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Planning : The Unfinished Task

TWO months after taking over the Planning portfolio, Mr. C. Subramaniam is still in search of a viable economic policy for accelerated growth. His task has, no doubt, been rendered difficult by the uncertainties concerning resources arising out of the unexpected burden imposed on the Government by the massive influx of refugees from Bangladesh into India. Even the resources that were in sight until a few months ago seem today far and distant. There is no knowing what part of the additional resources that the Central Finance Minister, Mr. Y. B. Chavan, has proposed to raise this year will ultimately become available for developmental programmes. If the problem of refugees remains with India for too long—as it seems most likely—it is bound to vitiate the Plan effort.

Under the circumstances, the new Central Planning Minister cannot be blamed if he is not able to come to grips with the problems of planning. That also explains why he does not appear to be in a great hurry to finalise his team of members on the Commission. Two new members have just joined the Commission and two more are yet to be named. In the meantime, all that the Minister is doing is to air his views on a variety of economic issues and invite economists, scientists and administrators to express their views on them. This is certainly a liberal exercise but time is running out and Mr. Subramaniam must get down to his task quickly. Otherwise, the public will find no justification for his induction in place of the late Professor D. R. Gadgil.

As the Central Planning Minister, Mr. Subramaniam is expected to express the views not only of the Commission but also of the Government when he says something of a policy nature. Speaking at a news conference in Madras a few days ago,

he is reported to have stated that there was a possibility of the Government banning imports of tractors to put a stop to the race for "tractorisation" and ensuring better utilisation of the large idle manpower available in rural areas. It is rather strange that this should have come from the mouth of a Minister who has been crying himself hoarse on the need for modernisation of agriculture. Is it the Minister's contention that only certain categories of cultivators can use tractors and others should employ rural labour? In that case, how does one compare the productivity of the two? And above all, what is the logic in discouraging the use of tractors while the Government is expanding their production both in the public and private sectors? It looks as though the entire Government machinery is working at cross-purposes.

This is not an isolated instance. The recent Budget of Mr. Chavan is replete with such contradictions. It talks of greater savings and larger investment in industry but proposes a series of disincentives to both, especially the private sector. Government leaders talk—day in and day out—of the need for austerity and avoiding conspicuous consumption. But in doing this, they raise only a slogan instead of being serious. In the entire Budget speech of Mr. Chavan, there was not a single reference to economies in expenditure in the current year. On the other hand, the emphasis is on the inevitability of a rise in administrative and other non-plan expenditures!

A typical example of the Government functioning at cross-purposes is provided by the budgetary proposal for a 20 per cent tax on foreign air travel. The same Finance Ministry, over which Mr. Chavan presides, had allowed Air-India to negotiate the purchase of four jumbo jets, even though the more viable international

airlines like the Pan American Airways are finding it difficult to operate the jumbos to optimum capacity. The proposed tax will make it even more difficult for Air-India to operate the jumbos with any reasonable degree of success in financial terms. Mr. Chavan's contention is that there is no advantage in filling the jumbos with Indians. In that case, why did the Government relax the travel restrictions last year?

Similarly, the Government has made no secret of its ambitious plans of making cheap and popular motor-cars in the public and private sectors and licences have been issued liberally to three private parties for making *swadeshi* cars. Certainly, cars are no longer a luxury and their production is woefully inadequate to meet the demand in the country. But then, how does one reconcile this policy with the stiff increase in the excise duty on petrol in the current year's Budget? The Central Finance Minister says that he wants to curb the consumption of petrol because of the increase in the cost of crude. In that case, what is the big idea of expanding production of not only cars but also scooters, mopeds and motorcycles?

It is in these areas that Mr. Subramaniam should attempt to direct his energies in order to see that such contradictions do not make a nonsense of planning. He cannot be claimed that the Government has no control over any sector of the economy and, therefore, to allow such absurd contradictions to arise is to admit helplessness in the matter. It may be expedient for Mr. Chavan to raise revenue by taxing foreign travel but if it goes against national interests—Air-India is bound to lose traffic in competition with international airlines—then it is wrong to persist with such a measure. Similarly, a ban on the import of tractors may well hurt an enterprising agriculturist who may have plans for modernising his farm. It was only a couple of years ago that the Government permitted farmers to import tractors from abroad if the foreign exchange cost was met by their relatives abroad. An outright ban now will only reveal the hollowness of Government policies.

In a planned economy, such needless contradictions in policies can easily be avoided through greater co-ordination at the highest level. If that cannot be done, then there is

no point in claiming any special virtue for the kind of planning that this country has. There is certainly a need for a liberal approach to planning and to get away from the past practice of operating within a rigid framework. But that does not mean that policies and programmes could run counter to one another and defeat the very purpose of planning. If Mr. Chavan is to concern himself only with raising resources, whatever may be the impact of his proposals on savings and investment, he will be rendering the task of his colleagues in the Government extremely difficult. In the same way, the Central Minister for Industrial Development could very well concentrate his attention on issuing

licences liberally without bothering to enquire how a project is proposed to be financed and whether it fits in with the overall scheme of priorities in the Plan.

If planning is to become an effective instrument of achieving accelerated economic growth, it is essential that the Planning Commission, or for that matter the Planning Minister, must get the status of a co-ordinating agency. It is not enough to inform the Commission of what is proposed to be done but to take it into confidence and seek its advice on broad economic policies. That seems the only way to save the Plan and give the economy the boost it badly needs today.

State Enterprises: What Price Progress?

THE Bureau of Public Enterprises has released an analysis of the performance of Central Government undertakings during the financial year 1969-70. Of the total capital investment of Rs. 4,301 crores at the end of March 1970 on 91 undertakings, the effective capital employed in production amounted to Rs. 3,313 crores. The balance represents the capital employed on undertakings under erection, expansion or work in progress. Excluding the Life Insurance Corporation, eight undertakings under construction and one which has just started production, the remaining 81 undertakings made a profit of Rs. 139 crores—which works out to an overall return of 4.2 per cent on capital employed, compared with 2.8 per cent in the previous year. But if the interest charges (Rs. 124 crores) and the provision for taxation (Rs. 18 crores) in respect of the units which made profits during the year were taken into account, the profit is turned into a net loss of Rs. 3.40 crores.

Although these figures are not an account of a success story, there is relief that the loss is not more. In fact, the net loss of the 81 undertakings has declined from Rs. 28.11 crores in 1968-69 to only Rs. 3.40 crores in 1969-70. Even this marginal loss would not have been there had Hindustan Steel's performance been better. A majority of the 81 undertakings—their exact number being 49—made a profit of Rs. 72.27 crores in 1969-70, which was about Rs. 6 crores more than the profit made by them in the previous year.

But this profit was more than absorbed by a loss of Rs. 75.67 crores incurred by the remaining 32 undertakings. The Bureau's analysis also gives a breakdown of the profit and loss of 67 running concerns. Although the annual turnover increased by Rs. 489 crores in 1969-70 (from Rs. 2,107 crores in 1968-69 to Rs. 2,596 crores in 1969-70), the net profit declined from Rs. 12.27 crores to Rs. 7.21 crores. This is because the industrial and manufacturing units incurred a net loss of Rs. 7.51 crores in 1969-70, compared with a net profit of Rs. 3.50 crores in the previous year. Trading and miscellaneous undertakings, however, improved their profits by Rs. 6.14 crores to Rs. 14.72 crores.

It is not that public-sector undertakings did not generate any surplus at all during the year. Their gross surplus was Rs. 314 crores, compared with Rs. 244 crores in 1968-69. But these surpluses have been eaten up by depreciation and amortisation, interest charges and taxation. From the Government's point of view, this is no consolation, for a return of 4.2 per cent on capital employed is poor by any standards. In fact, the *Economic Survey* says that the returns from public undertakings so far "have been scarcely commensurate with the investments made." It has rightly pointed out that the problem "of securing adequate returns from public-sector undertakings has to be viewed as an integral part of the wider strategy of widening and deepening the resource base. In the case of the States too, the unremunerative working of the

irrigation and multipurpose river valley schemes is indicative of the huge potential which exists for tapping additional resources from the rural sector."

The emphasis should be on the better utilisation of capacity already installed. It is often argued that public-sector undertakings' expenditure on social overheads is doing a positive service to the community and the production of steel, fertilisers, industrial raw materials, etcetera, is saving the country considerable expenditure in foreign exchange. When these units were set up, they were intended to do all this. Therefore, the poor financial results cannot be justified on this ground. One of the major reasons for the poor working is that in spite of heavy investment, some of the units are not working to full capacity. In fact, if units producing steel and fertilisers—two essential items for industrial and agricultural development—can step up their production to 70 per cent of the capacity installed, the financial picture of public undertakings will show a remarkable improvement. Another sector where there is considerable underutilisation of capacity is heavy engineering. If concentrated attention is given to improving the production in these key sectors, the image of the public sector will become different.

An impediment to higher production is the state of industrial relations in many units. It is not that the employees are being asked to work more, or that they are poorly paid. The number of employees rose by 15,000 between 1968-69 and 1969-70; the rate of growth was 2.5 per cent. Wages also increased by Rs. 35 crores to Rs. 290 crores, an increase of 14 per cent. The average annual pay an employee in the public sector increased by 11 per cent—from Rs. 4,264 in 1968-69 to Rs. 4,730 in 1969-70. In units like Hindustan Steel, the percentage of wage increase has been still higher.

Yet the public sector continues to be plagued by labour unrest. However, labour unrest is not always due to political reasons; often it arises out of the management's unimaginative handling of a section of the employees. A good management cadre is, therefore, very important to maintain not only good industrial relations but to ensure industrial production as well. Here the Government has not yet lived up to its professions. Civil servants on deputation to public-sector

enterprises were asked over two years ago to opt between the reversion to their parent cadre and absorption in the public sector. Most of the civil servants have yet to make the choice, and the Government has further extended the time for option. This is

State of State Finances

THE Indian States are once again busy with the annual ritual of presenting deficit Budgets, perhaps with the only difference that they do so now with an aplomb not known even a few years ago. What was previously viewed as a form of liberty to be used sparingly has now become a licence, making a mockery of most of the Budget arithmetic. And what one State does, others are determined to do even better. Uttar Pradesh's Rs. 37.20-crore deficit has now been surpassed by Tamil Nadu's whopping Rs. 47 crores. Maharashtra knows where money is needed but is apparently at a loss when it comes to filling a Rs. 35.18-crore gap. West Bengal's interim Budget revealed a shortfall of Rs. 28.60 crores. And other States have also been so much overwhelmed by the deficits that they have found no alternative but to leave them as they are. Added to the nearly unfailing regularity of deficits in Central Budgets, such a persistent tendency to live beyond one's means can only raise grave doubts about the wisdom of a nation.

Still, if the States have stuck to the dangerous philosophy of distributing politically-motivated largesse in the name of social justice and equity, it is largely because, thanks to the catholicity of Indian federalism, they have managed to get away with it all with little difficulty. All that they have to do is to pass on the buck through the Reserve Bank to the Centre. Thus, even though special Central assistance went up to Rs. 195 crores in 1970-71—Rs. 20 crores more than the Budget figures—States' overdrafts with the Reserve Bank rose to Rs. 260 crores at the end of March this year from Rs. 153 crores a year ago. Under the fifth Finance Commission's award, the States' share in Central taxes and statutory grants was also higher at Rs. 835 crores in 1970-71, against Rs. 774 crores in the previous year. Plan assistance to States was also up last year to Rs. 638 crores, against Rs. 615 crores in 1969-70, and in the current year, it has been pushed up further to about Rs. 700

certainly not the way to build up a committed management cadre for the public sector. A committed cadre of managers and a little more autonomy can go a long way in improving the performance of India's State undertakings.

Similarly, the advance notice given in the last Budget that special assistance will taper off in the coming years is unlikely to sober down the States' fiscal excesses. They keep on merrily escalating their non-plan expenditures without so much caring wherefrom the money would come. They have alleged that pay-hikes for Central Government employees force them to follow suit; the Kerala Chief Minister has even suggested that New Delhi should consult the States before deciding on such a pay-rise. But even otherwise, the large revenue losses, for which the States are opting voluntarily, are eating into their fiscal balance. Punjab has made history this year by completely abolishing the age-old land revenue. Uttar Pradesh intends to exempt all *bhumidars* and *sirdars* holding up to 6.25 acres from payment of land revenue. Mysore has decided to abolish octroi on certain items. With the elections to several State Assemblies due in 1972, the State Governments are particularly keen on keeping the electorate in good humour—and nothing works better for this purpose than to reduce the tax burden!

To match such enthusiasm in allowing tax concessions and reliefs, there is the utter indifference on the part of almost all States to tap new revenue sources. Most of the States have once again hardly shown any interest in raising additional resources. Tamil Nadu has promised to mop up an additional Rs. 12 crores, largely by scrapping Prohibition. Bihar, Kerala and Rajasthan have made some semblance of effort to bridge the resources gap, but to most of the States, the least important thing seems to be to balance—

or at least attempt to balance—the Budget. Meanwhile, well-to-do farmers have never had it so good. None of the States has shown any interest in taxing them seriously. And left to the States, it is unlikely that any such effort would be made in the foreseeable future. One possible solution lies in getting the power to tax agricultural income transferred to the Centre. But a recent court order on an enlarged wealth tax suggests that, to do this, a basic constitutional change would be needed.

The States are evidently in no mood to part with their financial powers; if anything, they are only eager to have more of them. The Rajamannar report and the com-

ments of some of the State Ministers on it indicate that many of them believe that the panacea for all the financial disorder lies in delegating more power to the States. But little do they realise that they are unlikely to have the best of the deal if the plea is ever accepted, for they will then forfeit the greatest advantage they have—make the Centre foot all their excess bills. The Parties in power in States, so eager to preserve their electoral popularity, are finding little interest in raising additional resources, or even in spending the Plan allocations. A more determined effort to tap agricultural income, either through State or Central initiative, would never be realised till a national consensus has developed on this line. And it is not yet in sight.

West Bengal : The Crisis of Politics

IF no tears were shed over the resignation of the Democratic Coalition Ministry in West Bengal, it is because the fourth popular Government since the 1967 general election could not inspire great expectations among the people of the State. The Ajoy Mukherji Ministry, which could hardly take off from a ground dominated by party and individual pulls, was not in a position to redeem the pledges it made to the electorate. A Ministry all the time haunted by the prospect of losing its slender majority had to pander to the fence-sitters for its mere survival; moreover, intra-party squabbles had made some constituents of the Democratic Coalition unsure of themselves. The Deputy Chief Minister, Mr. Bijoy Singh Nahar, said to the

Press after the resignation of the Council of Ministers was submitted to the Governor, Mr. S. S. Dhavan, that the end of the Democratic Coalition Government came not because of any serious differences among its partners but due to the immensity of the task of looking after the refugees who had crossed over the border to escape the wrath of the West Pakistani army. Admittedly, an already overburdened State Government with no comfortable majority in the Assembly was not equal to the task of giving food and shelter—even temporarily—to millions of evacuees, unparalleled in the whole of human history. Affected or scared people from East Bengal are still coming to West Bengal, Tripura and Assam. If the refugee problem had

convinced the Centre of the desirability of replacing the Democratic Coalition Ministry by President's rule, Tripura which was in a still worse position to give temporary accommodation to the displaced persons would not have been continued to be governed by a popular Ministry.

Mr. Nahar could not convince the Central leaders that with the possible accretion to the strength of the Ministry by the association of two Jharkhand Party M.L.A.s the price demanded was two Deputy Ministerships—it had no chance of being defeated on the floor of the House. The Central leadership had its reservation because how the Bangla Congress (Dhara group) would behave was beyond everybody's knowledge; it also did not take lightly the 72-hour quit Government ultimatum by the Yuva Congress. Mr. Sushil Dhara demanded the resignation of Mr. Mukherji from the Chief Ministership as the condition of support of his group which had a strength of three M.L.A.s. Alternatively, a Cabinet post was demanded with the choice of the incumbent left to it. But neither of the alternatives was acceptable either to the Coalition partners or the Central leadership. The letter Mr. Dhara sent to Mr. Nahar on 23rd June left no room for further negotiations. The opportunism displayed by the two Jharkhand M.L.A.s had made them suspect in the eyes of the Centre. In case the Coalition Ministry were defeated in the Assembly, the Governor would have found it difficult to accept the recommendation of the Chief Minister for the dissolution of the Assembly. He would then in all likelihood have asked the other parties to explore the possibilities of forming an alternative Ministry; but that would have only added uncertainty to the political life of West Bengal, since the distribution of seats among various parties in the dissolved Assembly did not just permit the formation of a stable Ministry. It was a sorry spectacle of the crisis of politics in the State that parties with only marginal strength could call the tune of a popular Government. As long as this phenomenon lasts, West Bengal will be alternating between popular Government of a sort and President's rule. In the last election, there had been polarisation between the right and left forces; but both the groups included a number of parties and there were some middle-roads who were conveniently to jump on anyone's bandwagon.

What is the Centre going to do during President's rule? The refugee problem and the restoration of law

and order will no doubt be the principal concern of the Centre. Reports say that there is going to be a shake-up in the State's administration by effecting transfers of some of its senior officials and by bringing in men from the Centre and other States; but this is not the first time that such an experiment is to be made. Two proposals which had been readily greeted were the appointment of a Central Minister specifically in charge of West Bengal affairs and the creation of an Additional Secretary for the State. If the Central

Minister is going to be advised by a body of politicians, the right one is the Parliamentary Consultative Committee and not the panel, as reports say, to be selected by Mr. Nahar. Although nobody has any idea when the next election is to be held in the State, it is likely that the spell of President's rule this time is going to be fairly long. Besides political factors, the Election Commission is not finding it possible to revise the electoral rolls with the presence of so many refugees in the State.

Implications of Monetary Reform

IMMEDIATELY after the deutschemark was "floated", German officials indicated that it would probably remain "unfixed" for some months. The declared intention was to allow it to settle in unstressed conditions and then to refix it at (hopefully) its former parity. The time-scale was basically changed a few weeks later, when German officials—most positively Dr. Wilhelm Hankel, the Economic and Finance Ministry's Chief of Monetary Policy—suggested that the deutschemark should continue "floating" until the whole international monetary system had been reformed. Official American reactions to this idea were, of course, decidedly negative. After the indefinite "floating" of the Canadian dollar, the indefinite "floating" of the deutschemark—particularly when related to that condition for refixing it—would imply not only loss of confidence in, but also loss of patience with, a monetary system that the Americans (biased, perhaps, because it operates in their favour) regard as essentially sound.

The German idea is not simply a variant of other ideas on "floating" and "flexibility"—not even, necessarily, directly relevant to them. It is not concerned with the smooth transition from one fixed rate to another, or with relaxation of stress until a former fixed rate can be resumed. Nor is it a declaration of faith in "floating" as a principle. It is an acknowledgement that in the monetary system as at present organised—or disorganised—some currencies, particularly the deutschemark, will be recurrently harassed, and that economic control will be difficult; and it is an implied criticism that the monetary authorities are not seriously trying to reform the system. In

whatever direction the German policy may develop, this German initiative will surely accelerate the process of reform. At the International Banking Conference in Munich, Dr. Hankel stated that the "floating" of the deutschemark should be seen as a move towards reform. He recognised that harmonisation of economic policies (particularly the U.S.A.'s with Europe's) could relieve pressures within the existing system, but he seemed, realistically, to have little faith in it. He preferred a currency standard based on the dollar and a combination of European currencies, and/or a Special Drawing Rights standard that could replace the dollar standard.

The Americans are familiar with foreign, particularly European, objections to the dollar standard, and they will not be easily diverted from their policy of "benign neglect" of the related problems of their payments deficit and international monetary disturbances. Their critics are in a disarray. The French and the Italians had rejected the German proposal that the European Community's currencies should move in unison against the dollar before Dr. Hankel reiterated it; and there is a wide difference of opinion on the enlargement of the S.D.R.s that his alternative concept implies. The French favour revaluation of gold, but this idea is even more controversial. If the critics of the dollar standard cannot agree on what should replace or modify it, the Americans can convincingly argue that the dollar is safe because there is no alternative to it. This is, however, a risky argument. A monetary system whose main component is the dollar can be profoundly changed without a concerted policy to change it. "Special

circumstances" may explain some central banks' recent demands for gold in exchange for dollars, but the practice could develop to the point where the American authorities would refuse to release gold; and then no American President could repeat what President Kennedy said ten years ago—"the dollar is as good as gold". The Germans have demonstrated another possible change in the structure devised at Bretton Woods. If the deutschemark (and the Dutch guilder, and the Canadian dollar) can "float" indefinitely, so can other currencies. This argument has already been applied to the sterling, and the British authorities may succumb to it eventually. "Floating" could become a common practice with no conscious principle behind it.

The argument that every monetary crisis has been resolved and that the structure of the monetary system has survived is no more convincing than the argument that no solution of any monetary crisis has prevented a recurrence of it. Not even "benign neglect" implies that these crises should be accepted as a fact of life. The Americans argue that the dollar has survived every crisis, that its basis will gradually strengthen, and that if it is at present overvalued other currencies should adapt themselves to it. But the outcome of the latest crisis may persuade them to think again. Events are not shaping as they intended. Monetary orthodoxy is strongly opposed to "floating" exchanges, and modern American monetary orthodoxy is in favour of adjustment of non-dollar currencies' parities. From these points of view, the German reaction to the latest crisis was doubly wrong: the deutschemark was "floated", and no adjustment of parities after refixing was envisaged.

Subsequent developments may not, however, fit into either concept, American or German. Few people believe that the deutschemark will ever be reestablished at its former value, but it will evidently not be formally revalued after a short transitional period, and it may "float" for a long time. If the Germans have released the deutschemark until changes in the monetary system ensure stability, and if others follow their example, the world will get a system of "floating" exchanges whether it likes it or not. Convinced "floaters" will be gratified by this prospect; but it seems more sensible to

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plan the principles of a monetary system rather than simply let it happen. Unilateral defence against

the effects of the present system will not automatically produce the best alternative to it.

Tea Prices and Production

THE annual tea market report of the 1970-71 season prepared by J. Thomas and Company Private Ltd points out that a superficial study of the higher price levels prevailing both in Calcutta and Cochin might give the impression that the producers have had a very prosperous time. In reality, the increased prices realised have been offset to a large extent by the rise in excise duties and production costs as well as by the disappointing prices received in the London auction. Tea exports have shown an increase; the upward trend can be maintained only by a progressive increase in production in the future. If right incentives are given, production cannot but rise substantially. The incentives now available in the form of replantation subsidy are inadequate. Not many producers could afford to abandon areas from which plucking is still possible, however low the yield may be, and opt for replantation which yields returns after five years. What the industry requires is an inflow of massive aid for the extension of tea production to every possible area.

Abundant supplies of tea should be made available in the coming years not only to satisfy the growing demand at home but also in the overseas market; failure in this field will mean the diversion of tea for exports to the domestic consumer. Overseas buyers will then have no alternative but to look to other producing countries which do not have much internal consumption to satisfy. The abolition of export duty and the partial rebate of excise duty on teas exported have unfortunately been accompanied by substantial rise in the rates of excise duty; the incidence has been particularly felt by Darjeeling and Nilgiri gardens which export a little on a consignment basis. As far as Darjeeling teas are concerned, the Calcutta auction average less duty has declined. There is a definite case for levelling out excise duty.

It is hoped that efforts will be made by producers, particularly those in north India, to come to an under-

standing on the quantity of tea to be shipped to the U.K. so that there is neither too much nor too little tea available in London at any time. The introduction of some sort of regulation of the weekly quantities on offer for auction in London is welcome. However, the effect of such a regulation can be largely neutralised by producers selling their teas privately. By pursuing a more pragmatic manufacturing policy, producers can improve profitability.

It is expected that in 1971-72 more teas will be marketed in India while

shipments for the London auction will be reduced. However, there may well be a revival of interest from London blenders as the season progresses and the London stock slowly reverts to a more reasonable level. One should not expect strong buying until the stock position is corrected. India's other traditional buyers should be in a position to extend their usual support to the market. Much will depend on the size of the north Indian crop and the production figures in the heavy cropping months of August, September and October will be keenly watched. The supply position then will undoubtedly affect the policy of buyers for internal consumption to whom the market will look for support from the mid-season onwards. Nevertheless, the availability position in India is likely to be such that buyers can afford to discriminate against poorly made teas and, therefore, any endeavour to manufacture clean and evenly sorted grades will not be in vain.

CURRENT COMMENT

EXPORT POLICY

Pragmatism Needed

India's export stakes were so high that ideological considerations should be tempered by economic realism, said Mr. V. S. Bhatia in his chairman's address to the annual general meeting of the Calcutta Import and Export Trade Association. It was noted with satisfaction that the Government's intention was not to take over the export trade. Obviously, the problems of tackling a vast range of products and services are now being appreciated. It would be realistic to forecast a continuing rôle for the established as well as new exporters. Mr. Bhatia said that while it was recognised that India's export pattern and opportunities for business were constantly changing, the fact remained that she had an insufficiently assured supply-line. Government departments invariably reacted to situations rather than being prepared with advance planning. Considering the infra-structure that has already been built up, it should be possible to foresee distortions and develop corrective measures.

The C.I.E.T.A. considered that the success of India's export performance would depend on the creation of an exportable surplus and continuity

provided in the Government's export policies. If Indian exports are to increase progressively as enjoined by the Government, the industrial base should be expanded. The lack of expansion is mainly due to the limitation imposed by the Government on large industrial houses which have in the past contributed substantially to India's industrial growth and also in building up exports. Mr. Bhatia expressed the hope that here also ideological considerations should be tempered by economic realism. The area of imports, hitherto untouched by canalisation, is one which requires maximum servicing by established expertise. Even if unitary buying organisations import on Government account, the rôle of accredited agents will still be there to service the tenders on behalf of their overseas principals. It is to be hoped that the Government will recognise this rôle. Mr. Bhatia said that over the years the expanding needs of industry had made imports of raw materials and equipment very difficult. No unitary organisation, howsoever large, can administer with speed and efficiency the problems faced by each industry. The chairman suggested that it would be worth while to examine if the services of professional industrial associations, like the C.I.E.T.A., could be utilised in working out the requirements of their members.

I.D.B.I.

Branch in Jammu

A branch office of the Industrial Development Bank of India (I.D.B.I.) has started functioning in Jammu from 28th June, 1971, under the overall supervision of the Regional Office of I.D.B.I. in New Delhi. The branch office will, to begin with, develop closer operational links and maintain liaison with the Central and State Government agencies, the State Financial Corporation, banks and other regional financial and developmental institutions connected with the growth of industries, particularly in the medium and small sectors, in Jammu and Kashmir. The I.D.B.I. had recently undertaken a survey of the State to identify the gaps in its industrial structure as well as the possibilities for further industrial growth. The follow-up work on the project ideas and recommendations made by the survey team is being organised by the I.D.B.I. in collaboration with other all-India and regional institutions and the State Government.

TAMIL NADU

Deficit Budget

The Rs. 36-crore deficit Budget and the tax measures for Tamil Nadu for the year 1971-72 have provided fresh grounds for a reappraisal of the economic and social outlook for the State in the next five years. The overall Budget deficit is Rs. 59 crores, out of which Rs. 12 crores are to be met by fresh levies, leaving a gap of Rs. 47 crores. That Prohibition will be suspended from 30th August, 1971, underlines the political strength of the State Government, apart from economic compulsions. This is expected to bring Rs. 10 crores. The scrapping of Prohibition has strengthened the hands of the Opposition which will now be more vociferous in accusing the State Government of its failure to stick to the policy of the late Mr. C. N. Annadurai. But the general feeling of elation among the common people in the rural area cannot be ignored. Thus, the D.M.K. Government has created an impression among the rural people that the irksome Prohibition has been lifted, thereby providing employment for many who had been thrown out of employment many years ago. The reactions of the rich and the middle class to the lifting of Prohibition did not obviously detract

much or add more to the feathers of the ruling Party.

One important step is the beginning made in taxing the agricultural sector which had been enjoying immunity from the rigours of taxation. The emphasis on dispersal of industries and to industrialise backward areas has raised new hopes among the people. The upward revision of sales tax from 3 per cent to 3.5 per cent with a special surcharge of 10 per cent on sales within Madras city, as a measure of contribution to slum clearance and for the provision of necessary infrastructure for the metropolitan areas, is well-intentioned. But this is expected to increase the cost of living of the people and thus add to the cost of industrial establishments where wages are linked with the cost of living index. The new slab system of taxation on urban land is designed to discourage concentration of wealth and is likely to lead to a split-up of large holdings. This step, the Government thinks, will lead to effective ceilings on urban holdings.

T.D.A.

Progress Achieved

Addressing the first annual general meeting of the Trade Development Authority held recently in New Delhi, Mr. H. Lal, chairman of the Steering Committee, said that the Trade Development Authority was the first organisation to present to the authorities in good time an operational plan, covered in three time spans, to maximise exports to the E.E.C. countries of the products with which it is currently concerned. The highlights of the operational plan is the fixing of a target of additional exports to the E.E.C. countries of Rs. 2.25 crores during the second half of 1971-72; Rs. 6.75 crores during 1972-73; and of Rs. 16.75 crores during 1973-74. It has organised a comprehensive information system for export promotion and has contacted world sources and centres of intelligence. The chairman said that the T.D.A. had made rapid progress within a short period. It is currently processing buying enquiries from western Europe, the U.K. and the U.S.A. for an estimated annual export from this country of Rs. 10 crores of a range of automobile ancillaries. Within this short period, it has pushed through short-gestation production projects aimed at yielding an annual net foreign exchange earning of Rs. 4 crores. The T.D.A. has

pioneered a bonded processing and warehousing facility in electronics aimed at a net foreign exchange accrual to the country of Rs. 3.75 crores a year. When this project, which is already making headway, goes on stream, it can be expected to have a multiplier effect in the same and other product areas.

The chairman said that the T.D.A.'s original project of short-term forecasting has got off the ground and on maturity would fill a serious national gap in scientific export projection and prove to be an invaluable asset to the Government and industry. In the current year, the T.D.A. will carry forward the spillover programmes from the last year to fruition and will undertake a series of new programmes which have already been planned. The major ones are the hosting and conduct of two purchase delegations from the U.K. in the fields of automobile ancillaries and electronic equipment and components; studies in bulk participation by the Indian steel castings industry in the European Uni-coupler conversion programme; and pursuit of approved programmes for the creation of new facilities for production for export of sewing machines and selected sewing machine components and multi-speed bicycle hubs and coaster brakes. The preparation of pre-investment feasibility studies and project reports in six selected export products for the benefit of entrepreneur clients will be completed. The Information Centre of the T.D.A. will become operational. The chairman is happy that the T.D.A. has already made an impression on international agencies. He is confident that it has come to stay and the Government will extend full support to its operations.

TRAVEL AGENTS

Scrapping the New Tax

The chairman of the International Airlines Sub-Committee of the Travel Agents Association of India, Mr. Arvind Parikh, has recently stated that the imposition of the 20 per cent tax on foreign travel will greatly reduce the number of Indians travelling abroad. This will adversely affect the business of airlines and travel agents. The reduction in air fares for group travel abroad was expected to create a new class of travellers. However, the exorbitant levy imposed on the purchase of tickets will inevitably offset the incentive schemes to the detriment of

all international airlines, especially Air-India, who have only recently invested more than Rs. 100 crores in foreign exchange on the purchase of four Jumbo Jet aircraft. It is inevitable that tourism, being a two-way traffic, will also be badly affected, resulting in considerable loss of foreign exchange to the Government. The Travel Agents Association of India has, therefore, urged the Government to withdraw the tax forthwith, failing which to give suitable concessions.

CONTRACT LABOUR

Seminar in Calcutta

A seminar on contract labour legislation was organised by the Engineering Association of India in Calcutta a few days ago. Mr. R. H. Mody, director of the Tata Iron and Steel Co. Ltd, observed that while the Act was aimed at granting certain facilities to labour employed by contractors, its implementation would certainly raise costs and create problems. He expressed the grievances

of industry against the introduction of a spate of labour laws before the Government could provide adequate machinery to implement them. One such example was the contract labour legislation. Although the existing labour laws protected the interest of contract labour as much as that of permanent labour, the Government still thought it necessary to bring in another piece of legislation specifically for the purpose. Now that the legislation had been enacted, it was necessary to implement it in a manner that would cause least harm to industry and workers.

EXPORT ORDERS

Global Tenders Won

News from the export front over the past week or so has been encouraging. Indian firms have secured contracts for new items and in new markets on a global tender basis in the face of stiff international competition. The Projects and Equipment Corporation of India has secured an order for the supply of

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60,000 units of fuse fittings with H.R.C. fuse links from the Electricity Corporation of Nigeria. This is the first ever order for fuse fittings from Nigeria. A consortium of cable manufacturers has won export orders worth Rs. 5 crores. These include an order worth Rs. 2.5 crores from the U.A.R., another for Rs. 1.52 crores from Russia and a third from Singapore worth Rs. 70 lakhs. The order from the U.A.R. is said to have been bagged in the face of keen competition from France and the U.K.

Larsen and Toubro has obtained a substantial order from the U.A.R. for star delta type motor starters suitable for 75 h.p. motors. Poysha Industrial Company is to supply tin plate containers and sheets to Iraq. The value of the order is mentioned around Rs. 54 lakhs. The contract was secured amidst stiff international competition. Indexport, a wholly-owned subsidiary of Hindustan Lever, has broken fresh ground in the export of synthetic detergents by obtaining a larger order from Russia. Hindustan Machine Tools, Bangalore, which had participated in the international machine tool exhibition in Hanover, has secured an order for machine tools worth Rs. 40 lakhs.

MONEY MARKET

Call Rate Steady

The short-term money market has been steady this past week. The call rate has continued to be quoted at 4½ per cent and has closed with borrowers over on most occasions. There has been a fair supply of tea bills while that of gunny bills has been small. The demand for remittances has been moderate. The pound-sterling has been steady against most major foreign currencies during the week, but has weakened slightly towards the close.

The latest statement of the Reserve Bank of India for the week ended 18th June, 1971, shows a rise of Rs. 2.77 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 216.49 crores, compared with the previous week. Their borrowings from the Bank have increased by Rs. 25.11 crores to Rs. 179.74 crores, of which advances against usance bills have amounted to Rs. 95.85 crores, against Rs. 89.10 crores. Balances held abroad by the Reserve Bank in the Banking Department show a rise of Rs. 60 lakhs

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A Ditcher's Diary

FEW PEOPLE IN WEST BENGAL WILL bemoan the fact that the third popular Government in West Bengal led by Mr. Ajoy Mukherji has had a shorter life than even the earlier two. Even the disparate United Fronts over which Mr. Mukherji presided did not seem quite so unsure of their purpose as had the so-called Democratic Coalition. In terms of effective authority, the Bangla Congress Chief Minister had mattered as little in the Congress-led coalition as he did in the communist-dominated Fronts; in fact, thanks to Mr. Sushil Dhara, his position had become quite untenable during the past few weeks. I cannot pretend that it grieves me greatly to see Mr. Mukherji go; I wouldn't even say *au revoir* or *Auf Wiedersehen*; enough is enough. Nor am I inconsolable at the thought of the Congress-led coalition's removal from office. I know that the word "removal" will be objected to; but surely only a very special kind of political innocence could have led one to believe that the coalition Government's resignation was by choice rather than compulsion. Left to themselves, the Congress Ministers would surely have preferred to stay on in office as long as possible; and, notwithstanding what Mr. Jyoti Basu has claimed in public, it had not really lost its majority. But the question is whether the majority would have been retained, particularly after the ultimatum by the Yuva Congress and the Chhatra Parishad. Evidently, New Delhi was

unimpressed by Mr. Bijoy Singh Nahar's persuasion; and, if the Government was going to fall in any case, it was better for it to resign after recommending the dissolution of the Assembly. Once the Assembly was dissolved, there would be no question of giving a chance to other parties to try to form another Government; another unstable Ministry would have been no answer to West Bengal's present problems. Nor can there be any question of fresh elections being held before early next year; in fact, many people may wonder if this exercise should be conducted in West Bengal even then. In the meantime, the administration must prove itself during this spell of President's rule, quite unnecessarily delayed for a few days by the dilatory tactics of the outgoing Government. It may well be the last chance to save West Bengal from total anarchy; the drift into chaos has only been hastened during the last few months. The contribution made by the refugee influx may have been beyond the State Government's power to control; but there was no excuse for its failure to face problems which were by no means unforeseen.

SOME OF THE SUGGESTIONS MADE IN the Lok Sabha about what India should do to stop fresh supplies of American arms from reaching Pakistan were thoroughly unrealistic; but I fully shared the sense of outrage expressed in Parliament and

the Press. What was originally claimed to be "slippage" was shocking enough; subsequent explanations only helped to make the whole business look murkier. Even as late as last Saturday, there was no consistent account of exactly what had been supplied since 25th March, or of when and how the supplies had been authorised. On Friday, the Press Officer of the U.S. State Department quoted an assurance by the Defence Department that no aircraft had been despatched on board the *Padma*; but another State Department official said that it was "not impossible" that small remote-control planes had been carried by the ship. The latter added, with quite incredible innocence, that he had no idea of how these aircraft would be used. Even without any special knowledge of military matters I can think of several possible uses. I am still hoping that a "full explanation", demanded by Senator Stuart Symington, will be available soon. Meanwhile, we must all thank the *New York Times* for its report on the shady shipments. The disclosures made earlier about the deception of the American public on U.S. involvement in Vietnam have naturally attracted much wider attention; but the story of the arms shipments may have acquired a special relevance against the background of this bigger controversy. For what will now be debated is the credibility of policy declarations by successive U.S. administrations. Mr. Johnson may derive some comfort from the thought that the Nixon administration's assurances about suspension of military aid to Pakistan can now be seen to be almost as undependable as

THE WEST IN THE EAST

WHATEVER else Lord Curzon's Viceroyalty did for India, it unquestionably arrested the attention and challenged the interest of European publicists and journalists. The Delhi Durbar of 1903 and later the Partition of Bengal were capital events, inviting a consideration of India's place in the scheme of world politics and a study of the problems of internal administration, as also the causes of native unrest. It became the fashion for literary and journalistic pundits to visit the country and after a rapid survey along the beaten track to write more or less dogmatically about its peoples, their habits and customs, their joys and sorrows, their hopes and aspirations, and what or not. That fashion still endures, and it is certain that the Royal Visit in December will give it a new lease of life. Last year the London publishers threw on the market a host of

books on India, perhaps the most notable, because it presented a novel and interesting point of view, being *Administrative Problems of British India*, by Joseph Chailley, Member of the French Chamber of Deputies. That the present year of grace will produce a work as stimulating and useful we are disposed to doubt, but we shall not want for outside criticism aggressive and downright. This would be the case if no other book than *The West in the East*, by Price Collier (Duckworth and Co., London), were to make its appearance. The author sets out to give the American point of view, which is decidedly entertaining and amusing, if not altogether convincing. There are 11 chapters and a conclusion, and as seven of these arbitrary divisions deal exclusively with India, we are entitled to include the author among the followers of the fashion described above.

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his own policy posture on Vietnam. Of course, it is not on Mr. Johnson alone that the Pentagon study has shed unflattering light; the Kennedy men cannot claim a clean record either. Strangely enough, it is the C.I.A., almost always cast as the villain of the piece, that opposed Washington's domino theory as early as 1964 and later questioned the value of the bombing raids on North Vietnam. Evidently, the Agency had learnt something from the Bay of Pigs in spite of its continued involvement in Laos. It is equally clear that the policy planners in Washington had learnt little; and I am not sure how much they have learnt since.

IF ASKED TO NAME THREE MEN WHOSE lives and works have had most impact on India this century, few people would have much difficulty in identifying the first two. But my guess is that barely a handful could accurately name the third; most of those who tried would probably say Karl Marx. In fact, it was John Maynard Keynes, an academic turned civil servant who beavered away at the India Office in London and never once set foot in this country. Yet it was he who, before the first World War, and when he was barely 30 years old, did the seminal thinking on which our present-day economy's monetary and banking system is based. And it is his later thinking on the management of fully-employed economies which provides the general theoretical background to our post-independence policies of planned economic growth. His impact has been felt on the lives of us all. It is just 25 years since Keynes died, and the first volume of his collective writings has been published to mark the occasion. Included is his tract *Indian Currency and Finance*, based on his studies of this country's economy in the six years up to 1914, which resulted, among other things, in the establishment of the Reserve Bank and our central banking system. It is some time since this work was readily available, and I am looking forward to reading it again for clues as to how we could improve the management of our monetary affairs. Indeed, a re-reading of Keynes' entire works should help to answer recent questions about where he stands in the vital controversy surrounding the part money plays in a modern economy. Personally, I have no doubt at all that we shall find him standing four-square with Professor Friedman in according money the central rôle in economic management, though with perhaps slightly more emphasis on the impor-

tance of the volume of circulation. Keynes would not, I feel, have hesitated to answer those who blame his teachings for the current inflation of fully-employed economies by pointing out that it is the greedy power of sectional interests that is causing the trouble.

HOW PERMISSIVE CAN A SOCIETY get? Some time ago I predicted that the entire controversy over abortions might be rendered academic with the advent of the "morning after pill". But, in spite of current trials in India and earlier experiments elsewhere, the corrective pill has not really arrived, and abortions seem to be very much in demand in spite of the preventive pill and other contraceptive aids. The situation sometimes is quite bizarre. In Britain, for example, a controversy is now raging over the case of a 12-year-old girl who became pregnant, was refused an abortion under the National Health Service, but had a free abortion performed by a doctor at a clinic run by a non-official organisation in Birmingham. There was a big demonstration in Birmingham last week-end in protest against the trends reflected in an abortion performed on a 12-year-old girl; but earlier the gynaecologist who had refused this girl an N.H.S. abortion had been criticised by other people. It had been alleged that many girls under 16 were refused N.H.S. abortions and had to go to private clinics or face the prospect of illegitimate children; since the Abortion Act came into operation three years ago, the total number of illegitimate births in Britain has fallen but the number of illegitimate babies born to girls under 16 has risen. It

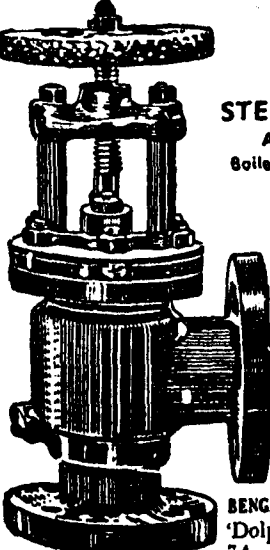
had also been pointed out that the 12-year-old girl could not have legally married the father of her child, and that the prospect of an illegitimate baby was socially depressing. But few had cared to point out that the basic task was to prevent situations in which young girls had to seek abortions. Apparently, the doctor who performed the abortion on the 12-year-old girl advised her to take contraceptive pills; it is not known whether it was also explained to the girl that it would be much safer to avoid sexual relations. It may be too late in the day to suggest that sexual experience should begin only after marriage; but surely it is not too much to ask that girls under 16 should postpone their search for carnal knowledge. I may seem hopelessly old-fashioned; but I do find the idea of a pregnant girl of 12 quite revolting; according to official figures for Britain, an abortion had to be performed on an 11-year-old girl a few months ago. Some of those now protesting against the Abortion Act may be insensitive to genuine social needs; but the sexual revolution was bound, sooner or later, to provoke a counter-revolution. And I wonder if the sexual revolutionaries are a particularly sensitive lot.

THE RECENT THREAT FROM New Delhi that India might withdraw from the Commonwealth if Britain goes ahead with its plans for imposing a tariff on the import of our cotton textiles next year, struck me as remarkably ill-timed. I am not seeking to defend what Britain proposes to do; it will damage our interests and we have every right to protest, even retaliate. Nor do I sug-

gest that the question of Commonwealth membership ought not to be reconsidered on its merits now that Britain is proposing to tie herself in with Europe. What I am saying is that we should not at this time be uttering threats which, however justified, could well cause resentment in London, might be misread by a Conservative Government as a challenge to its right to do as it thinks fit in its own jurisdiction, and may eventually damage our interests out of all proportion to the matter now at issue. The point is that whatever harm Britain might do to our export earnings now by imposing a tariff on cotton textile imports is probably insignificant compared with what we could lose in the future if she were to go back on her promises to protect and fight for the trading interests of developing countries once she is in the Common Market. This, in the long run, is surely far more important to us, because if the European Community continues its present progress towards a highly-protected, self-sufficient trading bloc, then the growth of our export earnings could be slowed down very seriously indeed.

THE EARLIER PRACTICE OF date-stamping of all mails before delivery has been resumed by the Posts and Telegraphs department. With a view to expediting delivery, the practice was given up as an experimental measure at a few post offices for unregistered articles. Does the P.T. department operate on the basis of trial and error?

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MANAGEMENT

Marketing and Advertising : Role of Operational Research

By Arun P. Sinha

Research Associate,
Consulting Wing,
Operational Research Society
of India

Operational Research has been found to be of much use in decision-making in industry. Although no magic device, it can be usefully applied even in the sphere of marketing.

AN Advertising Manager quite candidly confessed his mode of fixing the yearly budget. "Simple", he said, "last year our sales amounted to Rs. 10 lakhs, so this year we put 2 per cent of Rs. 10 lakhs, i.e., Rs. 20,000, any objections?" One often comes across a predicament like this: "I am spending Rs. 2 lakhs on advertising. What will happen if I cut it to Rs. 1 lakh? Will I lose sales worth Rs. 1 lakh of profit?" Still another is: "My competitor has suddenly doubled his advertising, what do I do?"

Above are the types of problems that call for an Operational Researcher to take a look at the market. This is a distinct science born during the second World War, with techniques involving the application of mathematics to solving tactical warfare problems. It was subsequently found to be of considerable relevance to decision-making by management in industry. Basically Operational Research deals with a totality of interrelated factors impinging on a business situation.

Analysis of Information

Industry is now getting very complex, with a variety of historical and other data being thrown up, which is not always easy to handle. The analysis of such information for policy decisions in the long and short-term is now vital to a company's commercial fortune. Here the tools discovered during the last 20 years are seen to be of advantage. Of course, there is no reason to pretend that Operational Research is some magic device. This is a science and does

happen to be reasonably tough for the uninitiated. But then, initiation is a sizable portion of the job of an Operational Researcher. It might be useful to discuss briefly in these columns one of the aspects of management where Operational Research has an important application, that is marketing.

Market Surveys

The characteristic feature of marketing is man himself. The urges of man, his needs, and his idiosyncracies are also elements that affect the market. Some would argue that however much one may use behavioural science, the actions of "an individual" will ever be elusive to those who predict. But there itself lies the point. One does not predict the action of one man; one deal with the average of a group. What a "homogeneous" sample of men feel is taken as the normal or "expected". And that is how market surveys yield some intelligible idea of the market. Undoubtedly, this requires a careful design of the survey to eliminate as many ambiguities as possible to get a result which may be useful.

One interesting conclusion from psychology that is of great use here is the "learning curve". If one treats the buyer as a learner who is taught by advertising, one finds this relation between repeated advertising and its effectiveness. In any campaign, the first few exposures to the consumers do not have any significant effect; then the effectiveness gradually picks up and rises fast; after a quick rise the advertisement ceases to have much effect and one reaches what is called "saturation". This clearly gives one some idea about how effective the campaign is and correspondingly, how much sales one should expect to be generated by a certain expenditure on advertising. This is again coupled with the problem of

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media allocation. How much to allot to which type of advertising medium—different newspapers, billboards, cinema slides, radio, TV, etcetera. For each medium, one can get effectivenesses and this is balanced with their costs by a suitable mathematical technique which maximises profits (or sales volume).

Problem of Pricing

This apart, one has also to consider prices. "I price my soap or cigarette or detergent at Rs. 2.65. What will happen if I increase it to 2.70? Presumably, my sales will fall. But maybe, my profits could still increase because of the excess price charged." This again calls for behavioural experiments. In fact, the whole area leans heavily on conclusions from behavioural science.

Only two parameters—price and advertising—have been dealt with the above. Evidently, there are some other important ones—distribution arrangement, in-store promotion and in some cases quality. It is rarely possible to handle all these together, so analyst deals with them separately. Industrial products like pumps, agricultural implements, and construction goods can be put through similar analyses. However, as the size of the product increases, the number of buyers becomes small and for very large products, the sale tends to be of the nature of bidding. This requires very different techniques for analysis and uses rather complicated logic.

Data Processing

One can safely say that all these applications depend on the analysis of large masses of data, and an access to a computer greatly reduces the time involved. In very complicated markets, the analyst has to resort to what is called "Computer Simulation". To an interested reader, all this must have raised a lot of questions left unanswered. It is quite impossible in such a piece to clear up the whole field. The above paragraphs introduce the approach to some information which a Sales Manager or a Commercial Director may find necessary to keep up with. As a result of the rapid increase in competition in this country approaching conditions in the West, the enterprising Indian manager will only too well realise the pressing need for the services of an advisory science which has utterly revolutionised management.

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SPECIAL ARTICLES

Will Nationalisation of the Export Trade be a Wise Move?

(BY A SPECIAL CORRESPONDENT)

Contrary to the Government's policy that the country's export trade will, by and large, remain in the private sector, the Central Planning Minister, Mr. C. Subramaniam, has said that it will be nationalised as soon as sufficient expertise is built up. This has naturally created a lot of confusion in export trade circles.

THE Central Minister for Planning, Mr. C. Subramaniam, has declared that the Government of India will take over the export and import trade as soon as it had built up sufficient expertise. Till recently, the Government's stand seemed to be that only the import trade would be taken over by stages and that, generally, the export sector would remain in the private sector since the country could not afford to create any dislocation or uncertainty in this vital field. Does Mr. Subramaniam's statement indicate a departure from the official policy? If so, the Government should clearly say so.

It was only in last July that the Government of India announced an export policy resolution. But there was no indication that the Government was going to take over the export trade, although it was stated that the share of the public sector would be gradually increased. The resolution said that in order to encourage export-oriented production, the investor must have the assurance that the policies should be reasonably stable and that production for exports would be advantageous to the producer. To this end, the resolution added, the export policy should enjoy a degree of stability at least over the Fourth Plan period.

Does the Government now feel encouraged to enter into the export trade in a big way because of the better export performance in 1970-71? In that year, the growth in India's exports is estimated to have reached 8 per cent over the previous year, thus exceeding the Fourth Plan's target of 7 per cent.

It will, however, be a great mistake for the Government to become complacent over this achievement and to disturb the export trade. The fact is that although the country's total exports have risen impressively, many of its traditional export goods—which earn substantial sums of foreign exchange—are faced with serious difficulties and intense competition from various sources. From the point of view of destination also, Indian goods have to face increasing competition in the major markets like the U.S.A., the U.K., western Europe and Japan. The scheme of generalised preferences will, of course, help India to some extent but, at the same time, it will also intensify the competition from other countries.

It is also pertinent to remember that a great deal of the improvement in India's exports has been due not so much to any official initiative as because of some other factors. For example, the recession reduced the home demand for many engineering and other goods which made the producers look to foreign markets. The closure of the Suez Canal has also helped exports since this made shipments from the U.S.A. and Europe to West Asia costlier. It seems, therefore, rather premature to be unduly optimistic about the country's export performance and prospects.

The Government does not seem to realise that ministerial statements indicating major departures from official policies do harm to a sensitive field like the export trade. In this context, it will be worth while to quote the following remarks from a recent study made under the auspices of the U.S. Agency for International Development: "Ever since it has been made known that Government is contemplating nationalisation of foreign trade, a number of exporting firms are faced with a dilemma to expand or not to expand. It is not the intention here to debate the merits or demerits of nationalisation, for a decision would ultimately rest not on any empirical

evidence but on wider considerations of public policy. But what is patently harmful is prolonged indecision. There is also a view that only imports should be nationalised. Exports are excluded probably for the reason that they are more difficult to handle. Limited nationalisation would be another exercise in operating under self-imposed handicaps—such advantages as the country can gain by using the lever of imports for pushing exports would be fully lost".

No one knows as to when the Government of India will be able to build up adequate expertise so as to be able to take over the export trade. But the experience that it has acquired so far in the matter of export does not appear to be enough. The Government does not have sufficient details about those who are engaged in the country's export trade at present. It is estimated that there are about 21,000 exporters in India, of whom more than 8,000 have not been classified. That is to say, they are not registered under any Export Promotion Council, Commodity Board or any other organisation. The Government has no information about their status or about the contribution they are making to the building up of the country's export trade on a sustained basis. Probably, these are mostly the exporters whom the Selectivity Committee (headed by Sir Ramaswamy Mudaliar in 1965) described as "fair weather exporters" who might embark wantonly on exports in the hope of obtaining quick gains at the risk of spoiling the chances of building up trade on a sound and lasting basis.

Also, the Government has meagre data about the market conditions in the countries of eastern Europe with which India's trade has been expanding. The working of the various Export Promotion Councils and Commodity Boards generally continues to be far from satisfactory. India's participation in foreign fairs and exhibitions has not been effective in promoting her export trade, nor has it helped much in creating her image as an emerging industrial nation. Indian missions abroad take little interest in the country's export trade despite New Delhi's repeated directives to them to play an active rôle in this vital field. There are many other serious deficiencies in the export strategy and organisation. The Government of India would, therefore, do well to remedy them before thinking in terms of nationalisation.

Should There be Controls on the Eurodollar Market?

By A. Raman

The Eurodollar business has developed without the encouragement of Governments or central banks. Should its operations be now brought under some sort of control or its members be urged to exercise self-control?

THE term "Eurodollar" means in essence an ordinary dollar of the United States deposited in a bank outside the United States. The Bank for International Settlements points out that "the activity of the Eurodollar market may be looked upon as the acquisition of dollars by banks outside the United States mostly through the taking of deposits but also to some extent swapping other currencies into dollars and the relending of these dollars, often after redepositing with other banks, to non-bank borrowers anywhere in the world". The Eurodollar market's rapid growth will be evident from the fact that it has expanded from around \$1,000 million in 1960 to more than \$45,000 million by the close of 1970. With the decline in importance of the pound-sterling and full convertibility of major European currencies in the latter half of the 'fifties, Eurodollars have come to play an increasingly vital rôle.

The Eurodollar business has developed without the encouragement of Governments or central banks. There is even the fear in some Government circles that domestic policies can be wrecked overnight through sudden movements of large amounts of Eurodollars. The factors that have favoured the growth of Eurodollar business are many. The continuing deficits in the United States' balance of payments, the acceptance of the dollar as a very important trading currency of the world and the absence of restrictions on rates of interest have given a lot of encouragement to the Eurodollar market. Besides, it is possible for the market to function on a much smaller margin between the rates of borrowing and the rates of lending than in the case of the domestic banking systems. Moreover, there are no exchange controls over the market, although such controls are sometimes found in individual countries.

The number of banks and other institutions doing business in the Eurodollar market is large, and it has been on the increase. From 132 in 1963, the number of these institutions went up to 193 in 1969. The gross foreign currency liabilities and claims of these banks went up from £1,300 million in 1963 to £12,500 million in 1969. The growth of the market has been particularly fast when even the United States has had to face tight credit conditions. For instance, both in 1966 and in 1969, substantial amounts of Eurodollars were borrowed by banks in the United States, especially through their overseas branches. To a certain extent, this increase in demand from the American banks was for offsetting the movements of American funds to the Eurodollar market for taking advantage of the higher rates of interest prevailing there.

London serves as the capital of this market. By September 1970, the net size of the London market alone was \$28,000 million, probably two-thirds of a total market of over \$40,000 million. It was in 1957 that the foundations for the development of Eurodollar business were laid in London. Bank rate was raised to 7 per cent in that year; and restrictions were placed on the utilisation of the pound-sterling for lending overseas. As a result, the rates of interest in London became far higher than the rates in New York, and there was an attraction for dollars to come to London. The British banks had to search for some other currency to fill the gap, and the dollars could do this. The growth of international companies has also had its influence on the development of this business. London has two great advantages in this respect. First, it has a wealth of experience in international banking. The British overseas banks and the merchant banks with their enormous contacts throughout the world have been able to develop the business in the U.K. Secondly, branches of overseas banks—as many as 130 of them—of different countries have their offices in London, and they also develop a lot of Eurodollar business.

The funds for the Eurodollar market come from overseas central

banks, commercial banks and similar financial institutions, international companies, small traders and even private individuals. Towards the close of 1969, about 70 per cent of these deposits were from banks other than those of the U.K. Another 25 per cent came from overseas residents, i.e., residents other than those of the U.K., and the remaining 5 per cent from residents of the U.K. other than the banks. Commercial banks in west European countries have found that the Euro-currency market could serve as a profitable and convenient outlet for the utilisation of their liquid assets. The demand for the Euro-currencies has been strong and the rates of interest on them are also rising. As a matter of fact, the deposits of west European countries with the banks in London rose by more than £2,800 million during 1969. This has happened notwithstanding the tightening of monetary policy during 1969 in many countries.

The rates of interest prevailing in the Eurodollar market have their influence on the domestic rates of interest also. This is especially because whenever there are differences between the two rates, movement of overseas funds into the U.K. or outside the U.K. are affected. The British banks take into account the relationship between the rates on the Eurodollars and on the resources employed in the U.K. when trying to find out the advisability of conversion of foreign currency assets into sterling or conversion of sterling into foreign currency assets.

The Eurodollar is being used for purposes of trade and investment in important world markets, and it is playing a vital rôle in providing funds for a number of countries. The foreign banks operating in London repatriate Eurodollars to their head offices and this helps to improve liquidity at home. In 1969, the amount of Eurodollars thus transferred stood at \$14,000 million, and these dollars were relent to a number of international customers like the subsidiaries of American companies in Europe. The Japanese banks have also played a notable part in this market. They use those dollars for international trade as well as for financing industrial development in their own country.

Has there been any difficulty in the functioning of the Eurodollar market? Periodic disturbances in the

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foreign exchange market have, no doubt, caused a strain on the Euro-dollar market, but it has not been significant. A suggestion has been made that some sort of control should be exercised over the Eurodollar market and that the Bank for International Settlements should exercise this control. The reasons are, first, that the size of the market is huge, and, secondly, that there are no restrictions on its operations. Besides, last year, it was feared that some operators might default in their com-

mitments, which, however, did not happen. Moreover, events such as the crash of the Penn Central, the liquidation of the Rolls Royce and the closure of the United California Bank in Basel have all emphasised the necessity for Eurodollar loans being granted cautiously and within limits. Nevertheless, the experience so far suggests that it would be better not to have any such regulations and that the proper working and development of the market should be left to the self-control by different members.

Improving the Management of Co-operative Credit Societies

By G. Raghava Reddy

The co-operative credit structure has developed several weaknesses. So it is necessary to reorganise the primary credit societies on sound business lines in order to make them viable.

THE provision of adequate institutional credit has been one of the major ingredients of the strategy of agricultural development in India. Co-operatives have been considered to be the most suitable institutional agency in this regard. The supply of co-operative credit to agriculture has been quite significant in the recent past. On account of rapid expansion several problems have arisen in the functioning of the co-operative credit institutions. The lack of efficient management has been one of these problems. The purpose of this article is to point out some of the weaknesses in the co-operative credit structure which can be remedied by a dynamic management system.

The first co-operative credit societies Act passed in India in 1904 aimed at the establishment of co-operative credit societies to relieve indebtedness and promote thrift in both rural and urban areas. Credit co-operation failed to take root on the Indian soil despite the efforts of the State to foster it. The All-India Rural Credit Survey Committee of the Reserve Bank of India found that co-operatives had supplied agricultural credit to the extent of only 3.1 per cent in 1950-51 and came to the conclusion that "half a century of co-operation has failed. But it must succeed". It made far-reaching recommendations for making co-operation a success in India. The growth of co-operation in recent times

is largely due to the implementation of the recommendations of the committee. The contribution of the co-operatives in supplying credit has risen from 3.1 per cent in 1950-51 to about one-third of the total credit requirements of agriculture in 1967-68¹.

The primary agricultural credit societies constitute the foundation of the co-operative credit structure. The expansion of co-operative agricultural credit is associated with the progress of the primary credit societies and their operations. The table on page 16 gives the details of the number of societies, members, deposits and advances during the period 1950-51 and 1967-68. It will be seen from the table that there has been a phenomenal expansion in the membership of the primary societies and the loans advanced by them. The number of societies more than doubled during the period 1950-51 and 1960-61. Afterwards, there has been a shift in the co-operative credit policy to have a co-operative credit society for a group of villages rather than a society for each village in order to make it viable. That is why there has been a reduction in the number of societies by 1967-68. The deposits of the societies have increased about six times during the period of the first three Plans. This quantitative expansion has created several intractable operational problems for these societies which they are not in a position to overcome in the present circumstances. But the societies can overcome them if they are guided and managed efficiently.

¹ State Bank of India Monthly Review, February 1970, page 42.

Taking the country as a whole, short-term and medium-term credit more than doubled during 1960-68 as is seen from the table. But the progress towards the development of a viable structure has been much below expectations. The programme of reorganisation of primary credit societies by amalgamating the non-viable ones could not be pushed through on account of the domination of vested interests. It is estimated that as a result of reorganisation about 120,000 potentially viable societies, having adequate business turnover for maintaining an office and a whole-time secretary, are likely to emerge by the end of the Fourth Plan and that the rest of the societies would have to be absorbed in the process of amalgamation.² This is a big challenge to the leadership in the field—official as well as non-official—and unless this is accomplished the foundations of the co-operative credit structure will not be strong.

The state of operational efficiency of the primary agricultural credit societies is similar to the state of their reorganisation. All-India averages show that between 1955-56 and 1963-64 deposits increased from Rs. 9 to Rs. 11 a member of these societies whereas loans advanced rose substantially from Rs. 64 to Rs. 272 a member. In 1963-64, deposits stood at 5.9 per cent of the working capital of these societies.³ This is a pitiable situation in the context of the growing rural prosperity. There has been a steady increase in the overdues of the primary societies. The proportion of overdues to outstandings increased from 20 per cent in 1960-61 to 22.5 per cent in 1963-64 and 33 per cent in 1967-68. The performance of the district co-operative central banks is no better in this respect. Their overdues increased from 12.4 per cent in 1960-61 to 25 per cent in 1967-68. As many as 63 of the 347 co-operative central banks accumulated overdues exceeding 50 per cent of the outstandings.⁴

There are a multitude of politico-socio-economic causes for the poor state of affairs in the credit co-operatives. That the credit co-operatives are dominated by vested interests and serve the needs of the richer strata of rural society is well-known. The interests of the weaker sections have been neg-

² Cooperative News Digest, (R.B.I.) January 1970, page 3.

³ Fourth Plan—A Draft Outline, 1966, page 137.

⁴ Cooperative News Digest (R.B.I.) January 1970, page 3.

PROGRESS OF PRIMARY AGRICULTURAL CREDIT SOCIETIES

1950-51 : 1967-68

Year	No. of societies	No. of members (In '00,000)	Deposits (Rs. in crores)	Loans advanced (Rs. in crores)
1950-51	...	104,998	44.08	22.90
1955-56	...	159,939	77.91	49.62
1960-61	...	212,129	170.41	202.75
1963-64	...	209,622	237.28	297.14
1967-68	...	171,804	281.00	438.00

Sources: 1. *State Bank of India Monthly Review*, February 1967, page 50.
2. *Fourth Plan—A Draft Outline*, 1966, pages 133-153.
3. *Cooperative News Digest*, (R.B.I.) June 1970, pages 82-85.

lected by them. The rural debt and investment survey, carried out by the Reserve Bank of India, revealed that 13 per cent of the rural households having assets over Rs. 10,000 received 53 per cent of co-operative credit, while the lowest groups comprising 30 per cent were granted only 5 per cent of loans.⁵ Therefore, considerations of social justice remained far away from the working of these institutions. Nevertheless, they could not reach the level of efficiency in their operations as they are victims of vested interests.

The All-India Rural Credit Survey Committee recommended for the establishment of a strong link between the credit societies and the marketing societies. But the progress made in this direction is not satisfactory in that the recoveries effected through marketing and processing societies constitute about 5 per cent of the total recoveries made on loans advanced by the primary agricultural credit societies.⁶ The percentage of these recoveries to the total recoveries works out to 7.6 and

⁵ *Yojana*, 15th June, 1969, page 15.

⁶ *State Bank of India Monthly Review*, February 1967, page 53.

8.4 in 1966-67 and 1967-68, respectively.⁷ The existence of structural gaps in the co-operative structure has contributed to its poor operational results.

Inadequate and ineffective implementation of the crop-loan system has been another contributory factor. Laxity in the recovery of loans has led to the swelling up of wilful defaulters. The lack of adequate supervision over the use of credit is well-known. Unless the supervisory organisation is streamlined and strengthened, there is no hope of the co-operative credit flowing into productive channels and improving the position of overdues.

The rise and growth of the credit co-operatives is largely due to the patronage of the State and sincere efforts of social workers. Now, this has become its greatest weakness as there is a dearth of devoted social workers. Management development has become the serious concern of almost all business organisations in the contemporary

⁷ *Cooperative News Digest*, (R.B.I.) June 1970, page 84.

context and the co-operatives are no exception. Unless they fall in line, their future is bleak and they may not withstand the challenges of the 'seventies'. It is in this context that the setting up and development of the Vaikunth Mehta National Institute of Cooperative Management in Poona for training top co-operative personnel gains significance. There is a great need to set up regional institutes of this type to train supervisory and middle-management personnel.

The Fourth Five Year Plan is expected to carry forward the "green revolution" initiated in the earlier Plans. The short-term and medium-term credit needs of agriculture at the end of the Fourth Plan (1973-74) have been estimated to be about Rs. 2,500 crores and the co-operatives are expected to provide Rs. 780 crores.⁸ The long-term credit needs have been estimated to be around Rs. 1,500 crores and the co-operative land development banks are expected to provide about Rs. 700 crores.⁹ This is a big challenge to the co-operative credit structure, and unless they discharge their functions effectively, they may not be in a position to fulfil their targets. The rôle of the credit co-operatives has become crucial after the nationalisation of the 14 major commercial banks and their plans to enter into the field of rural credit.

There has been a great quantitative expansion in the co-operative credit during the period of planning. Several weaknesses have crept into the co-operative credit structure on account of this rapid expansion. There is a great need to reorganise the primary credit societies on sound business lines and make them viable. The linking of credit with marketing is steadily gaining momentum and this trend needs to be accelerated. The need for mobilisation of deposits by the primaries can hardly be exaggerated. Unless they improve their resources, they cannot function on sound banking lines. The effective implementation of accepted policies like the crop-loan system is crucial for the success of these institutions. The supervision over the use of credit is essential and the training and recruitment policies and procedures have to be improved to accomplish the same. There is a growing trend towards management development all over the commercial world and the co-operatives must fall in line for their own good.

⁸ *Cooperative News Digest*, (R.B.I.) June 1970, page 82.

⁹ *Ibid*, January 1970, page 4.

SPOTLIGHT ON STATES

Tamil Nadu: The D.M.K.'s Resolve to Promote Industrial Growth

(BY A SPECIAL CORRESPONDENT)

The D.M.K. Government in Tamil Nadu is anxious to eradicate begging in the State through the creation of fresh employment opportunities. It has also resolved to promote the State's industrial growth.

THE Tamil Nadu Government seems to have seriously taken up the question of eradicating begging in the State within the next seven years. The Chief Minister, Mr. M. Karunanidhi, utilised the occasion of his birth day celebration to give a boost to the thinking on this subject. Although rehabilitation of beggars constitutes a problem of considerable magnitude calling for action on many fronts, what strikes the people is the simultaneous efforts of the State Government to speed up industrial development, particularly in the private sector. Begging is not confined to the disabled persons alone; people who would otherwise become respectable citizens with reasonable education have also taken up this profession directly or indirectly due to the lack of employment opportunities. The feelings of the Chief Minister about the beggar problem are evident from his observation that the best birth day gift for him from the people would be the abolition of begging in the State.

While beggar homes and direct help through raising funds constitute an important first step in mitigating the magnitude of the problem, it is obvious that the long-term solution lies in better dispersal of industries and encouraging more of them, small and medium, to come up.

The observations made by Mr. Madhavan, the State's Industries Minister, expressing his doubts whether the Central Government was actually interested in the future of the private sector, by relating the story of a languishing industrial unit in the south, have caused considerable rethinking among the people. Although

of giving a chance to the private sector, many of its actions created doubts, according to the Industries Minister. To confirm his doubts about the Centre's interest in encouraging private-sector industry, Mr. Madhavan referred to the condition of a factory set up in Madras at a cost of Rs. 6 crores which had been forced to postpone production due to the "highly discriminatory and unimaginative policy of the Central Government". It was observed by Mr. Madhavan that after giving permission to the concern to set up the factory and import machinery, and after the factory was about to commence production, the Central Government refused to allot raw materials to the company, which had to come from a public-sector undertaking. It is also stated that the Centre was imposing a condition that it would allot raw materials to the factory if its products were marketed through a Government agency. Thus, the industrialist had been forced to keep the factory closed, keeping his investment idle.

It is in this context that the demand for transfer of power for issuing industrial licences to the State Government seemed to have received some impetus. Mr. Madhavan said that the Tamil Nadu Government would press for the transfer of licensing power to the State, since the Central Government was utilising this power not to promote but to hamper economic and industrial development.

Mineral Exploration

In the sphere of mineral exploration in the State, the latest decision of the United Nations Development Programme, which has just completed its three-year term of assistance to the Tamil Nadu mineral development project, to extend the period by six months till the end of this year has been well appreciated in Government and industrial circles. Its mineral survey has brought to light the existence

million tonnes of iron ore, all about the Salem grade. What is more, many of these deposits were unknown so far. One significant feature of the survey is that for the first time in Tamil Nadu, the project employed new techniques.

English Medium Reintroduced

That the Tamil Nadu Government is making arrangements to provide opportunities for students to study through the English medium in all Government colleges from the academic year 1971-72 is a point of considerable interest for the students and parents. This is a corollary to the acceptance by the State Government of the two main recommendations of the A. L. Mudaliar Committee on the medium of instruction. These recommendations include the opportunity to be given to students to choose the medium. Government colleges, where there is at present the facility to study in the Tamil medium only, should open new sections to cater to students who choose the English medium. Private colleges are expected to provide facilities to study in the Tamil medium as well if this facility does not exist at present. But the point of interest lies in the special encouragement given by the State Government to students who opt for the Tamil medium. At any rate, the trend of college admissions so far, since the reopening of colleges recently, underlines the preference for English, and this is understandable.

PEOPLE AND PERSONALITIES

Dr. G. R. Dalvi, a leading management expert, has taken over as Executive Director of the National Productivity Council.

Mr. F. G. Seib, Director of the International Labour Organisation Area Office in New Delhi has been appointed Consultant to the Administrator of the U.N. Development Programme in New York.

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BOOKS

Should Workers' Participation in Management be Encouraged ?

Worker Participation in Management. (Published by the Employers' Federation of India, Army and Navy Building, 148 Mahatma Gandhi Road, Bombay 1. Pages 56, price Rs. 4.)

The monograph presents some relevant facts regarding worker participation in management and the forms it has taken in India and abroad, and indicates the prerequisites for its success. The review of worker participation in seven countries dealt with in this publication shows that while the experience of all formal schemes of participation has been tinged with disappointment, the participation through collective bargaining seems to have been somewhat more successful. Neither the workers nor their trade unions in the U.S.A. desire to be associated with managerial decision-making in any way other than through collective bargaining. In the U.K. the formal joint consultation machinery is gradually receding into the background, while collective agreements at national, industrial and plant levels are gaining ground. The monograph quotes the view of Mr. Zivan Tancic, a Yugoslavian, who after an elaborate study of all aspects of worker participation, including works committees and joint management councils, came to the conclusion: "It appears that the experiment of workers' participation in India is not only at the lowest level of evolution but also that workers, unions, employers and state do not have any real interest in its success. The necessary economic, social, political and cultural conditions concomitant to the success of such an experiment are not ripe in India."

The employers have held the view that worker participation should be introduced only voluntarily by mutual agreements between the parties concerned at the unit level and that any legislative compulsion in this regard would be self-defeating. While a consistently good record of industrial relations is necessary for any scheme of worker participation, this condition has not been fulfilled in many undertakings. Lack of education among workers and the multiplicity of unions further handicap the success of the movement. The monograph is of the view that "what is more needed is democratisation on the shop-floor and

not vicarious participation in the managing board through a remote representation. On the other hand, such formal representation on the managing board may become necessary when the objectives are political—redefining property rights or acting on socialist ideology, for example." But the aim of the movement for worker participation in management has not been generally understood or recognised to be political but has been to improve industrial relations and to give the workers a sense of belonging to the industry in which they are employed. If the movement is to attain a measure of success, it must come from within, not under pressure from an outside agency or the Government. Introducing the scheme in a concern for the sake of it, where the conditions are not ripe for a successful experiment, would not do much good. A breakthrough in industrial relations is not to be expected to come from works committees or workers' participation in management.

M. R. MEHER

Business Organisation

Modern Business Organisation and Management. By Y. K. Bhushan. (Published by Sultan Chand and Sons, Daryaganj, Delhi 6. Price Rs. 15, pages 792.)

The author has tried to describe and analyse the business system in general and in specific aspects. The book is mainly divided into two volumes: (a) business organisation and environment, and (b) business management. The first is mainly devoted to the business system and its historical development, together with different forms of entrepreneurial organisations and their features. The other defines the social responsibility of business and traces the relationship between firms and industry, besides noting the relationship between the State and business.

The chapter on public enterprises as also a comparative study of the different forms of public enterprises in the appendix are interesting. The author has quoted Professor Flor-

ence from his work *The Logic of British and American Industry* on the efficiency in State undertakings. But, then, a more detailed discussion on the efficacy of nationalisation in India as also the conditions needed to make it more helpful in India's developing economy could have made the work more interesting. In any event, the book is an important addition to the science of business management.

S. N. CHATTERJEE

Policy for Food

Population and Food Supply in India. By S. S. Madalgi. (Published by Lalvani Publishing House, 210 Dr. D. N. Road, Bombay 1. Price Rs. 22, pages V+160.)

In the preface, Mr. Madalgi speaks of a number of changes that have taken place since the Indian economy started following the path of industrial development; on the basis of these developments, the food policy also needs to be changed. The book makes a critical study of the present food policy with special reference to the rising population. It also shows the pattern of food production in the past. Mr. Madalgi has rightly stressed that the "industrialisation process in the developing economies has to operate against heavy odds." In other chapters, the author has tried to explain the "odds" and suggest ways of overcoming them.

In the chapter on "Production and Supply Gap", Mr. Madalgi concludes that there has always been a gap between the demand and supply of foodgrains, especially in the urban areas. The rising population is the cause of the deficit. The solution of the problem is to be found in two ways. Besides stepping up food production rapidly, there has to be population control. The author has stressed on an intensive procurement programme. A balance has to be maintained between the competing demands of the rural and urban sectors. The low income group, which remains undernourished, should be given more consideration.

The Foodgrain Policy Committee has suggested the following four factors to be kept in view while preparing the national foodgrains budget: (1) the consumption pattern in diffe-

rent States, (2) traditional inter-State inflows and outflows of different foodgrains, (3) the prevailing prices, and (4) the prospects of foodgrains production in the year to which the budget relates. But in the view of Mr. Madalgi, the most important factor is the inflow-outflow of foodgrains from different States. At present, however, the prices are all the more important as the distribution of foodgrains is profoundly influenced by the price policy. Substantiated by adequate data, this analytical study is no doubt a welcome addition to the already available material on the subject.

Agricultural Prices

Agricultural Price Stabilisation in India. By B. V. Jha. (Published by Shor Publications, 33 Madan Street, Calcutta 13. Price Rs. 39, pages 312.)

Dr. Jha's book is an absorbingly interesting study on a subject which is important from both academic and practical angles. Dr. Jha seeks to examine the extent and nature of agricultural price movements during the last three Plan periods. In the light of this analysis, he outlines measures and techniques of price stabilisation. Divided into nine chapters, the book starts with a lucid theoretical exposition of the problem of agricultural prices instability and its impact on the farm and non-farm sectors. The theoretical discussion is then extended to analyse the Indian situation. The author has thus effected a judicious combination of theory and practice. The movements of prices of certain important commodities like rice, wheat, cotton, jute and sugar are separately discussed and important findings brought out.

The operational aspect of the study starts with the chapter on "objectives and meaning of price stabilisation." Briefly, the major objectives of the price stabilisation programme in India, according to the author, are: (1) to secure adequate increase in agricultural production and agricultural income in order to strike a balance in the inter-sectoral terms of trade; (2) to induce changes in the relative price ratios in order to secure increases in production (commoditywise) in accordance with the planned targets; and (3) to promote stability of producers' and consumers' income by reducing adverse price and income fluctuations. Dr. Jha feels, however, that only a flexible price policy could channelise resources

in the desired direction and fulfil the objectives outlined here. The announcement of prices based on the average of past five years' prices and related to the trend of demand, or consistent with the targets fixed, would secure adequate increase in production and stabilise the market.

After examining various methods aiming at price stability, Dr. Jha suggests the adoption of a forward price system in India. According to him, such a system would (i) reduce price uncertainty which affects investment in agriculture, (ii) provide favourable price expectation for a higher rate of growth, and (iii) influence relative prices of various crops. In short, a reasonable degree of price stability with agricultural growth can be attained through forward prices. Whether or not one agrees with whatever is suggested in the book, as Mr. D. Gale Johnson says in his foreword, Dr. Jha's work represents a contribution to the discussion on an appropriate price policy for India and for developing countries in general.

K. S. V. MENON

Banking Development

Banking: Law and Practice. By P. N. Varshney. (Published by Sultan Chand and Sons, 4792/23, Daryaganj, Delhi 6. Price Rs. 8.50, pages 302.)

Indian banking has undergone a radical change since independence. The enactment of the Banking Companies Act in 1948, nationalisation of the Imperial Bank of India, introduction of social control, nationalisation of the 14 major Indian commercial banks and the emergence of the Reserve Bank of India as a powerful guardian of the banking system have all caused a reorientation in the outlook on credit. One is apt to be left behind in terms of understanding of the characteristics of the banking system so much subject to rapid and continuous change.

This rather unassuming book traces almost the entire process of change and puts it in perspective in the context of law and practice fairly competently. It does not claim to be much more than a textbook in explaining the details of law and practice, of the relationship between the banker and the customer, of application of bank funds and of the aspects of negotiable instruments. In all this, however, the author shows a good grasp of the subject, rightly endorsed by the

Secretary to the State Bank of India in his foreword. The book is eminently suitable for inclusion as a textbook for undergraduate and professional courses.

P. CHATTOPADHYAY

Indian Economy

India—Pocket Book of Economic Information, 1970. (Published by the Ministry of Finance, Department of Economic Affairs, Government of India, New Delhi. Price Rs. 3, pages 350.)

This is the tenth edition of *India—Pocket Book of Economic Information*. The object of the publication is to present authentic statistical information about India since independence together with an international comparison to give an idea as to where this country stands in the comity of nations. It will prove useful to all those in India and abroad who are interested in the problems of Indian economic development but do not have the time or the facilities to refer to more detailed publications.

Industrial India Annual

Industrial India Annual, 1970. Edited by G. S. Pohekar. (Published by United Asia Publications, 12 Rampart Row, Bombay 1. Pages 168, price Rs. 15.)

A strategy for rapid economic growth constitutes the main theme of *Industrial India's* annual number. The annual attempts to analyse the ills of the sagging Indian economy broadly under four heads: education and employment, infrastructure, tax policy and exports. The editorial emphasises the need for an efficient "suprastructure"—a new concept in economic terminology—for stable economic growth. Suprastructure includes such intangible assets as education, political stability, maintenance of law and order, administrative efficiency and a clearer conception of priorities in planning. These factors acquire added significance in the context of growing extremist activities and the confused political situation in the country. The annual contains a number of thoughtful articles which should prove to be of considerable interest to all serious students of the Indian economy.

LABOUR

Removing the Anomalies in the Family Pension Scheme

By S. K. Chaudhuri

Chief Personnel Officer,
Lipton (India) Ltd

The Family Pension Scheme which offers protection to the families of industrial workers is a big step towards social security. But to make the scheme perfect and popular, it is necessary to remove the anomalies from which it suffers.

THE Family Pension Scheme made its first appearance in the form of an ordinance just before the mid-term elections to the Lok Sabha held in March this year. The drafting of the scheme bears ample evidence that it was done in a hurry. Later, with no or very little changes the Family Pension Act was passed by the new Parliament. The reduced Opposition was too busy in stock-taking and could not study the scheme in its practical details. There can be no denying the fact that the Family Pension Scheme is an important step towards social security. And this is for the first time that the Government is making a payment from its revenues towards a social security measure.

The Family Pension Scheme aims at providing protection to the families of industrial workers, who may be rendered financially destitute, either because of the death or retirement of the earning member. It is estimated that the scheme will benefit about 6 million industrial workers, and will cost the Exchequer about Rs. 16 crores a year. The scheme suffers from the usual difficulties created by legal diction and complicated calculations, both of which are beyond the comprehension of an ordinary educated worker.

The Family Pension-cum-Life Assurance Fund has been constituted by diverting a portion of the employers' and employees' contributions to the provident fund which is supplemented by a contribution from the Government. Out of the Fund so set up, a family pension at the prescribed rates shall be paid to the survivors of employees who die while in service before reaching the superannuation age. Besides family pension, a compulsory

life insurance benefit up to a maximum of Rs. 1,000 will also be payable to the family of the deceased employee in the event of his death while in service—the quantum of which would depend on the age of the member at the time of joining the Fund. The most attractive feature of the scheme is the insurance against premature death of the bread-earner in a family. And the scheme appears to be particularly beneficial to employees who join it at the age of 25 years or less.

All employees who joined provident fund after 1st March, 1971, must compulsorily join the Pension Scheme. Those who are due to retire within the next two years need not, however, join. Those employees who are already members of the existing provident fund, having joined before 1st March, 1971, have been given the option to join the Pension Scheme, but they must exercise their option within the now extended date, that is, 31st August, 1971; and once the option is exercised, it cannot be changed.

A monthly pension benefit will be payable to the employee's surviving spouse or the eldest/minor son or the eldest/minor or unmarried daughter (in that order) in the event of his death. The benefit available to an employee's family in the event of his death is enormous; in fact, it is the only real benefit under the scheme. And an employee should take this into account while exercising his option, as it more than offsets the monetary disadvantage of the superannuation benefits or the withdrawal benefit which is available to him if he does not die while in service. The scheme provides that in the event of the death of an employee during the period of reckonable service, up to a lump sum of Rs. 1,000 as life insurance benefit will also be payable to his family. Apart from this lump sum payment, a family pension at the minimum rate of 12 per cent of pay (or Rs. 40) and a maximum of 30 per cent (or Rs. 150) is payable to an employee who had joined the Fund at the

age of 25 years or less and died before attaining the age of 60 years. This is directly related to the salary of an employee.

Furthermore, where an employee has been a member of the Family Pension Fund for a period of not less than seven years and dies on attaining the age of 53 years or earlier, his family would receive a pension payable at the rate of 50 per cent (subject to a maximum of double the rates mentioned in the table under the scheme, viz., Rs. 300, Rs. 120 or Rs. 80 depending on the salary group) of the pay last drawn by him. This pension will be paid from the date of his death till the date on which the employee would have reached the age of 60 years had he remained alive or seven years, whichever period is shorter. This is really attractive. After the expiry of the period stated above, the family pension would continue to be paid at normal rates as shown in the table.

Two examples are given here to illustrate the pension benefit that would be available to an employee's family in the event of his death: (1) Where a factory worker who opted for the Pension Scheme at the age of 25 or less and died at the age of 51 years (when he was drawing a salary of Rs. 350), his family would receive a pension amount of Rs. 10,080 (at the rate of Rs. 120 a month during the first seven years) and thereafter at the rate of Rs. 60 a month till the death of his wife, or till his son or daughter attains majority or the latter gets married. (2) In the case of a supervisor whose salary was Rs. 1,200 the benefit available to his family would be Rs. 24,192 (at the rate of Rs. 288 a month for the first seven years) and thereafter at the rate of Rs. 144 a month till the death of his wife, etcetera. It is not clear as to who would be entitled to receive the family pension in the case of death of an employee who is either a bachelor or a childless widow or widower. In the case of premature death of such a person, his parents or other dependents could easily have been made entitled to receive the pension.

