voted for a strong Centre, prefer to have strong Governments in the States as well, preferably headed by the Party which rules at the Centre.

During the past four years, the country had witnessed a weak Central Government depending on an assortment of Opposition forces for support to particular policies. The result was, it had to compromise with each wing of the Opposition on one issue or the other. A major victim of the alliance of convenience was the Centre-State relations. It is to be wondered whether assured of its own strength, the new Central Government will assert itself on questions like law and order and restore its image as a unifying force without denying the legitimate demands of the States. In this context, the behaviour of the re-elected D. M. K. Government in Tamil Nadu will be watched carefully. So also the fate of inter-States disputes.

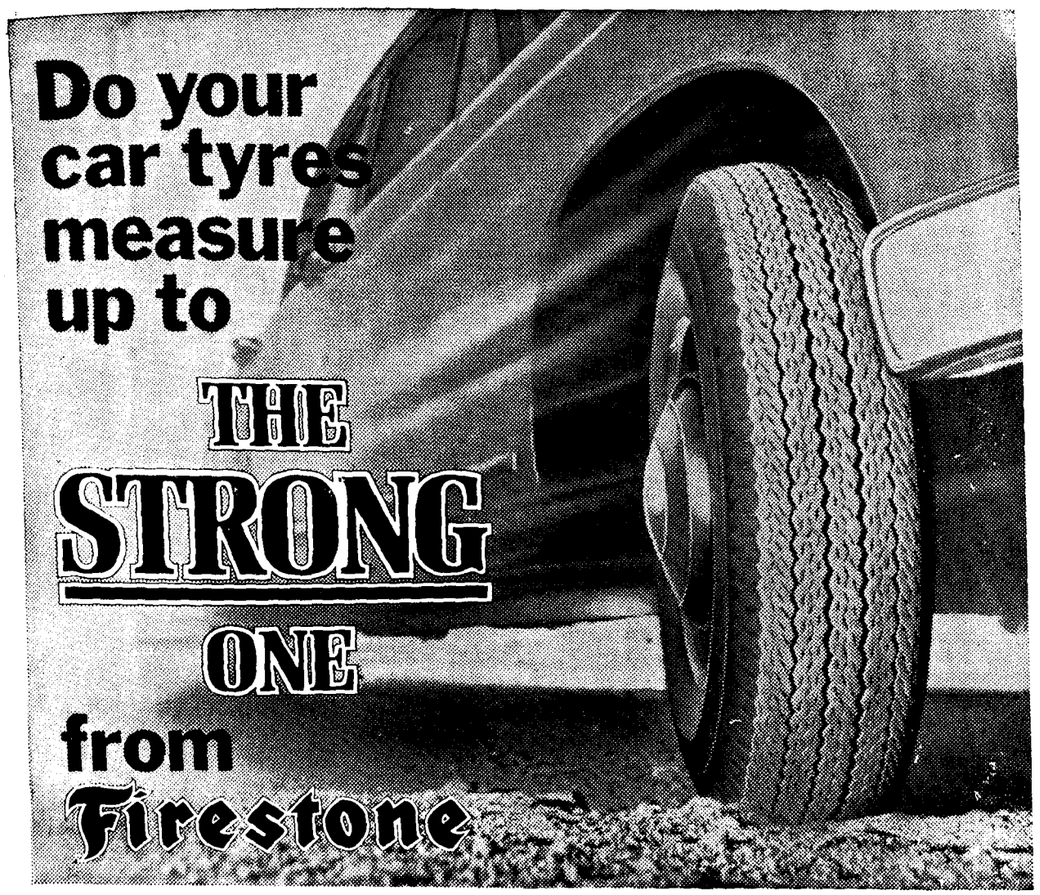
But of more enduring interest will be what the new Central Government does with the help of its newly acquired strength. That the Constitutional Amendment Bill to confer on Parliament the right to make any changes in the fundamental rights will be passed is obvious. Equally obvious is the early abolition of the privy purses and the princes' privileges now that their champions have been knocked down. Since compensation is to be paid, the tangible benefit to the exchequer will not be more than Rs. 3 crores a year. The psychological value of the measure need not, however, be minimised.

Similarly, it is to be expected that general insurance will be nationalised. Here again, the psychological impact is important, although it would bring no appreciable benefit to the exchequer. The average voter has only an academic interest in the step; but the patrons of general insurance will judge the change from the point of the Government's capacity to improve the quality of service and its cost once the element of competition disappears. The larger issue of interest relates to how nationalised services will be improved.

Still more important, complex and urgent is the bigger task of strengthening the economy. It is in this field that the ingenuity of the Government will be put to a severe test and Mrs. Gandhi's stewardship will be judged. The Party has won the battle over its economic programme; but it has to win the war against economic stagnation, unemployment and inflationary pressures. It is not, of course, necessary to recast the Fourth Plan; but it will have to be tuned in the light of its performance since it was launched. During the past two years, there has been a shortfall of about Rs. 425 crores in the actual outlay on the Centre's Plan. The suggestion is that the outlay should be stepped up from the actual of Rs. 1,032 crores in 1969-70 and Rs. 1,390 crores in 1970-71 to Rs. 1,828 crores. To do it, the new Central Finance Minister will have to mobilise additional resources to the extent of Rs. 400 crores or so on top of measures to bridge the deficit which, in the current fiscal year, may amount to about Rs. 350 crores.

The architect of the fiscal policy for the next year has an unenviable task. If the decision is for a heavier dose of deficit financing, the inflationary pressures will be aggravated. If there is to be a heavy dose of fresh taxation, the Government will have to face some adverse political repercussions. A policy of *status quo* will mean that economic stagnation will deepen, the unemployment problem will worsen and social unrest will increase. A question of material importance is the shortage of capital. Whatever might be the statistical posture, the fact needs to be faced that savings have shrunk under the weight of rising prices and taxation. How to make the monetary policy blow hot and cold simultaneously is the biggest question mark. Control over expansion of money supply to keep it in step with the growth of output of goods and services is as much desirable as enough money for production.

The recent developments in East Pakistan have assumed a new dimension in the context of the economic plight of West Bengal. The problem



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f West Bengal is as much that of w and order as of fresh investment nd will have to be tackled firmly nd speedily if what is happening in ne part of Bengal is to be avoided the other. Its solution in the larger ontext of the national economy is qually urgent since the nation's economic health is directly linked with news of production in West Bengal anging from coal and metal-based ndustries to an assortment of engineering works and the jute industry

To win the elections is one thing and to justify the confidence of the electorate during the next five years is another. Mrs. Gandhi has been given a blank cheque to do whatever she feels like doing but faces confrontation from socio-economic tensions. To ease them and tackle the difficult task of maintaining the Party apparatus intact will be her main preoccupation as the Prime Minister of the country and the *de facto* leader of the Congress (R).

Will Land Reform Lead to Agricultural Prosperity ?

By M. R. Hazaray

In an overpopulated country like India, land reform will benefit only a few who are able to acquire ownership of land. A better course would be to develop agriculture and industry simultaneously to provide food and employment to the teeming millions.

LAND reform today is the most important social change taking place all over the developing countries. One of the U.N. reports has even made it a necessary condition of economic development. Land reform, however, can be defined both narrowly and broadly. Narrowly speaking, it means redistribution of land to the small farmers and landless workers. Broadly interpreted, it means any improvement that can bring benefits to farmers, right from the regulation of rent and fixation of wages to the liberal grant of credit and education in co-operation. But it is the reform of the land tenurial system that has become more difficult and controversial. Basically, it is a problem of social justice as against economic efficiency—a problem of haves and have-nots. The problem has strong political overtones ; yet when one has to consider land reform in relation to overall economic development, one must transcend beyond socio-political boundaries.

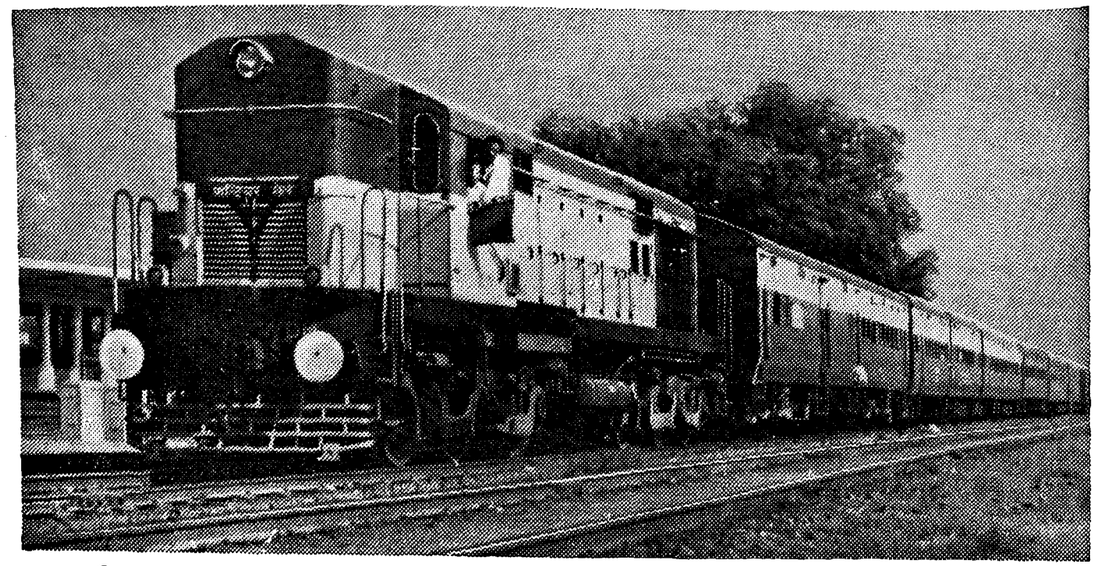
Historically, there is no conclusive evidence to prove that land reform necessarily leads to faster economic development. Britain, Prussia and Japan developed themselves at the cost of their farming population. Their expropriation helped necessary capital formation ; Switzerland and the Scandinavian countries followed a different path, while the advanced four, namely, the U.S.A., Canada, Australia and New Zealand continued family farming with State control to forge their economic development. Economic development mainly depends on whether the land-owners are an enterprising or an idle lot. It is equally likely that both landlords and tenants may fail to invest and reinvest. However, it is all to the good if the tradition and custom-bound peasants get rid of institutional burden. A break with the past is a powerful stimulus. Sometimes what is vitally needed for economic development, however, is not merely a break with the past but continuity in the process of development.

Viewed economically, the problem of land reform is essentially one of incentives to produce more and to invest more. Hence the theory of competition and monopoly, the theory of optimum farm and the theory of reinvestment could provide helpful answers to it. In most of the Asian countries, including India, the nature of ownership of land is monopolistic, *i.e.*, the unit of ownership of land is larger but not the unit of cultivation. The institution of monopoly is present everywhere. In South America large land properties are managed by big entrepreneurs. In case of plantations mainly owned by foreigners in developing countries, corporate farming abounds with intensive cultivation. In all such cases the main economic argument centres on the urgent need to share and secure a more equal distribution of income by eliminating monopoly elements as far as possible.

In case of India or Pakistan, there are no large-scale economies to be had in agriculture. Land reform of the kind, therefore, would not reduce the level of output. What happens under land reform is a simple transfer of ownership of farms that are uneconomic or marginal, *i.e.*, below the subsistence minimum. Land reform cannot make them optimum farms at once that can guarantee the farmer maximum possible income by keeping his economic resources inclusive of cattle, fully employed all the year round. The monopoly in ownership of land can be broken in many ways, *i.e.*, by raising wages, taxing agricultural incomes above a minimum exempted slab, taxing profits and securing reinvestment. Where there is a chronic capital deficiency, the western theories of competition and economies of large scale seem to be inapplicable.

Not only abolition of large estates but tenancy legislation also is not powerful enough to counteract the monopoly effect in land-ownership in the underdeveloped countries. Tenancy regulation worked wonderfully well in Britain where ownership of land is but one of the several forms of holding wealth. Similarly, it made a big success in Switzerland, Denmark and Sweden, where the Governments could afford to grant sufficient loans to farmers to own their lands at reasonable prices. In Asia land prices are prohibitive. A "Green Revolution" can also not stop the rot of monopoly, because rising prices benefit both landlords and tenants equally. For a more equal distribution of benefits of agrarian revolution other supporting measures are a *sine qua non*. Professor M. L. Dantwala, in his address to the All-India Economic Conference this year, came to the same conclusion—that whatever may be the cause of agrarian revolution, the land reform policy of the Government is certainly not. Since high monopoly gains obtained from the ownership of land, and not the liquidity preference, are the reason for high-investment in land in countries like India, it is questionable whether land reforms can go far enough to promote more investment in land by fostering the habits of reinvestment. Reforms themselves cannot cause more investment, although they can be regarded as a precondition for it. Thus land reform remains

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only a condition of economic development.

Demographically, in the overpopulated countries the need for land reform is felt urgently to help mitigate the very depressing effects of the rapidly growing population. However, where the law of diminising returns in the land raises its ugly head, something more fundamental than mere change in the ownership of land needs to be done. In such a situation, ownership cannot be made to stick. The restricted right of resumption and voluntary surrenders offer themselves as a solution for India. Again, in an overpopulated country, even the widest possible redistribution of land may not help everybody in the agricultural field ; it may benefit a few who are fortunate enough to acquire some kind of ownership but what happens to those who are left out ? The only answer is the widening of opportunities through the development of both agriculture and industry to provide food and employment to one and all.

Can a Mass Market for Motor-cars be Created in India ?

(BY A SPECIAL CORRESPONDENT)

The mass possession of motor-cars in developed countries is due to their high level of per capita income. Any move in that direction in India will require a rapid improvement in the income level of the people.

WORLD car production (including assembly) in 1969 is estimated at about 20 million units. The bulk of this production is accounted for by a few countries which are economically very advanced. They are the United States of America, West Germany, the United Kingdom, France and Japan. In these countries, cars enter very deeply into the economic and social life of the people. In the U.S.A., for example, almost every family has a car. Car ownership is also widespread in Australia, Canada, the United Kingdom, West Germany and other European countries. Car in these countries is so much a part of life that it is not considered a status symbol, but an essential item. India, in contrast, has a very poor car population in relation to the number of people. Why is the mass possession and use of cars in these countries ? This question is of some relevance in the context of the current thinking in India to develop what is called the "small car" or the "people's car".

In 1966, the total world production was about 20 million car units. As already stated a few countries account for the bulk of the production of passenger cars in the world. The magnitudes of production in these countries are shown below:

Countries		Production (1966) (million units)
Canada	...	0.7
France	...	1.8
West Germany	...	2.8
Italy	...	1.3
Japan	...	0.9
U.K.	...	1.6
U.S.A.	...	8.6
Others	...	1.5
Total	...	19.2

In India, in 1966, the production of cars was about 30,000 units. The annual production of cars in foreign countries is considerably higher than in India. Furthermore, unitwise or plantwise, the volume of production, particularly of the popular brands, is very much higher than in this country. In the U.S.A., units manufacturing the popular varieties have annual production ranging from 1 to 2 million car units. In sharp contrast, in India, the capacity or production of even the biggest plant does not exceed 25,000 units a year. Large-scale production makes possible the realisation of benefits of the economies of scale. The economies may occur not only in the production or assembly plants but also in the units manufacturing ancillaries. These would be reflected in production costs and in car prices. But this aspect may not fully explain the mass ownership of cars in developed countries. The real reason for the proliferating possession of passenger cars probably lies somewhere else. More than the level of production costs or car prices, the *per capita* income would appear to be the major determinant in the pervasive possession of cars in advanced countries. This point is examined below.

Broadly there are two types of cars manufactured in the West and Japan—the big one and the small or the sub-compact one. Car prices in America range from $2,000 to $4,000 depending on the size and the degree of sophistication. Popular varieties in Japan, the U.K., and West Germany are available at prices varying from $1,000 to $2,500. Second-hand cars are sold at much lower prices. Cars in these countries are produced not only to satisfy the local demand but also to cater to the foreign market. The *per capita* incomes of these countries are given below:

Countries		Per capita income in U.S. $ (1967)
U.S.A.	...	3,303
U.K.	...	1,560
West Germany	...	1,512
Japan	...	921

The *per capita* income and car prices in these countries are strikingly close when compared with the situation in India. Car prices there range from a level of near equality with the *per capita* income to just about double the latter's levels. In India, the *per capita* income is around $73, whereas the price of a passenger car is around $2,800. The conclusion is that cars are within the easy reach of people in developed countries because of their high *per capita* incomes and in India, it is beyond the reach of the bulk of the population because of the low *per capita* income. To become an item of mass consumption, a product has to be within the reach of a majority of the population. In foreign countries where most people enjoy high living standards, they are able to acquire and use cars with that ease with which, in India, people are able to acquire and use things like electric fans and radios whose prices rule very close to the country's *per capita* income. If motor-car is to become an object of mass possession and use in India, it will depend mostly on the growth in the income level of the Indian people. The comparison of car prices with the *per capita* income of some countries, including India, lends credence to this conclusion.

The Dinar Devaluation Improves India's Export Prospects in Yugoslavia

(BY A SPECIAL CORRESPONDENT)

Yugoslavia's decision to devalue the dinar will make her imports from the hard currency areas costlier. Since India has a rupee payment agreement with that country, the dinar devaluation offers an excellent opportunity to increase her exports to the Yugoslav market.

THE decision of the Yugoslav Government to devalue the dinar by 20 per cent, which was announced on 25th January, is likely to have some important consequences for Indo-Yugoslav trade. This devaluation, the second in the last five years, is expected to give an impetus to the Yugoslav export trade. About five years ago, the Yugoslav currency was devalued from 7.5 dinars to 12.5 dinars to the dollar. Now the exchange rate has been fixed at 15 dinars to the dollar.

This decision of the Yugoslav Government is likely to help India to expand her exports to Yugoslavia. The devaluation has made that country's imports costlier. So, it will be in the interest of Yugoslavia to increase her purchases from India with whom she has a rupee payment agreement. If Yugoslavia is to meet her requirements from Europe or the U.S.A., she has to pay for them in hard currency. The Government of India and the export promotion councils should make the Yugoslavs aware of the availability of the various types of Indian goods required by the Yugoslav market.

When the trade negotiations between India and Yugoslavia took place in Belgrade towards the end of 1969, the Yugoslav Government insisted that the rupee payment arrangement should be terminated and that there must be a switch-over to multilateral trade. Belgrade wanted this change because it found that the existing pattern was not helping Yugoslavia to step up her exports to India. While exports from India to Yugoslavia increased in 1969 by more than 50 per cent, exports from Yugoslavia, far from increasing, declined. Moreover, Belgrade had already terminated its bilateral trade with many countries and it was anxious to do the same in regard to India also. The Government of India, however, suggested that the existing arrangement should continue at least till the end of the Fourth Plan, for a sudden decision to end the rupee payment agreement would create complications. Ultimately, it was agreed that the existing trade and payments agreement between India and Yugoslavia should be continued up to 31st March, 1972. Meanwhile, a detailed examination of all the aspects of a change-over to a multilateral payment system was to be undertaken by both the countries.

It is believed that, as a result of the latest devaluation of the dinar, Yugoslavia will not insist on ending the rupee payment agreement in 1972 as she had decided earlier. But, at the same time, it must be pointed out that the Yugoslavs have been very much concerned with the steep decline in the export of their goods to India in recent years. In 1969-70, the value of Yugoslav goods exported to India was only Rs. 6.17 crores while exports from India to that country amounted to Rs. 33.98 crores.

The Government of India as well as business men have explained repeatedly that the decline in Yugoslavia's exports to India has not been due to any policy decision taken in New Delhi but due to the changing pattern of India's import trade. As a result of the intensive efforts made by the Government of India to encourage import substitution, many items which India formerly used to buy from Yugoslavia are no longer required from that country. At the same time Yugoslavia has not been keen on selling some of her products like newsprint and non-ferrous metals which India needs either because she does not have sufficient surpluses of them or because she finds that it will be more profitable to sell them to the hard currency areas. If the Yugoslavs, therefore, are keen on stepping up their exports to this country, they should study the trends in India's import requirements and make sincere efforts to contact Indian business men and sell their products.

As far as Indian exports are concerned, there has been satisfactory progress in diversification in recent years. Commercial vehicles and automobile parts, chemicals and allied products, and tyres and tubes have found a very good market in Yugoslavia because of competitive prices. But it will be possible to develop their exports on a much bigger scale by giving proper attention to prices and timely delivery. The Yugoslav Government was recently reported to have expressed its anxiety about the inability of Indian exporters to supply tyres according to schedule. There should be no room for such complaints. According to the Government of India, there is a wide selection of engineering goods which can sell very well in Yugoslavia. But with an acute shortage of steel and the rising home demand it is difficult to see how much India can expand her exports unless immediate steps are taken to increase production.

It should also be possible for India to develop her trade with Yugoslavia through joint ventures. Indian joint ventures have been successful in many parts of the world and there is no reason why there should not be any collaborations between India and Yugoslavia. More than five years ago, the Government of the two countries identified certain fields where there was scope for collaboration, such as tractors, shipbuilding, ship ancillaries, leather industries and aluminium. But so far little progress seems to have been made in this direction.

Business enterprises as well as the Governments in New Delhi and Belgrade should examine in detail the implications of the latest devaluation of the dinar and explore the scope for developing the trade and economic co-operation between the two countries. The political relations between New Delhi and Belgrade continue to be excellent and there has been an increasing exchange of business men between the two countries in recent months. It should, therefore, be possible for both the countries to improve their commercial contacts to far greater levels than what has been possible so far. Although Yugoslavia by herself is only a small country with a population of about 20 million, her significance lies in the fact that success there will enable Indian goods to penetrate easily into the neighbouring countries of Europe. Thus, for instance, if Indian business men take full advantage of the Zagreb international autumn fair and also stock their goods in the free trade zones of Yugoslavia, it will facilitate quick supplies to other countries of Europe. Similarly, if a free trade zone is set up in Haldia, Yugoslav business men can set up industries whose products can find a ready market in the countries of south-east Asia.

INDUSTRY

Hindustan Steel Makes Good Progress Despite Many Handicaps

(BY A SPECIAL CORRESPONDENT)

DURING the year ended March 1970, no contribution was made by the Government towards the share capital of Hindustan Steel Ltd which remained at Rs. 557 crores. No further loans were advanced. On the contrary, the Company started repaying its long-term borrowings. An amount of Rs. 32.35 crores was repaid to the Government bringing down the loan amount from Rs. 535 crores at the beginning of the year to Rs. 502.65 crores as at the end of the year. This improved the debt equity ratio to 0.90:1, as against 0.96:1 as on 31st March, 1969. No Government funds are proposed to be released during the year 1970-71 and the entire capital expenditure during this period would be met by the Company out of its internal resources. The Company has further repaid an amount of Rs. 25.5 crores during 1970-71 against its capital borrowings till November 1970.

During 1967-68, a short-term loan of Rs. 11 crores had been advanced by the Government to enable Hindustan Steel to meet its working capital requirements. The second instalment of Rs. 3.67 crores of this loan was repaid by the Company during the year under review, leaving a balance of Rs. 3.66 crores as on 31st March, 1970. This balance has since been repaid. The gross surplus secured by the Company after meeting all expenditure, but exclusive of the provision for depreciation and interest, amounted to Rs. 82.8 crores, as against Rs. 47 crores in 1968-69. However, after making provisions of Rs. 29.5 crores for interest and Rs. 64.7 crores for depreciation and taking into account adjustments for earlier periods, the Company sustained a net loss of Rs. 10.47 crores, as against a loss of Rs. 39.91 crores in the preceding year.

There was further improvement in production during 1969-70. The output of hot metal was 4.493 million tonnes, of steel ingot 3.781 million tonnes, of salable pig iron 1.138 million tonnes and of salable steel 2.785 million tonnes, representing an increase of 3.9 per cent, 1.6 per cent, 2.2 per cent and 6.5 per cent, respectively, over the previous year. Production at the alloy steels plant went up to 65,600 tonnes in terms of ingot and 41,100 tonnes of forged and rolled salable steel, representing an increase of 65 per cent and 74 per cent, respectively, over the previous year. The Company's sales at Rs. 322 crores show an increase of 20.7 per cent over the previous year's figure of Rs. 268 crores. H.S.L.'s share in the total home deliveries of steel from the main producers rose from 54.2 per cent in 1968-69 to 57.5 per cent.

It is a matter of some satisfaction that the working results of Hindustan Steel have improved appreciably. However, the continuing adverse results and the level of production achieved as compared with the installed capacity still continue to be matters of great concern to the Government. For a variety of reasons, production remained below the expected level. It is regrettable that the shortfall in production was largely due to the disturbed industrial relations. Production was adversely affected at the Bhilai plant in the first half of the year due to labour troubles. In Rourkela, there was a spate of labour troubles which affected the performance of the plant to varying degrees throughout the years. The situation in Durgapur continued to be unsatisfactory despite the fact that a new union had been recognised on 5th August, 1969, and as many as 26 agreements had been signed with the recognised union. It is obvious that in order that the steel plants may be in a position to step up production to meet the rising demand at home and relieve the current shortages, there should be a climate of mutual co-operation and understanding between labour and the management.

Hindustan Steel is taking measures like augmenting raw materials supplies, improving maintenance, enhancing equipment availability and speeding up the major capital programme so as to correct critical imbalances in production facilities for raising production. The studies undertaken by the Company in association with the Consultancy and Applied Research Division of the Administrative Staff College of India with a view to making the current production incentive schemes more scientific and relating them to the performance of the smallest group possible, based on work measurement, are nearing completion. An overall framework of the revised incentive schemes has been approved and the question of introducing the revised schemes based thereon in the Bhilai and Rourkela steel plants is presently under negotiation with the respective unions. Meanwhile, the revised schemes have been put into operation in the Barsua iron ore mines and Purnapani limestone quarry under the Rourkela steel plant, and in the wheel and axle plant in Durgapur, and these have been found to be yielding satisfactory results. The revised incentive schemes are expected to provide greater scope for individual workers to earn more, based on their own efforts, and to help the management in having better control on manning and in improving productivity. These work measurement studies will also help in determining the staff requirements of the various works departments and in identifying surpluses, categorywise, wherever they exist. The question of redeployment of such surpluses in the same or other departments will, however, have to be settled in consultation with the unions.