The scheme no doubt is a right step in the right direction. The purpose of this article is to bring into sharp focus its major defects which it should be possible for the Government to rectify within the extended time, i.e., 31st August, 1971, and thus induce workers to join the scheme. The scheme has been developed on

the wrong hypothesis that the retirement age all over the country is 60 years; it has already given rise to false hopes in the minds of workers that the Government has raised by law their retirement age. This is not correct. The superannuation age in most industries range from 55 years to 58 years and the superannuation benefit will, therefore, necessarily be less than the lump sum figure of Rs. 4,000 mentioned in the scheme.

This lump sum cash amount, which is related not to the salary of the employee but to the age he joined, is a fixed sum. Thus where an employee had joined the Pension Fund at the age of 25 years, he would receive under the Pension Scheme, on retirement at the age of 58, a superannuation benefit amount of Rs. 3,583 no matter what his salary is. This amount will be scaled downward as the age of joining goes up. Thus the superannuation benefit would be only Rs. 365 if an employee joined the Pension Fund at 55 years. As against this, an employee must compare as to what he would have received, on retirement at the age of 58, as his existing provident fund benefit (by way of his and the company's contribution at the rate of 1-1/6 per cent each and the interest

	If physically disabled at the age of		
	30 years	35 years	45 years
(a) Employee A earning Rs. 250 a month would receive a provident fund amount of	Rs. 406	Rs. 924	Rs. 2,428
Employee B earning Rs. 500 a month would receive a provident fund amount of	Rs. 812	Rs. 1,848	Rs. 4,858
(b) Both if joined the pension fund would receive	Rs. 286	Rs. 720	Rs. 1,897

thereon) if he had not joined the Pension Fund at all. This comparison will assist him in coming to a conclusion whether or not he should join the Pension Fund.

For example, an employee who is drawing a salary of Rs. 250 a month and is now 30 years old, would receive on retirement (at 58) by way of provident fund contribution Rs. 4,286, as against a fixed superannuation benefit of Rs. 2,944 if he opts for the Pension Scheme. So he is no gainer. It is only when his joining age is 45 that his superannuation benefit of Rs. 1,350 compares favourably with the provident fund amount of Rs. 1,300. Similarly, for an employee who is drawing Rs. 300 a month, it would not be advantageous for him to join the Pension Scheme unless he has only seven

years to retire. For an employee drawing more than Rs. 400 a month, the monetary advantage of the superannuation fund is "nil" at any age.

Another major drawback of the scheme is that while an employee's family would receive the benefit of the pension scheme in the event of his death, he himself receives only a paltry "withdrawal benefit" if he becomes physically or mentally incapacitated. The amount of the withdrawal benefit is to be calculated according to a given formula (Section 33 of the Pension Scheme)—which is in no way related to the salary of the employee concerned. The result is both tragic and funny. An employee rendered medically unfit for further service, gets no special benefit from the pension fund but he would come to the aid of his family if he died, or, if he did not join the pension fund, he would receive a lot more back from his provident fund accumulation.

To illustrate the point, two employees, A and B, both aged 25, one in the salary group of Rs. 250 and another earning Rs. 500 a month, are taken. The chart above shows what amount they would receive in the case of premature retirement arising out of physical disability: (a) from the provident fund, and (b) alternatively, under the Pension Scheme.

Finally, while the rate of family pension varies according to the pay-group of an employee, that is not the case in respect of life insurance, superannuation benefits or the withdrawal benefit. Therefore, the other benefits admissible under the scheme would not attract employees in higher pay-groups. The Regional Provident Fund offices have never been known for their efficiency in the matter of disposal of cases. The Family Pension Scheme which is going to be administered by them will remain good on paper, unless the Government ensures that employers deposit the contribution money with the Provident Fund authorities without any delay and the authorities expeditiously settle claims.

MONEY AND BANKING

Reorienting the Investment Policy of Commercial Banks

(BY A SPECIAL CORRESPONDENT)

Finance is posing a serious problem for the commercial banks. Instead of asking them to step up their holdings in Government securities which yield a low return, the monetary authorities should allow them to invest their surplus funds more profitably.

THE Shroff Memorial has a fine tradition of arranging for lectures every year by exponents in the field of economics. This year the lecture was delivered by Mr. B. N. Adarkar, a former Governor of the Reserve Bank of India, who spoke on behalf of the commercial banks as custodian of a nationalised bank, although he had enough experience as a senior official of the Central monetary authority. He drew attention to the problems faced by the commercial banks in the context of financial management.

Probably what has surprised Mr. Adarkar is the increasing burden on banks to step up their holdings of Central and State Government securities. Apart from the problem of management of increasing requirement of bank credit to be financed through proper channellisation of deposits from the public, the banks have been asked by the Reserve Bank to step up their investments. Such directives were issued on four occasions during the financial year 1970-71. Up to 17th February, 1970, the banks were supposed to hold assets which go to make up their statutory liquidity ratio to the extent of 25 per cent of total demand and time liabilities. This was asked to be enhanced to 26 per cent from 18th February, 1970. Furthermore, it was to be raised to 27 per cent as on the last Friday of April 1970. And what is more, in the light of the credit and price situation and also in the context of the need envisaged in the Fourth Plan for reaching a certain proportion of the additional deposits to be invested by the banks in Government and State-approved securities, the Governor of the Reserve Bank asked the banks to step up the

statutory liquidity ratio from 27 per cent to 28 per cent from the last Friday of August 1970. As a sequel to this, it has been asked to be stepped up to 29 per cent as on the last Friday of January 1971.

In fine, the financial year 1970-71 witnessed a drain on banks' resources towards investments from 25 per cent to 29 per cent of their total demand and time liabilities. It would be interesting to find out what the statistics reveal. The table given below gives scheduled commercial banks' liabilities as on the last Friday of April, August 1969 and 1970 as also January 1970 and 1971.

The banks' investments in Government securities as a proportion to their total demand and time liabilities show that, over the year they have not been able to comply with the directives issued by the Reserve Bank. On the contrary, the ratio maintained by banks over the year appears to be lower. In April 1970, it was 21.3 per cent while it was 22.9 per cent a year ago. It was 25.1 per cent in August 1969 but had declined to 22.1 per cent. Furthermore, in 1971 it was 22 per cent, against 22.4 per cent a year ago. This shows that the banks are faced with a severe problem of management of finance. Their requirements of finance cannot be met by their resources in the

form of deposits and thus the result is a lag in the statutory liquidity ratio.

It is pertinent, however, to note that in April 1970, total liabilities went up to Rs. 5,476.8 crores from Rs. 4,807.1 crores a year ago. Thus, there was an accretion of Rs. 669.7 crores, against an increase of Rs. 64.1 crores in investments in Government securities. Similarly, in August 1970, against an accretion of Rs. 760.5 crores in liabilities, the rise in investments was of the order of Rs. 19 crores over the year. In a like manner, the accretion of Rs. 876 crores in January 1971 in total liabilities is comparable with the increase in investments of Rs. 169.6 crores over the year.

These figures point out that banks have been facing a serious problem of financial management and there is thus a need for the monetary authorities to revise their credit policies by giving some relief to banks rather than asking them to go on stepping up their holdings in Government securities. It is true that such holdings in Government securities afford the depositors a margin of safety and strengthen their confidence in the banking system. But the low return on such investments drives bankers to consider cautious investment policies rather than just stepping up their holdings of Government securities. In other words, the problem of financial management by commercial banks is that of earning proper return in order to enable them to pay interest on deposits. Banks will have to reorient their investment policy so that they can utilise their surplus funds more profitably.

DEMAND AND TIME LIABILITIES OF SCHEDULED COMMERCIAL BANKS

(Rs. in crores)							
As on last Friday of	Inter-bank deposits	Aggregate deposits	Borrowings from banks	Other demand and time liabilities	Total	Investments in Government securities	(6) as % to (5)
	1	2	3	4	5	6	7
April 1969	153.0	4,439.9	65.6	149.6	4,807.1	1,101.0	22.9
April 1970	166.3	5,106.6	35.6	168.3	5,476.8	1,165.1	21.3
August 1969	178.6	4,715.7	40.9	149.2	5,084.4	1,274.8	25.1
August 1970	183.6	5,413.2	65.5	182.6	5,844.9	1,293.8	22.1
January 1970	155.9	4,944.8	44.7	153.2	5,298.6	1,189.1	22.4
January 1971	179.4	6,765.1	39.9	190.2	6,174.6	1,358.7	22.0

Source: Reserve Bank of India Bulletins.



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INVESTMENT

Shares Dull: U.S. Arms Shipments to Pakistan Depress Sentiment

THE stock markets, which had been drifting irregularly lower for quite some time due mainly to the lack of fresh support, have been forced to beat a sharp retreat this past week under the pressure of nervous bull liquidation and bear selling. Net changes over the week show all-round sizable losses. Few counters have escaped without a penalty. Most shares have wound up the week around the lowest levels. Last week's decline has carried the markets to a new low for this year and this is the lowest point for several months. This is being widely interpreted by market analysts to indicate an important change in the underlying trend from a bull phase to a bear phase.

The week's news has not been altogether depressing. Corporate results have on the whole continued to be fairly encouraging. There are signs of a welcome revival of investment interest. Applications for letters of intent and industrial licences during the first four months of this year are mentioned around 1,200, against 3,000 in the whole of last year. Reports from New Delhi indicate a new welcome stance in the Government's thinking on industrial policy. Curbs on large industries are proposed to be relaxed. They are to be allowed expansion and entry even in the medium and small-scale sectors on grounds of cost efficiency, location in backward areas and on export commitments. The Government, however, proposes to acquire greater participation in the management of new undertakings belonging to the large industrial houses. Yet another bull factor has been the encouraging start of the monsoon. Widespread rains all over the country have raised hopes of another good *rabi* harvest. Timely sowings under favourable weather conditions mean a lot. Despite these favourable influences, there has come about a marked deterioration in the trading sentiment. This is because the stock market has had to put up with a number of disturbing factors, the most important of these being the increasingly rough political weather. The recent shipment of arms to Pakistan by the U.S. Government has been viewed with serious concern in India as it is likely to further complicate the situation in East Pakistan

which will make the settlement of the refugee problem more difficult. The economic consequences of the continuing influx of refugees from East Pakistan can be serious and the political consequences are no less disturbing.

It is also feared that the fall of the Ajoy Mukherji Ministry in West Bengal might lead to further deterioration in the already unsatisfactory law and order situation in the State. Trading sentiment has also been unsettled by the Central Foreign Trade Minister, Mr. L. N. Mishra's statement that the Government is anxious to bring about a reduction in nylon and rayon prices. The reported recommendation of the Bureau of Industrial Costs and Prices that there is no case for an average price hike of Rs. 3 a tonne sought by the collieries for their supplies to the railways during the current year has caused considerable disappointment in coal industry circles. A feeling of despondency has come to pervade the stock markets. The Central Budget has belied the markets' optimistic expectations and market men are getting increasingly worried on account of the refugee problem and mounting tension in the Indo-Pakistani relations.

Government securities have lacked interest this past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have also remained quiet. Turnover has been restricted.

The Calcutta stock market has remained quiet this past week. The dissolution of the West Bengal Assembly, the declaration of President's rule, and the endless stream of refugees to West Bengal have added to uncertainties. The Centre's proposal to amend the fundamental rights in the Constitution has also created fresh misgivings in the market. Among engineering shares, Guest, Keen, Williams, Jay Engineering and Sankey Wheels have remained subdued. Among paper shares, Ballarpur have been barely maintained while Orient, Straw Products and Tribeni Tissues have been quoted lower. Among jute shares, Birla, Ganges and New Central have been transacted. Among coal shares, Bengal and East Indian have been easier. Among miscellaneous shares, Brooke

Bond, G.E.C., Electric Construction and Associated Battery have been softer. Among tea shares, Haldibari, Bateli and Teesta Valley have been quiet.

Dalal Street has had only two regular sessions this past week and the picture that it has presented has been one of gloom. Trading had to be suspended for two days earlier in the week because of the heavy rains which seriously disrupted transport. Later the market mourned the death of its retired president, Mr. K. R. P. Shroff. Industrials have registered sizable losses on anxious bull unloading and renewed bear pressure and the market has made a new low for the year. The selling has been induced mainly by political uncertainties. But sentiment has also been unsettled by the sharp break in Century Mill shares—the pace setter for cleared securities—fol-

COMPANY REPORTS

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

Andrew Yule
Aspinwall
Bank of Tokyo
Baroda Rayon
Bombay Paints
British Paints
Century Mills
Chemicals and Fibres
Clive Row Investment
Dena Bank
English Electric
General Electric
General Investment
Indo-Burma Petroleum
Jagatjit Cotton
Kirloskar Cummins
Larsen and Toubro
Metal Box
New Commercial
Ouchterlony Valley
Rydak Tea
SLM-Maneklal
Southern Petrochemical
Tata Oil
Testeels
Travancore Ogale
Tribeni Tissues

lowing the chairman's statement that the Company was unlikely to earn as much as it did in 1970. Some disappointment was also caused by the delay in the issue of bonus shares. Rayon shares have displayed a distinctly weak tendency because of growing fears about a cut in nylon and rayon prices. National Rayon and South India Viscose have been among the big losers. Excepting Standard Mills, which have been bid up on expectations of a bonus issue, cotton mill shares have ruled easier on ideas of a squeeze on profit margins. Among steels, Mukand Iron have ruled remarkably firm on informed enquiry while Tata Steel have been subdued in sympathy with the general trend. Engineering shares have generally ruled steadier with SLM-Maneklal, Zenith Steel and Tata Engineering recording gains over the week. Associated Bearings have registered a marked decline. Among automobiles, Hindustan Motors have touched a new low while Premier Automobiles have held quietly steady. Cement shares have displayed marked weakness with Associated Cements registering a big decline. Among shipping shares, Dempo have kept steady and Scindia have shown a small decline. Great Eastern have been a weak spot. The shares of dyes and chemical companies have recorded all-round losses. Indian Dyestuff, Colour-Chem, Bayer, Tata Chemicals and Synthetics and Chemicals have been among the prominent losers.

The Madras stock market has remained quiet this past week. The plantation shares have, however, met with selective support. United Nilgiri Tea and Nonsuch have attracted enquiries while Consolidated Coffee and Periakaramalai have been easier. In

the textile section, Travancore Rayons have met with support while South India Viscose and Madura have been quiet. Sugar shares have been active, with the result that Deccan, Andhra Sugar and E.I.D. have received good support. In the miscellaneous section, Lakshmi and South India Shipping have been bought. Among bank shares, State Bank of Mysore and State Bank of Travancore have met with 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	22/60—22/60—22/10—22/20—
(20/25)	
Dunlop India	38/70—38/70—37/70—38/00—
(36/20)	
Guest, Keen, Williams	39/60—40/75—39/60—
39/90—(21/05)	
Hindustan Motors	11/05—11/15—10/60—
10/75—(16/60)	
Indian Aluminium	37/80—37/95—37/25—
37/40—(33/05)	
Indian Cable	17/90—17/90—17/20—17/20—
(16/10)	
Indian Copper	3/69—3/72—3/68—3/72—
(4/66)	
Indian Iron	11/15—11/20—11/00—11/10—
(16/30)	
J. K. Cotton	8/75—8/90—8/65—8/80—(13/50)
Jaipur Udyog	9/05—9/05—9/05—9/05—
(9/85)	
Jayashree Tea & Industries	17/00—17/12—
17/00—17/12—(15/37)	
Kesoram Industries	15/45—15/45—14/85—
15/10—(17/00)	
Orient Paper	36/45—36/70—35/60—36/05—
(35/35)	
Orissa Cement	17/10—17/10—16/60—16/65—
(16/00)	
Rohtas Industries	5/40—5/50—5/30—5/50—
(7/66)	

Tribeni Tissues Achieves Higher Sales and Profit Despite Labour Trouble

AT the annual general meeting of the Tribeni Tissues Ltd held recently in Calcutta, Mr. A. K. Sen, chairman, said that the Company did not derive the full benefit of the expansion in 1970 due mainly to the loss of production in the first quarter. (A fuller version of the speech was published in last week's issue of *Capital*.) The Company's sales at Rs. 5.44 crores were 26.15 per cent higher over the previous year. The chairman said that the demand for the Com-

pany's products continued at a very high level but unfortunately the full potential of the additional machinery could not be achieved. Unfavourable labour conditions had resulted in a complete shut-down of the newly installed plant and the production in the other two plants had also been affected. Further progress was impeded by the Statewide *hartals* and the go-slow tactics adopted by certain sections of workers. The Company's export sales at Rs. 95.48 lakhs showed a sub-

stantial improvement over the previous year. The profit before taxation has amounted to Rs. 1.15 crores, against Rs. 1.08 crores. Provision for taxation has amounted to Rs. 50.15 lakhs, against Rs. 14.20 lakhs. The Company has paid an interim dividend of 7 per cent which absorbs Rs. 26.68 lakhs. Of the balance, a sum of Rs. 947 has been transferred to capital reserve and Rs. 36.90 lakhs to general reserve. The Company has decided to recommend the payment of a final dividend of 8 per cent, subject to tax, out of general reserve.

The chairman said that since the inception of the Tribeni mill, the Company has laid considerable stress on research and development, and this has contributed greatly to the operational efficiency of the mill by enabling it to adapt its manufacturing methods to local conditions. As a member of the Wiggins Teape group, the Company also benefits from regular technical assistance received from the group's central research and development organisation in the U.K. The Company proposed to enter into a technical aid agreement with the group and active steps in this direction have already been taken. The chairman is optimistic about the Company's long-term outlook. He said that an application had been made to the Government for an industrial licence for a new paper mill in south India to manufacture a number of speciality papers for the electrical industry, as well as its existing lines. He felt that it was essential for the Company to bring new capacity into production in the next few years to meet the growing demand of its products. Mr. Sen regretted that despite a progressive personnel policy of the Company, its industrial relations were affected. He expressed his concern about the results for 1971 because of the strike at the beginning of the year. The chairman pointed to certain features of the Centre's Budget proposals for 1971-72 which were also likely to affect the Company.

TATA OIL

Results Impress

THE preliminary statement from Tata Oil Mills Company on its working results for the year ended March 1971 shows a further marked improvement over the previous year's encouraging performance. Sales and profits have set new records. Margins, however, have been under some pres-

sure because of the rise in costs. As against a rise of 28.8 per cent in turnover from Rs. 39.47 crores to Rs. 50.83 crores, the gross profit has increased by 2.22 crores to Rs. 2.52 crores. The dividend has been maintained at 18 per cent—Rs. 4.50 a share—with the difference that the bonus element of 1 per cent in the previous year's payment has now been merged with the dividend itself.

After providing Rs. 82 lakhs (against Rs. 60.50 lakhs) for dividend, Rs. 12.80 lakhs (against Rs. 10 lakhs) for development rebate reserve and Rs. 74 lakhs (against Rs. 70.50 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 83.38 lakhs, against Rs. 81.04 lakhs in the preceding year. After bringing in Rs. 11,000, the surplus of Rs. 83.49 lakhs (against Rs. 81 lakhs) has been transferred to general reserve. The preference dividend amounting to Rs. 4.60 lakhs (same) and the equity dividend absorbing Rs. 35.32 lakhs (same) are to be paid out of general reserve.

Sales of the Company's branded products were 31.3 per cent higher than in 1969-70. Exports too were higher at Rs. 2.03 crores, with frozen shrimp exports recording an increase of 32.5 per cent at Rs. 69 lakhs. It is planned to extend seafood operations to Ratnagiri in Maharashtra and to Madras in the south. The Company has negotiated for large-scale regular exports of seafood in consumer packs bearing the brand name of the manufacturer in the U.S.A. This will be done for the first time in India and is a recognition of the fact that the country can make for export consumer packs in seafood. As a result of this, the unit value of exports is expected to go up substantially.

The Company is participating in a joint venture with United Plantations Berhad, Malaysia, for the manufacture of products similar to its own, largely based on the utilisation of palm oil. A new Company known as Unitata SDN. BHD. has been formed for this purpose. The know-how will be supplied by Tata Oil. The project is estimated to cost Rs. 1.8 crores. Tata Oil will subscribe to the extent of 40 per cent of the new Company's equity capital of \$5 million (Malaysian) (about Rs. 12 crores). The project envisages participation of the Government of Malaysia at a later stage. Through this project, India will receive royalties in free foreign exchange for the supply of know-how for a period of seven years.

The plant is expected to go into production by the end of next year.

CENTURY MILLS

Margins under Pressure

CENTURY Spinning and Manufacturing Company did exceedingly well in 1970, setting new records in sales and profits. Margins too improved. With sales (net) up by 10 per cent from Rs. 41.75 crores to Rs. 45.91 crores and the gross profit higher by 17.5 per cent at Rs. 14.55 crores (against Rs. 12.35 crores), the ratio of profit to sales improved further from the high level of 30 per cent to 31.7 per cent. But according to the chairman Mr. R. D. Birla's statement, the profits for the current year "may possibly not attain the figure" reached in 1970. (A fuller version of Mr. Birla's speech appears on a later page in this issue of *Capital*.) The working of all the divisions continues to be "quite satisfactory" and sales so far in the current year have been maintained at the previous year's corresponding level. But margins have come under increasing pressure. The textile division of the Company experienced difficulty during the first half of the current year as a result of shortage and very high prices of cotton and an all-round increase in costs. As for the tyre cord division, the Government has asked the industry to cut prices and the demand for tyre cord in the home market is also not satisfactory. The rayon division has been operating under the shadow of a tariff enquiry and the Tariff Commission's recommendation for a cut in prices is being examined by the Government. Price cuts in tyre cord and rayon yarn are bound to eat into the Company's profits.

Apart from the likely erosion of profit margins, the shareholders have to give up hopes of a very early bonus issue. Mr. S. K. Birla, who presided over the Company's annual meeting in the absence of the chairman, informed the shareholders that in terms of the Government's guidelines, the Company would not be in a position to make a bonus issue before the middle of 1972. But shareholders have every reason to look to the future with optimism in view of the Company's plans for expansion and diversification. The textile division has embarked upon a programme of diversification of its products. It has developed some more sophisticated qualities which have been well received in the market. The progress in this direction is continuing.

The Government has already given the Company a "carry-on-business" licence in respect of its cement project on which work is already in progress. This project is estimated to cost Rs. 14 crores. The first phase of the project will be completed by the end of 1972 and the second phase will be ready for commissioning by the middle of 1973. Development rebate will be available for this project.

The Company has applied for two more major industrial licences—one for a pulp project which is estimated to cost Rs. 21 crores and the other for seamless pipe involving an outlay of Rs. 15 crores. It is hoped that these projects will be approved by the Government which is now anxious to increase indigenous production. The joint venture proposed to be set up in Indonesia—a composite textile mill—is still under negotiation. The financial position of Century Mills is very strong. Its share capital of Rs. 10 crores is supported by reserves and surplus amounting to Rs. 17.91 crores and the gross block of Rs. 41 crores has been written down to Rs. 13.30 crores.

DENA BANK

Results Improve

DENA Bank has reported improved results for 1970. Deposits increased over the year from Rs. 135.61 crores to Rs. 154.99 crores and advances increased from Rs. 149.06 crores to Rs. 175.69 crores. Total income from interest, commission, etcetera, went up from Rs. 9.58 crores to Rs. 11.90 crores. The profit, after tax, shows an impressive increase from Rs. 40.38 lakhs to Rs. 50.99 lakhs. After providing for bonus amounting to Rs. 24.59 lakhs, against Rs. 17.80 lakhs, a sum of Rs. 10.20 lakhs (against Rs. 16.29 lakhs) has been transferred to reserves. The surplus of Rs. 16.20 lakhs has been transferred to the Government.

TESTEELS

Results Improve

TESTEELS Ltd has reported substantially improved results for the year ended March 1971 and the management expects still better results for the current year. The Company has made a gross profit of Rs. 9.47 lakhs on a turnover of Rs. 117 lakhs in 1970-71, against a mere Rs. 92,000 on a turnover of Rs. 102 lakhs in 1969-

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70. In view of the accumulated losses and arrears of depreciation, the dividend has been skipped. The outlook for the current year is more promising as the Company's order-book and the raw material availability are satisfactory. The construction of the second unit in Vatva (Gujarat) is in progress and it is expected that the factory will be ready for trial production during the current year.

JAGATJIT COTTON

Satisfactory Results

JAGATJIT Cotton Textile Mills Ltd has shown highly satisfactory results for the year ended January 1971. The Company's working results have improved despite various adverse factors such as an increase in wages and prices of cotton, rise in price of coal and stores, labour strike and intermittent power failure. Better results were achieved on account of improved price realisation of cloth coupled with judicious purchase of cotton. During the year, the net profit of the Company stood at Rs. 20 lakhs, against Rs. 67,839 last year. General reserves, after deducting proposed dividend and estimated tax liability, stand at Rs. 90 lakhs. The directors have recommended a dividend of 5 per cent on equity shares and 6.5 per cent on preference shares. Despite the labour strike in the first two months of the year, the mills maintained a high standard of quality and efficiency in the production of yarn and cloth. Sales were up by 16 per cent over the last year's figures, being Rs. 6.98 crores (exclusive of excise duty), against Rs. 6.02 crores.

BANK OF TOKYO

Profit Earned

THE profit of the Bank of Tokyo Ltd (Indian branches) has amounted to Rs. 2.52 lakhs, against a loss of Rs. 1.60 lakhs in the previous year, as revealed in the consolidated profit and loss account for 1970, after providing Rs. 1.78 lakhs (against Rs. 2.25 lakhs) for depreciation and repairs to the bank's property. In the consolidated balance-sheet, it is shown that deposits and other accounts have improved from Rs. 7.53 crores to Rs. 9.37 crores and investment from Rs. 2.60 crores to Rs. 3 crores while advances have declined from Rs. 7.54 crores to Rs. 6.47 crores. (Fuller details appeared on last week's issue of *Capital*.)

GENERAL ELECTRIC

Higher Dividend

THE working of the General Electric Co. of India Ltd for the year ended March 1971 has been satisfactory. The pre-tax profit shows a marked rise from Rs. 1.11 crores to Rs. 2.31 crores. In view of better performance, the taxable ordinary dividend has been stepped up from 27.5 per cent to 31.5 per cent, including an interim of 10 per cent. This offers a yield of 4.7 per cent at the present price of Rs. 67.25 a share of Rs. 10 each. After providing Rs. 1.40 crores for taxation and Rs. 35,563 as net development rebate reserve, there is a balance of Rs. 90.79 lakhs out of which Rs. 17.75 lakhs has been paid as interim dividend; Rs. 11.58 lakhs has been transferred to capital reserve leaving a balance of Rs. 61.46 lakhs for transfer to general reserve.

ANDREW YULE

A Difficult Year

IN their latest report for 1970, the directors of Andrew Yule and Co. Ltd say that a prominent factor affecting operations throughout the year was the difficulty experienced in obtaining essential raw materials, particularly steel, and the greatly enhanced cost of materials. The Company has incurred a loss of Rs. 32.16 lakhs, against a profit of Rs. 43.36 lakhs in the previous year, after providing Rs. 10.02 lakhs (against Rs. 9.70 lakhs) for depreciation. A sum of Rs. 32.16 lakhs has been transferred from general reserve to wipe off the loss of the same amount. Sales amounted to Rs. 3.76 crores (against Rs. 3.93 crores).

METAL BOX

Dividend Raised

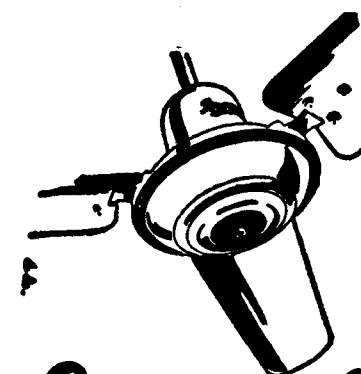
THE Metal Box Co. of India Ltd has produced satisfactory working result for the year ended March 1971. Product sales are up from Rs. 27.03 crores to Rs. 33.85 crores and the profit has risen sharply from Rs. 54.80 lakhs to Rs. 76.79 lakhs, after providing Rs. 54.56 lakhs (against Rs. 46.38 lakhs) for depreciation and Rs. 92.50 lakhs (against Rs. 71.60 lakhs) for taxation. In view of the improved performance, the taxable ordinary dividend has been raised from 6 per cent to 8 per cent, including an interim of 3 per cent, absorbing Rs. 53.13 lakhs (against Rs.

39.85 lakhs). This offers a yield of 5.7 per cent at the present price of Rs. 13.94 a share of Rs. 10 each. Dividends on preference shares have been paid. Development rebate reserve claims Rs. 9 lakhs (against Rs. 11.60 lakhs), general reserve Rs. 5 lakhs (against nil) and debenture redemption reserve Rs. 15 lakhs (against Rs. 10 lakhs). The directors say that they have experienced difficulties with tinplate supplies. Industrial relations at Calcutta units were not satisfactory.

GENERAL INVESTMENT

Higher Dividend

THE General Investment and Trust Co. Ltd has made a profit of Rs. 45,995 for the year ended February 1971, against one of Rs. 36,375, after providing Rs. 23,213 (against Rs. 16,542) for taxation. The taxable ordinary dividend has been raised from 5 per cent to 7.5 per cent, absorbing Rs. 16,875 (against Rs. 11,250). General reserve is allocated Rs. 17,792 (against Rs. 13,797). Dividends and interest on Indian investments have amounted to Rs. 32,780 (against Rs. 27,464). The Company's portfolio is representative of investments quoted on the Calcutta



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and Colombo Stock Exchanges with the exception of certain shares costing Rs. 19,280 for which no quotation is available. The market value of quoted local investments as at 28th February, 1971, was Rs. 4 lakhs, against the book value of Rs. 4.02 lakhs.

NEW COMMERCIAL

Good Results

THE working results of New Commercial Mills (Ahmedabad) for the year ended March 1971 show a marked improvement over the previous year's performance. Sales have gone up by 49 per cent from Rs. 3.41 crores to Rs. 5.09 crores and the gross profit has registered an even more impressive rise of 80 per cent from Rs. 23.84 lakhs to Rs. 42.66 lakhs. The ratio of gross profit to sales has improved from 7 per cent to 8.4 per cent. Improved results have been achieved despite the substantial increase in the cost of production. The directors have cleared the arrears of preference dividend for 1969-70 and also proposed preference dividend for 1970-71. The equity dividend has again been skipped. After providing Rs. 14.63 lakhs (against nil) for depreciation and Rs. 4.67 lakhs (against Rs. 4.24 lakhs) for development rebate reserve, the net profit amounts to Rs. 23.36 lakhs, against Rs. 19.59 lakhs in the previous year. After taking credit for Rs. 27.18 lakhs, being the excess provision of depreciation following the change in the computation of the method of depreciation, the disposable profit amounts to Rs. 50.54 lakhs. In the previous year, the amount totalled Rs. 1.45 crores as Rs. 1.25 crores were transferred from reconstruction reserve. Out of the surplus of Rs. 50.54 lakhs, a sum of Rs. 35.28 lakhs has been provided for depreciation for 1967-68 to 1969-70. This leaves a balance of Rs. 15.26 lakhs which has been transferred to general reserve. The preference dividend for two years—1969-70 and 1970-71—absorbing Rs. 50,664 is to be paid out of general reserve.

There was a substantial increase in the cost of production due to high prices of cotton, enhanced wage bill and the rise in prices of stores, colours, etcetera. As a result of the further steep rise in cotton prices, the Company will have to pay Rs. 70 lakhs more for its cotton requirements on the basis of last year's consumption and the same pattern of textile manufacture. The Company spent Rs. 26.45 lakhs on

capital account for modernisation and renovation of the mills during 1970-71. It has placed further orders for the purchase of machinery and equipment worth Rs. 28.88 lakhs.

CHEMICALS AND FIBRES

Good Export Performance

THE foreign exchange earnings of Chemicals and Fibres of India Ltd, manufacturers of "Terene" fibre, have already exceeded the Rs. 3-crore

mark. The Company has secured business in over 35 competitive markets in Europe, the U.S.A., Africa, Australia, west Asia and south-east Asia for "Terene" fabrics and ready-made garments made from "Terene" fibre. C.A.F.I.'s exports started in 1966. Since then, the Company has increasingly exported a variety of fabrics and ready-to-wears both in 100 per cent "Terene" and "Terene" blended with silk, cotton, jute, viscose and camel hair. The Company's exports are handled by Imkemex India Ltd, an export house recognised by the Government of India.

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LARSEN AND TOUBRO

Heavy Duty Fuse-switch

LARSEN and Toubro has put on the market, for the first time in India, indigenously developed low tension heavy duty fuse-switch units rated at 250A, 400A and 630A. These units can make and break currents up to 300 per cent of the rated current at 0.3 power factor at 110 per cent of the rated voltage—thus conforming to heavy duty fuse-switch standards. These fuse-switches are extremely compact—a welcome feature for switch-board manufacturers—and incorporate a number of safety features. The indigenous development of the fuse-switches has been backed by Larsen and Toubro's design and testing facilities. Special attempts have been made to ensure maximum utilisation of indigenously available raw materials without sacrificing high performance and safety standards. This development is of great importance to the Indian electrical goods manufacturing industry.

SLM-MANEKLAL

A Prosperous Year

SLM-MANEKLAL has reported substantially improved results for the year ended March 1971, with sales up by 27.3 per cent from Rs. 1.68 crores to Rs. 2.14 crores and the gross profit higher by 20.9 per cent at Rs. 55.12 lakhs, against Rs. 45.58 lakhs in the preceding year. The dividend has been raised from Rs. 14 a share to Rs. 15 a share and, in addition, the directors have again proposed a one-for-five bonus issue which is said to be in conformity with the revised guidelines for the issue of bonus shares. The Company's previous application for bonus issue had not been sanctioned by the Government. After providing Rs. 16.36 lakhs (against Rs. 15.07 lakhs) for depreciation, Rs. 2.19 lakhs (against Rs. 99,000) for development rebate reserve and Rs. 20.40 lakhs (against Rs. 16.25 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 16.16 lakhs, against Rs. 13.26 lakhs in the preceding year. After some adjustments, the surplus of Rs. 16.75 lakhs (against Rs. 13.20 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 12 lakhs (against Rs. 11.20 lakhs) is to be paid.

The current year is said to hold out prospects of still better results. Sales in the first two months are placed at Rs. 24.37 lakhs, against Rs. 11.70 lakhs in

the corresponding period of the previous year. Orders on hand aggregate Rs. 1.20 crores and the management expects sales in the current year to exceed Rs. 2.50 crores. The Company has developed bigger sizes of watering vacuum pumps and rotary type blowers are being developed for the first time in the country. Specialised blowers for the needs of the Defence Department are also being developed. The Company has taken on hand the manufacture of plastic blow moulding machine in technical collaboration with Kautex-Werke of West Germany. This machine is expected to be placed on the market within six months. The Company has entered into another collaboration agreement with a Japanese firm for the manufacture of plastic injection moulding machine in different sizes. Its application for an industrial licence is pending with the Government. A technical collaboration agreement has also been concluded with Cerlikon-BBC of Switzerland for the manufacture of compressors for electric locomotives.

BARODA RAYON

Good Results

BARODA Rayon Corporation has shown satisfactory results for 1970. Sales have increased by about 9 per cent from Rs. 6.73 crores to Rs. 7.33 crores and the gross profit has improved by 8.4 per cent from Rs. 1.90 crores to Rs. 2.06 crores. The dividend has been maintained at Rs. 8 a share. After providing Rs. 65.61 lakhs (against Rs. 64.92 lakhs) for depreciation, Rs. 5 lakhs (against Rs. 82 lakhs) for statutory development rebate reserve and Rs. 77.85 lakhs (against nil) for taxation, the net profit for 1970 amounts to Rs. 57.30 lakhs, against Rs. 42.68 lakhs in 1969. After allocating Rs. 2.18 lakhs (against nil) to gratuity reserve, the surplus of Rs. 55 lakhs has been transferred to general reserve. The dividend absorbing Rs. 38.25 lakhs (same) is to be paid out of general reserve.

The directors state that the plant and machinery worked to the full rated capacity, with the result that production during the year was a little higher than in the previous year. Production for the current year is likely to be maintained. The Company gave 45 per cent of its production at a mutually agreed price much below the market rates to weavers in accordance with the agreement of the industry with weavers. It also made available 10 per cent of its production against

exports of art silk fabrics at a highly concessional price. The Company exported art silk fabrics worth Rs. 2.25 lakhs during the year. In the current year, the Company has to supply 30 per cent of its production to weavers at a concessional price under the revised agreement. The Government has approved the Company's proposal to invest in equity shares of Gujarat Polyamides to the extent of Rs. 89.18 lakhs.

ASPINWALL

Dividend Maintained

ASPINWALL and Company (Travancore) Ltd has maintained the dividend at 7.5 per cent for the year ended December 1970. The profit for the year amounts to Rs. 1.49 lakhs, after providing Rs. 14,752 for depreciation. This compares with the previous year's profit of Rs. 1.64 lakhs. Adding to the year's profit a sum of Rs. 8,220 brought forward and also Rs. 12,444 being refund and excess provisions, there is a total surplus of Rs. 1.70 lakhs. Out of this, provision for taxation amounts to Rs. 94,000 (against Rs. 83,000). The dividend claims Rs. 75,000. The balance of Rs. 729 is being carried forward.

SOUTHERN PETROCHEMICAL

New Fertiliser Complex

THE Tuticorin fertiliser-chemical complex of the Southern Petrochemical Industries Corporation Ltd, Madras, has assumed considerable importance in the industrial sphere of Tamil Nadu. The size of the petrochemical complex, its timing and its importance in the core sector are quite obvious. It will be recalled that the Government of India has recently given clearance for this large fertiliser complex, with naphtha as its feedstock. Arrangements are being made for finalising plans for raising the resources required for this big complex. Efforts are being made to finalise the proposal for the issue of equity and preference capital and also for loans in rupees and foreign currencies. The issued capital will be Rs. 16 crores of which Rs. 12 crores will be in equity shares and Rs. 4 crores in 9.5 per cent preference shares. The estimated cost of the entire project is put at Rs. 63.50 crores, of which the foreign exchange content will be about Rs. 28 crores. Total borrowings, including foreign

CAPITAL, 1st JULY, 1971

exchange, are put at Rs. 40 crores. The Company's factory will be located in Tuticorin.

The daily capacity of the complex will be ammonia 1,100 tonnes, urea 1,600 tonnes, D.A.P.N.P.K. mixtures 600 tonnes, sulphuric acid 470 tonnes and phosphoric acid 165 tonnes. Most of the imported plants and machinery will be obtained from the U.K. and Japan. The plant is expected to be commissioned early in 1974 and capacity production is expected to be reached by the end of 1975.

ENGLISH ELECTRIC

Excellent Results

THE preliminary report of the English Electric Co. of India Ltd shows that the Company has achieved excellent working results for the year ended March 1971. The pre-tax profit has risen sharply from Rs. 59.91 lakhs to Rs. 1.07 crores. In view of the better performance, the taxable ordinary dividend has been stepped up from 10 per cent to 15 per cent. This offers a yield of 7.2 per cent at the present price of Rs. 20.75 a share of Rs. 10 each. Allocations include Rs. 58 lakhs (against Rs. 32 lakhs) for taxation, Rs. 77,000 (against Rs. 60,000) for development rebate reserve and Rs. 48.03 lakhs (against Rs. 27.31 lakhs) for general reserve.

TRAVANCORE OGALE

Dividend Repeated

THE working of Travancore Ogale Glass Manufacturing Co. Ltd for the year ended December 1970 has resulted in a profit of Rs. 1.45 lakhs, after providing Rs. 1.19 lakhs for depreciation. This compares with the previous year's profit of Rs. 1.44 lakhs, after providing Rs. 1.03 lakhs for depreciation. The total surplus available for appropriation comes to Rs. 1.64 lakhs which includes Rs. 18,665 being development rebate reserve no longer required and Rs. 544 being excess tax provision. Out of this, provision for contingencies amounts to Rs. 85,000. The balance of Rs. 79,107 is transferred to general reserve. The directors have maintained the dividend at 6 per cent. The dividend will be paid out of general reserve. Sales amounted to Rs. 43.34 lakhs (against Rs. 37.87 lakhs).

CLIVE ROW INVESTMENT

Good Performance

THE working of Clive Row Investment Holding Co. Ltd has shown a higher profit of Rs. 6.30 lakhs for 1970, against one of Rs. 4.34 lakhs

for the previous year. In view of the improved performance, the taxable ordinary dividend has been raised from 3 per cent to 3.6 per cent, absorbing Rs. 5 lakhs. This offers a yield of 5.5 per cent at the present price of Rs. 6.50 a share of Rs. 10 each. Taxation claims Rs. 1.40 lakhs

OPPORTUNITIES FOR OVERSEAS CONTRACTS

MANUFACTURERS of metals, chemical items, electrical accessories, and laboratory equipment have challenging opportunities provided by the developing countries of Asia, Africa and Latin America. There are also good opportunities for civil engineering contracts. These international bid invitations have been received in the Directorate of Commercial Publicity in the Central Ministry of Foreign Trade during the week ended 19th June, 1971. The names of the tender inviting authorities with respective items and closing dates are as follows:

Australia: Electricity Commission of NSW, Pearl House, Sydney; switchgears; 26th July, 1971. *Brazil:* Usiminas, Belo Horizonte; steel expansion programme; 30th September, 1971. *Burma:* Ministry of Defence, Rangoon; brown silk; 10th July, 1971. Textile Mills Procurement Committee, Rangoon; nylon yarn, polyester cotton, etcetera; 16th July, 1971. Irrigation Department, Rangoon; miscellaneous items; 5th August, 1971. Union of Burma Railway Board, Rangoon; steel springs; 26th July, 1971. Electricity Supply Board, Rangoon; lamps and lamp fittings, etcetera; 30th July, 1971. *Ceylon:* Tender Board, Colombo; weaving accessories; 10th July, 1971; dyes, chemicals etcetera; 17th July, 1971. *Cyprus:* The Electricity Authority of Cyprus, Limassol; Mone power station—third extension cable; 30th August, 1971. *Iraq:* Dates Marketing Organisation, Baghdad; containers for dates; closing date not specified. *New Zealand:* The New Zealand Electricity Department, Wellington; transformers; 20th July, 1971. *Paraguay:* Ande, Paraguay; electrical items; 14th July, 1971. *Republic of Korea:* Government of the Republic of Korea, Seoul; motor grader; 9th July, 1971; refractory material, etcetera; 12th July, 1971. *Singapore:* The Port of Singapore Authority,

Singapore; supply, delivery and erection of straddle carriers; 19th July, 1971. *Sudan:* Sudanese Thread Finishing and Packing Co, Khartoum; carton (bobbins) for thread; closing date not specified. Sudan Railways, Atbara; rolling machines and portable air-compressors; 13th July, 1971. *Syria:* The General Petroleum Company, Damascus; furniture tubes; 31st July, 1971; tube bundles; 26th July, 1971. United Arab Industrial Corporation, Damascus; polyamide rods Mark PAS 60 for gears; closing date not specified. *Plastics Products Corporation, Aleppo;* injectors and ancillaries; 15th July, 1971. *Thailand:* Royal Thai Air Force, Bangkok; cloth; 12th July, 1971. Metropolitan Electricity Authority, Bangkok; printing press and accessories; 12th July, 1971; power transformer; 16th July, 1971. Telephone Organisation of Thailand, Bangkok; automatic telephone exchange; 14th July, 1971. Egat, Monthaburi; power circuit breakers; 30th July 1971. Treasury Department, Bangkok; spark erosion machine; 23rd July, 1971. *United Arab Republic:* Egyptian Railways, Cairo; ball bearings; 19th July, 1971; ribbed sole plates; 24th August, 1971; insulating glass tape; 24th August, 1971; Batteries; 16th August, 1971. Ministry of Irrigation, Cairo; drainage pumping station, transformer sub-station and auxiliary supplies; closing date not specified. General Organisation for Greater Cairo; chlorine apparatus; 14th July, 1971. *Yugoslavia:* Ibar-Lepenac Enterprise, Lenjinova St. Lele; construction of diversion tunnel; 12th July, 1971. *Zambia:* Central Supply and Tender Board, Lusaka; bottles, containers, etcetera, and police whistles; 30th July, 1971. Details of these important tender notices may be had from the *Indian Export Service Bulletin* dated 26th June, 1971, issued by the Director of Commercial Publicity. The tender documents can be obtained from the respective tender inviting authorities.

(against Rs. 1.02 lakhs). After making other adjustments, a sum of Rs. 13,896 is carried forward, against Rs. 23,625 brought in. The directors say that income from investments rose from Rs. 5.16 lakhs to Rs. 7.15 lakhs on account of the higher dividend received from tea and jute companies.

RYDAK TEA

A Good Year

RYDAK Tea Syndicate Ltd has done well in 1970. The proceeds of tea sold are up from Rs. 1.12 crores to Rs. 1.37 crores and the pre-tax profit has risen sharply from Rs. 1.39 lakhs to Rs. 17.76 lakhs, after providing Rs. 8.49 lakhs (against Rs. 8.99 lakhs) for depreciation. In view of better working results, the taxable ordinary dividend has been stepped up from 5 per cent to 10 per cent, including an interim of 5 per cent, absorbing Rs. 7.48 lakhs. This offers a yield of 11.6 per cent at the present price of Rs. 8.62 a share of Rs. 10 each. Taxation is allocated Rs. 5.20 lakhs (against Rs. 3.80 lakhs) and general reserve Rs. 4.57 lakhs (against nil). The total crop has amounted to 3,007,251 kilograms (against 2,630,516 kilograms) and the average sale price was Rs. 6.44 (against Rs. 5.80) a kilogram. Crop estimates for the current season are placed at 3,026,000 kilograms, at a cost of Rs. 5.66 a kilogram.

BRITISH PAINTS

Margins Squeezed

DESPITE an increase in sales from Rs. 3.91 crores to Rs. 4.41 crores, the profit of British Paints (India) Ltd has declined from Rs. 49.56 lakhs to Rs. 43.18 lakhs for 1970, after providing Rs. 4.08 lakhs (against Rs. 3.63 lakhs) for depreciation and Rs. 30,736 (against Rs. 12,869) for development rebate reserve. The taxable ordinary dividend has been maintained at 12.5 per cent, including an interim of 6.25 per cent, which will be paid out of general reserve. This offers a yield of 6.1 per cent at the present price of Rs. 20.50 a share of Rs. 10 each. Allocations include Rs. 11.22 lakhs (against Rs. 17.37 lakhs) for general reserve and Rs. 29.37 lakhs (against Rs. 30.16 lakhs) for taxation. After making other adjustments, there is a balance of Rs. 190 which is proposed to be carried forward, against Rs. 466 brought in.

The directors say that the cost of raw materials and also of manufacturing and other expenses increased substantially, and in the existing competitive market there is a very limited scope for price increases. An application has been made to the Controller of Capital Issues for his consent for the issue of bonus shares for a total sum of Rs. 35 lakhs.

INDO-BURMA PETROLEUM

Record Sales

IN their latest report for 1970, the directors of the Indo-Burma Petroleum Co. Ltd say that the Company has achieved record sales of 279,384 tonnes, an increase of 37 per cent over the previous year. Its association with the Indian Oil Corporation has been fruitful and has resulted in much improved product availability. The electronics manufacturing division has also shown a large increase in its sales and made a profit during 1970. This division was awarded a contract for building a drum manufacturing plant in Madras for the Indian Oil Corporation on a turnkey basis. Sales are up by 33 per cent to Rs. 22.81 crores and the net profit has risen from Rs. 14.25 lakhs to Rs. 25.07 lakhs, after providing Rs. 10.43 lakhs (against Rs. 8.30 lakhs) for depreciation, Rs. 1.47 lakhs (against Rs. 1.24 lakhs) for development rebate reserve and Rs. 28.70 lakhs (against Rs. 18.25 lakhs) for taxation. In view of the better performance, the taxable ordinary dividend has been raised from 12.5 per cent to 17 per cent, including an interim of 6 per cent. This offers a yield of 9.8 per cent at the present price of Rs. 17.31 a share of Rs. 10 each. General reserve claims Rs. 19.10 lakhs (against nil). A sum of Rs. 2.37 lakhs has been transferred from devaluation exchange difference reserve no longer required.

BOMBAY PAINTS

Sales Up but Profit Down

DESPITE a rise of 11.6 per cent in sales from Rs. 1.37 crores to Rs. 1.53 crores, the gross profit made by Bombay Paints and Allied Products in 1970 is down by 29 per cent from Rs. 9.79 lakhs to Rs. 6.96 lakhs. Margins have been eroded by the "steep" rise in the cost of overheads and raw materials and almost stagnant selling prices. After providing Rs. 1.67 lakhs (against Rs. 1.87

lakhs) for depreciation, Rs. 11,000 (against Rs. 44,000) for development rebate reserve and Rs. 2.82 lakhs (against Rs. 4.61 lakhs) for taxation, the net profit for 1970 amounts to Rs. 2.35 lakhs, against Rs. 2.87 lakhs in the previous year. The surplus of Rs. 2.35 lakhs (against Rs. 3 lakhs) has been transferred to general reserve. The dividend of 10 per cent absorbing Rs. 1.49 lakhs is to be paid out of general reserve. The directors state in their report that the benefits of the expansion programme will be reflected in the accounts of the subsequent years. Various departments are being shifted to the new building which will help increase production and enable the Company to keep under control the rising cost of production.

OUCHTERLONY VALLEY

Bigger Loss Incurred

DUE to a loss in working, the directors of Ochterlony Valley Estates Ltd have skipped the dividend again for the year ended October 1970. The Company's working has resulted in a loss of Rs. 19.55 lakhs, as compared with the loss of Rs. 4.73 lakhs in the previous year. Adding to this loss income-tax paid for earlier years, certain transfers to development rebate reserve and development allowance reserve and also the brought-forward loss of Rs. 9.18 lakhs, there is a total deficit of Rs. 29.29 lakhs. From this is deducted a sum of Rs. 5,322 being provisions no longer required, leaving a deficit balance of Rs. 29.24 lakhs. A sum of Rs. 24 lakhs is transferred from general reserve and adjusted against the loss of Rs. 29.24 lakhs leaving a deficit of Rs. 5.24 lakhs which is being carried forward.

KIRLOSKAR CUMMINS

Engines for Philippines

KIRLOSKAR Cummins Ltd has placed eight units of their NHC 4-IP diesel engines valued at Rs. 1.76 lakhs in a new export market—the Philippines. These engines compare with the best in the world in both workmanship and sophistication. With the shipment of the first eight engines to the Philippines, Kirloskar Cummins has at last broken through the trade barrier to these islands. Its engines have already been exported to the Middle East, Africa and south-east Asian countries.

COMMODITIES

Factors Retarding Modernisation of Jute Mills in West Bengal

JUTE industry circles are worried over the New Delhi report that the Central Ministry of Foreign Trade has been thinking of going in a big way to take over old jute mills for the purpose of modernisation. It has been stated that the contemplated action is a sequel to the alleged "failure of the industry to take advantage of the funds made available to it for modernising, causing the continuous loss of export markets to Pakistan." In the absence of fuller details, it is not possible to have an idea of the precise units which the Government may think of taking over. Besides some sick units, nine mills equipped with a total of 3,930 obsolete looms and 61,000 spindles have been closed since 1964. The latter had been uneconomic units even in normal times, as disclosed by the Central Foreign Trade Minister, Mr. L. N. Mishra, at the last annual general meeting of the Indian Jute Mills Association. If the Government intends to revive and develop these units into modern and economic ones, the operation may cost some Rs. 4 crores out of the Rs. 8 crores of institutional finance arranged for the industry by the authorities some three years ago.

Lack of Co-ordination

In answer to the Government's persistent allegations that the industry had failed to submit detailed schemes for the modernisation of capacities, the latter refers to the lack of co-ordination between various Government departments, retarding the pace of utilisation of funds. There are plenty of instances where mills had placed orders for machinery on receipt of the sanction for loans from the financial institutions. But they could not take delivery of the machinery due to their inability to furnish the industrial licences, the issue of which was held up in the Licensing Directorate. This apart, the industry has been passing through very trying times for quite some time, suffering an erosion of its reserves. In addition to the critical shortage of credit and high rates of interest, prices of fibre have been high. All these have affected the profitability of the industry, ruling out the pros-

pect of raising any capital from the market against the issue of new ordinary or preference shares or debentures. While working conditions have been adverse due to the uneasy industrial relations and the lack of discipline on the shop-floor, such factors as the rising charges for fuel, electricity, and spares and stores as well as intermittent load-shedding caused an unavoidable decline in production in relation to the installed capacities. Moreover, the high-cost end-products were difficult to sell in the export markets, due to the impact of export duties which offered an additional shot in the arm of the Pakistani industry and the U.S. home-based synthetic substitutes industries. The increasing export bonus voucher subsidies granted by the Pakistani authorities sharpened the Pakistani industry's competitive potential in the overseas markets. These were followed by an inevitable decline in the flow of enquiries and business to India and the diversion of custom to Pakistan and synthetic products.

Removing Handicaps

No industrialist or business man could ever take an optimistic view of the prospects and go on expanding the production capacity. On behalf of the industry, repeated representations had been made at individual and association levels to the authorities urging them to remove the major handicaps. But they were persistently ignored, causing a further deterioration in the working conditions, and stalling further development and expansion in the industry. The fast-expanding new line of carpet-backing cloth, on which the industry had spent colossal sums, also encountered heavy weather, following the gradual emergence of the Pakistani carpet-backing industry as a viable competitor, and the synthetic backing industry in the U.S.A.

Industry circles also point out that modernisation and expansion of the industry are a long-term affair, subject to the availability of new equipment held in ready stocks and turned out by indigenous manufacturers. Any scramble for machinery and

equipment by a number of units will fail to produce the desired result. They also prefer to go slow with the programme and phase out the reinstallation drive, awaiting the turn of events in Bangladesh.

Travel Tax Criticised

The Calcutta Jute Fabrics Shippers Association has protested against the imposition of the 20 per cent surcharge on air tickets, bought in rupees, and has described the levy as a positive deterrent to export promotion. This tax has come, says the C.J.F.S.A. in a Press note issued in Calcutta last week, at an inopportune moment when extensive travelling by business executives is essential for procuring fresh business. The Association says that a number of countries used to purchase their requirements of jute goods from Pakistan. India had little or no contact with most of them. In view of the virtual absence of Pakistan from the overseas markets at the present juncture, it is essential that Indian exporters should establish personal contacts with them. The new tax, the statement continues, will be an effective deterrent to such broadening of contacts. The Association has expressed its surprise over the fact that New Delhi should lay stress on levying a blanket tax on foreign travel when *bona fide* overseas tours undertaken to promote export business could easily have been exempted from it.

More Bank Finance Needed

The Jute Brokers Association, Calcutta, has in a statement emphasised the need for provision of adequate bank finance to the jute broking trade to meet its enlarged requirements of finance in the new jute season that has now opened. The stringency of bank finance has frequently hampered the normal operations of the trade. In the present situation, when the jute industry is fully geared to expand production to explore the developing export opportunities and in view of the anticipated bumper jute crop in the new season, it is essential to ensure that bank finance does not stand in the way of the jute trade performing its legitimate functions and expanding its operations. The Government's policy is to assure the cultivators a reasonably fair price, and if this policy is to succeed, "it is imperative that the bigger crop that will soon press on the market should be lifted immediately, as otherwise prices will

be depressed and the cultivators will suffer in consequence."

Wagon Requirements

The Indian Jute Mills Association has estimated the total requirement of railway wagons for the season commencing on 1st July for carrying jute to the mills from the producing States of West Bengal, Bihar, Tripura, Assam, Orissa, and Andhra Pradesh at 105,170. The break-up between the six States is: West Bengal (30,000), Bihar (27,460), Tripura (3,750), Assam (29,950), Orissa (6,670), and Andhra Pradesh (7,340). Although West Bengal is the single largest jute producing State in India, only about 24 per cent of the total fibre arriving at Calcutta and mill stations annually is moved by rail, the balance of the crop being despatched by road, river and other means of transport.

Gunnies Firm

Buoyant conditions marked trading in the Calcutta gunny market during the past week, helping the prices of both hessian and sacking to scale new peaks. In spite of the sharp price rise, buyers and shorts evinced sustained interest in ready and near-delivery goods. The U.S.A. booked fairly heavy lots of hessian for ready and near positions due to the impending threat of the longshoremen's strike on the Atlantic and Pacific coasts of the country while Russia bought some 30 million yards of the fabric. Burma and Turkey too absorbed moderate lots of heavy goods. The internal offtake also broadened sharply with official and semi-official agencies and major internal consumers absorbing fairly large lots of goods, also for near positions. The sustained interest from internal and overseas buyers was triggered off by fears of an acute shortage of ready delivery goods developing in the near-term in spite of the stepping up of the output of the end-products by the mills to around the optimum capacity of 100,000 tonnes a month. Although the problem of load-shedding had been solved, mills had been obliged to slacken the pace of raising production due to the inadequate availability of selected grade fibre for batching purposes. The lingering bottleneck in the movement of better grade fibre held in the upcountry mill agencies restricted the scope for a further expansion in output. London reports indicated that the mills in East Bengal had been operating at about 30 per cent of their

single-shift capacities, instead of the normal two to three-shift working, due to the exodus of Bihari operatives from the mill areas since the promulgation of the Martial Law. The inevitable decline in fibre output in that country during the next season, it was feared, would be followed by a sharp decline in the output of the industry in the U.K., the Continent and in some developing countries for short supplies of the essential raw material. All these possibilities induced both the bulls and the industry to restrict their bookings to the immediate future at hardening prices. In the context of the strike threat, member-lines of the East Coast of India/U.S.A. Conference Lines had started rescheduling their ships so as to complete discharge of the cargo in the U.S. ports before the commencement of the strike. An American line had declared that its end-July loader would sail from Calcutta by 5th August and deliver the freight at the destinations well ahead of the strike. So U.S. buyers bought rather heavily for June and July positions, ignoring the buoyancy in the market. In case there was a strike, they would like to adopt a wait-and-see policy, influencing the market trend. The demand and offtake for carpet-backing cloth, particularly from the U.S.A., were maintained at a high level. In spite of the peak production levels, attained by the industry on this side of the border since the East Bengal developments, Indian mills had been reportedly experiencing no difficulty in selling the products right up to the end of the year. Speculative activities were drastically arrested by the rigid enforcement of the deterrent trading curbs imposed by the Forward Markets Commission. Turnover was fair and the closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	July	July- Sept.	Oct.- Dec.
40in. 7½oz.	79.00	78.00	76.00
40in. 8oz.	—	—	—
40in. 10oz.	105.50	103.50	99.00
B Twills	274.50	277.50	278.00
Heavy Cees	275.50	278.50	279.00
Cornsacks	—	—	—
A Twills (U.S.)	335.00	339.00	344.00
Liverpools	318.00	317.00	315.00

Fibre Steady

The raw jute market ruled pretty firm on sustained interest from mills and mill agents in selected grade fibre which happened to be in short supplies. The present stringency was

likely to continue till the third month of the new season. The report of floods in several areas in Assam and north Bengal caused some damage to fibre. But the extent of the damage was not precisely known at this writing. Fibre trade circles said that the prompt recession of the flood, reported from the upcountry agencies, had helped in reducing the damage to the minimum level. In areas where the plants had been more than 9 inches in height, the rains had done them good. Only in the late sown areas, the sprouting seeds and seedlings were damaged and had to be resown. Clive Row was worried over the recent kite-flying over the crop prospects so early in the season by interested parties. This would cause both the fibre and goods trade more harm than good. The fact remains, according to the I.J.D.C. officials and the fibre trade, that the weather has been congenial, the demand well sustained and the ruling prices pretty remunerative so far. The I.J.D.C. and the State Government Block Department officials were all alert with ready supplies of advanced inputs at the farmers' door. The possibility of Pakistan getting a normal crop as in the current season was remote because of the prevalence of disturbed conditions all over the jute-growing areas. Hence the crop prospects in India were bright, although the I.J.D.C. target of 8.4 million bales would fail to cover the shortfall in the overall output for the world market. Although holders were keen on unloading the stocks of sub-standard fibre, there was not much of a selling pressure. In July-August delivery new crop, mills showed sustained interest and absorbed the offers of suitable grades at quoted prices. Turnover was moderate and the closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	1970-71	1971-72
	Quintal	Rates a Rates a Rates a
	Bot.	Bot. Bot. Bot.
Selected Assam-		
Agartala	160.75	60.00 59.00
Northern Jute	155.40	58.00 57.00
Western Desal		
Jute	148.70	55.50 54.50
Selected		
Daissee	167.45	62.50 59.50
Assam-Agartala		
Tossa	168.79	62.00 60.00
Mesta :		
Assam Mesta	148.70	55.50 54.50
Selected Daissee		
Bihar Dist	143.34	53.50 52.50
Murshidabad	136.64	51.00 49.50

STRAW PRODUCTS LIMITED

The following is the address of **Shri Hari Shankar Singhania, Managing Director, at the 32nd Annual General Meeting of Straw Products Limited held on 29th June, 1971.**

To the Members :

It is, indeed, a pleasure to welcome you to this 32nd Annual General Meeting of the Company.

A Review of Performance

The audited Accounts and the Director's Report for the year ended 31st December, 1970 have been circulated to you earlier and, with your permission, I shall take them as read. You would have noticed from the said Report that the working of the Company has continued to be good. The production has increased from 33,221 tonnes in 1969 to 34,629 tonnes during 1970. Sales have increased to Rs. 749 lacs during 1970 from Rs. 721 lacs during the previous year. The Profit before depreciation for the year under review stands at Rs. 178 lacs as against Rs. 166 lacs in the previous year.

During the year the MG Machine was commissioned as per schedule. With this, the Company has added MG Tissue and Poster Papers to its range of paper production.

The work on the third Machine to produce 7,500 tonnes per year of Tissues and Specialities has progressed as per schedule. Bulk of the imported machinery has been shipped and has started arriving. The delivery of indigenous equipment has also started and erection will now commence. Messrs Utkal Machinery Limited, the major suppliers of indigenous machinery, have, however, informed the Company of likely substantial delays in delivery of their supplies. This would upset our Time Schedule for starting the Third Machine. We are, however, making all efforts to minimise delays and reduce its impact by shortening the erection period to the maximum possible extent so that we can commission our Plant by middle of 1972. This Plant includes Rag Pulping Section and it would produce finer varieties of superior quality paper.

The Company further proposes to increase production of paper and boards by installing balancing equipment at J. K. Paper Mills in Orissa and at Board Mills in Bhopal. The Financial Institutions have already

balance between Demand and Supply of Paper.

The Paper Industry is highly Capital Intensive and has a long gestation period. The Investment Turnover ratio is more than 3:1 and it would take nothing less than 4 to 5 years for a project to materialise specially, in view of long periods of delivery of indigenous machinery. Thus, in respect of new investments the Paper Industry is likely to get hardly any advantage of Development Rebate any more. The Development Rebate was introduced because the Depreciation was found to be inadequate to absorb very phenomenal increase in replacement costs of Plant and Machinery. Prices of Pulp and Paper making machineries have risen very sharply and thus withdrawal of Development Rebate would pose serious problem for replacements as well as new investments. Over the years the Development Rebate has considerably helped industrial growth and it is urged, therefore, that the proposal for its withdrawal be reconsidered.

been approached for necessary assistance and other necessary steps are being taken for its implementation. It is our endeavour that this expansion should start yielding results in approximately a year's time.

Budget Proposals

The Budget of the Government of India for 1971-72 incorporates certain important and far reaching proposals for the Corporate Sector. These include notice of withdrawal of Development Rebate in respect of investments after May, 1974, reduction in tax concession from 8% to 5% in respect of priority industries, which include Paper, exclusion of Debentures and long term Borrowings from Capital employed for purposes of tax exemption for new industrial undertakings, increase in Surtax on Company Profits from 25% to 30%, increase in Import Duty, and fixing a ceiling of Rs. 6,000/- per month for salary and perquisites as admissible Revenue Expenses. These put together would have an adverse effect on the industrial growth and capital formation. The Paper Industry has reasons to be particularly anxious because it has to meet the task of rapidly increasing the production capacity to meet the growing im-

Because of highly capital intensive nature of the Paper Industry, the Pulp and Paper making machinery were granted concessional rate of 10% import duty. This concession has now been withdrawn and a rate of 30% will be leviable. Thus, there would be an increase of 20% instead of marginal increase of 2½% which was envisaged in the Speech of the Finance Minister. We hope, the imperative need for rapid capacity expansion in Paper Industry would weigh with the Government and adequate relief shall be granted.

Future Growth

I would now like to devote myself to the future growth of Paper Industry in India. With the rise in literacy and advancement in the level of economic development, the demand for Paper and Paper-products in India is bound to grow rapidly. According to the Forestry Department of U.N's Food and Agriculture Organisation, the world consumption of Paper and Paper-products may rise from 123 million tons in 1969 to 285 million tons in 1985. India ranks 20th among the Paper producing



Shri Hari Shankar Singhania

countries in the world. Our present per capita consumption of Paper at 1.5 kg. is one of the lowest in the world. The per capita paper consumption in some of the developed and developing countries is as follows: U.S.A. 233 kgs., U.K. 118 kgs., Japan 90 kgs., Kuwait 25 kgs. and U.A.R. 6 kgs.

Obviously our growth rate would have to be faster than the average growth in the world demand of Paper.

Even if we assume the growth of demand of Paper in India in next 10 years to be at the same rate as in the last 20 years, the estimated demand for paper and paper-products in the country by the end of 1981 would be over 2 million tonnes as against the current production of about 7.50 lakh tonnes. To achieve such a stupendous task we have to ensure the availability of 3 fundamental resources: 1. Raw materials, 2. Machinery and Equipment, and 3. Finance.

RAW MATERIALS—The availability position of fibrous raw materials which contribute the life-blood of paper industry is rather dim even for present modest growth plans. It is not only our experience, but experience of many others, that negotiating a satisfactory raw materials arrangement for any expansion is becoming difficult. This seems to be a warning which, if not taken note of timely, may land us in a crisis of serious magnitude during the next few years. It should be remembered that the forests form only 18% of the total land area in the country and forests covered with vegetation of long fibres are considerably less. It is, therefore, necessary that there should be an integrated scheme of afforestation keeping in view the requirements of paper industry and other forest based industries. In this connection, I would urge that the industry should be allotted long term leases of waste-land for plantation of fast growing species, which could be utilised for pulp making. The forest road planning should also be on a co-ordinated basis taking into consideration the locational advantages for setting up new paper mills. Moreover, areas with rich forest resources should be provided with infrastructure facilities of railways and electricity as early as possible.

MACHINERY & EQUIPMENT—The indigenous sources for machinery

manufacture and supply is another area which offers scope for fruitful action. For the growth of paper industry timely and adequate supply of machinery would play a key role. It is common knowledge that the capacity for pulp and paper making machinery in the country is very inadequate. While we should continue attempts to augment pulp and paper machine making capacity, it is important that a comprehensive survey of existing machine making capacity should be undertaken with a view to evaluate what requirements can be met from existing indigenous sources. Once this evaluation has been made, it would be prudent to get all the indigenous machinery manufacturers together into a consortium which would allocate specific equipments for manufacture by specific individual constituents of the consortium. It is not necessary that every manufacturer should produce the entire range of equipments, it is far more advantageous if the work programme is divided on a realistic basis depending upon the facilities available and the needs of the Paper Industry. On the basis of this exercise, we should work out a realistic and clear cut programme of imports of machinery. There is also a very considerable scope to cut down delays in respect of imports of components and raw materials by the existing Paper Mill Machinery manufacturers.

FINANCE—Huge investment would be needed to create the required additional production capacity. In this connection I would once again lay stress on the following:

- (a) Pricing Policy for Paper should be such as would provide adequate return on invested capital. This should, on the one hand, aim at attracting fresh investments and, on the other, for providing nucleus capital resource for expansions. I may add that consumers' interests are best served when the supply does not lag behind the demand and, therefore, we would have to keep a balance between short-term imperatives and long-term needs.
- (b) Paper Industry should continue to enjoy priority in respect of Institutional Finance. Debt/Equity ratio of 3:1 should be accepted for this industry in view of its capital intensive nature and poor Turnover/Investment ratio.

Industrial Relations

During the year under review the Company has been able to maintain cordial and happy relations with its employees in the Plants as well as other offices. I would like to express my sincere appreciation of the hard, willing and devoted work put in by all categories of employees and also for the forbearance and support shown by our customers. With your co-operation and good wishes, management will continue to do their best for the development of the Company, which should be the desire of all of us.

First Task

Since we met last, we have had general elections in the country, which have returned to power the Government with thumping majority. The party ruling the Centre is also in power in most of the States. Thus, the country has the great advantage of having a powerful and stable Government.

The economy is already poised for rapid growth and it is my sincere hope that this opportunity for a real break-through will be fully seized. The task of providing employment to the multitudes of unemployed and raising the standards of living of our people, would have to be our prime aim. Rapid economic development has, therefore, to be our first task. All policies, procedures and their implementations would have to be tested against the needs of this first task.

Bangla Desh

Before I conclude, I cannot but refer to the grave situation caused by inhuman and barbarous actions of a military power in Bangla Desh. The human sufferings are simply beyond description and we offer our prayers for them. The problems arising from influx of refugees in unprecedented numbers are stupendous for any people and any Government anywhere in the world. Nevertheless the situation has been and has to be faced with equanimity and I take this opportunity of assuring the Government of our fullest co-operation in whatever measures it deems fit to adopt to tackle the situation.

Thank you.

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

THE CENTURY SPINNING & MFG. CO. LTD.

CHAIRMAN, SHRI R. D. BIRLA'S STATEMENT

The following is the statement of the Chairman, Shri R. D. Birla of The Century Spinning & Mfg. Co. Ltd., at the 74th Annual General Meeting of the Company held on Tuesday, 22nd June, 1971.

Ladies and Gentlemen,

I am pleased to welcome you all to the 74th Annual General Meeting of the Company. The Report and Accounts of the Company are already in your hands and I hope you are fully satisfied with the results.

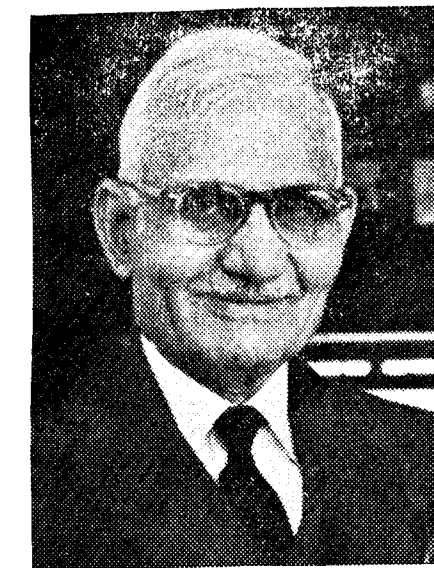
Future Prospects

The Directors have given details about the working of the Company in their Report, but I would like to make a few observations on the future prospects of the Company. The Textile Division of the Company experienced difficulty during the first half of the current year as a result of shortage and very high prices of cotton and an all-round increase in costs of which all are aware. This is bound to affect profits. As regards Tyre Cord Division, the Government has asked the industry to cut prices and the demand for tyre cord in the home market is also not satisfactory. In view of this, it is feared profit in this Division too will suffer a setback. As for Rayon Division, the recommendations of the Tariff Commission are being examined by the Government and if and when these are implemented, they too will naturally affect the profits. Although the working of all the divisions of the Company continues to be quite satisfactory, if the price cuts referred to above take place, then the profits of the current year may possibly not attain the figure reached during the year under review.

DIVERSIFICATION Expansion

The Textile Division of the Company, as I had mentioned last year, has embarked upon a programme of progressive improvement and diversification of its products. It has further during the year, developed some more sophisticated qualities which

have been received well in the market. The progress in this direction is continuing. The quality of the Company's rayon and tyre cord yarn continues to be excellent and as you must have noticed in the Directors' Report, it is being exported in increasing quantities to the most advanced countries of the world.



Shri R. D. Birla

As regards the Company's expansion programme, you will be happy to know that the Government has already given us a "carry-on-business" licence in respect of our Cement Project on which work was already in progress. It is expected that the Cement Factory will go into production by the end of 1972. We have two more applications for major industrial projects with the Government—one for Pulp and the other for Seamless Pipes. As the Government is anxious to increase indigenous production and reduce dependence on imports, let us hope it will favourably consider these two applications also.

Happenings in Bangla Desh

The unfortunate happenings in Bangla Desh have affected our economy. Millions and Millions of refugees from that region have been trekking to India and it has become a great burden for the country to feed and look after them. The mer-

ciless sins committed by Pakistani rulers in Bangla Desh are unparalleled in the history of mankind. In recent history only Hitler committed crimes of this magnitude and the history tells what his fate had been.

Our Prime Minister, who enjoys the backing of all our countrymen, has made a firm determination to send back the evacuees. Although this is a very difficult task, but as we have seen, she has succeeded in all the missions she has undertaken. Now even the world opinion is veering round in India's favour. The powerful countries of the world should now apply pressure on Pakistan to take back the refugees and only after this happens, will peace dawn on both the countries. It is not too late even now for Pakistan to understand that it is in its interests to take back the refugees.

Stable and Strong Government

For accelerating the process of development and growth, we need to harness all the talent and skill in the country. Fortunately, we have now a very stable and strong Government with a thumping majority in Parliament. Our Prime Minister too is very popular, brave and forward-looking. Let us hope that the Government will now adopt a bold and courageous policy to stimulate savings and investments for setting up new enterprises and take all necessary steps to increase production. To generate more savings prices must be held in check by augmenting the supply of consumer goods. Population in the country is rising fast and unless production rises at a faster rate, there will be no improvement in our living standard.

LARGE-SCALE INDUSTRIES Need to be Encouraged

The encouragement given by Government to small scale industries is quite understandable. But small scale industries alone cannot achieve the objectives of providing employment to millions of our unemployed and of producing consumer and other goods on the scale needed to fill the

(Continued on next page)

THE BENGAL PAPER MILL CO. LTD.

Text of the Speech delivered by Shri N. D. Bangur, Chairman of the Company at the Annual General Meeting of the Company held on 28th June, 1971 at Calcutta.

Gentlemen:

I have pleasure to welcome you to this Annual General Meeting of the Company. The Directors' Report and Statement of Accounts of the Company for the year ended 31st December, 1970 have been in your hands and, with your permission, I take them as read.

Economic Situations

Economic situation in India is potentially in a take off stage—thanks to the yearly increase in agricultural production and encouraging growth in industrial output. Political stability at the national level, much desired for economic growth, is now a reality. It could be

THE CENTURY SPINNING & MFG. CO. LTD.

(Continued from previous page)

vacuum in the home market and also to create surpluses for export. Besides, exports can be stepped up only with mass production and with competitive prices and this can be possible only if the productive units are fairly large and of economic size of which the Government is fully aware. The Government, therefore, must also encourage the setting up of large-scale industries.

Before I conclude, I would like to express my warm and hearty thanks to the workers, staff and officers of the company for their hard and devoted work which enabled the company to show such excellent results. I hope they will continue to work with the same devotion and loyalty in future.

Thank you.

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

achieved by the dynamic leadership of the Prime Minister and her true appreciation of the aspirations of the people. It is time, this situation is recognised by the authorities and the industry, and judiciously harnessed to the economic growth of the country.

New tax proposals for additional revenue of Rs. 220 crores which includes discontinuance of concessions on investments in initial issues of capital, discontinuance of development rebate after May, 1971 and increase in minimum import duties from 10% to 30% in case of general machineries will increase the cost of installation of new units and expansion of the existing ones. This dear money policy, increases in the rates of surtax, and virtual ceiling on remuneration of managerial personnel can be described as nothing short of penalty on incentives of the entrepreneurs, investors and professional managers. Expansion of industrial production is the basic requirement for eradication of poverty. Any measures leading to discourage efficiency in the industrial production gear the economy in the reverse direction instead of towards growth and expansion. This fact should be appreciated before it is too late.

The policy of taxation at reasonable rates is conducive to encouragement of savings, investments and faster economic growth, whereas the policy of taxation at high rates amounting to forced savings, leads to high level of expenditure. I hope the potentialities and scope of industrial expansion will be recognised and full benefit derived by adopting realistic economic policies. In no other country there is the tax on wealth as well as estate duty. On account of high tax rates, everybody has to look to Government and individual initiative is gradually being lost. Encouragement to individual enterprise will bring in more employment and remove the people's apathy towards economic risk bearing.

The Paper industry is facing a challenge of meeting the paper requirement of the country. It could be successfully met to some extent by expansion of the existing units through the crash programme for additional capacity of 1.31 lakh

tonnes of paper per annum by 1972-73 provided there are no new impediments on the way and the authorities too deal with the industry's requests expeditiously.

West Bengal Situation

In West Bengal, our existing difficulties have been further aggravated by the influx of Bangladesh refugees. Though full responsibility has been assumed by the Central Government, the strain on local administration is too much. But it can't be helped as it was something completely unforeseen. We hope our Prime Minister would be able to tackle this problem in the best possible manner.

Looking to the prevailing situation in West Bengal, everybody knows where we stand and people wonder what would be the economic, financial and political future of this State if the present situation is allowed to be continued. West Bengal is again going to be under President's Rule. We hope the Central authorities will try their best to assist the local administration to restore confidence and security of life of the people which is most necessary for the growth and development of this region.

Time has come for our leaders to rise above politics and we request to all of them, whatever their political convictions, to sink their difference and strive for the welfare of the State in preference to politics. "Nation benefit before politics" should be the motto.

Indiscipline has permeated every walk of life culminating to anarchic condition and it has now become difficult to restore law and order. To day the position is that the managerial staff is finding it difficult to manage their affairs, be it in a bank commercial office or a factory. People are working under a sense of insecurity and uncertainty. Further, there are more holidays in West Bengal together with frequent Bandhs and closures which take away about a day in a month. There is frequent power shedding and abnormal supply interruptions to industries. All these things have their effect on cost

of production of industries in West Bengal putting them quite unable to stand competition in internal market. This is the reason that Engineering and other concerns of West Bengal are unable to sell their output in competition with other units in India. High costs of production put financial strains and it becomes difficult for the Companies to carry on losses. Hence the emergence of more sick units in this region. Some way should be found out to enable them to tide over these difficulties and meet their financial obligations. I am happy that the Industrial Reconstruction Corporation is working in this direction.

Other States are going ahead providing all kinds of facilities for new industries to come up with all the stimulant required for peaceful working and greater opportunities to the entrepreneurs; all these at the cost of Bengal. This should be an eye opener for the Central Government and State authorities to consider favourably and think of bringing in legislation to declare West Bengal a backward area if necessary until at least the normal conditions are restored. All facilities of low rates of interest, housing, availability of raw materials, concessional rates of power, excise, octroi, etc., should be provided in West Bengal. Time has come for immediate action to restore confidence and security to attract entrepreneurs whether small or big. I am sure, people will take more interest in the economy of West Bengal and all concerned will rise to the occasion to ensure a glorious future for all.

Linked with the conditions in West Bengal, position in your mill was also not an exception to the general environment. By entering into an agreement with the Union last year providing for substantial increase in the emoluments of workmen and staff, we had endeavoured to maintain cordial relations and to achieve uninterrupted and better production. But our experience has been otherwise. The workers in general have been indulging in various types of indiscipline and irresponsible activities culminating in frequent refusals to obey and carry out the orders of their superiors. As a result of this an atmosphere of conflict prevailed and labour productivity decreased. A further agreement has since been signed with the Union granting extra payment to the

workers. In arriving at the agreement, the labour union has assured of their maximum co-operation in achieving full production. It may be hoped that they would fulfil their part of the obligations.

Production and Sales

The production for the year 1970 was 40,251 tonnes against 41,092 tonnes of the year 1969. Decrease in production was due to general labour indiscipline, loss of working days on account of general strikes and bandhs and intermittent power failure and power shedding. We have arrangements with DVC for supply of 1/3rd of our power requirement but the intermittent supply failure affected production of our high powered Paper Machine.

Despite a lower production the sales realisation was good at Rs. 9.19 crores as compared to Rs. 8.62 crores of the previous year. We have been successful in stabilising the quality of our paper and it was well in demand in market. We are continuing our efforts for constantly improving and maintaining our quality.

Raw Materials

The prices of raw materials including certain chemicals have further gone up on account of general price rise and fresh excise duties and it will certainly increase the cost of production.

There had been frequent interruption in the inward despatches of lime, raw materials such as bamboo and wood, etc., during the year 1970 often due to rail booking restrictions and/or non-availability of adequate number of wagons. Whenever supplies of such essential materials were interrupted we had to rush supplies by means of road transport which had been comparatively costlier.

Although we had made several representations to Railways no appreciable improvement was noticeable in the wagons supply position.

Expansion

A target of 9.6 lakh tonnes paper and paper boards production per year has been fixed for the 4th Five Year Plan. In order to achieve this level of production, it will be neces-

sary that the existing capacity of 7.65 lakh tonnes per year be increased to about 11.3 lakh tonnes. I am pleased to inform you that the Government has approved our schemes for expansion and our application for the import licence for import of balancing equipments to the extent of Rs. 87.50 lakhs is under process.

I express my appreciation of the services rendered by the workers and all sections of the staff and management personnel both at the Mill and the Head Office.

N. D. Bangur,
Chairman.

Calcutta,
28th June, 1971.

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

BOOKS RECEIVED

From Istanbul to Vienna. By Bharat Ram. (Published by the Indian National Committee, International Chamber of Commerce, Federation House, New Delhi 1. Price Rs. 25, pages 246.)

Monetary Equilibrium and Economic Development. By V. Krishna Murty. (Published by Popular Prakashan, 35-C, Tardeo Road, Bombay 34. Price Rs. 28, pages 224.)

Sterling and British Policy. By Susan Strange. (Published by Oxford University Press, London. Copy received from the Oxford University Press, Mercantile Buildings, Post Box 530, Calcutta 1. Price £4, pages 363.)

Theory and Practice of Banking. By H. L. Bedi and Colleagues. (Published by H. L. Bedi and Colleagues, Shri Sadan, Narayan Dabholkar Road, Bombay 6. Copy received from Shilpi Advertising Ltd., 13 Walchand Hirachand Marg, Ballard Estate, Bombay 1. Price Rs. 15, pages 251.)

Funs in the Family. By John Edrich. (Published by Jaico Publishing House, 125 Mahatma Gandhi Road, Bombay 1. Price Rs. 4, pages 157.)

The Secretarial Primer. Edited by R. N. Sengupta. (Published by the Eastern Law House Private Ltd, 54, Ganesh Chunder Avenue, Calcutta 1. Price Rs. 18, pages 390.)

THE INDO-BURMA PETROLEUM COMPANY LIMITED

Following is the text of the Statement of Shri Kamaljit Singh, Chairman, Indo-Burma Petroleum Company Ltd., read at the 63rd Annual General Meeting held in Calcutta on 29th June, 1971.

Ladies & Gentlemen,

I am happy to welcome you to this meeting today. The Directors' Report, balance sheet and profit &



Shri Kamaljit Singh

loss account for the year ended 31st December, 1970 have been in your hands for some time, and with your permission, I take them as read.

When I last spoke to you in June 1970, we were looking forward with confidence to a year of good performance, in association with the Indian Oil Corporation, who purchased the majority of your Company's shares on the 12th January, 1970. The confidence has been justified by the results of the year.

The following table shows the sales and profits of your Company for the last three years:—

Year	Sales (Lacs metric tonnes)	Profit before tax (Lacs Rs.)	Percentage of Profit after tax to Capital employed
1968	1.85	30.54	4.50
1969	2.04	32.50	6.20
1970	2.79	53.77	10.28

Thus it has been possible to recommend a total dividend of 17% for 1970 and also make a transfer to the Company's General Reserve.

A programme for remodelling and renovations of your Company's retail outlets has been put into effect during 1970. A number of new outlets have also been commissioned. The Electronics Manufacturing Division made a reasonable profit for the first time. The Division has also been entrusted with a turn key job by the Indian Oil Corporation of putting up a plant for manufacture of lubricating oil and bitumen drums at Madras. This is the first time such a job is being undertaken by an Indian company with completely indigenous skills. Thus 1970 has been a year of solid achievement and your Company is now well poised for further expansion of its activities.

I am glad to inform you that your Company's sale in first five months of 1971 has been about 20% higher than the corresponding period last year.

Your Company's past investments in the Shama Pistons & Rings Co. Ltd., the Shama Forge Co. Ltd. and Assam Sillimanite Ltd. have not yielded any dividends. Your Company is making whatever efforts are possible in the matter. Balmer Lawrie & Co. Ltd. and the Industrial Credit & Investment Corporation of India maintained the rate of dividends as before.

The Government of India have decided in principle to pay ex gratia grants in lieu of assets left behind in East Pakistan. Your Company hopes to realise at least some amount towards the assets left behind in East Pakistan.

I regard the successful year that has closed as only the first mile in a long journey. It is a great privilege for all of us to be associated with this Company, which is a "joint sector" organisation. Though a majority of the shares are held by a Government of India Company, a large number of private shareholders own the rest of the shares. As such,

(Continued on next column)

COMPANY AND PUBLIC NOTICES

INDIA TOBACCO COMPANY LIMITED

THE Directors have today decided to recommend to the shareholders at the Annual General Meeting to be held on 12th August 1971, the payment of a final dividend for the year ended 31st March 1971 of 7½% (subject to tax) which together with the interim dividend of 6½% (subject to tax) makes a total of 14% for the year (1970—13½%).

The net profit for the year is Rs. 3,46,72,314 (1970—Rs. 3,10,16,657) after deducting all charges and expenses, providing for taxation for the year amounting to Rs. 3,84,22,496 (1970—Rs. 4,59,95,566) and transferring Rs. 10,67,191 (1970—Rs. 12,90,408) to Development Rebate Reserve.

The final dividend, if approved, will be payable on or after 14th September 1971, to the shareholders whose names appear on the Register on 12th August 1971. The Register of Members will be closed from 29th July to 12th August 1971, both days inclusive, and share transfers received in order at the office of the Company's Registrars (Jardine Henderson Limited, 4 Clive Row, Calcutta-1) by 28th July 1971 will be in time to be passed for payment of the dividend to the transferees.

BY ORDER OF THE BOARD
F. REILMAN
Secretary

24th June, 1971
VIRGINIA HOUSE,
37 Chowringhee,
Calcutta-16.

(Continued from previous column)

it is a rare opportunity for all of us to combine dedication to larger causes with commercial efficiency and profitable working, and help project the new image of your Company. The success during 1970 has been mainly due to the hard work and efforts of all your employees and dealers and I am sure these will be forthcoming in equal measure in the future also. I am happy to place on record the sincere appreciation on behalf of the Board, and on your behalf, of one and all in the Company.

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

"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				PORT TRUST LOANS				IMPROVEMENT TRUST LOANS			
Outstanding	Year of issue	Per cent	Market quotations	Amount	Year of issue	Per cent	Market quotations	Amount	Year of issue	Per cent	Market quotations
GOVERNMENT OF INDIA				CALCUTTA				CALCUTTA			
2,48,90,76,000	3	1946	1986 or later	60/00	4	1914	1974	50,00,000	4	1953	1983
8,93,33,000	3	1896-97	At the option of the Government of India after 3 months' notice	59/00	4	1915	1975	90,00,000	4	1955	1985
14,77,48,000	2½	1946	1976	90/85	4	1921	1981	77,00,000	4	1956	1986
86,63,53,000	3½	1956	1974	98/25	4	1923	1953-83	1,00,00,000	5	1963	1993
1,54,70,47,000	4	1957	1972	99/95	4	1924	1954-84	60,00,000	5½	1965	1977
97,51,44,000	4	1958	1973	99/65	4	1957	1987	1,00,00,000	5½	1967	1979
81,06,39,000	4	1959	1973	99/15	4	1958	1988	2,00,00,000	5½	1967	1979
98,05,17,000	4	1960	1979	94/15	4	1959	1989	25,00,000	5½	1968	1980
65,96,55,000	4	1961	1980	92/90	4	1961	1971	1,00,00,000	5½	1969	1979
1,00,13,00,000	4	1967	1972	100/50	4	1961	1971	1,00,00,000	5½	1970	1980
1,14,33,08,000	4	1965	1972	100/90	4	1931	1991	1,00,00,000	5½	1970	1980
1,14,33,08,000	4	1965	1972	100/90	4	1946	1976	1,50,00,000	5½	1971	1981
28,22,34,000	4	1962	1972	100/25	3	1945	1-2-2005	75,00,000	4	1908	1969
1,59,08,07,000	4	1963	1973	100/10	3	1945	1-2-1975	40,00,000	4	1909	1970
1,39,77,92,000	4	1965	1971	100/00	3	1946	2006	56,00,000	4	1910	1971
1,14,03,37,000	4	1962	1985	92/95	3	1947	1977	75,00,000	4	1911	1972
1,03,09,83,000	4	1963	1986	92/50	2½	1948	1978	75,00,000	4	1911	1972
1,40,26,47,000	4	1964	1989	93/05	3	1948	1978	75,00,000	4	1911	1972
1,11,16,14,000	5	1965	1990	101/20	3	1950	1980	75,00,000	4	1911	1972
1,07,97,66,000	5	1966	1991	100/95	3	1951	1981	75,00,000	4	1911	1972
1,00,10,00,000	5	1967	1992	100/60	3	1951	1981	75,00,000	4	1911	1972
1,50,20,00,000	5	1967	1992	100/60	3	1951	1981	75,00,000	4	1911	1972
2,75,00,00,000	5	1968	1995	99/35	3	1951	1981	75,00,000	4	1911	1972
1,35,00,00,000	4	1968	1975	99/40	3	1951	1981	75,00,000	4	1911	1972
BOMBAY				BOMBAY				BOMBAY			
65,00,000	4½	1959	1974	95/50N	4	1909	1969	65,00,000	4	1909	1969
65,00,000	4	1910	1970	95/50N	4	1910	1970	65,00,000	4	1910	1970
65,00,000	4	1912	1972	95/50N	4	1912	1972	65,00,000	4	1912	1972
13,00,000	4	1913	1973	97/57N	4	1913	1973	13,00,000	4	1913	1973
50,00,000	4	1914	1974	97/50N	4	1914	1974	50,00,000	4	1914	1974
25,00,000	4	1916	1976	97/50N	4	1916	1976	25,00,000	4	1916	1976
66,00,000	6	1920	1935-80	97/50N	6	1920	1935-80	66,00,000	6	1920	1935-80
25,00,000	4	1927	1961-70	98/00N	4	1927	1961-70	25,00,000	4	1927	1961-70

STATE GOVERNMENT LOANS

MUNICIPAL LOANS

Amount Outstanding	Interest per cent	Year of issue	Repayable	Market quotations	Amount	Interest per cent	Year of issue	Repayable	Market quotations	Amount	Interest per cent	Year of issue	Repayable	Market quotations
Ra.				Ra.	Ra.				Ra.	Ra.				Ra.
MAHARASHTRA														
4,35,25,000	4½	1958	1971	99/40	72,50,000	4½	1954	1979	94/50N	2,50,00,000	4	1955	1967	96/00
15,00,00,000	5½	1965	1977	100/20										
10,00,00,000	4½	1961	1972	99/10										
12,00,00,000	4½	1962	1974	99/40										
15,00,00,000	4½	1964	1976	99/40										
MADRAS														
14,00,00,000	5½	1965	1977	99/85	21,10,000	3½	1942	1972	92/00	8,25,00,000	3½	1947	1977	83/00
8,77,00,000	4	1959	1971	99/40										
10,00,00,000	4½	1961	1972	99/00										
12,00,00,000	4½	1962	1974	99/25										
14,00,00,000	4½	1964	1976	98/75										
WEST BENGAL														
7,69,69,400	4	1959	1971	99/40	1,67,32,000	4½	1958	1970	95/50N	2,13,14,500	3½	1949	1979	80/00
7,00,00,000	4½	1961	1972	99/00										
7,00,00,000	4½	1962	1974	99/25										
7,00,00,000	4½	1964	1976	98/75										
7,00,00,000	5½	1965	1977	100/00										
6,00,00,000	5½	1966	1978	100/00	57,72,000	4½	1961	1976	...	2,09,10,500	4½	1957	1969	99/60
8,00,00,000	5½	1967	1979	100/70										
8,00,00,000	5½	1968	1980	100/70										
11,00,00,000	5½	1969	1981	100/70										

JOINT STOCK COMPANIES' DEBENTURES

Amount Authorised	Amount Outstanding	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
Ra.	Ra.		COAL				
60,00,000	27,03,000	6½	Bengal	1961	93/00	1st May 1st Nov.	31-10-75
50,00,000	11,01,000	7½	Bharat Collieries	1944	80/00+	30th April 31st Oct.	31-10-72
20,00,000	20,00,000	8	Burrakur	1967	98/00+	30th June 31st Dec.	30-6-82

JOINT STOCK COMPANIES' DEBENTURES—Contd.

Amount Authorised	Amount Outstanding	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
Ra.	Ra.		JUTE				
15,00,000	15,00,000	7½	Auckland	1945	24-5-71	30th June 31st Dec.	31-12-79
12,00,000	10,69,000	8½	Chitavalah	1951	94/00+	30th June 31st Dec.	30-6-71
30,00,000	22,88,000	7½	Howrah	1955	97/50+	31st March 30th Sept.	31-3-80
25,00,000	25,00,000	7½	Kinnison	1949	93/00+	30th June 31st Dec.	31-12-79
25,00,000	10,54,000	7½	Kamarhaty	1955	96/00+	30th June 31st Dec.	30-6-80
25,00,000	25,00,000	8	Naihati	1952	85/00+	30th June 31st Dec.	31-3-82
5,00,000	5,00,000	6½	Nellmaria	1939	90/00+	14th Nov. 14th May	14-5-74
20,00,000	20,00,000	7½	Northbrook	1945	93/00+	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	6½	Waverley	1925	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+	1st Jan. 1st July	15-7-75
5,00,000	5,00,000	7½	Bareilly Electric Supply Co. Ltd.	1949	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+	30th June 31st Dec.	30-6-75
17,50,000	14,48,000	7	Carew & Co.	1938	93/00+	1st June 31st Dec.	1-6-71
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00+	1st July 1st Jan.	1-7-86
1,00,00,000	1,00,00,000	6½	Dalmia Cement	1946	94/00+	31st March 30th Sept.	30-9-70
2,30,00,000	1,75,06,500	6½	Dunlop India	1950 & 1958	97/00+	1st Jan. 1st July	1-1-73
1,00,00,000	91,80,000	7½	Indian Cable Co. Ltd.	1954	97/50+	1st Jan. 1st July	30-6-84
20,00,000	8,90,000	5½	Kumardhub, Fireclay & Silica Works	1954	98/00+	31st Dec.	31-12-69
10,00,000	10,00,000	8	Kumardhubi Engineering Works Ltd.	1946	98/00+	31st May 30th Nov.	31-5-79
6,50,000	6,50,000	6	Katakhal Lala Bazar Railway	1945	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	30th June 31st Dec.	31-12-72
1,00,00,000	14,24,000	5	Macneill & Barry Ltd.	1951	85/00+	1st April 1st Oct.	1-4-71
...	59,36,000	7½	Do.	1969	87/00	Do.	1-4-86
20,00,000	20,00,000	7½	Patna Electric Supply Co. Ltd.	1949	93/00+	31st May 30th Nov.	1-12-73
1,00,00,000	50,50,000	6½	Rohas Industries Ltd.	1946	96/00+	30th June 31st Dec.	31-12-69
75,00,000	75,00,000	7½	Shaw Wallace & Co. Ltd.	1967	97/50+	1st April 1st October	31-3-79
10,00,000	10,00,000	8	Shree Gopal Paper Mills Ltd.	1944	98/00+	Jan. & July	15-7-76
15,00,000	11,40,000	5	Sijua Jheriah	1951	87/00+	1st Jan. 1st July	30-6-76

CAPITAL, 1st JULY, 1971

CAPITAL, 1st JULY, 1971

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 Rs.	Rate per cent	Paid-up per Share	Market Quotations 28-6-71	Year of Issue	NAMES	Amount Issued In 000's Rs.	Rate per cent	Paid-up per Share	Market Quotations 28-6-71
1901	Allahabad Bank (May Nov.)	15.00	6	100	78/00	1896	Barnagore (Oct. Dec.)	Rs. 5.00	5T	Rs. 5.00	31/00
						1940	Bengal (June Dec.)	£200	5T	£5	44/00
						1919	Birla (June Dec.)	23.64	7½T	100	65/00
						1934	Calcutta (Jan. July)	6.00	6½	100	33/00
						1915	Caledonian (June Dec.)	10.00	7	100	65/00
1896-97	Borera (June Dec.)	4.00	6½	100	78/00	1928	Chitavalah (Mar. Dec.)	5.00	7	160	75/00
1901-19	Burakur (Jan. July)	22.93	7	100	71/00	1903-13	Dalhousie (July Jan.)	15.00	7	100	40/00
1946	Burakur (June Dec.)	4.50	6T	10	4/25	1897	Empire (Jan. July)	10.00	7	100	41/00
1895	Equitable (May Nov.)	4.00	5½	100	86/00	1912	Fort Gloster (Jan. July)	14.00	7	100	87/00
1931	Khas Kajora (March Sept.)	1.93	12.4	10	5/31	1890-93	Fort Gloster (2nd)	7.00	5	100	31/00
1920	New Beethoom (Jan. July)	2.00	7	10	7/00	1948	Fort William (May Nov.)	10.00	7	100	83/00
1898-00	Ondal (June Dec.)	2.00	6½	100	79/25	1911	Ganges (June Dec.)	6.00	10.4	100	100/00
						1916	Gourepore (June Dec.)	26.50	6	100	59/50
						1935	Hastings (Aug. Feb.)	25.00	6	100	63/00
1902	Ahmedabad Advance (Apr. Oct.)	10.00	7-14	100	71/50	1913	Howrah (Jan. July)	11.76	10	10	8/50
						1890	Howrah (Jan. July)	8.75	7	100	45/50
1938	Basanti (Oct.)	5.00	6½	10	3/81	1903-06	Howrah "A" (Jan. July)	17.50	7	100	52/00
1900	Bowraah A (Apr. Oct.)	6.00	8	100	92/00	1919	Hukumchand (June Dec.)	40.00	7	100	53/50
1900	Bowraah B (6) (I) (Apr. Oct.)	6.00	7	100	67/00	1898-04	Kamarhatti (Apr. Oct.)	16.00	6	100	50/50
1919	Bradbury "B" (Jan. Dec.)	14.85	10	50	19/52	1900	Kankarab (Apr. Oct.)	10.00	6	100	38/00
						1935	Kelvin (Mar. Sept.)	10.00	7	100	45/00
1928	Cambodia (July)	1.00	7	100	82/72	1907	Khardah (May Nov.)	9.00	6	100	59/00
1912	Central India (Apr. Oct.)	50.00	7-14	500	370/00	1895-09	Kinnison (July Jan.)	15.00	7	100	32/00
						1900-13	Lansdowne (July Jan.)	5.00	7	100	49/50
1912	Delhi Cloth & General (Oct.)	20.00	4½	25	85/00	1905	Lawrence "A" (July Jan.)	10.00	5½	100	46/50
1943	Elgin (May Nov.)	11.00	8	100	6/44	1912	Lawrence "B" (July Jan.)	7.50	7	100	50/50
1919	Elphinstone (May Nov.)	25.00	7	100	55/00	1903-06	Naihati (July Jan.)	10.00	4½	100	37/00
1919	Kesoram (June Dec.)	20.00	10	100	94/50	1943	Naihati (July Jan.)	5.00	6	100	43/50
1925	Khatu Mekanji (Nov.)	10.00	4	100	66/00	1917	Nellimaria (Apr. Oct.)	5.00	6	100	47/50
1937	Kothari (Nov.)	12.00	6	10	107/00	1945	New Central (Jan. July)	33.00	7	100	52/50
1913	New Great Eastern (Mar.)	8.00	5½	200	107/00	1917	Northbrook (July Jan.)	7.00	6	10	8/80
						1906-12	Rameshwara (Jan. July)	20.00	7	100	105/00
1933	Palani Andavar (Mar.)	2.00	9-1	50	86/57	1928	Reliance (Jan. July)	11.70	7½	100	20/00
1935	Swadeshi (Bombay) (May)	15.00	7-14	100	61/00	1920	Shree Ambika (Mar. Sept.)	6.00	7	100	56/00
1927	Swadeshi (Cawnpore) (Mar.)	35.00	6	100	68/10	1901-02	Union (July Jan.)	7.50	5	50	27/00
1931	Vasanta (Apr. Oct.)	3.00	6½	100		1913	Waverley (Mar. Sept.)				
1927	Agarpara (Jan. July)	10.00	7	100	65/50						
1905	Alexandra (Feb. Aug.)	9.00	7	100	50/00	1937	Alkali & Chemical (Mar. Sept.)	31.00	5	100	80/50
1895	Alliance (March Sept.)	15.00	6	100	23/00	1928	Aluminium Corpn. (Oct.)	20.00	8.8	100	86/00
1917	Anglo-India (May Nov.)	40.00	7	100	72/50	1944	Aluminium Corpn. (Oct.)	20.00	6.5	100	63/00
1909	Auckland (July Jan.)	10.00	5½	100	49/50	1917	Andhra Valley Power (May Nov.)	49.34	7T	100	81/00
1945	Auckland (July Jan.)	15.00	4½	100	32/00	1919	Arthur Butler (Mar.)	1.30	7	10	5/25
1918	Bally (Jan. July)	20.00	10½	100	90/00						

JUTE

MISCELLANEOUS

JOINT STOCK COMPANIES' PREFERENCE SHARES—Contd.

Year of Issue	NAMES	Amount Issued In 000's Rs.	Rate per cent	Paid-up per Share	Market Quotations 28-6-71	Year of Issue	NAMES	Amount Issued In 000's Rs.	Rate per cent	Paid-up per Share	Market Quotations 28-6-71
1895	Bengal Assam Steamship (Nov.)	3.00	7	60	44/50	1988	Mysore Chemical Mfg. (Sept.)	2.00	6	10	7/40
1926	Bengal Chemical (Aug.)	9.00	10½	10	9/37	1942	National Tobacco (June Dec.)	25.00	5	100	52/00
1889	Bengal Paper Mill (Mar. Sept.)	2.00	7	50	39/50	1944	National Tobacco (Jan. Dec.)	20.00	4½	100	49/00
1928	Bengal Paper Mill "A" (Mar. Sept.)	4.00	7	100	68/00	1935	Premier Construction "First" (Aug.)	10.00	6½T	100	66/00
1962	Birds Investment (Dec.)	24.00	5½T	100	99/00	1986	Premier Construction "Second" (Apr.)	15.00	6½T	100	60/00
1962	Braithwaite & Co (Feb. Aug.)	40.00	9T	100	79/50	1922	Puriabpore (Sugar) (Oct.)	6.00	10	10	10/56
1918	Britannia Biscuit (Feb. Aug.)	15.00	8	10	10/25	1936	Ramnugger Cane & Sugar (Aug.)	4.00	6	100	59/00
1920	British India Corporation (Feb.)	81.00	8	100	86/00	1933-36	Rohas Industries "A" (April)	20.00	7	100	72/00
1995-99	Burn Eng. (1st & 2nd) (Feb. Aug.)	13.00	7	100	65/00	1935	Rohas Industries "B" (April)	86.00	4½	100	41/00
1903-5	Burn Engineering (Feb. Aug.)	15.00	6	100	55/00	1944-48	Shaw Wallace & Co. Ltd.	75.00	6T	100	50/00
1909-11	Calcutta Electric Supply (Apr. Nov.)	£1,900	6	£1	10/56	1936-38	Shree Krishna Gyanodaya Sugar "A" (Oct.)	6.00	6	100	60/00
1937	Calcutta Silk Manufacturing (July Jan.)	2.00	10	100	82/00	1937	Shree Krishna Gyanodaya Sugar "B" (Nov.)	12.00	5	100	40/00
1906	Calcutta Tramways (Jan. July)	52.50	5T	£1	9/00	1918	Smith Stanistreet (Chemists) (Nov.)	5.00	10	50	51/00
1938	Carew & Co. (Jan.)	8.00	6½	100	70/50	1933	South Behar Sugar (Oct.)	5.00	9	100	20/50
1905-24	Charnpore Sugar Works (Feb. Aug.)	10.00	8	100	107/00	1897	Spencer & Co. A (Provisions) (Jan. July)	23.20	6½T	10	5/80
1940	Charnpore Mica Industries Ltd.	30.00	5½T	100	28/00	1923	Spencer & Co. B (Provisions) (Jan. July)	36.80	8½T	10	7/50
						1936	Star Paper (Apr. Oct.)	10.00	5	100	£4/00
1937	Dalmia Cement (Bharat)	66.57	6	10	7/19	1925	Surat Electricity (April)	5.00	6½	100	89/50
1935	Deshgarh Power Supply "A" (Jan.)	16.00	5	100	58/00	1939	Tata Chemicals (Nov.)	60.00	7.14	100	80/50
1940	Duncan Brothers & Co. Ltd	45.00	4	100	44/25	1910	Tata Hydro Electric Power (Sept. Mar.)	89.28	7	100	81/50
1926	Dunlop India First (Jan. July)	30.00	8	100	94/00	1906	Tata Iron & Steel (First) (Nov.)	75.00	6T	150	112/50
1936	Dunlop India Second (Apr.)	40.00	5½T	100	60/00	1918	Tata Iron & Steel (Second) (May)	6.93.82	7½T	100	88/50
						1919	Tata Power (May Nov.)	86.97	7½	1,000	85/00
1897	East India Distilleries (Jan. July)	£200	9	20sh.	17/85	1928	Titagur Paper Mills (Mar. Sept.)	11.50	8	100	90/50
1946	Gillanders Arbutnot (Apr. Oct.)	25.00	5½T	100	33/00	1936	Titagur Paper Mills "2nd" (Mar. Sept.)	15.00	4½	100	42/00
1948	Godfrey Phillips India Ltd.	30.00	5½T	100	52/75	1934	Vellore Electric (Sept. Mar.)	1.25	6	10	2/64
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	62/00	1903	Amluckie (May Nov.)	75.00	7	10	21/96
1927	Indo Burma Petroleum (Jan. July)	50.00	7T	100	47/50	1901	Banarhat (Jan.)	4.00	6½	100	51/00
1918	Indian Standard Wagon (Aug. or Sept.)	19.66	7	100	66/75	1947	Assam Estate	35.00	6T	100	38/00
1936	Indian Iron & Steel	2.69.95	5	100	64/50	1901	Dimakusi (June Dec.)	70.00	8T	10	8/81
1937	Jardine Henderson Ltd.	50.00	5	100	34/00	1894	Diunseri	1.20	101	10	8/75
1941	Jessop & Co.	20.00	5	100	52/50	1904	Giele (Sept.)	2.00	6	100	45/00
1915	Kumardhubi Engineering (June)	12.00	5	100	40/50	1929	Hasimara (Mar.)	3.20	7	100	63/00
1915	Martin Burn Ltd.	60.00	5	100	53/00	1903	Moheema (May Nov.)	0.50	8	100	3/75
1946	McLeod & Co.	10.00	5T	100	17/50	1888	New Samanbagh (Nov.)	1.00	7	100	89/50
1930	McLeod & Co.	40.00	5	100	20/00	1914	Peermade (July)	1.50	6	100	63/00
1936	Mettur Chemical & Industrial (Sept.)	20.00	6	10	7/70	1916	Pussimbing (Jan.)	2.00	7	100	100/00
						1909	Sonai River (May)	1.00	8	100	80/00
						1932	Tezpur (Jan.)	2.06	6	6	6/69
						1922	Tirrihannah (May Nov.)	1.00	10	10	11/46

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CAPITAL, 1st JULY, 1971

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.

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	NAMES	Dividends per cent			Paid-up per Share	Latest Market Quotations as available until	
									1966	1967	1968		Rs	Rs.
60,00,000	879	81,23,180	79,88,500	5,73,417	6,67,967	8,96	3	Agarpara P.	5	5	5-5*	10	7.37	7/12
18,00,000	446	42,80,380	6,12,200	9,61,678	-13,38,541	-12,28,415	12	Alexandra P.	Nil	Nil	Nil	100	46 00	46/00
1,264	1,264	43,75,072	12,28,250	2,85,586	-18,27,284	-24,42,555	5	Alliance P.	Nil	Nil	...	100	23 00	23 00
59,04,900	2,581	1,85,16,219	1,20,82,484	71,07,837	26,45,800	29,585	3	Anglo-India P.	74	24	24-24*5*	100	106 00	112 00
40,00,000	810	1,61,41,562	38,49,654	4,42,855	-8,03,351	...	3	Auckland P.	74	Nil	Nil-Nil*	100	52 00	52/00
20,00,000	959	1,02,10,363	46,32,069	6,64,478	15,79,586	24,424	3	Bally P.	10	10	10	100	13 56	13/31
£275,000	1,889	£354,948	£248,568	£112,879	£5,252	£8,292	3	Barnagore P.	15	Nil	Nil-Nil*	£5	82 00	82 00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	1,33,355	6	Bengal P.	Nil	15	15-15*	10	22 20	22/70
1,59,56,210	1,373	73,53,838	4,30,61,136	96,39,875	1,11,00,519	40,062	3	Birla	15	15	...	10	22 20	22/70
7,47,380	502	12,59,648	4,17,958	1,73,320	61,970	48,461	6-12	Calcutta P.	...	Nil	Nil-Nil*12*	10	5 00	5 00
1,64,75,540	3,721	1,80,45,362	1,17,81,923	4,48,091	74,88,252	...	11	Budge-Budge Amal.	Nil	Nil	Nil-Nil*12*	10	8 12	8/44
18,00,000	616	54,89,909	40,88,628	4,33,492	19,56,178	7,332	11	Caledonian P.	24	Nil	Nil-5*	100	80 00	84 50
29,58,200	1,400	1,08,23,608	1,16,92,537	81,396	19,26,044	66,166	3	Champany P.	Nil	Nil	Nil-5*	10	13 50	13 50
30,15,000	500	47,58,760	36,18,100	24,13,893	-12,54,300	-28,06,412	7	Chitavalah P.	Nil	Nil	Nil-Nil*	100	6 62	6 56
31,49,200	766	186,28,839	20,94,569	5,23,512	-7,72,146	-20,82,065	3	Dalhousie P.	Nil	Nil	Nil-Nil*	100	46 50	45 00
30,00,000	500	31,21,705	15,28,300	15,37,032	-16,81,580	-11,68,141	7	Empire P.	74	Nil	Nil-Nil*	10	5 00	4 87
41,99,250	1,014	1,79,27,023	34,81,489	5,49,201	7,31,753	2,901	3	Fort William P.	124	24	Nil-Nil*	10	10 62	10 62
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	19,238	3	Ganges P.	74	5	Nil-74*	10	7 81	7 94
48,00,000	1,394	1,10,17,146	39,04,052	13,56,883	66,635	19,238	3	Gouropore P.	74	5	Nil-74*	10	7 06	7 06
80,00,000	1,078	1,54,55,552	1,12,99,562	84,57,999	7,78,541	7,78,541	3	Hastings P.	10	Nil	Nil-21*	100	101 00	101 00
65,62,300	720	82,99,921	3,33,875	4,74,228	-8,50,920	-66,18,729	3	Howrah P.	63	Nil	Nil-Nil*	10	12 75	12 75
52,50,000	2,272	2,80,69,771	27,09,318	16,42,298	3,97,947	-23,21,098	3	Hukumchand P.	10	Nil	Nil-Nil*	10	10 10	10 10
16,80,000	2,272	3,14,95,248	57,53,568	10,96,375	-11,13,303	9,613	3	Hooghly P.	6	Nil	Nil-5*4,8*	123	8 50	8/50
87,30,000	1,118	1,22,90,100	58,83,095	69,58,593	16,13,082	8,120	3	India	Nil	Nil	Nil-Nil*	100	7 31	7/31
43,20,000	1,997	64,57,437	16,60,818	2,52,620	16,65,571	-36,79,652	12	Kamarhatti P.	Nil	Nil	Nil-Nil*	100	72 00	74 50
54,00,000	1,527	67,94,246	1,36,374	1,89,284	2,36,689	-1,15,74,559	12	Kankannarrh P.	Nil	Nil	Nil-Nil*	100	30 00	30 00
77,00,000	703	1,34,84,282	22,90,246	13,27,100	-7,05,912	-29,74,746	5	Kelvin P.	Nil	Nil	Nil-Nil*	100	21 50	32 00
67,50,000	1,530	95,57,285	12,32,836	4,91,257	-34,79,233	-36,59,587	3	Khardah P.	10	Nil	Nil-Nil*	100	4 65	4 65
59,96,400	1,337	1,78,80,175	28,48,377	37,18,131	-13,22,459	-61,38,341	3	Kinnison P.	Nil	Nil	Nil-Nil*	100	25 00	25 75
24,48,000	841	72,78,713	1,33,600	8,50,484	4,06,886	-47,00,000	3	Lansdowne P.	Nil	Nil	Nil-Nil*	100	25 50	25 50
28,00,000	840	10,35,768	12,89,006	42,37,568	-86,779	7,507	3	Lawrence P.	6	Nil	2-Nil*	100	34 50	34 00
81,65,200	1,283	2,04,00,863	42,91,376	25,94,823	-29,86,688	17,816	4-10	Megna P.	Nil	Nil	Nil-Nil*	100	3 00	4/31
29,98,000	815	97,08,300	32,50,383	20,56,128	5,26,808	17,816	10	Nathati P.	Nil	Nil	Nil-Nil*	100	25 50	26 00
20,00,000	425	10,79,854	15,55,000	26,11,429	3,36,343	17,176	10	Naskarpura	Nil	Nil	...	10	3 87	3/87
35,00,000	852	3,27,07,154	1,06,69,440	13,97,686	-10,90,246	7,673	3	National P.	Nil	Nil	...	10	7 37	7/31
36,75,000	316	40,26,516	19,64,913	26,10,570	7,29,274	-5,62,487	7	Nellmarla P.	6	6	4-Nil*	10	8 00	8/25
1,56,00,000	1,765	24,85,278	45,89,880	6,40,331	-18,53,066	15,530	3	New Central P.	Nil	10	10-10*Nil+	10	3 50	3/75
16,79,880	567	24,85,278	45,89,880	6,40,331	-18,53,066	15,530	3	Northbrook P.	10	10	10-10*Nil+	10	12 81	12/81
66,79,500	1,092	1,08,46,148	16,47,746	7,76,711	-19,57,279	-3,15,198	12	Nudda	54	24	21-Nil*	10	5 62	5/62
25,00,000	400	23,02,605	6,08,654	7,76,711	19,57,279	-25,79,189	7	Presidency	Nil	Nil	...	5	1 00	0/94
20,00,000	305	24,85,278	7,10,286	1,10,734	3,10,181	...	3	Rameshwara P.	Nil	Nil	Nil*	10	12 50	11/75
49,50,000	1,276	1,67,26,400	88,72,947	2,02,791	90,39,366	...	3	Reliance P.	Nil	Nil	Nil-Nil*	10	6 06	5/94
31,00,000	911	47,47,618	15,81,656	27,81,388	2,13,198	...	9	Shree Ambica P.	24	Nil	Nil-Nil*	10	4 50	4 50
£1,492,722	1,794	£1,220,775	£455,838	£38,677	-£385,385	£1,327	12	Titagarh P.	Nil	Nil	Nil-Nil*	£1	11 87	11/44
35,98,600	1,326	98,58,072	5,15,713	4,80,597	-13,80,391	-16,28,600	5	Union P.	Nil	Nil	Nil-Nil*	100	45 50	45/50
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	3	Waverley P.	15	74	15-6*	1	3 50	3/00

CALCUTTA COAL COMPANIES

F indicates 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.

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	NAMES	Dividends per cent		Paid-up per Share	Latest Market Quotations as available until	
								1966	1967		1968	Rs.
51,00,000	71,35,601	50,54,428	4,48,663	20,49,328	11,473	3	Amalgamated	124	24	71.10*	Rs.	24.5.71
20,00,000	4,60,27,970	3,73,73,255	27,49,322	4,84,269	...	10	Bengal P.	10	10	12.12*12+	7.94	7.94
4,49,350	4,97,882	1,30,132	91,796	43,397	4,471	10	Bengal Bhatdee	Nil	Nil	...	134.00	146.00
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	Bengal Nagpur	5	74	...	3.50	3.50
15,97,000	25,07,455	4,47,308	14,214	-2,45,265	-6,47,481	9	Bhalegora	Nil	Nil	5	8.06	8.06
7,15,000	14,96,845	11,02,672	64,329	-3,06,406	-4,92,536	12	Bhulanbaratee	Nil	Nil	Nil	1.00	1.00
16,00,000	38,87,275	16,18,636	7,185	1,21,986	-79,196	6	Bokaro & Ramgur	Nil	Nil	Nil	8.56	8.56
15,00,000	42,47,955	27,76,392	9,31,166	5,13,268	...	12	Borra P.	...	...	5.12*12+	12.00	12.00
21,23,300	3,30,27,105	1,56,04,105	35,38,979	-11,66,299	...	12	Burrakur P.	13	13	Nil-12*	11.25	12.62
8,00,000	9,74,804	6,16,228	1,61,693	46,450	-5,34,766	6	Central Kurkud P.	Nil	Nil	Nil-12*	12.00	12.00
16,00,000	25,01,305	Nil	19,429	-6,45,261	-5,30,034	12	Dhemo Main	Nil	Nil	...	3.44	3.44
5,614,000	£1,291,905	£549,137	£196,185	-£39,408	-£333,308	12	East Indian	15	15	Nil-12*12+	0.07	0.07
29,63,760	2,14,98,966	1,35,30,025	16,55,768	2,81,332	-1,33,85,305	4	Equitable P.	Nil	Nil	Nil-12*12+	7.00	7.00
15,00,000	26,44,248	2,30,000	16,401	2,89,347	-11,61,930	12	Ghusick & Muslia P.	...	...	Nil	4.06	4.06
8,00,000	5,43,022	...	16,702	-10,172	-3,65,025	3	Hurriladih	...	...	...	11.00	11.00
15,00,000	13,45,428	7,62,287	15,13,110	1,43,451	...	12	Karapura Development	2	2	Nil-5*+	1.43	1.43
30,00,000	84,74,921	52,13,401	10,28,265	28,60,921	...	2	Karapura Collieries P.	15	10	12.12*12+	7.00	7.00
18,90,460	52,89,576	44,03,671	11,93,599	2,35,816	...	1	Karras Jheriah	10	10	10.10.10+	10.75	11.00
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	Khas Kajora P.	Nil	8	...	10.00	10.00
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	Nazira	Nil	Nil	...	10.25	10.25
31,97,210	72,34,903	69,43,971	1,69,302	15,52,713	...	10	New Beerbhoom P.	5	8	12.16*16+	1.18	1.18
10,00,000	14,60,892	3,25,512	19,872	2,87,458	-1,98,283	3	New Manbhoom	Nil	Nil	Nil-12*+	14.25	14.25
1,15,000	7,03,719	4,31,409	40,364	1,44,042	15,045	12	North West	10	10	74.5*	3.65	3.65
1,57,500	1,50,245	14,17,824	19,27,676	2,25,410	...	12	Ondal P.	74	74	74.10*10+	9.50	9.50
16,68,000	86,95,091	18,35,371	4,30,954	2,69,204	3,757	12	Parasea P.	24	24	61.10*	14.10	14.10
31,50,000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3	Pench Valley	20	20	71.10*	14.10	14.10
52,48,010	1,35,88,712	66,75,970	23,45,686	13,15,487	15,837	3	Raneengunge	14	5	74.10*+	8.06	7.75
000'05'04	52,92,369	53,96,724	23,89,562	47,80,842	6,473	12	Rewa	20	124	15.20*	10.06	10.06
12,84,000	2,605	7,03,502	10,18,772	2,28,589	...	10	Sendra	Nil	84	34.7*+	27.00	27.00
26,95,000	37,54,499	20,85,378	3,63,913	18,55,402	...	8	South Karanpura	74	24	10.20*20+	4.75	4.75
8,00,000	1,30,000	17,53,053	25,91,367	1,96,205	...	12	Standard	Nil	Nil	5.10*+	12.00	12.00
2,50,000	4,36,300	3,23,000	36,660	1,37,973	1,77,952	12	Union	Nil	Nil	...	7.00	7.00
99,95,000	1,84,95,190	72,96,056	18,13,809	34,12,743	14,138	3	Western Bengal	84	74	74.8*81+	5.00	5.00
7,00,000	26,06,335	Nil	47,091	-6,51,403	-6,23,711	12	West Jamuria	Nil	Nil	...	6.87	7.06
											2.50	2.50
												+1970
												*1969

* 1969

+1970

CALCUTTA COTTON MILLS

Po. and Dd. indicate Preferred Ordinary and Deferred Shares respectively. 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.

Paid-up Capital Ordinary	Rs.	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	NAMES	Dividends per cent		Paid-up per Share	Latest Market Quotations as available until
										1966	1967	1968	
15,00,000	17,044	356	61,38,514	99,386	2,07,009	-3,68,790	-16,98,007	12	Basanti P.	Nil	Nil	Nil-12* 10	2/56
7,11,280	36,000	932	17,17,120	2,20,369	30,842	31,66,177	47,318	3	Bengal Luxmi	...	...	...	36/00
1,50,00,000	24,000	...	4,13,07,661	1,56,99,568	17,40,572	69,19,218	...	12	Bharat Commerce P.	174	15	5-15*12+	10
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129	...	...	12	Birla Cotton	20	10	10-10*	10
60,95,340	60,336	937	1,57,62,419	81,48,901	5,38,840	19,96,698	...	12	Bowreah P.	15	174	174-174-124+	10
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	-4,33,646	5,051	12	Cawnpore Textile	74	Nil	10-8*Nil+	5
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	...	6	Delhi Cloth & Genr P.	12	12	6-12* 25	49/12
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	-14,01,836	...	12	Dunbar	15	5	Nil-12*+	10
94,50,000	1,20,006	2,302	197,89,678	1,71,63,486	1,75,483	16,73,362	6,456	12	Elgin P.	124	10	8-8*6+	10
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	1,22,795	12	J. K. Cotton (Rayon) P.	4	5	5-6* 10	8/80
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	-23,27,825	...	12	Jaya Shree P.	124	10	Nil-12* 10	4/44
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	-23,98,843	3	Orissa Textiles P.	Nil	Nil	Nil-12*Nil+	10
19,47,750 } 5,00,000Dd } 17,50,000 } 1,57,50,000Po }	23,196 } 795 } 2,30,394 } 2,800 }	...	25,28,451	4,01,892	1,42,774	-8,80,396	-43,54,178	6	Rampooria Cottos	Nil	Nil	Nil	10
			6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	...	12	Swadashi (Kanpur) P.	Nil	24	5-5* 10	11/50
										5.71	8.21	10.71-10.71*	10

*1969

+1970

CAPITAL, 1st JULY, 1971

CAPITAL, 1st JULY, 1971

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 calendar year in which accounts are closed.

Paid-up Capital Ordinary	Net Block Accounts	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop		Estimate 1970 Kgs.	Net Profits including taxation Accounts closed	NAMES	Dividends per cent		Paid-up Share	Latest Market Quotations as available until
				1968	1969				1967	1968		28-6-71 Rs.
16,37,100	23,80,974	12,15,938	368	6,42,883	5.95	...	...	ASSAM	2	Nil	10	9.00
8,75,000	12,67,985	8,35,443	203	3,37,284	6.53	3,60,000	3,52,346	Aniluckie	7 1/2	5	10	9.50
35,00,000	78,49,906	17,53,684	1,184	15,80,321	5.59	...	5,42,095	Ananda Bag Assambrook	9	10	10	10.30
5,50,000	20,72,431	15,13,120	242	4,13,881	6.19	2,80,000	2,91,455	Baghmari	Nil	Nil	10	4.19
7,65,000	21,71,483	12,45,000	197	2,63,600	7.57	...	1,66,730	Basmatia	15	Nil	10	11.44
9,91,800	...	...	337	4,67,493	5.71	...	...	Bateli	12 1/2	5	10	16.00
10,24,000	18,21,039	11,03,601	280	4,04,233	6.50	4,50,000	5,07,738	Bejnan	2 1/2	Nil	10	11.25
41,23,960	76,87,444	15,43,234	1,836	19,68,731	7.28	19,01,740	2,01,501	Bishnauth	8	Nil	10	11.25
7,50,000	21,14,995	14,44,230	220	3,85,822	6.07	...	1,02,439	Dejoo Valley	2 1/2	Nil	10	7.44
9,60,000	16,57,346	3,48,488	137	2,74,799	6.65	...	1,89,728	Dhokhat	2 1/2	Nil	10	7.06
17,53,440	...	...	194	3,40,227	6.05	...	...	Dhokhat P.	5	10	10	9.50
10,00,000	19,40,390	15,78,520	369	4,53,191	6.47	4,75,000	3,18,258	Dhoseri	13	10	10	11.12
4,50,000	...	...	205	4,06,785	7.05	...	3,85,017	Dibruagarh	30	30	10	18.87
9,46,800	14,04,914	11,20,500	267	3,32,141	7.43	3,43,000	3,86,924	Dimakusi P.	15	12 1/2	10	15.00
10,00,000	...	...	518	5,61,465	5.94	...	...	Gillapukri	Nil	Nil	10	13.00
10,14,000	13,91,843	8,66,200	222	2,95,210	7.84	2,84,200	1,84,033	Gohpur	10	5	10	9.56
23,29,085	59,88,543	34,93,111	1,088	11,72,321	6.36	11,70,000	2,37,363	Grob	6	Nil	5	3.75
10,00,000	...	...	285	3,47,701	...	...	...	Hoograjuli	9	Nil	10	25.00
8,70,000	30,75,787	26,24,629	365	2,48,100	8.01	3,30,000	1,67,465	Hoolungoorie	Nil	12 1/2	100	97.00
13,50,000	21,49,952	13,38,838	425	5,71,659	6.75	6,15,000	8,92,678	Jutibari	10	10	10	14.50
7,05,015	29,35,073	9,57,554	598	7,33,371	5.20	7,90,000	1,47,815	Kotamullai P.	Nil	Nil	10	4.16
7,00,000	13,21,699	2,75,000	140	2,38,012	6.44	2,60,000	81,468	Krishnabehari	10	10	10	10.00
2,00,000	...	...	...	...	...	...	...	Kyang Tea	Nil	...	10	6.37
6,50,000	...	...	282	4,14,965	4.87	...	1,12,616	Ledo	7 1/2	5	10	11.25
20,40,000	31,70,044	22,07,933	471	6,50,140	7.01	6,40,000	5,58,685	Methoni	13	6	10	9.50
6,00,000	...	11,94,675	383	2,82,771	...	...	...	Mothola	8	10	100	133.00
8,00,000	21,23,826	10,12,950	207	2,14,800	6.61	2,15,000	1,32,416	Murphulani	15	7 1/2	10	10.50
2,00,000Po	...	...	...	...	...	...	...	...	...	...	10	11.31
6,00,000	28,58,218	18,46,177	299	3,15,989	7.80	3,35,000	62,744	Naga Hills	15	15	10	15.25
8,82,750	...	...	569	6,68,872	5.31	...	...	Namburnadi	20	20	100	9.00
6,00,000	21,75,734	8,96,927	223	2,49,200	7.94	29,00,000	1,47,594	Rajgarh	10	Nil	10	10.31

*1970

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		Estimate 1970 Kgs.	Net Profits including taxation Accounts closed	NAMES	Dividends per cent		Paid-up Share	Latest Market Quotations as available until
				1968	1969				1967	1968		28-6-71 Rs.
18,00,000	21,12,013	4,82,412	674	6,76,673	5.87	...	19,161	Sapoi	Nil	...	10	7.56
17,94,000	15,05,527	10,22,356	253	4,34,522	6.23	4,60,000	7,22,494	Telotian	4	Nil	10	3.19
10,60,000	46,20,328	33,33,614	992	13,57,511	5.94	13,33,658	2,87,129	Tengpani	10	20-151*	10	65.00
19,82,880	...	...	471	6,08,131	5.82	...	...	Tezapore	15	5	10	14.50
5,20,000	...	...	...	...	...	...	...	Tyoon	6	Nil	10	17.12
3,00,000	...	...	349	2,18,300	4.00	...	...	CACHAR	...	...	...	...
4,00,000	...	...	205	1,55,965	4.48	...	...	Arcuttipore	Nil	Nil	10	10.50
7,00,000	5,74,416	43,780	278	2,76,250	5.16	...	41,056	Batahal	...	...	10	4.44
4,50,000	...	...	...	...	...	7,10,000	57,181	Eastern Cachar	Nil	...	100	4.94
12,60,000	20,29,595	7,82,355	983	7,02,705	4.75	...	...	Kalinugger Khoreel	Nil	Nil-5*	10	33.50
3,60,000	6,06,836	2,69,025	252	1,26,597	4.00	1,85,000	23,858	Khatikura	...	Nil-5*	10	10.12
5,63,690	...	...	236	1,74,833	4.93	...	...	Kunchunpore	...	Nil	10	3.50
12,60,000	9,42,022	2,35,265	888	5,18,387	4.33	2,75,000	66,501	Looah	6	Nil	100	4.45
2,59,050	8,87,816	6,514,486	255	2,52,359	5.18	...	1,78,181	North Western	Nil	Nil-10*	10	10.06
2,60,000	19,77,402	12,77,950	341	4,25,980	5.07	...	2,16,876	Pathemara	10	Nil	10	4.12
10,50,000	...	...	292	1,87,584	4.53	...	...	Roopacherra	12 1/2	5	10	8.12
4,00,000	...	...	...	...	...	...	...	Rungmattee	Nil	Nil	10	3.25
...	...	...	...	...	...	...	...	Sonai River	...	...	...	...
3,99,750	...	...	516	4,65,697	7.68	...	...	DARJEELING	...	...	...	...
16,79,400	...	...	400	3,63,382	7.93	...	...	Bloomfield	...	...	10	8.00
5,64,000	...	...	195	72,236	6.12	...	...	Chamong	7 1/2	2 1/2	100	5.25
2,00,000	...	...	228	1,45,471	12.56	...	...	Darjeeling Tea	...	...	100	104.00
4,00,000	...	...	713	5,10,867	7.54	...	...	Dilaram	10	10-10*	100	95.00
10,32,000	7,27,254	5,75,561	333	1,04,200	9.92	1,00,000	94,090	Gielle P	...	...	10	7.00
7,00,000	5,94,817	2,05,500	167	2,30,423	11.28	2,28,500	1,13,446	Longview	4	Nil	10	7.62
4,77,000	21,62,867	14,84,508	283	2,01,478	9.95	...	...	Margaret's Hope	12 1/2	4	100	150.00
8,99,700	...	...	205	1,01,478	9.95	...	...	Mini	15	12 1/2	10	10.62
4,00,000	...	...	618	2,01,208	5.62	...	...	Nagri Farm	...	...	100	600.00
3,30,000	4,57,415	5,07,800	153	1,11,778	8.54	...	...	Okavti P	Nil	Nil	100	55.12
3,00,000	...	...	228	1,20,831	6.46	...	...	Pashok	7 1/2	Nil	10	9.94
2,05,000	...	...	156	1,97,600	2.82	...	...	Poobong	Nil	Nil	10	7.62
6,25,000	...	...	293	1,13,274	9.21	...	...	Pusimbong	Nil	Nil	10	49.50
9,00,000	...	...	233	1,33,350	5.58	1,59,800	10,257	Seevok	7 1/2	2 1/2	10	3.25
6,00,000	10,71,558	5,30,400	203	1,45,290	11.22	...	...	Singlet	Nil	5-5*	10	17.31
15,62,500	12,95,745	8,55,381	298	1,88,219	12.14	...	3,73,274	Soom	17 1/2	10	10	6.62
6,40,000	...	...	306	1,88,392	11.04	...	...	Sungma	8	8	10	6.62
...	...	...	...	...	...	...	...	Teesta Valley	10	7 1/2-10*	10	6.94

*1970

Paid-up Capital Ordinary	Net Reserve Block & other Account Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop				Estimate		Net including taxation	Accounts closed	NAMES	Dividends per cent			Paid-up per Share	Latest Market Quotations as available until	
			1968		1969		1970					1967	1968	1969		Rs.	Rs.
			Kgs.	Rs.	Kgs.	Rs.	Kgs.	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	Banarhat P.	20	5	Nil-16*	106 00	90/50	
9,00,000	...	...	476	7,43,400	5.50	...	...	...	...	12	Bhatkawa	6	...	...	4 50	4/50	
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	Birpara P.	12	5	5-11*	87 50	92/00	
6,00,000	...	...	257	...	...	...	...	...	...	12	Carron	10	Nil	...	140 00	250/00	
6,00,000	...	...	198	3,00,928	4.89	...	...	...	...	12	Ellenbrrie	10	Nil	...	90/00	90/00	
2,40,000	...	...	266	1,54,561	4.58	...	...	...	...	12	Engo	10	Nil	...	225/00	225/00	
4,90,000	...	...	227	3,34,747	...	...	...	...	...	12	Ethelbari	12 1/2	7 1/2	...	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	Gairkhata	20	3 1/2	Nil-Nil*	7/10	7/10	
14,00,000	...	...	466	...	...	...	...	...	...	3	Gopalpur	...	...	...	7/50	7/50	
64,00,000	...	...	2,214	32,87,486	...	...	...	...	...	12	Hasimara	Nil	Nil	5	25	4 05	3/69
16,50,000	...	...	738	12,05,898	5.26	...	...	...	...	2	Hulibari	10	10	5-5*	5 62	5/37	
7,00,000	...	...	246	2,44,000	4.55	...	...	...	...	12	Jaybirpara	Nil	Nil	Nil	8 81	8/31	
6,40,000	...	...	284	3,26,073	3.55	...	...	...	...	12	Oodlabari	8	...	...	7 31	7/31	
2,50,000	...	...	112	1,59,200	4.81	...	...	...	...	12	Phaskowa	Nil	5	7 1/2	150/00	140/00	
6,00,000	...	...	286	4,42,390	5.26	...	...	...	...	12	Rajabhat	Nil	...	...	5 06	5/06	
7,65,000	...	...	654	5,61,465	5.52	...	...	...	...	12	Ranicheria	Nil	Nil	Nil	2 94	2/87	
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	Rydak	15	7 1/2	5-10*	8 69	8/75	
3,46,000	15,18,281	10,74,456	279	...	...	...	...	...	...	12	Sarugaon	...	...	...	26/87	26/87	
TERAI																	
4,50,000	...	...	...	...	...	...	...	...	...	12	Atal	...	...	...	10	4 1/2	4/81
7,50,000	...	...	262	2,74,774	...	2,70,000	...	...	...	12	Belgachi	10	6	Nil	14 50	19/00	
13,50,000	...	...	231	...	...	...	...	...	...	2	New Chumta	10	7	5-5*	5 09	5/09	
7,20,000	...	...	308	4,01,240	...	...	...	...	...	12	New Terai	2 1/2	6	Nil	15/31	15/31	
11,70,000	...	...	445	6,10,865	...	...	...	...	...	12	Phargoomiah	15	Nil	...	9/00	9/00	
3,00,000	...	...	122	1,33,877	...	...	...	...	...	12	Putinbaree	Nil	Nil	...	14/94	14/94	
2,20,000	...	...	231	4,46,669	...	...	...	...	...	12	Tirrihannah P.	50	50	...	70/00	70/00	
SYLHET																	
6,00,000	...	...	245	...	...	...	...	...	...	12	Daurachera	...	...	...	10	7 62	7/62
5,59,930	...	12,33,587	465	...	...	...	...	...	...	12	New Samanbagh P.	Nil	Nil	Nil	5 00	5/00	
36,00,000	...	...	1,799	19,40,713	...	...	...	...	...	12	Patrakola	Nil	Nil	...	49 50	45/00	
9,00,000	...	...	505	...	...	...	...	...	...	12	Teliapara	...	...	...	42 00	135/00	

*1970

CAPITAL, 1st JULY, 1971

CALCUTTA MISCELLANEOUS COMPANIES

Dd., indicates Deferred 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.

CAPITAL, 1st JULY, 1971

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	NAMES	Dividends per cent		Paid-up Per- share	Latest Market Quotations as available until	
								1967	1968		Rs.	Rs.
MININGS												
£2,369,769	...	£285,782	£499,650	£520	£201,716	12	Burma Mines	...	Nil*	3 1/2sh.	1/00	
30,00,000	18,42,300	19,17,592	48,53,513	9,74,317	24,849	12	Chrestien Mica industries P.	Nil	Nil	10	5/12	
15,00,000Dd	£4,907,664	£3,574,096	£458,348	£1,225,126	...	12	Indian Copper Corporation	Nil	9-9*	5Dd	2/81	
£2,571,188	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8	Metal Corporation P.	7.6	...	2sh.	3/72	
2,39,52,727	39,60,086	48,39,650	54,24,712	27,99,170	...	6	Orissa Mineral Development	5	5-10*12 1/2	10	5/81	
60,00,000											11/44	
CEMENT, LIME, SLATE, ETC.												
59,90,843	1,50,96,951	54,89,539	7,02,647	13,38,096	...	3	Ashoka Cement	10	6	10	4/94	
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6	Bengal Potteries	9	9-Nil*	2 1/2	1/55	
50,00,000	1,26,43,729	45,96,816	76,268	17,17,315	...	3	Bisra Stone Lime	10	12 1/2-15*	10	13/69	
2,86,93,580	2,57,93,728	3,58,54,082	2,77,64,088	1,45,35,131	...	12	Dalmia Cement (Bharat) P.	12 1/2	12 1/2-12 1/2*	10	12/81	
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	Jaipur Udyog P.	10	10-10*-10*	10	9/05	
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	8	6-8*	10	10/90	
50,00,000	91,23,755	94,12,067	20,33,077	57,97,920	...	12	Kumardhubi Fireclay & Silica P.	5	Nil-11*20*	10	18/45	
2,70,00,000	3,25,82,309	2,54,41,112	35,87,638	1,17,36,898	...	12	Orissa Cement P.	12 1/2	11-12*	10	18/20	
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	Reliance Firebricks & Pottery	Nil	Nil	10	21/00	
75,00,000	68,28,018	44,95,600	5,26,119	12,18,198	6,195	12	Sone Valley Portland Cement	8	Nil	5	1/19	
20,23,220	20,75,554	6,74,959	5,80,639	3,45,663	4,253	12	Sutna Stone & Lime	15	15-15*-15*	10	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	Alkali & Chemical Corp'n of (I)	25	18	5-10*-15*	30/12	
15,00,000A											35/00	
11,08,900A	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	Bengal Chemical & Pharm P.	10	10	7 1/2	100	
22,54,700B												
15,00,000	44,70,125	43,10,662	30,13,152	19,51,649	3,14,635	6	Calcutta Chemical P.	18	...	10	21/25	
4,90,00,000	4,41,62,331	2,76,83,586	6,44,295	3,52,95,990	156	9	Chemicals And Fibres	22 1/2	27 1/2-27 1/2*	10	43/75	
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	2	Frank Ross P	6	Nil-2 1/2*	6	1/50	
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	Indian Explosives	12 1/2	15	15-15*	10	
30,00,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	Smith Stanistreet P	27 1/2	8	15-15*10*	5	
ELECTRIC LIGHTING, POWER												
19,99,600	2,78,34,554	48,06,732	15,68,313	—1,67,752	...	3	Agra Electric	6	10-10*	100	136/00	
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	8	6-10*	10	19/12	
17,00,000	1,23,17,670	60,56,232	15,26,090	1,78,574	831	3	Benares Electric	10	6-Nil*	10	15/00	
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	Bhagapur Electric Supply	11	11-11*	8	12/12	
£4,262,646	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	Calcutta Electric Supply P.	9	9-9*	£1	14/87	
43,20,000	1,10,73,188	52,45,587	35,65,119	25,36,602	36,929	3	Dishergarh Power Supply P.	12 1/2	9-9*	10	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	NAMES	Dividends per cent	Paid-up Per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	Jubbulpore Electric	10	10	10-10*	10	14/81
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Mirzapur Electric Supply	Nil	Nil	Nil	10	2/56
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzaffarpore Electric Supply	12	10	10-10*	9	10/19
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	Muttra Electric	10	10	10-10*	10	11/00
35,07,380	1,35,93,224	61,40,656	1,96,943	13,09,947	80,097	3	Patna Electric Supply	10	10	11-11*	10	12/87
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	8	7	10-8*	10	7/94
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	10	10	11-10-11*	10	9/00
ENGINEERING & METAL												
6,00,000	17,68,727	7,28,551	3,76,895	8,30,823	4,14,416	12	Arthur Butler (Muzaffarpore) P	...	21	21-8-10*	10	4/00
50,00,000	45,85,039	30,86,968	1,72,916	8,79,165	20,165	12	Bhartia Electric Steel	5	6	Nil	10	7/56
1,60,00,000	2,95,78,876	68,19,483	4,06,566	1,24,85,483	99,58,070	12	Brathwaite & Co. (India) P	8	6	Nil	10	4/81
36,00,000	57,16,762	63,05,500	6,69,804	25,82,292	...	12	Bridge & Roof	10	10	10-8*	10	35/19
1,00,00,000	1,69,30,485	27,07,000	10,24,766	83,28,723	69,11,305	12	Britannia Engineering P	174	Nil	Nil	10	1/75
3,36,00,000	2,62,64,997	72,89,647	70,05,434	98,59,818	95,93,478	4	Burn P (Engineering)	171	Nil	Nil	100	60/50
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	Calcutta Steel	121	121	121-8-10*	10	6/19
6,32,18,740	13,81,21,148	12,88,22,995	5,23,30,639	7,12,10,363	...	12	Guest Keen Williams	12	Nil	Nil	10	35/50
17,50,000	16,79,688	2,83,600	26,325	55,265	13,43,343	12	Hooghly Docking	Nil	Nil	Nil	50	31/00
24,88,17,980	67,46,15,102	40,88,16,626	4,02,76,290	2,59,97,025	...	3	Indian Iron & Steel P	17	81	Nil	10	11/00
3,65,000	11,52,812	14,001	1,82,994	4,15,836	4,03,294	3	Indian Malleable Casting	Nil	Nil	...	1	2/00
1,54,000Dd							Indian Standard Wagon P	Nil	Nil	Nil	10	0/50
1,55,94,000	54,26,818	31,84,791	34,18,507	82,15,695	1,22,14,432	3		20	Nil	Nil	10	4/56
96,79,740	1,24,01,958	4,66,12,737	3,20,17,147	65,86,338	8,792	3	Indian Steel & Wire Products	24	24	20-20*	10	24/25
12,00,070	6,23,260	13,46,680	1,83,546	13,76,042	...	12	Industrial Containers	10	3	8-12*	10	13/56
1,97,43,750	2,05,19,702	1,29,43,183	28,40,309	41,27,148	...	3	Jay Engineering P.	8	Nil	8-10*	10	14/81
60,00,000	1,62,98,825	27,11,124	12,16,436	...	...	6	J. K. Steel P	15	10	Nil	10	9/94
2,04,00,000	5,42,02,714	1,61,44,932	78,98,952	2,22,55,186	...	10	Jessop & Co. P	121	121	Nil	10	9/75
76,99,599	2,05,24,655	44,04,697	7,31,935	5,64,670	14,88,064	11	Kumardhubi Engineering P	Nil	Nil	Nil	5	5/44
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	Marshall Sons (India)	74	8	4	2	2/87
49,96,000	61,94,985	13,58,398	3,83,036	2,56,716	4,42,917	3	National Iron and Steel	Nil	Nil	...	10	3/00
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	Saran Engineering	10	10	Nil	6	9/31
59,99,250	44,32,212	12,23,725	15,49,586	10,83,926	...	12	Simon-Carves	7	7	7-8*	10	11/12
1,35,00,000	2,42,12,335	1,14,74,736	15,34,774	5,46,376	1,796	9	Sen Raleigh Industries P	8	9	7-8*	4	4/69
14,00,070	11,02,797	23,46,907	12,53,446	13,38,837	...	12	Steel Containers	10	15	20-20*	10	21/31
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	26,409	12	Textile Machinery	171	Nil	Nil	10	10/65
24,98,770	10,59,368	11,17,159	1,28,637	8,26,369	...	3	Wellman Incandescent	6	8	8-8*	10	8/62

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CAPITAL, 1st JULY, 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	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
SUGAR BREWERIES ETC.												
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	Balrampur Sugar	4	Nil	8-10*10†	2½	3/06
29,23,537	25,90,571	18,57,627	8,15,697	17,17,269	3,873	9	Belsund Sugar	10	10	13½-13½*	7½	8/75
15,00,000	7,50,511	15,38,462	16,06,010	10,82,824	8,118	6	Bharat Sugar P.	20	13½	13½*	10	11/00
32,00,000	35,16,933	72,68,155	1,78,079	13,45,271	...	9	Carew (Sugar) P.	Nil	Nil	6-11*	10	5/19
30,00,000	1,14,69,809	50,41,765	14,50,041	2,41,161	1,00,93,528	10	Cawnpore Sugar P.	Nil	Nil	Nil	10	6/22
18,00,000	52,21,190	67,01,949	3,48,016	13,73,596	37,123	6	Champaran Sugar P.	Nil	Nil	15-5*	10	10/62
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	Durbhanga	10	Nil	10-7½*	10	4/28
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Savan Sugar and Gur	2½	Nil	Nil*	10	2/44
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purbapur Sugar P.	Nil	Nil	Nil*	10	4/75
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Ramniggar Cane & Sugar P.	8	8	20-10*6†	10	8/06
65,00,000	1,36,73,218	39,23,734	8,59,581	55,32,027	22,79,801	10	Raza Buland	Nil	Nil	Nil*	10	1/25
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	Rvam Sugar P.	Nil	Nil	Nil*	10	2/19
11,99,000	22,10,161	18,54,067	2,09,163	2,24,407	2,20,853	6	Shree Krishna Gyanoday Sugar P.	3	5	6-11*	10	3/94
40,00,000	1,00,22,238	18,34,483	5,60,693	6,11,276	...	7	Shree Sitaram Sugar	Nil	Nil	5	10	7/62
15,89,000	13,29,503	16,01,933	30,60,111	10,56,886	10,54,435	8	Samastipur Central Sugar	Nil	Nil	Nil	10	0/33
9,99,950	20,87,159	80,565	62,828	8,01,122	21,84,604	6	Sitalpore Sugar	Nil	...	...	...	4/50
16,00,000	42,22,843	19,40,304	2,03,163	11,15,414	9,17,147	9	United Provinces	7	10	12½-10*	10	6/00
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	72½	81½	81½-10*	10	11/15
MISCELLANEOUS												
1,35,00,000	7,24,57,999	3,89,03,842	8,43,489	64,53,352	10,697	3	Aluminium Corporation P.	9	12	12-10*	10	15/19
2,00,00,000	1,07,87,595	22,24,390	2,23,85,932	32,16,403	...	12	Andrew Yule P.	16	8	10-10*-Nil†	10	6/25
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	Angelo Bros.	16	16	17½-7½*	10	6/75
50,00,000	51,31,822	68,22,629	34,88,627	60,38,048	...	12	Assam March	14	14	15-17*20†	10	22/62
13,99,998	26,77,314	27,24,034	7,342	1,52,254	...	9	Associated Battery	3	3	10-10*	3	30/25
2,12,40,000	1,58,63,619	1,48,90,530	58,24,967	1,62,54,861	...	8	Assam Saw Mills & Timber	15½	15½	6-18*20†	10	2/75
1,44,03,000	51,40,652	1,20,30,776	1,02,75,353	22,28,338	...	12	Balmer Lawrie & Co.	14	12	8-8*	100	71/00
12,00,000	10,55,266	23,36,210	61,118	2,74,318	...	3	Bararee Coke	20	20	20-20*15†	10	19/00
20,00,000	...	5,36,037	61,00,044	55,554	70,371	9	Birds Investments P.	Nil	Nil	Nil-Nil*	10	2/50
1,66,00,350	2,64,30,428	2,77,65,335	1,11,03,150	2,45,85,019	8,829	3	Britannia Biscuit P.	20.15	20	15½-18-20†	10	35/00
3,25,00,000	1,26,02,068	1,89,17,670	1,59,41,991	64,11,410	...	12	British India Corporation P.	15	10	10-12½†	5	4/56
75,00,000	40,55,543	80,69,118	5,07,823	43,49,118	190	12	British Paints	15	10	10-12½†	10	20/50
6,70,00,000	4,12,57,451	7,59,07,932	2,17,25,613	5,24,25,986	...	6	Brook Bond India	...	...	13½-17½*20†	10	28/75
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	Calcutta Silk Manufacturing P.	Nil	5	5-5*	10	6/87
1,38,80,000	...	11,82,139	1,43,49,875	6,29,951	13,896	12	Clive Row Investment	4½	4	4½-3-36†	10	6/50
1,30,68,000	44,49,125	2,03,40,849	3,26,99,867	49,42,881	849	12	Duncan Brothers & Co. P.	12	12	12-12*†	100	116/00
10,00,00,000	12,89,20,000	11,41,12,000	1,29,69,000	7,04,07,000	...	12	Dunlop India P.	17½	17½	17½-20*20†	10	38/00

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CAPITAL, 1st JULY, 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	NAMES	Dividends per cent	Paid-up Shares	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
76,89,000	...	65,56,730	1,71,17,302	11,34,145	...	12	Eastern Investments P.	7	4	44-9½*10†	7-35	6/75
1,27,40,250	3,00,23,411	1,31,46,125	6,62,680	23,75,784	7,902	10	Electric Construction P.	12½	10	10-Nil*	23-56	24/69
1,35,85,000	3,75,21,140	1,41,87,078	8,72,429	20,28,356	...	3	Fort Gloster P.	15	2½	2½*-7½†	187-00	192/00
30,00,000	34,79,154	46,900	11,48,349	—15,43,626	—8,57,415	3	French Motor Car	Nil	Nil	Nil-Nil-Nil†	14/12	14/12
14,00,000	13,90,589	25,14,324	2,25,568	3,30,114	9,867	12	Ganges Rope	22½	20	15-7½†	118-00	150/00
65,00,000	25,12,513	72,67,593	1,49,73,033	27,65,000	...	3	Gillanders Arbuthnot & Co. P.	9.36	12.5	12.5-12-6*	7-69	7/87
60,00,000	52,80,206	53,75,200	53,693	86,44,858	25,315	12	Godfrey Phillips (India) P.	35	35	35	55/00	55/00
2,53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	...	12	Goodyear India	15	15	15-17½*	56-75	55/50
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	Great Eastern Hotel	Nil	Nil	Nil-Nil*	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	Hindustan Aluminium P.	10	10	10	35-00	36/00
10,97,10,070	44,70,63,499	12,08,69,050	1,49,42,736	4,36,227	2,24,274	3	Hindustan Motors P.	12½	12½	12-10-Nil†	10-75	12/40
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	Hindustan Pilkington P.	Nil	Nil	10-8*	8-50	7/94
73,85,860	1,35,43,836	45,88,819	2,51,649	26,29,269	...	3	Hindustan Sanitaryware P.	12	10	10-10*10†	14/19	14/62
35,20,000	38,70,309	...	28,22,894	32,82,526	—24,61,728	12	Hoare Miller & Co.	...	...	...	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	India Tobacco	10	10	11-13-13½†	15/94	16/00
60,00,000	2,88,17,227	1,50,14,188	4,46,672	38,96,742	193	6	India Carbon P.	10	16	16-16*-16†	31-56	34/00
12,01,17,698	41,96,23,970	19,11,11,907	3,16,01,938	5,27,25,278	2,428	12	Indian Aluminium P.	19	17½	14-14*14†	37-40	37/20
4,14,42,410	2,45,37,553	3,17,45,871	31,70,774	8,70,485	...	3	Indian Cable	25	15	5-2½*2½†	17-20	17/40
4,62,00,000	6,67,33,813	5,64,27,167	41,37,651	1,90,21,031	...	9	Indian Oxygen	12	12	12-12*14†	22-87	23/25
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	3	Indian Rubber Manufacturers P.	10	Nil	Nil	15-00	15/00
36,00,000	3,27,367	20,99,116	15,29,617	8,28,789	...	9	Indian Wood Products	10	9	9-15*9†	12-25	13/12
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	4,671	6	J. K. Synthetics	12½	12½	12½-12½*15*	39-25	38/31
2,00,00,000	55,06,451	1,28,88,758	5,98,54,868	1,39,884	...	3	Jardine Henderson P.	7	7	4-Nil*†	36-50	33/50
1,63,99,940	3,30,95,000	1,40,74,090	19,49,926	47,29,145	6,219	12	Jay Shree Industries P.	11½	11½	10	17-12	18/19
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	...	3	Keonram Industries P.	15	16	13½-13*	15-10	16/35
6,34,000C 66,00,000D	3,17,363	6,02,958	8,21,617	—14,078	—4,849	3	Macfarlane & Co.	Nil	Nil	Nil-Nil*	2/00	2-00
1,50,00,000	1,96,74,937	1,31,48,312	2,10,65,916	11,83,866	25,454	12	Macneill & Barry P.	6½	5	Nil-Nil*	0/56	0-56
2,20,68,370	87,20,722	1,12,22,205	2,19,70,478	46,38,048	2,012	9	Martin Burn Ltd. P.	25	12½	5-5*	40-00	40-00
47,12,000	16,00,806	70,83,368	2,43,14,304	—8,352	46,689	12	McLeod & Co. P.	11½	Nil	6-10*10†	7-19	7-62
6,64,12,500	7,01,13,939	2,85,55,151	1,13,20,628	26,39,560	10,032	3	Metal Box Co. of India P.	16	17½	Nil-Nil*	190-00	190/00
2,43,09,940	3,74,67,212	4,65,92,074	84,90,675	2,46,12,954	30,455	9	Mohan Meakin (Breweries)	15	17½	9-6*	13-94	13/81
2,02,50,000	62,42,181	1,14,61,033	11,91,664	41,00,306	...	3	National Insulated Cable P.	20	17½	9-10*12†	12-56	12/44
60,00,000	33,40,168	24,17,319	1,16,281	8,52,279	...	9	National Pipes & Tubes P.	20	20	5-5*10†	12-12	11/81
64,00,000	27,90,365	10,84,447	24,496	28,669	...	6	National Rolling & Steel Rope	20	10	5-2½*†	7-12	7/87
23,31,600	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	National Rubber P.	12	12	5-2½*†	5-75	5/75
79,79,000	79,90,738	2,19,79,083	51,23,324	49,14,579	...	12	National Tobacco P.	12	5	12-5*	8-31	7/69
50,00,000	349	22,04,845	46,17,593	3,59,824	7,563	12	New India Investment Corpn	4	1	8½-9*-10†	12-75	13/87
										31-4*	36-75	36/75

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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	NAMES	Dividends per cent	Paid up per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
MISCELLANEOUS (Contd.)												
5,46,00,000	8,46,74,317	5,07,60,571	1,25,85,376	6,72,31,786	...	12	Philips India	18	19	20-23*20†	10	41/06
2,86,200	57,500	6,36,653	92,939	5,33,181	72,801	3	Publicity Society	25	12½	15	4	4/00
2,25,00,000	1,65,99,578	1,42,10,957	2,20,54,621	85,72,108	...	8	Rallis India P.	13	13	13-13*13†	100	136/00
5,00,00,000	7,83,40,803	1,57,26,775	74,69,230	1,36,89,037	...	3	Rohas Industries P.	6	Nil	Nil-Nil-Nil†	10	5/30
94,27,380	4,73,05,083	10,00,000	14,42,952	—1,00,411	13,613	9	Siralk P.	Nil	Nil	Nil-Nil-Nil*	10	3/75
1,00,00,000	85,30,130	1,87,47,321	1,70,92,470	84,37,851	36,958	12	Shaw Wallace P.	15	15	15-15*18†	10	23/62
12,28,50,000	20,28,60,481	8,34,62,981	1,62,88,366	6,22,46,392	...	12	Union Carbide	15	15	15-15*15†	10	32/87
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	3	Universal Cables	10	10	10-10*	10	18/50
31,53,000	19,04,731	23,80,875	14,19,210	6,73,686	7,803	12	Walford Transport	21	7½	7½-7½*	1	0/75
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	Woolcombers	Nil	Nil	3	10	12/44
INSURANCE COMPANIES												
13,50,000	23,65,213	1,45,18,760	1,31,08,607	19,22,680	16,447	12	Concord of India	15	15	20-20*	5	12/25
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	15	15	18-21*	15	25/12
70,00,000	1,14,97,733	2,90,85,330	4,63,82,183	56,88,901	16,991	12	Ruby General	16½	124	124-15*	10	15/50
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	Triton	12½	124	124	100	208/00

*1969

†1970

FLOUR MILLS

OIL COMPANIES

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	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.	Rs.
PAPER MILLS													
1,25,56,710	4,56,44,903	1,87,03,249	18,91,260	52,41,095	426	12	Bengal P	15	7½	3.7-10*†	10	14.62	15/81
1,23,48,000	1,52,89,747	12,51,744	10,02,032	—32,38,779	—92,59,101	3	India Paper Pulp	Nil	Nil	Nil-Nil*†	10	5.06	5/69
5,81,74,500	24,89,00,000	3,61,27,428	55,63,330	1,15,53,401	39,858	3	Orient Paper P	20	10	10-10*	10	36.05	37/60
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	Sirpur P	12	8	Nil-Nil*	10	12.00	12/69
1,40,64,900	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	Star Paper P	6	Nil	Nil-Nil-Nil†	10	9/06	9/25
10,00,000A						3	Titachur P	13	13	13-13*†	2½PO	2/81	2/81
4,37,500PO	6,11,89,988	1,15,45,621	32,54,058	21,44,503	5,000	3		3	Nil	Nil-24†	10AO	6.00	6/69
56,04,800B						3		3	Nil	Nil-24†	10RO	6.00	6/69
5,24,20,800	5,97,86,845	1,57,99,525	10,26,69,115	1,07,73,940	537	12	Tribeni Tissue	...	18*	18*	50	19.50	20/00
56,95,600												18.56	20/00

PRESSING COMPANY

4,30,000	1,81,531	1,45,000	5,34,786	65,294	24,928	7	Camperdown	...	100	120.00	120.00
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REAL PROPERTY STORAGE

1,00,00,7800	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	Bengal Bonded Warehouse	10	...	...	...	955.00	955.00
1,25,000B												101.00	101.00
2,00,000												165.00	165.00
25,000Dd												60.00	60.00
1,00,00,7800	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	9	Humayan Properties P	Nil	Nil	...	100	10.25	10/25
2,00,000Dd	5,51,621	2,91,466	3,17,053	13,41,213	—2,69,631	4	Midnapore Commercial	Nil	Nil	Nil-2.35*	85	42.75	41/50

TRAMWAYS & STEAMER

20,00,000	8,13,420	19,60,785	21,44,476	21,44,476	20,502	10	Bengal Assam Steamship P	Nil	Nil	Nil-Nil-Nil*	100	33.00	33.00
6,25,000	6,52,342	7,29,818	...	2,76,704	2,558	10	Calcutta Landing & Shipping	Nil	Nil	3-6*	10	9.25	8/31
12,00,000	47,23,178	14,61,984	1,02,898	63,719	—11,281	8	Calcutta Steam Navigation	Nil	Nil	Nil	10	0.40	0/40
7,00,000	2,889,537	1,565,916	1,515,682	1,515,682	1,515,682	12	Calcutta Tramways P	...	Nil	Nil	10	7.81	7/81
6,04,880	6,97,957	8,36,706	33,440	1,35,098	—633	3	Fraser & Co	Nil	Nil	Nil	10	2.56	2/56
2,47,50,000	11,13,54,408	5,03,30,188	2,19,60,638	81,89,490	...	3	India Steamship P	5	7	8-10*	10	9.56	9/81
26,86,460	45,33,880	8,48,956	21,039	74,511	...	12	Port Shipping	15	24	4-Nil*	10	4.25	4/25

† 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.