Problems of Cement Machinery Manufacturers

(BY A SPECIAL CORRESPONDENT)

CEMENT machinery manufacturers are now able to offer larger and more sophisticated plants. The plant size has increased from 600 tonnes a day to 1,000 tonnes a day, which brings it very near the ultimate limitations of the carrying capacities of the Indian railways. That the industry should have been able to secure export orders on a turnkey lump sum basis is a mea-

sure of the progress made by the industry in technology, process know-how and engineering skills. But the industry is by no means in a happy position. The pace of incoming domestic orders for cement plants has been disappointingly slow—hardly 25 per cent of the rated capacity—thereby resulting in considerable unutilised capacity. This is because the growth of the cement industry itself has slowed down as a result of the uncertainty over the future rôle of the bigger houses in this capital-intensive field. As Government policy has now become clearer on this issue, it is to be hoped that orders will come in more freely resulting in better utilisation of the available capacity.

The problem of sluggish domestic demand for cement plants can be solved by stepping up exports through adequate facilities and promotional assistance. The industry has already secured export contracts worth Rs. 5.6 crores (payable in U.S. dollars) in the past eight months. And according to the president of the Cement Machinery Manufacturers' Association, Mr. Ranvir Khatau, it is possible to achieve an export target of Rs. 20 crores a year if necessary assistance is made available to the industry by the Government. Mr. Khatau has drawn attention to the alarming deterioration in the raw material situation during the past year. Although priority has been laid down for making raw materials available for exports, the cumbersome procedure of submitting applications through the Engineering Export Promotion Council to the Joint Plant Committee, to the individual producers and finally to the Steel Priority Committee is in practice too time consuming. The long delays in the receipt of raw materials result in penalties for late deliveries.

The delivery of cement plants is largely based on the delivery of large size steel castings and forgings. The indigenous capacity for the manufacture of large size steel castings, especially heavy gears, is very limited. A large proportion of these castings can be supplied only by the Heavy Engineering Corporation in Ranchi but the delivery time quoted by the Corporation is not satisfactory and its gear cutting capacity is limited. The supply of steel plates, both boiler quality and commercial quality, is also stated to be very unsatisfactory. Although the Government has taken steps to ensure an equitable distribution of steel plates, the actual working of the new system is far from satisfactory and requires to be streamlined to yield the desired results. Mr. Khatau has urged the Government seriously to consider making an import licence available to established manufacturers in anticipation of a foreign order being booked so that the manufacturers can confidently go ahead in respect of their delivery and other contractual obligations. Apart from reiterating the oft-repeated plea for higher cash subsidy, Mr. Khatau has suggested the establishment of a high-powered committee to take quick decisions during the tendering and negotiating stage and to expedite sanctions during the implementation stage. The Government would do well to have a more careful look at the various suggestions made by Mr. Khatau to enable the cement plant manufacturing industry to make its fullest contribution to the country's export effort.

Statistical data released by the Cement Manufacturers' Association about the performance of its members over the past two years show that while there was a rise in rated capacity, production and despatches, the overall capacity utilisation declined from 88.8 per cent in 1969 to 83.2 per cent in 1970. The rated capacity rose from 14.72 million tonnes to 16.26 million tonnes, clinker output from 11.71 million tonnes to 12.60 million tonnes, cement output from 13.13 million tonnes to 13.54 million tonnes and cement despatches from 13.14 million tonnes to 13.53 million tonnes.

Six Companies, namely, Associated Cements, Andhra Cement, Bagalkot Udyog, Chettinad Cement Corporation, Talaiyuthu works of India Cement and Mysore Cement increased their rated capacities during the year. In addition, four Companies—Assam Cements, Cement Corporation of India, Hindusthan Sugar Mills and Tamil Nadu Cements—installed new capacities aggregating 514,645 tonnes. There was a marginal decline in the capacities of Kesoram Cement, Saurashtra Cement and Mysore Iron and Steel. Out of the 28 members, only seven companies operated above their rated capacities; in 1969, ten out of 24 companies worked above their rated capacities. There was a decline in capacity utilisation in the case of as many as 14 companies in 1970; the list includes A.C.C., Andhra Cement, Bagalkot Udyog, Dalmia Cement, Orissa Cement and Panyam Cements. Substantial increases in capacity utilisation were recorded only by Kesoram Cement, Mysore Cements, the Industrial Development Corporation of Orissa, K.C.P. and Madras Cements.

ENGINEERING

Prevalence of Pessimism

The Indian Engineering Association conducts regular opinion surveys of trends in the engineering industry. The results of the fifth survey, covering the industry's experience during the period April—September 1970 and the prospects for October 1970 to March 1971, have been published. The survey covers the views of 111 companies belonging to different sectors of the industry. As it would be of interest to see how the actual business experience differed from anticipations, the views expressed by industrial units in April 1970, covering the period April—September 1970, have also been shown. The following are the main conclusions of the present survey:

(1) The engineering industry is less optimistic about the general business situation in the country than it was six months ago. As against 69 per cent of the respondents who had expressed such optimism in the last survey, there are 42 per cent in the present survey.

(2) Industrialists do not appear to be any more inclined towards authorising capital expenditure in the next 12 months than they were six months ago. Only 28 per cent have indicated that they would authorise more expenditure on buildings, plants and machinery. The next 12 months is thus likely to be a dull period for building activity in the industrial sector.

(3) There has been no improvement in the capacity utilisation during the last six months.

PEOPLE AND PERSONALITIES

Mr. Shyam Sunder Kanoria of Calcutta has been unanimously elected as president of the Federation of Indian Chambers of Commerce and Industry for 1971-72. He will take over charge from the retiring president, Mr. D. C. Kothari, on 12th April at the conclusion of the forty-fourth annual session of the Federation.

AVIATION AND TOURISM

How India Can Attract More Foreign Tourists

By Dipak B. R. Chaudhuri

THE Central Cabinet has decided to postpone the consideration of a new tourism promotion and administration body till the receipt of the Drescol report. Last year, the United Nations Educational, Scientific, and Cultural Organisation (U. N. E. S. C. O.) sent a high-level team, comprising experts on tourism, economics, hotels and transport, to India headed by Mr. Drescol, chairman of the Irish Tourist Board. Its final report was expected to be available this month. The Indian Institute of Public Opinion has submitted a survey of expenditure, composition and reaction pattern of foreign tourists. The Allchin report on cultural tourism has already proved handy to the Department of Tourism for presenting its case for a better co-ordination with the Archaeological Survey of India.

In her tourism campaign abroad, India boasts of a "living civilisation" whose traditions arise directly from its past. For any foreigner, a visit to India must have a profound cultural impact and in this sense, tourism in India involves a cultural contact. It is, therefore, cultural tourism. The significance of this broad definition is at once apparent, as it includes a majority of foreign visitors of the more wealthy categories, able to stay in first-class hotels and spend considerable sums of money. Thus, cultural tourism has a part to play in foreign exchange earning. There is a second category of foreign visitors who, although economically less well off than the first and having very diverse interests, can help in defining cultural tourism. This includes all those who come to India with some cultural interests.

In view of India's rich and varied monuments and the fact that they offer much that is unique, this class of tourism has a great potential for development. There are tourists who want to see a small selection of the most important historical monuments. The monumental heritage may be divided into four principal subject groups: monuments of Indian Buddhism, starting with the sites associated with Gautam Buddha himself; Hindu monuments, ranging in time from the early centuries of the Christian era to the present day and enormously varied in styles; the Indo-Islamic monuments; and monuments of European and British associations with India. Each one of these four deserves to be exploited for purposes of cultural tourism. The Indo-Islamic monuments form the greatest attraction. The monuments of European association, including those of the British Raj, have not yet been sufficiently recognised as a potential source of foreign interest. The object of interest for those who come to India for primarily religious purposes is likely to be her monumental heritage.

The richness and variety of India's traditional arts and crafts are famous. The primary impact of arts and crafts on cultural tourism is rather through "cultural shopping"—the discriminating purchase of different types of work. Many tourists would be interested to visit centres like the dyers' houses near a Sanganer in Jaipur, the Himroo weavers of Aurangabad, the silk makers of Varanasi or Kanchipuram or Vishnupur, the bronze founders of Swamimalai, and the stone masons of Mahabalipuram. The centres of classical and folk dances and music can also be exploited to draw foreign lovers of culture.

A large number of monuments which should get top priority from the tourism angle are not at present scheduled and protected under the Ancient Monuments Act. Moreover, of the scheduled monuments not an insignificant number are only partly under the control of the Archaeological Survey of India. A second important aspect of this question is that some unscheduled monuments debar non-Hindus or, in some cases, foreigners from entry, while at monuments under the A.S.I. control entry is open. A large part of the national heritage is outside the control of the A.S.I. as far as its preservation is concerned. It has been suggested that a new concept under which monuments would be scheduled on account of their national importance should be evolved. A second problem affecting certain groups of monuments arises from the rapid pace of development of modern India. At several places, sites have been transformed during the past two decades, and, in some cases, the total environment is threatened. A new concept of scheduling such areas as National Parks should be introduced.

In the overwhelming majority of monuments under the care of the A.S.I., the conservation of structure is of a high order. Conservation work is in progress at several sites. The A.S.I. is handicapped by the shortage of funds. Which makes it impossible to provide the continuous labour force needed to maintain structures. The decision to charge an entrance fee (though nominal) from visitors has been welcomed by tourism circles as this will bring some funds for essential conservation and preservation work and for provision of facilities.

The Department of Tourism wants that visitors should be able to approach the monuments and should find suitable accommodation nearby. The A.S.I. is also interested in the approach route, in the beautification of the environments and in many technical matters. There should be a continuous dialogue between the two. Another area in which there is need for close co-ordination, if not positive combination of efforts, is the recruitment, training and supervision of guides of all kinds. Only if the two departments work in close unison, this problem can be solved in the shortest possible time. Finally in respect of publication policy, there are several areas in which there should be co-ordination. The Tourism Department should be responsible for the publication of popular folders, and tourist postcards, while the Archaeological Survey should bring out scholarly monument guidebooks and their own series of postcards of a slightly more specialised variety.

THAI INTERNATIONAL

New Service

Thai International will inaugurate *DC-8 Super Fan* services between Bangkok and Sydney on 1st April. The convenient daylight flights will operate southbound from Bangkok and Singapore to Sydney's Kingsford Smith Airport on Thursdays, and northbound on Fridays. The Thai International service to Australia will connect from the Scandinavian Airlines' Wednesday flight from Europe. The same *DC-8 Super Fan* jetliner is used but in the cabin will be featured Thai's famous Royal Orchid Service.

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INSURANCE

Will Reduction in Fire Risk Tariff Affect General Insurers ?

(BY A SPECIAL CORRESPONDENT)

FOLLOWING the recommendations of a working group appointed by the Reserve Bank of India that all small-scale units securing funds from the State Financial Corporations (S.F.C.s) should have protection against hazards like fire risks and dislocations arising out of strikes, a reduction in the fire risk insurance tariff now seems imminent. Incidentally, while suggesting a downward revision of the insurance rate structure, especially for small-scale industries, the group has felt that "taking into account the substantial rise in the level of institutional advances to the small-scale industrial sector and the likely increases in such advances in the future, the volume of insurance business from this sector would justify a downward revision in the insurance rate structure." One may note here that the working group on the insurance of mortgaged properties was asked to recommend suitable norms for insurance cover to safeguard fully the interests of financial institutions.

The working group has noted that in determining the basis of valuation of and the amount up to which assets should be insured, the principle to be kept in view is that in the event of destruction or damage, it should simultaneously meet the claims of creditors and replace assets fully and adequately from the compensation to be received from the insurance agency in order to keep the earning capacity of the borrowing concern unimpaired. Supporters of the proposed rate cut also find that the object is to help small-scale units, securing assistance from the S.F.C.s, to take full insurance cover. Furthermore, this would keep the earning capacity of the borrowing unit unaltered even if any damage is caused to its assets. Under the protection of a full cover, any small unit will be able to replace assets fully from the compensation received from the insurer, besides meeting the demands of creditors.

It is relevant to note here that two types of policy, *viz.*, standard fire policy and reinstatement policy, are at present issued. The latter has been recommended by the working group as "the ideal one for cover of assets mortgaged to the S.F.C.s." Under this policy, the insurance company settles the claim by meeting the cost of replacing the structure or erection of plant and machinery according to requirements. True, on these reinstatement policies, the working group has noted that the present tariff could be reduced anticipating large institutional advances to small-scale units in the near future. Yet scepticism prevails among some insurers as to whether all the business resulting from the insurance of small units will be shared by the industry as a whole. From experience they point out that the Government's policy is to insist on borrowers to go to the public-sector general insurance company for the necessary coverage. In other words, they consider that the proposed rate cut would be to the advantage of a particular fire insurance company. Such a reduction would mean lower income for private-sector firms.

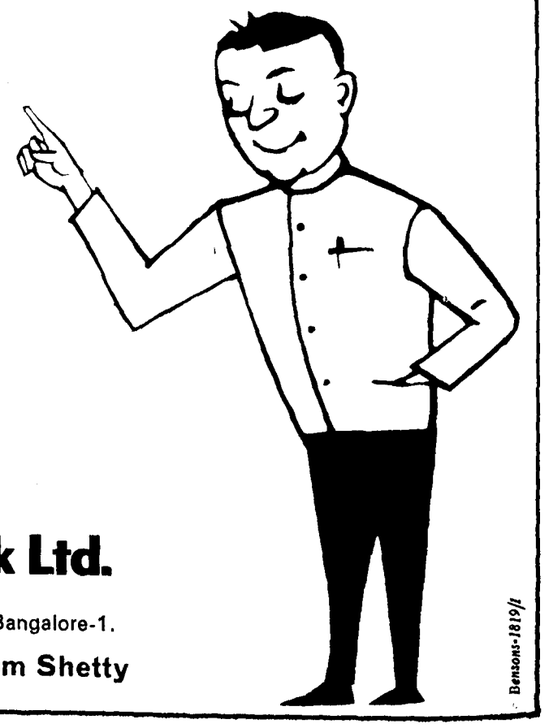
They also raise these points: won't the insurance cover under reinstatement policy be a burden to small units when their finances are precarious ? Or, won't it upset the viability of the project itself when the working group has noted that "though it will be ideal to obtain cover against all possible risks, the cost of insurance which goes up with every additional risk covered will be prohibitively high, particularly for a small or medium scale industry" ? They are, however, assured by the recommendation of the group that any small unit finding the burden of premium on the reinstatement basis too onerous will be at liberty "after the initial period of five years of the loan to effect insurance on the basis of market value less actual depreciation based on the life of each asset."

One may recall here the following recommendations of the working group: (1) all policies should have "agreed bank clause" whereby the claims payable to the insured would be payable to the S.F.C.s ; and (b) at the time of advancing loans to the technically qualified persons to set up workshops, the S.F.C.s may ask for insurance cover against accidents and life insurance to a reasonable extent. In addition, on risks to be covered, it has noted that save the assets normally indestructible by fire (like land, building up to the plinth level, foundation of engine and boiler beds) all assets should be covered against risks of fire, besides covering the risks of explosion, breakdown, riot, strike, civil commotion, earthquake and flood. In short, the working group while examining various problems about insurance of assets mortgaged to the S.F.C.s has considered it necessary to insure against strike, riot and "malicious damage" on all loans advanced in future to the prevailing installed units in the country. But the moot point remains: do general insurance companies provide all these facilities ? Won't their premium rates vary from industry to industry or place to place even when the group has recommended the uniform rate structure which is 0.35 paise, Rs. 10 and Rs. 60 for minimum, maximum and exceptional, respectively, in the case of fire risks (a thousand rupees of insured amount) ?

Considering the fact that the cost of covering the above risks would be beyond the means of small units, "selective approach" has been suggested. But then cover against fire risks has been recommended as compulsory. Similarly, the coverage of other risks is at present subject to variation depending on the location of the borrowing unit, the type of plant and machinery employed for manufacturing activity, etcetera. For instance, any unit in a seismic belt is prone to earthquake and can seek protection from earthquake damage. The group has suggested that risks of earthquakes and floods might be covered in the areas vulnerable to such calamities.

With progressive industrialisation, fire wastage, as in other countries, is assuming added significance in India. Indeed, in the recent past, fire accidents have exceeded Rs. 1 crore in value. Unfortunately, however, the insurers cannot exercise control on such fire wastage, although from experience in handling fire losses or knowledge of factors causing fire hazards, they can suggest schemes for reducing the risks.

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LABOUR

Need for Widening the Scope of Industrial Disputes Act

By M. S. Bala

THE Industrial Disputes Act was passed in 1947 establishing a machinery to investigate and conciliate disputes between "industrial employers" and their "workmen". Industrial disputes related mostly to either challenging the termination of services of a workman (security of employment) or improving terms of employment of workmen. Workmen are broadly those who perform clerical or manual work or those doing supervisory work but receiving a salary of less than Rs. 500 a month. The Act defined industry as follows: (a) "industry" means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft, or industrial occupation or avocation of workmen. What constitutes an industry under the Industrial Disputes Act has been left to judicial interpretation of the above definition. In what follows, a brief review of what has been held as "industry"—and what is not—by the highest court in this country is attempted.

In the earliest case relating to the Industrial Disputes Act, the Federal Court decided two points: (1) that the Western India Automobile Association was an industry; and (2) that an Industrial Tribunal had the right to reinstate a wrongfully dismissed workman. By reinstatement it was meant that the Court declared he was not dismissed at all. The Court observed that it was not concerned with the effects of its order unless, of course, it was wholly incapable of enforcement. Both the above points have had far-reaching effects on industry and indeed on the country. But it is the first question—what is industry and what is not—that has been highlighted in this article. It is not intended to focus attention on what may appear to be a ridiculous situation, nor show disrespect to the Supreme Court but to draw pointed attention to a remediable but unremedied situation for which the executive and the legislature are responsible.

The chairman of a municipality in West Bengal dismissed a sanitary inspector and a head clerk years ago, little knowing that his action would result in an important case, that is, whether a municipality is an industry and whether the Industrial Disputes Act is applicable to it. The Supreme Court held that the departments of a municipality which carried on work similar to trade or business, namely, tax, public conveyance, fire brigade, lighting, water works, city engineers, enforcement (encroachment), sewage, health, market, public gardens, public works assessment and estate departments constituted an industry under the Industrial Disputes Act, and only a small number of departments was left out of the definition. Thus while most "workmen" of the municipality came under the purview of this law, a few were left out.

In 1960, the Supreme Court held that hospitals constituted an industry and workmen employed in hospitals came under the purview of the Industrial Disputes Act. In 1970, in the case of Safdarganj Hospital and two other hospitals, the Supreme Court revised its earlier ruling and decided that in hospitals, nursing homes and dispensaries run as a business in a commercial way, there may be found elements of a business. The result of this decision is that workmen in many hospitals, who came under the purview of the Industrial Disputes Act, have now been taken out of its purview.

Those doing clerical or manual work for a firm of attorneys or chartered accountants cannot raise a dispute under the Industrial Disputes Act even if the establishment was large, because they are not working in an industry. Thus a large number of employees working side by side with "workmen" in an "industry" have to be either content with whatever their enlightened employers choose to pay them (irrespective of their capacity to pay or the needs of the employees) or adopt agitational methods to redress their grievances.

With the increase in the number of educational institutions in the country, the question arose whether the work of imparting education conducted by educational institutions was an industry and whether employees other than teachers were workmen coming under the purview of the Industrial Disputes Act. The Supreme Court held that the clerks and peons employed in schools did not come under the purview of the Act. On the other hand, all employees of newspapers, from the editor downwards, have had special legislation, akin to the Industrial Disputes Act, to settle their terms of employment as well as to ensure the security of employment.

The Calcutta High Court has held the view that a club run for profit and business would fall within the definition of industry. That a club is not an industry is now settled by the Supreme Court in the case of the Madras Gymkhana Club whose employees demanded bonus and the Industrial Tribunal, to which the case was referred, decided that the club was not an idnustry. The question was whether the club came under the category of an industry as defined in the Industrial Disputes Act. The Court observed that irrespective of the size of a club, largeness of the membership or the number or extent of its activities, a club was not an industry. "No doubt the material needs or wants of a section of the community are catered for but that is not enough. This must be done as a part of trade or business or as an undertaking analogous to trade or business. This element is completely missing in a members club".

The lacuna seems to be the absence of a similar machinery for non-industry workmen in clubs, teachers, clerks, car drivers, peons, sweepers in schools, colleges and universities, Government servants below the rank of officers, nurses, clerks and other workmen in hospitals not run as a business, workmen working for firms of attorneys and chartered accountants, and innumerable non-industries. They have the right to form unions but do not have a machinery to ventilate their grievances in the matter of security of employment and improving their terms of employment and they are frustrated. The scope of the Industrial Disputes Act may be widened and its defects removed. There is no use blaming the Supreme Court as has become the fashion with some politicians. The responsibility for the discontent lies squarely on the legislature and the executive which have allowed a situation to develop where workmen doing the same or similar work are being treated differently.

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INVESTMENT

Poll Victory of Congress (R) Cheers Operators

THE stock markets have reacted favourably to the ruling Congress Party's fantastic victory in the mid-term election to the Lok Sabha. But they have not allowed themselves to be carried away by the impulse despite the prolonged spell of uneasiness. Instead of making a big dash, they have only taken a measured step forward. Equities have staged widespread gains which have been quite impressive in some cases. But the improvement has been due more to anxious bear-covering and scarcity of offering than to any aggressive bull support, although certain selected counters did receive good attention. The markets have presented a somewhat livelier appearance, but turnover has still been below the level many would have expected after the end of the election uncertainties. It is the prospect of a stable and firm Government at the Centre—the ruling Party has secured a rare two-thirds majority—which has imparted a distinctly steadier tone to the stock markets.

If there has been no outburst of bullish enthusiasm, it is perhaps because the economic programme projected through the ruling Party's election manifesto contains many measures which are not quite to the liking of the stock exchange fraternity. These include the take-over of general insurance, increasing State participation in the import or export trade, greater rôle of the State in industries where substantial public funds have been invested and a ceiling on urban property. These measures are not new, but their implementation cannot be delayed much longer now that Mrs. Indira Gandhi has been given a mandate of confidence to press forward with the programme of social change. How some of these radical measures will be implemented will have a far-reaching impact on the stock markets. This explains why they are inclined to toe a cautious line. Considerable interest centres on Mrs. Indira Gandhi's new team of Ministers. The interim vote-on-account Budget, due to be presented on 24th March, is unlikely to provide any indication of the Government's fiscal policy which can have a significant impact on the outlook for equities.

The view is, however, widely shared in stock exchange circles that a strong and stable Government at the Centre will make for speedier and effective implementation of the economic programme and that this will considerably accelerate the economic and industrial tempo. Of course, much will depend on Mrs. Indira Gandhi's ability to impart efficiency to the administration. The accelerated pace of industrial development should benefit the investor, although the outlook for equities will depend in no small measure on industry's profit margins and the relative attraction of various avenues of investment. The keen interest evinced recently by the Unit Trust and L.I.C. in the inter-bank call money market because of the highly attractive return of about 11 per cent has been the subject of comment in stock market circles. With good scrip in short supply, there is no reason why institutional investors should not deploy their surplus funds in the call money market. Indications are that the stock markets will continue to present a steadier appearance in the weeks ahead. Whether they will like to push their way up in a big way, it is difficult to say. The corporate news continues to be good, although margins are increasingly coming under pressure.

Government securities have been quiet this past week. The 3 per cent *Conversion loan 1986* is quoted at Rs. 59.95. The other Central securities have received selective support. Turnover has been restricted.

The Calcutta stock market has shown a steadier trend this past week, although turnover has been restricted due to too many holidays. The prospect of the Congress (R) coming to power at the Centre with a substantial majority has cheered operators. Among engineering shares, Braithwaite, Britannia Engineering and Burn have received support. Among paper shares, Ballarpur, Straw Products and Tribeni Tissues have changed hands. Among jute shares, Gourepore, Hukumchand and Birla have received enquiries. Among miscellaneous shares, Goodyear, India Tobacco and Chemicals and Fibres have received fair support. Among tea shares, Teesta Valley, Hasimara and Hoograjuli have received enquiries.

Dalal Street has presented a distinctly steadier and also somewhat livelier appearance this past week. The assured prospect of a stable Government at the Centre following the ruling Congress Party's landslide victory in the mid-term election has brought about a marked change in sentiment. Turnover has improved, although not very much. But equity prices have scored widespread gains on short-covering, scarcity of offerings and selected bull support. Very few counters have wound up the week with minus signs and here again losses have been confined within very narrow limits. Cotton mill shares have turned steadier despite unencouraging advices from the piece-goods market. Century have been the outstanding feature. Rayon shares have firmed up on renewed support induced by the tyre cord manufacturers' decision not to reduce prices pending their talks with the Government. National Rayon and Century Enka have registered handsome gains. Cement shares have held barely steady. Automobile shares have ruled quietly steady. Very little activity has been reported in bank shares. New

COMPANY REPORTS

Reports relating to the following companies appear on later pages of this section :

Garden Reach Workshops

Goodyear India

Hoechst Pharmaceuticals

Kirloskar-Asea

Madura Mills

Maharashtra Sugar

Sri Sarvaraya Sugars

Walchandnagar Industries

India Assurance have held quietly steady. Electric shares have ruled steady with a small turnover. Shipping shares have displayed marked firmness with Great Eastern recording a handsome rise. Sugar shares have kept steady. Chemicals have ruled firmer with Bayer (India), Indian Explosives, N.O.C.I.L., Synthetics and Chemicals and Polyolefins providing the bright features. The shares of pharmaceutical companies have ruled quietly steady. Only Pfizer have registered a marked rise on fresh support. The shares of tyre companies have generally displayed a subdued tendency due to lack of support. Selling has, however, been seldom pronounced. In the miscellaneous section, United Carbon, Tata Oil and Hindustan Aluminium have been among the firm features. Motor Industries and Escorts have held steady. Paper shares have been steady with West Coast receiving fair attention.