Paid-up Capital Ordinary	Number of Spindle Looms	Net Block Account	Reserve & other Funds	Cash & taxation Securities	Net Profits including	Carry forward	Accounts closed	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
									1966	1967	1968		Rs.	Rs.
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	Ahmedabad Advance P.	9	9	9.9*	100	202/50	
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	Apollo	Nil	Nil	Nil	2	0/44	
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	Baroda Rayon	8	8	8.8*	100	111/00	
3,61,41,125	2,03,942	4,911	5,37,12,692	3,54,91,952	40,74,555	99,65,359	9,052	Bombay Dyeing, etc.	12	8	12-12*13+	25	38/00	
10,00,000	35,052	648	32,07,778	34,59,612	5,45,173	10,89,180	1,37,996	Bradbury P.	15	15	Nil-Nil*	50	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	...	Century	37	37	40-40*	100	824/50	
46,87,500	1,15,188	2,062	2,99,18,629	10,75,722	15,14,712	3,59,289	—40,19,762	Central India P.	Nil	Nil	Nil-Nil*	100	42/00	
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	Coorla	12	9	9.9*	100	111/25	
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	Dawn	30	20	10-10*	50	67/60	
30,00,000	47,700	886	1,29,89,439	47,86,744	3,05,575	—2,29,847	1,578	Elphinstone P.	Nil	Nil	Nil-Nil*	50	21/00	
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	Finlay	13 1/2	15	10-11*	100	156/00	
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	Gokak	14	12	15-15*	100	143/00	
2,00,00,000	2,48,870	6,498	4,41,45,022	3,84,70,022	31,82,629	1,32,22,197	5,89,816	India United	Nil	Nil	Nil-Nil*	10	1/20	
50,00,00,000	...	...	...	...	...	...	...	Indian Rayon P.	Nil	Nil	Nil-Nil*	100	0/30	
2,49,62,500	50,074	1,426	5,44,40,998	34,30,000	34,33,245	—31,38,833	—31,80,002	Indore Malwa United	Nil	Nil	Nil	100	72/00	
50,00,000	...	...	95,21,338	...	28,02,268	3,23,559	16,269	Khatana Makaanji P.	Nil	Nil	Nil	100	165/00	
59,85,000	65,260	1,514	1,07,21,545	82,79,165	25,00,707	76,87,297	38,751	Kohinoor	10	10	10-10*	100	155/00	
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	Lakshmi-Vishnu P.	6	6	Nil-12*	100	206/00	
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	—24,99,262	—49,14,154	Morarjee Goculdas P.	Nil	Nil	Nil-Nil*	100	78/00	
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	Mysore Spg. & Mfg. P.	15	15	15-15*15+	100	276/00	
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	New City of Bombay	Nil	Nil	Nil-Nil*	10	7/24	
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	New Great Eastern P.	7 1/2	5	5-6*	100	59/00	
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	Phoenix	Nil	Nil	Nil-Nil*	100	70/00	
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	Simplex	20	15	Nil-Nil*	100	59/00	
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	Shree Niwas P.	24	20	16-16*	50	95/50	
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	Svadeshi P.	10	8	5-10*	100	126/00	
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	8,176	Swan	15	14	9.9*	100	136/00	
36,67,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	Tata	15	15	15-12*	100	135/00	
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	Western India	8	Nil	Nil-Nil*	25	27/50	
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027		28 1/2	9 1/2-9 3/4*	250	167/50		

* 1969

† 1970

CAPITAL, 1st JULY, 1971

CAPITAL, 1st JULY, 1971

BOMBAY MISCELLANEOUS COMPANIES

F. indicates Founder 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.

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	NAMES	Dividends per cent	Paid-up per share	Rs.	Latest Market Quotations as available until	Rs.
28,47,75,400	55,44,18,349	21,24,07,366	5,87,15,014	8,01,56,323	8,472	7							Associated Cement	12	12-12*12†	100	129.50	132.50
CEMENT																		
8,74,77,100	19,53,38,681	4,48,49,557	2,57,00,400	2,16,91,751	105	3							ELECTRIC LTG. POWER					
3,02,77,000	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3							Ahmedabad Electricity	9	9-9*†	100	100.50	100/25
2,58,67,900	12,15,43,411	3,82,49,028	40,21,132	66,10,571	2,187	3							Andhra Valley Power P.	12	12-12*	100	143.50	146/00
3,77,97,300	17,30,38,018	7,99,37,300	1,01,51,15,046	52,71,37,866	14,63,49,405	3							Bombay Suburban Elec.	11	11-11*	100	119.00	120/50
5,15,36,000	17,59,03,832	3,61,11,341	57,28,753	1,22,80,113	29,988	3							Tata Hydro Elec. Power P.	12	12-12*	100	142.50	146.00
													Tata Power P.	12	12-12*	100	143.50	146/50
ENGINEERING & METAL																		
33,42,200	17,06,292	44,16,374	1,54,08,311	5,79,666	1,35,820	12							Alcock Ashdown	5	5-Nil*	100	46.00	44/50
4,00,00,000	4,54,62,666	72,000	36,71,749	24,39,656	—47,42,841	12							Associated Bearing	Nil	Nil	100	278/00	290/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3							Jost's Engineering	5	Nil	50	31/50	31/50
3,63,00,000	6,46,65,430	2,34,87,196	2,13,62,600	1,15,35,044	...	3							Larsen & Toubro P.	15	15-10*10†	10	23.58	23/52
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7							Mckenzies	24	Nil	100	82.00	82.00
2,50,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12							Premier Construction P.	34	36-40*	50	122.00	121/00
1,31,250F	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3							Sandvik	10	10-10*	100	281/00	288/00
75,00,000	1,68,38,555	...	21,840	—17,72,158	—50,40,288	12							Sankey Wheels	Nil	...	10	8.88	7/92
1,77,77,250	1,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3							Tata Engg. & Locomotive P.	14†	14†-14†	100	239/00	237/00
38,58,01,637	1,01,51,15,046	52,71,37,866	14,63,49,405	11,32,49,040	...	3							Tata Iron & Steel P.	16	11†-11†	75	103/50	102/00
1,40,00,000	1,74,37,455	1,34,67,523	14,82,244	1,12,18,437	21,237	4							Zenith Steel	10	8-9-10*14†	10	19.00	18/76
INSURANCE COMPANIES																		
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12							British India General	...	...	10	17.24	17/24
18,74,940	25,01,134	2,88,61,155	2,61,49,442	38,931	4,65,316	12							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							New India	40	40-40*	15	38.00	37/25
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12							Mulcan	20	20-20*	10	15/12	15/12
MISCELLANEOUS																		
1,44,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12							Alambic Chemical	12	12-12*	100	152.50	157/50
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	—8,04,219	—7,87,678	12							Bayer	...	Nil	100	247.00	237/00
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	6							Belapur Sugar	30	22-22*	50	79.00	78.00
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,72,827	18,787	5							Bombay Burmah Trading	8	14-14†-14†	25	46/00	43/75
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12							Cent Tyres	6	9-11*	100	262.50	263/00
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	12							Dharangadhra Chemical	12	12-12*	100	136.50	137.00
4,79,06,260	21,12,81,108	6,46,00,063	5,52,95,724	1,58,77,000	45,270	6							Great Eastern Shipping	16	20-25†-12†	10	35.25	37/25

CAPITAL, 1st JULY, 1971

CAPITAL, 1st JULY, 1971

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	NAMES	Dividends per cent	Paid-up per share	Rs.	Latest Market Quotations as available until	Rs.
2,48,28,560	2,14,97,142	2,13,66,286	58,41,713	1,83,04,672	...	3							MISCELLANEOUS (Contd.)					
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12							Hindustan Ferodo	20	20-22†-22†	10	39/25	36/50
99,99,250	13,82,957	20,08,796	1,44,31,515	8,97,490	30,418	12							Hindustan Lever	14	14	10	21/24	21/24
11,99,900	39,03,579	7,54,142	14,05,223†	68,232	16,942	7							Industrial Invt Trust	6†	7	200	99/00	99/00
1,24,95,600	9,36,22,308	55,88,115	1,75,58,164	28,72,674	20,587	11							Kemp (Chemists)	...	...	100	175/00	175/00
2,64,41,900	2,83,02,205	44,45,798	2,12,35,409	5,46,010	2,98,157	12							Killick Nixon	10	...	100	95/00	95/00
27,50,000	44,01,695	11,095	11,095	5,46,010	7,648	12							National Rayon	...	...	100	475/00	518/00
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9							Phalton Sugar	20	24-20*	50	167/50	128/00
7,48,38,785	16,13,54,387	2,79,95,044	41,09,113	17,80,480	29,80,721	6							Premier Automobiles	...	...	100	53/00	53/00
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12							Sandor	9	10-10*	10	18/76	19/00
11,27,72,980	40,30,24,881	16,81,62,371	23,82,18,364	2,20,94,830	418,097	6							Scindia Steam Navign	6†	7†-7†-8†	20	20/68	20/83
21,00,000	32,82,927	44,05,000	4,14,686	—3,03,605	2,943	11							Synthetics And Chemicals	Nil	Nil	100	5/36	6/76
5,74,91,000	8,61,34,995	1,95,15,921	89,75,702	2,16,43,902	16,948	12							Tata Chemicals P.	16	17-15*	10	168/00	185/00
3,02,83,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6							Tata Oil P.	14	15-7†-15†	100	28/25	31/00
1,05,05,475	2,21,88,319	1,95,42,386	47,75,465	50,73,815	1,187	8							Volta	15	11-12*12†	100	214/00	219/00
4,32,90,000	5,43,41,531	4,15,69,048	1,98,04,934	2,58,24,920	...	3							Western Indip Match	11	...	100	151/50	151/00
4,95,00,000	3,96,04,472	2,39,57,617	1,78,30,135	1,90,01,058	...	12												

* 1969

† 1970

SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Rs.	Net Block Account	Rs.	Reserve & other Funds	Rs.	Hectares	Output and Average Price per kg/lb realised for crop	Kilograms	Rs.	Net Profits	Rs.	Accounts closed	NAMES	Dividends per cent	Paid-up per share	Rs.	Latest Market Quotations as available until	Rs.
5,50,000	12,57,795	5,72,253	...	...	...	...	...	1,12,000	1.48	70,011	12		Anandam P.	Nil	Nil	10	25-6-71	24-5-71
10,96,990	13,96,078	4,83,841	...	...	...	...	...	225,188	4.34	4,11,290	3		Balanoor P.	15	15-15*	10	11/75	11/75
17,32,230	13,36,710	...	...	...	...	171	...	51,000	...	—52,885	8		Balmadies P.	10	Nil-Nil*	2	14/75	14/75
84,00,000	1,22,39,799	3,36,253	...	...	...	...	...	3,59,531	1.65cts	63,110	5		Be Be P.	7	8.6*-Nil†-5†	5	2/10	2/10
20,53,480	35,53,194	24,06,114	...	...	...	...	...	10,60,000	...	11,92,421	8		Blue Mountain	10	Nil-Nil*	2	2/80	2/80
26,91,279	46,12,278	19,45,895	...	...	...	1,832	...	8,37,342	5.22	3,94,950	3		Chembra Peak	20	15-10*10†	2	1/60	1/50
52,50,000	39,31,709	30,58,661	...	...	...	3,257	...	11,52,759	3.41	8,71,193	2		Cochin Malabar P.	17†	10-12†-15†	3	2/75	2/70
71,55,000	1,15,74,494	63,44,278	...	...	...	2,710	...	19,48,320	...	8,71,279	6		Coffee Lands P.	15	16-16*20†	10	4/95	5/00
5,66,730	22,17,651	15,84,267	...	...	...	7,001	...	60,81,120	5.69	25,60,562	6		Consolidated Coffee P.	27†	18†-18†-15†	10	28/25	26/00
4,80,000	10,36,448	4,76,798	...	...	...	174	...	29,08,68	...	3,26,850	9		Coonor P.	15	20-20*	10	28/00	28/84
6,00,000	11,82,508	2,17,761	...	...	...	...	...	3,53,888	1.52	1,19,880	3		Coorg P.	10	10-10*†	2	2/15	2/30
6,00,000	8,89,831	4,80,135	...	...	...	...	...	1,57,785	1.47	46,942	3		Cottanad Plantation P.	15	10-15*-Nil†	10	15/75	15/75
6,74,650	9,14,644	3,31,040	...	...	...	...	...	3,25,310	2.66	1,25,313	12		Devashola (Nilgiri)	9	Nil	10	13/75	14/00
7,50,000	3,85,952	1,26,500	...	...	...	...	...	1,38,386	4.26	1,36,712	3		Devon P.	15	15-15*	10	15/50	15/50
4,50,000	3,64,462	20,000	...	...	...	...	...	62,830	2.66	28,121	12		Emerald Valley	20	20-20*10†	5	11/50	11/50

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	NAMES	Dividends per cent			Paid-up per share	Latest Market Quotations as available until	
				Kilograms	Rs.				Rs.	1966	1967		1968	Rs.
40,50,000	67,47,600	17,25,166	4,013	12,60,448	3.85	9,94,509	3	Midland Rub & Prod P.	10	10	10-75-10+	10	11/25	11/50
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	1,60,000	3	Nilgiri P	8	Nil	Nil-5+	10	6/00	7/02
23,10,000	24,28,291	11,02,621	1,057	7,29,106	2.92	16,62,532	1	Nonsuch	20	15	173-171-20+	10	17/75	17/75
9,75,000	11,21,886	3,67,000	293	2,29,900	...	3,27,700	3	Ossoor	15	15	12-15-15+	2	3/34	3/40
19,45,980	33,19,864	24,42,874	7,970	6,55,342	4.48	5,06,184	10	Ouchterlony	10	6	Nil-Nil+	2	3/20	3/06
17,00,000	27,55,157	13,87,519	1,099	10,69,078	4.19	7,13,678	12	Parkside Neigherry	30	30	30-30+	10	33/75	33/75
17,00,000	27,56,576	12,82,318	1,563	10,83,565	4.20	11,29,838	12	Permade P.	15	174	10-108-113+	10	12/62	12/62
6,00,000	7,90,316	3,35,530	1,167	3,83,268	1.50	1,65,244	2	Peninsular	10	10	10-10+	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	Periakaramalai	20	20	18-14+	2	2/96	2/95
13,50,000	48,44,469	13,58,959	952	845,000	3.16	8,05,161	6	Rajagiri Rub & Prod P	13	13	13-13+	10	15/85	16/75
2,00,000	3,14,567	1,53,963	711	...	4.48	1,18,791	3	Rajendra P	25	50	30-30-40+	5	22/00	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1.51	63,263	3	Teekov P.	9	9	Nil-0+	10	6/15	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3.20	2,77,689	9	Thirumbadi	Nil	Nil	Nil-15-5+	1	1/67	1/70
6,00,000	6,51,402	46,742	1,307	2,23,794	3.21	30,950	12	Travancore Rubber	10	8	8-8-5+	10	9/00	9/00
41,00,000	72,63,801	12,63,584	2,535	12,19,484	...	10,61,172	12	Travancore Rub & Tea P	10	8	8-8+	10	8/80	8/80
23,48,701	23,48,701	1,36,000	3,028	6,38,402	1.00	2,02,762	12	Tropical Plantation	8	10	8-8+	25	21/90	21/90
5,75,900	2,47,811	16,00,000	1,267	9,63,293	2.16	1,00,000	12	Twifords	5	5	5-5-6+	10	5/10	4/70
1,91,93,280	30,08,223	17,04,089	3,638	8,28,976	5.11	12,85,688	3	United Nilgiri	174	174	14-14+	10	16/75	16/75
8,80,010	9,26,839	2,82,051	952	4,94,400	1.50	2,20,090	12	Vaikundam	30	20	15-15+	10	28/50	28/50
1,19,27,305	37,59,110	37,59,110	2,214	7,68,146	...	10,82,508	8	Waterfall Estates P	124	14	10-12-Nil+	2	2/25	2/25

10,00,000	20,71,084	2,48,373	1,454	4,30,695	1,51	3	Teekov P.	9	9	Nil-6+	6/15	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3,20	9	Thirumbadi	Nil	Nil	Nil-15-5+	1/67	1/70
6,00,000	6,51,402	46,742	1,307	2,23,794	3,21	12	Travancore Rubber	10	8	8-8-Nil+	9/00	9/00
41,00,000	72,63,801	12,63,584	2,535	12,19,484	...	12	Travancore Rub & Tea P	10	8	8-8+	8/80	8/80
20,00,000	23,48,701	1,36,000	3,028	6,38,402	1,00	12	Tropical Plantation	8	10	8-8+	21/00	21/00
15,75,250	2,47,811	16,00,000	1,267	9,63,293	2,16	12	Twifords	5	5	5-5-6+	5/10	4/70
81,93,280	30,03,223	17,04,089	3,638	8,28,976	5,11	3	United Nilgiri	174	174	14-14+	16/75	16/75
8,80,010	9,26,839	2,82,051	952	4,94,400	1,50	12	Vaikundam	30	20	15-15+	28/50	28/50
47,25,000	1,19,27,505	37,59,110	2,214	7,68,146	...	8	Waterfall Estates P	124	14	10-12-Nil+	2/25	2/25

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	NAMES	Dividends per cent		Paid up per share	Latest Market Quotations as available until		
			Rs.	Rs.						1966	1967		1968	Rs.	Rs.
30,00,000	...	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12		Anglo-French P.	174	15	15-15+	100	150/25	151/25
20,00,000	28,000	22,72,373	31,406	96,302	7,68,513	42,421	12		Cambodia P.	Nil	Nil	Nil-Nil+	10	1/40	1/40
35,99,600	33,864	74,98,712	39,35,014	8,68,959	20,95,517	...	12		Coimbatore Cotton	84	9	5-10-11+	100	125/00	125/00
30,76,900	22,832	47,91,212	7,98,681	22,227	-7,52,342	-10,25,940	1		Coimbatore Spg. & Wvg	Nil	Nil	Nil-Nil+	50	115/50	115/50
67,20,000	30,512	87,47,369	20,79,194	7,10,548	6,34,530	15,879	12		Kothari Textiles P.	5	6	5-7+	10	6/85	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		Lakshmi	14	10	8-8-12+	50	61/75	61/50
7,00,09,920	4,02,004	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	9,370	12		Madura	74	10	10-6-8+	15	18/10	18/50
1,13,61,000	26,496	50,79,268	46,70,299	5,84,128	51,61,924	179	3		Metnir Beardsell	174	174	10-15-17+	100	170/50	174/00

* Hectares

* 1969 +1970

CAPITAL, 1st JULY, 1971

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.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Accounts closed	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	25-6-71	24-5-71
80,00,000	62,64,264	26,55,000	5,52,400	10,92,779	22,959	9	Andhra P.	12	12	12-12-121+	9/40	9/40
40,00,000	80,62,883	12,61,424	1,58,472	13,46,266	1,40,987	6	Cauvery P.	Nil	7	81-9-Nil+	98/00	98/00
39,84,000	82,69,922	56,93,500	10,51,344	33,73,758	5,798	5	Deccan Sugar	134	12	134-15-3-4+	5/30	4/12
£3,140,560	£3,985,923	£19,46,203	£17,53,230	£411,657	£3,010	9	E.I.D. Parry	8	74	10-6-Nil+	14/50	13/70
63,97,650	39,62,680	15,44,848	64,64,375	12,35,437	69,501	9	India Sugar P.	5	74	15-Nil+	8/00	8/00
12,45,572	1,22,66,623	18,99,861	1,51,052	5,99,416	2,090	6	Jeyapore P.	10	10	10-12-10+	14/25	14/25
10,52,200	2,87,27,773	1,23,75,000	31,53,982	20,76,426	91,745	6	K. C. P.	74	10	10-10+	10/60	10/50
67,20,000	68,25,707	17,54,874	7,44,531	22,50,032	13,43,312	8	Kothari	6	9	12-Nil+Nil+	6/50	6/00
54,10,190	2,19,59,178	1,75,22,685	45,76,265	30,13,247	56,800	6	Mysore	Nil	Nil	Nil-20+20+	22/25	22/25
30,00,000	35,93,381	11,41,000	10,12,037	4,88,902	1,46,735	4	Travancore P.	6	6	9-Nil+	4/60	5/00
1,00,00,000	1,38,91,570	1,03,73,060	1,28,28,232	53,41,998	...	3	United Breweries	6	9	9-10+	18/25	16/00

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	Account closed	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.	Rs.
2,31,15,668	1,96,45,010	1,13,97,169	62,02,907	71,71,658	10,357	3	Aluminium Industries	18	12	6-Nil+	10	6/90	7/00
71,03,170	67,38,199	11,05,008	6,17,579	24,62,265	15,621	12	Andhra Cement P.	10	10	10-12+	10	10/70	10/80
3,02,67,658	1,59,93,383	25,63,610	1,84,694	30,01,343	20,076	21	Ashok Leyland	10	8	8-9-9+	5	6/50	6/55
6,80,00,000	10,99,21,112	2,82,78,280	85,42,685	1,11,38,656	-1,42,41,206	12	Binny	Nil	Nil	6-Nil+	100	68/50	70/50
7,50,000	5,45,587	56,538	41,650	93,226	-1,46,143	12	Brunton & Co.	Nil	Nil	Nil-10+	10	3/60	3/60
73,00,000	1,79,06,906	26,81,982	6,22,914	19,27,076	4,396	12	Enfield P.	6	6	6-10+	10	10/25	10/25
2,24,44,750	3,21,08,642	66,66,496	73,60,475	51,28,679	1,38,608	3	India Cement P.	9	9	9-9+	5	5/45	5/75
23,82,732	16,92,196	2,50,222	93,924	2,16,808	2,977	12	Indian Steel Rolling P.	6	Nil	Nil-10+	10	7/90	7/90
1,40,00,000	1,39,97,059	97,48,801	36,09,251	29,82,180	11,631	3	Metnir Chemical Industries P.	8	Nil	Nil-10+	10	12/05	12/20
24,81,220	12,69,939	10,47,778	17,48,674	8,48,641	8,514	3	Mysore Chem & Fert	Nil	Nil	Nil-10+	10	5/75	5/75
8,00,000	5,20,889	4,52,189	2,18,413	2,33,791	85,187	3	Mysore Chemical Mfgs. P.	20	15	10-10+	10	10/58	10/58
6,56,250	5,13,585	9,38,696	6,374	1,23,899	3,146	3	Mysore Lamp P.	Nil	7	Nil-10-10+	10	15/00	11/75
25,00,000	55,50,342	37,12,500	2,43,664	14,29,395	36,663	3	Mysore Paper	6	Nil	Nil-10+	10	18/00	18/10
16,00,000	7,56,329	3,16,884	29,32,342	75,422	622	3	Mysore Tobacco	10	10	11-8-12+	10	16/75	16/75
20,00,000	11,74,500	11,74,500	1,32,329	21,82,347	3,899	3	Parry's Cont.	24	18	18-15-18+	1	2/40	2/40
40,00,000	1,05,13,334	1,26,57,980	59,59,486	24,85,127	3,92,204	6	Spencer (Provisions)	18	18	20-20+	10	29/00	29/00
47,00,000	86,53,610	20,65,000	51,902	7,85,966	3,869	12	Standard Motors P.	6	6	Nil-10+	10	6/50	6/50
11,56,300	5,95,547	14,04,007	16,66624	4,19,707	41,732	9	T. Stanes P.	30	30	Nil-15+	10	14/75	14/75
39,84,400	42,58,650	13,07,759	26,027	6,92,616	932	4	Textool	7	Nil	15-Nil-15+	100	29/00	27/00
5,18,36,058	2,25,17,394	86,31,139	33,46,806	2,468	2,468	7	Tube Investments	124	10	8-10-15+	100	150/00	150/00

*1960

+1970

RESERVE BANK

SCHEDULED BANKS

ISSUE DEPARTMENT (In 000's of Rupees) Week Ended			
	18-6-71	11-6-71	19-6-70
Liabilities—			
Notes in Banking Dept. ...	25,03,38	12,01,38	22,49,46
Notes in Circulation ...	44,75,53,99	45,02,91,06	40,81,14,13
Total Notes Issued ...	45,00,57,37	45,14,92,44	41,03,63,59
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,93,42,00	2,93,42,00	4,01,42,00
Total of A ...	4,75,95,11	4,75,95,11	5,83,95,11
B. Rupee Coin ...	36,69,19	36,04,73	52,15,01
Rupee Securities ...	39,87,93,07	40,02,92,60	34,67,53,47
Total ...	45,00,57,37	45,14,92,44	41,03,63,59
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. ...	1,28,06,06	89,36,43	1,93,14,21
2. State Govts. ...	2,68,27	3,43,09	3,91,80
(b) Banks—			
(i) Scheduled Banks ...	2,16,48,99	2,13,73,49	1,86,62,73
(ii) State Co-operative Banks ...	11,83,65	11,74,00	9,58,59
(iii) Non Scheduled State Co-operative Banks ...	81,44	81,43	71,18
(iv) Other Banks ...	25,24	37,90	30,60
(c) Others ...	61,43,16	60,28,91	97,89,03
Bills Payable ...	40,72,97	31,84,91	37,68,55
Other Liabilities ...	2,81,03,60	2,79,93,15	1,58,17,61
Total ...	12,02,33,28	11,50,52,31	11,08,04,30
Assets—			
Notes ...	25,03,38	12,01,38	22,49,46
Rupee Coin ...	3,71	3,27	2,76
Small Coin ...	4,03	3,75	5,20
Bills Purchased and Discounted:—			
(a) Internal ...	12,85,69	13,73,78	...
(b) External ...	...	...	...
(c) Govt. Treasury Bills ...	12,09,87	38,59,05	15,28,57
Balances held abroad ...	81,63,04	81,02,61	1,01,44,55
Investments ...	59,14,16	52,49,18	1,19,82,79
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ...	4,28,61,68	3,90,39,61	1,90,55,96
Loans and Advances to:—			
(i) Scheduled Banks ...	1,79,73,62	1,54,62,97	3,06,78,35
(ii) State Co-operative Banks ...	2,11,44,31	2,21,78,80	2,18,02,31
(iii) Others ...	7,62,50	7,13,00	5,30,05
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...	...	...	...
(a) Loans and Advances to:—			
(i) State Govts. ...	42,01,89	42,03,32	33,77,80
(ii) State Co-operative Banks ...	20,95,40	20,30,86	15,03,39
(iii) Central Land Mortgage Banks ...	...	...	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,14,98	9,62,09	9,65,70
Loans and Advances to State Co-operative Banks ...	11,07,59	10,91,14	4,57,87
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	43,18,21	39,55,21	11,26,71
the Development Bank ...	...	...	...
Other Assets ...	56,69,32	56,22,29	53,92,83
Total	12,02,33,28	11,50,52,31	11,08,04,30

(In 000's of Rupees) Week Ended			
	18-6-71	11-6-71	19-6-70
(i) Demand Liabilities—			
(a) Demand Deposits: ...			
(1) From Banks ...	1,70,29,00	1,77,61,00	1,49,48,00
(2) From others ...	27,46,55,00	27,33,75,00	23,13,54,00
(b) Borrowing from Banks ...	49,45,00	47,93,00	26,19,69
(c) Others ...	1,80,95,00	1,71,73,00	1,41,30,00
(ii) Time Liabilities—			
(a) Time Deposits: ...			
(1) From Banks ...	1,22,25,00	1,14,87,00	1,06,11,00
(2) From others ...	35,11,36,90	35,29,93,00	29,97,09,00
(b) Borrowing from Banks ...	6,32,00	6,63,90	60,40,00
(c) Others ...	45,60,00	46,09,00	31,72,00
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	26,28,00	29,21,00	48,10,00
(b) Time Liabilities ...	75,74,00	71,34,00	66,88,00
(iv) Borrowing from Reserve Bank ...	4,22,74,00	4,03,00,00	5,30,93,00
(v) Cash ...	1,74,32,00	1,74,78,00	1,53,19,00
(vi) Balances with Reserve Bank ...	2,15,47,00	2,13,77,00	1,88,84,00
(vii) Balances with other banks in current account ...	79,04,00	75,73,00	64,31,00
(viii) Money at call and short notice ...	79,22,00	76,51,00	53,03,00
(ix) Investments in Central and State Govt. Securities ...	14,21,66,00	14,22,15,00	12,36,67,00
(x) (a) Loans, Cash Credits and Overdrafts ...	39,27,63,00	39,35,16,00	35,66,39,00
(b) Due from banks ...	4,17,31,00	4,27,03,00	4,10,39,00
(xi) Inland Bills purchased and discounted ...	7,36,72,00	7,23,72,00	5,84,53,00
(xii) Foreign bills purchased and discounted ...	2,05,21,00	2,03,71,00	1,75,28,00
(xiii) Total of X, XI and XII ...	52,86,87,00	52,89,62,00	47,36,59,00

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
1970	1601.00	1468.10
1971		
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
October	125.32	129.50
November	136.10	138.36
December	132.26	151.27
January	157.10	143.72

Source: Supplement to the monthly Statistics of Foreign Trade of India.

CAPITAL

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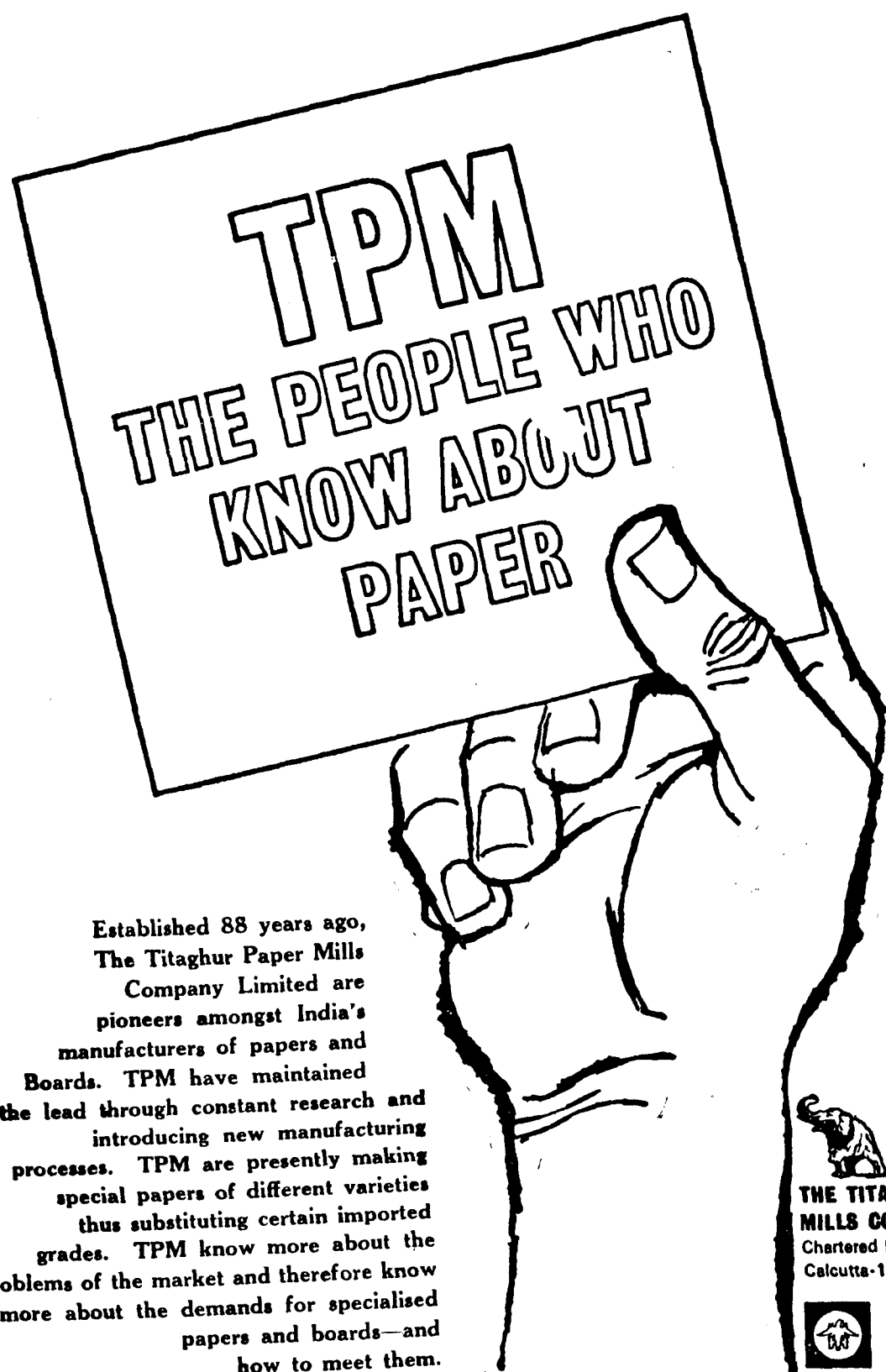
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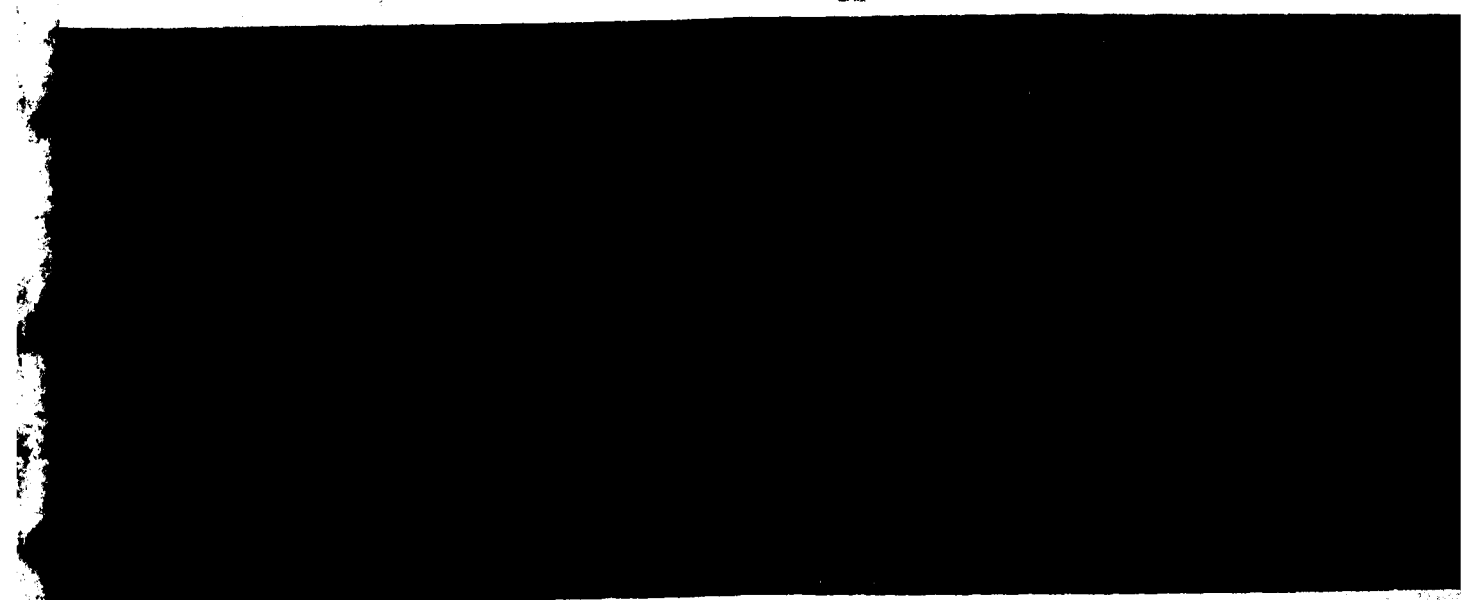
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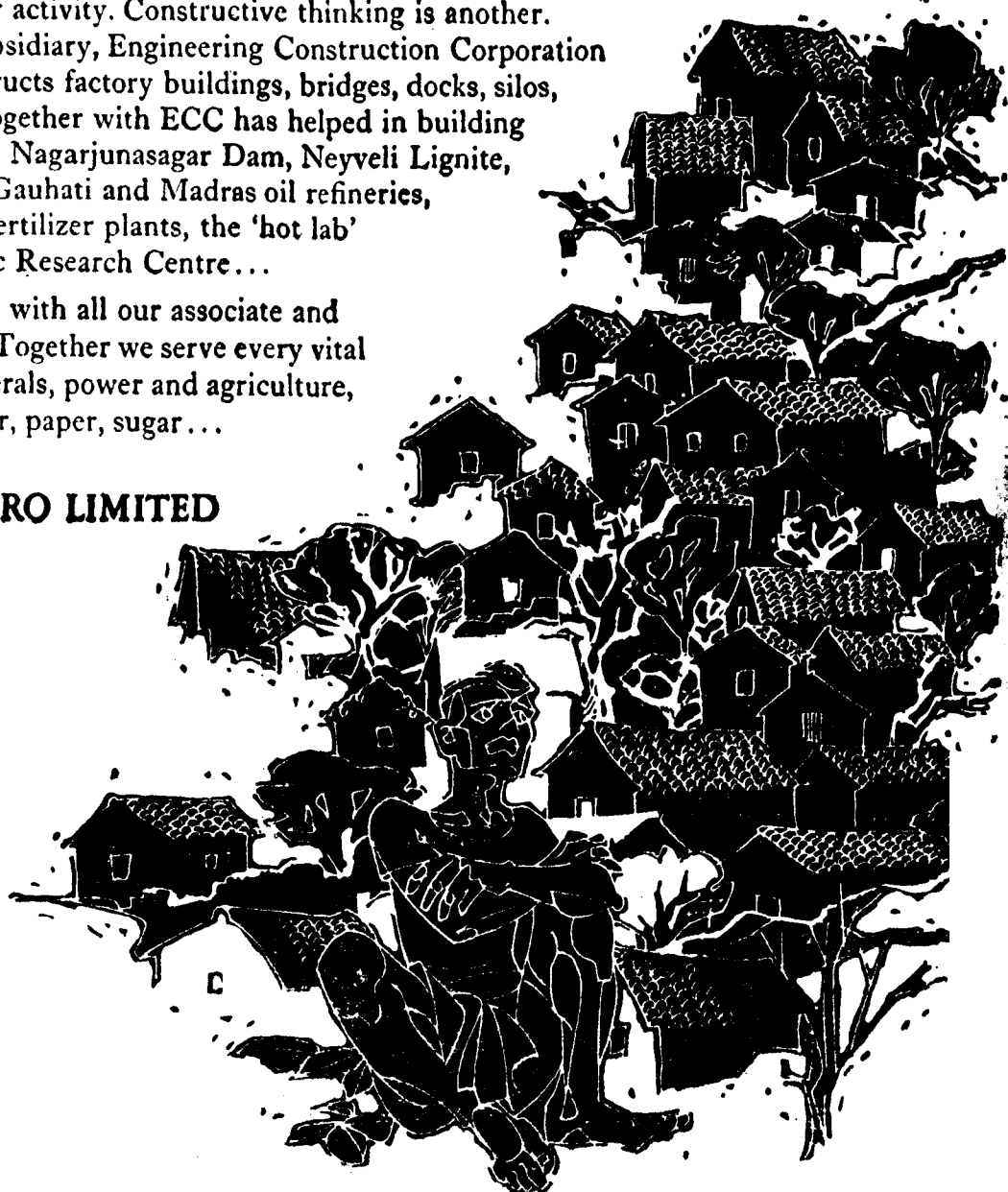
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Defence of the Dollar

PRESIDENT Nixon's new economic policy has come as a bolt from the blue to many developed and developing countries. Although the measures he has now announced were being discussed by the Council of Economic Advisers for the past three months or so, nobody could expect that they would be so drastic in their implications. Since President Franklin Roosevelt's New Deal, never before has the U.S. Government been so determined to take some drastic policy measures to revitalise the sagging economy and to administer fresh blood transfusion to the dollar which has been persistently overvalued for quite some time. It is now to be devoutly hoped that his proposals to fight the symptoms of a secular inflation in the U.S. economy will steadily bear fruit and the dangerous portents of growing unemployment and the gathering glooms of a recession will be curbed effectively in order to give fresh steam to the economy to forge ahead.

Although some of the measures he has just announced were far too drastic by any reckoning, they have to be welcomed, by and large, because the recurring currency crises, continued unfavourable balance of payments of the U.S.A. and the resultant impact they have had on the country's economy made them inevitable in any case. It is presumably because of this consideration that Professor Paul A. Samuelson, the Nobel prize-winner, has unequivocally welcomed President Nixon's measures. But although the U.S. Government has not admitted in so many words that the measures are tantamount to the devaluation of the dollar, they appear, in fact, to be a backdoor devaluation of the currency. It was understandably difficult for President Nixon to swallow the national pride in announcing the outright devaluation of the dollar, more so because he has had to keep the U.S. election prospects next year in mind.

President Nixon has apparently a penchant for creating both pleasant and unpleasant surprises. Closely following the developments centring the ping-pong diplomacy and the surprise announcement of his proposed visit to communist China, he has unhesitatingly adopted a package of measures for revitalising the dollar which has hitherto been in the doldrums. The most historic is his decision to suspend America's 37-year promise to exchange dollars into gold; and Mr. Nixon has sent a U.S. Treasury official to London to open negotiations for a realignment of the world currencies. But his shock treatment does not apparently end there. His package of measures to resuscitate the floundering U.S. economy consists of other equally bold steps as well. He has simultaneously announced a 90-day blanket freeze on wages and prices, a 10 per cent surcharge on most imports, a 10 per cent cut-back in foreign economic aid and even a deep slash in federal spending at home. At the same time, Mr. Nixon has done well to call for international consultations with a view to altering the range of exchange with a view to paving the way for a fairer alignment between the dollar and other currencies, but not the price of gold itself which has been officially valued at \$35 to the ounce since 1934. A close scrutiny of all the measures that President Nixon has announced does suggest that he has taken some very crucial decisions unparalleled in the whole of U.S. history. However, his announcement to suspend convertibility for the U.S. dollar, as the Treasury officials have clarified, does not mean that the hitherto overvalued dollar would float freely in the exchange markets.

As was only to be expected, President Nixon's measures have brought in their wake a veritable maelstrom in the world money markets. His policy announcements did create a shock wave through the whole of Europe and Japan and, accordingly, currency dealings were suspended in

many foreign money markets. But the greatest reaction seems to have been in Japan which has been lately attracting a heavy speculative flow of dollars. But even after hearing of the U.S. Government's grim determination to defend the dollar at any cost, the Japanese Government has equally resolutely declared its decision to defend the yen at its current par. In contrast, monetary experts in West Germany pointed out that the present international currency system, which was evolved at Bretton Woods as far back as 1945, has suffered a grievous blow without any prospect of redemption in the immediate future. This is because the U.S. Government now holds gold worth \$10,000 million at Fort Knox, which admittedly is too low for the future of a gold-based currency system. It is still anybody's guess how the winds of change in world currency reform will leave their impact on the U.S. dollar. But in the welter of prevailing clamour and confusion, can one deny that there is a silver lining in the otherwise dark horizon? It is arguable that the U.S. Government could not subject its currency to periodic speculative pressures, nor could it maintain continued uncertainties in international trade and payments, without doing serious damage to the world economy at large. President Nixon's decision will now offer a favourable opportunity to the major trading nations of the world to put their heads together in order to find out an alternative currency system which will avert the attendant hazards of the one devised at Bretton Woods.

But without resorting to an outright devaluation of the dollar, the U.S. Government obviously wants West Germany and Japan to revalue their currencies. In that case, the U.S.A. will have all the advantages of dollar devaluation without suffering any loss of prestige. But even if President Nixon's dollar diplomacy succeeds in the long run, it is still doubtful whether the American currency can regain its status as a major international reserve currency. However, the next three months will show whether President Nixon is correct in making the right diagnosis for the dollar and the ailing U.S. economy or whether he has to go further ahead in initiating more radical proposals. But he would certainly be reluctant to initiate measures which might mar the election prospects of his Party. But it is high time that the U.S. Government realised that no measure to strengthen the dollar would succeed unless inflationary pressures can be curbed effectively.

It will be crystal-gazing to what extent President Nixon would succeed in his 90-day blanket freeze on wages and prices, much of this being dependant on the willing co-operation he would receive from the trade unions in the country.

India, meanwhile, keeps her fingers crossed concerning the sweeping developments that are expected to take place in the international alignment of currencies. Although the economic advisers to the Government of India have held close consultations between themselves, they are reportedly not yet definite about the impact of Mr. Nixon's package of measures on the economy of this country. But there is hardly any doubt that the latest U.S. measures will have their inevitable impact on India's trade and aid prospects. For one thing, the rupee is not expected to appreciate in value unless the dollar is devalued. Since there is hardly any possibility of the latter

The Price of Growth

THE Central Planning Minister, Mr. C. Subramaniam, is reported to have said in a Press interview in Bombay that the Government "will not curtail developmental activity this year because of Bangladesh developments". This is inconsistent with what Mr. Subramaniam himself and other Central leaders have been saying in recent weeks. There is hardly any indication that conditions have changed to warrant such optimism. If anything, conditions have clearly changed for the worse, as far as development planning is concerned, during the past few weeks. To the visible cost of the Bangladesh tragedy has to be added the invisible cost of socialism which has now come clearly on the Government's programme with the passing of the Bill to amend the Constitution and the impending decision to do away with the privy purses. Another legislation to reduce land ceilings to somewhere between ten acres and 18 acres appears to be waiting in the queue. Willy-nilly, measures to restrict urban property would follow.

A dispassionate and objective study might show that the cost of this latest brand of socialism might prove to be even greater than that of the Bangladesh crisis. There can be two opinions on whether in the long run a socialist economy or free enterprise would take

happening in the immediate future, the value of the rupee is likely to remain unaffected. But as a result of the 10 per cent surcharge on imports, India's exports to the U.S.A., which amount to Rs. 2,000 crores at present, might shrink in the foreseeable future. But the immediate effect of the decision to suspend the convertibility of the dollar will mean the temporary freezing of some \$300 million held by India as foreign exchange reserve. New Delhi obviously thinks that the U.S. Government is unlikely to devalue the dollar in the foreseeable future. But if it does, India's debt servicing burden to the U.S.A. will be considerably reduced. But there is hardly any point in indulging in speculation of this nature before the trend of events takes a definite shape. Next month's I.M.F. meeting will consider all the issues involved to end the monetary disequilibrium which, as Mr. Nixon said, the world has had to contend with at least one every year during the past seven years.

the country faster on the road to progress. But there is hardly any room for honest dissent with the view that in the immediate future, a switch-over to socialism at the speed now contemplated by the Government can only be at the cost of development. Apart from the large "amounts" that will have to be paid in lieu of "compensation"—a word that is being removed from the Constitution—for the urban and rural properties and other assets that the Government may acquire, a colossal price will have to be paid in terms of the economic upheaval which is inevitable in the transition from a free economy to socialism. The speed with which the Government wishes free enterprise to dwindle is not yet clear but the signs of change are unmistakable.

The key sectors which control the levers of the economy will henceforth be completely controlled by the Government. Steel, power, fertilisers, oil, electronics, non-ferrous metals, heavy engineering and heavy electricals and a variety of similar vital industries will be in Government hands. The flow of funds from financial institutions to industry will be strictly regulated. What is more, henceforth the Government will start taking over sugar mills, cotton factories, jute mills and possibly privately-owned refineries. The fate of tea and rubber plantations

hangs in the balance. There is a good chance that a giant automobile factory may also be set up in the public sector.

This is not the place to argue whether such moves would be in the national interest. All that is sought to be pointed out is that all this would involve huge public investments, immediate and long-term. The public sector woefully lacks the discipline and expertise to produce the necessary resources that could be utilised for such take-over bids. Steel, heavy engineering, heavy electricals and fertilisers are some obvious examples of the consistently low productivity in the public sector. Progress could not be accelerated by merely multiplying the list of such inefficient and unproductive enterprises.

The suspicion is inescapable that such unrestricted expansion of the public sector can be achieved only by large-scale recourse to deficit financing in one form or another. Experience of the last two years, when there was no Bangladesh tragedy to confuse the picture, is only too fresh in the people's minds. The food situation was almost ideal. Industry had come out of the recession. There were no major foreign involvements. The balance-of-payments position was satisfactory and exports were picking up at the projected rate. And yet industrial growth during 1970-71 was barely 4 per cent. The blame for this—even by the Government's own direct or indirect admission—can only be placed at the doors of the public-sector industries of steel, power, fertilisers and banking. What clearly seems to have happened was that resources that should have properly been utilised for industrial expansion got frittered away in the illusory pursuit of socialism through banks, small industries, co-operative societies and a host of other unproductive enterprises. There was an invisible diversion of resources from industrial expansion to industrial take-over.

Even the most optimistic study so far of the industrial outlook for the future presented by the Indian Statistical Institute suggests that industrial growth in 1971-72 will be barely between 4 per cent and 6 per cent, while money supply will increase by 11 per cent to 12 per cent and wholesale prices will rise by 6 per cent to 8 per cent. The situation described by the study—which does not adequately take into account the exigencies of the Bangladesh developments—can only be

considered alarming. If there is anything that needs to be attended to first by the Government is to correct this dangerous trend which can upset all Plan estimates and indeed even put the clock back in terms of industrial progress. From this it follows that the twin trend towards unchecked inflation and a somewhat romantic socialism, coupled with the needs of defence against a possible attack by Pakistan and of feeding 10 million refugees from Bangladesh, can only hasten the country towards bankruptcy by putting an unbearable burden on the Exchequer. The effect of inflation at rates projected by the Statistical Institute will mean considerably larger commitments by the Government in all spheres of activity.

Increased public-sector activity will mean that the onus of resource generation will be proportionately transferred from the private sector to the public. The Government cannot eat the cake of national resources and have it too. As long as there is a strong private sector, the Government can go on taxing it to raise more resources for its developmental and recurrent expenditure. But as the private sector fades out of the picture, the burden of raising resources will shift to the public sector. This is a prospect which Mrs. Gandhi, Mr. Subramaniam and others appear to have glossed over during their exercises in socialism. If, as in the past, the public sector fails to come up to expectations, deficit financing will be the only course left for the Government and, it is evident, this has its limits.

There is yet another aspect of the problem on which even the Perspective Planning Division of the Planning Commission does not appear to have shed much light. It is that for any significant progress during the 'seventies, the Government will have to shift

its sight from agriculture to industry. Continued growth in agriculture is necessary to keep the people at the subsistence level. But with food surpluses, albeit marginal, staring the country in the face, India is now fast coming up against the problem of providing the fast increasing population with not only the means of buying food but also clothes, living space and other minimal needs of existence. This is a challenge that can be met only through large-scale industrialisation. There can be no escape from a massive effort to build up a big industrial base if the country is to meet the twin challenge of massive unemployment and urbanisation during the 'seventies and 'eighties. It is like the writing on the wall which anyone who cares cannot fail to see.

Seen in this perspective, Mr. Subramaniam's apparently hollow promise that the Plan allocations will not be diverted to other purposes makes sad reading. More to the point is the warning given by a former Minister, Dr. V. K. R. V. Rao, who pointed out during the Budget debate in the current session of Parliament that the Plan had already gone off the rails. Investments and growth rates during the first three years of the Plan were substantially below the original projections and that even to retain the financial outlays, the Government would have to step up Plan spending by another Rs. 600 crores in 1972-73 and yet another Rs. 700 crores in 1973-74. Even that would not match the physical objectives of the Plan since the value of the rupee has considerably diminished. If one were to look at the problem squarely in the face, one would come to the conclusion that the immediate need for the country is not an ideological revolution but a technological one and, in the peculiar situation facing it, the two cannot run parallel. One has to wait while the other runs its course. It is still not too late for the Government to make a choice.

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Towards Lower Land Ceilings?

OF all the problems that this country has faced since independence, the problem of lowering land ceilings has proved to be the most intractable one. The reason for this is not far to seek: the States and the Centre have been pulling in different directions. In fact, the most vehement opposition to the Centre's proposals has surprisingly come from the States that have Congress Governments. The attempt to sort out the differences between the Prime Minister and the Congress Chief Ministers like Mr. V. P. Naik and Mr. K. Brahmananda Reddy does not seem to have been fruitful as is evident from the recent deliberations of the Central Land Reforms Committee, of which these two Chief Ministers are also members. The committee has recommended that the ceiling in well-irrigated areas should be ten to 18 standard acres, without, however, defining what a standard acre means. It is quite clear that different States have different yardsticks for measuring the standard acre and no unanimity has been reached on this point. Unless the ceiling bears a close relation to the income derived from land, it is obvious that this all-India exercise will in no way benefit those for whom the politicians are never tired of shedding tears.

The case for lower land ceilings will acquire validity only if the public can be convinced that the existing legislation in this regard has been well and truly implemented. It is widely admitted that the implementation of the land ceilings law has been most tardy and slow in many States for political and personal reasons. If a few are interested in protecting the plantations, a few others are anxious to ensure that large farms owned by co-operatives are not hit by such legislation. Thus, new vested interests have developed in place of the old and the status of the landless and share-croppers has remained practically the same. The recent World Bank report also holds the State administrations responsible for the delay in the implementation of land reforms in general. It says that they are "a road block with their present bias in favour of large holders." It further warns that the time is fast approaching when the problems of rural poverty cannot be evaded, more so because of the strain they impose upon the country's stability.

Even now, many States may like to continue to soft-pedal on this vital issue, if they are allowed to have it their way. But as the World Bank report suggests, the land grab movement may have led to the waking up of the State Governments, resulting in a greater concern for landlord-tenant relations. It is, however, evident that States that have not been hit by this movement do not wish to hasten with new tenancy or land reform measures with the same zeal or urgency as those that are deeply in trouble because of the land grab agitations. It would seem, therefore, that a uniform pattern of legislation for all States cannot be evolved easily, and even if the Centre succeeds in imposing one on the States, its implementation is bound to vary from State to State. The question that arises is whether the States should have a greater choice in the matter of deciding how they should go about tackling this problem within the broad guidelines provided by the Centre. If the aims and objectives are clearly spelt out and if there is general agreement among the States on those principles, then the States should be asked to produce the results rather than merely conform to the procedures laid down by the Centre. In other words, the onus of enacting suitable legislation for achieving the declared aims and objectives should clearly lie with the States. This will leave them with no alibi for tardy implementation of land reforms and tenancy laws. At present, the loopholes in the pattern of legislation proposed by the Centre have virtually rendered ineffective the measures taken in several States to implement the land laws.

Another point that both the Centre and the States will have to decide at the earliest is the order of priority for various land and tenancy reforms. For instance, Professor Wolf Ladejinsky, a well-known international authority on agriculture and land management, has been stressing the need to give top priority to a programme of tenancy reform, centred on rent ceilings and security of tenure. He has also urged enhancement of land revenue and taxation of larger incomes from farming on the same basis as incomes derived from other sources. In a country where irrigation rates have remained static, it may be futile to expect that equal attention will be

given to land and tenancy reforms as well as to making the farm bear some of its real economic costs. Even the recent budgetary levy on tractors was thought of by the Government only after the World Bank had made a suggestion to that effect. A mere redistribution of land is not going to augment the earnings of the Government unless bold steps are taken to tap the rural sector for new sources of revenue. The report of the Agricultural Commission, which is currently seized of all these problems, should throw some light on their magnitude and the kind of corrective measures required to deal with them.

In the meantime, an issue that is causing considerable anxiety to owners of large pieces of land is the compensation that they will be paid in the event of the ceilings being lowered further and their "surplus" land being taken away by the Government. In a recent note, the Central Land Reforms Commissioner proposed that all surplus lands should be acquired by the Government without compensation and distributed to landless labourers and small holders. In his view, the present ceiling of 30 acres in most of the States is on the high side and should be brought down to nearly a third of that. Whether this is possible without causing disparities in income from land is a moot point and no one in authority is able to enlighten the public on this question. Fortunately, the Committee on Land Reforms did not react favourably to the suggestion of the Land Reforms Commissioner and has recommended that compensation be paid at "reasonable rates" but not at the market price. If compensation is sought to be made non-justiciable, then what is "reasonable" will be only what the Government authorities determine. The Central Minister of State for Agriculture, Mr. Annasaheb Shinde, stated in Parliament a few days ago that the Centre would seek an amendment of the Constitution, if necessary, to provide for the acquisition of surplus land. It is hoped that at that time the Government would also take care to spell out clearly the norms for fixing the rate of compensation to the owners of surplus land.

The question of exemptions is posing another tricky problem. If the existing exemptions enjoyed by temples and charitable and educational institutions are to be withdrawn, there has to be a uniform all-India policy in this direction. Otherwise, it is possible that a State

like Punjab may continue to give exemptions to lands held by religious institutions, thus benefiting a particular minority community, whereas other States may have deprived religious bodies in their areas of the privileges enjoyed by them. Already there appears to be much opposition to the proposal for withdrawal of

the exemptions and it is expected that this issue will figure prominently at the next meeting of State Chief Ministers some time next month. It is up to the Centre to see that no particular community or sect is put to hardship or discriminated against in the application of any decision to withdraw existing exemptions.

Trade Partnership with Nepal

THE new five-year trade and transit treaty which Mr. L. N. Mishra, India's Foreign Trade Minister and Mr. Navaraj Subedi, Nepal's Minister of Industry and Commerce signed in Kathmandu last week signifies not only the inter-dependence of the two economies but also the beginning of a constructive partnership between them to solve mutual problems. It should be obvious to most observers that what has been agreed to now could have been quite easily accepted by both sides much earlier. This would have prevented the controversies and bickerings of the past several months. But the situation in India now is not the same as it obtained towards the end of last year, when the earlier treaty came to an end. There is now a stable Government at the Centre. What is more, the political picture of the entire region has much changed since last December. And these factors in their own way must have helped in reaching the agreement. With a 500-mile common border and close political and economic ties between the peoples of the two countries, the Nepalese as well as Indian leaders must have realised that continued distrust can only harm the interests of both nations. Since no one could predict the course that events would take in the region, an understanding was necessary between Nepal and India; and it was this realisation, more than anything else, that resulted in the new treaty being signed a few days ago.

To begin with, there will be only one treaty and not two, as sought by Nepal earlier. Secondly, the main emphasis has been on economic co-operation, particularly on the industrial development of Nepal; many of the provisions of the treaty, although intended to solve certain trading problems, are ultimately geared to this goal. In the realm of trade, what is sought to be achieved through the treaty is "expansion and

diversification of the mutual trade of the two countries in goods produced in their territories." It gives sufficient indication of the two countries' desire to start a constructive partnership, as both have understood each other's problems and have given some concessions. A strong Nepal is important to India, and Nepal could become stronger only if some of the aspirations of her people are fulfilled through industrial development. This has been tacitly accepted by India.

The treaty gives "unrestricted entry" into India for Nepal's primary products exempt from Customs duty. And in order to promote the industrial development of Nepal, India would give—on a non-reciprocal basis—specially favourable treatment to manufactured articles from Nepal, provided these are made of Nepalese and Indian materials. These manufactured articles will also have access to the Indian market without any quantitative restrictions and will be exempt from Customs duty. Another incentive given is that products of small-scale industrial units in Nepal will be treated exactly the same way as those of small-scale units in India. Concessions available to India's small-scale units will be available to products imported from small-scale units in Nepal. Joint ventures set up by industrialists of both countries will also be eligible for certain excise duty concessions. Provided these facilities are not improperly exploited and the arrangement works satisfactorily, India may consider giving more concessions to encourage joint ventures in Nepal. A part of the technical aid now being given to Nepal by India could be considered later for this purpose, but for the moment it appears joint ventures are envisaged essentially in the private sector. The effort is to see a more intimate relationship grow between the economies of the two countries.

The treaty also envisages certain measures to prevent the deflection of trade. Even here India has not completely banned the import of Nepalese manufactured articles made out of third-country raw materials. India has agreed, in principle, to give favourable treatment to such manufactured articles from Nepal provided "the value of Nepalese material and labour added is at least 50 per cent of the ex-factory value of the product." Thus while the eligibility of favourable treatment to Nepalese manufactured exports based on third-country materials is conceded, the onus of proving that at least 50 per cent of the ex-factory cost of such exports consist of Nepalese materials and labour is on Nepal itself. The nature and extent of access to the Indian market as well as the tariff preferences to be given to such products will be decided by India on the merit of each case.

The concession offered is not a blanket one, as in the case of goods manufactured entirely in Nepal with Nepalese and Indian materials. In other words, Nepal has been given an opportunity to import raw materials from a third country, process them and export the products to India within certain limitations. It now depends upon Nepal how she uses this opportunity. The clause implies that Nepal will not re-export to India any goods which contain materials from third countries in excess of 50 per cent of the ex-factory value of the goods. The treaty prohibits such re-exports. It also says that the "country will prohibit the export from its territory of the products of the other country as also of products made mainly from raw materials of the other country and will take effective measures to enforce the ban." This clause is intended to prevent the activities of some unscrupulous people who have been exporting mica, sandalwood oil, etcetera, from Nepal—goods not produced in that country at all.

On the question of an overland transit route, provision has been made in the treaty for "mutually acceptable" overland routes to be used by the "two countries" within the framework of regional co-operation agreements. In other words, India has given in on the question of a land route through Radhikapur. But this provision is rather irrelevant in the present situation obtaining in East Bengal, and as and when Bangladesh becomes a reality, it is safe to presume that India would not mind

giving Nepal an overland trading route to Bangladesh. Yet another facility granted to Nepal is for the transport of goods to and from Calcutta by road. This is in addition to the existing railway transport facility which Nepal enjoys. Nepal is also to have additional warehousing accommodation in Calcutta and some extra facilities when Haldia port is fully commissioned.

After the protocol was signed, Mr. Navaraj Subedi said that the treaty would be an asset in making Nepal's decade of development, beginning

this year, a success. This will largely depend on how the provisions mentioned in the document are implemented. A three-tier machinery is envisaged for this purpose and both sides are hoping that the problems which have caused difficulties in the past will be sorted out when officials constituting the implementation machinery start meeting once in every three months. If constructive partnership is the keynote of the understanding arrived in Kathmandu, there is no reason why the irritations of the past cannot be avoided in the future.

Courtship with Russia?

THE Indo-Soviet treaty of peace, friendship and co-operation has rightly been acclaimed as a landmark in the relations between the two countries. The support that this has obtained from all political parties in the country, including the Jana Sangh and the Swatantra, only shows that it has been well received all over the country. In the light of the attempts of the U.S.A. to come closer to China, an apprehension had grown in the country that Pakistan would get a good deal of assistance—military as well as economic—from both these Powers. And it was because of this possibility that President Yahya Khan has been raising war cries against India. His statements during the last few days give the unmistakable impression that he is talking from a position of strength.

This had to be counteracted by India vigorously and promptly, and this explains the reason why the country was anxious to enter into an arrangement with an equally strong Power as China or the United States. That she has succeeded in doing so speaks of the successful diplomatic effort of Indian politicians who acted swiftly. One of the main terms of the treaty is that in the event of an attack or a threat of attack on India and Russia by a third party, the two countries shall enter into mutual consultations immediately in order to remove such threat and to take appropriate measures to ensure peace and security of the two countries. The treaty does not specifically mention China or Pakistan but the wordings of the mutual assistance provisions and the context in which they are used make it abundantly clear that the treaty was necessitated by America's overtures to China.

An important provision is that each party undertakes to abstain from providing any assistance to any third party that engages in armed conflict with the other party. They will not enter into any military alliances directed against each other and will further refrain from entering into any obligations, secret or public, with other countries which are incompatible with the spirit of the treaty. Its implications are thus clear. In the event of an attack or a threat of Pakistan attacking India, the provisions of the treaty can be invoked and the assistance of Russia sought to counteract Pakistan's military adventure. It is also clear that Russia cannot any more supply arms and other kinds of assistance to Pakistan. In the context of the known intentions of both the United States and China, this provision acquires added significance. It has given to India the much-needed confidence that she has the support of a Super Power which would automatically step in case any third party attempts to promote its evil designs upon her. The very fact that Russia is prepared to aid India should act as a deterrent to any Powers that may have aggressive designs upon this country.

The question whether the treaty constitutes a departure from the declared policy of non-alignment is more academic than real. The External Affairs Minister, Mr. Swaran Singh, who anticipated this, clearly proclaimed that the treaty only "strengthens our policy of non-alignment". It is difficult to see the force of his argument, but it is certain that in the present context of affairs, there is no special virtue in sticking to the theory of non-alignment which has become

more a dogma than a matter of policy. Under the terms of the treaty, it is incumbent on India to associate herself with Russia in case it is attacked by a third Power irrespective of the merits of the case. This is a far cry from the original theory of non-alignment propounded by Mr. Nehru and pursued in this country so assiduously all along. Mr. Swaran Singh, however, added a rider when he said that the policy of non-alignment was a dynamic one which could be adapted to changing situations. He himself said that the world itself was presenting a changing and dynamic picture. Therefore, it has become inevitable for India to make suitable alterations in the theory of non-alignment. Since India has no ambition on the territories of other countries, one could agree with the External Affairs Minister that the country is still wedded to a policy of non-alignment suitably adapted to meet the changing conditions.

There has been criticism that India should have agreed to the position under the treaty that every Power that is an enemy of Russia should automatically become India's enemy. In fact, there is a belief that this treaty will serve the interests of Russia more in the final analysis and in the larger context. But by entering into this agreement, Russia has certainly recognised the growing importance of India as an Asian Power against the background of the current Sino-American efforts at rapprochement. There are also indications that Russia will now give up her policy of appeasement of Pakistan which it has been following all along.

It is clear that Moscow signed this treaty because of its growing troubles with China even as India was eager to enter into this 20-year pact because of the compulsions created by the political situation in East Bengal. Whether Russia will directly help in solving the Bangladesh issue beyond using her good offices, if approached, to force a political settlement is yet to be seen. Perhaps, its attitude will not be any more different from that of the United States. In fact, the joint *communiqué* issued at the end of the talks between Mr. Andrei Gromyko and Mr. Swaran Singh only refers to a political "solution" to the Bangladesh issue and not a political "settlement". In other words, Russia is not in a desperate hurry to promote an armed conflict between India and Pakistan. This, of course, is in line with the statements of the Prime Minister, Mrs. Indira Gandhi, herself. Mrs.

Gandhi has said on more than one occasion that India would not pursue any adventurist policy in her dealing with Pakistan. Pakistan, too, will think twice before implementing her threats since she now knows fully well that Russia will step in. To the extent the war-lords of Pakistan will be silenced, the Indo-Soviet treaty should be regarded as a major step towards peace.

A point to note is that the treaty does not impose any bar on India acting according to her wishes on the Bangladesh issue which was apparently the immediate provocation for the country to sign it with Russia. But on

CURRENT COMMENT

CREDIT

Curbs on Advances Relaxed

The Reserve Bank has modified to some extent the provisions of its controls on advances against cotton, foodgrains, oilseeds and vegetable oils (including *vanaspati*) in view of the present and prospective supply position of these commodities and the need for an adequate distribution of credit for production and marketing purposes. These are the only commodities which are now subject to selective credit control by directive. In regard to foodgrains, no major modifications have been made in respect of the control on advances against paddy and rice, coarse grains and pulses. Advances against foodgrains other than maize and barley made against official warehouse receipts would also continue to be subject to a minimum margin of 40 per cent. The Bank has, however, removed the ceiling control on advances against wheat in view of the comfortable supply and price position of wheat; such advances would, however, continue to be subject to the existing restrictions relating to the minimum margin of 50 per cent and the minimum rate of interest of 10 per cent.

The control on advances against oilseeds and vegetable oils including *vanaspati* will now be applicable only in respect of groundnut, mustard-seed/rapeseed, castorseed and linseed, oils thereof and *vanaspati*, and all other oilseeds and vegetable oils will be completely exempt from credit controls. As regards cotton, with a view to ensuring adequate credit to

the other hand, the treaty has the effect of placing restraints on India if she wishes to explore the possibilities of normalising her relations with China. This she cannot obviously do now without obtaining the concurrence of Russia. To counterbalance this disability, Russia has not come out with any political commitment on Bangladesh. How this will work out in the long run and whether the country will get any special advantage remain to be seen. But none can deny the fact that in the context of the present Indo-Pakistani relations which are worsening steadily, the treaty should be considered a great diplomatic triumph for India.

cotton mills for buying and stocking raw cotton, the Reserve Bank has also modified to some extent the existing margin control on advances against cotton and kapas by (i) increasing by two weeks the period of stock consumption in respect of the specified categories of mills and (ii) extending further the exemption from selective credit control of advances made in two more States.

CONSUMER GOODS

Raising Production

In the booklet entitled *The Significance of Consumer Industries in the Indian Economy* recently published by the Clarion-McCann Advertising Services Ltd, certain basic problems confronting the Indian economy have been discussed. The book analyses the inter-sectoral imbalances in the planned economy, and also suggests remedial measures. It tries to point out the broad spectrum of problems that can only be dealt with by social dynamics and not by stimulating production or by correcting the inter-sectoral imbalances in the economy alone. Nevertheless, repair and corrective measures will not go waste, only they would not make the economy dynamic. It points out that there is a need for reorienting the strategy for development after the structural changes that have taken place in the Indian economy since the inception of planning 20 years ago. The booklet notes that the marketable surplus of foodgrains and cash crops is a crucial factor in accelerating growth and maintaining price stability. In India, marketable surplus

has not been keeping pace with production because a large section of agriculture is under subsistence farming, where an increase in the farm produce, instead of being sold, is consumed by the farmers themselves and also because the rural rich utilise a major portion of their surplus as grain loans to the poorer sections. Expenditure on non-food items constitutes an insignificant portion of the budget of rural families.

The ideas in the booklet will appear unorthodox to the Central Finance Ministry which seems to be of the view that increased revenue earnings of the Government will *per se* induce growth and maintain price stability. The booklet, on the other hand, contends that a reduction in the tax rates on items of mass consumption and also on the items of the so-called middle class consumption, such as soap, hair oil, cigarettes, household equipment and furniture, will create a spurt in rural demand for these products and thus attract the money that has been accumulating fairly fast in the rural areas. No bold programme has yet been taken either by the Government or by the business community to convince the rural people of the importance of daily necessities such as shoes, soaps, tooth pastes, processed foods and medicines. Nor has there been sufficient stress on road building, housing, electricity and education in the countryside to transform the traditional rural habits. Pointing out the effects of the development of rural infra-structure on the consumer goods market, the booklet quotes the results of a survey which shows that as a non-developed area gets developed, the monthly *per capita* expenditure on fuel and light, clothing, tobacco, silk and nylon, woollen clothing, footwear and durables increases from Rs. 3.94 to Rs. 6.07. The booklet advocates the policy of expanding the capacity of consumer goods industries, particularly of those industries which produce items of mass consumption.

CONFERENCE SYSTEM

India Urges Change

Speaking at a recent meeting with the Committee of the Eastern India Shippers Association, the Director-General of Shipping, Government of India, Mr. R. Doraiswamy, said that as a developing country, India had all along been taking a reasonable and pragmatic view of the conference

system. However, a time had now come when the conference system needed to be reorganised and restructured. It was particularly necessary that the voting pattern was changed in view of the fact that 40 per cent of cargo was carried by Indian members of the conference. The Director-General emphasised that Indian members of the conference should be given far more effective voice on freight fixation matters. He agreed with the view of Mr. G. V. Swaika, the E.I.S.A. president, that the unilateral decision of the India-Pakistan/U.K. Continental Conferences to effect a 15 per cent freight increase (subsequently reduced to 12½ per cent) from last June was most unfortunate particularly when discussions were still going on. He agreed with the E.I.S.A. president that the so-called "consultation procedure" had not worked satisfactorily.

Earlier, the E.I.S.A. president had made the point that unless the conference system ensured stability in freight rates, abandonment of the system would prove beneficial to the exporters from a developing country like India. According to the D.G. Shipping, that was the ultimate step and should only be taken if an attempt towards restructuring the conference system failed. Mr. Doraiswamy made this point with parti-

cular reference to the India-Pakistan/U.K. Conferences. He recalled that as early as 1947 the country had secured admission of Indian lines to this conference and since then, although Indian liner tonnage had grown considerably, the Government of India had taken a very reasonable attitude towards conference matters.

ENGINEERING EXPORTS

Performance in July

In a statement issued to the Press, Mr. Raunaq Singh, chairman of the Engineering Export Promotion Council, said that engineering goods exports during July had amounted to Rs. 11.50 crores, as against Rs. 7.09 crores during the same month of the previous year, thereby recording an increase of 62 per cent. The cumulative figure for the first four months of 1971-72 is Rs. 40.55 crores, as against Rs. 31.57 crores during the corresponding period of the previous year, recording an overall increase of 28 per cent. The items which have shown substantial increase include auto and auto parts, electric wires and cables, textile machinery, bicycles and parts, hand tools and small tools, iron and steel castings, electric motors, switchgears, transformers, transmission line towers, radios and

components, office equipment and dry and storage batteries. The chairman said that although August exports had been encouraging, they were still far less than the projected monthly average of Rs. 13 crores for 1971-72. Concern had been expressed at the poor export from the eastern region. Exports through Calcutta port on an average used to contribute 10 per cent to the total export of engineering goods in the past. But during the current year its contribution has varied from 15 per cent to 25 per cent. Mr. Singh feels that an improvement in conditions in West Bengal would not only help in stepping up engineering goods exports but would also help in the revival of the engineering industry.

COAL

Advice to Consumers

The president of Coal Consumers Association of India, Mr. K. Z. George, has recently addressed a letter to all coal consuming members advising them to be fuel conscious in view of the higher cost of fuel, increase in railway freight, non-availability of proper quality of coal and wagon shortages. Most of the old boilers have worked their life and a change-over would be worth while. Those consumers who cannot afford a complete change-over may try to convert their existing boilers from the hand-fired to mechanical stokers. It is estimated that an annual saving of Rs. 25,000 to Rs. 35,000 could be effected in the fuel bills of a Lancashire boiler of, say, 6,000 lbs an hour capacity by converting it from hand firing to mechanical stoking. The cost of such a change-over is estimated at about Rs. 1 lakh for a double-flue Lancashire boiler and about Rs. 50,000 for one with single flue. Mechanical stokers for different classes of boilers are now being manufactured in India.

MONEY MARKET

Steady Trend

The short-term money market has been steady this past week. The call rate has been quoted at 4 per cent, with borrowers over. There has been a good supply of tea bills while that of gunny bills has been small to moderate. The demand for remittances has been small. The pound-sterling has remained strong against most major foreign currencies during the week.

A Ditcher's Diary

IT DOES NOT BREAK MY HEART TO LEARN that the pay packets of our Central Ministers will now be 10 per cent smaller. That the cut is voluntary does not greatly impress me either. I am not suggesting that Rs. 2,250 a month is a high salary for a Cabinet Minister and I have no doubt that a Deputy Minister is worth more than Rs. 1,750 a month (which will now be cut by 5 per cent). But these figures convey nothing of what the taxpayer has to bear to keep a Minister in office. An unofficial Bill recently introduced in Parliament gave some idea of a Minister's total real income, most of which is enjoyed as untaxed perquisites and amenities. I do not remember the exact figures, but I do recall having read somewhere that if a Cabinet Minister were taxed as ordinary citizens are, the Government would have to pay him nearly Rs. 40,000 a month to keep him in the same comfort as he now enjoys; even a Deputy Minister would need a taxable total of more than Rs. 15,000 to protect his present net income. These figures do not look vastly different after the deduction of a couple of hundreds or less. The voluntary salary cuts will save the Government something like Rs. 1.25 lakhs, which is a good deal less than what the Government spends, in taxable terms, on a single Deputy Minister. The ordinary taxpayer should, therefore, be forgiven if he cannot hail the collective Ministerial gesture as a major "garibi hatao" move or even as an economy measure of any consequence. Like many other symbolic gestures, it is no more than

a gimmick; but like every other symbolic measure it will be invested with much ritualistic significance by official publicity media. It is this preoccupation with symbolic activity which any clear-headed person finds so distasteful in our public life. Not even activity; sometimes the symbols themselves become more important than what they represent. It is remarkable that 24 years after independence Parliament had to pass a Bill to deter people from showing any disrespect to the Constitution, the national flag or the national anthem. If you leave a cinema while the anthem is being played after a film you might be considered guilty of a grave offence; but there is little to prevent you from violating the sentiments expressed in the anthem in the course of your daily life. You can offend major principles of the Constitution in a variety of ways so long you do not make any offensive statement for the public record. Or rather, if you want to say anything against the Constitution, you had better do it when the Government is trying to have it amended.

SUDDENLY THERE IS ALMOST A SILENCE on Bangladesh. Things are not quiet in East Bengal; but much of the noisy passion generated in India seems spent. Now that Parliament has gone into recess, even the routine pronouncements are fewer. Anxiety over Sheikh Mujibur Rahman's fate is genuine and widespread, but there cannot be much comment in the absence of factual

information about the trial. With the repatriation of diplomats from Dacca and Calcutta, another issue has ceased to be a matter of public concern. All this is but natural; but not the sudden relaxation of pressure for the immediate recognition of Bangladesh and effective help for its liberation. The air had once been thick with rumour that recognition would be announced in the first half of August, possibly on the 9th or the 15th. What was announced on the 9th instead was the Indo-Soviet treaty; any notion that the treaty would be soon put to the test in an Indo-Pakistani conflict must have been dispelled within a day or two. For it could be seen that while the treaty was designed to deter Pakistan from a military adventure against India it was also meant to induce restraint on the Indian side. Curiously enough, people who had been urging a tough policy against Pakistan when the nature and extent of Soviet support for India were not clearly known stopped being so assertive after decisive support was formally assured. Indeed, even the demand for the recognition of Bangladesh lost much of its force. Does this mean that the treaty will tie India's hands without many people in this country minding this enforced restraint? I doubt if there can be such a quiet end after all. The Mukti Fauj will not stop its operations; the trial of the Sheikh cannot cease to be an explosive issue; there will be, as Senator Edward Kennedy could see last week, no early end to the refugee influx. Most important, General Yahya and his men will not suddenly become sane. What their desperation portends was seen last Saturday when Pakistani saboteurs blew up an Indian goods train and an

THE METRIC SYSTEM

A CORRESPONDENT writes in Current Coin: When the proposal to introduce the metric system into India was discussed some years ago, discussion, if I remember rightly, was confined to pointing out the advantage of this system for computation and clerical record, but it was decided to wait and see what was going to be done in England. It must have been known long since in India that the metric system had little chance of finding favour here, and one would have expected that by this time an independent move would have been made in India to try and standardise weights and measures uniformly throughout India. I would suggest that something might be done in making the bazaar maund—100 lbs., or 50 seers, thus bringing it into line

with the American cental, which is now being almost exclusively used for cotton in Liverpool and Manchester. A ton of 20 centals thus becomes 2,000 lbs. I understand that the British Weights and Measures Association are agreeable to advocate the extended use of the cental for other weighments, such as grain, etcetera, which in practice would eliminate the cwt., a change which would be gratefully welcomed by the Indian Custom House officials, and would save much—may we say—cheating in the mofussil, besides establishing a uniform weight for the producer, the local dealer, the local merchant, the broker, the consumer in the country and the shipper to foreign ports.

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ambulance van; on the same day Pakistani troops raided a border village in Tripura and killed 11 people. Things like this have a habit of escalating. I do not wish to see another Indo-Pakistani war; but events are following a logic that seems at once perverse and inexorable. The monsoon has been the main force operating against this logic; but only in one sense. The rains are of some help to the resistance forces. Come October, the West Pakistani forces will become both more aggressive and more reckless; and we have been told that Indian patience is not inexhaustible.

NEWS THIS SEASON FROM THE WORLD'S tourist capital, London no less, must be about the thinnest for at least a decade. Returning visitors tell me they have never known the old place so dull, no longer "swinging" at all. Predictably, of course, spring was late in arriving despite the mild winter, and there is still no promise that the summer is going to be anything other than its damp and normally dreary self. The West End is as crowded as usual, perhaps even more so since the inauguration of so many "jumbo" services, and this year the familiar heavily American-accented English heard in hotel lobbies is occasionally being drowned by French, Italian and Spanish voices. Against all the dictates of logic, Britain is indeed becoming a holiday mecca for south Europeans, who presumably are seeking a rest from their own sunshine. If, however, it is cheap prices they are looking for, then there is going to be much disappointment in London this year. The city is not yet as expensive as Paris, although there is much in the Parisian claim of giving better value for what is charged. But it is not the bargain-hunter's paradise it was two or three years ago. Hotel prices are the highest in Europe outside France, and food is now probably more expensive. Indeed, the British Government has even been heard to admit that joining the Common Market could mean cheaper prices for some food. Service, by the way, is not yet spectacularly expensive, only bad. But what I gather distinguishes London this year is the absence of novelty, the sudden and complete loss of the former image as the innovation capital of the world. My informants tell me it is because this year's feminine fashion, "hot pants", is a French invention, and although it is certainly to be seen in London, the impression is not so much of something new as merely an excuse for not wearing the

same as last year. In other words, hot pants are not being worn aggressively like the mini-skirt once was. London fashion arbiters are eager to deny that Paris has regained the initiative, but somehow, or so I gather, the impression one gains in the London streets suggests they are wrong.

I DON'T SEE WHY I SHOULD BE squeamish about mentioning an incident which was front-page news in the *Sunday Times* last week, reported in greater detail on page 2 of the *Observer*, and discussed in a report in *The Times* on the following day. And the incident had been earlier reported in the BOAC staff magazine *Horizon*. What happened can be simply summarised: a previously unacquainted couple had sexual intercourse in full view of other passengers on a BOAC VC-10 flight from New York to Sydney. (No wonder the headline in both the *Sunday* papers was: "VC Ten-der-ness".) But the couple showed more enterprise than this bare statement might suggest. The man and the woman were first six rows apart; after they had managed to get together in adjoining seats two passengers in front of them complained about their conversation and conduct, whereupon the chief steward asked them to control themselves. But not only were they undeterred; the woman threatened to sue the airline and went and told the captain that she would kill him on arrival at Honolulu. To quote the shift supervisor's report, "she returned to her seat to carry on where she had left off with Mr. X. Both passengers had sexual intercourse

right in plain sight of all other passengers." Lest we should be unduly shocked, a former BOAC pilot, who is now a Conservative M.P., tells us that it is not uncommon for airline passengers to get "a bit amorous" during long-distance flights. I wonder if this is likely to be a behavioural hazard when space travel is organised on a commercial scale; but unless artificial gravity is introduced, weightlessness should be a sufficient physical deterrent. In any case, the possibility is now purely academic. But sex on the air can have quite a few unlovely consequences on earth. There has lately been much concern in medical circles in Britain over a sharp rise in the incidence of venereal disease; indeed, a group of business men, when recently shown a graph of V.D. figures, remarked that if these were export figures there would at last be the success story of all time. I should have thought that a plane was singularly unsuitable for serious dalliance; but evidently permissiveness has potentialities still unexplored.

ONE GATHERS THAT THE MEMBERS OF the London Stock Exchange rather surprised themselves by their recent vote to continue excluding women. Because the ballot was secret, members were able to give expression to their basically reactionary tendencies without the risk of being shamed individually; and this was the result. The Stock Exchange Council had accepted the principle of women becoming members some time ago. But then, they were a smaller body and their deliberations attract more individual publicity. Moreover, they had been

under pressure from the Monopolies Commission on this question of women membership and were, therefore, more sensitive to criticism. It appears nobody believes the exclusion can continue for much longer, however the members feel. This time it was sustained on a majority of 57 per cent to 43 per cent, and that is regarded as a gap which could easily be closed by a few members simply not bothering to vote. Also surprising was the fact that the admission of women attracted more support than the proposal to permit advertising. This again had already received the Council's approval, and everybody thought it would go through virtually "on the nod". The reason it did not seems to have something to do with the fear among smaller broking firms that advertising would favour the competitive power of the larger ones, and eventually squeeze them out of business. There could be some truth in this, although one might add that it is very much the way of the commercial world. But the real reason for rejecting advertising is much the same as the one behind the decision to continue excluding women, namely, that the London Stock Exchange is a highly conservative institution which just does not welcome changes that it can possibly avoid. The membership still claims this as a virtue, a protection for the public against the kind of practices which can develop on a stock exchange when the atmosphere is too commercial and not sufficiently gentlemanly. Perhaps regrettably, it is the kind of rationalisation which in Britain nowadays carries rapidly diminishing weight.

THE DITCHER

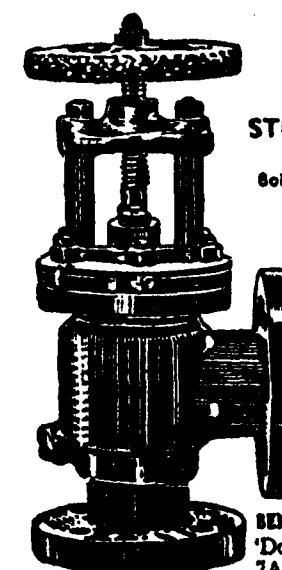
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MANAGEMENT

How a Manager Can Run His Organisation Efficiently

By R. P. Nadkarni

A manager is the mind of an organisation, whose health depends on the way he runs it. It is thus most necessary that he should have the will to introspect honestly and objectively.

AN organisation is what its men make it. It is a multitude of men, a projected image of these men. Its form and fame depend heavily on the men constituting it. If the men are able, it will be a good organisation; if they are mediocre, it will be poor. But how does an organisation become poor? What are its maladies? Are there any curative or preventive measures for them? Anything can become good if the bad elements are removed from it. And it is true of an organisation as much as of anything else. A haphazard, unplanned growth of an organisation, if allowed to take place, can bring about a definite setback in efficiency. The overgrown organisation tends to be lethargic like a python. Indecision and inaction are at their best there. Such an organisation without proper systems and controls would not be able to recognise faulty operations and uneconomical activities, or act in time to correct them.

Organisational Cancer

Cancer is incurable, it is said, unless it is detected and treated at the initial stage itself. And just how true it is of organisational cancer! A company starts as a small office and its tentacles grow. It starts dabbling in all sorts of activities and a variety of products. It sets up branch offices, area offices, depots, stocking and distributing centres and what not. Thus it grows and grows. But what happens to its systems? Do they continue to be what they were or are they geared up to meet the increased needs effectively? Does someone in the organisation bother to work out the economics of setting up additional offices or taking up new ventures or going in for new products? Does he examine the managability of the new activities and the availability of resources? Or does he want his company to expand merely

for the sake of pride and prestige? If the growth is merely physical, without improvement in profitability or is accompanied by deterioration in profitability and efficiency, it is most undesirable. Such a growth is cancerous. It should be detected and checked in time. Or else, it is sure to ruin the organisation.

The therapy is standards. Standards should be set for profitability, for expenditure a unit of sale, for costs to earn unit profit, for utilisation of inventories and space, for manpower requirement, for machine capacities, and last but not least, for financial resources. Market should be surveyed thoroughly and sales potential established *vis-à-vis* the competition before proceeding any further. Once the market is found to be decidedly favourable, different available resources should be mobilised judiciously to ensure their most profitable utilisation and to derive satisfactory returns on them. Effective systems and controls should be established for communication and decision making. Requisite and relevant feed-backs should be made available to enable managers at all levels to manage operations efficiently and economically.

Losing a Man

Men in an organisation are like its limbs, toes and fingers. The parting of men from an organisation on grounds other than retirement or dismissal is like falling off of limbs, toes and fingers. And the reasons for their leaving could be varied and many. Try any of these and you can quickly lose a man from your organisation: (a) do not give him guidance; let him commit expensive blunders for which fire him left and right; (b) do not sympathise with him; have a good laugh when he tumbles; (c) do not promote him nor think of his advancement; (d) do not encourage his good ideas and suggestions; frown at them; (e) do not give him adequate authority but only delegate enough responsibility; and (f) do not appreciate his good work but always

yell at his weaknesses. Observe these simple rules and be successful in losing all your men, including good ones—gradually or quickly depending solely upon your own ability and desire to lose them! The therapy for this is simple—just do not observe these “don’ts” given above, but practise their “do’s”. You will be able to retain all your good men who would not only admire you but love and respect you!

Then, there is what one can describe as organisational common cold. Just as the common cold goes from nose to nose, so also the organisational cold spreads from one company to another. This happens at the so-called conferences, seminars and symposia. Unfortunately, certain mushroom institutions hold the so-called management seminars at which some executives meet. One executive proudly says to another at a coffee break: “We have systems and operations research unit in our company” but what work that unit has been doing he does not know. He had instituted that unit because at some other similar seminar he had heard from an equally high ranking executive of an equally big company that the latter had one in his company. If the former’s company was to be reckoned at the same level with the latter’s, the former obviously could not do without a research unit. After hearing this, the listener also catches the infection and sets up a similar research unit in his company without considering its suitability, so that at the next seminar he could boast of his possession before some other “have-nots”. All this show is at his company’s cost. Does not it appear like the common cold? But what is the remedy? Avoid mushroom seminars, in just the same way as you would avoid a man with common cold. If you cannot at least do some shifting as one would with a handkerchief. Examine the suitability, desirability and utility of any unit before aping it in your own company.

Complacent Attitude

Then, there is the “vertigo” when you feel that everything is revolving around you. When you reach great heights you feel it more. A person on the upper rungs of the organisational ladder is likely to suffer from it. He would feel as if the whole organisation is revolving around him. He becomes self-centred. He

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ignores the difficulties experienced by people at lower levels. He fails to appreciate their problems. He does not just bother about what is happening at lower floors and about how it happens. With such a complacent attitude, the top men of the organisation can quickly lead it to a shambles. The cure for this is simple. Managers at all levels should take enough and genuine interest in the men working under them and in their work. They should recognise their problems, appreciate their genuine difficulties and help in solving them. They should provide them able guidance and direct and control their work effectively. If they do this, they will be admired by the people as their true leaders.

Next comes the organisationally schizophrenic executive. He would talk at staff conferences that the organisation and its every member has to realise the financial stringency the organisation is going through and that the staff have to economise on every rupee of expenditure. But the next day he would have his entire bungalow, that was painted only six months ago at company's ex-

penses, repainted again at company's cost so that the shade of the paint could match with the furniture that he purchased at company's expenses only a month before! He forgets that austerity, like charity, begins at home. There are others like him also who would announce a drastically strict policy of recruitment at lower levels to cut down expenditure, but would take up quite a few new people at higher levels in spite of knowing well that the organisation could very well do without them or even do away with some of the existing high-ups. For such cases, the simple prescription is: remember productivity is like a waterfall: in order to be able to flow forcefully down the ravines, it must start high up in the mountains. One must practise a thing oneself and set an example before preaching it to others, particularly to those at lower levels in one's organisation. Only then could one lead effectively and expect others to follow.

Long-term Plans

In addition to all this, there may be cases of organisational myopia.

The executive suffering from this defect is unable to prepare long-term plans, foresee long range effects and chalk out policies and strategies accordingly in advance. He works only on short term policies in a peaceful manner. But hit and miss type of short term working is detrimental. An executive working on unrelated and purposeless short-term policies will wake up late only to find that his competitors have already overtaken him and gone ahead in the race. The therapy is simple. He has to develop the ability of thinking clearly and in time.

Unfortunately, executives at lower levels also often tend to think on the same lines as the top man. They see only the things that the top man sees. There should be a few non-conformists in an organisation, if it wishes to make any purposeful progress. Similarly, an executive may be unable to make out good, able and reliable persons in his organisation from those who are incapable and not trustworthy. He has to develop the ability of knowing people, of understanding their strong points and weaknesses, of appraising their performances objectively, of rewarding the deserving in a befitting manner and of counselling the deficient in time.

Moreover, if authority is centralised and responsibilities decentralised, the organisation soon becomes anaemic and runs into the risk of suffering a paralytic attack. Authority should, therefore, be decentralised as much as possible and should always go hand in hand with commensurate responsibility. Authority and responsibility are inseparable from each other. So, just as human diseases can be many and varied, organisational diseases can be different and plentiful. They need to be detected soon, diagnosed correctly and treated properly and carefully if the patient wishes to lead a healthy life.

Unlike human diseases, however, some of the organisational diseases can be treated without resorting to expert external advice. What is necessary is the will to introspect honestly. A searching look and an objective self-appraisal on the part of each manager can bring about dramatic improvement in the health of an organisation. Where the mind is healthy, the body is sound. And managers are the minds of an organisational body.

SPECIAL ARTICLES

Progress of the Unit Trust: More Support to Capital Market Needed

(BY A SPECIAL CORRESPONDENT)

In a short span of seven years, the Unit Trust of India has established itself as an important financial institution. But it still can play a more important rôle in reviving confidence in India's capital market.