The Madras stock market has shown steadier trend this past week, although activity has been restricted. The trend of election results in Tamil Nadu has caused a mild surprise. But the reaction of operators to the election results has, by and large, been favourable. In the planting section, there have been enquiries for Kurchermala while Thirumbadi have attracted sellers. Blue Mountain and Consolidated Coffee have been quiet. In the textile section, South India Viscose and Mettur Beardsell have received buying support. Among bank shares, Canara Bank and Indian Overseas have been bought. In the sugar section, E.I.D. have been easier. Aruna Sugar and Travancore Sugar have attracted sellers. In the miscellaneous section, India Cement have improved while Dalmia Cement have been transacted at the market rate. Ashok Leyland have been transacted while Aluminium Industries have attracted sellers.

CLEARED SECURITIES IN CALCUTTA

[The following list shows the range of price fluctuations in clearing shares in the Calcutta stock market during the past week. The figures indicate Opening Quotations, Highest for the week, Lowest for the week, Closing Quotations and Quotations for the corresponding Closing date a year ago. The last named is shown in parentheses. All quotations are in rupees.]

Birla Jute 20/45—20/90—20/30—20/70—(19/50)
Dunlop India 37/10—37/70—37/10—37/70—(33/30)
Guest, Keen, Williams 31/70—32/30—31/60—31/80—(13/45)
Hindustan Motors 12/35—12/75—12/20—12/50—(15/24)
Indian Aluminium 37/70—38/30—37/70—38/15—(31/15)
Indian Cable 16/50—17/00—16/50—16/80—(11/90)
Indian Copper 4/10—4/12—4/06—4/07—(4/22)
Indian Iron 11/30—11/40—11/20—11/25—(17/50)
J. K. Cotton 10/55—10/60—10/25—10/50—(11/85)
Jaipur Udyog 9/25—9/25—9/00—9/10—(9/40)
Kesoram Industries 16/80—17/00—16/75—16/85—(14/85)
Orient Paper 37/40—38/40—37/25—38/40—(31/25)
Orissa Cement 18/45—18/50—18/45—18/50—(13/00)
Rohtas Industries 6/35—7/45—6/35—6/45—(7/00)
Textile Machinery 10/25—10/25—10/25—10/25—(10/80)

Madura Mills Produces Excellent Results

IN their report for the year ended December 1970, the directors of Madura Mills Co. Ltd observe that trading profits increased substantially over the previous year due to higher sales. Non-trading receipts also increased. The gross profit at Rs. 201.35 lakhs is the highest for many years. The directors have, therefore, raised the dividend to 8 per cent from the previous year's 6 per cent. Sales amounted to Rs. 32.54 crores, compared with Rs. 29.85 crores in the previous year. Export sales amounted to Rs. 6.74 crores despite the development of new markets during the year, showing a decline from the previous year. This was mainly due to the sharply rising raw material costs and consequent uncompetitive prices. An unprecedented increase in cotton costs since September 1970 seriously threatens the Company's export business. In the field of production, activity showed a satisfactory trend despite the shortage of rayon and nylon filament, strikes, and go-slow tactics by labour. It is reported that modernisation has progressed with the installation of a modern blow room line and a good number of high speed draw frames. Letters of intent have been received for the installation of an additional 100 industrial and 400 civil looms, but these are tied to an unworkable export stipulation. Further schemes to improve productivity in the various departments have been introduced.

The pre-tax profit amounts to Rs. 201.35 lakhs, after providing Rs. 96.51 lakhs for depreciation. This compares with the previous year's profit of Rs. 81.25 lakhs, after providing Rs. 103.12 lakhs for depreciation. Provision for taxation amounts to Rs. 99.05 lakhs (against Rs. 14.88 lakhs). This leaves a net profit of Rs. 102.30 lakhs. Adding to this a sum of Rs. 4,101 brought forward, the total comes to Rs. 102.34 lakhs; out of this, development rebate reserve gets Rs. 10.75 lakhs (against Rs. 13.15 lakhs). National Industrial Development Corporation loan redemption reserve gets Rs. 5 lakhs (same). General reserve gets Rs. 76 lakhs (against Rs. 37.15 lakhs). The balance of Rs. 9,370 is being carried forward, after transferring Rs. 10.50 lakhs (against Rs. 11.10 lakhs) to the debenture stock redemption reserve fund.

KIRLOSKAR-ASEA

Better Results

KIRLOSKAR-ASEA has reported improved results for the year ended September 1970. Sales are up by 15.2 per cent from Rs. 53.24 lakhs to Rs. 61.34 lakhs and the gross profit has increased by 7 per cent from Rs. 9.26 lakhs to Rs. 9.90 lakhs. After providing Rs. 3.22 lakhs (against Rs. 2.50 lakhs) for depreciation, Rs. 16,000 (against Rs. 17,000) for development rebate reserve and Rs. 3.30 lakhs (against Rs. 1.45 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 3.22 lakhs, against Rs. 5.14 lakhs in the preceding year. After some adjustments, a sum of Rs. 3.20 lakhs (against Rs. 2.75 lakhs) has been transferred to general reserve out of which the proposed unchanged 6 per cent dividend absorbing Rs. 2.40 lakhs is to be paid. The prospects for the current year are considered somewhat uncertain because of the difficult supply position of certain raw materials and increased competition.

WALCHANDNAGAR INDUSTRIES

Loss Incurred

THE preliminary statement from Walchandnagar Industries on its operating results for the year ended September 1970 showed a huge trading deficit of Rs. 95.32 lakhs, against a gross profit of Rs. 58.07 lakhs in the previous year even though total sales had registered only a marginal decline from Rs. 10.22 crores to Rs. 10.16 crores. The full report lists the various factors which have contributed to the Company's disappointing results during the year. Both the sugar and the industrial machinery divisions have fared badly. The sugar manufacturing division suffered due to the declining trend in the open market sugar prices throughout the year, increased burden of excise duty, lower cane recovery and enhanced wage bill resulting from the implementation of the award of the second wage board for the sugar industry. The procurement prices of cane were lower but the adverse factors weighed too heavily against this advantage. The financial results of the industrial machinery division were the worst since its inception. Initial orders for cement machinery had been booked during the recession period at highly competitive prices. But with the lifting of the recession, the prices of raw materials went up and purchases had to be made at rates considerably higher than those taken into account in the original estimates. Imported components also cost more, being tied with specific foreign exchange loans. The directors state that the "initial" orders for cement machinery are expected to be completed shortly and that the capacity to be thus released would be utilised for more remunerative job work. This will help improve profitability. Total order as on 31st January, 1971, for machinery pending with the Company were of the value of Rs. 21.74 crores, including export orders worth Rs. 4.6 crores.

GARDEN REACH WORKSHOPS

New Dredger Built

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sophisticated designs. In addition, the vessel provides fully air-conditioned accommodation for the officers and crew, totalling 30, for ensuring comfort to the operational staff in accordance with the international practice.

The new dredger will substantially strengthen the fleet of dredgers owned by the Central Ministry of Transport. In its ambitious programme for development and modernisation of major intermediate and minor ports in India, the contribution of G.R.W.'s new dredger has special design feature and capital dredging duties. The installed diesel engine power, including standby machinery, however, exceeds 8,000 B.H.P. making it one of the most powerful dredgers in the world. To ensure efficient and independent operation, the dredger has been provided with two semi automatic anchor booms having an outreach of 34.5 metres along with two heavy spuds to be handled by hydraulic ram systems. Design sophistication has been extended to the remote control systems also, and this would enable the dredger master to have all controls at his finger tips for all the essential dredging machinery and ancillaries.

MAHARASHTRA SUGAR

Satisfactory Results

MAHARASHTRA Sugar Mills has reported satisfactory results for the year ended September 1970. Sales are a little higher at Rs. 5.06 crores (against Rs. 4.90 crores) and so is the gross profit at Rs. 56.76 lakhs (against Rs. 55.31 lakhs). The dividend has been maintained at 24 per cent, that is, at Rs. 12 a share. After providing Rs. 19.29 lakhs (against Rs. 21.95 lakhs) for depreciation, Rs. 1.16 lakhs (against Rs. 3.94 lakhs) for development rebate reserve and Rs. 20.75 lakhs (against Rs. 16.80 lakhs) for taxation, the net profit for 1969-70 amounts to Rs. 15.56 lakhs, against Rs. 12.62 lakhs in the preceding year. After some write-backs and adjustments, a sum of Rs. 22 lakhs (against Rs. 31.40 lakhs) has been transferred to general reserve. The equity and preference dividends absorbing Rs. 23.18 lakhs (same) are to be paid out of general reserve.

The Company crushed 324,000 tonnes (against 274,000 tonnes) of sugarcane and produced 359,000 quintals (against 326,000 quintals) of sugar at an average recovery of 11.16 per cent (against 11.91 per cent). The distillery produced 2.4 million litres (against 2.36 million litres) of spirit. The potable liquor division commenced commercial production during the year and produced 12,079 cases of liquors. The directors state that the potable liquor division has not worked satisfactorily as the demand for spirit-based whisky has been rather limited ; consumers of hard liquors prefer malt whisky. The directors are exploring the possibilities of setting up a malt whisky plant with indigenous know-how as import of plant and machinery for malt whisky is not permitted by the Government. The management is exploring all possible avenues to improve the Company's profitability by undertaking projects that involve modest capital outlays. The Company plans to enter the packaging field. The letter of intent issued to the Company for the manufacture of electronic components is being processed by the Government. The Company's wholly-owned subsidiary, Maharashtra Radio and Electronics, has not made any progress with regard to its proposal to manufacture components and electronic equipment.

SARVARAYA SUGARS

Results Disappoint

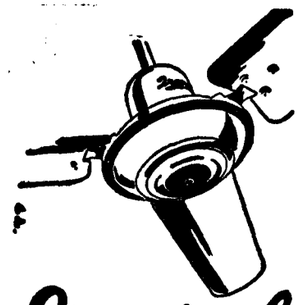
SRI Sarvaraya Sugars has turned out disappointing results for the year ended September 1970. Sales are down by nearly 13 per cent from Rs. 3.40 crores to Rs. 2.96 crores and the gross profit has shrunk by 64 per cent from Rs. 52.72 lakhs to Rs. 19.01 lakhs. After providing Rs. 18.34 lakhs (against Rs. 10.91 lakhs) for depreciation, Rs. 60,000 (against Rs. 4.30 lakhs) for development rebate reserve and nil (against Rs. 16.75 lakhs) for taxation, the net profit for 1969-70 amounts to only Rs. 7,423, against Rs. 20.76 lakhs in the preceding year. A major part of the proposed 6 per cent equity dividend and the usual preference dividend absorbing Rs. 3.35 lakhs are to be paid out of reserves. The Company's performance would have been still worse but for the "very satisfactory" working of the industrial alcohol plant which produced 2.72 million litres of rectified spirit and 162,000 litres of denatured spirit.

The working of the sugar factory was affected by a "devastating cyclone" that damaged the factory as well as the cane fields. The factory remained closed for almost three weeks for carrying out repairs to the plant. The factory crushed during the year 258,000 tonnes (against 213,000 tonnes) of cane and produced 213,000 quintals (against 216,000 quintals) of sugar at an average recovery of 8.26 per cent (against 8.92 per cent). Apart from the lower recovery, profits were adversely affected by the fall in the free market prices of sugar and non-lifting of most of the levy sugar by nominees of the State Governments which led to a sharp increase in interest charges from Rs. 12.28 lakhs to Rs. 19.82 lakhs.

GOODYEAR INDIA

Profit Declines

THE preliminary report of Goodyear India Ltd shows that the Company has not done well for the year ended December 1970. Despite an increase in sales from Rs. 25.28 crores to Rs. 28.73 crores, the gross profit has suffered a setback from Rs. 3.51 crores to Rs. 1.88 crores. After providing Rs. 58.97 lakhs (against Rs. 61.35 lakhs) for depreciation, Rs. 69.30 lakhs (against Rs. 1.42 crores) for taxation and Rs. 4 lakhs (against Rs. 8 lakhs) for development rebate reserve, the net profit is lower at Rs. 56 lakhs (against Rs. 1.40 crores).



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The directors have, however, recommended a total ordinary dividend of 47.5 per cent, including an interim of 30 per cent, absorbing Rs. 1.11 crores, which will be paid out of general reserve. This offers a yield of 8.9 per cent at the present price of Rs. 53.25 a share of Rs. 10 each. The Company paid a taxable ordinary dividend of 17.5 per cent in the previous year. A sum of Rs. 16 lakhs has been written back from development rebate reserve.

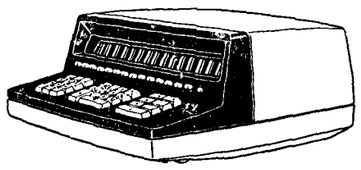
HOECHST PHARMACEUTICALS

Record Exports

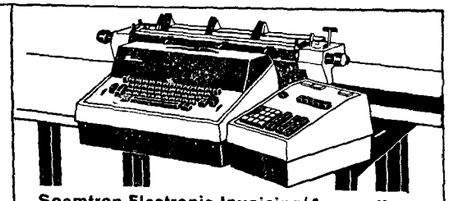
EXPORTS of Hoechst Pharmaceuticals Ltd, an Indo-German venture in collaboration with Farbwerke Hoechst AG of West Germany, during 1970 touched an all-time record and was nearly 200 per cent higher than in the previous year. In terms of value, they totalled Rs. 60 lakhs and thus by far exceeded the target of 5 per cent of production laid down by the Government of India. The major part of Hoechst's exports went to Australia, Mexico, Brazil and Egypt.

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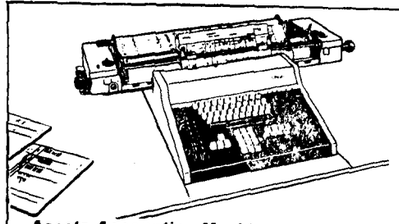


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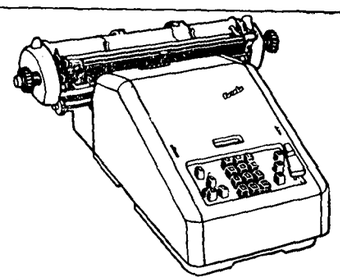


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PRESYN

COMMODITIES

Technological Progress in the Manufacture of Carpet-backing Cloth Expected

FRUITFUL collaboration between the Calcutta-based Indian Jute Industries' Research Association and the Pakistan Jute Technological Research Board, Dacca, through the Jute Carpet Backing Council of the U.S.A. appears to have paved the way for a significant technological stride in the manufacture of jute carpet-backing cloth. Hopes of a possible breakthrough in the manufacture of carpet-backing cloth with jute as the base have stemmed from the satisfactory progress achieved in a series of research projects assigned by the J.C.B.C. to the Georgia Institute of Technology, U.S.A., to ensure the adaptation of the jute fabric for narrow gauge and high density tufting. The bulk of such demand is from big departmental stores, hospitals, schools, colleges, cinemas, offices, concert halls and the like and is being currently met by synthetic-backed tufted carpets as the traditional jute carpet-backing structures have been found unsuitable for withstanding the strains of high speed narrow gauge needling during the process of tufting.

Jute-backing Fabric

This deficiency of jute has been keeping the Indian and Pakistani products away from an expanding sector of the tufted carpet market in the U.S.A. The Georgia Institute of Technology and the I.J.I.R.A. have both been striving hard to develop a jute-backing fabric which will meet the needs of high speed narrow gauge needling. Many samples of specialised jute fabric with hitherto unknown properties and new geometric constructions have been despatched from Calcutta to the Institute through the J.C.B.C. for being tufted on the pilot machines and finally experimented upon by prospective clients. In an effort to keep a track on the developments and make a precise assessment of the improvements, every phase of processing and performance is recorded with the help of microscopic photography. The J.C.B.C. has also been operating a research programme during the last four years to offer a flame-resistant or flame-proof jute backing to users of the end-products.

Big Shortage Forecast

The F.A.O. Consultative Committee on Jute, Kenaf and Allied Fibres in Rome has forecast a big shortage in world production of jute during the current season. It has estimated that world jute and kenaf supplies available for exports during the season will fall far short of the minimum requirements of the importing countries. The production of jute and kenaf in the two exporting countries—Pakistan and Thailand—has decreased slightly from the previous season's levels, mainly due to the lower range of prices ruling at the sowing time and adverse weather conditions thereafter.

Export-availability for the period has been estimated between 744,000 tonnes and 780,000 tonnes, which falls below the provisional figures for world import requirements between 809,000 tonnes and 864,000 tonnes for the season. The Committee has advised that every effort should be made to increase the production of fibre in the major producing countries of India, Pakistan and Thailand to ensure an adequate availability of fibre for exports at reasonably lower prices. The forecast of export availability from Pakistan during the season is between 563,000 tonnes and 599,000 tonnes, after providing a much higher tonnage for internal consumption by the steadily rising installed capacities.

The Consultative Committee has, however, retained its current recommended indicative price ranges for the remainder of the season, after taking note of the competition faced by the manufacturers of jute goods from those of synthetic substitutes which can impair the long-term prospects of jute goods exports in the event of a further increase in the prices of either the raw material or the finished products. The Committee has, however, uttered a note of caution that imports into western Europe and Japan may continue to show a declining trend in 1971-72.

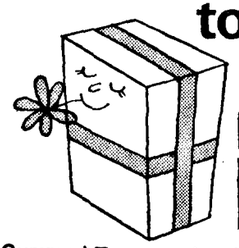
Gunnies Steady

A spate of holidays and the hectic tempo of the mid-term poll affected trading in the Calcutta gunny market during the past week. The working week was reduced to a half, and both operators and consumers of the end-products showed a keener interest in the announcement of the poll results than in trading. Despatches from mills and shipments from the port were also affected, and the market continued to be practically inert throughout the week. The emergence of the C.P.I.(M) as the single largest Party with the ruling Congress trailing behind as a close second induced caution. Industry and trade circles were inclined to think that the latest polls in the State would fail to ensure a stable adminisration, pursuing a pragmatic policy. So industrial production was likely to be hampered. Some people believed that there might ensue a fresh spell of President's rule in the State after some futile efforts at running a popular Government. The astounding success of the ruling Congress Party at the Centre and in some other States could not allay the misgivings of trade and industry circles as to the near-term prospects for West Bengal. Earlier developments in East Pakistan had aroused a lot of expectations relating to the spillover business for ready and near-delivery positions among traders. But radio reports from Dacca and Karachi indicated that the resurgent Awami League Party had taken all precautions in maintaining industrial production and export shipments to the optimum levels. But the migration of West Pakistani business men and industrialists from East Pakistan indicated the possibility of some dislocation in production and shipments. The strict censorship of news from that part of the country prevented Calcutta people from making a precise assessment relating to the produc-

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tion and shipments of the end-products from it. Clive Row was inclined to believe that the prevailing east-west tension was sure to produce an adverse effect on all facets of social and economic life in East Bengal. The progress of sowing jute on the alluvial soil in the riverine tracts of the province was sure to be affected because of the current turmoil. Both overseas and major internal consumers, including the Government of India agencies, showed a lack of interest in fresh business. Even the number of enquiries declined to the minimum levels. Operators appeared to be keenly awaiting the announcement of the I.J.M.A. production and stock figures for February for taking a view about the near-term prospects. Meanwhile, the continuing stringency of credit and high rates of interest induced some weaker bulls to lighten their long positions even at a discount over the previous levels. These frantic offers in an unwilling market depressed sentiment further and induced shorts to keep their open positions uncovered even at the dips. Easier advices from the fibre market were an additional depressant. Around the close, there were unconfirmed reports of a moderate volume of Russian enquiries for hessian and sacking at the lower levels. Destinationwise statistics of jute goods exports for the five months ended November showed an appreciable improvement from 224,100 tonnes last season to 241,100 tonnes this season with hessian rising by 26,700 tonnes to 122,600 tonnes, sacking by 17,400 tonnes to 40,700 tonnes and other goods by 800 tonnes to 22,000 tonnes while carpet-backing cloth slumped by 28,000 tonnes to 55,800 tonnes. The overall export offtake during the current season suffered a sharp setback in December, following the spate of strikes in the mills, the port and in the Calcutta Customs establishment. Hessian exports to Russia registered a handsome improvement during the five-month period. Africa increased its offtake by 3,600 tonnes to 12,800 tonnes, the rest of Europe by 5,700 tonnes to 12,000 tonnes, Australia by 2,100 tonnes to 8,000 tonnes, the U.K. by 500 tonnes to 2,300 tonnes and others by 2,700 tonnes to 14,700 tonnes, although exports to the U.S.A. dropped by 2,900 tonnes to 30,100 tonnes and Canada by 1,000 tonnes to 12,400 tonnes. The carpet-backing offtake by the U.S.A. declined by 22,800 tonnes to 43,800 tonnes and Canada by 100 tonnes to 4,900 tonnes and others by 5,400 tonnes to 5,000 tonnes while Australia absorbed 300 tonnes more at 2,100 tonnes. In sacking shipments, Africa stepped up its intake by 13,200 tonnes to 22,300 tonnes and Russia by 7,100 tonnes to 16,600 tonnes. In miscellaneous goods, the U.S. consumption was higher by some 200 tonnes at 16,900 tonnes, the rest of Europe by 500 tonnes to 2,400 tonnes and others by 100 tonnes to 2,700 tonnes. The hedge market ruled practically featureless in line with the trend in the spot goods market. The technical position relating to B Twills and 40in. 10oz. hessian in May delivery futures also appeared to be more or less evenly balanced. The fluctuations were, therefore, narrow and turnover small. The closing undertone was about steady.

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Latest available quotations (in rupees) were as follows:

	Mar.	21st Apr.	Apr.-June	June-Sept.
40in. 7½oz.	64.50	64.50	64.50	64.50
40in. 8oz.	70.00	—	—	—
40in. 10oz.	84.50	84.75	84.75	84.75
B Twills	259.00	260.00	261.00	256.00
Heavy Cees	260.00	261.00	261.00	256.00
Cornsacks	—	—	—	—
A Twills (U.S.)	323.00	319.00	318.00	312.00
Liverpools	306.00	304.00	304.00	298.00

Fibre Hesitant

With the virtual clearance of floating stocks of selected grade fibre, there was a perceptible decline in the interest of mills for the offers of offgrade jute by residual holders during the past week. The movement of fibre from the interior areas upcountry to the intermediate markets and to Cossipore and mill stations was also affected due to the requisitioning of a large fleet of trucks by the authorities in connection with the mid-term poll. The intervention of holidays and the polls also reduced activities to the barest minimum levels. Being fairly well stocked for the next couple of months or so, mills showed less keenness in the offers of lower grade fibre from weak holders accentuating the bearish trend. Reports of fair progress in sowing in the early cropping areas of north Bengal, Assam, north Bihar and Tripura also aroused expectations of an early crop, reinforcing the slackness in mill interest in sub-standard grade fibre. Turnover was small and the closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	March-April		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	155.40	147.36	55.00
Northern Jute	150.04	142.00	53.00
Western Desal Jute	142.00	133.96	50.00
Selected Daissee	159.41	151.38	56.50
Assam-Agartala Tossa	160.75	152.72	57.00
Mesta :			
Assam Mesta	143.34	135.30	50.50
Selected Daissee			
Murshidabad	137.98	129.94	48.50
Bihar Dist.	131.28	123.24	46.00



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THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA LIMITED

CHAIRMAN, SHRI G. L. MEHTA'S REVIEW

The following is the extract from the Statement by the Chairman, Shri G. L. Mehta, circulated to the shareholders with the Directors' Report and Accounts for the year ended December 31, 1970.

In many senses, 1970 was a disappointing year—a year when slight gains in some spheres were more than counter-balanced by setbacks in others. The most noticeable achievement of the year was a good foodgrain harvest for the fourth consecutive year, a harvest for the first time exceeding 100 million tonnes figure. The most impressive aspect of this achievement is the evidence it gives of the roots that the new agricultural strategy has taken among the farmers, raising thereby the floor of foodgrain production in the country.

The picture in other sectors—non-foodgrain production, industrial output, exports and prices— was less than satisfactory. Among other agricultural crops, the production of cash crops, other than sugarcane, has been unsatisfactory for the last two years. Apart from restraining manufacture of cotton textiles and production of vegetable oils, the main impact of the unsatisfactory production levels of these crops has been, as I shall mention later, on the price-level.

The concentration of attention and resources on agriculture during the last five years has begun to bear fruit in the form of increased local availability of agricultural goods, particularly foodgrains. This is a development wholly welcome, not merely in itself but also as a means of improving the general level of living of the vast mass of the country's population and as increasing the potential for industrial growth.

Even thus, while the pre-conditions for rapid industrial development are being established, it is evident that we seem to have run out of policy initiatives in the field. This is evident not only in the slow growth of industrial production but also, inspite of four good harvests, the inadequate utilisation of industrial capacity, particularly in engineering industries.

Industrial growth, after showing a noticeable spurt in 1968 and 1969, seems to have slowed down in 1970. Industrial production for the first six months of 1970, as measured by the index of industrial production, shows a rise of 6.6 per cent over the level for the corresponding months in 1969 against a rise of 7.4 per cent achieved in 1969 over the previous year's level.

It is also evident that the industrial recovery, such as it is, is unevenly spread. While consumer goods industries suffered the least from the recession and have made up most of the leeway in idle capacity, the position in respect of intermediate goods and capital goods industries, particularly the latter, remains unsatisfactory. And unless we can improve the rate of utilisation of capacity in these two sectors of industry, there is little prospect of reviving the overall rate of industrial investment in the economy.

Several factors are responsible for the slow-down in the pace of industrial growth. Perhaps, the reduced availability of cotton and vegetable oil-seeds has restrained production of cotton textiles and vegetable oils. Perhaps, a more important factor is the shortage of steel, arising out of a failure to use fully the capacity already established in State-owned steel units, particularly at Durgapur and Rourkela. Steel being a basic commodity, its shortage has equally wide repercussions. Steel shortage has tended to keep production in further processing sectors at a low level ; it has also been responsible for the slackening of our exports of engineering goods.