IN a short span of seven years, the Unit Trust of India (U.T.I.) has established itself as an important financial institution in the country's capital market. Ever since the Trust started operations in July 1964, after its inception by an Act of Parliament in February 1964, its basic objectives, to quote its chairman, have been "to provide a medium whereby savers from the relatively small and medium-income groups can obtain the benefits of equity investment with the inherent risks in such investments considerably reduced, if not eliminated." And so far it has played an important part both in mopping up the nation's savings and in employing them in corporate investments. The gross sales (in terms of face value of the units) since its inception have increased from Rs. 19.14 crores in 1964-65 to Rs. 22.83 crores in 1969-70, with the total standing at Rs. 102.48 crores in March 1971. After allowing repurchases worth Rs. 11 crores till 31st March, 1971, the net savings and the total resources of the Trust (together with initial subscribed capital, reserves, etcetera) amounted to more than Rs. 91 crores and Rs. 102 crores, respectively, on 31st March, 1971. The total investments by the Trust as on 30th June, 1970 amounted to Rs. 88.3 crores.

All operations of the U.T.I. are conducted with the interests of unit-holders in mind. Under provisions of the Unit Scheme 1964, its investment is distributed in a balanced pattern, consisting of securities bearing both fixed and variable income. In the opinion of its chairman: "We are as keen on buying sound equities, preference shares and debentures today as we have been for the past six years. This should dispel any doubt about our readiness to carry on normal investment operations." Besides, it has made arrangements for

investments in Government securities and selling the same to the Reserve Bank of India, if so required. The Trust is keen to incorporate various types of securities in its investments within the following principles: (a) Barring some debentures, the U.T.I.'s investment in securities of a company is limited to 5 per cent of its funds or 15 per cent of the company's outstanding securities, whichever is lower; and (b) as far as investments in initial issues of capital of new ventures are concerned, they are limited to 5 per cent of the Trust's total funds.

In order to earn a higher return on the temporary surplus funds, the Trust also taps the call market. It made its debut in the capital market as an institutional investor in 1964 when the market was very much depressed. And to the credit of institutions like the U.T.I., the Life Insurance Corporation and the Industrial Development Bank of India, a new era has been ushered in the market since 1964. Indeed, in the opinion of the Trust's chairman, the U.T.I.'s investment activities "have played a significant rôle, at any rate qualitatively, in sustaining the market even if the figures of its investments alone might not reflect this fully." The Unit Scheme of 1964 makes it obligatory for the Trust to deploy a substantial portion of its investible funds for investments in shares or securities of well-established concerns and restricts larger investments in issues of new undertakings because of their inherent risks or waiting periods. In fact, such safeguards are necessary to ensure regular incomes from investments and capital growth and to guarantee the safety of capital of the unit-holders. Thanks to its balanced portfolio, the rate of the Trust's dividend to unit-holders has increased from 6.1 per cent at the beginning to 7.1 per cent in 1968-69, 7.2 per cent in 1969-70 and 8 per cent in 1970-71.

The success of the Trust depends, however, on its capacity to mobilise savings from the community at large. And it is a very hard task indeed; more so because of the diffi-

cult task of explaining the sophisticated nature of the Trust's working to the semi-illiterate millions who are almost ignorant of the working of corporate enterprises. While the chairman of U.T.I. feels that "this is bound to take some time", he is optimistic of further progress in the immediate future considering the better industrial outlook, revival of industrial investment in the Indian economy and the emergence of confidence among investors, besides other measures at the official level. Citing the lessons of other leading countries, where as an institutional medium the unit trust movement has already proved its immense potentialities both for mopping up savings and canalising the same into corporate investments, he logically concludes that even though the conditions are somewhat different in India, the Trust is full of possibilities for sustained growth to play its proper rôle in the nation's capital market.

The rôle to be played by U.T.I. and L.I.C. to create confidence in the capital market hardly needs any emphasis. Indeed, interested circles feel that by making substantial purchases, these two financial institutions can impart stability to share markets at

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a time when the morale of such markets is at a low ebb and constant difficulties are faced to raise any fresh capital for new ventures. In any event, when the nation is keen to maintain the present trend of in-

Prospects for India's Exports to the Philippines

By K. S. V. Menon

A recent N.C.A.E.R. study has shown that India can increase the exports of a number of items to the Philippines. This will be possible if there is a co-ordinated move by the Government of India and the business community to cultivate the market.

INDIA is striving hard to expand her trade and economic relations with as many countries as possible. The exchange of goodwill and trade missions has now assumed a new dimension. One of such delegations which visited this country recently was from the Philippines. The Philippines, comprising an area of about 300,000 square kilometres, has a population of a little over 35 million, growing at an annual rate of 3.4 per cent. The primary sector provides employment to 57 per cent of the total labour force. The secondary sector accounts for another 15 per cent, while the share of the tertiary sector is 6.6 per cent. A little more than one-third of the land area is under cultivation—about 40 per cent under forests and the rest under other categories. National income has shown a distinct rise of about 10 per cent a year. Agriculture contributes 31 per cent of the national income, while industry, mining and construction account for 23 per cent. The share of the service sector is 46 per cent.

Although the national economic policy of the Philippines formulated some development programmes in the early 'fifties, it was only in 1962 that a five-year integrated programme for the period 1962-67 was introduced, with the basic objectives of (a) achieving a rate of growth of 6 per cent in national income during the period 1962-67; (b) increasing the gross domestic saving from 13 per cent in 1962 to 15 per cent in 1967; and (c) an investment of 12 billion pesos. Unfortunately, however, no evaluation of the programme appears to have been made. A four-year economic programme (1967-70)

industrial development, it is not too much for Indian industries to expect that the L.I.C. and U.I.C. with their disposable resources, will come forward to bolster the trading sentiment and arrest the sagging markets.

was introduced in 1967. The major aim was to achieve a rate of growth of 6.1 per cent in gross national product; agricultural output was expected to record a rise of 4 per cent, and manufacturing 8.4 per cent a year. Over the four years, the plan envisaged (a) a public works programme costing 3.1 billion pesos, (b) a land reform programme calling for an investment of 14.1 billion pesos and (c) the execution of high priority industrial projects involving an expenditure of 1.3 billion pesos. The total investment envisaged in the Plan was 23.2 billion pesos. The ratio of investment to gross national product was expected to increase from 21.7 per cent in 1967 to 23.5 per cent in 1970.

The changes in the economic structure of the Philippines are truly reflected on its external trade. The share of industrial goods, particularly semi-processed raw materials, has shown an upward trend. All producer goods and intermediate products like chemicals, base metals, machinery and transport equipment have shown an average annual growth rate of 10 per cent. Imports of manufactured goods have considerably fallen. This is in line with the broad trade and economic policies pursued by the Government, namely, (i) rationalisation of the industrial structure; (ii) imports substitution as far as possible; and (iii) diversification of exports through increasing stress on processed goods. Some studies of the likely trends in foreign trade have been made by the Manila Government. From about \$1,203 million in 1967, the import bill is likely to rise to \$1,850 million in 1973, the annual growth rate being 7.4 per cent. Experts, however, feel that the projections may be on the low side, as the economy is still at the initial phase of development characterised by a high import content. The validity of such projections depends upon the behaviour of economic variables like the expected growth rate of

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national income, its composition, pattern of imports, and the consumer behaviour.

Exports have recorded impressive gains in the 'Sixties. They consist mainly of primary products. Ten major commodities account for 85 per cent of the total foreign exchange earnings of the Philippines. On the basis of demand and supply factors up to the year 1970, export projections have been made by the Government. During the period 1971-73, the growth rate of exports has to be 8.2 per cent. The overseas sales of copper concentrates, timber and sugar are expected to go up. The United States and Japan are the major partners accounting for about 68 per cent of the total trade. Past political and economic ties with the former while the geographical proximity and aggressive sales drive of the latter can be said to be the main reasons for this dependence on only two markets by the Philippines.

Concerted efforts are now under way to diversify the trade and economic relations. For instance, the Philippines business men with the tacit approval of the Government have been exploring the possibilities of entering into trade relations with some east European countries, including Russia. Recently, an agreement was reached with Bulgaria for a limited trade of about \$5 million a year. There are possibilities of more such agreements on a chamber to chamber or product to product basis. A Congressional Survey Mission from the Philippines which has just returned from a visit to the C.O.M.E.C.O.N. countries has pleaded for liberal trade and cultural relations with this bloc.

India's trade relations with the Philippines have not been impressive, the two-way trade amounting to \$5 or \$6 million. In the 'fifties, textile goods accounted for over 70 per cent of India's total exports to that country. With the setting up of jute and cotton textile factories there under protective tariffs, India had lost the market for these goods. However, there is a distinct diversification of export trade from India. Metal manufactures, electrical cables and apparatus, engineering goods, chemicals, etcetera, are now being exported to that country. Changing import structure of the Philippines, inadequate shipping facilities and the lack of commercial publicity are responsible for the tardy progress of the export trade from India. Indian im-

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ports from the Philippines mainly consist of abaca fibres and rice.

A recent study by the National Council of Applied Economic Research has shown that India can increase the export of a number of items to the Philippines. The products identified are jute goods, dyestuff, iron and steel products like blooms, billets, steel pipes and tubes, structurals, aluminum ingots, diesel engines, machine tools, electrical transformers, switchgears, railway equipment, etcetera. It has been estimated that Indian exports can reach the figure of \$10 million by 1974. The market will not, however, come automatically, but has to be cultivated. Both the Government and trade have to play a positive rôle in that direction. It should be noted that marketing approaches and practices vary from product to product. For instance, in the case of pharmaceuticals and surgical goods, frequent visits to establish contacts and to keep abreast of market conditions are necessary for increasing sales. Similarly, Indian exporters of electrical apparatus will do well to keep in mind that the domestic power supply in the Philippines is given at 220 volts and 60 cycles. The quick disposal of trade enquiries, furnishing of all required information, including samples, while submitting tenders, timely execution of orders, adherence to specifications, etcetera, will improve the image of India.

On the part of the Government, measures should be taken to publicise the industrial progress registered by India and her capability to supply the growing requirements of the Filipino market. For example, the Indian embassy in Manila should exhibit films showing the progress of the country. The commercial section of the embassy has to do a lot of home work to transform itself into a catalytic agent in trade promotion. A regular direct shipping line touching Bombay, Calcutta and Manila would go a long way in facilitating the flow of goods.

Joint venture prospects in the Philippines are good. In foreign collaborations the Government generally prefers joint ventures with substantial local capital and management participation. The domestic and foreign investors are given equal treatment in investment openings and service obligations. The Government adheres to constitutional rights of investors and freedom from expropriation without compensation. Specific areas where investments would be encouraged have been indicated in the Investment Incentives Act

which is new and untried in the Philippines."

Some of the business houses from India have already entered the market. Kirloskars are understood to have finalised arrangements for the manufacture of diesel engines in collaboration with a local firm. The Board of Investment of the Philippines has given its sanction for the project. The Hindustan Machine Tools has taken certain steps to introduce its products by appointing a local firm as its representative in Manila. All this seems to suggest that the Philippines is a market worth exploring.

CURBING THE DOLLAR RACKET

By A Special Correspondent

The dollar exchange racket has now assumed alarming proportions in New Delhi. It is a pity that the Government has not yet done anything to stop it.

EITHER the Government is blissfully ignorant, or its operation is obsolete—thousands of people in the capital and other metropolitan towns are thriving on the dollar exchange racket. These racketeers include men of different professions. It has been estimated on a conservative basis that each day witnesses dollar transactions of about Rs. 5 crores—it all adds up to a fantastic sum a year. The *modus operandi* is simple. A large number of foreigners who come here wish to exchange dollars for rupees. Of course, they receive their currency's worth at the official rate which is a trifle less than Rs. 7.50 a dollar. The dollars are preserved with parental care. One who requires dollars is prepared to pay at the rate of Rs. 10 or Rs. 12 a dollar.

Despite tantalising publicity, Air-India is not finding it easy to attract a large number of passengers. In a bid to attract a larger clientele, it announced some time ago that passengers travelling for the first time would be entitled to \$100. This hardly quenches the thirst of those who wish to return to India with a television set, a transistorised tape recorder, a movie camera, an automatic wrist watch and scores of other

articles. Travel agents who book seats on behalf of some airlines accept rupees and hand over foreign currencies on landing.

It is alleged that many pilots have amassed wealth by indulging in this lucrative business. They bring dollars as well as foreign goods which find a ready market in India. It is reported that the civil aviation and Customs officials posted at India's international airports do not like to be transferred elsewhere: these are prize postings.

Taxi-men and tourist guides have fabulous earnings from the dollar exchange. A taxi-man and a guide earn anything between Rs. 40 and Rs. 60 a day. In Delhi alone there are a number of sophisticated dollar shops. Half a dozen are in the Connaught Circus area. The hippie tribe is another source of income.

The dollar exchange racket has been in existence for almost two decades. It has now assumed alarming proportions. With a sudden spurt in international travelling, especially after the relaxation of restrictions, the dollar kings are having the best of times. It is a pity that the Government is sleeping over the colossal loss the nation is suffering through the black sale of dollars. While crores of rupees worth of smuggled gold and other articles are seized by the Customs, the authorities have failed to rip open the dollar racket cobweb.

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INDUSTRY

Is the Licensing of Mini Steel Plants a Deviation from Industrial Policy?

(BY A SPECIAL CORRESPONDENT)

The Government does not look upon the development of mini steel plants as a deviation from the Industrial Policy Resolution. The area of production that will be covered by these units will be negligible compared with the output from major steel plants.

THE Young Turks in the ruling Congress and the leftist Opposition in Parliament seem to be obsessed with the "monopoly" of the public sector over certain key industries. The Industrial Policy Resolution of 1956 had no doubt reserved certain key sectors for the public sector and among them were included "iron and steel". But now that the Government has allowed licences for six mini steel plants, four of which are to be set up in the private sector, the votaries of public enterprise have started complaining about "deviation" from the declared policy. One Young Turk has, it is learnt, questioned the Government's decision in a personal letter to the Central Steel Minister, Mr. Mohan S. Kumaramangalam, while some leftist parties are trying to raise the issue in Parliament.

The fact, as has been explained by Mr. Kumaramangalam more than once, is that these are not integrated steel plants. In fact, even the term "mini steel plant" is somewhat a misnomer. The new units now licensed are only electric furnace units using ferrous scrap as the feedstock. They are to convert it into ingots and billets suitable for rolling into usable profiles. They only transform what is already iron or steel into another form—something which is now being done on a smaller scale. They are distinct from integrated steel plants which manufacture iron and steel from "ore".

It is officially explained that small units, converting steel scrap into steel castings, ingots and billets and other usable forms of steel, were in existence even prior to the first Industrial Policy Resolution of 1948. They were installed even after 1956. From May 1966 to February 1970, this industrial sector was delicensed

and exempted from the operation of the relevant provisions of the Industries (Development and Regulation) Act, 1951. This only proves that this type of industry was never intended to be reserved exclusively for the public sector. The contention of the Steel Ministry is that the present interpretation reserving the manufacture of these metals "from ore" for the public sector is adequate.

Another argument advanced by official circles is that the area of production that will be covered by the mini steel units is negligible compared with production from the major steel plants. As against the total production of 6.7 million ingot tonnes from the integrated steel plants in 1969-70, the electric furnaces contributed less than 115,000 tonnes of mild steel ingots in 1969-70. By 1978-79, the corresponding capacities will be around 19 million tonnes and 1.5 million tonnes. Even if the private sector integrated plants and electric furnaces are compared with the public sector, the share of the public sector which was about 58 per cent in 1969-70 will go up to about 79 per cent by 1978-79. Thus, the share of the public sector in steel production will increase steadily even after including the small electric furnaces.

The letters of intent for the six mini steel plants do not represent in any way a departure from the Industrial Policy Resolution. The Resolution says that the development of iron and steel industry should be exclusively reserved for the public sector. But, after the passing of the 1956 Resolution, a large number of licences have been given to private industrialists to set up electric furnaces and cast either forgings or castings or billets by using moulds with scrap as the feedstock. There are at present about 171 electric furnace units in the country. The letters of intent for the six mini plants differ in character from the previous position only in that they provide for continuous casting (a new technological method of casting steel billets) as opposed to the old conventional system of casting through moulds. The licences are for standardised plants of 50,000

tons each, to be cast on the basis of the use of steel scrap in electric furnaces.

The electric furnace units will in their small way be reducing the country's steel shortage. The Government has readily accepted proposals put forward by some State Industrial Development Corporations and will welcome more applications. It is common knowledge that the electric furnace units will not be able to compete for quite some time to come with the integrated plants in terms of production costs. The Government does not look upon the development of mini steel plants as the main way of countering the steel shortage. This is mainly to be done by improving the production of the integrated steel plants. The targeted production for 1971-72 from the three public-sector steel plants is 3.59 million tonnes, as against the actual production of 2.64 million tonnes in 1970-71. If the target is achieved, this will mean an increase of 950,000 tonnes of salable steel.

TYRE

Relieving Shortage

Automotive tyre manufacturers in India have taken a number of steps to ease the shortage of tyres recently caused by labour difficulties and acute power shortage in various parts of the country. Since the third week of April, there has been a total loss of production in a tyre factory in Madras, where the workers have been on strike. Labour difficulties are also being faced by a number of other factories, resulting in heavy losses in production. The tyre industry, taking a realistic view of the situation, feels that this shortfall is unlikely to be made up in the near future and, as such, has recommended that the Government should allow the import of truck tyres. The industry has already taken several steps to ensure an equitable distribution of tyres, and the sale of tyres at recommended retail prices by authorised dealers.

The long-term solution, however, is for the Government to ensure that there is sufficient available capacity to meet the growing demand of the domestic and export markets. It is also felt that in the light of past experience, the Government should permit further expansion to the existing units, as they have the necessary experience and technical and managerial skills to implement expansions quickly.

AVIATION AND TOURISM

Tax on Foreign Travel May Affect Airlines

By C. R. Thiaga Raja Varma

The relaxations in P form regulations and the concessional affinity group fares offered by Air-India are designed to fill the airline's newly acquired capacity. But the new tax on foreign travel may result in the negation of these concessions.

THE Finance (No. 2) Act, 1971, provides for the levy of a tax on foreign travel by air or sea. The tax "which is not quite in the nature of an excise levy" will extend to the whole of India except the State of Jammu and Kashmir. It will come into force from 15th October, 1971. The statutory rate of this tax will be 15 per cent *ad valorem* for the standard first class and 10 per cent *ad valorem* for the economy or tourist class passenger on the fare paid in rupees whether the tickets be for one way or return journey. For this purpose, when a passenger performs an international journey at a concessional rate or without being charged any fare, the fare ordinarily payable for the journey shall be deemed to be the fare payable by such a passenger.

The term "fare" has been so defined as to mean the total amount of all charges of whatever nature (including charges, if any, for provision of food or accommodation) payable to the carrier by, or on behalf of, a passenger in respect of his international journey. Similarly, the term "international journey" has been so defined as to bring within the scope of this levy further journeys abroad from the initial point to which the ticket has been purchased if the tickets for such further journeys are paid for in rupees. In all the above cases, tickets paid for in foreign exchange will be exempt. As the levy is restricted to purchases of tickets made only in rupees, foreign tourists, Indians domiciled abroad and other persons holding tickets purchased in foreign currency would not fall within the scope of this tax.

The liability of paying this tax has been fixed on the carrier. "Carrier" for this purpose means the person or authority undertaking the carriage

of a passenger on an international journey and includes any agent, representative or other person acting on behalf of such a person or authority. Agents or representatives, who book tickets on behalf of airlines operating in the country or airlines not operating in the country or agents acting on their behalf who book tickets for international passengers which are paid for in Indian currency, would have to ensure that the tax is collected from the passenger and credited to the Government through the carrier for whom they may be acting as agents or representatives. Any carrier who fails to discharge this responsibility and any person committing a breach of any rule or regulation made in connection with this tax shall be liable to a penalty not exceeding Rs. 5,000.

The Central Government has been empowered to make rules to carry out the purposes of this new levy. The important matters in respect of which such rules may be made relate, *inter alia*, to the assessment and collection of the tax, including the charges for collection payable to carriers, the specification of authorities competent to function in this regard, the procedure for adjudications of penalties, the recovery of amounts due by way of tax, and the powers of the authorities in respect of entry, inspection and search and appeal and revision in the case of orders made in connection with the tax. The rules and notifications made by the Central Government have to be laid before both the Houses of Parliament. The existing machinery of the Customs and Central Excise Department is proposed to be utilised for the enforcement of the provisions relating to this tax.

It has been said that of all the follies committed in this year's Budget, the one that defies all understanding is the tax on rupee paid travel. But one may not entirely agree with this view. It may be noted that Israel also has a similar tax. It is also 20 per cent on the cost of the ticket. But what is not

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understandable is the retention of the "P form" after the imposition of this tax. In fact, it should have been done away with but it still remains in an attenuated form.

In the course of his Budget speech, the Central Finance Minister assured the members that he is not taking away what many airlines have graciously offered by way of concessional fares and that with the proposed *ad valorem* tax, the value of the concession in absolute terms would in fact be enhanced. He indicated that provision will be made by the issue of appropriate notifications and rules in relation to airlines offering concessional fares or undertaking group bookings at concessional rates or charter flights. The increase in fares from this levy, coupled with the hike in world fares recently imposed by the I.A.T.A., will fully offset the boost to foreign travel resulting from the relaxations in "P form" regulations and the concessional affinity group fares offered by Air-India. These concessions to the rupee-paying traffic are mainly designed to fill the newly acquired capacity of Air-India. The new tax may result in the negation of these concessions!

Realising that the ultimate loser of the impost would be Air-India, one of the few public enterprises working at a profit, Mr. Chavan scaled down the tax rate while moving the Finance Bill in the Lok Sabha. He made a cut in the rate from 20 per cent to 15 per cent for the first class and from 20 per cent to 10 per cent for the economy class passengers. The loss in revenue as a result of these modifications is roughly estimated at Rs. 3 crores to Rs. 4 crores. This cut in the rates may not be adequate. But the Central Finance Minister's thinking has apparently been influenced by the argument that rupee-paying travellers on Air-India represent only a fraction of the total passengers carried by it.

Still, the intention of this levy is not quite clear. If the intention is to discourage foreign travel *per se*, then it is certainly obscurantist. If its intention is to check conspicuous consumption, the tax is insufficiently discriminatory, penalising as it does business men, exporters, civil servants and others in search of new markets, technologies and ideas. If these categories of foreign travellers were excluded, the revenue gains would be insignificant. The basic aim, it appears, is to soak further the "haves".

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TAXATION

Removing Tax Discriminations Against Trading Companies

By H. R. Bose

Trading companies have to bear an unduly heavy burden under the provisions of the Income-tax Act, as compared with industrial companies. But since trade is as much important as industry for economic growth, these anomalies should be corrected without delay.

TRADE is no less important than industry in the economic set-up of any country. As a matter of fact, both trade and industry have to move hand in hand to achieve the objective of rapid economic development in keeping with the needs of a country. But, unfortunately, in India, it is found that the trading companies have been discriminated against both under the Indian Income-tax Act as also under the Companies Act. There is, however, hardly any reason why trade should be accorded a secondary rôle *vis-à-vis* industry, particularly when they are complementary to each other and when both play an equally important part. Leaving aside the position under the Companies Act, some of the instances of glaring discrimination against trade under the Income-tax Act are discussed here.

(1) *Tax on registered firms:* Most of the trading activities in the country are carried on in small or medium scale, either on ownership basis or as registered firms. But, unfortunately, the registered firms are at present subjected to double taxation. They are taxed once as registered firms and taxed again in the hands of the partners. The Law Commission, which suggested the abolition of the tax on registered firms, remarked, "This is least defensible provision of the present Income-tax laws. This provision for double taxation is without precedent, so far as we have been able to gather in the history of the income-tax legislation either in this country or in the other countries whose laws we have examined. This type of legislation cannot be supported on any consideration of justice or fairness or any sound principle of taxation".

Mr. S. Bhoothalingam had also suggested the abolition of the tax on registered firms in his report on tax reforms. But instead of accepting his recommendation, the limit of the tax on registered firms has been reduced, thereby bringing even a very small number of trading companies within its purview.

(2) *Penal interest on penalties on registered firms:* Registered firms have again to suffer from great hardship for failure to comply with some of the provisions of the Income-tax laws, namely, the delay in submitting returns under Section 139 and/or default under Section 271. In the case of registered firms, it has been provided under Section 139 of the Income-tax Act that interest is to be charged on the amount of tax payable as if the firm had been assessed as an un-registered firm. There cannot be any justification whatsoever for calculating the interest on the basis of tax payable as an un-registered firm when in principle the firms are not regarded as distinct personalities and the tax is levied in the hands of the partners. Not only this, the partners are also liable to pay interest on the same income derived from such registered firms if they fail to submit returns within the time-limit laid down under the Act. The result is that the quantum of interest on a firm on the basis of an un-registered firm's tax comes to eight to ten times more than the interest on the basis of a registered firm's tax.

(3) *Income-tax on companies other than those under Section 108:* In respect of income-tax on companies other than those under Section 108, namely, the companies in which the public is not substantially interested, the rates of income-tax (if they have made prescribed arrangements for declaration and payment of dividends within India in accordance with the provisions of Section 194) are much higher. Here is also a clear discrimination against the trading companies which are mostly non-individual companies.

(4) *Income-tax on undistributed income:* In terms of Section 104 of the Indian Income-tax Act, where the profits and gains distributed as dividends by any company are less than the statutory percentage of the distributable income of the company, the company is liable to pay, apart from the sum determined as payable by it on the basis of the assessment under Section 143 or Section 144, at the following rates on the distributable income as reduced by the amount of dividends actually distributed, if any: (a) 50 per cent in the case of an investment company, (b) 37 per cent in the case of a trading company, and (c) 25 per cent in the case of any other company. Here also, there is a clear discrimination against the trading companies.

(5) *Deduction in case of new industrial undertakings:* In respect of new industrial undertakings employing displaced persons, etcetera, provision has been made under Section 80H for allowing deduction from the profits and gains of amount equal to 50 per cent in computing the total income of the assessee. Again, under Section 80J, provision has been made for the deduction from the profits and gains of so much of the amount as not exceeding 6 per cent of the capital employed in such a new industrial undertaking. Again under Section 80K, provision has been made for allowing deduction in respect of dividends attributable to profits and gains from new industrial undertakings.

In the context of the fact that trading activities are as important as industrial activities, if not more, it is rather difficult to understand why in making the above beneficial provisions for industrial undertakings—presumably with a view to encourage new industrial investment—similar consideration has not been shown to new trading activities also. It hardly needs any elaboration that in an economy where there is too much emphasis on one aspect of its activities and too little on the other, the resultant growth cannot but be limping. It is, therefore, urgent that this matter should receive the immediate attention of the Government, and the prevailing discrimination between trading companies and industrial companies should be done away with at the earliest.

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MONEY AND BANKING

Will the New Bill Market Scheme Achieve Its Objective ?

(BY A SPECIAL CORRESPONDENT)

The new bill market scheme has been introduced in order to replace the cash-credit system. Banks have a useful rôle to play to make the scheme a success.

WHILE participating in a symposium on the bill market recently under the auspices of Bombay Jaycees, Dr. R. K. Hazari, Deputy Governor of the Reserve Bank of India, stated that it was the view of the R.B.I. that the sale of goods should be covered to the maximum extent possible through bill financing. He pointed out that the new bill market scheme which has come into operation from 1st July, 1971, would not impair the net liquidity ratio requirements of banks.

It will be recalled that the new bill market scheme was introduced with effect from 1st November, 1970, especially in order to replace the cash-credit system by widening the scope of the bill market. It is in this context that it becomes pertinent to find out what the statistics reveal. The composition of credit granted by the scheduled commercial banks for the period between March 1961 and March 1971 is given in the table below. It

is heartening to note that the percentage share of loans, cash credits and overdrafts has come down to 79.2 in March 1971, compared with 84.2 in March 1961. The proportion of inland bills purchased and discounted has, on the other hand, gone up to 16.2 per cent in 1971, against 12.1 per cent in 1961.

It appears that the recent liberalisations made by the Reserve Bank in the operation of the bill market scheme have contributed appreciably during the last year. Between March 1970 and March 1971, bank credit expanded by Rs. 703 crores, the share of loans, cash credits and overdrafts was of the order of Rs. 407 crores or 58 per cent, and that of inland bill finance was Rs. 270 crores or 39 per cent. This has to be compared with the share of loans, cash credits and overdrafts that has declined to 79.2 per cent of total bank credit from 83 per cent earlier and that of inland bill finance which has increased to 16.2 per cent from the earlier share of 12.3 per cent.

The objective of the new bill market scheme is to replace the system of sanctioning loans, cash credits and

overdrafts. This objective was laid down at the instance of the recommendations of the study group appointed by the Reserve Bank in order to enforce measures of discipline, by introducing the liberalised bill market scheme and by discouraging the renewals of loans, cash credits and overdrafts. If this responsibility of the new bill market scheme is considered, the performance does not appear to be quite satisfactory.

However, the present trend shows that the bill financing system is heading towards raising its share steadily in total bank credit. This is so, because the share of inland bills purchased and discounted in total bank credit was around 12 per cent during the period 1961 to 1970 while such bills aggregated Rs. 159 crores in 1961, rose to Rs. 270 crores in 1966 and increased sharply to Rs. 438 crores and Rs. 489 crores in 1969 and 1970, respectively.

Thus, the performance of the bill financing system is laudable in as much as it has achieved a record level of Rs. 759 crores in 1971, against a low of Rs. 159 crores in 1961. The importance of banks' appeal to their clients to move from the traditional system of loan financing to the enlarged use of bill financing can hardly be overemphasised. Banks should be able to convince their clients how useful is the enforcement of discipline through drawing of bills instead of relying on the discretionary accommodation to be provided by banks' officials.

COMPOSITION OF CREDIT GRANTED BY SCHEDULED COMMERCIAL BANKS

(Rs. in crores)

As on last Friday of March			Loans, cash credits and overdrafts (1)	Inland bills purchased and discounted (2)	Foreign bills purchased and discounted (3)	Total (1+2+3) (4)	Col. (1)	Col. (2)	Col. (3)
							as percentage of Col. (4)		
							(5)	(6)	(7)
1961	...	...	1,111	159	49	1,319	84.2	12.1	3.7
1966	...	...	1,946	270	73	2,289	85.0	11.8	3.2
1969	...	...	2,794	438	164	3,396	82.3	12.9	4.8
1970	...	...	3,296	489	186	3,971	83.0	12.3	4.7
1971	...	...	3,703	759	212	4,674	79.2	16.2	4.5

LABOUR

The Growing Labour Unrest Retards Industrial Production

(BY A SPECIAL CORRESPONDENT)

According to the annual report of the Central Labour Ministry, a large number of mandays were lost during 1970. This shows how badly the growing labour unrest is hampering the country's industrial production.

THE annual report of the Central Ministry of Labour, Employment and Rehabilitation, which was presented to Parliament recently, makes available certain important information concerning industrial relations in the country. One of the important barometers which measures the state of industrial relations in a given situation is the number of mandays lost in a particular year as well as the trend depicted during the past few years. Looked at from that angle, it is really unfortunate that 1970 was another period of industrial strife in the country. The number of mandays lost has been estimated at 17.17 million in 1970, against 19.05 million in 1969. Of the total number of mandays lost during last year, 2.72 million were in the Central sphere and 14.45 million in the State sphere, compared with 1.69 million mandays lost in the Central sphere during 1969. The Ministry states that the increase in the number of mandays lost in the Central sphere was due to the work stoppages in various ports and docks.

There is one field where the state of industrial relations has taken a turn for the worse and which is significant. This relates to the banking system which has been brought under Government control and ownership. If the data released by the Labour Ministry are any indication, since the nationalisation of the major commercial banks, the problem has assumed a new dimension. The report indicates some of the important work stoppages resorted to by bank employees in various nationalised banks in the country, besides all-India strikes sponsored by the Indian Banks Association and the All-India Bank Employees Association. Among the major banks which were affected by the strike wave were the Reserve Bank of India, State Bank of India, Indian Overseas Bank, National and Grindlays

Bank, Canara Banking Corporation, Bank of Baroda, Bank of India and Union Bank of India. The report mentions that there was a work-to-rule agitation in the Hyderabad circle of the State Bank of India from 19th February to around the end of March 1970.

It would have been better if the Labour Ministry took the trouble of making available data regarding the actual number of employees involved and the probable loss in business. However, it is stated that during 1970, 92 strikes were reported in the banking industry as a whole which resulted in a loss of 84,114 mandays. One may feel concerned about the fact that even comparatively well-paid employees like those of the Reserve Bank resorted to a demonstration strike without giving notice. This took place on 10th March, 1970, in Calcutta. The agitation started on 17th April, 1970, in Calcutta and lasted till 11th May, 1970. The strike fever affected the Indian Overseas Bank, the reason being the charge-sheet and suspension order issued by an officer of its Delhi branch. The story of the settlement of this dispute really shows that the management was cowed down even in a situation in which it was perfectly justified to use its discretion which is necessary to enforce discipline in any establishment.

A significant feature of the strike wave in the banking sector is that the industrial unrest is not only confined to the clerical staff but has also spread to some of the highly paid officers. Thus the officers of the Bank of India, numbering about 800, along with 2,000 officers in other branches of the bank all over the country, resorted to work-to-rule agitation from 14th January, 1971, to press their demand for an upward revision of their pay scales. At the instance of the Federation of the All-India Bank of India Officers' Associations, the agitation was called off on 19th February, 1971.

No doubt the Government is seriously seized of the problem of deteriorating industrial relations in the country and all possible steps are being taken

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to improve them so as to maintain industrial production and productivity. The recent conference called by the Central Labour Ministry and addressed by the Prime Minister is an example. This is a field where nothing tangible can be evolved immediately but it will take time to produce the desired results.

The imperative need for increasing the productivity of labour is all the more evident when it is realised that despite an apparent rise in money earnings, there has not been any perceptible improvement in the real earnings of workers. This is clear from the data released by the Central Labour Ministry. While money earnings of the workers in the manufacturing sector have been registering a continuously rising trend and went up by 6% per cent in 1969 when compared with 1961, the real earnings eroded to the extent of 2 per cent during the same period consequent on the increase in the cost of living.

The latest available data, however, show that the real as well as money earnings of factory workers increased by 4.3 per cent and 3.8 per cent, respectively, when compared with the levels of the previous year. One wished the Ministry also published the data regarding the increase in the productivity of labour so as to enable one to know whether or not the increase in money and/or real earnings is in sympathy with the rise in the input/output ratio. Such an analysis alone will indicate the real impact of the rise or fall in the earnings of workers on the cost of production and the price of the product concerned and, in turn, on the economy as a whole.

In the very recent past, much has been said and written about the workers' participation in management. It is reported that the Government is also moving in the direction of placing workers' representatives on boards of directors and, in fact, at least one State Government (Kerala) is understood to have issued a directive on this line. In this context it is interesting to note that the system of joint management councils has not found favour and their number has been coming down year by year. According to the Ministry's report, joint management councils were functioning in 83 establishments, 30 in the public sector and 53 in the private sector. The popularity and acceptance of the J.M.C.s in the industrial relations system of the country is yet to make its mark.

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INVESTMENT

U.S. Measures to Defend the Dollar Create Fresh Uncertainties for Shares

THE stock markets have been quiet this past week. Not only has follow-up support been lacking, but considerable profit-taking and tired bull liquidation have emerged at higher levels. Most counters have wound up the week well below the highest levels recorded early in the week and some shares have finished with small net losses. Nervousness has subsided, but confidence has still to return. The week's corporate news has also been fairly encouraging. But it is the Indo-Soviet treaty of peace, friendship and co-operation which seemed to have checked the further deterioration in market sentiment.

The treaty has brought considerable relief to the stock markets which seemed to have lost their nerve on increasing fear of an open conflict with Pakistan because of President Yahya Khan's frequent threats of war. The treaty which provides for mutual assistance in the event of an external aggression has put an end to the feeling of desperate isolation, and the chances of war with Pakistan have receded. If an oversold market has not responded in a big way to the receding prospects of a shooting war in the wake of the Indo-Soviet peace treaty, it is because the markets do not expect an early solution to the Bangladesh refugee problem which has seriously strained the country's resources and upset all budgetary calculations. Refugees already number over 7.5 million and with the influx continuing, one need not be surprised if the figure reaches 10 million in the not very distant future. This would mean a further enormous increase in refugee expenditure.

The problem of raising additional resources having assumed serious proportions, the stock markets have failed to derive much comfort from the Central Finance Minister, Mr. Y. B. Chavan's repeated statements that there is no proposal to raise funds through additional taxation. The stock markets do not think that all the needed funds can be raised through reduction in non-plan expenditure, better tax collection and a vigorous savings drive. The prospect of a larger deficit financing is none-too-pleasing when the economy is already experi-

encing increasing inflationary pressures.

The stock markets have still to reckon with many uncertainties, political as well as economic. The U.S. decision to cut foreign aid by 10 per cent and to impose a 10-per cent surcharge on imports is a new development which the market cannot view favourably. That the markets have not reacted to this news is perhaps because of its improved technical position resulting from the heavy selling in recent weeks. Apart from the fact that the markets' technical position is healthier than before, there is very little to entice potential investors to take a livelier interest in them. The outlook for equities remains uncertain. This perhaps explains why even institutional investors have continued to keep off the markets despite the sharp decline in equity prices over the past two months or so.

Government securities have remained dull this past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 59.90. Other Central securities have also remained quiet. Turnover has remained restricted.

The Calcutta stock market has been quiet this past week and turnover has been restricted. Operators are reluctant to extend their commitments in view of the economic and political uncertainties. They are also worried over the heavy financial burden that the Government of India will have to bear on account of the steady stream of refugees from Bangladesh. This apart, the deteriorating law and order situation is causing widespread concern. Among engineering shares, Burn, Guest, Keen, Williams and Jay Engineering have been transacted. Among paper shares, Seshasayee, India Paper Pulp and Titagur have been supported. Among jute shares, Budge-Budge Amalgamated, Chitavalsah and New Central have been quoted. Among coal shares, Western Bengal, Equitable and Bengal have come to hand. Among miscellaneous shares, Metal Box, Aluminium Corporation, Zuari Agro-Chem, Incheck Tyres and India Steamship have received support. Among tea shares, Rydak, Assam Brook, Gohpur and Bishnauth have changed hands.

Steadier conditions have prevailed in the Bombay Stock Exchange this past week. Equities have recorded widespread gains on bear-covering and selective replacement buying. Confidence to follow the rise is lacking, but sellers are inclined to be rather reserved. Most shares have had their early gains pared by profit-taking and stale liquidation but net changes over the week show a preponderance of gains. This week's outstanding features include Standard Mills, Associated Bearings, United Carbon, Polyolefins, Gujarat State Fertiliser and Synthetics and Chemicals. Except for Century Mills, which have been under considerable pressure almost throughout the week, the other popular counters in the cotton textiles section have displayed a steadier tone. Standard and Kohinoor have recorded sizable gains. Rayon shares have remained rather subdued due to reports of the raw material shortage and a possible cut in rayon and nylon yarn prices. There have also been reports of stock accumulation with manufacturers. Only Century Enka have closed higher over the week. Steel shares have ruled steadier on short-covering. Engineering shares have also displayed a steadier tone. Larsen and Toubro have closed the week with a small net loss. Automobiles have been supported on ideas of expansion plans. Among shipping

COMPANY REPORTS

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

Bank of India
Bengal Flour Mills
B.H.E.L.
Deepak Cable
Dunbar Mills
E.I.D.-Parry
Gwalior Rayon
Hindustan Lever
Indian Iron
India Tobacco
Kamanis
Modipon
Premier Automobiles
U.C.O. Bank

shares, Scindia have firmed up while Great Eastern have eased further. Cement and sugar shares have held steady with a limited turnover. Dyes and chemicals have put up a good showing and gains have been widespread. Pharmaceuticals have been dull and subdued. Among tyre shares, only Ceat Tyres have recorded a rise over the week. Paper shares have improved on fresh support and short-covering. New India Assurance have been neglected and business in electric shares has also been poor. Among miscellaneous counters, Hindustan Aluminium, Tata Oil and United Carbon have registered substantial gains while Motor Industries and Hindustan Lever have closed with small gains. Most other shares have ruled steady. Mention needs to be made about the decision of the Bombay Stock Exchange authorities to keep a closer watch on the business done by the members in the shares covered by the ten-day settlement scheme. Members have been asked to submit lists of daily transactions along with the total outstandings at the end of each day. This action has been taken to ensure that excessive speculative activity does not lead to payments difficulties.

The Madras stock market has been quiet this past week, and the volume of business has been restricted. Planting shares have received little enquiries. But United Nilgiri Tea and Blue Mountain have received selective support. Among textile shares, Loyal and Mettur Beardsell have been supported. In the miscellaneous section, Ashok Leyland, Mettur Chemical and Standard Motors have received en-

quiries. Bank shares have remained easy with selling pressure recorded in Indian Bank and Indian Overseas Bank. In the sugar section, Aruna Sugar and K.C.P. have attracted some 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	June 21/80	22/20	21/50	22/20	(22/85)
Dunlop India	34/50	34/60	33/85	34/25	(37/50)
Guest, Keen, Williams	36/45	36/60	35/30	35/65	(24/15)
Hindustan Motors	10/05	10/20	9/85	9/90	(16/34)
Indian Aluminium	35/60	35/65	35/00	35/65	(35/35)
Indian Cable	20/50	20/70	20/00	20/60	(17/15)
Indian Copper	3/64	3/75	3/63	3/73	(17/60)
Indian Iron	10/30	10/55	10/05	10/05	(16/20)
J. K. Cotton	7/65	7/65	7/60	7/60	(14/75)
Jaipur Udyog	9/00	9/00	8/90	9/00	(9/50)
Jayashree Tea & Industries	15/19	15/19	15/25	15/00	(15/50)
Kesoram Industries	13/60	13/60	13/25	13/50	(17/50)
Orient Paper	31/60	32/35	31/10	32/30	(37/10)
Orissa Cement	15/30	15/50	15/30	15/40	(17/00)
Robtas Industries	4/75	4/95	4/65	4/75	(7/76)
Textile Machinery	9/45	9/50	9/20	9/30	(11/60)

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corresponding period of 1971. This substantial reduction in the loss for the half year, when compared with the corresponding period of 1970, has generated some optimism among the Company's shareholders, who will now look forward to a steady improvement in its working results.

HINDUSTAN LEVER

Half-yearly Results

HINDUSTAN Lever has done well during the half year ended June 1971. Turnover at Rs. 71.16 crores shows an impressive rise over the previous year's corresponding figure of Rs. 59.39 crores. Turnover for the whole of 1970 amounted to Rs. 119.2 crores. Even more encouraging is the improvement in the Company's pre-tax profit which is estimated at Rs. 3.76 crores, against Rs. 2.23 crores during January-June 1970 and Rs. 3.21 crores during the same period of 1969. After capital expenditure on scientific research Rs. 19 lakhs (against Rs. 5 lakhs) and taxation on profit amounting to Rs. 210 lakhs (against Rs. 120 lakhs), there is a balance of Rs. 147 lakhs, against Rs. 96 lakhs for the first half of 1970 and Rs. 144 lakhs for the same period of 1969. Exports are stated to be progressing satisfactorily and the Company hopes to be able to exceed last year's figure of Rs. 1.78 crores.

KAMANIS

Carbon Black Unit

M. R. M. Karunanidhi, Chief Minister of Tamil Nadu, laid the foundation stone of the new carbon black project of Kamanis in Manali, Madras, on 3rd August, 1971. This formally heralded the entry of Kamanis into the petrochemical field. Carbon black is an important ingredient for the production of automobile tyres and other industrial goods and continues to claim a share in India's import bill. The carbon black plant will have an installed capacity of 30 million lbs. This is coming up in technical and financial collaboration with the leading American firm, Cities Service International Inc. The Columbian Carbon Company, now merged with the Cities Service, is one of the top five carbon black suppliers of the world with eight plants operating in the U.S.A. and Canada. Indian Rubber Regenerating Co. Ltd, an integral unit

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of the Kamani group, itself the biggest producer of reclaim rubber in India, has sponsored this project. By the end of the Fourth Plan, India would need 120 million lbs. of carbon black and the two existing units have a total installed capacity of 90 million lbs. This 30 million lbs. capacity Kamani unit will bridge the gap and save considerable foreign exchange and make the tyre industries self-reliant. The plant is expected to go into operation in early 1973 and reach full capacity by 1974 or 1975.

PREMIER AUTOMOBILES

Expansion Plans

PREMIER Automobiles proposes to embark on a big expansion programme covering Fiat cars, trucks and air-conditioners. A project report has already been submitted to the Government on raising the manufacturing capacity to 18,000 Fiat cars a year by the end of 1973 from the present level of 12,250 cars. The project is estimated to cost Rs. 3.13 crores, including the foreign exchange component of Rs. 38 lakhs. Another project report is being prepared for further expanding the capacity to 24,000 cars in the second phase to be completed by the end of 1975. The Company has also plans to increase the production of Dodge and Fargo trucks from 5,000 to 6,000 a year in the current financial year. The output of air-conditioners is proposed to be stepped up from 2,000 in 1970-71 to 3,000 this year and to 5,000 next year.

Briefing newsmen the other day about the Company's expansion plans, the new managing director, Mr. T. S. Raja, pointed out that the car expansion programme depended entirely on a suitable increase in car prices which alone could make the project viable. But will the Government accept the manufacturers' plea for a further substantial increase in prices? This is anybody's guess. Mr. Raja also revealed that the Company had undertaken a crash programme for eliminating complaints from customers about Fiat cars. Measures are also being taken to revamp the organisation in order to improve its administrative efficiency.

U.C.O. BANK

Voluntary Liquidation

THE board of directors of the United Commercial Bank Ltd—the residual banking Company—decided at its meeting held in Bombay on 11th August to take the Company into voluntary liquidation. But liquidation

proceedings will commence after the formal transfer of the Company's three branches in Malaysia to the proposed new banking Company being incorporated in Malaysia. The directors have had under consideration proposals for amalgamation of the Company with industrial units but in view of the considerable delay that would be involved in putting through any acceptable scheme, the board has decided in favour of voluntary liquidation.

The Company has received Rs. 8.30 crores by way of compensation from the Government in 5½ per cent bonds 1999 against a paid-up capital and reserves of Rs. 8.30 crores. It has also received a compensation of Rs. 9.80 lakhs for the transfer of its three branches in Malaysia. If it was not possible to sell bonds at a reasonable price, the Company would distribute bonds instead of cash among the shareholders. There are about 6,000 shareholders of the Company and nearly

40 per cent of the share capital is held by the L.L.C., the Unit Trust and insurance companies. Repayment to shareholders is likely to be between Rs. 135 and Rs. 140 a share of Rs. 50 each.

In the meanwhile, the board has decided that the interim dividend of 14 per cent—Rs. 7 a share—less tax, paid in 1970, be treated as the final dividend and a special dividend of Rs. 7 a share, less tax, be paid for the current year out of reserves. The special dividend will be paid to shareholders whose names appear on the register of members on 15th October, 1971.

GWALIOR RAYON

Concern over Kerala Bill

THE Gwalior Rayon Silk Mfg. (Wvg.) Co. Ltd had issued an appeal to the members of the Kerala Legislative Assembly against the

INDIA TOBACCO : DIVERSIFICATION PLANS

IN the latest report of India Tobacco Co. Ltd for the year ended March 1971, it is stated that the Company's prospects for the future are always given a high priority by the board of directors. There are various constraints which may impede the growth and make it difficult for the Company to develop adequately by the manufacture and distribution of cigarettes and smoking tobaccos alone. In addition, it is felt that the participation of the Indian shareholders in the Company's business should be increased, and an assurance that this will be done as soon as possible has already been given to the Government. For these reasons the board of directors has been investigating, as a matter of high priority, the opportunities available for diversification in India.

In order to assist in the achievement of national aspirations, the directors are making investigations in particular fields which should produce greater foreign exchange earnings or are in the essential areas of development notified by the Government. Any such diversification, however, will make demands on the financial resources of the Com-

pany and at present, as it will be seen from the accounts, they are fully employed in the cigarette and packaging activities of the business. Until the possibilities for diversification have been fully explored, and a decision made, it is not considered advisable to make any change in the capital structure of the business by way of capitalisation of reserves, etcetera; but possibility of this is constantly in the mind of the board which considers that the first priority must be given to the Company's ability to continue to service the existing capital by an adequate dividend.

The Company shows excellent results for the year ended March 1971. The net profit has improved from Rs. 3.10 crores to Rs. 3.47 crores, after deducting all charges and expenses, providing Rs. 3.84 crores (against Rs. 4.60 crores) for taxation and transferring Rs. 10.67 lakhs (against Rs. 12.90 lakhs) to development rebate reserve. In view of the improved performance, the taxable ordinary dividend has been stepped up from 13.5 per cent to 14 per cent, including an interim of 6.5 per cent. This offers a yield of 9.4 per cent at the present price of Rs. 14.87 a share of Rs. 10 each.

E.I.D.-Parry : Improvement in Half-yearly Results

ACCORDING to the interim report of the directors of E.I.D. Parry Ltd, there is a loss of £295,737 (Rs. 53.23 lakhs) for the half-year ended March 1971, after providing depreciation of £353,166 (Rs. 64.11 lakhs). The directors say that this figure represents a reduction in the loss for the corresponding period of 1970. They also point out that against the net loss of £431,784 (Rs. 77.72 lakhs) shown in the interim report for 1970, the actual amount of loss was £561,744 (Rs. 101.11 lakhs). This increase in the figure of loss has been caused by the inclusion, on a proportionate basis, of certain items of expenditure as on 30th September,

1970, which were not foreseen at the time of the publication of the interim report for the half year ended March 1970. The directors say that the conversions to sterling have been made at an exchange rate Rs. 18 to the pound.

Total sales, including sales on consignment account, for the half-year ended March 1971 amount to £21,398,586 (Rs. 38.52 crores). This figure compares with £18,979,995 (Rs. 34.16 crores) for the corresponding period of last year. The net loss for the half year amounts to £295,737 (Rs. 53.23 lakhs), against a loss of £561,744 (Rs. 101.11 lakhs) for the

State Government's proposal to take over, along with other private forests, the Company's 30,000 acres of industrial plantations. The Bill is now before the Assembly and it is expected to be passed by mid-August. The Company's pulp-wood plantation is intended for sustaining its Rs. 16 crore rayon-grade pulp plant in Mavoor, near Calicut. Although plantations of tea, coffee, rubber, cardamom and cinnamon are excluded from the scope of the Forest Nationalisation Bill, the plantation, which was started on the specific assurance of the State Government that it would not be taken over for 60 years, is not given exemption. Not only does this amount to expropriation of a property, on which the Company had invested Rs. 175 lakhs, but also it undermines the confidence of the industrialists who are enticed by the State Government to invest their money in Kerala. The Company had approached the State Ministers and party leaders with the request that they should honour the commitments of the State Government but they were of the opinion that they could not do so for political reasons, according to a statement issued by the Company.

BANK OF INDIA

All-round Progress

IN their report, the directors of the Bank of India said that 1970 was another year of steady progress for the bank. (A fuller version appeared in last week's issue of *Capital*.) The net profit of the bank was 23.6 per cent higher at Rs. 1.99 crores, against Rs. 1.61 crores. A sum of Rs. 40 lakhs has been transferred to the reserve fund. The allocations to bonus and staff welfare fund have amounted to Rs. 72.50 lakhs and Rs. 5 lakhs, respectively. The balance of Rs. 81.26 lakhs from the net profit has been transferred to the Central Government, representing a return of 5.528 per cent a year on the compensation of Rs. 14.70 crores that was paid by the Government for acquiring the ownership of the bank. The total income has increased from Rs. 29.12 crores to Rs. 33.70 crores. Overheads have increased from Rs. 27.51 crores to Rs. 31.71 crores. The bank's deposits have "crossed the Rs. 500-crore mark". Advances have increased from Rs. 295.68 crores to Rs. 354.02 crores and investments from Rs. 115.97 crores to Rs. 137.75 crores.

The directors said that every effort had been made to step up the deposit accretion rate. Some new schemes have been introduced to tailor the deposit plans to the requirements of different classes of depositors. In the priority and neglected sectors, the total limits sanctioned have increased from Rs. 111.19 crores to Rs. 137.62 crores. In the field of agriculture, the total limits have increased from Rs. 34.87 crores (spread over 23,010 accounts) to Rs. 37.76 crores, covering 33,099 accounts. The rate of utilisation of limits has improved. Increased emphasis is being given on direct finance, particularly to the smaller farmer. The recovery performance has been satisfactory.

The directors said that advances to small-scale industries, as in the case of agriculture, were influenced by socio-economic factors. Small industries in the backward States are being encouraged by sanctioning liberal and cheaper credit. The bank has opened 90 new branches in India and one abroad. Of the branches opened in India, 70 per cent were located in rural and semi-urban areas. Under the lead bank scheme, the Bank of India was allotted 30 districts in five States—nine in Maharashtra, nine in Madhya Pradesh, two in Orissa, four in Bihar and six in Uttar Pradesh. The business share of the bank in the banking system has risen from 7.68 per cent to 7.77 per cent. The total working funds of the bank stood at Rs. 622.36 crores, against Rs. 521.99 crores. The reserve fund and other reserves have been strengthened with the addition of Rs. 40 lakhs to stand at Rs. 7.20 crores, compared with the bank's paid-up capital of Rs. 4.05 crores.

BENGAL FLOUR MILLS

Dividend Raised

THE Bengal Flour Mills Co. Ltd has fared well during 1970, compared with the previous year, despite increased costs of electricity, stores, wages, salaries and other materials and the loss of production. The pre-tax profit has substantially increased from Rs. 2.77 lakhs to Rs. 11.82 lakhs, after providing Rs. 1.72 lakhs (against Rs. 1.79 lakhs) for depreciation. In view of the improved working results, the taxable ordinary dividend has been stepped up by 6 per cent to 10 per cent. This offers a yield of 7.2 per cent at the present price of Rs. 13.94 a share of Rs. 10 each. Allocations include Rs. 4.53 lakhs (against Rs. 1.46 lakhs) for general reserve, Rs. 7.25 lakhs (against

Rs. 1.33 lakhs) for taxation and Rs. 3.722 (against Rs. 2.115) for development rebate reserve. Sales showed a sharp increase from Rs. 3.66 crores to Rs. 5.79 crores. The directors are worried over the supply of rainsoaked wheat by the Food Corporation of India which affects the quality of the end products and the margin of profit.

INDIAN IRON

Dividend Maintained

ACCORDING to the brief preliminary figures, the net profit of the Indian Iron and Steel Co. Ltd for the year ended March 1971 is unchanged at Rs. 17.55 lakhs, after providing Rs. 5.61 lakhs (against Rs. 5.14 lakhs) for depreciation and Rs. 46 lakhs (against Rs. 4 lakhs) for taxation, and after transferring Rs. 3.05 crores (against Rs. 2.38 crores) to appropriation reserve, including Rs. 1.75 crores (against Rs. 1.62 crores) to statutory reserve. The taxable ordinary dividend of 6 per cent has been maintained, which will be paid out of reserves. This offers a yield of 5.8 per cent at the present price of Rs. 10.30 a share of Rs. 10 each.

B.H.E.L.

Large Power Generators

THE Hardwar unit of Bharat Heavy Electricals Ltd has received firm orders for the manufacture of seven 200 m.w. turbo sets for installation in various thermal generating stations in eastern Uttar Pradesh, Maharashtra and Gujarat. For putting through this large manufacturing programme, B. H. E. L. has recently signed a contract in New Delhi with its Russian collaborators through Prommashexport of the U.S.S.R. for the supply of materials and components which are not available in the country, such as special alloy and creep resistant steels, cold-rolled grain-oriented silicon-steel sheets, special insulating materials and heavy castings and forgings of alloy steels. Such items are required to sustain the manufacturing operations in Hardwar during the next three years and will be supplied by the Russians in a phased programme. The contract was signed by Mr. O. S. Murti, chairman, Bharat Heavy Electricals Ltd. and Mr. V. V. Egorov, vice-president, Prommash-

OPPORTUNITIES FOR OVERSEAS CONTRACTS

A NUMBER of interesting global bid invitations have been received in the Directorate of Commercial Publicity, Central Ministry of Foreign Trade, during the week ended 7th August, 1971. Names of the tender inviting authorities and of the commodities/items, together with the closing dates, are as follows:

Burma: Gases Factory, Rangoon; acetone; 31st August, 1971; Agatol regenetol H, Lime Kiesguhr; 10th September, 1971; Myanma Bawdwin Corporation, Rangoon; ammeters iron projecting pattern, electric cables, G. I. and steam pipes, lightning arrestors, screws of all sorts, cutout and switch fuses and electrical accessories; 30th August, 1971; Textile Mills Procurement Committee, Rangoon; chemicals, dyestuffs and auxiliaries; 8th September, 1971; **Myanma Oil Corporation,** Rangoon; pyridine denatured methanol; 15th September 1971; **Myanma Badwin Corporation,** Rangoon; electric lamps and fittings, M. S. flat iron ordinary Thomas, M. S. round iron ordinary Thomas, reinforcing bars, M. S. angles iron; 30th August, 1971. **Ghana:** Ghana Supply Commission, Accra; installation and supply of equipment for the water supply system; 14th September, 1971. **Indonesia:** P. N. Pertamina, H.O., Djalan Perwira, Djakarta; natural gas compressors for the Pusri fertiliser plant; 15th September, 1971. **Iran:** Iran Telephone Co, Teheran; cables; 15th September, 1971. **Automatic telephone exchange;** 24th August, 1971. **Iraq:** Ministry of Irrigation, Baghdad; construction and excavation work; 20th October, 1971; General Trade Establishment, Baghdad; supply and installation of refrigerating and cold storage equipment; 25th September, 1971; Directorate of Water and Electricity, Baghdad; construction of Haveer and Batas water supply scheme; 28th September, 1971; Ministry of Health, Baghdad; supply of antibiotics and E.C.G. machine; 29th August, 1971; Central Foreign Purchasing Board; high quality transistorised monophonic audio mixers, duplicators, accessories and spares for T.V. broadcast-

ing; 29th August, 1971; Ports Administration, Basrah; supply of flexible cables; 15th September, 1971. **Kuwait:** General Trading Company Ltd, Kuwait; nickel cadmium alkaline battery self-contained switch, medium voltage distribution board, street lighting feeder pillars, street lighting cut-outs; 12th September, 1971. **Malawi:** Government Medical Stores, Blantyre; drugs and pharmaceuticals; 26th August, 1971. **Malaysia:** Director General of Public Works, Selangor; construction of bridges; closing date not specified. **Morocco:** Office Cherien des Phosphates, Rabat; construction of phosphoric acid and monoammonium phosphate plant; 15th October, 1971. **Republic of Vietnam:** The Central Logistics Agency, P.O. Box 45, Saigon; battery packs, electric motor filters, etcetera; 7th September, 1971; amplifiers, microphone, head phone; 7th September, 1971; plastic jugs and veterinary syringes; 8th September, 1971; Industrial Development Bank of Vietnam, Saigon; 20 super-speed automatic pirn winders; 18th September, 1971. **Republic of Korea:** Office of the Supply, Seoul; spare parts for electronic equipment; 24th September, 1971. **Singapore:** The Singapore Telephone Board, Singapore; telephone cables; 10th September, 1971. **Sudan:** Controller of Stores, Sudan Railways, Atbara; smithycoke and hard foundry coke; 30th August, 1971; long underframes; 2nd October, 1971; railway rolling stock; 23rd October, 1971. **Tanzania:** Central Tender Board, Dar-es-Salaam; filing cabinet; 2nd September, 1971; machinery and equipment for flue cured tobacco project (motor graders, tractors, etcetera); 3rd September, 1971. **Tunisia:** Monsieur le Directeur de Pharmacie Centrale de Tunisie, Tunis; medicinal preparations and ingredients; 6th September, 1971.

The details of these and other tenders are available in the *Indian Export Service Bulletin* dated 14th August, 1971, issued weekly by the Director, Commercial Publicity, Central Ministry of Foreign Trade. The tender forms are to be obtained from the respective tender inviting authorities direct.



SERVICE WORLD-WIDE





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54M/H8C-71

export, U.S.S.R. The Russian acting counsellor for economic affairs in India, Mr. L. I. Stepanov, was present.

DEEPAK CABLE

Dividend Maintained

THE directors of Deepak Insulated Cable Corporation Ltd. have maintained the equity dividend at 10 per cent for the year ended March 1971. Sales improved to Rs. 260.60 lakhs from the previous year's figure of Rs. 204.68 lakhs. The profit amounts to Rs. 20.18 lakhs, after providing depreciation of Rs. 7.13 lakhs. This compares with the previous year's profit of Rs. 15.57 lakhs, after providing depreciation of Rs. 5.87 lakhs. Adding to the year's profit of Rs. 20.18 lakhs a sum of Rs. 731 brought forward and Rs. 75.149 being excess provisions written back, there is a total available surplus of Rs. 20.93 lakhs. Out of this, tax provision amounts to Rs. 6.81 lakhs

(against Rs. 5.11 lakhs). A sum of Rs. 10.84 lakhs (against Rs. 5 lakhs) is transferred to general reserve. Development rebate reserve gets Rs. 2.87 lakhs (against Rs. 84,503). Donations amounted to Rs. 40,218 (against Rs. 24,950). The balance of Rs. 973 is being carried forward. The dividend will be paid out of general reserve.

DUNBAR MILLS

Loss Incurred Again

DUNBAR Mills Ltd has shown unsatisfactory working results for 1970. It has incurred a loss of Rs. 27.17 lakhs, against a loss of Rs. 7.75 lakhs, before providing for depreciation. The dividend has been passed again. Transferring Rs. 1 lakh and Rs. 19.90 lakhs from the debenture sinking fund and general reserve, respectively, and making other adjustments, there is a debit balance of Rs. 14.02 lakhs which is proposed to be

carried forward, against a debit balance of Rs. 7.75 brought in. Sales were Rs. 4.80 crores (against Rs. 4.72 crores).

MODIPON

Same Dividend

MODIPON has maintained the dividend for the year ended February 1971 at 27.5 per cent - 12.5 per cent interim and 15 per cent final. According to the very brief preliminary figures released by the Company, the pre-tax profit is higher at Rs. 4.26 crores, against Rs. 3.89 crores, but because of the substantially large tax provision of Rs. 2.30 crores, against Rs. 55 lakhs in the previous year, the net profit stands reduced from Rs. 3.31 crores to Rs. 1.96 crores. Out of this a sum of Rs. 1.70 crores (against Rs. 3.09 crores) has been transferred to general reserve out of which the proposed dividend payment is to be made.

COMMODITIES

Setting up Modern Jute Mills in Fibre-growing States

THE most important factor which has to be borne in mind while creating fresh capacity for the manufacture of jute goods should be the availability of adequate fibre supplies, after maintaining optimum production in the existing units. The above observation has been made by the three-man S. P. Mookerjee Committee, formed in January last by the Central Government to report on the advisability of setting up new jute mills in the industrially backward jute-growing States. After brisk consultations with the Government departments concerned in the various States, the committee submitted its report to the Central Government in February. The report is now being examined in depth by the departments concerned and also by the Planning Commission.

Addressing the recent annual general meeting of the Calcutta Jute Fabrics Shippers Association in Calcutta, the Central Minister for Foreign Trade, Mr. L. N. Mishra, did not indicate the precise time when the new capacities would be created. Admitting that the country needs more modern jute mills to meet the aspirations of the jute-growing States, he assured his audience that the Government was still examining the findings of the com-

mittee. The absence of any provision on account of new jute mills in the Fourth Plan ruled out the prospect of creating new capacity during the next two years, he added.

New Mills for Orissa

So the Orissa Government's proposal for establishing a jute mill in the co-operative sector in the Paradip region appears to have been shelved for the time being. In addition to it, four other proposals are pending for the State—the first from Sriprakash and Company and the second from Mr. G. L. Poddar in Paradip while the third is from Mr. Bishwanath Khaitan and the last from Mr. R. S. Saraogi for the Cuttack district. It will be recalled that Orissa had been pressing the Centre for permission to set up a co-operative jute mill since 1965. The proposal had to be held in abeyance due to the outbreak of the war with Pakistan. The State Government reviewed the proposal for the second time in May 1970. Although the Centre had reiterated that a co-operative venture would not be desirable for the industry, the State Government had submitted a revised scheme for a jute mill with an installed potential of 600 looms, entailing a capital outlay of Rs. 2.63 crores.

According to official sources, the setting up of a modern jute mill entails an investment of Rs. 2.5 crores or Rs. 3 crores. The Government reportedly prefers the co-operative sector as and when a decision is taken to implement the suggestion. In case it is not possible, the next preference is to be accorded to the public sector. The applications from the private sector may only be taken up after the Centre finalises its decision on the report of the committee.

A cut-back in the production of jute goods is inevitable in West Bengal mills, warns the Indian Jute Mills Association, unless appropriate steps are taken to ensure an appreciable improvement in the rail movement of jute from north-east India over the next couple of weeks or an alternative arrangement is made for the flow of new tossa and daissee crop from the southern region of West Bengal to the markets in adequate lots. A Press note, issued by the I.J.M.A., says that the "fibre inventories of many mills have been down to dangerously low levels" due to the practical suspension of supplies of rail-borne jute for nearly three weeks now from Assam, north Bengal and Bihar on account of flood conditions at the transshipment points.

Assam Government's Concern

Meanwhile, a press report from Shillong states that the Assam Government has been rather concerned over the sharp recession in raw jute prices which has already fallen much below the official derivative levels. Following the development of the

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- the offices of the Reserve Bank of India, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna;
- the branch of the State Bank of Bikaner and Jaipur at Jaipur;
- the branch of the State Bank of India (Local Head Office) Ahmedabad;
- the branches of the State Bank of Hyderabad conducting Government Treasury work within the State of Maharashtra;
- the branches of the State Bank of India within the State of Maharashtra except at Bombay and Nagpur and at places covered by item (d).

Full particulars can be obtained at any of the offices mentioned above.

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

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

Description	31st July, 1971		30th June, 1971		Increase over (+) or decrease from (-) last month		31st July, 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	9,80.50 (10.72)	28.2 (27.8)	10,10.49 (11.05)	29.8 (29.3)	- 29.99 (- 33)	- 1.6 (- 1.5)	24,39.79 (26.68)	76.2 (75.0)
Sacking cloth and bag	11,17.15 (12.22)	49.8 (49.0)	8,89.79 (9.73)	39.7 (39.1)	+ 2,27.36 (+ 2.49)	+ 10.1 (+ 9.9)	11,35.92 (12.42)	53.6 (52.7)
Carpet-backing	78.60 (86)	8.8 (8.6)	95.46 (1.04)	10.6 (10.4)	- 16.86 (- 18)	- 1.8 (- 1.8)	3,50.70 (3.83)	38.9 (38.3)
Others		6.8 (6.7)		6.7 (6.6)		+ 0.1 (+ 0.1)		14.7 (14.5)
Grand Total (000 Tonnes/Tons)		93.6 (92.1)		86.8 (85.4)		+ 6.8 (+ 6.7)		1,83.4 (1,80.5)

Note : All figures are at bale-point.
N.B.—These statistics are based on replies received and represent all members of the Association (including National, Premchand and Bird group of mills), and New Central, Shree Hanuman, General Industrial and Hooghly. The figures in brackets are in British measures.

strife in East Bengal and on the recommendation of the Government of India, the State Government had taken elaborate measures to increase the output over the preceding year's level. The congenial weather conditions, combined with the then prevailing levels of fibre prices, also stimulated the shift of jute. But the flow of thousands of bales of better grade jute from the liberated areas of the Rangpur and Mymensingh districts of Bangladesh across the long Assam and Meghalaya borders has posed a serious problem.

A Strike Threat

Rejecting the offer of employers to restore the cut in dearness allowance by Rs. 5 in the shape of an advance to be adjusted against future revision thereof as "totally unacceptable", the Bengal Charkal Mazdoor Union has called upon workers to prepare for an immediate strike to force the industry to restore the monthly cut in the allowance of Rs. 9.20 a worker. The union has alleged that there has been some "fraud" in the compilation of the cost of living index as the cost has registered a decline when prices of

all essential commodities have risen over the levels of the previous period. The union also says that employers have resorted to the wage cut even though some of them "have not yet implemented the terms of settlement of the strikes in the industry in August 1969 and December 1970."

Gunnies Erratic

Divergent trends marked trading in the Calcutta gunny market during the past week despite the absence of worthwhile enquiries from, and off-take by, major internal and overseas consumers. The apathy stemmed from the uncertain strike situation on the U.S. Pacific and Atlantic coasts, combined with the current high levels of prices of end-products. Reports of scattered short and shipper covering in ready positions and some business on Government account failed to produce an enduring impact on sentiment. The sharp escalation in spot and afloat and August-September delivery burlap in the New York market over the preceding week's levels was also ignored, for there was little prospect of improving the position until the settlement of the strike by longshoremen. Mills and holders of P.D.O.'s were cautious, awaiting a precise assessment of the extent of flood damage to the standing crops in north-east India. Trading commenced on a steady note in both hessian and sacking. But since the publication of the I.J.M.A. end-of-month and production statements for July on Thursday, sacking suffered a sharp setback when it was revealed that despite an increase in the output by 3,400 tonnes over the June level to 43,700 tonnes and in overall despatches by 9,100 tonnes to 43,600 tonnes, stocks had risen by as much as 10,100 tonnes to 49,800 tonnes. The statements disclosed that working for 216 hours in July, at the maximum possible levels in spite of erratic power cuts, against 208 hours in June, the mills produced 99,200 tonnes of jute goods, registering an increase of 8,900 tonnes over the earlier month's level. Hessian rose by 2,800 tonnes to 28,900 tonnes, carpet-backing cloth by 2,400 tonnes to 18,600 tonnes and other goods by 300 tonnes to 8,000 tonnes. Overall despatches showed an increase of 6,400 tonnes to 92,400 tonnes—of 4,000 tonnes in hessian to 30,500 tonnes and of 200 tonnes in miscellaneous goods to 7,900 tonnes while carpet-backing cloth had a sharp decline of 6,900 tonnes to 10,400 tonnes.

due to the fall in shipments to the U.S.A. End July inventories with the mills dropped by 1,600 tonnes in hessian to 28,200 tonnes and by 1,800 tonnes in carpet-backing cloth to 8,800 tonnes and rose by 100 tonnes in other goods to 6,800 tonnes, showing a total increase of 6,800 tonnes to 93,600 tonnes. Trading in T.S.D. and N.T.S.D. contracts for January to March deliveries commenced from Tuesday. While hessian appeared to enjoy sustained interest and rose steadily even in this position, more due to speculative buying than genuine off-take, sacking went on shedding values due to the absence of support from major consumers. But bulls took a buoyant view about the ultimate prospects as the chances of a handsome rise in the production of fibre* and end products had receded to the background due to a multiplicity of factors, including erratic power supplies and a downward revision of the season's crop. Reports from East Bengal also indicated lean chances for the resumption of normal production and supplies in that country, reinforcing the prospect of the demand-supply gap widening further and lingering much longer than apprehended earlier. As the Pacific coast had already been blocked for more than six weeks by the longshoremen's strike and the Atlantic coast was likely to be strike-bound in some six weeks, there was a heavy pressure of demand for bottom space on board the current loaders. Some of them had already left without taking the available cargo. Some shippers were reportedly trying to route their shipments *via* Canada. Shipments to the United Arab Republic continued to be at a standstill as no arrangement had yet been made for any credit to pay for the purchases. Turnover was small. The closing undertone was steady in hessian and easier in sacking.

Latest available quotations (in rupees) were as follows:

	Aug.	Sept.	Oct.-Dec.	Jan.-Mar.
40in. 7½oz.	79.50	79.50	78.50	76.50
40in. 8oz.	87.00			
40in. 10oz.	105.75	105.00	102.50	101.00
B Twills	263.00	266.00	271.00	269.00
Heavy Cees	264.00	267.00	272.00	269.00
Corn sacks				
A Twills (U.S.)	330.00	333.00	343.00	340.00
Liverpools	313.00	316.00	318.00	316.00

Fibre Closes Steady

The raw jute market showed divergent trends during the past week.

While prices of ready goods gradually hardened by about Re. 1 a maund, after ruling about steady during the earlier half of the week, longer deliveries softened on pressure of offerings from the trade in the face of less interest from the industry and local intermediaries. Upcountry prices showed little change for ready position due to the temporary shrinkage in the flow of fresh arrivals from the interior and primary markets to the secondary markets and the rail-heads. Although the bottleneck in the rail movement of raw jute had been alleviated to a considerable extent since 6th August, following the allocation of 600 wagons a day for the transshipment of upcountry jute to Calcutta and mill stations on either side of the Hooghly, fresh fibre arrivals to secondary markets in West Bengal had suffered a perceptible decline. The flow of fibre from Bangladesh into West Bengal was negligible due to the temporary dislocation of the *cutch* communications and brisk guerilla activities in the former. But reports from Assam indicated that quality grade new crop from the liberated areas in the Rangpur and Mymensingh districts in Bangladesh had been briskly arriving in the border markets of Assam and Meghalaya, causing a sharp recession in market prices. Fibre trade and industry circles were inclined to believe that the current season's crop might even be lower than the Central Foreign Trade Minister's recent assessment of 7 million or 7.5 million bales. As the mills had been holding a moderately large stock of fibre with a more than adequate percentage of selected grades for batching purposes, their interest in absorbing fresh lots, except for ready positions, was on the decline. Turnover was moderate and the closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Sept.-Oct. Rates a quintal Bot.	15 days Rates a md. Bot.	Rates a md. Bot.
Selected Assam-Agartala	143.34	53.50	57.00
Northern Jute	137.98	51.50	55.00
Western Desal			
Jute	131.28	49.00	52.50
Selected Daissee	147.36	55.00	59.50
Assam-Agartala Tossa	148.70	55.50	59.00
Mesta:			
Assam Mesta	131.28	49.00	—
Selected Daissee			
Murshidabad	125.92	47.00	—
Bihar Dist.	116.55	43.50	—

THE JUPITER GENERAL INSURANCE CO., LTD.

Regd. Office : State Bank Building Annexe,
Bank Street, Fort, Bombay-1.

Speech of Shri T. A. Pai, Chairman, at the 35th Annual General Meeting on 10th August, 1971.

Gentlemen,

It is a matter of great pleasure to me to welcome you all to this 35th Annual General Meeting of the Company.

The Directors' Report and the Audited Accounts for the year ending 31st December, 1970, have been in your hands for some time and with your permission, I will take them as read.

Nationalisation of General Insurance Business

As you are aware, on 13th May, 1971, the Central Government promulgated the General Insurance (Emergency Provisions) Ordinance, 1971, for the taking over, in the public interest, of the management of general insurance business, pending nationalisation of such business.

It will be of interest to you that no Custodian was appointed to take over the management of the Company. Your Board of Directors and the General Manager continue to manage the Company as agents of the Central Government as envisaged in Section 3 of the Act which has since replaced the Ordinance.

Progress of the Company

The Company has kept its progress during the year. The gross direct premium increased from Rs. 191.67 lakhs in 1969 to Rs. 238.56 lakhs in 1970 (24%), the net premium rose from Rs. 166.65 lakhs in 1969 to Rs. 243.67 lakhs in 1970 (46%) the underwriting reserves from Rs. 112.17 lakhs in 1969 to Rs. 160.45 lakhs in 1970 (43%) and the funds from Rs. 152.42 lakhs to Rs. 200.70 (32%). Even though owing to some bad experience in the Miscellaneous Department the underwriting loss this year is more than that of the previous year, the net

profit is Rs. 1.34 lakhs, slightly more than the previous year's.

I am glad to report that we are keeping up the tempo for the development of the Company's business during the current year. The Company has during the six months of the current year written a premium income of Rs. 137.49 lakhs as compared with Rs. 103.32 lakhs during the corresponding period of 1970. The claims position is encouraging.

Dividend

You will have observed from the accounts that the Company has, during the year under report, made a net profit of Rs. 1.34 lakhs against a net profit of Rs. 1.32 lakhs during the previous year. The Directors have recommended the payment of a dividend of Re. 1/- per share, subject to deduction of tax, as in the previous year.

Conclusion

I express my sincere thanks to Indian Guarantee and General Insurance Company, Limited, the parent Company, for all the technical assistance they have been rendering to our Company, to my esteemed Colleagues on the Board, to all our numerous Clients and Agents, our devoted Officers and Staff—both administrative and development—and our Auditors for their valuable contribution to the progress of the Company in the past and the present.

Note : The above does not purport to be a report of the proceedings of the Meeting of the Company.

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

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

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

	(000 metres and 00,000 yds.)		
	July '71	June '71	July '70
Hessian	9,49.49 (10.38)	8,48.73 (9.28)	11,29.76 (12.35)
Sacking	9,64.98 (10.55)	8,96.37 (9.80)	8,81.26 (9.64)
Carpet-backing	1,73.15 (1.89)	1,50.78 (1.65)	60.82 (6.7)
	(000 tonnes and tons)		
	July '71	June '71	July '70
Hessian	28.9 (28.4)	26.1 (25.6)	34.5 (34.0)
Sacking	43.7 (43.1)	40.3 (39.7)	41.2 (40.5)
Carpet-backing	18.6 (18.3)	16.2 (15.9)	6.5 (6.4)
Others	8.0 (7.9)	7.7 (7.6)	6.4 (6.3)
Grand Total	99.2 (97.7)	90.3 (88.8)	88.6 (87.2)
Hours worked:	216.0	208.0	208.0

Note : All figures are at bale-point.

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

The VIPs



Very Indignant Persons

They expect us to fulfil our tasks honestly. But are we doing so?

Who are they? Why are they so indignant? And with whom? They are the large mass of India's population, either under-employed or unemployed. Their employment, their hopes, rest upon the honest performance of those employed like us, who work in factories, in offices, in government and industry. The employed create the conditions for reducing unemployment and under-employment.

Every single person

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employed—manager, engineer, technician, factory worker, clerk, miner, doctor, lawyer, civil servant—has to answer these indignant persons; whether he has been more concerned with preserving and improving his privileged position, than with fulfilling his assigned tasks with sincerity.

Those of us who are involved in the manufacture of steel have a special responsibility in meeting the challenge posed by these indignant persons, because there is no employment which does not involve the use of implements and

facilities, and there are few implements or facilities which do not involve the use of steel at some stage or the other.

Our task in Hindustan Steel is to meet the rising tide of indignation, by providing the steel needed for development. Dedication, discipline, peace at the working place and the will to work are our most important resources. Do not destroy them. Help us to build.



UNITED COMMERCIAL BANK

Head Office : CALCUTTA

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Second Report along with the Accounts for the year ended 31st December 1970.

THE BANKING SYSTEM

Commercial banks recorded all-round progress during the year. The deposits of scheduled commercial banks rose by Rs. 798 crores (16.4 per cent) to Rs. 5,675 crores during 1970 as compared with the rise of Rs. 651 crores (15.5 per cent) in the previous year. Demand Deposits increased by 16.4 per cent as against 14.6 per cent in the previous year. The growth rate of Time Deposits at 16.3 per cent was larger than the previous year's increase of 14.7 per cent. Savings Deposits too registered a rise of Rs. 226 crores (18.0 per cent) as against an increase of Rs. 187 crores (17.5 per cent) in the previous year.

Over the year the scheduled commercial banks' total credit rose by Rs. 812 crores (22.5 per cent) to Rs. 4,428 crores as against the rise of Rs. 547 crores (17.8 per cent) in 1969.

Investments of scheduled commercial banks in Government Securities rose by Rs. 121 crores to Rs. 1,346 crores at the end of 1970 as against an increase of Rs. 100 crores during the previous year. The borrowings by scheduled commercial banks from the Reserve Bank of India at the end of December 1970 was Rs. 302.2 crores as against Rs. 91.9 crores at the end of 1969.

The 1969-70 busy season was marked by a series of measures adopted by the Reserve Bank of India in order to control credit with a view to restraining the upward trend in prices. These measures included tightening of bank credit against specific commodities, namely, raw cotton and kapas, oil seeds and vegetable oils and foodgrains, prescribing in the case of advances against certain commodities a minimum rate of interest at 12 per cent, removal of the ceiling of 9.5 per cent on interest rates on advances, curtailment of refinance facilities and levy of a commitment charge on unutilised credit. The statutory liquidity requirement was also raised by stages from 25 per cent to 27 per cent and the net liquidity ratio for the purpose of borrowings from the Reserve Bank of India from 30 per cent to 32 per cent. In August 1970 these two percentages were further raised to 28 and 33 respectively. Given the abnormal credit expansion in the 1970 slack season and the continued pressure on prices, the accent of the credit policy for the 1970-71 busy season formulated by the Reserve Bank of India, was generally on restraint.

While the refinance at concessional or bank rate was continued to be made available to the priority sectors in respect of an increase over the base period, the base period for the purpose of calculation was advanced from the corresponding quarter of

1968-69 to that of 1969-70. The first two months of the 1970-71 busy season, nonetheless were marked by a relatively large credit expansion resulting in increased recourse to Reserve Bank borrowings by banks.

The bank rate was raised from 5 per cent to 6 per cent with effect from 8th January 1971. Simultaneously the minimum net liquidity ratio was raised from 33 per cent to 34 per cent. The upward adjustment in the Bank Rate was accompanied by a rise in the rates of interest on deposits, the increase varying from one quarter of one per cent to one-half of one per cent; and the rate of interest on Savings Bank account was stepped up from 3.5 per cent to 4 per cent.

During 1970 the public sector banks opened 1909 new branches. If the performance in this sphere of the non-nationalised banks is taken into account, the banking system as a whole opened 2,134 branches in 1970 against 1,369 in 1969 and 677 in 1968. From July 1969 to 31st December 1970 the public sector banks opened 2,494 new offices out of which, 1,750 offices were in hitherto unbanked centres. In carrying out this massive branch expansion programme, the Lead Bank Scheme introduced by the Reserve Bank of India in December 1969 is an important factor. Under this Scheme the districts in various States have been allotted to different banks for carrying out a quick and impressionistic survey and for identifying growth centres in each district for extending banking facilities, pinpointing of credit gaps and drawing up of programmes for development.

OPERATIONS OF THE BANK

Deposits

The operations of the Bank in India and abroad recorded a satisfactory progress during the year. The deposits and other accounts of the Bank at Rs. 295.81 crores showed an increase of Rs. 38.28 crores as against the increase of Rs. 24.43 crores in the previous year. The aggregate deposits of the Bank in India rose by Rs. 36.95 crores (15.5 per cent) to Rs. 274.99 crores as against the rise of Rs. 24.23 crores in 1969. The Current Deposits rose by nearly Rs. 9 crores (12.60 per cent) to Rs. 80.43 crores while the Time Deposits increased by Rs. 17.36 crores (15.23 per cent) to Rs. 131.33 crores during the year. The Savings Deposits went up by Rs. 10.61 crores (20.16 per cent) to Rs. 63.23 crores. The number of Deposit Accounts went up from 9,12,000 to 10,60,000 the notable increase being in Savings Bank and Recurring Deposit accounts.

Advances

The Bank's Advances and Bills outstanding on 31st December 1970 amounted to Rs. 217.15 crores registering a rise of Rs. 54.33

crores over the figure at the end of 1969, almost wholly in India. The significant rise in advances during the year is accounted for by an increase of Rs. 27.29 crores in advances to priority and preferred sectors. There was also expansion of credit to industrial and other sectors which was partly due to the utilisation of the limits sanctioned in 1968 and 1969 when the Bank's credit deposit ratio was low. The credit-deposit ratio of the Bank as a whole at the end of 1970 was 73.4 per cent while for the Indian branches it was 73.6 per cent as compared with 61.7 per cent and 59.2 per cent at the end of the years 1969 and 1968 respectively.

Priority and Preferred Sectors

Advances to priority and preferred sectors like Agriculture, Small-scale Industries, Small Traders and Artisans, Transport Operators and Exports received special attention and the total of advances to such sectors stood at Rs. 53.67 crores at the end of the year as compared with Rs. 26.38 crores at the end of 1969. The number of such advance accounts increased from 14,959 at the end of 1969 to 40,134 at the end of 1970.