The most disappointing performance is in respect of exports and prices. After the rise in 1969-70, exports seem to have slipped by about 3 per cent in the first six months of 1970-71 in relation to the corresponding period of 1969-70. On a closer analysis of export figures, it appears that while non-traditional exports have more or less stood the ground, the shortfall has been mainly in the exports of traditional goods. However, both the sectors are responsible for the failure to achieve the planned 7 per cent increase in exports. If the consequences of this failure are not quite apparent in the economy, it is because the country has built up a reasonable level of foreign exchange holdings in the past three years and also because the economy has not been operating at full steam.

The other area which causes concern is the price-level. When prices rose during the three disastrous years, 1964-65 to 1966-67, it was possible to blame them on bad harvests. However, after four good harvests in a row, we can point to only one year, 1968-69, as a year of relative price stability ; in all other years, prices have risen at a rate varying between 4 and 12 per cent. The only redeeming feature of this rise is the relative stability of foodgrain prices ; prices of cash crops, industrial raw materials and finished goods have been continuously creeping up. It is evident that demand, rather than supply, factors are responsible for the continuous rise in prices. The need for discipline in monetary and fiscal policy fields is apparent in such a situation. It is necessary, in this context, to watch the impact of the recent rise in Bank Rate on the economy.

The picture in the industrial field should be a cause of some concern. The industrial recession following the Indo-Pak conflict brought to a near-halt the investment process in industry, both in the public and in private sectors. Not only did imbalances become apparent in the industrial structure, but there also seemed to be excess capacity in the whole industrial field. The excess capacity was most visible in the machine tools and capital goods industries, reflecting the inability of the economy to absorb the corresponding investment. The Government itself felt obliged to go slow on industrial investment, for example, by putting off planning of new steel capacity.

Gradually as investment has been dormant, the excess capacity is being

worked off in some sectors by the secular rise in demand for industrial goods. With industrial capacity showing only marginal rise, even the small rise in industrial production this year reflects a proportionately better utilisation of capacity and an increasing tendency to reach the capacity ceiling in many industries. In fact, in many industries like paper, steel, non-ferrous metals and so on, shortages have begun to appear—a position which will become more generalised and accentuated over the coming years.

This climate for a spurt in industrial investment should have been further accentuated by specific investment decisions taken by the Government. The Government has already announced a decision to set up three steel plants. It has also announced its policy regarding licensing of small cars and proposes to set up a small car and a scooter project with foreign collaboration in the public sector. The main impact of such a policy will be not only in meeting the present needs and removing one of the few shortages in the economy, but also in broadening industrial development through ancillary units. All these industries should have a large multiplier effect on investment in the private sector.

Yet, barring a few industries like tractors and automobile tyres, the response from the private sector has been hesitant. There are many reasons for this hesitation, and these need to be fully appreciated. In the first place, industrial recovery is neither as generalised nor so quick-paced as to infuse confidence in the private sector ; the slow-down of growth in 1970 would seem to continue the hesitations of those who are sitting on the investment fence. In a sense, we are in a vicious circle of an investment deadlock which is deepened by lack of investment. Secondly, the country is in the midst of a transition in respect of its industrial investment policy, whose full implications have still to be worked out by the Government and absorbed by the entrepreneurial sectors in the economy. What has, therefore, happened is that while the entrepreneurial initiative and enterprise of the existing groups have been blunted, the expected upsurge of new and favoured categories of entrepreneurs has not come up to take its place.

The major areas of uncertainty in policy are the spheres of industrial investment assigned to different entrepreneurial categories. In recent announcements, the Government has sought to demarcate the areas of operation for different entrepreneurial categories. Necessarily this has a negative, restrictive slant as regards freedom of investment. If the Government wants new entrepreneurial classes to come up—as it should seek to do, it is not sufficient to restrict the entry of large houses in these investment categories: it is desirable that positive inducement is offered to the entrepreneurial categories which are sought to be encouraged.

It is also necessary to re-examine the structure of planning and control in the light of developments during the last twenty years. Over this period, the industrial base in the country has expanded considerably. Moreover, the instruments of financial control have increasingly come into the hands of Government. Once detailed control is possible at the financing stage, it is possible to look upon administrative control as a less important element in the regulation of the economy. At the same time, it is desirable that industrialisation is broadened both concerning entrepreneurs and according to regions. I shall refer later to various moves by finance institutions by which they seek to give preferential treatment for these purposes.

It is also necessary that our entrepreneurs take a broader view of the development process. Development has, allowing to some extent for upsets like the one at present, become a self-generating force. In such a situation, there should be adequate scope for all potential entrepreneurial talent in the country. In many instances, particularly in ancillary units in engineering industries, industrial economics and political foresight require that some activities be hived off and carried on separately. In other words, while a policy of making everything under one roof might have had some justification in days when markets were limited and industries not diversified, it has little economic basis in the present context when markets are expanding and broader entrepreneurial groups have to be found and started. Industrialists also have an obligation to provide goods to consumers at reasonable prices. The emergence of a buyers' market during the last five years has made industrialists conscious of the need to control costs more effectively. Moreover, it is essential, as we build up industries with borrowed technology, that we seek to develop our own research and development facilities.

These aspects of industrialisation—broadening the industrial effort, cost reduction and research and development—are all facets of a dynamic industrial philosophy which our industrialists need to develop on their own. Our industrialists have, in the past, like our economy, concentrated their efforts on solving the immediate problems of increasing production. However, the environment in which industry operates continually changes ; so also the emphasis on different aspects of economic and social policy. Industry by its nature is flexible in its approach and has to keep pace with the changing needs of the economy. I am confident that the newer and finer needs which manifest themselves and will become important in the coming years will be recognised and industrialists will mould their action accordingly.

Significantly, given India's situation, time is hardly on our side. At the present rate of development, the economy is not able to absorb the increasing population in the working-age group. In the last three years, while the economy has stood still, the number of those seeking jobs has steadily increased.

Over a period, the situation is likely to get worse and not improve. It is true that the green revolution, especially the resort to increasing mechanisation in agriculture, has not had an immediate adverse impact on employment in agriculture, particularly of the landless and unskilled labour. Nonetheless, in the long run the increasing farm output is bound to be produced with less—although skilled—labour. And while increasing—and perhaps, cheaper—food supplies might compensate to-day for the loss of employment prospects, such supplies would hardly have any meaning to the unemployed.

The prospects, if the present trends continue, are, indeed, alarming: an economy with increasing food supplies but lessening employment opportunities. No system, political or economic, can expect to stand the strain of such an evolution.

There are no simple solutions to such a problem ; what is disheartening

ing is that the problem has been relegated to a subordinate place in the present order of priorities. We have now reached a stage where the consequences of inaction are far worse than of action, however misconceived.

In the long run, one answer to the problem lies in slowing down substantially the rate of growth of population. Because such a remedy takes a long time to work out, it is appropriate that we start on it now. It is unfortunate that after an initial spurt the family planning drive seems to have lost its momentum.

In the immediate present, the problem is not only to absorb the existing unemployed—not excluding the educated, technically and otherwise, on whom real resources have been spent to build up their specific skills—but give them jobs in non-agricultural activities. It is also necessary to build up a potential in these spheres to absorb the increasing numbers in working-age groups and to take up those who will be released from agriculture. In other words, the job potential in the non-agricultural sectors will have to rise geometrically to meet the increasing demand for such jobs.

In such a context, it is not the wage-rate but the employment rate that assumes importance. To the extent low-paid productive jobs are created, the strain on resources is reduced ; to the extent jobs are created near the place of residence of job-seekers, problems of urbanisation—and, consequently of additional resources to provide the social infrastructure like housing—are minimised.

There are two activities which meet these requirements: construction and road transport. Unfortunately, our plans reveal the neglect of these two activities in the past. Not only to make good this neglect but also as an instrument of solving the urgent problems of the economy, a re-orientation in emphasis needs to be given to our planning priorities.

It would then be essential to work out the implications of such a programme on the resource requirements in other spheres—manufacturing and tertiary, and provide them the required resources. I am inclined to think that such a plan would not unduly increase the aggregate foreign exchange requirements of the economy, and the foreign exchange constraint is not likely to become worse.

The choice before the economy is becoming increasingly clear: is it to be a capital-intensive, high-wage development of a narrow base or a broad-based low-wage employment-oriented development effort ? We have tried out the first alternative, and the gains, though substantial in industrial terms, have been narrow in terms of employment provided, and in the potential for creating employment opportunities and in generating resources.

It is in this context that some recent measures need to be examined. The Government is gradually building up a programme for generating off-season employment opportunities. The experience gained with the initial programme should prove helpful in developing more broad-based programmes later.

The object of all planning is, in the ultimate analysis, to maximise welfare. The Government itself now recognises the need to ensure increased welfare. It is necessary, therefore, that Government encourages public effort to help improve the economic and social welfare of the people.

In the limited spheres falling within their purview, the finance institutions have also taken steps to broaden the impact of their operations. Under their initiative, surveys have been carried out in various States to determine their industrial potential and to suggest measures to realise such potential. The effort has been to identify projects which are based on local resources and which would be of maximum benefit to the people. Your Corporation has played, along with the other finance institutions, an active part in these surveys. The task has involved detailed examination of data and consultation with the State officials concerned. We expect that most of the States would be covered by the surveys during the current year. Such work has helped not only to lay the foundations of a broad development effort to be undertaken in the coming years but would also help to increase the business potential of your Corporation as, indeed, of the other finance institutions.

In backward areas, the finance institutions must necessarily play a broad, promotional role and take a long view of the development process. To this end, your Corporation, along with the other finance institutions, has announced certain concessional terms as regards the rate of interest, period of loans and security coverage, for projects set up in such areas. It is to be hoped that the States would take this opportunity to promote actively industries within their borders.

Your Corporation has also sought to broaden its assistance to small entrepreneurs. Its policy to extend foreign currency loans to small enterprises has been assuringly successful. In 1970 alone, the number of foreign currency loans of Rs. 5 lacs and lower amounted to 55. The Corporation has sanctioned loans for a total amount of Rs. 47 lacs to 22 printing presses in 1970. The number of proprietary and partnership concerns assisted so far comes to 17.

Last year in my statement I had spoken to you about the importance of Research and Development in industry. In order to know more about the state of industrial research in the country and to promote greater research-consciousness, in December 1970 we held a Conference on Research and Development, attended by about 160 representatives from industry, government, national laboratories, technological institutes and financial institutions. The response we received was overwhelming. We propose to follow-up on the various suggestions made at the Conference for fostering industrial research in the country.

In all these matters, it is a broad and long-term view of the process of development that has guided your Corporation's activities. Necessarily the inducement to invest has been at a low ebb during the last three years. While consolidating its operations, the Corporation has taken initiatives —opening offices in Calcutta and Madras, financing small enterprises, offering concessional finance to industry in backward regions — which should help it to expand its role in future and to serve the industrial community better. Innovation and adaptability are the price of survival as much in financing as in manufacturing activity.

The Corporation has been examining for some time its role in broadening the financial facilities available in the economy. Towards this end it has made a small investment in a hire-purchase finance company to gain first-hand experience of such work. The Corporation has also been guaranteeing payments on purchases made by its clients on deferred credit terms. Another area in which the Corporation has been seeking to take a more active interest is housing finance. We consider that this is a major lacuna in the present financial facilities available in the economy, in that adequate credit facilities are not available to people for housing. Housing is also an important element in total construction activity, and would provide, besides shelter to those actively engaged economically, also employment on a large scale. We hope that the Corporation's efforts will soon bear fruit and the Corporation will be able to promote a housing finance corporation in the near future.

Last year I had referred to the proposal for setting up a financial management institute which the Corporation had been actively promoting. I am glad to inform you that the proposed institute has been registered as the Institute for Financial Management and Research, and that it has received the required tax exemption. Shri S. L. N. Simha has joined as the first Director of the Institute. The Corporation has contributed a sum of Rs. 20 lacs, Rs. 10 lacs out of its own profit and Rs. 10 lacs out of a surplus interest fund created out of KfW loans, towards the cost of financing the Institute. Shri D. C. Kothari and Shri H. C. Kothari have donated a sum of Rs. 10 lacs to the Institute. The response from industrialists for donations to the Institute has been satisfactory and I would like to thank on behalf of the Corporation all donors who have so generously come forward for this worthy cause.

Bombay, February 11, 1971

COMPANY AND PUBLIC NOTICES

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

7¾% Debenture Stock, 1980
Interest for the Half-Year Ending 14th April, 1971.

NOTICE is hereby given that interest at the rate of Rs. 38.75P (less Indian Income Tax) per Rs. 1,000/- of Stock will be paid on 15th April, 1971, to Debenture Stockholders registered in the books of the Company on 31st March, 1971. Applications for transfers received at the Company's office at Victoria House, Post Box. 304, Chowringhee Square, Calcutta, upto 31st March, 1971 will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above interest.

Debenture Stock Transfer Books will be closed from 1st April, 1971 to 14th April, 1971, both days inclusive.

By Order of the Board,
S. K. MITRA
Secretary

Victoria House,
Calcutta, 5th March, 1971.