Financing of	(Amount in Crores of Rs.)					
	1969	1970				
	No. of A/cs	Sanctioned Limits	Outstandings	No. of A/cs	Sanctioned Limits	Outstandings
1. Small-Scale Industries	3,010	21.90	10.25	5,095	32.51	17.91
Of which Transport Operators	170	0.60	0.40	997	3.07	2.35
2. Retail Trade and Small Business	1,423	2.99	2.99	7,672	10.18	6.87
3. Professionals and Self-employed persons and Education	266	0.14	0.14	2,338	0.66	0.56
4. Agriculture	9,951	13.64	5.00	24,654	19.28	13.76
5. Exports (Pre-shipment and post-shipment)	309	16.68	8.00	375	18.75	14.57
Total	14,959	55.35	26.38	40,134	81.38	53.67

Particular mention may be made of the substantial spurt in the Bank's assistance to the Agricultural sector. The total outstanding advances at the end of the year amounted to Rs. 13.76 crores as compared with Rs. 5.00 crores at the end of the previous year. The amount of direct finance (production and equipment) to Agriculture went up from Rs. 2.81 crores to Rs. 5.81 crores and the number of such accounts from 9,594 to 19,391. Seventy-five per cent of such accounts are of small farmers having a holding of 5 acres or less. The Bank has also undertaken to finance farmers through 84 Primary Co-operative Societies in the States of Mysore, Andhra Pradesh, Haryana, Madhya Pradesh and Uttar Pradesh. The amount of loans to such Societies outstanding at the end of 1970 was Rs. 36.06 lakhs against the total limit of Rs. 97.73 lakhs sanctioned by the Societies to more than 3,000 members.

The Bank maintained a steadily increasing flow of assistance to Small-scale Industries. The number of such accounts increased from 3,010 at the end of 1969 to 5,095 at the end of 1970. The total limits sanctioned to Small-scale Industries and the outstanding advances in such accounts showed an upward trend and stood at Rs. 32.51 crores and Rs. 17.91 crores respectively at the end of 1970 as compared with Rs. 21.90 crores and Rs. 10.25 crores respectively at the end of 1969.

The assistance to Truck and Taxi operators and Rickshaw pullers included in Small-scale Industries advances given in the

preceding paragraph rose from Rs. 40 lakhs to Rs. 2.35 crores in 1970 accounts.

The finance to Retail trade, Small business, Professional and Self-employed persons and students increased from Rs. 3.13 crores at the end of 1969 to Rs. 7.43 crores at the end of 1970. The number of accounts which received such finance went up from 1,619 to 10,010 at the end of 1970. The Bank continued to finance Exports in a large way. The total outstanding of pre-shipment and post-shipment finance at the end of the year was Rs. 14.57 crores as compared with Rs. 8.00 crores at the end of 1969. The aggregate of export credit made available during the year was Rs. 32.23 crores for pre-shipment finance and Rs. 42.63 crores for post-shipment finance, making a total of Rs. 74.86 crores as against Rs. 68.81 crores in the previous year.

Profit

The profit for the year 1970 before making provision for Bonus to staff and transfer to the Reserve Fund, but after making

the usual and necessary provisions for taxes, etc. amounted to Rs. 142.03 lakhs as against the profit of Rs. 89.22 lakhs for the year 1969. The higher profit was as a result of better utilisation of funds in advances and bills during the year. There was an increase of Rs. 3.97 crores in the income under the head Interest and Discount Received and Rs. 1.82 crores in the Interest paid on deposits and borrowings as against a rise of Rs. 1.61 crores and Rs. 0.99 crore respectively in 1969. There was an appreciable increase of Rs. 1.59 crores in salary, allowances and provident fund as against one of Rs. 50 lakhs in 1969. During the year the Second Bipartite Settlement was arrived at between the Indian Banks' Association and the All India Bank Employees' Association for revision of salary and allowances of the staff governed by the Award, which provided for a rise of about 15 per cent in the total emoluments of such staff. Consequent upon the merging of a part of the dearness allowance in the pay of the Award staff and the upward revision of certain other allowances, the salary and allowances of the officers not governed by the Award were also revised upward after an Agreement was reached with the All India United Commercial Bank Officers' Federation.

Branches

Seventy new branches were opened during 1970 as against 52 in 1969 as shown in the Table below. Of these, 64 were in rural and semi-urban areas, 56 such branches being in previously unbanked centres. Greater emphasis was laid during the year on the opening of branches (41) in the Eastern Area.

Number of Branches at the end of			States	Branches opened in 1970			
1968	1969	1970		Rural	Semi-urban	Urban/Metro-politan	Total
6	8	16	Assam (including Meghalaya)	8	3	—	8 (7)
22	26	29	Bihar	—	2	—	3 (2)
18	11	27	Orissa	14	—	—	16 (14)
43	49	63	West Bengal	13	1	—	14 (9)
2	3	10	Himachal Pradesh	6	1	—	7 (7)
16	17	24	Punjab	6	1	—	7 (7)
23	27	30	Rajasthan	1	2	—	3 (1)
6	6	6	Andhra Pradesh	—	1	—	1
6	9	10	Haryana	—	—	1	1
30	43	44	Gujarat	—	—	—	—
3	4	4	Jammu & Kashmir	—	—	1	1
7	7	8	Kerala	—	—	—	—
28	30	30	Madhya Pradesh	1	—	2	3
32	36	39	Marharashtra	—	—	—	—
6	7	7	Mysore	—	1	1	2
17	18	20	Tamil Nadu	—	2	—	2
28	36	38	Uttar Pradesh	—	1	1	2
29	29	31	Union Territories	—	—	—	—
314	366	436	Total	49	15	6	70 (47)

Figures in brackets indicate Branches in Lead Districts.

The total number of branches of the Bank in India at the end of 1970 was 436 out of which 106 were located in rural centres, 142 in semi-urban centres and the rest in urban centres and metropolitan cities. The number of branches in foreign countries remained unchanged at six.

It is proposed to open about 100 branches in 1971—66 in 'Lead Districts' and 34 in other districts. Of these, 84 will be located at the rural and semi-urban centres and only 16 in urban centres and metropolitan cities. Emphasis is being laid on opening branches in the four States in the Eastern Area and the Lead Districts in the States of Himachal Pradesh, Rajasthan and Punjab.

Lead District

The Bank has been allotted 23 districts under the Lead Bank Scheme out of which 13 are in the four States of the Eastern Area, 10 are in the three States of Northern Area. Eight out of the 23 such districts are considerably underbanked on the basis of the average for all districts of the country of one office for a population of 52,000. For the purpose of identifying growth centres for opening new branches and for assessing the economic activities in the districts, impressionistic surveys were undertaken and 19 such surveys were completed by the end of May 1971. Surveys of 4 other districts are in progress. Simultaneously with the surveys of the districts new branches were opened in the lead districts after identifying the growth centres. Out of 70 new branches opened during the year, 47 branches are located in the lead districts. Special attention is being given to the development of lead districts with the assistance of other banks functioning in them.

Management

As mentioned in the last report, the First Board of Directors of the Bank was appointed by the Government on 18th July 1970. Prior to the appointment of the Board a representative of the Reserve Bank of India was nominated on the Committee of the Management. Shri S. K. Mukherjee, Dr. N. A. Sarma, and Shri H. K. Dasgupta served on the Committee of Management, from time to time as the representatives of the Reserve

Calcutta,
20th July, 1971.

Bank of India. The Bank places on record its high appreciation of their wise counsel and valuable guidance in conducting the business of the Bank.

The Bank also wishes to thank the Reserve Bank of India as well as the Department of Banking, Ministry of Finance, Government of India for their valuable help and guidance in the conduct of the Bank's work.

Administrative Reorganisation

In the past 3 years there has been an all-round increase in the Bank's deposits, advances and branches. The growing network of branches in rural and semi-urban areas, the task of development of underdeveloped States, particularly in the Eastern Area, the concept of the lead districts and disbursement of credit to priority and preferred sectors called for a change in the organisational set up of the Bank in order to achieve the desired objectives. The Board of Directors has, therefore, taken in hand the reorganisation of the administrative set up of the Bank at the Head Office, Regional and Branch levels with a view to delegating decision making powers at various levels for expeditious disposal of credit proposals and other matters, providing adequate control to ensure effective supervision and reviewing performance of Branches.

Whether it is financing of Small-scale Industry, Agriculture or Small self-employed persons or opening of branches in rural areas or development of lead districts, the progress and impact could be quick and effective if the members of the staff of the Bank—at all levels—are imbued with the spirit of the social concept of banking. This may need a greater reorientation of attitudes and approach on the part of the Bank's personnel. This will come about as more and more experience is gained in dealing with hitherto neglected sectors of the economy. The Directors place on record their appreciation of the co-operation of the members of the staff in this new task but for which the Bank could not have made such progress and they hope that they will play a more effective role in the coming years to enable the Bank to achieve the objectives of nationalisation.

For and on behalf of the Board of Directors
R. B. SHAH
Custodian

UNITED COMMERCIAL BANK

BALANCE SHEET AS AT 31ST DECEMBER, 1970

31st December, 1969		CAPITAL AND LIABILITIES		31st December, 1970	
Rs.	Rs.			Rs.	P.
		1. CAPITAL :			
	2,80,00,000	Paid-up :		2,80,00,000	00
		(Wholly owned by the Central Government)			
		2. Reserve Fund and other Reserves :			
4,41,07,947		(a) Reserve Fund	4,70,00,000	00	
9,10,000		(b) Development Rebate Reserve	9,10,000	00	
	4,50,17,947			4,79,10,000	00
		3. Deposits and other Accounts :			
1,28,01,84,370		Fixed Deposits	1,45,25,63,576	10	
53,45,80,665		Saving Bank Deposits	64,14,64,647	12	
76,05,14,353		Current Accounts, Contingency Accounts, etc.	86,40,30,668	65	
	2,57,52,79,388			2,95,80,58,891	87
		4. Borrowings from other Banking Companies, Agents, etc. :			
4,48,81,737		(i) In India	20,32,30,916	70	
		Includes borrowings from Industrial Development Bank of India Rs. 2,14,50,000 (Previous year Rs. 2,21,49,738) and from Agricultural Refinance Corporation Rs. 22,64,900 (Previous year Rs. 21,57,000) and from Reserve Bank of India under Section 17(4) (a) Rs. 12,30,00,000 (Previous year Rs. 1,80,00,000) and under Section 17(4) (c) Rs. 5,50,00,000 (Previous year Rs. Nil).			
1,93,70,712		(ii) Outside India	79,16,198	99	
	6,42,52,449			21,11,47,115	69
		Particulars :			
5,20,56,737		(i) Secured by part of Investments and Advances per contra	20,18,64,900	00	
1,21,95,712		(ii) Unsecured	92,82,215	69	
	6,42,52,449			21,11,47,115	69
		5. Bills Payable :			
	4,61,06,565			7,60,12,419	8
		6. Bills for Collection being Bills Receivable as per contra :			
20,76,92,788		(i) Payable in India	26,31,79,204	79	
5,78,78,521		(ii) Payable outside India	7,86,93,938	43	
	26,55,71,309			34,18,73,143	2
		7. Other Liabilities :			
8,88,91,508		(i) Branch Adjustments	10,23,84,298	60	
35,72,836		(ii) Rebate on Bills Discounted, Advance Receipts, etc.	45,43,808	50	
	9,24,64,344			10,69,28,107	1
		8. Acceptances, Endorsements and other obligations per contra :			
	22,95,12,031			30,17,45,909	1
		9. Profit and Loss :			
60,983		Profit as per last Balance Sheet	25,41,864	92	
		Less : Amount transferred to Central Government	25,41,864	92	
60,983					
12,50,000		Add : Transfer from Contingency Reserve	Rs. 16,55,934	40	
12,33,316		Less : Bonus paid to Staff for the years 1968 and 1969 in excess of amount appropriated for bonus	Rs. 16,55,934	40	
16,684					
77,667		Add : Profit for the year	1,42,02,973	89	
89,22,144				1,42,02,973	89
89,99,811		Less : Appropriations made :			
34,57,946		To Reserve Fund	Rs. 28,92,053	27	
30,00,000		To Bonus to staff	Rs. 66,00,000	00	
64,57,946				94,92,053	27
	25,41,865	Balance to be transferred to Central Government in terms of Section 10(7) of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970			
		10. Contingent Liabilities :			
45,47,175		(i) On Partly Paid Shares	44,86,140	00	
17,37,026		(ii) Claims against the Bank not acknowledged as debts	19,23,042	74	
62,38,05,495		(iii) Guarantees given on behalf of Customers and Correspondent Banks	65,54,67,506	29	
3,25,28,805		(iv) Bills of Exchange Rediscounted with the Industrial Development Bank of India	6,70,23,755	55	
26,49,17,304		(v) Forward Exchange Contracts outstanding for the purchase and sale of Bills and Telegraphic Transfers of which up 18-6-1971 Rs. 19,95,80,460=32 have been delivered	21,76,81,985	78	
	3,34,87,45,898				
		Carried over			
				4,07,63,86,507	

UNITED COMMERCIAL BANK

BALANCE SHEET AS AT 31ST DECEMBER, 1970

31st December, 1969		PROPERTY AND ASSETS		31st December, 1970	
Rs.	Rs.			Rs.	P.
		1. Cash :			
	21,93,67,853	In hand and with Reserve Bank of India and State Bank of India (including foreign currency notes)		25,66,98,854	47
		2. Balances with other Banks on Current Account :			
77,80,886		(i) In India	70,51,695	99	
5,28,63,817		(ii) Outside India	6,74,75,417	93	
	6,06,44,703			7,45,27,113	92
		3. Money at Call and Short Notice :			
	3,20,94,250				
	31,21,06,806				
		4. Investment (at below market value) :			
80,59,89,750		(i) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments		80,69,46,113	06
8,67,213		(ii) Shares—			
24,725		(a) Fully Paid Preference Shares		8,38,642	50
57,86,588		(b) Partly Paid Preference Shares		47,500	00
28,25,980		(c) Fully Paid Ordinary Shares		52,36,947	28
		(d) Partly Paid Ordinary Shares		28,33,620	00
1,38,39,605		(iii) Debentures or Bonds		71,87,380	00
1,29,76,930		(iv) Other Investments—			
4,50,000		(a) Securities of Foreign Governments and Foreign Trustee Securities		1,30,17,865	50
		(b) Unit Trust of India (Initial Capital)		4,50,000	00
		(v) Gold			
84,27,60,791					83,65,58,068 34
		5. *Advances :			
		(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)			
		I. Loans, Cash Credits, Overdrafts, etc. :			
1,11,04,14,556		(i) In India		1,47,59,16,935	89
		Includes term advances amounting to Rs. 3,70,16,386 (Previous year Rs. 3,60,31,738) in respect of which refinance has been obtained from Industrial Development Bank of India to the extent of Rs. 2,14,50,000 (Previous year Rs. 2,21,49,738) and Agricultural Refinance Corporation Rs. 22,64,900 (Previous year Rs. 21,57,000) per contra.			
7,04,99,234		(ii) Outside India		7,74,17,416	65
1,18,09,13,790				1,55,33,34,352	54
31,31,53,887		II. Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments) :			
13,41,68,619		(i) Payable in India		46,57,20,880	98
44,73,22,500		Includes an amount of Rs. 6,00,00,000 (Previous Year Rs. Nil) of Usance Promissory Notes lodged with Reserve Bank of India for advances under Section 17 (4) (c) to the extent of Rs. 5,50,00,000 per contra.			
20,76,92,788		(ii) Payable outside India		15,24,12,292	56
5,78,78,521				61,81,33,173	54
	1,62,82,36,296				2,17,14,67,526 08
		6. Bills Receivable being Bills for Collection as per contra :			
		(i) Payable in India		26,31,79,204	79
		(ii) Payable outside India		7,86,93,938	43
	26,55,71,309				34,18,73,143 22
		7. Constituents' Liabilities for Acceptances, Endorsements and other Obligation per contra :			
	22,95,12,031				30,17,45,909 58
		8. Premises Less Depreciation :			
2,33,69,475		Cost as per last balance sheet		2,44,39,598	98
10,70,124		Additions and transfers Rs. 36,39,511=81		36,39,511	81
2,44,39,599		Less : Deductions Rs. Nil during the year			
34,89,747				2,80,79,110	79
	2,09,49,852			39,54,873	60
3,67,57,028		Less : Depreciation to date			2,41,24,237 19
56,38,276					
4,23,95,304		9. Furniture and Fixtures Less Depreciation :			
1,94,84,641		(Including vehicles and equipment)		4,23,95,303	92
	2,29,10,663	Cost as per last balance-sheet		76,27,444	05
	3,32,20,47,748	Additions Rs. 78,53,013=12 Less deductions Rs. 2,25,569=07 during the year			
				5,00,22,747	97
				2,30,56,435	53
		Less : Depreciation to date			2,69,66,312 44
		Carried over			4,05,02,25,165 24

* (Particulars appear on page 393)

UNITED COMMERCIAL BANK—Cont'd.

BALANCE SHEET AS AT 31ST DECEMBER, 1970

31st December, 1969		CAPITAL AND LIABILITIES—Contd.		31st December, 1970	
Rs.	Rs.			Rs.	P.
	3,34,87,45,898	Brought forward ...		4,07,63,86,507	91
NOTES: 1. Provision in full for gratuity accruing on retirement of staff has not been made nor has the liability for the same been ascertained. 2. The Income-tax assessments in India for the years 1949 to 1958, which had been reopened as the Income-tax Officer differed with the method adopted in the past by the Department for allowing Double Income-tax Relief, have been completed and the tax liability for these years and for the years 1959 to 1965 have been calculated by him according to the new method. As the Bank has disputed the action of the Income-tax Officer, no provision has been made for the additional liability arising from such assessments and provision for taxes for the years 1966 to 1970 has been made on the basis adopted all along in the past. The appeal relating to the year 1959, on the basis of which assessments for the past years were reopened and subsequent assessments were completed, has been disposed of by the Appellate Assistant Commissioner of Income-tax and the Bank's contention in regard to Double Income-tax Relief has been substantially upheld. The Department has gone on appeal against the appellate order. 3. The Assets and Liabilities of the Karachi Branch of the United Commercial Bank Ltd., stand entrusted to the Custodian of the Bank. Such assets and liabilities continue to vest in the Custodian of Enemy Property, Pakistan, and since no further information was available about the assets and liabilities in Pakistan after 27th August 1965, these have been incorporated in the Balance Sheet at their net book value (at pre-devaluation parity) as on that date. 4. (a) Branch Adjustment account at Head Office has been reconciled upto 30th June 1970 and reconciliation as on 31st December 1970 is in progress. Reconciliation statements in respect of balances as on 31st December 1970 in the case of some branch and bank accounts are under preparation. (b) The tallying of balances in some accounts as per General Ledgers with those as per Subsidiary Ledgers/Registers/Detailed Statements could not be completed at a few Branches. Appropriate steps are being taken in this regard. Figures for 1969 have been rearranged where necessary. The above Accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.					
	3,34,87,45,898	TOTAL ...		4,07,63,86,507	91
R. B. SHAH (Custodian)		D. BANERJEE UPEN BORDOLOI RAGHUNATH MOHAPATRA		G. P. SINHA NALINI AMBEGAOKAR ASHOK MITRA	
		Directors		Directors	

Calcutta 20th July, 1971.

Profit and Loss Account for the year ended 31st December, 1970

Year ended 31st December, 1969	EXPENDITURE	Year ended 31st December, 1970	Year ended 31st December, 1969	INCOME (Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Year ended 31st December, 1970
Rs.		Rs. P.	Rs.		Rs. P.
8,45,09,346	1. Interest paid on Deposits, Borrowings, etc.	10,26,84,126 46	14,35,18,811	1. Interest and Discount	18,31,54,068 44
5,59,72,377	2. Salaries and Allowances and Provident Fund*	7,18,44,971 61	3,00,03,456	2. Commission, Exchange and Brokerage	3,14,93,104 08
44,600	3. Directors' and Local Committee Members' Fees and Allowances	4,050 00	17,52,527	3. Rents	18,56,627 32
72,45,842	4. Rent, Taxes, Insurance, Lighting, etc.	81,96,722 19	—	4. Net profit on sale of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	—
1,34,504	5. Law Charges	1,09,472 68	—	5. Net profit on revaluation of investments, gold and silver, land, premises and other assets (not credited to Reserves or any particular Fund or Account)	—
31,97,779	6. Postage, Telegrams and Stamps	37,71,826 72	—	6. Income from non-banking assets and profit from sale of, or dealing with, such assets	2,38,623 40
4,09,941	7. Auditors' Fees	3,33,751 00	—	7. Other receipts	—
37,53,647	8. Depreciation on, and Repairs to, the Bank's Property	44,49,648 22	—	8. Loss	—
50,88,260	9. Stationery, Printing, Advertisement, etc.**	50,07,602 03	—		
—	10. Loss from Sale of, or dealing with, non-banking Assets	—	81,229		
60,77,583	11. Other Expenditure	61,37,278 44	—		
89,22,144	12. Balance of Profit subject to Bonus	1,42,02,973 89	—		
17,53,56,023	TOTAL ...	21,67,42,423 24	17,53,56,023	Total ...	21,67,42,423 24
* Includes remuneration of Chief Executive Officer:—					
Chairman/ Custodian 1969		Custodian 1970		R. B. SHAH (Custodian)	
Rs. P.		Rs. P.		D. BANERJEE UPEN BORDOLOI RAGHUNATH MOHAPATRA	Directors
72,000 00	(i) Salary	72,000 00		G. P. SINHA NALINI AMBEGAOKAR ASHOK MITRA	Directors
6,000 00	(ii) Allowances	6,000 00			
6,000 00	(iii) Contribution to Provident Fund	6,000 00			
	(iv) Monetary value of perquisites calculated in accordance with Income-tax Rules	9,000 00			
1,356 52	(v) Medical Aid	625 63			
94,356 52		93,625 63			
				S. SUBRAHMANYAN Chief Accountant	
				S. J. UTAMSING General Manager	
				LOVELOCK & LEWES PRICE WATERHOUSE, PEAT & CO. P. C. HANSOTIA & CO. Chartered Accountants	
				Calcutta 20th July, 1971.	

** The amount shown against item 9 Stationery, Printing, Advertisement etc., includes expenditure of Rs. 10,93,143=05 on Public Relations and Publicity.

The figures for 1969 are for the whole year excluding the figures relating to Branches in Malaysia.

The above Accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.

UNITED COMMERCIAL BANK—Cont'd.

BALANCE SHEET AS AT 31ST DECEMBER, 1970

31st December, 1969		PROPERTY AND ASSETS—Contd.		31st December, 1970	
Rs.	Rs.			Rs. P.	Rs. P.
	3,32,20,47,748	Brought forward ...		4,05,02,25,165	24
10. Other Assets Including Silver: (i) Land and Buildings— Cost as per last balance-sheet ... Rs. P. 53,87,358 79 Additions Rs. 11,26,322=71 Less deductions Rs. Nil during the year ... 11,26,322 71 65,13,681 50 Less Transfer to Premises account during the year ... 35,37,481 41 29,76,200 09 (ii) Interest accrued on Investments ... 1,05,38,567 06 (iii) Advance Payment of Income-tax after set off of amounts on assessments under Sections 140A and 141A of Income-tax Act ... 1,24,45,903 00 (iv) Stamps and Stationery ... 1,81,268 97 (v) Silver ... 2,61,41,939 12 11. Non-Banking Assets Acquired in Satisfaction of Claims Land and Buildings (at cost) ... 19,403 55 12. Profit and Loss: TOTAL ... 4,07,63,86,507 91					
	3,34,87,45,898				
S. SUBRAHMANYAN Chief Accountant		S. J. UTAMSING General Manager		As per our report annexed. LOVELOCK & LEWES PRICE WATERHOUSE, PEAT & CO. P. C. HANSOTIA & CO. Chartered Accountants	

Particulars of Advances

Rs.		Rs. P.
1,19,64,16,949	(i) Debts considered good in respect of which the Bank is fully secured	1,65,44,69,187 25
16,90,53,109	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	22,68,13,303 47
26,27,66,238	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	29,01,85,035 36
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil
1,62,82,36,296		2,17,14,67,526 08
62,55,731	(v) Debts due by directors or officers of the Bank or any of them either severally or jointly with any other persons	62,03,538 35
—	(vi) Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	—
62,96,297	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either severally or jointly with any other persons	62,55,731 00
—	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of Private Companies, as Members	—
1,19,25,802	(ix) Due from banking companies, banks under Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and foreign banks	1,47,92,485 49

REPORT OF THE AUDITORS

THE PRESIDENT OF INDIA

We have audited the attached Balance Sheet of United Commercial Bank as at 31st December, 1970 and also the relative Profit and Loss Account for the year ended on that date annexed thereto, in which are incorporated the returns of all the Branches of which:—

- (i) 58 Branches have been audited by us, 104 Branches by other auditors and 97 Branches have been unaudited, for the exclusion of which from audit, concurrence of the Reserve Bank of India, was obtained, and
- (ii) 183 Branches for the half-year ended 31st December, 1970 have been audited by other auditors. The audited returns in respect of these 183 Branches for the first half-year ended 30th June, 1970 have not yet been received.

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 and the notes on the accounts, 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 and returns of the Bank:
- (i) The Balance Sheet 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, 1970;
- (ii) The Profit and Loss Account shows a true balance of profit for the year ended 31st December, 1970.
- (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 offices and branches of the Bank have been found adequate for the purposes of our audit.

Calcutta,
20th July, 1971.LOVELOCK & LEWES
PRICE WATERHOUSE, PEAT & CO.
P. C. HANSOTIA & CO.
Chartered Accountants



INDIA TOBACCO COMPANY LIMITED

CHAIRMAN, MR. A. N. HAKSAR'S SPEECH

Speech by the Chairman, Mr. A. N. Haksar, at the Sixtieth Annual General Meeting of the Company on 12th August, 1971.

Introduction—Review

My thanks go out to all of you for being present here today at the 60th Annual General Meeting of your Company. We have become known as 'India Tobacco Co. Ltd.' since May 1970, and one of the primary objectives of your Board is to strengthen identification of your Company with the proud name it now bears.

Mr. S. D. Gupta who was a Deputy Chairman of your Company retired at the end of March 1971, while Mr. J. Simpson and Mr. D. P. O'Brien resigned from the Board in November 1970 and February 1971 respectively. I would like to place on record our deep appreciation of their services and take this opportunity of wishing them all the best for the future.

Mr. R. C. Burns, Mr. A. K. Mitra, Mr. P. B. K. Murty, Mr. J. B. Singh and Mr. D. J. Weaver joined the Board on 1st April this year.

The Report of the Directors indicating the trading positions in 1970-71 is already with you, and as you will see, your Company has maintained pace in progress.

I would now like to draw your attention to some of the achievements of your Company during 1970-71:

India Kings obtained a Gold Medal for the third time at the World Selection for tobacco and tobacco made products at Rotterdam in October 1970, thus earning the distinction of being the only Indian cigarette to win so many awards. This indeed is proof of the international quality of Indian tobacco and Indian manufacture. Other ITC brands to win awards at this Selection were Windsor, Simla and Lex—all of them winners at previous contests.

Indian Leaf Tobacco Development Co. Ltd., started by your Company

and a part of your Company's Group and leaf supplier, received in April 1971, the Federation of Indian Chambers of Commerce & Industry's award for outstanding performance in the field of Agriculture. This award is a recognition of the pioneering efforts of your Company and its supplying



Mr. A. N. Haksar

concern, who introduced the cultivation of flue cured virginia tobacco to India—a variety which today accounts for 95% of India's total exports of un-manufactured tobaccos.

Gold Flake Filter Kings was introduced in the domestic market towards the beginning of the year under review, to meet the growing consumer needs of another prestige King size filter tipped brand. It has found ready acceptance in the areas where it has been marketed.

'Great Cigarettes from India' an export folder of your Company, and the Gold Flake Filter Kings showcard received first prizes earlier this year, as Publisher and Designer respectively, at the 14th National Award for Excellence in Printing and Designing, conducted by the Directorate of Advertising and Visual Publicity, Ministry of Information & Broadcasting.

Our Employee—A Representative of Secular India

Your Board believe that the most important resource in any enterprise are the people that work in it, and our confidence in the future is sustained by the support we have always received from our people. In my talk last year, I elaborated on your Company's Management. This year, I would like to complete the picture by talking to you about the other employees of your Company, for it is the combined effort of all our people which results in our objectives being translated into reality.

At the outset, I would like to acknowledge our appreciation of the work put in by each and every one of our employees and to assure each and every one of them that his is a most valuable contribution towards the achievement of our common goal of continued progress. In point of fact, the importance of industrial relations, higher productivity and well-being of the employee has gained steady momentum till today it is one of Government's immediate concerns. For this reason the Government have been discussing these very problems with representatives of Unions and Employers. These and other measures Government are adopting are in order that greater industrial harmony and productivity are established so that the economy may flourish.

The Employee became an integral part of your Company with the start of its operations in 1910, and in some of our units today, the second and even the third generation of a family is with us. He is at the centre of your Company's philosophy of progress. In tune with national aspirations this philosophy aims at creating and maintaining employment and better living standards within the Company, and indirectly in ancillary industries and trade channels, which are complementary to the Company's business.

Today, when over 10,000 employees dot the horizon of the country in all directions of your Company's opera-

tions, he is most pre-eminently a representative of Secular India. Despite being attached to twenty different units of your Company, despite practising different creeds, despite working in different climes and despite belonging to different groups, our employee is yet united in his common desire to contribute to the strength and growth of the nation and the Company.

His Aspirations—Our Measures to Meet Them

This contribution emerges from the aspirations of the Employee. Your Board have strong convictions about these aspirations based on:—

The *belief* that the Employee not only seeks but accepts responsibility.

The *belief* that he wants challenging and meaningful work.

The *belief* that he expects to be rewarded in consonance with his merit.

The *belief* that he wants to be involved with the objectives of the Company and the Country, so that he works out of commitment and not just acquiescence.

The *belief* that he desires the company of his colleagues and wants to be treated with due respect and trust.

In essence, the *belief* that he is looking forward not merely to employment, but to the fulfilment of a career.

Your Board do not expect and accept these aspirations as a matter of course, nor do they take them for granted. They create conditions, prepare plans, and take measures for their fulfilment. I would now like to tell you about some of these measures.

Business & Manpower Plans—Unit Plans

The contribution of the Employee emerges from the manpower plans of the Company which are in turn linked with its business plans. The business plans are first translated into marketing efforts, the means of production and ancillary services, which are necessary to bring these plans to fruition. This brings into focus the manpower plans, at the centre of which is the Employee.

Every Unit and Department works out its needs under the overall manpower plan. These needs take into account the necessity for men in num-

bers, the level of skills required in each segment, the type of Employee available and necessary to fill the vacancy, the planned age distribution of the work force, leading to staggered retirements, replacements and training.

Recruitment

Recruitment then becomes the first base of the operations in the manpower plans of your Company. It takes place at the basic level of manual, clerical or trade-tested employee.

The recruitment net is cast as widely as possible: we are in close touch with Employment Exchanges and Industrial Training Institutes. We also recruit candidates from Press Advertisements, relatives of past and present employees and demobilised members of the Armed Forces.

You may be interested in learning somewhat more about our tests and exercises. Briefly, we have aptitude tests devised on sophisticated lines for the General Worker where three types of tests are given—the Sorting, the Cube Construction and the Assembly Test. The advantage of these is that instructions are non verbal, the medium of a film being used before each test is given to explain what it involves. To recruit the skilled worker, we administer Engineering Tests which are in actual form, Trade Tests of a more complex nature.

A competent and trained group of men who place paramount importance on merit and objectivity is given the responsibility of carrying out these individual and group interviews, tests and exercises, all aimed at bringing out evidence of performance, actual and potential in the recruit.

Induction

Once the Recruit becomes the Employee, he goes through a programme of Basic Induction which is intended to introduce him to the work of his unit, and create a spirit of camaraderie which needs must exist among men working in the same organisation.

Training

In your Company training is a continuous process, and forms an important part of the employee's career. It is based on the principle 'to each according to his need' and is planned on the basis of gaps as revealed by the Merit Rating System.

In the first instance, there is a continuous effort of seniors to develop the

employee 'on the job'. This is supplemented at higher levels by formal training away from the job, in which the employee is initiated to advanced knowledge and skills underlying each process, as well as the basic principles of supervisory leadership and work methods. I am happy to report that this year two of our skilled workers are scheduled to proceed to Germany for further technical training.

Your Company's Technical Training Centre in Bangalore, to which I drew your attention last year, is the only one of its kind in India and one of the most advanced centres of its kind in the Tobacco Industry. Instructors and Senior Technicians, deputed by factories are trained here. After training, they act not only as multipliers for training of other employees, but serve to raise the technical training standards within each unit.

I.L.T.D.'s Training School at Hunsur (Mysore) set up in 1965, looks after the leaf side of operations. Equipped with its own library and field laboratory it imparts practical training to Company, non-Company and Government personnel in the growing of tobacco from the seed to the curing stage, and also arranges for lectures on tobacco and allied fields. This School is evidence of our commitment to providing trained personnel to the Industry.

Merit Rating

Training goes hand-in-hand with merit rating which is a system whereby the performance of the employee is assessed formally at least once a year.

According to this system, the Manager in charge of each Department assesses the merit of the employee on a graduated scale. If he shows promise of potential for a higher job, this is also assessed and confirmed, and followed with a tailor-made training programme to suit his need and to help him realise this potential.

Promotion

Merit rating highlights in a completely bias-free perspective the element of merit which is central in all promotions. Your Company's practices—such as promotions to jobs involving a high degree of skill being determined by trade tests are devised so as to encourage merit. Furthermore, the restriction of outside recruitment wherever possible in the lowest respective levels serves to illustrate this practice. And finally, within the Company itself a search is

made across all departments to identify candidates to fill higher positions of supervision and responsibility. Indeed, I am happy to report that over a third of your Company's existing Managers have been thought fit to be promoted from the unionised cadres.

Enrichment of the Job—Innovation

The work of the employee is never left to chance. Supervisors and managers at each unit analyse the job of the employee, try to put responsibility and interest in it, and endeavour to give him a sense of achievement, recognition and enrichment.

The employee himself is encouraged to look at his job in a spirit of enquiry. Thus, many of them have been responsible for innovations in such fields as process, flow of work, distribution of the product, forms of sales promotion, etc. The employee enriches his own job and that of his colleagues in this manner.

Leisure—Self Reliance—Future Plans

Your Board recognise that the employee has problems at leisure also and therefore share his concern with these problems by helping him solve them. Your Board recognise that it is to the employee's benefit to be self-reliant, and therefore it has been one of their avowed policies to actively encourage self-help at all times. Your Board recognise that the needs and aspirations of employees are changing with the times, and therefore, future plans that are being formulated are in consonance with the changing environment.

Your Company comes forward with loans and grants for co-operative bodies which are engaged in housing, credit, retail shops and other activities that are managed and controlled by the employee himself. At numerous points recreation and reading rooms are provided as well as facilities for indoor and outdoor games and other cultural activities. At some points, your Company has built Institutes complete with stage and auditorium.

It might not be out of place here to mention that in pursuance of your Company's policy of encouraging self-help, we have recently loaned a letter press printing unit to the Union at one of our factories in order that they may develop a profitable small scale industry.

Industrial Relations—Our Beliefs

Having spoken on the employee as an individual and the measures your

Company takes to fulfil his aspirations, I would next like to say a few words about your Company's philosophy and beliefs which have influenced and moulded its Industrial Relations policy:

Your Company **BELIEVES** in trade unionism.

Your Company **BELIEVES** that the greatest measure of industrial harmony can be achieved through collective bargaining, with a strong and representative trade union.

Your Company **BELIEVES** that the strength of a trade union stems from the active participation and full commitment of its members.

Your Company **BELIEVES** in the formal recognition of one trade union.

Your Company **BELIEVES** that terms and conditions of service of its unionised employee should be settled with the recognised trade union through collective bargaining.

Your Company **BELIEVES** in the mutual settlement of disputes and differences through negotiation.

Your Company **BELIEVES** that in the solidarity of the unionised employee lies the greatest strength of the employer and the employee.

Trade Unions

Your Board takes legitimate pride in the fine record of Industrial Relations set by your Company over the years.

We were among the first in the organised sector of industry to recognise trade unions, to even welcome the forming of some where none existed before, and to enter into a series of Long Term Agreements with them covering the terms and conditions of service of our employees.

Recognition once conferred on a Union must be regarded as sacrosanct. Multiplicity of trade unions is perhaps the one factor that has been most responsible for unhealthy industrial relations in the recent past. I would submit that Government should do everything within their purview to discourage not only the formation and growth of multiple trade unions, but any attempt by an employer to negotiate with more than one recognised Union. The mere signing of an agreement, does not mark the end of an industrial dispute. Implementation is vital and an agreement can only be imple-

mented satisfactorily if it has the complete support of all the employees concerned. It is partly for this reason that your Company has consistently followed a policy of 'one Unit one Union', and the climate and atmosphere of your Company encourages the forming of a House Union at each point. The worker is becoming increasingly articulate and there can be no doubt that he wants to be as close to the collective bargaining process as possible. It is this proximity that provides the involvement and commitment of the employee which is so essential for harmonious industrial relations.

Long Term Agreements (1965)—Joint Committee

Enduring industrial harmony can only be possible in a climate of mutual goodwill, trust and confidence. I would like to give an example of the willing co-operation that can be obtained, and the results that can be achieved where such an atmosphere exists.

Long Term Agreements at your Company's Head Office and at almost all its Branches were due for renewal in early 1964. During the preceding year, sales had dropped alarmingly and our factories were working well below their capacity. Under these circumstances, your Company found itself unable to accept any further financial burden on the expiry of Long Term Agreements.

At a Conference in Calcutta between the representatives of certain of our recognised trade unions and of the management, the Company's difficulties and reasons for its inability to take on any further burden were explained, and the union representatives were requested to agree to a Moratorium on further increases in wages for a period of one year. As a result of the goodwill and mutual trust that had been built up over the years our unions willingly pledged their co-operation and agreed to grant the Moratorium.

The unions also accepted our offer to set up a Joint Committee comprising 4 representatives of unions all over India and 4 representatives of management, to examine and recommend changes, if any, in the structure of emoluments of the workmen.

It is gratifying to recall that the Joint Committee submitted an unanimous report, which was, in principle, accepted in its entirety by the Company and by our unions all over India. The Long Term Agreements that were

then signed in 1965 and later, on the basis of the recommendations of the Joint Committee, set a pattern for the future wage structure, and the first step was taken towards an enhanced and more realistic basic wage by merging a part of the dearness allowance, as also towards removal of the more glaring disparities in remuneration that existed at that time between the various units. As a result of the Joint Committee's recommendation the Dearness Allowance at all Branches was at that time, linked to the All India Average Consumer Price Index (1949=100). An additional advantage was that it made for a less fluctuating pay packet which appealed not only to the employee, but also enabled the Company to forecast its labour costs more accurately.

Minimum Need Based Wage

Your Company recognised and accepted the responsibility to develop a minimum need based wage. The Joint Committee also went into this aspect at considerable length and after taking into account the recommendations of the Fifteenth Labour Conference and examining other data including prices ascertained from statistics maintained by the Central Statistical Organisation, supplemented wherever necessary by figures obtained by the Company from each of its Branches, Wage Board Award, inter-company comparisons, etc., unanimously agreed on the quantum of the minimum wage. Your Company adopted the Joint Committee's recommendations by making ad hoc payments wherever necessary to bring wages up to the required base.

Productivity

For many years even before the setting up of the Joint Committee your Company had been greatly concerned about the low productivity rate in certain of its factories. This was yet another aspect which was examined at length by the Joint Committee and taken into account when their final recommendations were made. Quite apart from the Joint Committee's efforts your Company has, at all levels, been, for many years, highly productivity conscious and mindful of the dire consequences of a spiralling wage bill without a concomitant increase in productivity. In point of fact, all factories now work on a 3-shift basis, with continuous gearing of available plant and equipment to provide for progressively increased production.

The current round of Long Term Agreements which were negotiated in 1970-71 with our unions, saw the introduction of an Annual Productivity Scheme linked to productivity as envisaged by the Payment of Bonus Act in lieu of the statutory profits sharing bonus. Under this scheme payment is directly related to the productivity of the Company's entire workforce subject naturally to the safeguard of a certain guaranteed minimum. One of the benefits of the scheme is that workers can improve their earnings by improvement in production. Your Board believe that this scheme does not merely make the employee productivity conscious, but is also result and action oriented and creates a sense of involvement. He is freed from the anxieties of a lower bonus in the event of reduced profits or a change in the Company's capital structure—factors over which he has no control. Above all, under this scheme, there is no ceiling on what a worker may earn—the only pre-condition is that the productivity of the workforce as a whole must also rise.

In addition, at each of the factories where fresh Long Term Agreements were signed in 1970, your Company introduced in supersession of the earlier sectional efficiency and over money schemes, a Monthly Productivity Payment Scheme embracing all the workers at each factory and under which the monthly payment was linked to the productivity of the factory as a whole. Here, I would like to recount briefly an interesting incident which took place at one of our units. The union in this particular factory employed the services of an Industrial Engineer, to examine the Productivity Scheme. After careful investigation, this Industrial Engineer, who was of their own choosing, advised that in order to merit minimum productivity payment, their industrial output should be higher than that suggested by the Company.

Long Term Agreements—1970/71

Long Term Agreements have been satisfactorily concluded in 19 of our 20 Branches, and the last Agreement is due to be finalised shortly.

In this round of Agreements, we have built further on, and advanced, the pattern and concepts recommended by the Joint Committee—the basic wage has been further enhanced and the variable dearness allowance constitutes an even smaller component of the total pay packet. Furthermore, all earnings besides the basic wage and

dearness allowance are for each member of the workforce linked to productivity—in the case of the Annual Productivity Bonus to the productivity of the Company as a whole, and as regards the Monthly Productivity Payment at factories to the productivity of each factory. All this is evidence of your Company's deep concern for increasing productivity—a concern which it shares with Government.

Personnel Research Cell to Meet Employee Needs

Such success as we might have achieved in the Industrial Relations sphere would never have been possible without the progressive and constructive leadership of our unions and the willing co-operation of our employees. They continue not only to protect your investments but to put them ever progressively to productive use.

It cannot be gainsaid that sound personnel policies must be founded on information and knowledge obtained scientifically and compiled systematically regarding the attitudes, the needs, the hopes, the anxieties and the aspirations of the employee. In order to build up this systematic body of information your Company has recently set up a special Research cell in the Personnel Department, one of the main tasks of which is to obtain a greater knowledge of the real needs of workers in the context of absenteeism in a rural economy, the social aspects of indebtedness, education etc. I am hopeful that as our studies progress, the policies we fashion will be increasingly enlightened and rewarding both for the Company and the employee.

Your Board strive with these and other practical measures, undertaken in a spirit of constructive partnership, to offer the employee not just employment, but a career, not just a job, but job satisfaction, not just work, but constructive participation in day to day activities, not just security, but advancement. Above all, your Board seek to give him a sense of belonging and participation, a sense of pride that he is part of a team working towards the achievement of his Company's goal and his own.

Diversification—Conclusion

I would like to conclude by attempting to look at the future. As you are aware, Government would like Companies such as yours to make a larger contribution in certain key areas of

(Continued on next page)

COMPANY AND PUBLIC NOTICES

THE TATA IRON AND STEEL COMPANY LIMITED

NOTICE

NOTICE is hereby given that The Tata Iron and Steel Company Limited proposes to apply to the Department of Company Affairs under Section 23(4) of the Monopolies and Restrictive Trade Practices Act, 1969, for approval to the purchase of about 6,030 shares of Tata-Robins-Fraser Limited, Jamshedpur, from Hewitt-Robins, a division of Litton Industrial Systems Incorporated, U.S.A. Any person interested in the matter may, if he so desires, intimate to the Central Government in the Department of Company Affairs, within fourteen days from the date of publication of this notice, his views with regard to the proposal and the nature of his interest therein.

For and on behalf of
THE TATA IRON AND STEEL COMPANY,
LIMITED,
(MRS.) K. R. JAVERI
Secretary

Registered Office:
Bombay House,
24 Bruce Street,
Fort, Bombay 1.
29th July 1971.

INDIA TOBACCO CO. LTD.

(Continued from previous page)

the economic field which would result in greater business opportunities all round. Your Board therefore, have been investigating the opportunities available for diversification in India with more specific reference to direct and indirect foreign exchange earnings for the country. This work is being given a very high degree of priority, and a separate cell entrusted to a Member of the Board has been established for this set purpose.

Finally, as I stressed last year, my confidence in a bright future for the country, and therefore your industry in general, remains unaltered. This belief has now been strengthened into a conviction due to a stable Government coming into power at the Centre. Your Company, acknowledged as the pioneers of the tobacco and cigarette industry, will not rest on past laurels, but will continue to pursue its policy of spearheading progress for the all round benefit of the country.

This does not purport to be a report of the proceedings of the Annual General Meeting.

THE INDIAN STEEL & WIRE PRODUCTS LTD.

NOTICE

NOTICE IS HEREBY GIVEN that the Thirty-sixth Annual General Meeting of the Shareholders of THE INDIAN STEEL & WIRE PRODUCTS LTD. will be held at its Registered Office, 7, Wellesley Place, Calcutta-1, on Thursday, the 23rd September, 1971 at 12.30 P.M. for the following purposes:

1. To receive and adopt the Directors' Report and Audited Balance Sheet as at 31st March, 1971, Manufacturing, Trading and Profit & Loss Account and Profit & Loss Appropriation Account of the Company for the year ended 31st March, 1971.
2. To declare dividend.
3. To elect a director in place of Mr. P. C. Mustafi, who retires by rotation and is eligible for re-election.
4. To appoint Auditors for the current year and to fix their remuneration.

The Register of Members and the Transfer Register of the Company will be closed from 3rd September, 1971 to 23rd September, 1971, both days inclusive.

By Order of the Board
THE INDIAN STEEL & WIRE PRODUCTS
LIMITED
A. Singh
Managing Director.

Registered Office:
7, Wellesley Place,
Calcutta-1.
10th August, 1971.

- Notes: (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and upon a poll to vote instead of himself. A proxy need not be a member of the Company.
- (b) If the dividend on shares, as recommended by the Directors for the year 1970-71 is passed at the meeting, the payments will be made on or after the 5th October, 1971 to those members whose names are on the Company's Register at the close of business on 23rd September, 1971 or to their mandatees if already registered before the 3rd September, 1971.

INDIAN COPPER CORPORATION LIMITED

(Incorporated in England with liability of its members limited)

THE following are the returns for the quarter ended 30th June, 1971:—

Ore Milled (Wet) ...	...	Kgs. 15,28,86,000	S/T. 1,68,526
Average Grade ...	...	1.854%	
Refined Copper produced (equivalent) ...	...	" 25,05,000	L/T. 2,465
Rolled Brass produced ...	...	" 7,08,173	" 697
Rolled Copper produced ...	...	" 2,338	" 2
Copper Wire Bar produced ...	...	" 18,08,000	" 1,779
Crude Cupro Nickel Alloy ...	...	" 30,000	" 30
Crude Copper Bar ...	...	" 32,000	" 31
Copper Swarf ...	...	" 56,369	" 55
Nickel Sulphate Crystals ...	...	" 18,700	" 18

The results of development work (carried out on the properties of the Corporation during the quarter under review are as follows:—

	Developed Metres	Sampled Metres	Payable Metres
Mosaboni ...	812.3	705.2	383.5
Badia ...	95.8	94.4	48.7
Surda ...	432.6	388.7	91.5
Pathargorah ...	159.4	130.9	65.5

Gillander House,
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CALCUTTA-1.

Dated 18th August, 1971.

S. N. SINGHANIA,
Secretary.

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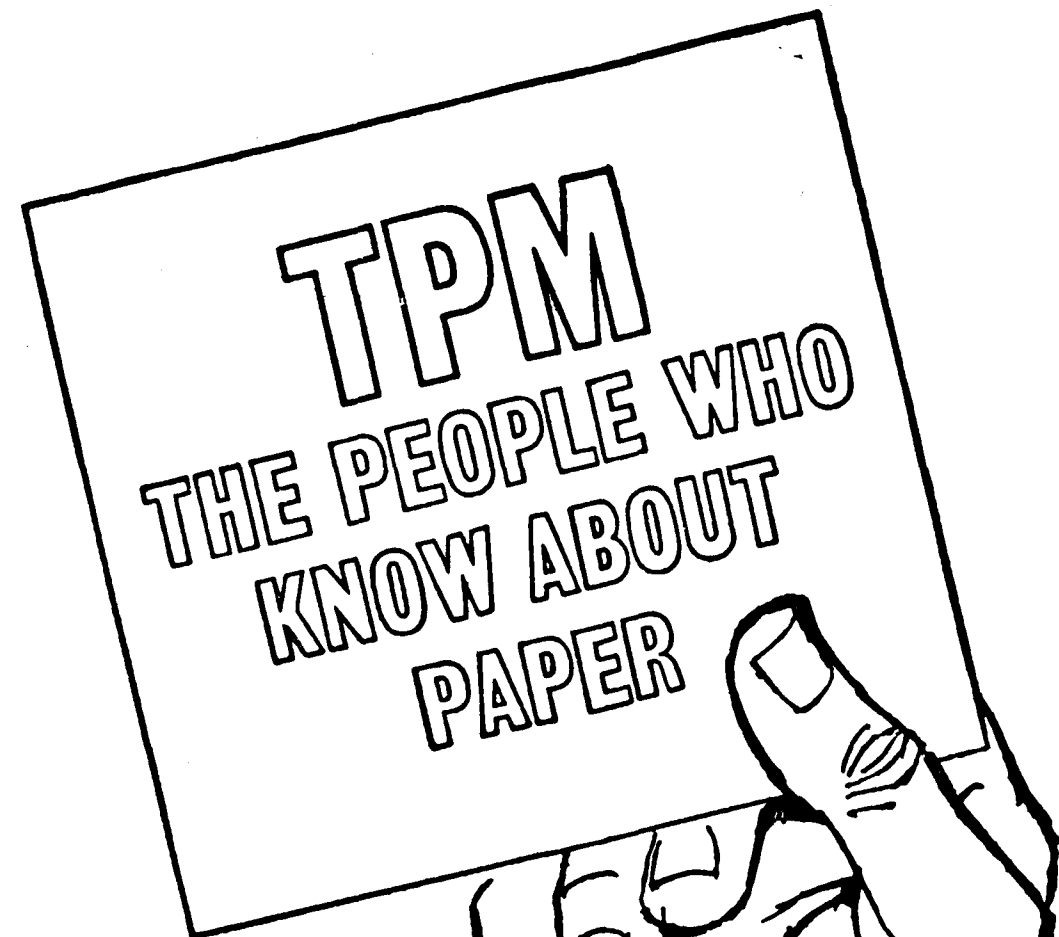
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Package Plan for West Bengal

Food: Problems of Plenty

State Take-over of Textile Exports

Branch Expansion of Banks

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Dollar : Backdoor Devaluation?

AMONG the various reactions to the economic measures President Nixon announced on 15th August, surprise barely featured at all. There was regret at what the impact is likely to be on world trade and aid, and there was something resembling panic in financial centres closest to the rising sun where the changes have signalled harder times ahead. But of surprise there has been little evidence anywhere, because the announcement came after a week which saw the heaviest run on the U.S. dollar since the second World War, perhaps even this century. Dollar devaluation was being talked about in every foreign exchange market in the world, not excluding New York. That, to recall the immortal wisdom of John Maynard Keynes, meant "the game was up"; and President Nixon acted only prudently in accepting the fact. Whether the steps he has taken are the correct ones is, of course, a more arguable matter. But there can be little quarrel with the point that something had to be done to protect the dollar from what threatened to be the biggest bear raid of all time. So the President, in effect, has resorted to a backdoor devaluation, although predictably the process is going to be a long and complicated one.

It is important to understand that the steps Mr. Nixon has taken are only a small part of the complete answer to the problems raised by an overvalued dollar. What happens now will depend on the willingness of other major countries to negotiate the reform of the entire world monetary system. They have certainly been presented with the incentive for doing so. The threat of trade protection has materialised in the form of the 10 per cent import surcharge—a measure which, incidentally, the U.S. authorities fought tooth and nail when adopted by the British Government a few years ago. Among other things, this infringes

the provisions of the General Agreement on Tariffs and Trade (G.A.T.T.). The suspension of gold sales would appear merely to formalise a prohibition which has been in force for some time. In fact, it injects an element of uncertainty into the situation which will have to be resolved sooner or later if stability is to return to world currency matters. It is probably true that for the first time in its history the entire world is now operating on managed currencies, that gold has been effectively demonetised at last. Whether this arrangement is to continue, with all the uncertainties involved, or the dollar is to go back on the gold standard, perhaps at a different price for the metal, is clearly going to be the main point for decision in the coming debate on reforms. This year's annual I.M.F. meeting promises to be one of the most interesting on record.

It is clear enough from what President Nixon has both said and done that the U.S. authorities are hoping their measures will force other countries into making most of the adjustments required effectively to realign the dollar. Then it might be possible to go back onto gold at the old parity and neither Russia nor South Africa would have gained very much. This could be what will eventually happen, although all the old arguments against adjusting every currency except the one out of line still hold. Currencies which are undervalued in terms of the dollar may not be out of line with each other. This is almost certainly true at the moment of the deutschmark, although perhaps not the yen. On the other hand, some currencies, and sterling is probably one, are about right in their alignment with the dollar, but undervalued in terms of most others. This is going to be a tricky problem to solve. The obvious answer would seem to be for all currencies except the dollar to

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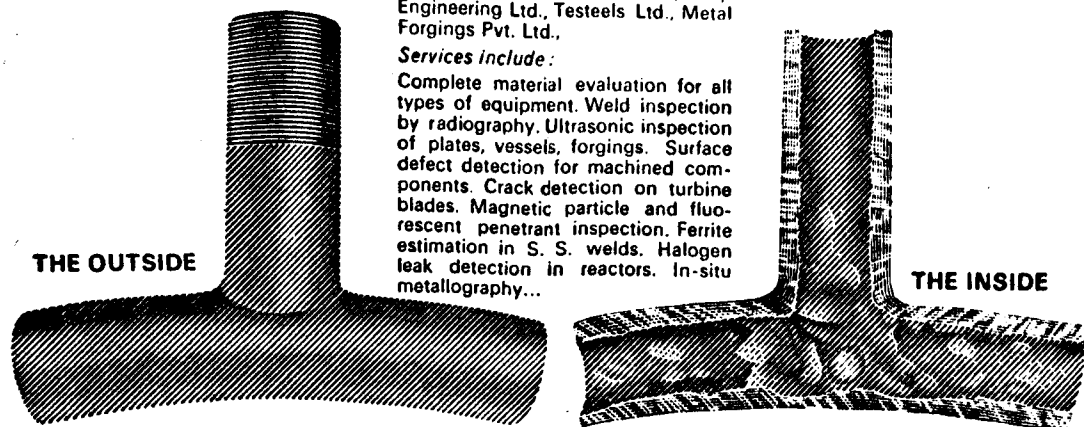
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float at once, thus establishing the correct parities with each other. This has already been condemned as impracticable by the experts. But the alternative of individual floats does not appear to be working either. The United States is now clearly under an obligation to state unambiguously what it would have everybody do.

One possible solution being widely canvassed is an overall increase in parity margins. This has obvious attractions for central bankers because it gives them scope for their favourite sport of dishing the speculators. But the main reason it is finding such support at the moment is that it would permit currencies to float without in fact their appearing to do so. An increase in the present 1 per cent margin permitted on either side of the parity figure to, say, 5 per cent, would provide scope for a 10 per cent float while at the same time retaining the framework of the existing fixed-parity system. The main question here is whether the U.S. dollar would be permitted the same freedom in its relation to gold. It seems unlikely this is what Washington has in mind. So far its thinking appears to be based on three main props. First, no change in the dollar price of gold. Secondly, a set revaluation of such obviously undervalued currencies as the Japanese yen. Thirdly, a general widening of margins thus permitting a greater measure of floating for all currencies and better opportunities to control international speculation. There is some small possibility that such a system would meet the present need, although not a great deal.

Whatever steps are taken internationally to rehabilitate the dollar are unlikely to be effective for long unless the basic causes of the trouble are eliminated. One of these, of course, is the outflow of private investment capital which the U.S. authorities have done so little to discourage in recent years, and which has caused so much resentment in Europe, especially France. Some undertaking on the part of the American Government to stop using other countries' money to buy up their industries seems likely to have to be included in any settlement of the dollar problem which involves international co-operation. But more vital still is that the U.S.A.'s domestic inflation should be brought under control, and it is at this point President Nixon's other measures come up for judgment.

The decision to impose a prices and wages freeze was politically a courageous one; it also marked the end of an era. It is not necessary to go any further than the sad case of Britain to appreciate that inflation is the economic menace of this age. In the short space of 15 years that country has been virtually eliminated from the economic map of the world by inflation, and a decade from now is likely to have a standard of living not much less than half that of western Europe as a whole. This is the result of numerous factors, but of inflation more than any other single one, and the U.S. authorities are wise to try to avoid the same fate. The western economies are moving into an era where the old, classical economic interpretations are no longer relevant, where the price system is not self-regulating any more. The nub of the problem seems to be the vastly increased monopoly bargaining power of organised labour, which has long since lost all social justification. President Nixon's 90-day freeze will presumably be followed by something more permanent; otherwise, as British experience shows, it will only postpone the problem and could indeed make it worse. It seems safe to say that what the U.S. Government decides to do will soon be followed not only by Britain, where a somewhat unsatisfactory alternative is already in operation, but by other western countries threatened with runaway inflation, including West Germany and Italy.

It would thus appear that what President Nixon has done includes two historic precedents. One is the demonetisation of gold, if only temporarily. The other is the admission by the high priest of liberal

capitalism that the god has failed and that something more authoritarian must replace it if the faithful are to prosper again. It could be said that this experience has little relevance for countries in India's position. This is probably not true; where India is concerned the obvious message is that she should try to avoid building into her institutional system anything which contributes to the spread of inflation. At present, India is preoccupied enough with the dangers of monopoly capitalism, but not nearly enough with those of monopoly labour. The two are, in fact, equal menaces and should be treated on a similar basis.

Meanwhile, the international monetary scene continues to present a picture of confusion and uncertainties. For one thing, Japan has firmly denied that she would revalue the yen while the move of the E.C.M. Commission to find out a common solution by floating the Common Market currencies has been set at naught by France's opposition which wants a two-tier system of foreign exchange markets. However, New Delhi has announced its decision to maintain the existing parity of the rupee with the U.S. dollar and allow the rupee-sterling rate to fluctuate, depending on the dollar-sterling rate in the London market. The Reserve Bank, meanwhile, has decided to buy and sell pound-sterling only for ready delivery, forward purchases of sterling having been suspended "for the time being". Under the circumstances, India's exporters and importers will have to face a lot of uncertainties due to day-to-day variability of exchange rates. The Reserve Bank apparently has yet to evolve a strategy to meet the needs of the new situation.

Food : Problems of Plenty

INDIA is reported to have harvested a record foodgrains output of nearly 108 million tonnes in 1970-71, showing an increase of 8.31 million tonnes or 8.4 per cent over that of the previous year when the total production was only 99.5 million tonnes. What is significant is that the entire increase has been accounted for by cereals and that too without any increase in the area under cultivation. As a result, the yield a hectare has shown an impressive improvement in the case of a number of grains. For instance, the yield a

hectare for rice had risen in the last season by 5.7 per cent over that of the previous season. In the case of wheat, it was even higher at 7.4 per cent. In individual States like Punjab and Haryana, wheat yields were much higher than the national average and compared favourably with those of other major wheat-producing countries.

Of the total production of 107.81 million tonnes, estimated for 1970-71, rice accounts for as much as 42.45 million tonnes. The increase over the

previous year's production is over 2 million tonnes, which goes to indicate that a real breakthrough in rice production is not beyond realisation. Much of the increase seems to have come from the hybrid varieties and through multiple cropping in well-irrigated areas. Wheat production in 1970-71 is estimated at 23.2 million tonnes or only 800,000 tonnes less than the target fixed for the final year of the Fourth Plan, 1973-74. Here again, the production was higher than that of the previous year by 3.15 million tonnes or 15.7 per cent, confirming thereby that the "green revolution" is a reality as far as wheat is concerned. In the case of less important grains, the increases have been even more impressive. For example, bajra production at 8 million tonnes is not only 50 per cent more than that of the previous year but is also in excess of the Fourth Plan target for 1973-74. Similarly, maize production has touched a record level of 7.41 million tonnes, showing an increase of over 30 per cent over the production of the previous year. Ragi has also shown an increase in production but not jowar. There has also been a decline in the production of pulses.

The shortfalls in the production of pulses and jowar only underline the need to free the agricultural economy from its traditional dependence on the vagaries of nature. With the introduction of the high-yielding varieties and multiple cropping in several States, it can perhaps be claimed that this dependence has been considerably reduced in recent years. Alongside this, efforts need to be made to improve the output of commercial crops, not only to check the diversion of areas from commercial crops to foodgrains but also bring about a balance in the profitability and cost-economics of different crops. Since India depends on agricultural raw materials like jute, cotton and oilseeds for sustaining the tempo of her export drive, the need for reaching higher heights in their cultivation cannot be overstressed. With the goal of self-sufficiency in food almost achieved, the time has come to make similar progress in the production of commercial crops.

It is true that the country has been blessed with bumper food crops for the fourth year in succession, and another appears to be in the offing. But it would be wrong to attribute it all to fortuitous circumstances, such as favourable monsoons. While

rains have certainly helped, it is necessary to recognise that the application of modern technology and improved methods of cultivation have given Indian agriculture the much-needed shot in the arm. As a result, Indian agriculture is today in the happy position of not having to look back at all; the Indian farmer has taken to the new technology and is even keener than the scientist to go in for more innovations and improved practices of farming. In this situation, it may not be surprising if the current trend of rising production of foodgrains is not only maintained but leads to the accumulation of large surpluses giving rise to "problems of plenty" all over the country.

The first signs of such problems have already made their appearance and a conference of State Food Ministers was held in New Delhi last week to consider ways and means of tackling them. These problems are in the fields of procurement, marketing and storage. For instance, procurement authorities in many States are finding it difficult to cope with the market arrivals of wheat and the stocks offered for sale. Already, wheat procurement has exceeded the target of 4 million tonnes recommended by the Agricultural Prices Commission by more than a million tonnes and stocks are still flowing into the market for sale at the procurement price. This has naturally created the problem of storage as neither the Food Corporation of India nor the State Governments have adequate storage capacities for keeping all the grains offered for sale. At the same

time, they are bound to accept whatever grains are offered for sale at the official procurement prices. All available private godowns are being hired and temporary structures are being put up for stocking the procured grains but a long-term solution will lie in expanding storage capacities all over the country.

It seems rather odd that at a critical situation like this, the Centre should be thinking in terms of introducing basic changes in procurement methods. The Central Minister for Food and Agriculture, Mr. Fakhruddin Ali Ahmed, has come out with a suggestion that all intermediaries in the field of procurement should be eliminated as far as possible in order to ensure that farmers got the full benefit of the procurement prices. As a matter of principle, it may be unexceptionable but it would seem that Mr. Ahmed has not given adequate thought to the practical problems in doing away with intermediaries. In fact, it is possible that the very cause of the small farmer that he is espousing may suffer if an established system is demolished or disturbed all of a sudden. The small farmer does not have the means to take his produce to the place of procurement nor does he have the holding capacity to keep his stocks until the procurement authorities arrive at the scene. While Mr. Ahmed may rest assured of wide support to any measures that he may take to eliminate corruption and malpractices in procurement that may be resorted to not only by intermediaries but also by the procurement authorities, he should be wary of tampering with a

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system that has its uses under existing conditions of the agrarian economy.

There will be many more problems of plenty. It is true that the unexpected large influx of refugees from Bangladesh will make a deep dent on the available surplus of food, but that does not in any way reduce the

Package Plan for West Bengal

SO at last New Delhi has churned out a package plan to revive industry in West Bengal. And there is just no question of not welcoming it. It would not be wrong to say that to date—and that means the whole of the post-independence period—this represents perhaps the most decisive move made to resuscitate the economy of a State which from a position of an industrial pioneer for the whole country has fallen into the backwaters of economic stagnation. If the impressive sweep of the package plan reminds one of some of the more famous postwar reconstruction programmes in countries like Japan, that should not be described as too far-fetched. The situation in present-day West Bengal demands nothing less, and it is encouraging that the Centre has at last recognised that what the State needs is a package plan and not just some arbitrary tinkering with this or that policy. Indeed, in a broader perspective, it can be said that West Bengal will turn out to be the test case of whether, and if so how far, the organised power and planning of a Government can fight off the economic depression in a State, create sufficient employment, and revive the forces of growth when the odds are clearly against it all. And if it clicks in West Bengal, there is no reason why it should not click for the rest of the country too.

A number of measures included in the 16-point programme bear considerable similarity to suggestions made by the business community from time to time. It has more than once urged the Government to declare the whole of the State a "backward" area for the purpose of giving special industrial incentives and not limit the facilities to a few districts. It has now been decided that except the districts of Calcutta, Howrah and 24 Parganas, all of the State should be treated as a

need for a long-term policy of distribution and consumption. In short, while the record food output in 1970-71 is undoubtedly a matter of gratification, there ought to be no delay in taking timely measures to deal with the problems of plenty and mopping up the productive wealth of the rural people for accelerating the country's economic development.

"backward" area. Similarly, entrepreneurs, not clearly satisfied with the way things were running in various Government development agencies, have often urged that their working be toned up and that they be made to play a more active rôle on the line of the S.I.C.O.M. in Maharashtra. It is now proposed that the West Bengal Industrial Development Corporation and the West Bengal Small Industries Development Corporation should bear a larger responsibility in the promotion of industries in the State. Industry circles have also stressed the importance of easier credit flows to industry, adequate supply of raw materials, permission to work in multiple shifts, etcetera, to break the vicious circle of low production, falling employment opportunities and more disturbed conditions. Consequently, a quicker disposal of industrial licences has been assured; more wagons have been promised to meet the State's needs; and the subsidy scheme for backward areas are to be reviewed to bring it in line with those operative in Maharashtra, Tamil Nadu and Gujarat. Side by side, the Government has decided to take over, sometimes even without compensation, the viable units among the 350-odd sick plants now in difficulty in the State. The relevant laws are also proposed to be amended to facilitate a permanent take-over of industrial units.

One of the highlights of the plan is the emphasis it lays on the development of small and medium-scale enterprises. In fact, it looks very much like a new strategy for economic development altogether. The target of setting up 2,000 small units every year, the move to establish a raw materials bank under the auspices of the West Bengal Small Scale Industries Development Corporation, the detailed surveys of each district to study the scope for small industries development—all add up to a sort of shift in the Gov-

ernment's thinking on economic planning. While this approach has been considered the most appropriate to ensure the fastest employment creation, it can also widen the entrepreneurial base and thus provide an outlet for the local youth. Against the Central Government's firm "no" to any plea for a relaxation in the Monopolies and Restrictive Trade Practices Act in the State, the stress on the small-scale sector is especially significant.

It is most essential for the unemployed youth in the State to take up the challenge of self-employment more seriously, as their counterparts in many other regions are doing. The craving for a cosy, white-collar job—which in any case grows slowly—must give place to a new outlook, to a bold ambition to build something up from the bootstraps. Of late, the conditions have not been conducive, it is true, to the spread of such an attitude. But the situation has changed, and now assured of the all-out support of the Government, it is hoped that the new entrepreneurs will avail themselves of the opportunity. Side by side, as Mr. Bhaskar Mitter, president of the Bengal Chamber of Commerce and Industry, Mr. Sanjoy Sen, president of the Indian Chamber of Commerce, and representatives of other chambers rightly pointed out, the development of the large-scale industry was most important, for they set the pace for the small units. While generally welcoming the new measures as proposed, Mr. Mitter and Mr. Sen stressed the need to restore the sense of security so painfully lacking among the business community in the State. It was in their opinion the key factor.

And so inevitably comes the question of implementation. The Central Minister for West Bengal Affairs, Mr. Siddhartha Shankar Ray, has stated that every effort will be made to carry out the new schemes. The purposiveness he has shown in getting the package plan drawn up and approved by New Delhi is no doubt commendable. But the harder and the really difficult part of his task lies ahead. Unless there is an improvement in the law and order situation, the revival of the State's economy cannot proceed very far. If that is one aspect that needs to be tackled, and tackled urgently and decisively, another is toning up the bureaucracy. None of the tasks is easy. To the extent the Government succeeds in making a decisive mark in its initial economic thrust, its task will become more manageable.

State Take-over of Textile Exports

THE high-level meeting held in the Central Foreign Trade Ministry last week and the subsequent announcement of the appointment of a working group under the chairmanship of the Textile Commissioner should set at rest any doubts about the Government's intention to take over the trade in textile exports. The working group has been asked to prepare a detailed blueprint for the take-over of textile exports and submit its recommendation within a fortnight. After the report has been submitted, the Government will decide the *modus operandi* of the take-over of the Rs. 110-crore trade. Apart from its desire to bring an increasing proportion of the country's foreign trade in the public sector, it has been stated that textile exports are being taken over to organise the trade in a better manner so that Indian cotton textiles can stand the severe competition in the international market. Britain's proposal to withdraw concessions to Indian textiles from January next year has been cited as yet another reason for bringing the trade in the public sector.

It has also been decided to appoint a working group to prepare a programme for the take-over of mica exports. As for mica, the Government's intention is apparently to entrust its exports to the Minerals and Metals Trading Corporation. But the agency through which textile exports are to be canalised is yet to be decided. Several reasons have been advanced for taking over mica exports, which are worth about Rs. 15 crores a year. First, small mica producers are being exploited by traders. Canalisation, it is stated, would help small mine-owners. Secondly, the presence of too many exporters is not conducive to getting a good price in the world market. If mica exports are canalised through a single agency—India, incidentally, is the largest exporter of the item—it is felt that the country would be able to bargain from a position of strength and might succeed in increasing the unit value of exports. Thirdly, workers in mica mines are among the poorest paid in the country. It is the Government's hope that under the new arrangement the workers' lot will improve. But there is confusion here, since mining will still continue to be in the private sector and small mine-

2

owners cannot be expected to become "ideal employers" overnight.

Notwithstanding the Government's stand, the move to take over exports of textiles and mica has certainly a political purpose. Once exports of these two items are taken over, the share of the public sector in the country's total exports would be doubled—from about 10 per cent to 20 per cent. This in itself is a valuable achievement which will fetch political dividends. Having already taken over cotton imports, one cannot see any urgency for the take-over of textile exports. To say that this has been necessitated by the British move to withdraw concessions is not convincing. Textile exports to Britain have in any case been declining. At the same time, total textile exports from this country had increased from Rs. 82 crores in 1967 to Rs. 112 crores in 1970. It is not suggested here that India has reduced her dependence on the U.K. market and that the British move need not worry this country. But to cite this as a reason for the take-over of textile exports betrays naivete, to say the least.

What is really needed to improve textile exports is not canalisation but modernisation of the mills and improvement of cotton production in the country. Nearly half, if not more, of the 668 units in the industry are sick. Unless something is done to improve their lot, canalisation cannot produce miracles in exports. Estimates of the cost of modernisation vary from Rs. 500 crores to Rs. 900 crores. Even if the lower figure is accepted, it is obvious that the industry cannot raise the amount all by itself. Long-term loans on reasonable terms are necessary to rehabilitate the sick mills. At least the exporting units should be modernised as quickly as possible. A Government-appointed committee had recommended that Rs. 20 crores of foreign exchange should be earmarked annually for some years to facilitate the import of sophisticated textile machinery. Subsequently, an announcement was made about sanctioning licences for the import of sophisticated machinery by exporting mills to the extent of 20 per cent of their exports of cotton manufactures in 1970-71. This is certainly

a good beginning, but if India is to remain a leading exporter of cotton textiles, more will have to be done to improve the health of the industry.

Indian textiles are priced out in the world market due to high production costs. This is partly due to the decline in cotton production. After touching 6.4 million bales in the 1963-64 season, cotton production has been hovering around 5.6 million bales on average whereas the country's requirements have grown to 7 million bales and are expected to be near 8 million bales by the end of the Fourth Plan period. As against this increasing demand, the average yield an acre in India is in the neighbourhood of 120 lbs.—one of the lowest in the world. The average yield in India can certainly be doubled at least in the next few years if farmers are given the necessary inputs and the Government seriously makes an effort in this direction.

India has the largest area under cotton cultivation in the world and the prospects of improving her rank among exporters of cotton textiles are bright, provided energetic steps are taken now. The Government has only recently decided to launch an intensive cotton development programme, with an outlay of about Rs. 15 crores to be spread over three years. While India has to depend on imports for extra-long staple cotton, what she needs most are the relatively short staples used in the manufacture of coarse, medium and higher medium counts. It is in these varieties that India has an advantage over other countries, and the shortage of cotton in recent years has mostly been in these varieties. Instead of adding to its responsibility by taking over the export of cotton textiles, the Government would do far more good to the country if it concentrates on improving cotton production and restoring the health of the industry.

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Fighting the Flood Menace

FLOODS have caused a great damage in many parts of the country and they are still persisting in Bihar where even the Barauni thermal power station had to be closed down as water from the swollen Ganga entered the power generation chamber. Several towns in the State have been submerged under water and the damage must have been colossal. Conservative estimates have put the flood damage in some parts of the country at Rs. 250 crores, but when a proper tally is made of the havoc caused in the next few weeks, the actual figure would have gone up much higher. At a time when the country is passing through critical times, it is really tragic that even nature should be against it.

But the most unfortunate thing is that floods have been occurring almost every year in some part of the country or the other, bringing in their wake untold sufferings to the people. Yet, there have been no fool-proof measures to mitigate the flood havoc. It would be unwise to imagine that it would be possible to control floods altogether, but it is well within the competence of human ingenuity to control floods and see that the damage caused is reduced to the minimum. The first handicap seems to be that this is a subject within the jurisdiction of the States, and the Centre, as in the case of food and education, could only be a co-ordinating agency and nothing more. In the more progressive countries like the United States, it is a federal subject and, therefore, it has been possible for the federal Government there to deal with it much more effectively. In India, the tendency all along has been for the States to show reluctance to part with their powers, even though such a step would be in the overall interest of the country.

More important than this is the shortage of funds which is the chief inhibiting factor in implementing measures to control floods. India is a land of rivers, big and small, and they are numerous too. Topographically, the conditions are so varied that there is a flood in some river or the other all the year round. A river like the Ganga has certain peculiarities, and it is a Herculean task to prevent the occurrence of floods al-

together. It is not even possible to construct dams or storage structures on the Ganga since such a step would submerge thousands of acres of land and would lead to large-scale displacement of people. On the other hand, a river like the Brahmaputra, in whose basin floods are almost an annual feature, dams cannot be constructed since it flows through a highly sensitive region. What happened to the Koyna dam a few years ago might happen if dams are constructed on the Brahmaputra. Therefore, the best of engineering experts find it difficult to devise measures to control floods in these two rivers.

But what could be done and is being done, although not to the desired extent, is the construction of embankments and the strengthening of such embankments wherever they exist. Here again, the main difficulty is the shortage of funds. It is estimated that to bring 25 per cent of the flood-prone area under control, it would cost at least Rs. 1,000 crores over a period of ten years. Already, a fourth of the flood-prone area is fairly well protected at a cost of nearly Rs. 300 crores. And with the limited resources available with

the Government, it has not been possible to draw up an ambitious programme for this purpose. Whatever has been done so far is of marginal value, and the aim is to prevent avoidable damage.

Even though considerable progress has been achieved in flood control measures during the last 15 years, there is still a large amount of work which remains to be done. It is necessary to undertake investigations vigorously so that they could be completed quickly for studying the various alternatives of giving protection to the remaining areas. Thus flood control measures on the Himalayan rivers require serious and detailed consideration. The provision of flood protection measures to cover most of the areas in the country will necessarily take a number of years. Even so, there will be some areas which cannot be provided with flood protection measures. Scientifically, the best arrangement will be to have both dams and embankments as has been done on the Mahanadi in Orissa. The Gujarat rivers too have been tamed in this way, but it is not always possible to have both. Meanwhile, while some parts of the country are going through the agony caused by disastrous floods, some other parts—like Andhra Pradesh—are experiencing unprecedented drought conditions.

Britain and the E.C.M.

ONE certain fact in the debate on Britain's place in the world is that if "going into Europe" were subject to a referendum in the near future of the wishes of the British people, Britain would "stay out". Public opinion polls are not wholly reliable, but no possible degree of error can explain the opposition to "entry" that they have manifested. The Government requires the approval not of the people themselves but of their elected representatives; and it is confident that it will get this approval next October. The hard core of opposition in both political parties will never be converted, but the terms of "entry" agreed between the representatives of the European Community and Britain's chief negotiator, Mr. Geoffrey Rippon, have brought many waverers to the Government's side. However, the people's wishes cannot be ignored by a Government whose prospect of re-election has been dimmed by

disillusion with its policies in general, and by the accelerated rise in prices and the slowing down of the economy (involving insecurity of jobs) in particular. There is no effective answer to the argument that "going into Europe" means subsidising Europe's relatively inefficient agriculture by paying yet higher prices for food, but the Government is trying to convince the people that the benefits of long-term economic growth in a large community will much outweigh the short-term disadvantages.

As soon as the terms had been agreed with the Community, official statisticians began recalculating gains and losses that "going into Europe" would involve. Such calculations are virtually meaningless. It is impossible to estimate how tens—or hundreds—of millions of people will react to new circumstances that will affect their choice of goods and their will-

ingness to spend or save, if they are consumers, and their ideas on production and capital investment, if they are producers. However, one can accept vague assessments of some hundreds of millions of pounds a year as the cost to the balance of payments—a cost that would continue, presumably, into the next decade. Contributions to the Community Budget and substitution of high-cost for low-cost imported food amount to a prospective annual burden that would make it difficult to maintain the pound's international rôle even if the Community would allow it to continue. A higher cost structure implies higher export prices, in an environment where opportunities in Europe are much less certain than loss of preferential treatment in the Commonwealth.

The concept of national sovereignty in a small (though populous) country may be outdated, even derided; but of all the world's small (or, at most, not large) countries Britain has probably the least need to merge with a bigger community. The Commonwealth was never, nor could it become, a customs union, but it has been a solid basis for Britain's export/import trade. The European Free Trade Association was not intended to be integrated like the European Economic Community, but in its tariff-free zone its trade has grown vigorously. British exports are firmly established in the huge U.S. market. The great potential of the Japanese market is being exploited by a growing number of British firms. Widening opportunities are seen in Latin America and in the Soviet bloc. That British pride would not be flattered by a change in Britain's status from an independent worldwide trader to a segment of a European bloc, and in the pound's status from an international currency with special functions to a European currency "just like the others", is unimportant. That Commonwealth countries whose economies have been geared (though diminishingly in recent years) to the British market feel that their faith has been betrayed is serious. To his comment that the terms were "the best which the British could, in the circumstances, get for us", a New Zealand Prime Minister, more cynical and less diplomatic than Sir Keith Holyoake, might have added "—or for themselves". Australians could not even pretend that their interests had been safeguarded; and these interests are Britons' as well.

The difficult negotiation of terms was concerned not with the permanent situation—Britain was obliged to comply with the Community's structure, including its common agricultural policy and its financial system—but with arrangements for a transitional period. The difficulties arose mainly from the Community's restrictive character, contrasting with Britain's long-established character as a liberal importer of materials and foods. It was the prospect of including more countries in a restrictive system that changed the Americans' view of British entry from enthusiasm to apprehension. The executive director of the Commonwealth Sugar Exporters' Association, Mr. John Southgate, has argued (in a Fabian Society pamphlet published a month before the terms—which are rather more favourable to developing countries than expected—were agreed) that inclusion of Britain in the E.E.C. is a serious threat to the world's primary exporters if it implies that their biggest market for agricultural produce will be restricted. Even Mr. Rippon has admitted that rising prices have turned the British people against the idea of joining Europe:

relatively cheap food has been a most important advantage.

The economic arguments for getting Britain into the E.E.C. have never been convincing; but these arguments are necessary to justify a purpose that is essentially political. However, the British Government has convinced itself that it and its successors will gradually convert the Community to more liberal policies. Existing members of the Community are aware of this aspiration and are evidently convinced that they can thwart it. Less committed observers believe that a Community that included Britain and some smaller new members would automatically change its character, whatever pressure and resistance were applied in it. If Britain is taken into Europe (a process that requires some years) she will have many new problems on her own account—and she will not easily solve them unless new confidence inspires her business men. But her basic responsibility is to ensure, as far as possible, that this move will enlarge not only her own opportunities but the opportunities of world trade.

CURRENT COMMENT

STATE LOANS

Prompt Subscription

By the second day of their flotations, the 5½ per cent, 12-year loans of the 15 State Governments for a total of Rs. 158.75 crores issued at par were fully subscribed. On the first day, 19th August, the loans of Gujarat, Haryana, Mysore, Punjab, Kerala, Madhya Pradesh and Uttar Pradesh were subscribed; on the following day, the subscriptions of the remaining eight States—Andhra Pradesh, Assam, Bihar, Maharashtra, Orissa, Rajasthan, Tamil Nadu and West Bengal—were over. The States can retain up to 10 per cent of the excess subscriptions over the respective notified amounts. The total borrowing has come to Rs. 175.15 crores. Since the flotations coincided with the maturing of the previous 12-year State loans now worth Rs. 66.25 crores, Rs. 35.10 crores was converted into the new loans and the rest paid back. In the case of the Central loans floated in July, nearly 84.6 per cent of the maturing loans were converted. The Central loans collected a net amount of Rs. 73 crores. The total net borrowings by the Cen-

tral and State Governments so far thus seem to leave room for a second mopping up by the Centre. The net borrowings by the Central and State Governments last year came to Rs. 260 crores.

NEWSPAPERS

Diffusion of Ownership

The Government of India has announced its decision to break what is described as the "stranglehold of vested interests" on the Press. One of the measures through which it wants to do this is by the diffusion of ownership of newspapers and news agencies. This is sought to be done through an amendment of the Companies Act and a Bill is being prepared by the Central Ministry of Company Affairs in consultation with the Central Ministries of Law and Information and Broadcasting. Recently, newspapers have published what is stated to be the draft Bill prepared by the Company Affairs Ministry and if this is enacted into law, this will also diffuse the freedom of the Press. Under the proposed scheme of management, almost all the

newspapers are going to be a free field for political parties. Under the scheme, 25 per cent of the directors of a newspaper would be elected annually by working journalists and another 25 per cent by other employees. This is bound to introduce politics in a newspaper office completely vitiating the atmosphere. The remaining directors would be elected by the shareholders. The most interesting provision is that even though an individual would be allowed to have up to 5 per cent of shares of a newspaper company, his voting would be limited to $\frac{1}{4}$ per cent irrespective of his holdings. The residuary voting would be exercisable by the public trustee, obviously a Government appointee or his proxy who, it is presumed, would be a Government servant. In other words, it would be the Government appointed trustees who would really be controlling the newspapers. The effect of this will be the nationalisation of the Press without any cost to the Exchequer. If this is the purpose of the Government, the honest course would be to nationalise the Press straightaway, instead of doing it in a round about manner.

The draft Bill, however, exempts proprietary newspapers with a circulation of less than 15,000 from its purview. The tendency in future will be to see that newspaper circulation does

not exceed this figure. The effect of this will be that there will be no professional class of journalists and the scope of the profession will be considerably restricted. The newspaper industry requires considerable investment and it may suffer in future because of the lack of finances. Very few investors will now come forward to invest in newspapers because of the many restrictions proposed. The Government probably is not unaware of the fate of many co-operative newspapers. The scheme of management which implies a total divorce of ownership from control is bound to result in irresponsible management. Many newspapers in the country are still controlled and owned by individuals with no other business interests. It is this class of owners which should be strengthened and not weakened. If the Government wants to check the influence of individuals, some kind of legislation for associating trustees with these newspapers can be enacted.

BUNDH

What it Costs the State?

The chambers of commerce in Calcutta deeply regret that another *bundh* has been called on 27th August, 1971, at a time when West Bengal is beset with so many problems, including the

massive influx of refugees from Bangladesh. Since 1970, five such *bundhs*, in addition to innumerable local strikes, have dislocated the normal life. It is difficult to appreciate if a *bundh* benefits anybody, but its effects on the economy are of staggering dimensions.

The loss sustained in terms of industrial production, wages earnings, revenue for the State and economic activity generally from a day's *bundh* amounts to over Rs. 12 crores. The loss in terms of wages of industrial workers and earnings of self-employed persons alone is estimated at Rs. 2.5 crores. Moreover, there are personal hardships to the people as a whole.

FLOUR MILLS

Inferior Wheat Supply

A Press statement issued by the Calcutta Flour Mills Association says that flour mills in West Bengal have been supplied with large quantities of sub-standard quality of indigenous wheat for the past several weeks and that despite complaints lodged with the Food Corporation of India, there has been no improvement in the situation. The C.F.M.A. has reported that the wheat stocks contain weevil, out and damaged grains, moth webs, dust, mud and stones to the extent of 21 per cent, all of which are known as refraction, while the mills are permitted to extract refraction to the extent of 1 per cent only, as stipulated by the State Government. As the supply of inferior wheat has adversely affected the milling margin, the Association has urged the Central Food Secretary to permit the F.C.I. to issue such stocks at a reduced rate, instead of the standard rate of Rs. 78 a quintal.

MONEY MARKET

Call Rate Steady

The short-term money market has been steady this past week. The call rate has been maintained at 4 per cent, although at the close it has gone up to $4\frac{1}{4}$ per cent, with very small stray lots done at $4\frac{1}{2}$ per cent. There has been a good supply of tea bills on account of forward cover while the supply of gunny bills has been small. The demand for remittances has also been small. Since most of the foreign exchange markets have been closed last week, the actual rate of the pound-sterling against most major foreign

A Ditcher's Diary

WHAT EXACTLY IS A "PACKAGE PLAN"?

Perhaps one that covers a lot. I have no doubt that the plan announced in Calcutta last Friday covers many aspects of West Bengal's industrial development. But a "revival" will depend less on the scope of the plan than on the speed and manner of its execution. The question, therefore, is how soon the plan is going to be unpacked. New Delhi has taken unconscionably long to prepare the package; although the contents are now on view, they are still concepts rather than realities. And in recent years New Delhi has displayed little awareness of West Bengal realities and less determination to replace them with a different set of realities. Even more dismal has been the State administration's own record; surely political instability is no excuse for the administration's failure in almost every field. An ambitious plan for industrial revival does not immediately thrill me when I see things continuing to crumble all around. Almost every day in Calcutta there are several long spells of power failure; the situation is worse in the districts. Public transport is in a shocking state; train services are erratic or non-existent. Milk supply is chancy. Prices are soaring. With a total disruption of Calcutta University's examination schedule, the State's educational system is on the point of a breakdown. In almost every sphere, there is incompetence, indifference or worse. What chance does industry have of a healthy revival against this background? Some of its spokesmen have rightly stressed the essential need for a sense of secu-

rity for any kind of economic growth. Even under President's rule, the administration has failed to generate confidence; indeed, things seem worse than in the worst days of political instability. But let me not go on prophesying doom; I think that Mr. A. L. Dias, the new Governor, struck the right note in his first broadcast when he issued a warning to public servants, particularly against failure to discharge "the functions of law and order". The law enforcement machinery did not cover itself with glory during the recent killings in the Baranagar-Cossipore area; this much surely can be said without prejudice to the enquiry ordered. Mr. Dias is a man of considerable administrative experience; he can also be trusted not to embroil himself in the kind of controversy that made Mr. Dharma Vira so unpopular. West Bengal's immediate tasks are largely administrative; industrial revival will remain an academic subject until these tasks are effectively performed. Mr. Dias will have his hands full.

IT IS ALWAYS GRATIFYING WHEN ONE'S amateur suggestions are endorsed from sources of unimpeachable authority. For instance, I have consistently in this diary advocated a multi-national naval force for the Indian Ocean as an answer to the fact that the current Russian build-up is threatening the security of our trade routes with Europe, the United States and east Africa. Admitted that I restric-

ted the proposal to a Commonwealth force, and that one of the main objects of the exercise would have been to avoid South Africa having to be supplied with maritime arms. But the kernel of my idea was to ensure the freedom of the Indian Ocean by turning it into a multi-national responsibility, and I am pleased that it now appears to have the approval of no less an expert than Mr. Raymond Blackman, editor of *Jane's Fighting Ships*. In the recent annual issue of that august publication, Mr. Blackman suggests policing our Indian Ocean trade routes with naval contingents supplied by the United States, Britain, Australia, New Zealand, India, Pakistan, Malaysia, Singapore, Portugal and South Africa. Now I can tell him right away that this is just not on; India will not consent to joining with the United States and such pariahs as Portugal and South Africa, in what looks more like an alliance against Russia than a genuine attempt to protect our legitimate interests in our own ocean environs. Moreover, in the present state of our relations with Pakistan, any co-operation with that country would have to be indirect, to say the least. But basically I think Mr. Blackman is on the right lines, and ultimately we are going to have to face the fact that Russian domination of the Indian Ocean has increased, is increasing, and will doubtless increase even further now that China and the United States are moving towards a tacit alliance. It is not as if we can any longer rely on superior American might to offset the Russian power. As Mr. Blackman points out, the Soviet navy in the Mediterranean is already five times stronger than it was in 1966 and is now represented in every ocean

PROSPECTS FOR MAKING WOOLPACKS

A CORRESPONDENT writes in Current Coin: It is quite possible that a new department of industry will soon have to come into being in connection with the making of woolpacks at our jute mills. The woolpacks will have to be paperlined. At a meeting of the International Congress of Wool Combers and Spinners at Roubaix, particular attention was drawn to the necessity of improving the present methods of packing wool and tops. Serious complaints were made against the system now adopted in Australia and Buenos Aires of shipping the raw material in jute bags. It is asserted that under these conditions, a great amount of loose vegetable fibre from the packing

material finds its way into the wool and as it is almost impossible to remove it during the subsequent operations great damage ensues, every particle showing up when the goods are dyed. It was proposed that wool-growers should be acquainted with the position and advised to pack their products in paper-lined bags. The obtaining of clean raw material free from the fibres of jute which are mixed to a certain extent with the wool shipped in the ordinary woolpack is the thing greatly to be desired. Some inventive genius will surely be able to devise some effective and expeditious way of giving woolpack cloth a lining of paper to meet the new demand for a clean pack.

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of the world. Compared with this, ac-
cording to Mr. Blackman, the size and
capability of the U.S. navy continue
to decline "at an alarming rate".

FLOODS ARE ONE SUBJECT ON WHICH IT
is nearly impossible to say anything
new. Yet I wish Ministers and offi-
cials stopped describing them every
year as unprecedented. Several years
ago, a Calcutta newspaper carried a
leading article on floods under the
heading "Precedented"; but this set
no precedent at all. Nor has there
been any change in the annual routine
of flying over flooded areas and expres-
sing suitable concern. People in some
flooded villages near Delhi once issued
a statement specifically asking Minis-
ters and officials not to visit the area
to shed "crocodile tears". Perhaps
they thought that with so much water
all around they could do without a
dose of lachrymal fluid. I do not wish
to suggest that there is no genuine
sympathy in official circles; but its
verbal expressions have long ceased
to be of any interest. By all accounts,
the situation is again very grim this
year; and the authorities cannot be
blamed if they are finding it difficult
to cope. But it is one thing to be over-
whelmed by a problem of daunting
dimensions, quite another to seem
almost totally unprepared. Dr. K. L.
Rao, Central Irrigation Minister, said
the other day that floods would occur
in Bihar as long as the Ganga flowed;
but not every river is as uncontrollable
as the Ganga. What exactly has been
achieved under the many schemes
undertaken so far in the name of flood
control? Admittedly, floods cannot be
totally prevented; but surely there are
ways of lessening their severity. The
trouble is that floods remain a concern
only as long as they last. Immediately
after the ordeal, estimates are made
of the damage caused; the figures
mean little but their compilation is
perhaps regarded as the only exercise
that can be undertaken without diffi-
culty. After the figures have been
dutifully quoted in Parliament and
the Press, the authorities rest with a
clear conscience; they have shown
that they are not unaware. Come the
next flood season, the whole ritual will
be repeated without the slightest varia-
tion. One hears about living with
floods; but people in authority, whe-
ther in New Delhi or in a State capi-
tal, do not live with floods. If they
did, they would perhaps have been
more concerned over the prospect of
dying with floods. Perhaps people
should learn to live with the problem;
but all these years of planned deve-

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lopment have done so little to make
such living bearable.

TO THOSE NAIVE ENOUGH TO BELIEVE
anything provided it has a happy end-
ing, the final thumbs-down on Boeing's
supersonic transport project must have
looked like a guarantee of success for
the Anglo-French *Concorde*. Well, it
may be; but then again, it may not.
In fact, the fate of *Concorde* has little,
if anything, to do with what happens
to America's S.S.T., which is really in
another category of aircraft altogether.
What it has to do with, and almost
exclusively, is whether or not Britain
succeeds in her efforts to join the Euro-
pean Common Market this summer.
If she does not, the excuse for saving
money on *Concorde*, and damaging
the French at the same time, will be
just too good to resist. The sad fact
about *Concorde* is, of course, that both
parties now heartily wish they had
never heard of it, and neither would
be averse to dropping it if that
could be done without too much
damage to national interests. The
commercial and technological aspects
of the project have long since been
buried under a mountain of escalating
costs. The French carry on with it
mainly because they are reluctant to
confirm British suspicions about their
reliability, and because they rather en-
joy watching their partners painfully
stumping up money they cannot afford
on a project they no longer want. The
British, of course, feel they must carry
on or run the risk of presenting the
French with yet another good reason
for vetoing their application to join
the Community. It would all be wild-
ly amusing if it were not so tragic;
and what makes it more so is that there
is now a better chance of *Concorde* be-

coming a commercial success—or at
any rate something short of a howling
failure—than has been true previously.

THE CONTROVERSY OVER NEW
arrangements for the import of
foreign films has not even been par-
ticularly entertaining; and it does
not promise to improve or expand
the scope for public entertainment.
There may be a perfectly good case
for breaking what has been describ-
ed as the virtual monopoly enjoyed
by Indian subsidiaries of the Motion
Pictures' Export Association of Ame-
rica (M.P.E.A.A.), but the impres-
sion has been created that the new
policy is directed not so much against
this arrangement as against Ameri-
can films as such. Indeed, it has been
suggested that the import of Ameri-
can films should be discontinued
unless American cinemas start show-
ing Indian films. It is claimed that
Indian films are commercially shown
in as many as 80 foreign countries.
So why should the Americans be
snooty? There may not always be
much to choose between a bad Holly-
wood and one of the slicker imita-
tions by Bombay; and the all-Ame-
rican male should find someone like
Mumtaz as delectable as she appears
to the bemused local youth. Yet I
cannot see an American audience
having much patience with scenes of
dalliance that does not advance
beyond the song-and-dance routine;
and long-suffering virtue can be an
excruciating bore. It is not only the
content that will fail to connect;
the language will be the main bar-
rier. I am told that Hindi films are
popular in west Asia; but that only
strengthens my belief that Arab
problems will never be solved.

Anyway, what are we going to be
offered in place of American films,
many of which are admittedly
trashy? For us a foreign film will
have preferably to be a film in the
English language; I have little time
for the pretentious talk about the
cinema's own language which is inde-
pendent of the conventional vehicles
of communication. Inevitably, Ame-
rica and Britain will be the main
sources of English films. If American
films take as much as 90 per cent of
the showing time given to foreign
films in this country, something
should surely be done to reduce this
disproportionately large allocation.
It may also be a good idea to arrange
for the showing of some non-English
films; but this arrangement is likely
to prosper only if the censors are less
strict, for uncensored delights account
for much of the high-brow film-
society appreciation of the continen-
tal cinema. What worries me, how-
ever, is the prospect of an official
body deciding which films are good
for our pure and progressive souls.
I cannot place films in the category
of other commodities handled by the
State Trading Corporation. The offi-
cials may be guided by self-styled ex-
perts; but that may only make things
worse.

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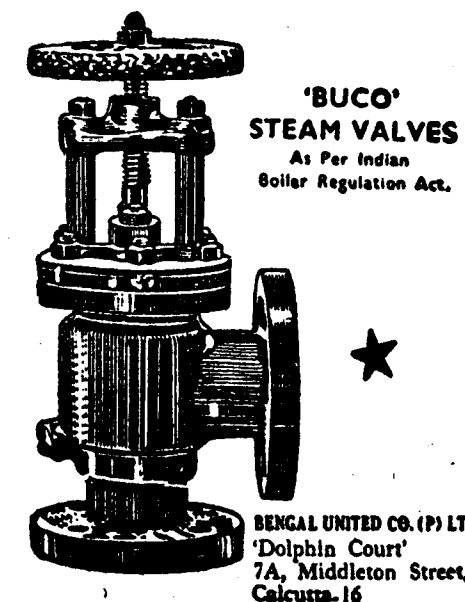
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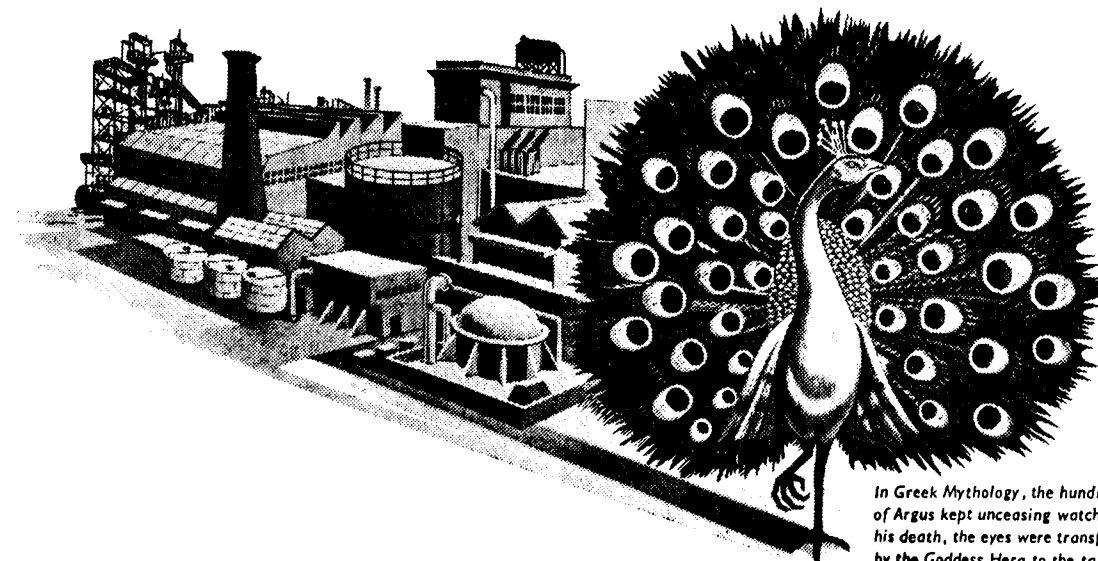
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MANAGEMENT

Materials Management: A New Approach to Cost Reduction

By K. K. Taimni

The new concept of materials management has been found to be particularly useful for reducing costs. In a country like India, faced with an acute shortage of materials and mounting costs, it can prove to be useful to management.

ALTHOUGH it was almost a decade ago that the modern concept of materials management came to be recognised in the United States as a distinct aspect of industrial management, yet only 3 per cent of 45,000-odd manufacturing concerns in that country had materials managers in 1967. In other countries the position is still worse and materials managers are almost non-existent. In recent years, there has, however, been a growing interest in this important area especially because costs of materials are steadily mounting and there is growing pressure on managements to find fresh avenues to reduce costs.

Many misconceptions surround the terms materials and materials management. Material in economic terms is defined as an idle asset which has a value but awaits utilisation. When used in materials management, it "connotes the physical materials that are purchased, received, stored, inventoried and handled". It does not suggest the final product that is warehoused and distributed. Materials stop being materials in the production department when an entirely new thing—a product—is born. The above distinction is of fundamental importance to the understanding of the emerging concept.

Integrated System

Broadly speaking, materials management is concerned with the entire range of functions which affect the flow, conservation, utilisation, quality and costs of materials. It generally covers activities like purchasing, inventory control, traffic and receiving, stores, materials handling, record keeping, inspection, packaging and

shipping. In the new concept, materials management is not just one or more of these activities. It cuts through and integrates them all and reflects a managerial attitude that focusses on materials as the single largest area of costs.

Thus the basic concept of materials management implies the development of a new attitude, a new outlook on the part of those who are assigned to the rôle of looking after all materials related activities and to view all such activities as one whole integrated system, of which each activity is a sub-system. This approach has been found to be particularly useful for reducing costs more effectively. (In recent years quite a few writers have pointed out that cost reduction sounds negative in approach and thus a better term for its objectives should be profit improvement or cost prevention.)

New Concepts

In the fast changing environment of an organisation, the successful management of a few organisations, especially in the United States, have been able to develop radically new concepts which have added new dimensions to current thinking in the field of industrial management. These concepts put the customer in focus and seek to orient the activities of an organisation for his satisfaction. It is recognised that there are three areas of concern for the top management, viz., customer satisfaction, which is covered under marketing management; the process of adding value to the materials, which is covered under production management; and the whole area of materials costs which is covered under materials management. In other words, the major areas are "costs", "adding value" and "customer satisfaction".

By bringing all materials related activities and integrating them under one system, materials management provides better administration which cannot be ensured when such matters

are left as part-time responsibilities of other busy managers. By co-ordinating and integrating fragmented individual materials functions and by exercising control over the ever increasing costs of materials planning, procurement, inventories, storage, usage, handling and distribution, materials management promotes a more efficient level of administration.

Leading Advantages

Dean S. Ammer, who is considered to be a pioneer in the field of materials management listed the leading advantages of the system: (1) Forced co-operation between purchasing and production control; (2) tighter inventory control; (3) efficiency in co-ordination; and (4) better communication. On the causes for rejection of the new concept, he lists two major reasons: (1) simple resistance to change; and (2) failure of the top management in recognising that the materials management is a money making activity. On the latter aspect he writes: "Materials management is seen as service activity. It does not contribute directly to the objectives of the business but helps the real contributors (manufacturing, marketing and sometimes engineering departments) do a better job. Significantly, the purchasing, production control and traffic functions are controlled as costs centres. They are measured by the costs of the service they perform rather than by their contribution to the profit". It is this approach which comes in the way of management recognising the intrinsic utility of materials management. Two major and related forces have, however, in recent years influenced many managements to adopt the concept of unified materials management. These are: electronic data processing and systems approach to management.

Materials management is indeed struggling to gain acceptance. And in a country faced with an acute shortage of materials and mounting costs, it can really play a vital rôle in energising the economy. It is heartening that there is a widespread awareness of the rôle of this new management technique in India, although not many managements have so far accepted it for their organisations. Efforts now made by training institutes and management associations in this direction will, it is hoped, bear some fruit soon.

SPECIAL ARTICLES

Will the Dollar Crisis Change the Pattern of World Trade?

(BY A SPECIAL CORRESPONDENT)

Developed countries like Japan and the members of the E.E.C. have now to be prepared to face trade restrictions in selling their goods in the U.S. market in the wake of the dollar crisis. They may now devote greater attention to trade with the developing world.

THE current dollar crisis may be the right time for India to undertake a thorough reappraisal of her economic relations with the outside world. By so doing she may be able to turn the crisis to her advantage up to a point. The first and obvious step for the Indian Government and business community will be to see how far this will affect Indo-American trade and aid relations. This will have to be followed by a study of whether any adverse effect of the crisis could be offset by certain countervailing advantages that might automatically ensue in her relations with other countries, and of the new opportunities that may open up for India in international trade. The point is that the crisis in the economic relations between the advanced countries or groups of countries may not be entirely to the detriment of the developing world. Such a crisis may conceivably offer the developing world an opportunity for a more active participation in world trade than has been possible so far despite the pious resolutions passed at the U.N.C.T.A.D., G.A.T.T., the Kennedy Rounds and various other forums.

One obvious possibility is that as the advanced countries adopt restrictive trade policies towards each other, they might be constrained to look for new trade outlets in the developing world. For instance, Japan, one-third of whose exports go to the United States, now faces a cut in them in one form or the other. It would naturally be more eager now than ever before to promote increased trade with other countries. The danger of cheap Japanese goods flooding the European markets and competing with their own industries has already created an alarm in the Continent. These countries fear that the goods turned away from the

U.S.A. due to the new duties there may now find their way to the rich European markets. This could mean that Japan too will undertake a major long-term review of its trade to forestall any decline in its phenomenal rate of growth in recent years.

It is equally obvious that the Japanese review will have to cover not only its economic relations but also the whole gamut of the changing picture of international politics. The Japanese cannot fail to see the apparently close relationship between President Nixon's decision to visit China and the subsequent dramatic steps to save the dollar. It is, in fact, difficult to say which is more dramatic—his decision to settle up with China or his breath-taking measures to save the dollar. Mr. Nixon realises that the dollar cannot be saved without peace with China and has said as much in his speech disclosing his economic package. But what he has not so clearly specified is that the one country that is likely to be most adversely hit by both the moves is Japan. The miraculous progress of Japan is as much due to the hostility between the U.S.A. and China as to the admirable enterprise of the Japanese. If the U.S.A. and China come to terms, the Japanese will lose innumerable advantages. They are conscious that all the advanced countries, notably the U.S.A., are alarmed at their rapid growth. One of the main objectives of Mr. Nixon's move to come to terms with China seems to be to cut Japan to size.

In his address to the American nation, President Nixon made some important allusions to the fact that the erstwhile dependants and allies of the U.S.A. had now become its main rivals. At the end of the second World War the economies of these nations were "shattered", he said. He reminded them that the U.S.A. had given them \$143 billion in foreign aid. This had helped them to become economically strong and now "the time has come for them to bear their fair share of the burden of defending freedom around the world." Towards this end he demand-

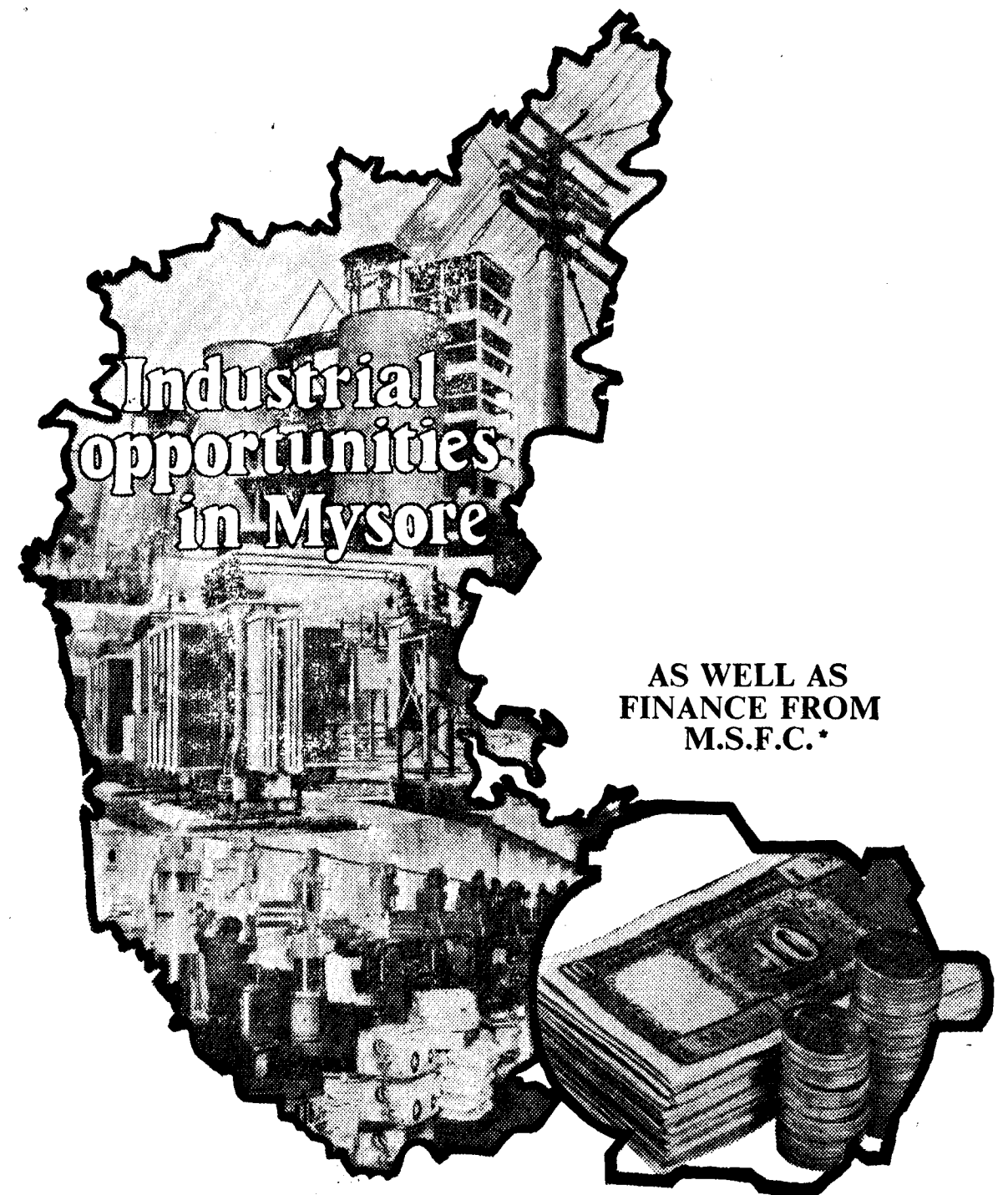
CAPITAL, 26th AUGUST, 1971

ed that the "exchange rates should be set right" and the major nations should "compete" as equals. "There is no longer any need for the United States to compete with one hand tied behind her back".

This amounts to a clear declaration by the world's biggest power that the balance of power in the world is changing and that it has decided to take suitable steps to protect its interests. The U.S. President has challenged not only Japan but also the major European powers to "compete as equals" and "shoulder their share of the burden of defending freedom around the world". This means three things. The western nations and Japan will have to re-order their economies to provide for their own defence against enemies which may no longer be the same as those of the U.S.A. They will have to be prepared to face certain trade restrictions in selling their goods in the vast American market. And they will have to make a much larger contribution than they have been doing so far to the aid pool for the developing nations. A revaluation of their currencies would also amount to giving a long-term benefit in trade and balance of payments to the U.S.A. All this leads to but one conclusion: Japan and the E.E.C. countries will now devote greater attention to trade with the developing countries, including communist China, than they have done hitherto. This does not mean that there will be a dramatic shift in the world's trade pattern. After the dust raised by the dollar crisis, the eventual loss of trade to these countries may be much smaller than is feared. But this will nevertheless mark the beginning of a distinct shift in international trade.

How will this shift come about? The needs of the developing countries are great but their convertible resources are very limited. They cannot afford to buy even a fraction of the vast variety of goods produced by the developed nations. For a large variety of consumer goods there is hardly any immediate market in the poorer countries of Asia and Africa. Most of these are "luxury items" to them. On the other hand, there is a virtual explosion of demand in the developing world for a variety of products needed for the primary or intermediate levels of industrialisation. To begin with, they need machinery to exploit their natural resources like minerals and power.

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The question now is: how these needs can be dovetailed into the trade and expansion plans of the advanced nations like Japan, the U.K. and the E.E.C. countries? By pouring large-scale technological help into these countries to enable them to industrialise, the advanced countries would be creating big outlets for their own products, providing jobs for millions of their peoples and orders for their factories which might otherwise face the prospect of becoming idle. This will require a major transformation in the production plans of the advanced countries. Instead of producing goods of mutual need, they may have to diversify their expansion plans to make room for the needs of the developing countries to enable them to exploit their natural resources and give their peoples a minimum standard of life.

To take advantage of the new situation the developing countries too will have to make certain adjustments. Those who understand this will steal a march over those who do not. A substantial part of the price of the technological help they will receive will have to be paid immediately and a part of it can be deferred. The payment can be in the shape of mineral and farm resources but only up to the point the advanced countries need them. A trend is already there among the advanced countries to set up factories in the developing nations and thus exploit their cheap labour and raw materials and reduce shipping costs. Export of capital has become as much important as export of goods, and this trend should be speeded up.

This might necessitate institutional changes in the developing countries, and they might be called upon to give guarantees that foreign capital would not be expropriated and discriminated against for a considerable

period. The advanced countries at the same time will have to appreciate the legitimate aspirations of the peoples of the developing countries and not look suspiciously at the growth of certain socialistic trends among them. There will have to be give and take on both sides. This at once confronts both parties, the advanced as well as the poor nations, with political choices of an unpre-

Does the Indo-Soviet Treaty Require a Second Look?

(BY A SPECIAL CORRESPONDENT)

It is too early to say if the Indo-Soviet treaty will facilitate the liberation of Bangladesh. But if the two countries are not fully prepared to face all the consequences of a joint involvement there, they should give a second look at the treaty.

WHEN passions aroused for and against the Indo-Soviet treaty have subsided, it will perhaps be judged by two main yardsticks. The short-term test will be its influence on India's objective of securing the liberation of Bangladesh. In the long-term, it will be judged by the extent to which it helps India to improve its technological competence in defence as well as development within the next 20 years. It is too early to say whether these objectives will be fulfilled to India's satisfaction by the treaty. If it leaves room for doubt on both scores and does not raise very high hopes, it is just as well.

A long-term treaty should not bind the contracting parties too fast to each other if it is to be practicable. The Sino-Soviet Treaty signed in 1950 was couched in a much stronger language and intended for 30 years. But what is it today except a mere scrap of paper? This shows how futile it is to argue much over the wording of a treaty. For quite a few countries of the region, S.E.A.T.O. and C.E.N.T.O. have lost all meaning. These organisations have not prevented countries like Pakistan from coming close to the Chinese. The Warsaw Pact countries have fared no better. Their adherence to the Pact is dictated more by the presence of the Russian army on their soils than by their own free will. In spite of their close military alliance, Japan and the United States are

cedented magnitude to set their economic houses in order. They can perhaps take the cue from the two greatest political adversaries of our time, the U.S.A. and China, who are trying to bury their ideological hatchets in the interest of mutual prosperity. If they can do it, why cannot others whose antipathy towards each other has never been so pronounced do the same?

evolving foreign policies which can hardly be claimed to be in harmony with each other.

All this suggests the futility of judging the treaty too harshly or of expecting too much from it. So far it is little more than a piece of paper. Its worth will be judged by the way it is implemented. This will, however, depend on circumstances. It may be that its execution would be only notional. It is also possible that events may conspire to force Russia and India to exceed the terms of the treaty in co-operating with each other. It is wrong to suggest that by signing such a treaty the contracting parties necessarily sign away a portion of their sovereignty. The treaty reflects nothing more than the sovereign will of the two countries to co-operate in mutual self-interest. The sovereign will still remains supreme and India is not necessarily bound to continue meeting its obligations under the treaty if its national interests are compromised.

It, therefore, seems futile to argue over the correctness of India signing the treaty. It is equally an exercise in futility to enter into a hair-splitting logic over the treaty clauses. Suffice it to say that they are fairly vaguely worded to leave enough room for manoeuvre by each party. The treaty thus is at best a declaration of intent rather than a licence for going into action. The joint communiqué issued at the time of Mr. Andrei Gromyko's departure for Moscow and the statements of various foreign office spokesmen and the Prime Minister, Mrs. Indira Gandhi, and the Minister for External Affairs, Mr. Swaran Singh, are also to be read carefully for an understanding of

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the treaty. It would be wrong to take on face value the claims of the External Affairs Ministry that India's non-alignment remains unaffected. Non-alignment is merely a posture. It has undergone adjustments from time to time depending on the situation.

The all-important problem for India today is to get out of the crisis that has gripped the country in the wake of the Bangladesh tragedy and, if at all possible, to turn it to her advantage. Mr. Swaran Singh said that Russia and India had been at work on the treaty for nearly two years. It was signed now because of the psychological atmosphere in the country in favour of the treaty. But the timing can be a double-edged weapon. The country is in a mood to support the treaty simply because it hopes quick results to flow from it in the Bangladesh affair. Its disappointment and also perhaps anger would be equally great if its hopes do not come true. Russia must have realised this.

What is important, therefore, is not what has been said in the treaty but what has remained unsaid. It is essentially a conjecture but by the process of logical deduction one can perhaps assume that the Russians have decided to support the freedom fighters of Bangladesh or else they would have desisted from signing the treaty now. The logical consequences of such a decision must also have been clear to the Russians. They perhaps realise that mere symbolic support at this juncture is meaningless. It can only lower the Russian prestige in the region if, after such support, the cause is lost. The Americans have learnt this lesson in Vietnam. If the Russians are now to take a plunge in Bangladesh, they must do so with the determination to win. So must India. The stakes are high. Once the battle has been joined it has to be fought to the finish. Of course, the mode of fighting has to be different from a full-scale war. It is perhaps in everybody's interest to keep the conflict confined to a guerrilla war. But if such restraint is not possible, India and Russia have to be fully prepared for the eventuality.

Even at this stage it is not too late to give a second look at the treaty if the parties are not fully prepared to face all the consequences of a joint involvement in Bangladesh. As stated earlier, the treaty does not specifically bind the two parties to such a

course. But the unwritten obligation upon them which is implied in the timing, if not the wording, of the treaty is very obvious. If Russia has any reservations on the Bangladesh issue, she must state them here and now to avoid serious misunderstandings. The joint *communiqué* can be variously interpreted. As long as such vagueness persists, Indians would perhaps be justified in expecting from the Russians much more than what they have agreed to in the treaty.

Viewed in the long-term perspective, India's main benefit from the treaty can be in the field of technology. It should enable her to become, like Japan, a highly industrialised country. It should vastly improve her economic and defence capabilities. One of the main reasons of the failure of the Sino-Soviet Treaty was that the Chinese felt that the Russians were slow in transferring to them the latest technology. Similar misunderstandings can arise between India and Russia, unless the Russians are more generous to the Indians than they were to the Chinese in sharing their latest technical know-how.

The Budget Session of Parliament in Retrospect

(BY A NEW DELHI CORRESPONDENT)

The Bangladesh tragedy dominated the Budget session of Parliament. But the session can be considered historic since it marked the introduction of as many as three Constitution Amendment Bills.

THE Budget session of Parliament which ended a few days ago was indeed a marathon session, the like of which occurs once in five years or, as in this case, immediately after a mid-term poll. So many events were packed into this session that it is difficult to recall every one of them or even to say which of them was more important than the other. However, certain events came up so often—the Bangladesh issue, for instance—that they tended to overshadow the real character of the Budget session. In normal years, a Budget session is not only meant to get through the Central Government's Budget proposals but also to scrutinise the working of the different Ministries. It is not that this

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The two countries will also have to make allowance towards each other for the losses they might sustain as a result of the treaty in their relations with other countries. Thus the flow of western aid and technology will perhaps diminish, if not dwindle, if Russian involvement in Indian affairs increases. To be really beneficial to this country, Russia must not only compensate India for this loss but give her something more in terms of aid. If the Russians live up to their part of the treaty, it stands to reason that India must compensate the Russians for any loss of their influence in other countries of the region.

In the final analysis, the treaty seems to be a beginning in the implementation of Mr. Leonid Brezhnev's collective security plan. When the Brezhnev plan was mooted, India was lukewarm to it partly because the U.S.A. was then as much interested in the containment of China as Russia. But now the U.S. interest has changed. This obviously forced India to give a second look at the Brezhnev doctrine. It remains to be seen how far India and Russia are prepared to go with each other.

ritual was not gone through. Except for those Ministries whose demands for grants were taken up last—and some of them had ultimately to be guillotined for lack of time—there was full dress debate on the working of a number of Ministries. The difference was that, unlike in the past, none of the debates on the Ministries reached a high level nor did Government spokesmen make any big policy statement.

In essence, the session could be called a Bangladesh session. The Bangladesh issue was a carryover from the previous session since it had cropped up in the first session of the new Lok Sabha, following Pakistan's military crackdown on the unarmed people of Bangladesh and Radio Pakistan's announcement that Sheikh Mujibur Rahman had been arrested which the Prime Minister, Mrs. Indira Gandhi, was at first inclined to disbelieve. That session ended in the midst of the military operations

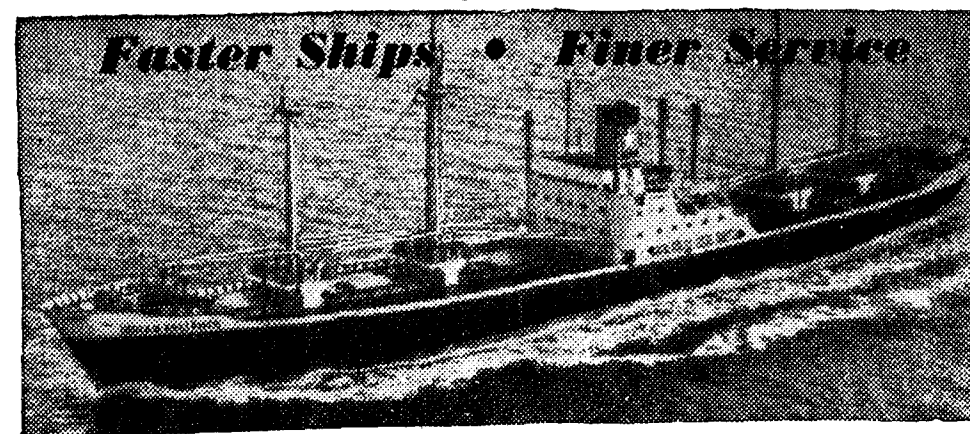
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in Bangladesh and the unending stream of refugees pouring into India.

When the Budget session began in May, the Bangladesh issue had reached its peak as the resolution adopted in the earlier session extending full support to the people of Bangladesh remained unredeemed and the number of refugees in India had crossed the 7-million mark. There were debates after debates, calling-attention motions, questions and what not. In between, the Government of India sent its External Affairs Minister, Mr. Swaran Singh, on a world tour which took him to Moscow, Paris, Bonn, Ottawa, Washington and London. Joint statements and *communiqués* were issued by the leaders of the respective Governments expressing concern over the happenings in Bangladesh and promising to ask President Yahya Khan to exercise restraint. But, by the time Mr. Swaran Singh landed at Delhi airport, there was the shocking news that the United States had loaded arms in Pakistani ships, contrary to its public pronouncements, and that more arms were in the pipeline.

It was for this reason that India cold-shouldered the visit of Mr. Henry Kissinger, President Nixon's adviser on security. In any case, his visit to India proved to be a cover for the secret mission to Peking to make arrangements for Mr. Nixon's China visit. Then came the threat from President Yahya Khan of a total war with India on the issue of Bangladesh and India's support to the people of that region. All these developments were debated in both Houses of Parliament on several occasions, and at one stage Mr. Swaran Singh warned Pakistan that India was also not alone in meeting the threat. Little was realised then that the Indo-Soviet friendship treaty was already in the offing. And when the announcement came, following the visit of Russia's Foreign Minister, Mr. Andrei Gromyko, of the signing of the treaty, there was all-round relief in the country. The treaty, whatever its other consequences, warded off President Yahya Khan's threat of a total war and this factor alone was sufficient for India to continue to give its moral and material help to the people of Bangladesh.

In between came the introduction of three crucial Constitution Amendment Bills, two sponsored by the Central Law Minister, Mr. H. R. Gokhale, and one by the Prime Minister herself. Of the first two, the Constitution (24th Amendment) Bill, restoring to Parliament the right to amend the Fundamental Rights, was passed by a thumping majority. This Bill now requires to be ratified by nine State Assemblies before it comes into operation. This will not be difficult, for of the 14 States in which the Assemblies are functioning (in the other four President's rule is in vogue), all barring perhaps Orissa will ratify the Constitution (24th Amendment) Bill. It is only after this that the other two Constitution Amendment Bills can be discussed in Parliament. The Constitution (25th Amendment) Bill seeks to empower the Governments at the Centre and in the States to take over property in public interest by paying an "amount", instead of "compensation". The other seeks to abolish the privy purses and privileges of the princes. By providing the base for these, the Budget session has turned out to be historic.



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The Importance of Small Industries in Developing Countries

Small Industry in the Seventies. By Ram K. Vepa. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Price Rs. 45, pages 307.)

This volume gives a comprehensive, critical account of the small industries programmes in developing countries. From this point of view, it covers a good deal of virgin ground. The inter-country comparison of small industries development programmes in India, Japan and in other countries in Asia, the Middle East, Africa and Latin America puts in a clear perspective the development programmes formulated by the Government of India in different contexts. The author starts with an account of the challenges likely to be faced in the 'seventies and the ways in which they could be met as far as the questions of employment creation, investment generation, and production are concerned with respect to decentralisation of productive activity. His emphasis on the need for a sensitive strategy specifically suited to the requirements of each country is appropriate. He narrates the historical background of the national policy towards small-scale industries, the institutional framework established for the purpose, and the public agencies created for looking after the requirements of these units in India and other countries. Various problem areas that have remained and that require to be faced boldly from time to time have been dealt with in this study in a competent manner and with inside knowledge.

As for a national policy for small industries, the author has stressed that the small industrialist must be regarded as a valuable member of society. His emphasis on the need for extending accommodation and acceptance to the small entrepreneur will have many supporters. He, however, recognises that the capacity of small-scale units to absorb institutional finance will remain somewhat limited unless special efforts are made by the units themselves to increase such capacity. He has stressed the need for the commercial banks to develop expertise in the appraisal of loan applications from small industrialists who are not always well-equipped to present their cases convincingly. He has urged the small industrialist to adopt

a business-like approach to the problems of his enterprise and not to depend unduly on the sympathy of the Government or its policy of protection which should be designed to assist him to grow vigorously but not as a hot-house plant.

The complications involved in any kind of productive activity, irrespective of its size, have grown tremendously. The small entrepreneur has to be in a position to keep and prepare proper accounts, attend to the personnel needs of the unit, pursue a forward-looking marketing policy and undertake such other tasks which have made modern management modern. In the context of all the programmes of assistance and accommodation extended to small entrepreneurs, there is the danger that they might feel encouraged to keep their units pegged to a small scale. The natural propensities for expansion become manifest, under such motivations, in the establishment of multiple small-scale units instead of one large-scale unit or a few medium-scale units. Doling of assistance thus requires to be stalled at a certain point while, at the same time, the genuine needs of the small-scale sector has to be met in view of the highly significant rôle they have been asked to play in most of the developing countries.

One difficulty, however, remains. The author's elaborate account does not help much to understand the generic term "small scale". Small-scale units are understood in different ways for different purposes not only as between the countries in view but also within each country. The author has sought to be as comprehensive as possible by including village industries also in his purview. However, from the point of view both of national policy and of a clearer understanding of such policy by the small-scale entrepreneur, it is necessary that small-scale industries are disaggregated from the all-embracing expression of cottage and small-scale industries and village industries as used in India's Five Year Plans. Similarly, his emphasis on an appropriate technology tends to ignore the needs for technologically updating production methods in this sector by the adoption of the latest devices through a process of leap-

frogging rather than through progress at a snail's pace. These criticisms, however, do not detract from the value of the study which can be safely recommended.

P. CHATTOPADHYAY

Foreign Exchange

Foreign Exchange: Principles and Practice. By K. K. Andley. (Published by Sultan Chand and Sons, 4792/23 Daryaganj, Delhi. Price Rs. 10, pages 342.)

Although the publication is meant primarily to serve as a text-book for the examinees of the Indian Institute of Bankers and of other bodies, this will also be useful to students of undergraduate classes and as a reference book for traders. The theoretical aspects of foreign exchange have been lucidly analysed. A special feature of the book is a discussion on the practical aspects of foreign exchange transactions. Part I deals with foreign trade and foreign exchange. The definition of money and its functions and the different monetary system have been discussed in chapter 1, and the means and methods of international payments in chapter 3. The foreign exchange rates and causes of their fluctuations find place in chapter 4. The subject of forward exchange and exchange control, and devaluation and revaluation comes up in chapters 6 and 7. Part II deals with international institutions and India's foreign exchange problems. The discussion of the problem is a bit sketchy. In part III, the work of a foreign exchange department has been discussed in detail with a practical bias and part IV discusses foreign exchange controls in India. The most important section of the book is chapter V where the arithmetic of foreign exchange has been analysed.

ASOKE MOHAN ROY

Kashmir War

The Second Kashmir War. By A. C. Roy. (Published by Lake Publishers, 27 Lake Temple Road, Calcutta 29. Price Rs. 12, pages 258.)

Kashmir problem has always been a topic for research and analysis. The present book under review is one of

the studies made on Kashmir. It especially brings out the background of the Indo-Pak war of September 1965, and also sheds light on the different aspects of the war as seen by others. After narrating a brief but illuminating history of the Kashmir problem and how it was tackled by the United Nations (1948-64), the author straightaway comes to the second Kashmir War of 1965. In part II, Mr. Roy has described the views expressed by the newspapers of the two belligerent countries, i.e., India and Pakistan. He has compared the news items published in the national newspapers of the two countries and has shown the contradictions in them. As the author has directly quoted from the newspapers there could be no doubt about their authority. An account of the Tashkent pact has been given. In all, one can say that the book provides a good source of material. With an ordinary get-up, the study has been brought to light after four years of the Indo-Pak war; naturally the book has lost its topical value. Still it is a welcome addition to the already available material on the topic.

V. SHOBHA CHOPRA

Policy on Wages

Wage Flexibility and Employment. By R. D. Gupta. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Pages 104, price Rs. 14.)

The chief aim of the book is to analyse to what extent wage determination or wage level is an effective instrument of employment policy in different types of economy. The effects of wages on employment with reference to wage cuts and wage increases are analysed. The author says that he intends to convey to the ordinary reader and the uninitiated student the general principles that guide employment through wage rate policies in different types of economies and that his approach towards the problem is essentially macro. However, the uninitiated reader would find it somewhat difficult to appreciate a number of chapters unless he is to some extent already familiar with the economic theories of Marshall, Pigou, Keynes and other economists. The two chapters that may interest the unini-

tiated reader are on "Wage Level in Underdeveloped Economics" and "Wage Policy and Economic Development." The author specifies the broad features of a wage policy conducive to economic development in a developing economy; the share of consumption in national product has to be lower than that in advanced economies and that wage rates in industry must be so low as to enable capital-saving techniques to be used. He goes on to say that India must adopt a clear and effective wage policy based on the requirements of planned economic development on the one hand and on the urgent need to correct the existing weaknesses of the economy caused by a growing inflation on the other. Furthermore, the level and structure of wages in a developing economy may not be left to be determined by the market forces of demand and supply but must be set out by a national wage policy. The main objective of a national wage policy should be to step up internal savings and consequently reduce the pressure on supply.

M. R. MEHER

New Unit in place of Rupee

1. The continued decline in the value of rupee and the present highly defective monetary system is causing enormous troubles to the people. Mr. Shroff's new monetary theory and the use of proposed new unit 'Jivai' in place of rupee, will remove these troubles.
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4. The maximum and minimum Salaries and other such monetary fixations should be in the count of this Jivai-Unit. Making such fixations in the declining currency unit (Rupee) is useless and senseless.
5. The value of Rupee is declining but the value (worth) of Jivai-Unit will not decline. Jivai system is most simple.
6. This new monetary theory and the brilliant scheme of this Jivai-Unit has been highly praised by prominent personalities, Lok-Sabha Members and many Papers and periodicals. For full details, read:—

'Jivai-Siddhant' (Fourth Edition, Hindi)

Author—Purushottam Shroff; Pages 96; Price Rs. One only.

Sellers—1. Hindi Book Centre (near Delight Cinema)
4/5-B, Asaf Ali Road, New Delhi-1.

2. Bombay Pustak Bhandar,
195/1, Mahatma Gandhi Road, Calcutta-7.

Quality Control in Jute

A Hand Book of Quality Control and its Techniques (Jute)—Volume I. By S. C. Mital and A. P. Asopa. (Published by Tara Publications, 93 Gandhi Nagar, Agra 3. Price Rs. 15, pages 213.)

For the last few years the jute industry had been maintaining a system of quality control for its exports according to the guidelines of the Indian Standards Institution. But later it was found that to control the quality of the finished products, a system of total quality control beginning at the jute godowns and through each department of the mill was required. The book is the first of its kind on the jute industry giving full details of the testing equipment and its principle, description, testing method, observation tables, calculations, precautions and maintenance which are used in quality control. The publication also deals with all the fundamental terms and their applications in the industry. Volume I is restricted to a discussion on quality control up to the yarn stage only.

INDUSTRY

Factors Involved in the Licensing of Additional TV Set Capacity

(BY A NEW DELHI CORRESPONDENT)

The pioneering Indian firms have a strong claim to the additional TV set manufacturing capacity now proposed. The advice of the Electronics Commission will weigh a great deal in this matter.

IN early 1970, the Government of India decided to raise the capacity of indigenous television manufacture from 40,000 sets a year to 200,000 sets a year. Applications started pouring. And by 15th August last year, more than 210 applications were received. Besides the existing four producers, a number of well-known radio manufacturers with international connections like Philips, Murphy and Telefunken and a large number of small and unknown units and unemployed engineers have applied. Meanwhile, the Electronics Commission has been constituted, and now it will work as the expert body to determine whether the TV receiver manufacturing capacity should be expanded and, if so, where the expanded capacity should be located.

Four years back, when the Government for the first time invited applications for the manufacture of TV sets, the capacity visualised was only 30,000 sets a year. The Central Electronics Engineering Research Institute in Pilani had earlier developed and perfected the know-how for the manufacture of TV sets. This was made available to five Indian firms which were granted licences to manufacture receivers on the basis of indigenous know-how. The companies having foreign capital participation were, however, rather lukewarm about the Pilani know-how. There were strong pressure to allow large-scale imports of sets manufactured by international firms, and even some of the All India Radio personnel were found to be backing the move at that time.

During 1969 and 1970, four TV set manufacturing firms came into existence. These are J. K. Electronics of Kanpur, Telerad of Bombay (now part of the Sarabhai group), Polestar of Bombay and Telestar of Delhi. The last two are in the

small-scale sector. The fifth licensee has not yet been able to start production. With a licensed capacity of 40,000 sets, indigenous production is now about 12,000 sets a year. The demand is expected to go up following the inauguration of TV stations in the Bombay-Poona and other regions in the coming years. By the middle of 1971, TV sets worth more than Rs. 2 crores have been sold by these four firms. They have also achieved a high degree of import substitution and have built up ancillary industries for making cabinets, hardware, coil formers, wound components etcetera. The National Laboratory in Pilani has earned a royalty of Rs. 3 lakhs on its know-how. The total investment in the TV receiver industry now exceeds Rs. 2 crores and there are plans to invest another Rs. 2 crores to meet the challenge provided by the Government decision to expand educational and entertainment television programmes in this decade.

In the last two years, the Government has allowed import of about 26,000 sets. Due to the liberalisation of baggage rules, 300 to 400 sets are also being imported every month. But from the service point of view, there are more complaints from the imported sets compared with the locally-manufactured ones. The Pilani know-how took account of the tropical climate and this explains the better performance of the Indian sets. The indigenous producers have been blamed for charging high prices but the price can be reduced only by an increase in the scale of production. The demand for sets is dependent on the extension of transmission to other metropolitan regions and on the period of telecasting hours in the Delhi area.

The existing four manufacturers have applied for an increase in their capacity to achieve the economies of scale. With only the addition of a few balancing equipment, they can treble the present installed capacity without any difficulty. They will need less foreign exchange than new licensees. Moreover, the increased capacity of existing plants and increas-

ed volume of production would enable these manufacturers to expand and strengthen their research and development activities and ultimately reduce the percentage of imported components in TV sets to, say, 2 or so. Most of the applicants from the organised sector in consumer electronics with foreign equity participation have now promised to use the Pilani know-how, at least on paper. They have also assured that their parent companies will not charge any money for their technical advice and consultancy service. Some have even promised to reduce the foreign participation in their equities. Still, the Pilani Institute and the existing manufacturers feel that "foreign interests" should not be allowed in this field.

The representatives of the so-called foreign firms now think that unless they are allowed TV manufacturing, their growth even as radio manufacturers will be affected. But making TV sets is not the only possible product diversification for them in the field of consumer electronics. The Government need not, however, be influenced by the argument of the *swadeshi* versus the foreign in determining the desirability of giving fresh TV set manufacturing licences to new applicants. A better criterion will be that the pioneers be given a just reward for trying a locally-developed technology. A large part of the additional capacity can thus be achieved through expansion of the existing units. But again, the two pioneers in the organised sector need not be permitted to dominate the market of the 'seventies.

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MONEY AND BANKING

Should There be a Pause in Branch Expansion of Banks ?

By K. Kogga

Before launching any new programme, it is necessary for the nationalised banks to take stock of every sphere of their activity, including branch expansion. Indeed, there is a good case to evolve a banking plan based on the experience of the past two years of nationalisation.

WHAT is the performance of the nationalised banks? The results for 1969 were published only at the end of 1970 or early this year. But the delay was understandable as it covered two periods, viz., pre-nationalisation, that is, from 1st January, 1967 to 18th July, 1969 and post-nationalisation, that is, from 19th July, 1969 to 31st December, 1969. The post-nationalisation period covered in those reports was too short to provide a basis for any realistic assessment. Only the working results covering at least a period of one year can provide materials for reflection. The balance-sheets for 1970, the first year, are thus relevant and important to guide future deliberations as also to enable corrective measures being taken wherever necessary.

One might recall the good old days when these banks used to vie with one another to announce the results of the year's working. However, it appears that the bonus issue, which often led to agitation by the staff, appears to have been almost settled without any hitch. Presumably, the banks have already had their figures ready and the Government and the Reserve Bank must have got intimation of their working results for 1970. The State Bank of India and its seven subsidiaries had published their balance-sheets for 1970; and the State Bank had held its annual general meeting with a controversial speech by its chairman, Mr. R. K. Talwar. The custodians of several nationalised banks have made studied comments on the working of these institutions. The balance-sheets published so far also enable one to make an intelligent assessment of the performance of the nationalised banks which are the barometers of the nation's economy. High stakes were involved, and great expect-

tations were entertained, in the nationalisation of these banks, most of which have reported a year of satisfactory working.

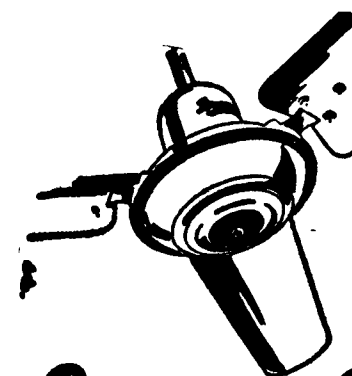
The speeches of Mr. Talwar and of Mr. B. N. Adarkar, custodian of the Central Bank of India, touched upon various aspects of the working of the nationalised banks. Mr. Talwar's observations were presented in the annual report of the State Bank while Mr. Adarkar delivered the A. D. Shroff Memorial Lecture on "Commercial banks in India after Nationalisation". The State Bank report says that the operations of the banking system during 1970 were characterised by vigorous branch expansion, mostly in rural and unbanked centres, unprecedented credit expansion and relatively inadequate growth of deposits. In the opinion of Mr. Adarkar, the major achievements of nationalised banks are in the realm of branch expansion, deposit mobilisation and extension of credit to agriculture, small-scale industry and certain other hitherto neglected sectors. An attempt can thus be made to analyse the performance of the 14 nationalised banks.

The State Bank was the first to pass into public ownership in July 1955 and in spite of the predominant position and privileges it enjoyed, it had not made much headway, until the 14 major banks were nationalised, in meeting the expectations it had aroused when it was taken over. It is true that one should not look at it in isolation as there were powerful factors, many of which political, which prevented it from playing its rôle. Another important factor is that despite all their drawbacks and shortcomings, the Banking Regulation Act and the Reserve Bank of India Act have vested such vast powers in the Reserve Bank and the Central Government that the evolution of the Indian banking system has been greatly conditioned by various controls and regulations.

The banking system had willy-nilly proved flexible enough to adjust itself to the dictates of the authorities and do their bidding. This had both its advantages and disadvantages. Greater

responsibility now lies with the Reserve Bank and the Banking Department of the Government of India to lead it in the desired direction and to prevent it from going astray and cause a calamity, the magnitude of which will be too staggering to imagine. In this respect, the State Bank stands out as a distinct entity, although it too cannot remain isolated from the mainstream of developments. A veiled reference to this is evident in Mr. Adarkar's speech when he says: "It is, therefore, incumbent on the authorities to see that branch expansion programmes are accompanied by concurrent action to strengthen the internal organisation of banks wherever it is weak in these respects and to fix branch expansion targets only after a careful examination of the personnel and other resources available to individual banks to manage a vast network of branches".

Not only in branch expansion but in every sphere of banking activity, there is now a greater need to take stock of whatever has been done before launching any new programme. Indeed the nation is in a hurry but if it has woken up from a long slumber, let it pause and ponder for a while and make haste slowly rather than indulge in misadventure.



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LABOUR

Do Labour Incentive Schemes Increase Productivity ?

By M. R. Meher

Dissenting notes were struck at the recent Bombay seminar on the rôle of incentives in productivity. But the consensus was that labour incentive schemes, if properly evolved, could help increase productivity.

THE National Institute of Labour Management held a seminar in Bombay recently on the "rôle of incentives in productivity and profitability". The seminar was instructive in the sense that three distinct views were presented. Dr. A. N. Saxena, Regional Director of the National Productivity Council, Bombay, observed that unlike machines human beings do not have buttons which could be pressed to accelerate their activity. They are motivated by a complex of stimulants—economic, social and psychological. Looking at the present low level of living one might be prompted to suggest that economic stimulants will be most effective. While an incentive affects the quantitative basis of what an individual does, it does not necessarily raise efficiency at the same time as it raises productivity.

In most physical or muscular tasks it is found that the energy consumption a unit of work is least for a moderate pace—a brisk walk rather than a run. If the effect of an incentive is to increase the pace of the work beyond this optimal level, it may decrease the overall efficiency of the performance. What should, therefore, be aimed at is to find out those incentives which will raise production without unduly decreasing efficiency, and which will give the optimum rate of performance. Good labour relations are a prerequisite to the successful operation of an incentive plan.

In the context of the Government's commitment to bringing about a rapid industrialisation with a programme of increasing levels of output and productivity for raising the standard of living, there is great scope for the application of incentive schemes. Raising productivity has to be reckoned as a national problem. A minimum of 20

per cent increase in productivity is possible through suitable incentives for individuals or groups, not only in the older industries but also in the newer ones, many of them being key industries. The speaker further dealt with the essentials for successful working of any system of payment by results and the safeguards necessary for the effective working of such schemes.

A number of employers referred to the successful working of incentive schemes in their concerns. Mr. S. A. Sapre, manager of the Government of Maharashtra's printing press, however, struck a different note. He referred to some of the unfavourable experiences of incentive schemes in the U.S.A. and the U.K. and observed that financial incentives rest on two basic assumptions: (a) the worker is primarily motivated by economic self-interest, and (b) work can be measured with a sufficient degree of accuracy so that an accurate relationship can be established between work and wages. Work measurement, however, cannot be regarded as a scientific technique. Rating, which is fundamental to measurement, is essentially a matter of judgment and to that extent a subjective process.

It has often been said that wages should be linked with productivity. But this is easier said than done because measurement of productivity is a bafflingly complex task. Every worker has a characteristic norm of pace of work and application which cannot be much influenced by incentive schemes. Smooth and economical working of incentive schemes requires that (1) workers and supervisors are adequately trained, (2) plant and machinery are well looked after, (3) a regular and balanced flow of work is maintained, (4) production planning is efficient, (5) proper co-ordination between different sections is ensured, (6) raw materials of the right types are supplied regularly, (7) a proper system of costing and estimating is in operation, (8) a work

study department is established as new machines, processes, methods and jobs require fresh standards to be set, and (9) communication between management and labour is effective at all levels. These conditions are rarely fulfilled.

Mr. Bagram Tulpule, a trade union leader, said that incentive schemes were a uni-dimensional tool in a multi-dimensional complex of factors—economic, social and psychological. All these dimensions do not lend themselves to over-simplification. Incentive schemes can have a limited impact and could bring in satisfactory results only in specific fields of operations. If the basic industrial relationship is not satisfactory, the effect of incentives could be negative.

Incentive schemes presuppose a high degree of standardisation of products and production methods, otherwise they are difficult to operate. Where the factory is producing a wide range of products, it is difficult to measure the output and formulate a satisfactory incentive scheme. Furthermore, evaluation of rewards under incentive schemes is a complex problem. Incentive schemes should not, however, be rejected; they have to be considered in an appropriate situation; they could bring in results in specific fields of operations.

The consensus at the seminar appeared to be that, notwithstanding some adverse experiences of incentive schemes in the U.S.A. and the U.K., and despite the fact that in a few cases in this country also some concerns had suffered because of incentive schemes, in the conditions prevailing in India today, incentive schemes, if properly framed, could yield good results. It is not essential that incentive schemes should be devised on the basis of time and motion studies only. They could be formulated also on the basis of past performance and experience. Some participants also referred to other motivations for efficient performance which had also good effects, such as the award of prizes for best performance to individuals or groups of work-people to be given by the head of the concern at gatherings of management and workers. As for sharing the gains of productivity between the employer, workers and consumers, it was considered that this was not a matter to be determined by any mathematical formula.

INVESTMENT

Shares Firm Despite the Uncertainties Concerning the Currency Crisis

THE stock markets have displayed a distinctly steadier tendency this past week. The rally which had started by about the beginning of the second week of August has been extended further. The scarcity of offerings at lower levels, short-covering and revival of fresh selective support have all combined to produce a further widespread recovery in equity prices, and the rise during the week under review has been quite impressive in a number of counters. Despite profit-taking near the week-end, equities have wound up the week with sizable gains. In view of the preceding sharp decline, which had taken the markets closer to their last year's low, technical considerations had favoured a rally. But sentiment has also been aided by some favourable influences.

By far the most important factor which has imparted steadiness to the markets is the receding prospect of an open conflict with Pakistan following the signing of the Indo-Soviet treaty. The Russian warning to Pakistan of the dangerous consequences of repeated threats of war with India has brought added relief to the markets. Senator Edward Kennedy's observations on political developments in East Bengal and on the refugee problem have also been helpful. The week's corporate news has been quite pleasing and plentiful. Vallabh Glass, Firth Sterling Steel, Sutlej Cotton, Titagur Paper, Phoenix Mills, Tata Yodogawa, Hindustan Brown Boveri, Mettur Beardsell and Bombay Suburban Electric Supply—all have had a message of cheer for their respective shareholders.

Yet another factor which has brought comfort to the stock markets has been the announcement by the Central Minister of Industrial Development of a 16-point package plan to rejuvenate the economy of West Bengal which has been in poor shape for a long while. Trading sentiment having changed for the better, the stock markets have virtually ignored dramatic developments on the international monetary front following President Nixon's surprise announcement of drastic measures to save the crisis-ridden dollar. The exchange

markets abroad have still to recover from the shock and uncertainty about the exchange rates, which are likely to persist for quite some time. This cannot but have an adverse effect on international trade.

If the Indian stock markets have not allowed themselves to be perturbed by the U.S. action, it is perhaps because the markets are inclined to the view that Washington's measures are directed essentially against the affluent countries with huge balance-of-payments surpluses. The markets feel that the proposed 10 per cent cut in foreign aid and additional 10 per cent surcharge on imports into the U.S.A. are unlikely to have any significant impact on India's development plans and exports. New Delhi has made known its decision to maintain the existing rupee-dollar parity, but the rupee-sterling rate will vary from time to time depending on the dollar-sterling rate in the London market. It is not easy to assess how exactly fluctuating exchange rates will affect India's foreign trade. The stock markets are at present in a constructive mood. How long the current phase will last, it is difficult to say. There are far too many uncertainties and this will come in the way of a sustained recovery.

Government securities have remained steady this past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 59.90. Other central securities have also remained steady. Turnover has been fair. Subscriptions to the 15 State loans for a total of Rs. 158.75 crores have already been closed, being fully subscribed.

The Calcutta stock market has remained steady this past week, and the volume of turnover has been fair. Operators have welcomed the Central Finance Minister, Mr. Y. B. Chavan's statement ruling out the possibility of either the devaluation or revaluation of the rupee in the light of the current dollar crisis. Among engineering shares, Burn, Jessop and Bhartia Electric Steel have been better. Among paper shares, Straw Products, Tribeni Tissues and Orient have been sup-

ported. Jute shares have received better support and Kelvin, Nelli-marla and Chitavalah have been quoted higher. Among coal shares, Amalgamated and Western Bengal have come to hand. Among miscellaneous shares, Hindustan Aluminium, Indian Explosives and J. K. Synthetics have received support. Among tea shares, Huldibari and Assam Brook have been transacted.

Dalal Street has presented a much livelier appearance this past week. Equity prices have staged an all-round recovery and quite a large number of shares have registered really impressive gains. Improvement has been due not merely to short-covering and replacement buying, but there have also been reports of the revival of investor support for selective shares based on special considerations. Only a few counters have rounded up the week with minus signs and net losses have been small. The week's trading has been notable for the emergence of several bright spots. These include Gujarat State Fertiliser, Ceat Tyres, Polyolefins, Mukand Iron, Bombay Dyeing, Standard Mills, Century, Indian Dyestuff, Bayer India, Garware Nylon and Chemicals and Fibres. Among cotton textiles, only Svadeshi have been marked lower. The other popular counters have scored handsome gains. Rayons have ruled distinctly

COMPANY REPORTS

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

Andhra Valley
Auckland Jute
Balmer Lawrie
Bharat Steel Tubes
Braithwaite
BOAC
Gillanders Arbuthnot
India Tobacco
J. K. Satoh
Kinnison Jute
Larsen and Toubro
Modipon
Scindia
Tata Hydro
Tata Power
United Commercial Bank

firm on fresh support and short-covering. Among steels, Mukand Iron have made a new high on steady support and poor offerings. Tata Steel have ruled quietly steady. Engineering shares, which have recorded substantial gains, are S. L. M-Maneklal, Associated Bearing and Larsen and Toubro. Cement shares have kept steady with a small turn-over. Among shipping shares, Great Eastern have been marked further down on profit-taking and lack of fresh support. Ratnakar Shipping have also eased. Automobile shares have been rather subdued. Dyes and Chemicals have displayed marked strength and nearly all the popular counters have registered sizable gains. Herdillia have been marked slightly lower. Pharmaceuticals have ruled quietly steady. Paper shares have firmed up on modest support. New India Assurance have ruled easy and among banks, United Commercial have been down. In the miscellaneous section, Premier Construction and Camphor and Allied have suffered small losses while a number of other shares, such as Tata Oil, Hindustan Aluminium and United Carbon have recorded good gains. Tyre shares have been steadier with Ceat recording a sharp rise on ideas of a rights issue on favourable terms.

Prices in the Madras stock market have remained steady this past week and they have shown a hardening tendency. Buying interest has generally been widespread, although sellers have generally been reserved. In the planting section, business has been done in Consolidated Coffee and Periakaramalai. In the textile section, Madura Mill and South

India Viscose have been traded. In the miscellaneous section, business has been done in India Cement and Lakshmi Machine Works. Among bank shares, there has been selling pressure in Indian Bank and Indian Overseas Bank. In the sugar section, E.I.D.-Parry 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	22/00—23/00—22/00—22/80—(23/35)
Dunlop India	34/25—35/00—34/20—34/40—(38/30)
Guest, Keen, Williams	35/55—36/15—35/30—35/40—(26/50)
Hindustan Motor	10/00—10/25—9/80—9/95—(16/40)
Howrah Jute	6/81—7/19—6/81—7/06—(7/06)
Indian Aluminium	35/80—35/95—35/10—35/25—(35/60)
Indian Cable	20/75—21/00—20/70—20/80—(16/60)
Indian Copper	3/71—3/78—3/69—3/77—(4/62)
Indian Iron	10/15—10/40—10/10—10/30—(16/30)
J. K. Cotton	7/56—7/90—7/56—7/85—(14/70)
Jaipur Udyog	9/10—9/10—9/05—9/05—(10/80)
Kesoram Industries	13/50—13/53—13/35—13/40—(18/90)
Orient Paper	32/20—33/40—32/05—33/00—(38/80)
Orissa Cement	15/30—15/75—15/30—15/75—(17/00)
Rohtas Industries	4/75—5/15—4/75—5/10—(7/80)
Textile Machinery	9/50—9/50—9/50—9/50—(11/80)

crores to Rs. 61.81 crores. Investments are shown at Rs. 83.66 crores (against Rs. 84.28 crores).

The directors say that advances to the priority and preferred sectors, such as agriculture, small-scale industries, small traders and artisans, transport operators and exports received special attention and total advances to such sectors were at Rs. 53.67 crores, against Rs. 26.38 crores. Advances to the agricultural sector amounted to Rs. 17.76 crores, against Rs. 5 crores. Assistance to small industries had been steadily rising. The number of such accounts increased from 3,010 to 5,095. The bank has opened 70 new branches, against 52 in the previous year. Of these, 64 branches are in rural and semi-urban areas, 56 such branches being in previously unbanked centres. Greater emphasis is given on extending banking facilities to the eastern region. It is proposed to open about 100 branches in 1971—66 in "lead districts" and 34 in other districts.

The bank has been allotted 23 districts under the lead bank scheme, out of which 13 are located in the four States of the eastern region and the remaining in the three States of the north. For the purpose of identifying growth centres for opening new branches and for assessing the economic activities in the districts, impressionistic surveys were undertaken and 19 such surveys were completed by May 1971. Surveys of four other districts are in progress. The board of directors has taken in hand the reorganisation of the administrative set-up of the bank at the head office, regional and branch levels with a view to delegating decision-making powers at various levels for an expeditious disposal of credit proposals and other matters.

BRAITHWAITE

New Momentum

BRAITHWAITE and Co. (India) Ltd, the management of which has recently been taken over by the Government after a ten-week closure of Clive works and head office, is back in action again. The shipment of the order placed by Ghana railways for 150 wagons, which was once likely to be cancelled, is now well under way. With the fourth shipment of wagons being loaded now, the Company completes delivery of one-third of the order; and every effort is being made to maintain the revised schedule of delivery for the remaining wagons. Another ship is being

loaded with a level luffing crane of 20-tonne capacity, manufactured for the first time in India. This is the last of the four level luffing cranes ordered by East African Railways and Harbours for Mombasa port. These cranes were fully erected and tested and inspected by a well-known British Government inspection agency to check operations and manufacturing standards before being dismantled for shipment. A 30-tonne tower crane, in its final stages of erection, is also the first of its type manufactured in India. The recent doubts in the Company's ability to maintain the success it achieved in exports stand belied by what is being attempted by the new management and its team of officers, staff and workmen. There is no doubt that the Company is gathering momentum and it may not be long before the hopes raised by its initial success in import substitution and exports are fulfilled. The Company has a number of diversification plans in hand for the manufacture of a varied range of products

J. K. SATOH

Attractive Share Offer

J. K. Satoh Agricultural Machines Ltd will be soon entering the capital market with an offer of 282,000 equity shares of Rs. 10 each and 20,000 9.5 per cent redeemable cumulative preference shares of Rs. 100 each, both at par. The subscription list will open on 14th September, 1971, and will close on 24th September or earlier at the discretion of the board of directors but not before 17th September, 1971. A minimum of 50 equity shares or multiples thereof and five preference shares or multiples thereof must be applied for. An amount of Rs. 2.50 an equity share and Rs. 25 a preference share is payable on application and similar sums are to be paid on allotment. The balance amount is payable on two equal calls to be made simultaneously on equity and preference shares. All preference shares and 232,000 equity shares have been underwritten.

Incorporated in Uttar Pradesh in 1969 for the manufacture, distribution and after-sales service of agricultural machines, particularly power tillers/hand tractors, tractors, rice hullers and pumps, the Company has a technical collaboration with Satoh Agricultural Machine Manufacturing Co. Ltd of Japan. Separate

agreements have been entered into with Satoh and Sumitomo Shoji Kaisha Ltd for joint venture, equity participation and import of capital goods from Japan. The power tiller/hand tractor proposed to be manufactured has successfully undergone comprehensive tests and trials at the Tractor Training and Testing Station of the Government of India. The Company is licensed to produce 6,000 power tillers/hand tractors a year. Construction work is progressing at 24.87 hectares of free-hold land purchased in Kanpur. Production is expected to start by the middle of 1972. The realisation from the present issue will provide part of the finance required for the project. With the growing accent on farm mechanisation, the Company's product will find a ready market in the country. Taking all the factors into consideration, it can be said that there will be a very good response to the Company's offer.

INDIA TOBACCO

Satisfactory Progress

AT the recent annual general meeting of the India Tobacco Company Ltd, Mr. A. N. Haksar, chairman, said that the Company had maintained its pace of progress during 1970-71. (A fuller version of the speech was published in last week's issue of *Capital*.) The Company's product—India Kings—obtained a gold medal for the third time at the World Selection for tobacco and tobacco-made products in Rotterdam in October 1970. The chairman said that "this indeed is proof of the international quality of Indian tobacco and Indian manufacture". Other I.T.C. brands to win awards were Windsor, Simla and Lex. The Indian Leaf Tobacco Development Co. Ltd received the Federation of Indian Chambers of Commerce and Industry's award in April 1971 for outstanding performance in the field of agriculture. Gold Flake Filter Kings was introduced in the domestic market towards the beginning of the year and had found ready acceptance in areas where it had been marketed. "Great Cigarettes from India", an export folder of the Company, and the Gold Flake Filter Kings showcard received first prizes earlier this year as publisher and designer, respectively, at the 14th National Award for Excellence in Printing and Designing, conducted by the Directorate of Advertising

and Visual Publicity, Central Ministry of Information and Broadcasting.

The chairman said that training was a continuous process in the Company and formed an important part of an employee's career. It is based on the principle "to each according to his need" and is planned on the basis of gaps as revealed by the merit rating system. The Company's technical training centre in Bangalore is one of the most advanced centres of its kind in the tobacco industry. The I.L.T.D.'s training school in Hunsur, Mysore, set up in 1965, looks after the leaf side of operations. Equipped with its own library and field laboratory, it imparts practical training to company, non-company and Government personnel in the growing of tobacco from the seed to the curing stage, and also arranges for lectures on tobacco and allied fields. The chairman said that the Company had set a fine record of industrial relations over the years. As for productivity, he said that the Company had introduced a monthly productivity payment scheme embracing all the workers at each factory. Under this scheme, the monthly payment was linked to the productivity of the factory as a whole. The Company's board of directors has been investigating the opportunities available for diversification in India with more specific reference to direct and indirect foreign exchange earnings for the country.

SCINDIA

Carpet-backing Shipment

AT a reception held recently on board the M. V. *Jalamatsya*, Mr. N. M. Trivedi, Calcutta Manager of the Scindia Steam Navigation Co. Ltd, said that it was a fast 18 knot new ship berthed in Calcutta to load carpet-backing rolls for Cleveland at the special request of the I.J.M.A. and the Government. The shippers had welcomed this gesture of Scindias and booked all their cargoes for Cleveland within 48 hours of the declaration. It was then expected that the cargo would be brought alongside with all papers ready within six or eight days of the date of declaration, so that the vessel could sail from Calcutta around 18th or 19th August and reach its destination within a record time—in about 30 or 32 days. This expectation, however, was belied because the shippers did not show the same enthusiasm for sending cargo to the ship.

United Commercial Bank : Impressive Rise in Deposits

IN their latest report along with the accounts for the year ended December 1970, the directors of the United Commercial Bank say that the operations of the bank in India and abroad had recorded satisfactory progress. (A fuller version of the report was published in last week's issue of *Capital*.) There has been a substantial rise in the bank's profit from Rs. 89.22 lakhs to Rs. 1.42 crores, after providing Rs. 44.50 lakhs (against Rs. 37.54 lakhs) for depreciation and repairs to its property. The interest paid amounts to Rs. 10.26 crores (against Rs. 8.45

crores) and salaries and allowances to Rs. 7.18 crores (against Rs. 5.60 crores). Deposits and other accounts have sharply increased from Rs. 257.53 crores to Rs. 295.81 crores of which fixed deposits are up from Rs. 128.02 crores to Rs. 145.26 crores, savings deposits from Rs. 53.46 crores to Rs. 64.15 crores and current accounts from Rs. 76.05 crores to Rs. 86.40 crores. Advances have improved from Rs. 162.82 crores to Rs. 217.15 crores; loans, cash credits, and overdrafts from Rs. 118.09 crores to Rs. 155.33 crores; and bills discounted and purchased from Rs. 44.73

Mr. Trivedi requested all concerned to expedite the movement of cargoes and warned that any delay in the supply of goods would affect the sailing date of the vessel and whatever chance the vessel had in reaching the cargo fast to the United States before the scheduled strike of the longshoremen from 1st October was likely to be defeated.

BOAC

Record Passenger Traffic

BOAC has announced an operating surplus of £5.9 million for the year 1970-71 and a group profit to the airline after interest and taxation of £3.4 million. These compare with the 1969-70 surplus of £39.1 million and group profit of £19.3 million. The fall in the profitability was due to increased expenditure during the year by £22.7 million and a slight drop in traffic revenue by £3 million. Expenditure rose from £166.9 million to £189.6 million while traffic revenue declined from £198 million to £195 million. BOAC carried a record total of more than 1,893,000 passengers. This

was 3,000 more passengers than the previous best in 1969. An increase in non-scheduled flights accounted for the rise. BOAC is thus heading for 2 million passengers a year on its world-wide routes—only eight years after topping the 1-million mark for the first time. Like other major airlines it suffered from the current downturn in air travel, particularly on the north Atlantic routes where BOAC derives more than half of its total business.

BOAC will pay to the British Government a dividend of £4.9 million representing a 7½ per cent return on public capital invested in the airline. The annual report says that a combination of factors caused the reversal of improving trends in output and profitability. Among these were a shortfall in passenger and cargo revenues on the eastern and western routes, the British postal strike, the hijacking of the VC10 in the Middle East and industrial action, both taken and threatened, by BOAC staff. The chairman of BOAC, Mr. Keith Granville, said that while the airline had fared far better than most of its competitors, the current situation and

future prospects were not as happy as he would like them to be. The world-wide revenue in the past four months was below the expected level.

BHARAT STEEL TUBES

Dividend Raised

BHARAT Steel Tubes has raised the dividend for the year ended June 1971 from 10 per cent to 12 per cent. This has been made possible by the marked improvement in the Company's performance during the year. According to the preliminary report, the gross profit has increased by 13.7 per cent from Rs. 168.87 lakhs to Rs. 191.09 lakhs. After providing Rs. 28.50 lakhs (against Rs. 30.53 lakhs) for depreciation, Rs. 29,000 (against Rs. 18.55 lakhs) for development rebate reserve and Rs. 98 lakhs (against Rs. 21 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 64.30 lakhs, against Rs. 98.79 lakhs in the preceding year.

Improved results have been achieved despite the shortage of hot rolled steel strip and skelp—the basic raw materials for pipe and tube manufacture—which led to the occasional closure of the plant. The Company was unable to use even 40 per cent of its installed capacity. Steel shortages inhibited the Company's export effort; even so, exports totalled Rs. 1.08 crores. The Company expects to enter the market for fresh capital in the next few months for its Rs. 17-crore strip mill project to be commissioned by December 1973.

BALMER LAWRIE

Dividend Maintained

IN their latest report for 1970, the directors of Balmer Lawrie and Co. Ltd say that the overall performance of the trading department has been generally better, showing improvements in sales and profitability. Sales are up from Rs. 6.16 crores to Rs. 6.91 crores, and the pre-tax profit has increased from Rs. 22.28 lakhs to Rs. 23.64 lakhs. A taxable ordinary dividend of 8 per cent has been maintained, absorbing Rs. 11.52 lakhs. This offers a yield of 12.2 per cent at the present price of Rs. 65.50 a share of Rs. 100 each. Taxation is allocated Rs. 10.16 lakhs (against

Rs. 8.18 lakhs), development rebate reserve Rs. 16,452 (against Rs. 34,536) and general reserve Rs. 13.31 lakhs (against Rs. 13.76 lakhs).

MODIPON

Sales Down but Profit Up

DESPITE a decline in sales from Rs. 17.06 crores to Rs. 15.74 crores, the gross profit made by Modipon for the year ended February 1971 is higher at Rs. 5.02 crores, against Rs. 4.80 crores in the preceding year. The fall in sales is attributed to the reduction in prices of most of the deniers of nylon yarn in terms of the voluntary agreement entered into with various actual users' associations. The improvement in profitability is stated to have been made possible by increased efficiency in the working of the plant. The dividend has been maintained at 27.5 per cent—12.5 per cent interim and 15 per cent final. Appropriations include depreciation Rs. 75.52 lakhs (against Rs. 86.11 lakhs), development rebate reserve Rs. 1.04 lakhs (against Rs. 5.67 lakhs), taxation Rs. 230 lakhs (against Rs. 55 lakhs), doubtful debts Rs. 1.21 lakhs (against nil), interim dividend payment Rs. 24.99 lakhs (same) and general reserve Rs. 169.98 lakhs (against Rs. 308.65 lakhs). The final dividend absorbing Rs. 30 lakhs is to be paid out of general reserve.

The directors state in their report that the expansion project has been making satisfactory progress. The construction work has almost been completed and the complete project is expected to be ready by the middle of 1972. The Company has already applied for industrial licences for expansion of the existing nylon yarn unit and also for the manufacture of polyester yarn. The decision of the Government is still awaited.

GILLANDERS ARBUTHNOT

Higher Dividend

DESPITE a slight drop in sales from Rs. 2.24 crores to Rs. 2.22 crores for the year ended March 1971, the net profit of Gillanders Arbuthnot and Co. Ltd has risen from Rs. 14.23 lakhs to Rs. 20.17 lakhs, after providing Rs. 2.16 lakhs (against Rs. 2.22 lakhs) for depreciation, Rs. 3,942 (against Rs. 8,733) for development rebate reserve and Rs. 18.29 lakhs (against Rs. 13.09 lakhs)

for taxation. In view of the improved working results, the taxable ordinary dividend has been increased by 2 per cent to 12 per cent, absorbing Rs. 7.80 lakhs which will be paid out of general reserve. This offers a yield of 13.2 per cent at the present price of Rs. 9.12 a share of Rs. 10 each. The directors say that the decline in sales at the Calcutta office reflects the difficult operating conditions prevailing in West Bengal. Other branches have, however, improved their performance.

KINNISON JUTE

Dividends Skipped Again

IN their latest report for the year ended March 1971, the directors of the Kinnison Jute Mills Co. Ltd say that the working has been extremely adverse, mainly due to an unprecedented fall in the demand for carpet-backing cloth during the first half of the year. The fine jute fabric unit also operated well below

its full capacity during most of the year and thereby contributed substantially to the loss during the year. After providing Rs. 16.26 lakhs (against Rs. 16.48 lakhs) for depreciation, it has incurred a loss of Rs. 29.35 lakhs, against a loss of Rs. 13.22 lakhs in the previous year. Dividends have been skipped again. After making adjustments, there is a debit balance of Rs. 87.12 lakhs which is proposed to be carried forward, against a debit balance of Rs. 61.38 lakhs brought in. Sales fell from Rs. 7.82 crores to Rs. 6.53 crores.

TATA HYDEL GROUP

Sales Up but Profit Down

THE three Companies belonging to the Tata hydel group, namely, Tata Power, Tata Hydro-Electric and Andhra Valley, have reported substantially larger sales for the year ended March 1971 but the net profit, after providing for depreciation and taxes, is lower in each case. The

LARSEN AND TOUBRO : BRIGHT PROSPECTS

LARSEN and Toubro did extremely well during the year ended March 1971, with a 17.4 per cent rise in turnover from Rs. 23.37 crores to Rs. 27.44 crores and a 40 per cent increase in gross profit from Rs. 181.58 lakhs to Rs. 253.64 lakhs. This was made possible by fuller and more efficient operations of newly established manufacturing facilities and improved control on inventories and expenses. The Company did well on all fronts—production, sales, exports and profitability. The equity dividend has been raised from 10 per cent to 12.5 per cent. The chairman, Mr. H. Holck-Larsen's statement to the shareholders exudes optimism. Over the next three years, the chairman envisages a sizable increase in turnover from year to year matched by a "commensurate increase in profitability". The Company is working on several manufacturing schemes in financial and technical collaboration with world renowned companies. The products of these joint ventures will be marketed by Larsen and Toubro.