THE INVESTMENT & FINANCE COMPANY LTD.

NOTICE

THE Board of Directors at a meeting held on 16th March, 1971 declared an Interim Dividend @ 15% on Ordinary Shares, subject to deduction of tax in respect of the financial year ended 28th February, 1971.

The Dividends will be paid on or after 31st March, 1971 to those members so entitled whose names appear in the Company's book on the 30th March, 1971.

The Register of Members in respect of the Ordinary Shares will remain closed from 29th March, 1971 to 30th March, 1971.

By Order of the Board
THE INVESTMENT & FINANCE CO. LTD.
P. C. GANGULI
Director

Registered Office:
Chartered Bank Buildings
Calcutta-1
16th March, 1971

BIRDS INVESTMENTS LIMITED

IT is hereby notified for the information of the shareholders of the abovenamed Company that the Thirty-fourth Annual General Meeting of the Shareholders of the Company which was held on the 4th day of March, 1971 and adjourned by the Chairman of the Meeting will be held at the Registered Office of the Company at 4, Lyons Range, Calcutta, on Wednesday 31st day of March 1971 at 10-30 A.M. to transact the business being item No. 2 of the Notice dated 4th February, 1971 convening the said Annual General Meeting.

For BIRDS INVESTMENTS LIMITED
Lovelock & Lewes
Secretaries

Registered Office:
4, Lyons Range,
Calcutta.
5th March, 1971.

COMPANY MEETINGS AND DIVIDENDS DECLARED OR PROPOSED

Name of Company	Date	Hours I.S.T.
Eastern Investments Ltd.	26-3-71	11-30 a.m.
Sendra Coal Co. Ltd.	29-3-71	11-15 a.m.
Ondal Coal Co. Ltd.	29-3-71	11-30 a.m.
Standard Coal Co. Ltd.	31-3-71	11-30 a.m.
Martin Burn Ltd.	31-3-71	10 a.m.
Birds Investments Ltd.	31-3-71	10-30 a.m.
Bombay Dyeing & Mfg. Co. Ltd.	1-4-71	4-30 p.m.

DIVIDENDS DECLARED OR PROPOSED

Carew & Co. Ltd—Nil (0)
Champarun Sugar Co. Ltd—Nil (0)
Indian Tack & Nail Co. Ltd—5½ p.c. (0), subject to tax
Eastern Investments Ltd—2 p.c. (0) (f), subject to tax
Standard Coal Co. Ltd—10 p.c. (0), subject to tax
Belsund Sugar Co. Ltd—Re 1/- per share (0), subject to tax

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)

	Week Ended 5-3-71	26-2-71	6-3-70
Liabilities—			
Notes in Banking Dept. ...	6,31,26	3,03,31	14,73,98
Notes in Circulation ...	42,43,33,30	41,55,80,72	38,31,12,39
Total Notes Issued ...	42,49,64,56	41,58,84,03	38,45,86,37
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,68,42,00	2,63,42,00	3,16,42,00
Total of A ...	4,50,95,11	4,45,95,11	4,98,95,11
B. Rupee Coin ...	*49,75,47*	*53,64,74*	*64,55,21*
Rupee Securities ...	37,48,93,98	36,59,24,13	3,22,36,05
Total	42,49,64,56	41,58,84,03	38,45,86,37
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	1,72,00,00	1,72,00,00	1,55,00,00
National Agricultural Credit (Stabilisation) Fund ...	37,00,00	37,00,00	35,00,00
National Industrial Credit (Long Term Operations) Fund	95,00,00	95,00,00	75,00,00
Deposits—			
(a) 1. Central Govt. ...	3,46,45,64	3,01,51,02	53,90,55
2. State Govts. ...	3,80,49	5,17,81	11,60,64
(b) Banks—			
(i) Scheduled Banks ...	1,93,46,53	2,02,07,47	1,61,27,11
(ii) State Co-operative Banks	8,04,34	9,34,12	8,11,10
(iii) Non Scheduled State Co-operative Banks ...	83,57	76,47	56,96
(iv) Other Banks ...	35,64	39,80	18,99
(c) Others	76,92.67	75,48.23	1,61,77,33
Bills Payable	60,40.31	34,91,34	42,76,69
Other Liabilities	1,30,98,17	1,28,07,73	1,17,45,78
Total	12,80,27,36	12,16,73,99	9,77,65,15
Assets—			
Notes	6,31,26	3,03,31	14,73,98
Rupee Coin	3,30	6.01	3,75
Small Coin	4.54	4.63	4,18
Bills Purchased and ... Discounted:—	2,63,97	1,94,66	
(a) Internal	...		
(b) External	11,57,73	19,16,87	30,00,30
(c) Govt. Treasury Bills ...	98,47,61	94,89,60	1,10,01,66
Balances held abroad ...	1,02,47,47	1,02,38,12	93,04,25
Investments			
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ..	2,39,95,57	2,03,51,69	1,30,70,72
Loans and Advances to:—			
(i) Scheduled Banks ...	3,82,50.50	3,55,54.05	2,14,59,03
(ii) State Co-operative Banks	2,89,88.05	2,90,14.17	2,70,38,77
(iii) Others	3,99,13	4,11,21	2,70,76
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	34,19,27	34,10,03	31,75,86
(ii) State Co-operative ... Banks	20,18,23	20,41,47	14,20,41
(iii) Central Land Mortgage Banks ...			
(b) Investment in Central Land Mortgage Bank Debentures	9,59,42	9,59,42	9,74,61
Loans and Advances to State Co-operative Banks ...			
Loans, Advances and Investments from ...	4,46,97	4,57,38	5,64,54
National Industrial Credit (Long Term Operational) Fund	29,83,71	29,83,71	6,26,71
(a) Loans and Advances to the Development Bank ...			
Other Assets	44,10,83	43,37,66	43,71,62
Total	12,80,27,36	12,16,73,99	9,77,65,15

SCHEDULED BANKS

(In 000's of Rupees)

	Week Ended 26-2-71	19-2-71	6-3-70
(i) **Demand Liabilities—**			
(a) Demand Deposits:			
(1) From Banks ...	1,58,11,00	1,61,70,00	1,34,73,00
(2) From others ...	26,10,86,00	25,80,21,00	22,26,52,00
(b) Borrowings from Banks	26,51,00	23,35,00	26,37,00
(c) Others	1,59,93,00	1,66,06,00	1,28,46,00
(ii) **Time Liabilities—**			
(a) Time Deposits:			
(1) From Banks ...	99,29,00	99,08,00	95,78,00
(2) From others ...	33,73,73,00	33,49,63,00	28,73,08,00
(b) Borrowings from Banks	15,40,00	13,69,00	5,46,00
(c) Others	40,89,00	41,79,00	30,72,00
(iii) **Borrowing from State Bank—**			
(a) Demand Liabilities ...	32,05,00	29,66,00	32,94,00
(b) Time Liabilities ...	62,35,00	63,23,00	64,24,00
(iv) Borrowings from Reserve Bank	6,66,54,00	6,96,96,00	4,97,72,00
(v) Cash	1,64,51,00	1,66,35,00	1,37,47,00
(vi) Balances with Reserve Bank	1,91,22,00	1,78,94,00	1,73,38,00
(vii) Balances with other banks in current account ...	70,59,00	71,05,00	56,74,00
(viii) Money at call and short notice	33,40,00	42,09,00	43,97,00
(ix) Investments in Central and State Govt. Securities ...	14,12,48,00	14,08,92,00	12,26,09,00
(x) (a) Loans, Cash Credits and Overdrafts ...	37,89,00,00	37,71,11.00	33,58.56.00
(b) Due from banks ...	4,82,53,00	4,80,67,00	4,38,99,00
(xi) Inland Bills purchased and discounted	7,61,96,00	7,59,30,00	4,75,41,00
(xii) Foreign bills purchased and discounted ...	2,14,85,00	2,12,31,00	1,86,61,00
(xiii) Total of X, XI and XII ...	52,48,34,00	52,23,39,00	44,59,57,00

INDEX OF INDUSTRIAL PRODUCTION

Seasonally adjusted

(Base year 1960=100)

	1970	1969	1968
January	186.6	179.3	159.4
February	175.3	163.3	162.2
March	187.2	175.4	162.6
April	181.6	169.5	150.8
May	176.7	165.6	153.8
June	179.1	169.6	158.1
July		175.1	165.0
August		169.7	162.1
September		172.0	159.5
October		171.1	159.4
November		171.4	166.7
December		187.6	173.3
Annual Average		172.5	161.1

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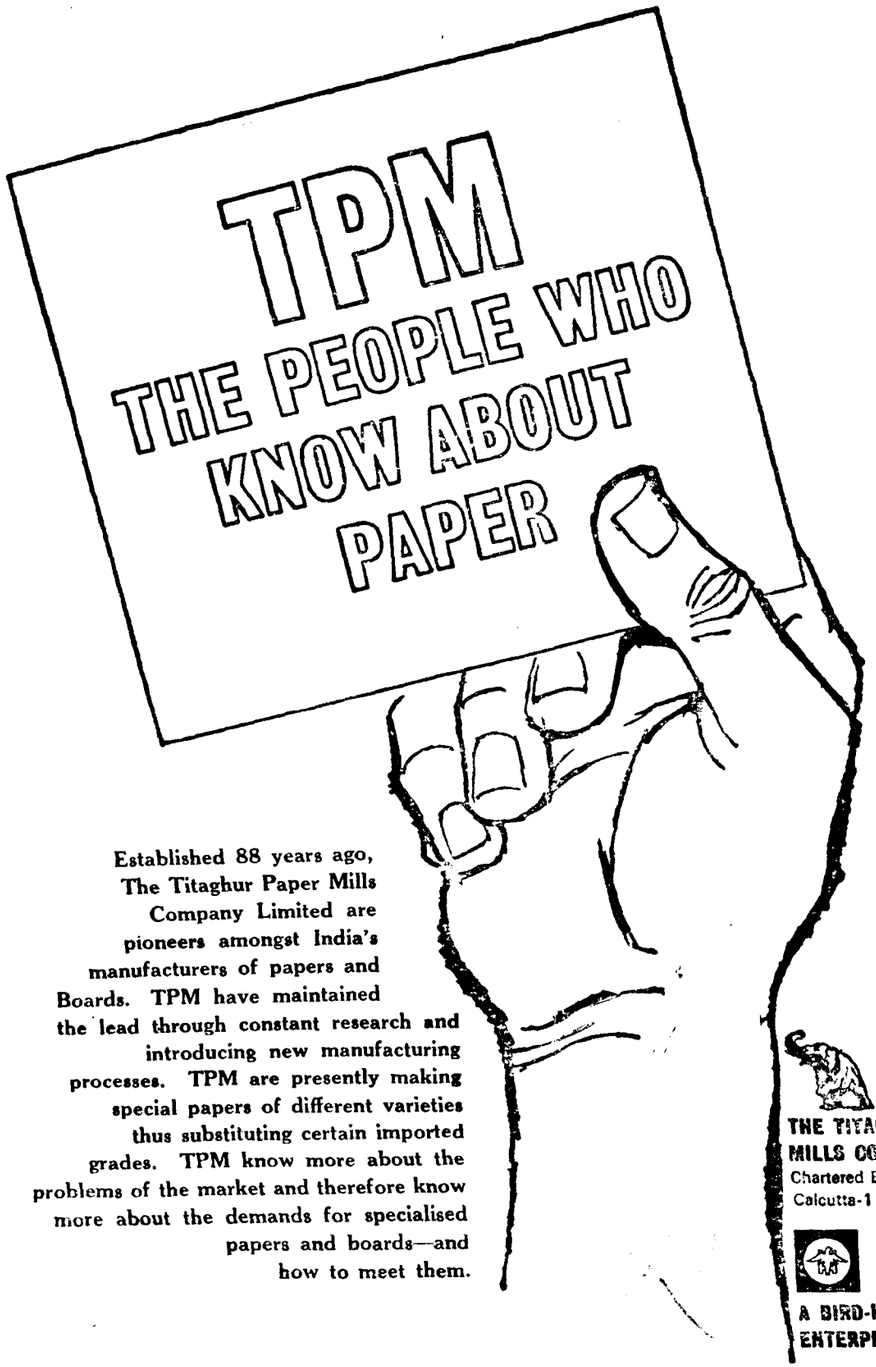
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	Old Rate (p. a.)	New Rate (p. a.)
POST OFFICE SAVINGS BANK—		
i) Single, Joint and Provident Fund Accounts.	3½%	4%
ii) Minimum Balance Rs. 100.	4%	4½%
iii) Blocked Deposit for 2 years.	4½%	4½%
POST OFFICE TIME DEPOSITS	5½% to 6¾%	6% to 7½%
POST OFFICE RECURRING DEPOSIT	6½%	6¾%
7-YEAR NATIONAL SAVINGS CERTIFICATE (IV ISSUE).	7½%	7½%

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NATIONAL SAVINGS ORGANIZATION

GNP 70/644



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THE TITAGHUR PAPER MILLS COMPANY LIMITED
Chartered Bank Buildings
Calcutta-1

A BIRD-HEILGERS ENTERPRISE

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