A joint venture is likely to be formed with International Telephone and Telegraph Corporation, U.S.A., for the manufacture

of connectors with a distinct possibility of advancing into other fields of electronics. Another promising scheme is the manufacture of tyre curing presses in collaboration with McNeil Corporation of Akron, U.S.A. The factory is likely to be located in Madras. The Company has also received letters of intent from the Government of India for the manufacture of agricultural tractors and self-propelled harvester combines. Discussions are in progress with the management of Deere and Co., Illinois, U.S.A. concerning the implementation of the scheme. The factory is to be located in Ghaziabad, U.P.

The Company will need, over the next five years, additional capital of the order of Rs. 3 crores or Rs. 4 crores, over and above the cash expected to be generated from its own operations, to finance the normal expansion of the Company's own business and the business emanating from the new collaboration schemes. The proposed merger with the Canara Bank Ltd, which will bring in a sum of Rs. 3 crores, will help the Company to secure a substantial part of its immediate financial requirements and will assist in maintaining a healthy debt-equity ratio.



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dividends have been kept unchanged at 12 per cent, including interim payments of 5 per cent.

Tata Power: Despite an increase of 18.8 per cent in sales from Rs. 16.44 crores to Rs. 19.54 crores, the profit, after depreciation and taxes, is down by 11.9 per cent from Rs. 2.11 crores to Rs. 1.86 crores. After providing Rs. 4.09 lakhs (against Rs. 40.89 lakhs) for development rebate reserve and Rs. 58.52 lakhs (against Rs. 49.92 lakhs) for other statutory appropriations, the surplus amounts to Rs. 1.23 crores, against Rs. 1.20 crores in the preceding year. After providing Rs. 36.22 lakhs (same) for interim dividend payments, the balance of Rs. 86.73 lakhs (against Rs. 83.60 lakhs) has been transferred to general reserve. The final dividends, preference and equity, absorbing Rs. 47.57 lakhs (same) are to be paid out of general reserve.

Tata Hydro: Sales are up by 20 per cent from Rs. 6.85 crores to Rs. 8.17 crores but the profit, after depreciation and taxes, is down by 9.2 per cent from Rs. 88.03 lakhs to Rs. 79.92 lakhs. Allocation to development rebate reserve is lower at Rs. 2.22 lakhs (against Rs. 22.16 lakhs)

while appropriations to other statutory reserves are higher at Rs. 24.68 lakhs, against Rs. 20.73 lakhs in the preceding year. After adjustments, the disposable surplus is Rs. 53.95 lakhs, against Rs. 45.39 lakhs. The interim dividend payments amounted to Rs. 16.33 lakhs (same) and the balance of Rs. 37.62 lakhs (against Rs. 29 lakhs) has been transferred to general reserve out of which the final dividends absorbing Rs. 21.60 lakhs (same) are to be paid.

Andhra Valley: Sales have increased by about 18.3 per cent from Rs. 999.58 lakhs to Rs. 1,182.47 lakhs but the profit, after depreciation and taxes, is down by 11.2 per cent from Rs. 113.77 lakhs to Rs. 100.97 lakhs. A sum of Rs. 2.75 lakhs (against Rs. 25.02 lakhs) has been provided for development rebate reserve and other statutory appropriations amount to Rs. 33.82 lakhs (against Rs. 28.99 lakhs). After making some adjustments, the disposable surplus amounts to Rs. 64.46 lakhs (against Rs. 63.71 lakhs). The interim dividend payments take up Rs. 21.15 lakhs (same) and the balance of Rs. 43.31 lakhs (against Rs. 42.50 lakhs) has been transferred to general reserve out of which the final

dividends amounting to Rs. 27.82 lakhs (same) are to be paid.

AUCKLAND JUTE

Another Bad Year

THE working of the Auckland Jute Co. Ltd shows a loss of Rs. 25.94 lakhs for the year ended March 1971, against a loss of Rs. 8.03 lakhs in the previous year, after providing Rs. 14.36 lakhs (against Rs. 14.76 lakhs) for depreciation. Dividends have been passed. There is no carry-forward. Sales were Rs. 4.23 crores (against Rs. 4.96 crores). The directors say that the working has been extremely adverse, mainly due to an unprecedented fall in the U.S.A.'s demand for carpet-backing cloth during the first half of the year. As a result, the carpet-backing unit at the mill, which constituted 60 per cent of the mill's production, had to operate at about half the capacity during this period. There was some improvement in demand during the second half of the year, but it was not until November 1970 that there was a marked increase in the number of looms in production.

COMMODITIES

Declining U.S. Burlap Consumption Causes Concern

U. S. BURLAP consumption statistics compiled by the Textile Bag Manufacturing Association (T.B.M.A.) and the Burlap and Jute Association (B.J.A.) confirm the steadily declining trend in the offtake of the product, says the New York Correspondent of the *Jute Chronicle* in the latest issue of the bi-monthly organ of the Indian Jute Mills Association. The consumption of burlap bag and piecegoods during 1970 totalled 609 million yards, showing a decline of 81 million yards or 11.7 per cent over the figures for 1969. The offtake of burlap for bags only at 438 million yards was 28.2 million yards or 6 per cent below the level of 1969 while the burlap piecegoods consumption at 171 million yards registered a drop of 49.3 million yards or 23.7 per cent over the previous year's figure.

Total Consumption

The total consumption of burlap at 213.3 million yards during the first five months of 1971, the Correspondent continues, was 64.8 million yards or 23.3 per cent lower over the figure for the same period of 1970. While the tonnages of all types of usages from all sources dropped from 110,618 to 94,679 (from \$58.7 million to \$49.9

million), India's share in the trade slumped sharply from 81,714 to 56,196 (from \$44.8 million to \$31.1 million). But Pakistan's share rose from 26,763 tons to 35,894 tons (from \$12.56 million to \$17.3 million). It has to be noted that while the tonnage figure for 1969 registered a decline of 10.75 per cent over the 1968 level, the drop next year was 24.14 per cent over 1969, and 32.29 per cent over 1968. An analysis of the relative figures and factors contributing to the variation in consumption shows that besides other inhibiting factors, the combination of high and fluctuating prices and the protracted disruption in supplies have also been responsible for the sharp losses suffered by India over the years.

Dearth of Fibre

Despite the expectations of a bumper harvest of raw jute during the current season, the manufacturing industry faces the prospect of a cut-back in its production for the dearth of fibre, complains the Indian Jute Mills Association in a Press note issued early last week. And this situation, it adds, has developed at a time when the world markets are urgently in need of all the jute goods that India can produce because of the virtual absence

of exports from Bangladesh. According to the Association, the average stocks of raw jute with the industry are adequate for a little over a month's consumption at the current level of work load. But quite a few units are on the verge of closure as their inventories appear to be enough for just two weeks or so.

Price Support

Following reports from upcountry centres that raw jute prices had slumped below the floor levels due to heavy floods with the resultant disruption in road and rail transport of goods, to Calcutta and mill stations, the Central Foreign Trade Minister, Mr. L. N. Mishra, has asked the State Trading Corporation and the Jute Corporation of India, the two public-sector organisations "concerned with the maintenance of the price levels of raw jute" to make immediate arrangements for rushing to the rescue of growers. The S.T.C. and the J.C.I. have been asked to appoint agents to cover the outlying areas immediately. They are to purchase the stocks of jute being offered by growers at the officially prescribed derivative levels. The Minister hopes that the impact of the measures would be felt within a week and the prices would revert to the original levels.

Gunnies Erratic

Erratic fluctuations marked trading in the Calcutta gunny market during the past week following the announcement of the drastic monetary and fiscal

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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 July 1971. As compared with June, the July index for Food

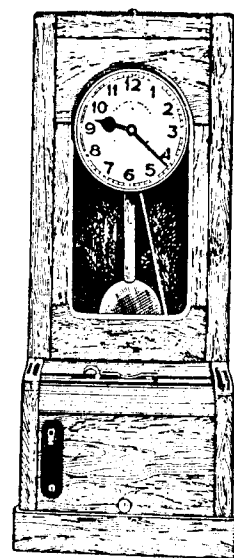
shows a rise of 13 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 412, 693 and 400 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 7 points during July 1971.

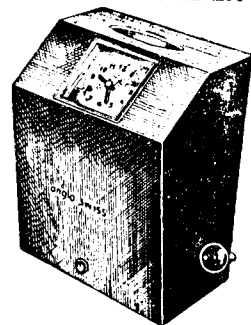
Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		July 1970	Aug. 1970	Sept. 1970	Oct. 1970	Nov. 1970	Dec. 1970	Jan. 1971	Feb. 1971	Mar. 1971	Apr. 1971	May 1971	June 1971	July 1971
Food ...	53.6	874	881	891	900	911	906	894	883	883	883	891	901	914
Fuel and Lighting ...	4.4	412	412	412	412	412	412	412	412	412	412	412	412	412
Clothing ...	12.4	682	693	693	693	693	693	693	693	693	693	693	693	693
Miscellaneous ...	29.6	391	392	392	392	392	392	392	392	400	400	400	400	400
Combined Index ...	100.0	687	692	697	702	708	705	699	693	696	696	700	705	712

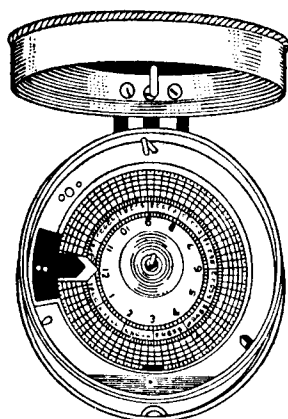
Compiled and constructed by the Statistical Department of "Capital".



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measures by President Nixon. The market suffered from an initial shock on the levy of the 10 per cent surcharge on imports and prices retreated on a broad front. Scattered short and shipper-covering at the dips helped in erasing the earlier losses to some extent. Second thoughts on the likely effect of the surcharge seemed to produce a reassuring impact on sentiment which was further reinforced by the clearance of some market load and the elimination of weak holders. But hessian prices receded more and more due to the lack of follow-up support and the uncertain longshoremen's strike situation on the U.S. coasts. Even rumours of the S.T.C.'s efforts to bag substantial hessian business from the Sudan failed to retrieve the easiness in respect of the construction. But sacking ruled firm, scoring minor gains from the mid-week levels on the talk that the Government of India had been negotiating a long-term deal with the industry for heavy lots of goods on a phased delivery schedule around the price structure recommended by the Tariff Commission and also on reports of a 6,000 bales D.W. flour bags deal with the official agencies. The protracted dislocation in the road and rail movement of fibre induced the fibre trade and jute mills to reduce their offers for ready and forward deliveries. The demand for carpet-backing cloth, however, continued to be at a high level with mill bookings extending well beyond the first quarter of 1972. Informed circles expected the demand to broaden appreciably as the package of measures announced by President Nixon were likely to stimulate the U.S. economy and boost the industrial consumption of backing and packaging materials. With the prospect that East Bengal would remain out of the market for many more months, bulk consumers, it was thought, would have to turn to India for getting their supplies. But there are also many uncertainties. As for the impact of the surcharge, Clive Row was inclined to believe that it would not produce any appreciable difference in the off-take of hessian and wide carpet-backing cloth by the U.S.A. But it preferred to await the official clarifications. Forward trading in T.S.D. and N.T.S.D. contracts in hessian and sacking constructions for January-March deliveries commenced from 11th August and hedge trading in November delivery futures in B Twills from 14th August, subject to the current restrictions. There was brisk squaring up of the outstanding open positions in 40in. 10oz. hessian and B Twills on the eve of the closure of the August delivery contracts.

Latest available quotations (in rupees) were as follows:

	Aug.	Sept.	Oct.-Dec.	Jan.-Mar.
40in. 7½oz.	77.00	78.00	76.50	75.50
40in. 8oz.	84.50	—	—	—
40in. 10oz.	104.00	103.00	101.00	100.00
B Twills	262.00	265.50	270.00	270.00
Heavy Cees	263.50	266.50	271.00	270.00
Cornsacks	—	—	—	—
A Twills (U.S.)	327.00	332.00	340.00	339.00
Liverpools	312.00	315.00	320.00	318.00

Fibre Firm

After opening on a divergent note, exceptionally firm in Calcutta and quiet in the upcountry centres, the raw jute market turned firm during the past week. The earlier steadiness in Calcutta was attributed to the serious shortage in the floating stocks of selected grade fibre and the virtual suspension of fresh arrivals from the upcountry markets due to a gradual deterioration in the flood situation at the transshipment points. This led to the heavy accumulation of stocks in the primary and secondary markets. The downward revision of the current crop due to extensive flood damage in most of the jute-growing States and the shrinkage in the flow of jute from across the Bangladesh border due to the virtual snapping of the arterial and feeder road links induced mills and mill agents to redouble their efforts for absorbing all available offers, irrespective of grades. The continuing deterioration in the flood situation and the reported entry of the S.T.C. and the J.C.I. into the interior markets through their agents to commence price-support operations were an additional stimulant. There was no improvement in supplies in the Calcutta or up-country markets. So turnover declined to small levels. But the undertone hardened for both ready and forward delivery goods.

Latest available quotations (in rupees) were as follows:

	Sept.-Oct. Rates a quintal	15 days Rates a md. Bot.	15 days Rates a md. Bot.
Selected Assam-Agartala	144.68	54.00	57.00
Northern Jute	139.32	52.00	55.00
Western Desal	—	—	—
Jute	132.62	49.50	52.50
Selected Daissee	148.70	55.50	59.50
Assam-Agartala	—	—	—
Tossa	150.04	56.00	59.00
Mesta :	—	—	—
Assam Mesta	132.62	49.50	—
Selected Daissee	—	—	—
Murshidabad	127.26	47.50	—
Bihar Dist.	117.80	44.00	—

THE GENERAL ELECTRIC COMPANY OF INDIA LIMITED

CHIEF EXECUTIVE'S STATEMENT

Following is the speech delivered by the Chief Executive, Mr. R. C. G. Cotterill, at the Annual General Meeting of the Company on August 19, 1971.

It is with great sorrow that I have to begin this Statement, by advising you of the untimely death of your Chairman on 14th June, 1971. Mr. Handoo became Chairman in 1964 from which time the Company has benefited from his wise and mature counsel. His presence at our Board and General Meetings will be sadly missed and I am sure that you would all wish to join me in expressing our sincere condolences to the members of his family.

Last year, Mr. Handoo concluded his remarks to the Annual General Meeting on a note of optimism. It is now my pleasure to confirm that his optimism has been justified. The net profit before tax at Rs. 2,31,44,739 is more than double that of the previous year. A large part of this improvement was achieved by the determination of the management to grasp the opportunities presented by the improved economic conditions.

A commendable team spirit amongst employees, which does justice to the merger, coupled with revamping of the company's activities into profit-responsible divisions, have been the two most important factors contributing to the year's progress. These autonomous Divisions, a review of which is given, are now responsible for their own operation from the purchase of raw material to the collection of debts and this has fired a greater enthusiasm amongst management and staff to achieve better results.

The Company's financial position has been strengthened by a reduction in our indebtedness to the banks. This has been achieved partly by the disposal of fixed assets no longer required but, mainly, by controlling more successfully the two main areas of working capital, namely Debtors and Inventories. The benefit from the resulting reduction in Bank Borrowings was, however, eroded by higher interest rates.

In general, business conditions remained favourable during the year but serious cost inflation is a continuing source of concern. In addition,

power shortages, particularly in the North, restricted certain sales, particularly of agricultural motors and pumps. It will indeed be a set back for the country if the rapid advances and improvements made by our farmers are to be restricted by a shortage of power.

A few months ago we witnessed once again the peaceful and democratic election of a Government and we welcome the establishment of a new, strong and stable ministry.

For the future of the country it is essential that the public and private sectors of the national economy should work together; and we believe that our leaders, recognising the present need to accelerate the tempo of the economy, will encourage both sectors to work side by side for future growth.

Your Company operates in highly competitive markets where, in none of our product groups, do we have a dominant percentage of the market. We thrive on the competition and ask only that we should be allowed to expand to satisfy demand, and to diversify into products where a shortage exists.

At the time of going to press we are still negotiating with the Ministry of Finance the ratio of bonus share to be issued and agreement is expected in the near future. The bonus issue will be followed by a rights and public issue, the effect of which will be to increase the Indian participation to a level of 26% in the Company.

I would like to close my Statement to you with a message of sincere thanks to our management, staff and work people for the effort that they have made during the last year. We are by no means complacent or satisfied with the rate of profits that have been earned and the struggle to cut costs and increase efficiency continues.

REVIEW OF ACTIVITIES

Engineering Division (Turnover—Rs. 16.5 crores)

The transformer market improved considerably during the year and there was a welcome return to a more reasonable level of profitability. The Government has statutorily decided

to enforce the partial substitution of copper by aluminium and the Division is well prepared for this. The range of power transformers has been extended and orders for as high as 20 MVA are at present being negotiated.

There has been a reduction in the demand for agricultural motors due to the severe power shortage in the northern region, but the new industrial range of motors which are made to international specifications has been well received. This range has been extended and is expected to make a major contribution to profit in the future.

New pumps were designed and produced for operation in areas where the water table is at an abnormally low level. The pump market in general was affected by restrictions on bank loans and a slower rate of electrification in certain areas.

The other main activity of this Division is switchgear which has shown considerable progress. Plans for the production of Low Tension Air Circuit Breakers and High Tension HRC Fuses have progressed satisfactorily and orders are now being taken for these products.

During the year we entered the field of ventilation engineering with a range based on aerofoil and centrifugal fans and blowers and the company now undertakes the design and supply of such installations.

Merchandising Division (Turnover—Rs. 15 crores)

In spite of stronger competition, the division achieved a substantial increase in its ceiling fan sales, much of which can be attributed to a keener use of marketing techniques.

During the year the range was increased by the introduction of table fans and air circulators, both of which products have considerable growth prospects and should make useful contributions in the current year.

Our range of industrial fans continued to be a market leader in the field within India. Efficient production enabled this high quality product to be marketed at a competitive price and demand will continue to grow.

Osram and Mazda lamp sales were in general satisfactory, although there is at present a glut of fluorescent tubes in the market caused by an excess of production capacity.

Sales of lighting fittings again progressed. Our manufacturing activity is based largely on the products of our subsidiary, Hindco Lighting Industries, who have unmatched facilities for the design and production of a wide range of fittings. Our illuminating engineers are qualified to design the most sophisticated installations and we can offer an unrivalled service in this field.

The re-design of a new range of B.T.H. fractional h.p. motors was undertaken during the year and orders for this product are now being accepted.

Projects Division (Turnover—Rs. 5 crores)

This Division is involved in the installation of electrical equipment, manufacture and installation of furnaces and the design and supply of sophisticated applications. Large electrical contracts are at present being carried out for both Government and industry and these include steel plants, pelletising plants, coal mines, docks etc.

The steel shortage in the country has resulted in a very high demand for electric power furnaces for melting purposes. Of the 6 "Mini" steel plants which have received the Central Government's approval, 3 have already placed orders on us for their furnaces. The demand for both melting and heat treatment furnaces will continue to grow and the company is fortunate in having available to it the designs and technical know-how from Birlec Ltd., who are world leaders in the field. A new technical service agreement is being negotiated with the Government and will enable us to increase the range of furnaces at present available.

The Application Group, among other business, has begun to have success in the field of scientific apparatus. As the technological advances in the nation move forward, the demand for Mass Spectrometer and Electron Microscopes etc., will increase.

Exports

In addition to export of our products such as transformers, motors, switchfuses, fans, light fittings and

(Continued on next Col.)

THE ORIENTAL FIRE AND GENERAL INSURANCE COMPANY LIMITED

SPEECH ON THE REPORT AND ACCOUNTS, 1970 BY SHRI T. A. PAI

Gentlemen,

I have great pleasure in welcoming you all to the Twenty-third Annual General Meeting of the Company.

The Report, Accounts and Balance Sheet in respect of the year ended 31st December, 1970 are already in your hands and with your permission I propose to take them as read.

Before dealing with the Company's results of the year's working, I would like to make a reference to the promulgation on 13th May, 1971 by the President of India of an Ordinance to provide for the taking over of the management of General Insurance

(Continued from previous Col.)

pumpsets, the company has broken new ground by obtaining trial orders for aluminium conductors and accessories. Orders for P.V.C. cables and diesel engines are anticipated.

Execution of our single largest order received from the Kuwait Cement Company last year and valued at more than Rs. 20 lacs, is progressing.

Personnel

The Company's policy is to recognize and negotiate with the accredited representatives of employees in all matters connected with terms and conditions of service and employee welfare. This has enabled us to establish a healthy relationship based on mutual respect; the long term agreements entered into with the unions are continuing.

No company can remain effective without a steady inflow of suitably qualified manpower and our trainee schemes have paid rich dividends. Our Trade Apprentice, Shop Floor Supervisor and Graduate Trainee schemes are designed to lead those who join them towards a richer and fuller working life. It is significant that in the near future a large number of managerial positions will be held by our own ex-trainees.

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

Business, pending nationalisation of such business. The said Ordinance has since been replaced by the General Insurance (Emergency Provisions) Act, 1971. No Custodian has, however been appointed to take over the management of the business of our Company and your Board of Directors and the General Manager continue to look after the affairs of the Company as agents of the Central Government under Section 3 of the General Insurance (Emergency Provisions) Act, 1971.

Coming now to the results of the Company during the year 1970, the gross direct premium of the Company has gone up by Rs. 51.31 lacs over the previous year. The profits of the Company have gone up from Rs. 116.51 lacs in 1969 to Rs. 174.83 lacs. After making provision for taxation, there is a surplus of Rs. 84.83 lacs which amount has been transferred to General Reserve. As a result of the year's operation the funds have increased by Rs. 72.09 lacs.

The overall claims ratio has improved from 58.67% in 1969 to 58.59% in 1970.

The overall ratio of expenses of management including commission to net premium is 35.04% as against 33.40% in 1969. The increase is mainly due to revisions in the salaries of the employees.

The Company's investments on 31st December, 1970 aggregates Rs. 1163.41 lacs as against Rs. 1035.24 lacs on 31st December, 1969.

Your Directors recommend dividend at the rate of 25% (subject to deduction of tax) which, if approved by you, will be paid out of the General Reserve.

In conclusion, I would like to express my thanks to all our business connections, both in India and abroad, who have continued to extend us their support. I would also like to extend my thanks to the officers, field workers and staff for their sincere and loyal work.

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

COMPANY MEETING

THE BENGAL FLOUR MILLS CO. LTD.

CHAIRMAN, MR. K. N. KANORIA'S ADDRESS

Address of the Chairman, Mr. K. N. Kanoria, at the Annual General Meeting of the Company held on 24th August, 1971.

Gentlemen,

I have great pleasure in welcoming you to this 137th Annual General Meeting of your Company.

The Directors' report and audited Accounts have given you full idea of the performance of the Company during 1970. I hope you will appreciate that the profits have been substantially better this year despite increased costs of production consequent upon rise in wages, benefits, electricity charges and prices of gunny bags and other stores. In brief the results for 1970 are as follows, as compared to 1969.

Your Board of Directors has therefore, recommended the Dividend of

Sales	...	...	...
Gross Profit	...	...	...
Depreciation	...	...	...
Profit before Taxation	...	...	...
Taxation	...	...	...
Development Rebate Reserve	...	...	...
Nett Profit	...	...	...

one rupee per share in place of forty paise per share paid last year. However, our performance this year is not as satisfactory as I would like to have it, due to, supply of bad quality and rain-soaked wheat by Food Corporation of India and repeated illegal stoppage of works by certain sections of contract labour and also certain sections of employees despite substantial increases in wages and benefits. As a result, your Company lost production of more than seventy thousand quintals of wheat products valued at rupees sixtyfive lacs last year, and this year also production of more than eighty thousand quintals of wheat products has been lost, valued approximately at rupees seventy two lacs.

I must thank the Government and the farmers of the producing areas for achieving wonderful results in production of wheat in a few years and making our country more or less self-suffi-

cient in wheat. My hearty thanks goes to Food Corporation of India who have done wonderful job by procuring all the wheat offered by the farmers at support prices so that the farmers may not lose incentives to produce more wheat. The Government, while ensuring a reasonable price to the farmers for their produce, should also watch that the unduly hardpressed consumers are supplied wheat and wheat products of fair quality at reasonable prices. I would like to give you the figures of stocks, procurement, imports and distribution of food grains during 1969 and 1970 and estimated figure for 1971.

(Figures in million tonnes)					
Year	Stock at the beginning of year	Procurement during the year	Import	Distribution	
1969	4.0	6.5	3.9	9.5	
1970	4.4	6.8	3.6	8.9	
1971 (estimates)	5.4	7.5	3.3	8.5	

	1970	1969
...	5,79,33,475	3,65,60,887
...	13,53,731	4,55,855
...	1,71,779	1,78,700
...	11,81,952	2,77,155
...	7,25,000	1,32,504
...	3,722	2,115
...	4,53,230	1,46,229

Your Company, however, has been trying all the time to impress upon all employees and labour, the extent of damage which they are causing not only to their own interest but also to the interest of the vast shareholders of the Company and to a great extent to lacs of consumers including refugees, infants, old and sick people, who depend for their daily bread on supplies from your Company. It is hoped that good sense, which seems to have dawned upon them from sometime now, will continue and they will not resort to illegal stoppage of work anymore and also substantially improve the working in future so that better results in the interest of all concerned may be achieved.

It is a matter of profound satisfaction that the country has more or less become self-sufficient in food. The total food production this year, of a little more than 107 million tonnes, is

an all time record for the country. The wheat output this year, of more than 23 million tonnes, is also a record one. Due to increased production of wheat in the country itself and increased procurement by the Food Corporation of India, the country has been able to reduce import substantially and now the Company has the pleasure to mill indigenous wheat but the quality of indigenous wheat supplied, varies much, and at most times, rain-soaked, weeviled, deteriorated wheat with high percentage of refraction and foreign materials is supplied to the Flour Mills as this is supposed to be the main outlet for re-

lease of those wheat by Food Corporation of India without incurring any loss. This type of wheat, when supplied to the direct consumers through fair price or rationshops bring adverse criticism from the press and the people and the Food Corporation of India, finds difficulty in avoiding its responsibility. But by supplying such wheat to flour mills, the blame is squarely placed on the shoulders of the industry and the industry has to face adverse criticism on account of deterioration in quality of wheat products which is often due to supply of bad quality of wheat by the Food Corporation of India.

As one of the largest Mills in the country, it has to take substantial supplies from the Food Corporation of India and the Company has often to take inferior quality of wheat also against its will. It may affect the quality of the produce, and goodwill of the Company which it is enjoying since about a century despite its best efforts to maintain and improve the quality.

Your Company took up the matter with the Government and the Food Corporation of India but with no effect. You may be surprised to read the statement of Sri Annasaheb P. Shinde,

Union Minister of State for Food and Agriculture, in his address, on the occasion of the 4th Annual General Meeting of The Bihar Roller Flour Millers Association.

"It is true that whenever we have 'C' and 'D' categories of wheat in the godowns it is passed through the millers. Since the mills have proper facilities for cleaning and re-conditioning of the wheat, such wheat can be obviously used even if the wheat has slid down 'C' and 'D' category. It is possible to re-condition it and make it fit for consumption and use it as the wheat cannot be thrown away."

It is a matter of great regret that while on the one hand, the Government is trying to popularise Fortified Atta by asking the mills to blend atta with vitamins etc., on the other hand they are supplying bad and inferior quality of wheat to the Flour Mills to avoid some loss, affecting much the quality of wheat products.

The Government of India has recently allowed Flour Mills who may be interested to purchase indigenous wheat in the open market, to make such purchases to a certain extent, but sell wheat products at the scheduled prices, already fixed by the Government of India. As such your Company may have to face stiff competition from the mills in the producing area who can obtain wheat at lesser price than the Mills in Calcutta and deficit states but will sell their products at the same price. Moreover, the Mills in other states can export their products into West Bengal or elsewhere in India while the Mills in Calcutta have to dispose of their products, on permits of Government of West Bengal only. As such, long established markets of the Company may be completely lost and which may affect the entire Flour Milling Industry in West Bengal.

Before I conclude, I have to draw your attention to the acute problem of Bangladesh refugees, which apart from affecting the economy of the country, is posing a great problem for the Government and especially for West Bengal. I also take this opportunity to thank all my colleagues in the Board and all Executives and all employees of the Company and also the Secretaries who all extended their utmost co-operation to the Company and I look forward to better years with their co-operation.

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

COMPANY AND PUBLIC NOTICES

CALCUTTA STEEL COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at 4, Old Court House Street, Calcutta-1 on Thursday, the 9th September, 1971 at 4.30 P.M. to transact the following business:

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as on 31st March, 1971, and Profit and Loss Account for the year ended on that date.
2. To declare a dividend.
3. To appoint a Director in place of Shri K. N. Tapuriab, who retires by rotation, but being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri D. P. Goenka, who retires by rotation, but being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

By Order of the Board,
R. N. BHOTIKA
Secretary.

"Steel House"

4, Old Court House Street,
Calcutta, the 20th day of July, 1971.

- Notes :** (1) The Register of Members of the Company will remain closed from the 1st September, 1971 to 9th September, 1971, both days inclusive.
- (2) 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.

THE TITAGHUR PAPER MILLS COMPANY LTD.

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of THE TITAGHUR PAPER MILLS COMPANY LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Wednesday, the 22nd September, 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 March, 1971, 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 Auditors and fix their remuneration.
4. To appoint Directors in places of those who retire by rotation.
5. To consider and if thought fit, to pass the following resolution which will be proposed as a Special Resolution.

SPECIAL BUSINESS

"RESOLVED that in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the Directors of the Company other than a Director appointed by the Industrial Credit and Investment Corporation of India Limited of a commission (to be divided between them in such manner as they shall from time to time determine) of one per cent of the net profits of the Company in excess of Rs. 20 lacs in each financial year over a period of five years extending upto and including the financial year of the Company ending on the 31st March, 1976."

The registers of Members of the Company will be closed from 8th September, 1971 to 22nd September, 1971 both days inclusive.

By Order of the Board,
KANAK GHOSH
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
The 20th August, 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.
2. The Dividends, if declared will be paid on or after 31st October 1971 to those shareholders so entitled whose names appear in the Company's books on the 22nd September, 1971 or to their Mandatees. 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 the Special Business set out above is being sent to the members separately.

THE UNITED COMMERCIAL BANK LIMITED

Regd. Office : 4, Synagogue St.
Calcutta-1.

NOTICE OF INTERIM DIVIDEND

THE Directors of The United Commercial Bank Limited have decided to pay an interim dividend designated as a Special Dividend for the current year at the rate of Rs. 7/00 per share, subject to deduction of tax at the prescribed rates. The dividend will be payable on or after the 22nd October, 1971 to those share-holders whose names appear on the Company's Register of Members on 15th October, 1971 or to their mandatees.

The Register of Members and Transfer Books of the Company will remain closed from 24th September to 15th October, 1971, both days inclusive.

By Order of the Board,
MAHESH CHANDRA
Secretary.

Dated, Calcutta.
The 11th August, 1971

Note : Shareholders are requested to advise change in their addresses, if any.

THE UNITED COMMERCIAL BANK LIMITED

Regd. Office : 4, Synagogue St.
Calcutta-1.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING of the members of THE UNITED COMMERCIAL BANK LIMITED, will be held at the Hotel Hindusthan International, 235/1, Acharya Jagadish Bose Road, Calcutta-20 on Thursday the 16th September, 1971 at 4 P.M. to transact the following business:—

1. To receive and adopt the Report of the Directors and the audited Balance-Sheet as on 31st December, 1970 and Profit & Loss Account for year ended 31st December, 1970.
2. To appoint four Directors in place of Sri. T. S. Rajam, Sri. A. C. Mitra, Sri. Raghunath Singh, and Lala Ravi S. Ram-sarandas, who retire under Article 92 of the Articles of the Association of the Bank and, being eligible, offer themselves for re-appointment.
3. To appoint Auditors for the current year and to fix their remuneration.

4. To approve the Interim dividend as the final dividend for the year 1970.

Note :—A Member entitled to attend and Vote at the Meeting is Entitled to Appoint a Proxy and Vote Instead of Himself and the Proxy Need not be a Member. The Instrument appointing a proxy and the Power of Attorney, if any, under which it is signed should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the aforesaid Meeting as provided by Article 79 of the Company's Articles of Association.

By Order of the Board,
For, THE UNITED COMMERCIAL BANK LIMITED
MAHESH CHANDRA
Secretary.

11th August, 1971

THE TITAGHUR PAPER MILLS COMPANY LIMITED

NOTICE is hereby given that the Board of Directors of the Company at its meeting held this day has recommended payment of the following final dividends to be paid for the year ended 31st March, 1971, subject to deduction of tax at source:

- (a) On First Cumulative Preference Shares at the rate of 10.4% per annum.
- (b) On Second Cumulative Preference Shares at the rate of 5.85% per annum.
- (c) On Preferred Ordinary Shares at the rate of 13% per annum.
- (d) On 'A' and 'B' Ordinary Shares @ 1%.

The Board of Directors of the Company at the same meeting has declared an interim dividend on the Company's 'A' and 'B' Ordinary Shares for the year ending 31st March, 1972 at the rate of Rs. 0.40 P per share, subject to deduction of tax at source.

The Annual General Meeting of the Company for the year ended 31st March, 1971 will be held on Wednesday, the 22nd September, 1971 and the Registers of Members of the Company shall remain closed for the above purposes from the 8th September, 1971 to the 22nd September, 1971 both days inclusive.

The final dividends as recommended above shall be paid, if approved by the shareholders at the Annual General Meeting, on or after the 31st October, 1971, to those members whose names shall be registered on the 22nd Sep-

tember, 1971, in respect of the above shares of the Company.

The Interim dividend on 'A' and 'B' Ordinary Shares of the Company, as declared above, shall be payable on or after 31st October, 1971, to those members of the Company whose names shall be registered on its 'A' and 'B' Ordinary Share Registers as on the 22nd September, 1971.

By Order of the Board,
KANAK GHOSH
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
Dated 18th August, 1971

THE NATIONAL INSULATED CABLE CO. OF INDIA LTD.

NOTICE of the Annual General Meeting to the Members :

NOTICE is hereby given that the Twenty-ninth Annual General Meeting of the Members of THE NATIONAL INSULATED CABLE CO. OF INDIA LTD., will be held at the Registered Office of the Company, NICCO HOUSE, Hare Street, Calcutta, on Friday the 24th September, 1971, at 4 P.M. to transact the following business:

- (1) To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 1971.
- (2) To declare Dividend.
- (3) To appoint a Director in place of Mr. B. P. Khaitan, who retires by rotation and is eligible for re-appointment.
- (4) To appoint a Director in place of Mr. S. C. Sen, who retires by rotation and is eligible for re-appointment.
- (5) To appoint Auditors of the Company and Branch Auditors for Delhi and Madras Offices and fix their remunerations.
- (6) AS SPECIAL BUSINESS, to consider and if thought fit, to pass the following Resolutions with or without modifications.

- (a) AS ORDINARY RESOLUTION: RESOLVED that the re-appointment of all the under-noted parties as the Sole-Selling Agents of the Company for the sale

of the Company's products in respect of the areas noted against each for a period of five years as from 1st April, 1971, subject to termination by three calendar months' notice on either side upon the terms and conditions as recorded in the respective Agreements dated 2nd August, 1971, made between the Company of the One Part and the Sole Selling Agents of the Other Part be and is hereby approved.

- Messrs. Chimanlal Vadilal & Co., (Agency Department) of Bombay:

For the State of Gujarat and State of Maharashtra (with the exception of Vidarbha portion of the former Madhya Pradesh, Goa, Daman and Diu.

- M/s. Emberuman & Co., of Bangalore:

For the State of Mysore.

- M/s. Associated Engineering Corp. (P) Ltd., of Trivandrum:

For the State of Kerala.

- M/s. Duke & Co., of Lucknow:

For the State of Uttar Pradesh.

- M/s. R. K. Varma & Co., of Calcutta:

For the State of Bihar.

(b) AS SPECIAL RESOLUTION:

RESOLVED that in conformity with the provisions of Sub-sections (4) and (7) of Section 309 of the Companies Act, 1956, the Members of the Company hereby authorise the continuance of payment to the Managing Director and other Directors of the Company of a commission of 1% of the yearly net profits of the Company to be divided equally amongst them, as remuneration in addition to the fees that may be paid to them for attending the Meetings of the Board of Directors of the Company and Meetings of Committee of Directors of the Company computed and calculated in accordance with the provisions of the Companies Act, 1956, in any financial year, such authority to be effective for a further period of five years as on and from the 1st April, 1971.

The Share Transfer Books and the Register of Members of the Company

will remain closed from 10th September to 24th September, 1971, both days inclusive.

By Order of the Board,
FOR THE NATIONAL INSULATED CABLE
CO. OF INDIA LTD.
J. N. BHAN
Managing Director.

Registered Office:
NICCO HOUSE,
Hare Street,
Calcutta-1.
The 3rd August, 1971.

N.B. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself and that a Proxy need not be a Member.

The Dividend, if declared, will be paid to those Members whose names appear in the Register of Members of the Company on 24th September, 1971 or their mandatees and the Dividend Warrants will be posted from 15th October, 1971, onwards.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 6(a) & (b) has been appended to the Notice of the Meeting and is being forwarded to the Members of the Company.

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting (being the 54th Ordinary General Meeting) of the Company will be held at the Registered Office, 12, Mission Row, Calcutta-1, at 3 P.M. on Wednesday, the 22nd September, 1971 for the following business:

- To receive and adopt the audited accounts for the year ended 31st March, 1971 and the Directors' and the Auditors' Reports thereon.
- To declare a Dividend for the year ended 31st March, 1971 on the Ordinary Share Capital.
- To appoint a Director in place of Sir N. R. Pillai, who retires by rotation and is eligible for re-appointment.
- To appoint a Director in place of Mr. Sachindra Chaudhuri, who retires by rotation and is eligible for re-appointment.

- To re-appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

- To consider and, if thought fit, to pass the following resolution, notice of which has been received from a member pursuant to Sec. 257 of the Companies Act, 1956:—"That Mr. B. P. Ray who vacates office at this meeting be and is hereby re-appointed a Director of the Company".
- To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

That pursuant to sub-sections (4) and (7) of Section 309 of the Companies Act, 1956 and subject to the limitation imposed by Article 113 of the Articles of Association of the Company, each of the Directors be and is hereby authorised to continue to receive in respect of each of the five financial years of the Company upto and including the financial year ending on the 31st March, 1976, a share in the commission of 1% of the net profits of the Company computed in the manner referred to in sub-section 1 of Section 198 of the said Act.

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote on a poll instead of himself and the proxy need not be a member of the Company.

By Order of the Board,
BIREN MOOKERJEE
Chairman

Registered Office:
12, Mission Row,
CALCUTTA-1.
25th August, 1971.

Note:—The Register of Members of the Company for Ordinary Shares as already announced will remain closed from 24th August, 1971 to 22nd September, 1971 both days inclusive.

The dividend, if sanctioned, will be paid to those members whose names are on the Company's Register of Members for Ordinary Shares on 22nd September, 1971 or to their mandatees and the dividend warrants will be posted to them on or after 12th October, 1971.

An Explanatory Statement annexed to the convening notice as required under the Companies Act, 1956, has been forwarded to the members of the Company.

"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										PORT TRUST LOANS										IMPROVEMENT TRUST LOANS									
Outstanding Amount	Rs.	Interest Per cent	Year of issue	Repayable	Market quotations	Amount	Interest Per cent	Year of issue	Repay-able	Market quotations	Amount	Interest Per cent	Year of issue	Repay-able	Market quotations	Amount	Interest Per cent	Year of issue	Repay-able	Market quotations									
GOVERNMENT OF INDIA										CALCUTTA										CALCUTTA									
2,48,90,76,000		3	1946	1986 or later	60/00	90,24,300	4	1914	1974	95/50	50,00,000	4	1953	1983	94/75	90,00,000	4	1955	1985	94/75									
8,93,33,000		3	1896-97	At the option of the Government of India after 3 months' notice	59/00	76,90,100	4	1915	1975	95/25	77,00,000	4	1956	1986	92/00	1,00,00,000	5	1963	1993	94/00									
14,77,48,000		2½	1946	1976	91/15	68,02,300	3	1921	1981	82/00	60,00,000	5½	1965	1977	99/00	1,00,00,000	5½	1967	1979	97/50									
86,63,53,000		3½	1956	1974	98/25	£892,600	5	1923	1953-83	£55½	2,00,00,000	5½	1967	1979	97/50	65,00,000	4½	1959	1974	95/50N									
1,54,70,47,000		4	1957	1972	99/95	£901,000	5	1924	1954-84	£55½	25,00,000	5½	1968	1980	98/00														
97,51,44,000		4	1958	1973	99/65	1,24,00,000	4½	1957	1987	95/50	1,00,00,000	5½	1969	1979	99/00														
81,06,39,000		4	1959	1979	94/65	1,30,00,000	4½	1958	1988	95/50	1,00,00,000	1st 5½	1970	1980	100/00														
98,05,17,000		4	1960	1980	93/25	50,00,000	4½	1959	1989	95/00	1,00,00,000	2nd 5½	1970	1980	100/00														
65,96,55,000		4	1961	1981	92/30	1,50,00,000	4½	1961	1971	97/00																			
1,00,13,00,000		4½	1967	1972	100/50	80,00,000	4	1931	1991	93/00																			
1,14,33,08,000		4½	1965	1972	100/90	50,00,000	3	1946	1976	84/00																			
28,22,34,000		4½	1962	1972	100/25	50,00,000	3	1945	1-2-2005	70/00																			
1,59,08,07,000		4½	1963	1973	100/10	50,00,000	3	1945	1-2-1975	84/00																			
1,14,03,37,000		4½	1962	1985	92/95	50,00,000	3	1946	2006	70/00																			
1,03,09,83,000		4½	1963	1986	92/50	50,00,000	2½	1947	1977	80/00																			
1,40,26,47,000		4½	1964	1989	93/05	50,00,000	3	1948	1978	83/00																			
1,11,16,14,000		5½	1965	1991	101/20	50,00,000	3	1948	1978	83/00																			
1,07,97,66,000		5½	1966	1991	101/00	50,00,000	3	1950	1980	81/00																			
1,00,10,00,000		5	1967	1982	99/35	50,00,000	3	1950	1980	81/00																			
1,50,20,00,000		5½	1967	1992	100/60	50,00,000	3	1951	1981	80/50																			
2,75,00,00,000		5½	1968	1995	99/35																								
1,35,00,00,000		4½	1968	1975	99/40																								

STATE GOVERNMENT LOANS

MUNICIPAL LOANS

Amount Outstanding	Interest per cent	Year of issue	Repayable	Market quotations	Amount	Interest per cent	Year of issue	Repayable	Market quotations	Amount	Interest per cent	Year of issue	Repayable	Market quotations
Ra.				Ra.	Ra.				Ra.	Ra.				Ra.
MAHARASHTRA														
4,35,25,000	4	1958	1971	99/40										
15,00,00,000	5½	1965	1977	100/20										
10,00,00,000	4½	1961	1972	98/10										
12,00,00,000	4½	1962	1974	98/40										
15,00,00,000	4½	1964	1976	99/40										
MADRAS														
14,00,00,000	5½	1965	1977	98/85										
8,77,00,000	4	1959	1971	99/40										
10,00,00,000	4½	1961	1972	98/00										
12,00,00,000	4½	1962	1974	99/25										
14,00,00,000	4½	1964	1976	98/75										
WEST BENGAL														
7,69,69,400	4	1959	1971	99/40										
7,00,00,000	4½	1961	1972	99/00										
7,00,00,000	4½	1962	1974	99/25										
7,00,00,000	4½	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	5½	1967	1979	100/70										
8,60,00,000	5½	1968	1980	100/70										
11,00,00,000	5½	1969	1981	100/70										

CALCUTTA

BOMBAY

JOINT STOCK COMPANIES' DEBENTURES

Amount Authorized	Amount Outstanding	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
Ra.	Ra.		COAL		23-8-71 26-7-71		
60,00,000	27,03,000	6½	Bengal	1961	93/00	1st May 1st Nov.	31-10-75
30,00,000	11,01,000	7½	Bharat Collieries	1944	80/00+	30th April 31st Oct.	31-10-72
20,00,000	20,00,000	8	Burrakur	1967	98/00+	30th June 31st Dec.	30-6-82

JOINT STOCK COMPANIES' DEBENTURES—Contd.

Amount Authorized	Amount Outstanding	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
Ra.	Ra.		JUTE		23-8-71		
15,00,000	15,00,000	7½	Auckland	1945	90/00+	30th June 31st Dec.	31-12-79
30,00,000	22,88,000	7½	Howrah	1955	97/50+	31st March 30th Sept.	31-3-80
25,00,000	25,00,000	7½	Kinnison	1949	93/00+	30th June 31st Dec.	31-12-79
25,00,000	10,54,000	7½	Kamarhatti	1955	96/00+	30th June 31st Dec.	30-6-80
25,00,000	25,00,000	8	Naihati	1952	85/00+	30th June 31st Dec.	31-3-82
5,00,000	5,00,000	6½	Nellimaria	1939	90/00+	14th Nov. 14th May	14-5-74
20,00,000	20,00,000	7½	Northbrook	1945	93/00+	30th June 31st Dec.	31-12-79
10,00,000	10,00,000	6½	Waverley	1972	89/00+	31st Jan. 31st July	31-8-72

MISCELLANEOUS

Amount Authorized	Amount Outstanding	Rate of Interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
10,00,000	9,78,072	7	Aluminium Corporation of India Ltd.	1948	92/00+	1st Jan. 1st July	15-7-75
5,00,000	5,00,000	7½	Bareilly Electric Supply Co. Ltd.	1949	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+	30th June 31st Dec.	30-6-75
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00+	1st July 1st Jan.	1-7-86
1,00,00,000	1,00,00,000	6½	Dalmia Cement	1946	94/00+	31st March 30th Sept.	30-9-70
2,30,00,000	1,75,06,500	6½	Dunlop India	1950 & 1958	97/00+	1st Jan. 1st July	1-1-73
1,00,00,000	91,80,000	7½	Indian Cable Co. Ltd.	1954	97/50+	1st Jan. 1st July	30-6-84
20,00,000	8,90,000	5½	Kumardhubi, Fireclay & Silica Works	1954	98/00+	31st Dec.	31-12-69
10,00,000	10,00,000	8	Kumardhubi Engineering Works Ltd.	1946	98/00+	31st May 30th Nov.	31-5-79
6,50,000	6,50,000	6	Katakhal Lala Bazar Railway	1945	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	30th June 31st Dec.	31-12-72
...	59,36,000	7½	Macneill & Barry Ltd.	1969	87/00	1st April 1st Oct.	1-4-86
20,00,000	20,00,000	7½	Patna Electric Supply Co. Ltd.	1949	93/00+	31st May 30th Nov.	1-12-73
4,00,00,000	50,50,000	6½	Rohtas Industries Ltd.	1946	96/00+	30th June 31st Dec.	31-12-69
75,00,000	75,00,000	7½	Shaw Wallace & Co. Ltd.	1967	97/50+	1st April 1st October	31-3-79
10,00,000	10,00,000	8	Shree Gopal Paper Mills Ltd.	1944	98/00+	Jan. & July	15-7-76
15,00,000	11,40,000	5	Sijua Jheriah	1951	87/00+	1st Jan. 1st July	30-6-76

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 Share	Market Quotations 23-8-71	Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up Share	Market Quotations 23-8-71
		Rs.		Rs.				Rs.		Rs.	
1901	Allahabad Bank (May Nov.)	15.00	6	100	78/00	1896	Barnagore (Oct. Dec.)				31/00
						1940	Bengal (June Dec.)	£200	5T	£5	44/00
						1919	Birla (June Dec.)	23.64	7½T	100	65/00
						1934	Calcutta (Jan. July)	6.00	6½	100	33/00
						1915	Caledonian (June Dec.)	10.00	7	100	65/00
1896-97	Borera (June Dec.)	4.00	6½	100	78/00	1928	Chitavalah (Mar. Dec.)	5.00	7	160	75/00
1901-19	Burrakur (Jan. July)	22.93	7	100	74/00	1903-15	Dalhousie (July Jan.)	15.00	7	100	37/00
1946	Burrakur (June Dec.)	4.50	6T	10	4/25	1897	Empire (Jan. July)	10.00	7	100	40/00
1895	Equitable (May Nov.)	4.00	5½	100	86/00	1912	Fort Gloster (Jan. July)	14.00	7	100	87/00
1931	Khas Kajora (March Sept.)	1.93	12.4	10	5/31	1890-93	Fort Gloster (2nd)	7.00	5	100	51/00
1920	New Beerboom (Jan. July)	2.00	7	10	7/00	1948	Fort William (May Nov.)	10.00	7	100	83/00
1898-00	Ondal (June Dec.)	2.00	6½	100	79/25	1911	Ganges (June Dec.)	6.00	10.4	100	100/00
						1916	Gourepore (June Dec.)	26.50	6	100	54/50
						1935	Hastings (Aug. Feb.)	25.00	6	100	63/00
1902	Ahmedabad Advance (Apr. Oct.)	10.00	7-14	100	72/00	1890	Hooghly (July)	11.76	10	10	10/12
1938	Basanti (Oct.)	5.00	6½	10	3/81	1903-06	Howrah (Jan. July)	8.75	7	100	51/50
1900	Bowreah A (Apr. Oct.)	6.00	8	100	92/00	1919	Howrah "A" (Jan. July)	17.50	7	100	52/00
1900	Bowreah B (6) (1) (Apr. Oct.)	6.00	7	100	67/00	1898-04	Hukumchand (June Dec.)	40.00	7	100	90/00
1919	Bradbury "B" (Jan. Dec.)	14.85	10	50	19/52	1900	Kamarhatti (Apr. Oct.)	16.00	6	100	50/50
1928	Cambodia (July)	1.00	7	100	82/72	1935	Kankarrah (Apr. Oct.)	10.00	6	100	35/00
1912	Central India (Apr. Oct.)	50.00	7-14	500	370/00	1907	Kelvin (Mar. Sept.)	10.00	7	100	45/00
1912	Delhi Cloth & General (Oct.)	20.00	4½	25	...	1895-09	Khardah (May Nov.)	9.00	6	100	59/00
1912	Elgin "B"	11.00	8	100	85/00	1900-13	Kinnison (July Jan.)	15.00	7	100	32/50
1943	Elphinstone (May Nov.)	10.00	5	10	6/44	1905	Lansdowne (July Jan.)	15.00	7	100	39/00
1919	Esoram (June Dec.)	25.00	7	100	43/00	1912	Lawrence "A" (July Jan.)	5.00	7	100	49/50
1919	Khoram (June Dec.)	20.00	10	100	93/00	1906-07	Lawrence "B" (July Jan.)	10.00	5½	100	46/50
1925	Khatam Makanji (Nov.)	10.00	4	100	67/00	1905-06	Naihati (July Jan.)	7.50	7	100	59/00
1937	Kothari (Nov.)	12.00	6	10	6/52	1945	Naihati (July Jan.)	10.00	4½	100	41/00
1913	New Great Eastern (Mar.)	8.00	5½	200	107/00	1917	National (May Nov.)	5.00	7	100	71/00
1933	Palani Andavar (Mar.)	2.00	9-1	50	86/87	1905-06	Nellimaria (Apr. Oct.)	33.00	6	100	43/50
1935	Svadeshi (Bombay) (May)	15.00	7-14	100	74/00	1945	New Central (Jan. July)	15.00	5½	100	47/50
1927	Swadeshi (Cawnpore) (Mar.)	35.00	6	100	61/00	1917	Northbrook (July Jan.)	7.00	6	10	8/80
1931	Vasanta (Apr. Oct.)	3.00	6½	100	68/10	1906-12	Rameshwara (Jan. July)	20.00	7	100	112/50
1927	Agarpara (Jan. July)	10.00	7	100	65/50	1928	Reliance (Jan. July)	11.70	7½	100	29/00
1905	Alexandra (Feb. Aug.)	9.00	6	100	31/00	1920	Shree Ambica (Mar. Sept.)	6.00	7	100	56/00
1895	Alliance (March Sept.)	15.00	7	100	73/00	1901-02	Union (July Jan.)	7.50	5	50	22/00
1917	Anglo-India (May Nov.)	40.00	7	100	49/50	1916	Waverley (Mar. Sept.)	1.30	7	10	3/25
1909	Auckland (July Jan.)	10.00	5½	100	32/00						
1945	Auckland (July Jan.)	15.00	4½	100	90/00						
1918	Bally (Jan. July)	20.00	10½	100							

JUTE

MISCELLANEOUS

JOINT STOCK COMPANIES' PREFERENCE SHARES—Contd.

Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up Share	Market Quotations 23-8-71	Year of Issue	NAMES	Amount Issued In 000's	Rate per cent	Paid-up Share	Market Quotations 23-8-71
		Rs.		Rs.				Rs.		Rs.	
1895	Bengal Assam Steamship (Nov.)	3.00	7	60	44/50	1937	Alkali & Chemical (Mar. Sept.)	31.00	5	100	79/00
1926	Bengal Chemical (Aug.)	9.00	10½	10	8/81	1938	Aluminium Corp. (Oct.)	20.00	8.8	100	86/00
1899	Bengal Paper Mill (Mar. Sept.)	2.00	7	50	39/50	1944	Aluminium Corp. (Oct.)	20.00	6.5	100	68/00
1928	Bengal Paper Mill "A" (Mar. Sept.)	4.00	7	100	68/00	1917	Andhra Valley Power (May Nov.)	49.34	7T	100	82/00
1936	Birds Investment (Dec.)	24.00	5½T	100	39/00	1916	Arthur Butler (Mar.)	1.30	7	10	3/25
1962	Brithwaite & 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	84/50						
1905-99	Burn Eng. (1st & 2nd) (Feb. Aug.)	13.00	7	100	65/00						
1903-5	Burn Engineering (Feb. Aug.)	15.00	6	100	55/00						
1909-11	Calcutta Electric Supply (Apr. Nov.)	£1,900	6	£1	10/62	1944-48	Shaw Wallace & Co. Ltd.	75.00	6T	100	49/50
1937	Calcutta Silk Manufacturing (July Jan.)	2.00	10	100	82/00	1936-53	Shree Krishna Gyanoday Sugar "A" (Oct.)	6.00	6	100	66/00
1906	Calcutta Tramways (Jan. July)	£250	5T	£1	8/00	1937	Shree Krishna Gyanoday Sugar "B" (Nov.)	12.00	5	100	40/00
1938	Carew & Co. (Jan.)	8.00	6½	100	70/50	1918	Smith Stanistreet (Chemists) (Nov.)	5.00	10	50	47/00
1905-24	Cawnpore Sugar Works (Feb. Aug.)	10.00	8	100	107/00	1933	South Behar Sugar (Oct.)	5.00	9	100	20/50
1940	Chrestien Mica Industries Ltd.	30.00	5½T	100	30/00	1897	Spencer & Co. A (Provisions) (Jan. July)	23.20	6½T	10	5/60
1937	Dalmia Cement (Bharat)	66.57	6	10	6/87	1923	Spencer & Co. B (Provisions) (Jan. July)	36.80	8½T	10	7/40
1935	Deshergarh Power Supply "A" (Jan.)	16.00	5	100	58/00	1936	Star Paper (Apr. Oct.)	10.00	5	100	54/00
1940	Duncan Brothers & Co. Ltd.	45.00	4	100	44/25	1925	Surat Electricity (April)	5.00	6½	100	89/50
1926	Dunlop India First (Jan. July)	30.00	8	100	96/00	1939	Tata Chemicals (Nov.)	60.00	7.14	100	80/00
1936	Dunlop India Second (Apr.)	40.00	5½T	100	60/00	1910	Tata Hydro Electric Power (Sept. Mar.)	89.28	7	100	79/00
1897	East India Distilleries (Jan. July)	£200	9	20sh.	17/85	1906	Tata Iron & Steel (First) (Nov.)	75.00	6T	150	105/00
1946	Gillanders Arbuthnot (Apr. Oct.)	23.00	5½T	100	34/25	1918	Tata Iron & Steel (Second) (May)	6.93.82	7½T	100	80/00
1948	Godfrey Phillips India Ltd.	30.00	5½T	100	52/75	1919	Tata Power (May Nov.)	86.97	7½	1,000	82/50
1940	Gwalior Sugar (Decemable) (Dec.)	6.75	7	100	...	1928	Titagur Paper Mills (Mar. Sept.)	11.50	8	100	90/50
1940	Gwalior Sugar (Dec.)	5.00	7	100	...	1936	Titagur Paper Mills "2nd" (Mar. Sept.)	15.00	4½	100	42/00
1936	Humayan Properties Ltd. (Nov.)	12.00	6	10	5/00	1984	Vellore Electric (Sept. Mar.)	1.25	6	10	2/64
1936	Indian Aluminium (Mar. Sept.)	40.00	5T	100	62/00						
1927	Indo Burma Petroleum (Jan. July)	50.00	7T	100	45/50						
1918	Indian Standard Wagon (Aug. or Sept.)	19.66	7	100	66/75	1903	Ambuckie (May Nov.)	75.00	7	10	21/96
1936	Indian Iron & Steel	2,69.95	5	100	63/00	1901	Banarhat (Jan.)	4.00	6½	100	51/00
1937	Jardine Henderson Ltd.	50.00	5	100	34/00	1947	Assambrook Estate	1.50	6T	100	52/00
1941	Jessop & Co.	20.00	5	100	43/50	1901	Dimakusi (June Dec.)	70.00	8T	10	8/81
1915	Kumardhubi Engineering (June)	12.00	5	100	40/50	1894	Gielle (Sept.)	2.00	6	100	8/16
1915	Martin Burn Ltd.	60.00	5	100	52/50	1904	Hasimara (Mar.)	3.00	7	100	45/00
1946	McLeod & Co.	10.00	5T	100	17/50	1929	Moheema (May Nov.)	3.20	6	10	3/75
1930	McLeod & Co.	40.00	5T	100	16/50	1903	New Samanbagh (Nov.)	0.50	7	100	63/00
1936	Mettur Chemical & Industrial (Sept.)	20.00	6	10	7/80	1888	Okarti (Dec.)	1.50	6	100	85/50
	Metal Box Co. of India Ltd.	30.00	6T	100	76/69	1914	Peermade (July)	2.00	7	100	63/00
						1916	Pussimbing (Jan.)	1.00	8	100	100/00
						1909	Sonaj River (May)	2.06	6	6	80/00
						1932	Terpore (Jan.)	1.00	10	10	7/31
						1922	Tirthannah (May Nov.)	1.00	10	10	11/46

TEA

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	Paid-up per Share	Latest Market Quotations as available until
Ra.	Ra.	Ra.	Ra.	Ra.			1966 1967 1968	Ra.	Rs. 23-8-71 26-7-71
90,00,000	1,48,51,000	44,59,42,719	97,95,470	1,594	12	Allahabad Bank P	13 13 13	100	133/00 135/00
2,50,00,000H 4,05,00,000H	9,40,76,510 6,52,00,000	1,24,80,10,876 1,58,91,26,293	92,80,951 1,49,82,705	62,908	12	Bank of Baroda Bank of India	18 17 18 18 20 18-Nil*	50 50	108/00 111/00 116/00 122/00
52,50,000 } 4,22,47,975H 58,470,000	7,63,00,778 £10,850,000	1,72,56,26,710 £274,291,125	1,18,72,601 £2,149,326†	96,841 £542,098	12	Central Bank of India Chartered Bank	20 20 20 15 15 15-15*	25	65/30 65/00 322½ 302½
1,25,00,000H 50,00,000H HK\$19,12,91,625	10,00,000 3,10,000 HK\$26,00,00,000 HK\$5,22,72,50,866	7,90,22,445 1,52,63,057 HK\$9,07,36,157	8,24,434 2,11,49,462 HK\$9,07,36,157	21,006 52,289 HK\$44,52,371	12	Hindustan Commercial Hindustan Mercantile Hong Kong & Shanghai	Nil Nil Nil-Nil* Nil Nil Nil-Nil* sh 10: sh 10/8dt sh 12/1d- sh 13/-	50 50 50 50 HK\$25	21/00 21/00 19/62 19/56 £13½ £13½
88,59,950	96,69,883	24,75,00,867	17,34,255	1,10,781	12	Indian Bank	15 12 12	100	149/00 155/00
1,00,00,000	1,14,80,738	99,46,53,120	15,15,535	49,447	12	Indian Overseas Bank	14 11 11-Nil*	100	151/50 168/00
57,604,000	£11,464,000	£213,359,000	£1,502,000†	£768,000	12	National & Grindlays Bank	13½ 13½ 13.9-18*	£1	407½ 330
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	23/12 24/00
1,00,00,000	84,00,000	26,93,06,358	32,28,551	1,46,209	12	Union Bank of India	12 12 12	5	7/60 7/12
2,68,84,370	1,33,50,000	49,60,96,754	25,73,369	66,671	12	United Bank of India	7½ 7½ 7½	10	9/75 9/50
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	121/00 122/00

†1970

*1969

†Per Share

CAPITAL, 26th AUGUST, 1971

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.

Paid up Capital Ordinary	No. of Looms	Net Block Account	Reserve & other Funds Premium & Forfeited Shares	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until
Ra.		Ra.	Ra.	Ra.	Ra.	Ra.			1968 1969 1970	Ra.	Rs. 23-8-71 26-7-71
60,00,000	879	81,23,180	79,88,500	5,73,417	6,67,967	8,96	3	Agarpara P.	5 5 5	10	7/87 7/50
18,00,000	446	42,80,380	6,12,200	9,61,678	-13,35,541	-12,28,415	12	Alexandra P.	Nil	100	46/00 46/00
50,00,000	1,264	43,75,072	12,28,250	2,85,386	-18,27,284	-24,42,555	5	Alliance P.	2½ 2½ 2½	100	31/00 31/00
59,04,900	2,581	1,85,16,219	1,20,82,484	71,07,837	26,45,800	23,585	3	Anglo-India P.	Nil Nil-Nil†	100	112/00 111/00
40,00,000	810	1,50,44,057	12,63,716	4,68,675	-25,93,968	24,424	3	Auckland P.	10 10 10	10	49/00 52/00
20,00,000	959	1,02,10,363	46,42,069	6,64,478	15,79,586	58,292	3	Bally P.	Nil Nil	10	13/50 13/12
£275,000	1,889	£344,948	£248,568	£112,879	£5,282	£3,355	3	Barnagore P.	Nil Nil	10	80/00 80/00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	1,33,355	6	Bengal P.	15 15 15	10	22/80 22/75
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	40,062	3	Birla	Nil Nil	10	5/00 5/00
7,47,580	502	12,59,648	4,17,958	1,73,320	61,970	48,461	6-12	Calcutta P.	Nil Nil	10	8/06 8/00
1,64,75,540	3,721	1,80,45,862	1,17,81,923	4,48,091	74,88,252	7,332	11	Budge-Budge Amal.	Nil Nil	10	81/00 80/00
18,00,000	616	54,89,909	40,88,628	4,33,492	19,56,178	66,166	3	Caledonian P.	5 5 5	10	13/50 13/50
29,58,200	1,400	1,08,23,608	1,16,92,537	81,393	19,26,044	-28,06,412	7	Chandany P.	Nil Nil	10	12/50 7/60
30,15,000	500	47,58,760	36,18,100	24,13,893	-12,54,300	-14,01,691	3	Chitavalish P.	Nil Nil-Nil†	100	59/00 46/50
31,49,200	766	1,15,61,961	19,99,699	8,87,958	7,16,245	-11,68,141	7	Dalhousie P.	Nil Nil	10	11/37 11/37
30,00,000	500	31,21,705	15,28,300	15,37,032	-16,81,580	7,507	3	Empire P.	Nil Nil	10	8/25 7/31
41,99,250	1,014	1,79,27,023	34,81,489	5,49,201	7,31,753	2,901	3	Fort William P.	Nil Nil	10	7/50 7/31
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	19,238	3	Ganges P.	Nil Nil	10	101/00 101/00
48,00,000	1,394	1,10,17,146	39,04,052	13,56,883	66,635	3,911	3	Gourepore P.	Nil Nil	10	7/06 7/00
80,00,000	1,078	1,54,55,552	1,12,98,562	84,57,999	7,78,541	-66,18,729	3	Hastings P.	Nil Nil	10	11/50 12/75
65,62,500	720	82,99,921	5,33,875	4,74,228	-8,50,920	-23,21,098	3	Howrah P.	6.8 6.8 6.8	10	9/50 9/50
52,50,000	2,272	2,80,69,771	27,09,318	16,42,898	3,97,947	9,615	3	Hukunchand P.	Nil Nil	10	8/87 8/87
16,80,000	1,118	1,22,90,100	57,53,568	10,96,375	-11,13,303	8,120	3	India	Nil Nil	10	90/00 90/00
87,30,000	1,118	64,57,437	16,60,818	2,58,593	16,13,082	-36,79,652	12	Kamrath P.	Nil Nil	10	76/50 76/50
43,20,000	1,997	64,57,437	1,36,374	1,89,284	2,36,689	-1,15,74,559	5	Kankarrah P.	Nil Nil	100	30/50 30/50
54,00,000	1,527	67,94,246	22,90,246	13,27,100	-7,05,912	-29,74,746	3	Kelvin P.	Nil Nil	10	42/00 42/00
77,00,000	703	1,34,84,282	12,32,856	4,91,287	-34,79,253	-36,59,587	3	Khardah P.	Nil Nil	10	4/00 4/00
67,50,000	1,530	95,57,285	28,48,577	37,18,131	-13,22,459	-61,38,341	3	Kinnison P.	Nil Nil	100	23/50 23/50
59,96,400	1,337	1,78,80,175	28,48,577	8,01,588	-16,44,531	-16,13,515	3	Lansdowne P.	Nil Nil	100	25/50 25/50
24,48,000	841	68,05,859	1,33,600	25,94,823	-29,86,688	7,507	3	Megna	Nil Nil	100	4/06 4/06
81,65,200	1,283	2,04,00,863	42,91,376	25,94,823	-29,86,688	17,816	4-10	Nalhati P.	Nil Nil	100	25/50 25/50
29,98,900	815	97,08,300	32,50,383	20,56,128	5,26,808	17,816	10	Naskarpara	Nil Nil	10	3/87 3/87
20,00,000	425	10,79,854	15,55,000	26,11,429	3,36,343	17,176	10	National P.	Nil Nil	10	7/81 7/81
35,00,000	852	3,27,07,154	1,06,69,440	13,97,686	-10,90,246	-5,62,487	7	Nellimaria P.	Nil Nil	10	10/87 8/25
36,75,000	316	40,26,516	19,64,913	26,10,570	-18,53,066	-15,530	3	New Central P.	Nil Nil	10	4/69 3/50
16,79,880	567	3,08,96,118	2,42,19,122	26,20,281	-23,04,756	-3,15,198	3	Northbrook P.	Nil Nil	10	12/81 12/81
66,79,500	1,092	1,08,46,442	16,47,746	3,06,562	8,73,347	-25,79,189	7	Nuddea	Nil Nil	10	7/12 7/12
20,00,000	400	23,02,605	7,10,286	1,10,734	3,10,181	-19,57,279	3	Presidency	Nil Nil	10	0/95 0/95
49,50,000	1,276	1,67,26,400	88,72,947	2,02,791	30,39,366	-3,15,198	12	Rameshwara P.	Nil Nil	10	12/62 12/62
39,00,000	911	47,47,618	15,81,656	27,81,388	-2,13,128	-19,57,279	7	Reliance P.	Nil Nil	10	6/31 6/06
£1,892,722	1,794	£1,220,775	£455,888	£38,677	-£385,385	£1,327	12	Shree Ambica P.	Nil Nil	100	4/12 4/50
35,98,600	1,326	75,21,073	60,455	4,37,186	-18,48,343	-34,63,090	3	Titaghar P.	Nil Nil	100	11/87 11/87
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	Union P.	Nil Nil-Nil†	1	45/50 45/50
								Waverley P.	6	1	3/50 3/50

†1971

CAPITAL, 26th AUGUST, 1971

CALCUTTA COAL COMPANIES

F indicates Founder 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.

Paid-up Capital Ordinary	Rs.	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividends per cent		Paid-up per Share	Latest Market Quotations as available until	
									1966	1967	1968	Rs.	Rs.
51,00,000	71,32,601	50,54,428	50,54,428	4,48,663	20,49,328	11,473	3	Amalgamated Bengal P.	12½	2½	7½-10*	10	8/00
1,20,00,000	4,60,27,970	3,73,73,255	3,73,73,255	27,49,322	4,84,259	...	10	Bengal Bhatdee	Nil	10	12-12*12½	100	131/00
4,49,350	4,37,882	1,30,132	1,30,132	91,796	43,397	4,471	10	Bengal Nagpur	Nil	Nil	5*	10	3/50
2,25,000	3,06,216	5,45,835	5,45,835	5,19,015	1,55,638	16,129	12	Bhalgora	Nil	7½	Nil	10	8/06
15,97,000	25,07,455	4,47,308	4,47,308	14,214	-2,45,265	-6,47,481	9	Bhulanbarree	Nil	Nil	Nil-Nil*	10	1/25
7,15,000	14,96,845	11,02,672	11,02,672	64,329	-3,06,406	-4,92,586	12	Bokaro & Ramgur	Nil	Nil	5-12½*12½†	10	8/56
16,00,000	38,87,275	16,18,636	16,18,636	7,185	1,21,936	-79,196	6	Boreea P	Nil	9	Nil-12*	10	12/00
15,00,000	42,47,955	27,76,392	27,76,392	9,31,166	5,13,268	...	12	Burrakur P	Nil	Nil	5-12½*12½†	10	11/25
1,21,23,300	3,30,27,105	1,56,04,105	1,56,04,105	35,58,979	-11,66,299	...	12	Central Kurkend P.	Nil	Nil	Nil-Nil*	10	10/12
8,00,000	9,74,804	6,16,228	6,16,228	1,61,693	46,450	-5,34,766	6	Dhemo Main	Nil	Nil	Nil-Nil*	10	3/44
16,00,000	25,01,305	Nil	Nil	19,429	-6,45,261	-5,39,034	12	East Indian	Nil	15	Nil-Nil*Nil†	10	0/97
£614,000	£1,291,995	£549,137	£549,137	£196,185	-£39,408	-£333,308	12	Equitable P.	Nil	Nil	Nil-Nil*	10	6/81
29,63,760	2,14,98,966	1,35,30,025	1,35,30,025	16,55,768	2,81,352	-1,38,85,305	4	Ghusick & Muslia P.	Nil	Nil	Nil	10	3/69
15,00,000	26,44,248	2,30,000	2,30,000	16,401	2,89,347	-11,61,930	12	Huriladh	Nil	...	...	10	11/00
8,00,000	5,43,022	...	...	16,702	-10,172	-3,65,025	3	Karanpura Development	2	2	Nil-5*	10	1/43
15,00,000	13,45,428	7,62,287	7,62,287	15,13,110	1,43,451	...	12	Karanpura Collieries P.	15	10	12-12*20†10†	10	6/94
50,00,000	83,65,454	34,26,999	34,26,999	3,23,733	17,29,065	...	2	Katras Jheriah	Nil	5	10-10-10†	10	10/75
18,90,460	50,12,478	10,46,259	10,46,259	10,46,257	5,19,841	...	1	Khas Kajora P.	Nil	8	8-8*	10	10/25
1,38,400	6,75,000	95,000	95,000	11,80,294	49,776	1,918	6-12	Nazira	Nil	Nil	...	10	1/18
7,48,240	3,39,261	56,489	56,489	7,29,802	1,15,573	74,711	12	New Beerbhoom P.	5	8	12-16*16†	10	12/81
31,97,210	72,34,903	69,43,971	69,43,971	1,69,302	15,52,713	...	10	New Manbhoom	Nil	Nil	Nil-Nil*	10	3/65
10,00,000	14,60,892	3,25,512	3,25,512	19,872	2,87,458	-1,98,283	3	North West	10	10	7½-5*	10	9/50
1,15,000	7,03,719	4,31,409	4,31,409	40,364	1,44,042	15,045	12	Parasea P.	2½	2½	6½-10*	10	14/19
1,57,500	18,35,371	18,35,371	18,35,371	4,30,954	2,99,204	3,757	12	Pench Valley	20	12½	7½-10*	10	8/06
16,68,000	86,95,091	34,20,575	34,20,575	4,26,425	8,17,254	2,326	3	Raneengunge	14	5	7½-10*†	10	10/06
31,30,000	47,55,061	66,75,970	66,75,970	23,45,686	13,15,487	15,837	3	Rewa	20	12½	15-20*	10	15/87
52,48,010	1,85,88,712	53,96,724	53,96,724	23,89,362	47,80,842	6,473	12	South Karanpura	7½	2½	10-20*20†	10	11/00
40,50,000	52,92,869	...	...	...	...	...	8	Standard	Nil	Nil	5-10*†	10	7/00
26,95,000	37,54,499	20,85,378	20,85,378	3,63,913	18,55,402	...	12	Union Western Bengal	Nil	Nil	7½-8*8†	10	5/00
8,00,000	1,30,000	17,53,053	17,53,053	25,91,367	1,96,205	...	12	West Jamuria	8½	7½	...	10	7/12
2,50,000	4,96,300	3,23,000	3,23,000	36,660	1,37,973	1,77,952	12	...	Nil	Nil	...	10	2/50
99,95,000	1,84,95,190	72,96,056	72,96,056	18,13,809	34,12,743	14,138	3	...	Nil	Nil	...	10	7/12
7,00,000	26,06,335	Nil	Nil	47,091	-6,51,403	-6,23,711	12	...	Nil	Nil	...	10	2/50

†1971

* 1969

†1970

CALCUTTA COTTON MILLS

Po. and Dd. indicate Preferred Ordinary and Deferred Shares respectively. 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.

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	NAMES	Dividends per cent			Paid-up per Share	Latest Market Quotations as available until		
			Rs.	Rs.						Rs.	Rs.	1966			1967	1968
15,00,000	17,044	356	61,38,514	99,386	2,07,009	—3,68,790	—16,98,007	12	Basanti P	Nil	Nil	Nil-Nil*	10	2/56	2/56	
7,11,280	36,000	932	17,17,120	2,20,369	30,842	31,66,177	47,818	3	Bengal Luxmi	...	...	...	40	36/00	36/00	
1,50,00,000	24,000	...	4,13,07,661	1,56,99,568	17,40,572	69,19,218	...	12	Bharat Commerce P	17½	15	15-15*12½	10	17/12	17/00	
39,95,950	45,000	1,100	1,41,21,067	2,04,63,385	46,60,129	...	...	12	Birla Cotton	20	10	10-10*	10	14/75	14/75	
60,95,340	60,336	937	1,57,62,419	81,48,901	5,38,840	19,96,698	...	12	Bowreah P	15	17½17½-17½-12½†	10	10/25	11/31	11/31	
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	—4,33,646	5,051	12	Cawnpore Textile	7½	Nil	10-8*Nil†	5	2/31	2/50	
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	...	6	Delhi Cloth & Genr P	12	12	6-12*	25	49/56	48/87	
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	—14,01,836	...	12	Dunbar	15	5	Nil-Nil*†	10	8/19	8/19	
94,50,000	1,20,006	2,302	197,89,678	1,71,63,486	1,75,483	16,73,362	6,456	12	Elgin P.	12½	10	8-8*6†	10	5/62	5/50	
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	1,22,795	12	J. K. Cotton (Rayon) P	4	5	5-6*	10	7/85	7/85	
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	—23,27,825	...	12	Jaya Shree P.	12½	10	Nil-Nil*	10	4/25	4/00	
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	—23,98,843	3	Orissa Textiles P.	Nil	Nil	Nil-Nil*Nil†	10	3/50	3/50	
19,47,750 } 5,00,000Dd } 17,50,000 } 4,57,50,000Po }	23,196 } 795 } 2,30,394 } 2,800 }	...	25,28,451 } 6,35,67,315 }	4,01,892 } 4,39,07,383 }	1,42,774 } 2,04,97,429 }	—8,80,396 } 23,00,906 }	—43,54,178 } 23,00,906 }	6 } 12 }	Rampooria Cotton } Swadeshi (Kanpur) P. }	Nil } Nil }	Nil } 2½ }	Nil } 5-5* }	10 } 10 }	3/25 } 0/20 }	3/25 } 11/50 }	3/25 } 8/09 }

*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 calendar year in which accounts are closed.

Paid-up Capital Ordinary	Net Block Accounts	Reserve & other Funds	Area Hectares	Outturn and Average Price per Kg. realised for crop		Estimate 1971 Kgs.	Net Profits including taxation Rs.	Accounts closed	NAMES	Dividends per cent			Paid-up Share	Latest Market Quotations as available until	
				1969 Kgs.	Rs.					1970 Kgs.	Rs.	1967		1968	1969
ASSAM															
7,50,000	26,51,615	14,03,716	368	5,81,395	6.14	...	2,37,449	12	Amluckie	2	Nil	2	10	9/00	9/00
9,60,000	13,07,892	8,48,455	245	3,37,800	6.75	3,40,000	86,066	12	Ananda Bag	74	5	10-5*	10	9/50	9/50
17,53,440	78,49,906	17,53,684	1,184	16,91,077	5.19	...	5,42,095	6	Assambrook	9	10	1	10	10/37	10/69
10,00,000	20,72,431	15,13,120	242	...	...	...	...	12	Baghmari	Nil	Nil	...	10	3/87	4/19
4,50,000	22,41,003	12,29,593	197	2,86,700	7.20	3,00,000	78,928	12	Basmatia	15	Nil	124-10*	10	11/44	11/44
9,46,800	...	...	337	...	...	...	...	12	Bateli	124	5	Nil	10	15/00	15/00
10,00,000	19,41,030	12,36,077	293	4,45,300	6.82	4,20,000	4,70,045	12	Betjan	24	Nil	15-10*	10	9/87	10/06
10,14,000	76,87,444	15,43,234	1,836	18,59,072	7.36	...	2,01,501	12	Bishnauth	8	Nil	Nil	10	6/19	6/19
16,37,100	21,14,995	14,44,230	220	...	...	...	...	12	Bornah Jan. P	24	10	...	10	7/44	7/44
8,75,000	17,91,844	2,79,816	137	2,87,929	6.34	3,30,000	1,98,905	12	Dejoo Valley	24	Nil	Nil+	10	7/06	7/06
35,00,000	...	...	194	...	...	...	...	12	Dhelakhat	5	Nil	3	10	8/56	8/56
5,50,000	20,26,161	17,86,520	369	4,20,492	6.41	4,75,000	4,59,487	12	Dhunseri	13	13	10-124*	10	11/12	11/12
7,65,000	18,06,531	22,83,826	205	4,27,654	6.95	...	5,48,018	12	Dibrugarh	30	30	30	10	20/94	20/94
9,91,800	14,07,658	12,32,600	271	3,45,223	7.01	3,70,000	6,15,576	12	Dimakusi P.	15	124	124-15*	10	15/00	15/00
10,24,000	...	...	518	...	...	...	...	12	Gillapukri	Nil	Nil	Nil	10	13/00	13/00
41,23,960	13,32,443	8,78,200	226	2,86,898	7.41	2,89,900	1,45,593	12	Gohpur	10	5	5-5*	10	9/75	9/56
23,29,085	60,09,872	36,45,057	1,088	11,86,693	6.47	11,80,000	1,60,907	12	Grob	6	Nil	Nil-Nil*	5	3/87	3/87
10,00,000	...	...	285	...	...	...	...	12	Hoograjuli	9	3	...	10	25/00	25/00
8,70,000	31,59,892	24,18,419	365	3,21,100	7.91	3,50,000	1,00,179	12	Hoolungoorie	Nil	Nil	124-Nil*	100	97/00	97/00
13,50,000	22,18,805	15,78,143	440	6,08,800	6.70	6,20,000	7,58,597	12	Jutibari	10	10	20-10*	10	14/50	14/50
7,05,015	12,23,461	10,96,354	605	8,22,487	5.18	8,90,000	5,25,389	12	Kotamullai P.	Nil	Nil	Nil-21*	10	4/16	4/16
7,00,000	12,49,252	2,80,000	140	2,33,909	6.29	2,60,000	1,10,283	12	Krishnabehari	10	10	6-10*	10	10/16	10/00
2,00,000	...	...	...	...	...	...	...	12	Kyang Tea	Nil	...	...	10	6/37	6/37
6,50,000	16,03,120	17,04,646	302	4,48,250	5.07	4,20,000	1,86,259	12	Ledo	74	5	5-10*	10	10/19	11/25
20,40,000	30,85,254	23,85,633	471	6,21,968	7.39	6,40,000	8,28,938	12	Methoni	13	6	7-10*	10	10/19	10/19
6,00,000	479	11,94,675	383	...	...	...	1,15,467	12	Mothola	8	10	10-10*	100	123/00	133/00
8,00,000	21,71,725	10,48,345	207	1,96,900	7.65	2,21,500	1,49,921	12	Murphulani	15	74	74-84*	10	9/56	10/50
2,00,000Po	35,29,326	...	...	...	8.13	...	...	...	{ 20.63	13.14-13.14*	10	10/56	10	11/31	11/31
6,00,000	...	19,16,177	299	3,26,903	7.15	...	1,51,858	12	Naga Hills	15	15	10-10*	10	15/25	15/25
8,82,750	...	...	569	...	...	...	...	12	Namburnadi	20	20	...	100	9/00	9/00
6,00,000	20,98,732	7,73,540	223	2,72,100	8.10	3,10,000	59,763	12	Rajgarh	10	Nil	124-Nil*	10	10/31	10/31

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CALCUTTA TEA COMPANIES—Contd.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares Area	Outturn and Average Price per Kg. realised for crop			Estimate 1970 Kg.	Net Profits including taxation Rs.	Accounts closed	NAMES	Dividends per cent			Paid-up Share	Latest Market Quotations as per available until	
				1968 Kgs.	Rs.	1969 Kgs.					Rs.	1967	1968		1969	Rs.
18,00,000	...	...	674	6,76,673	5.87	...	...	19,161	12	Sapoi	Nil	Nil	10	7/56	7/56	
17,94,000	21,12,013	4,82,412	10,253	4,34,522	6.23	4,44,233	...	7,22,494	12	Telojan	4	Nil	10	3/19	3/19	
10,00,000	15,05,527	10,22,356	271	4,18,050	6.87	3,96,400	...	2,87,129	12	Tengpani	10	10	10	65/00	65/00	
19,82,880	46,20,328	33,33,614	992	13,57,511	5.94	13,52,101	...	...	12	Tezpore	15	5	10	12/56	12/56	
5,20,000	...	...	471	6,08,131	5.82	...	...	...	12	Tyroon	6	Nil	10	17/12	17/12	
CACHAR																
3,00,000	...	...	349	2,18,300	4.00	...	...	...	12	Arcuttipore	Nil	Nil	10	10/50	10/50	
4,00,000	...	...	205	1,55,965	4.48	...	...	41,056	12	Baitakhal	...	...	10	4/44	4/44	
7,00,000	5,74,416	43,780	278	2,76,250	5.16	...	...	...	12	Eastern Cachar	Nil	Nil	10	4/94	4/94	
4,50,000	...	...	...	...	...	...	...	...	12	Kaliniger Khoreel	...	...	100	33/50	33/50	
12,60,000	20,29,595	7,82,355	983	7,02,705	4.75	7,23,990	4.81	57,184	12	Hatikihira	Nil	Nil	10	10/12	10/12	
3,60,000	...	...	252	1,26,597	4.00	...	...	...	12	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	23,858	12	Loobah	Nil	Nil	10	4/41	4/50	
12,60,000	...	...	888	5,18,387	4.33	...	...	...	12	North Western	6	Nil	10	70/00	100/00	
2,59,050	9,42,022	2,35,265	255	2,77,850	5.18	2,96,946	5.09	66,501	12	Pathemara	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	Roopacherra	10	Nil	10	4/12	4/12	
10,50,000	19,77,402	12,77,950	341	4,25,980	5.07	...	...	2,16,876	12	Rungamattie	124	5	10	8/06	8/12	
4,00,000	...	...	292	1,87,584	4.53	...	...	...	12	Sonal River	Nil	Nil	10	3/25	3/25	
DARJEELING																
3,99,750	...	...	516	4,65,697	7.68	...	...	...	12	Bloomfield	...	...	10	8/00	8/00	
16,79,400	...	...	400	3,63,382	7.93	...	...	...	12	Chamong	6	...	10	5/25	5/25	
5,64,000	...	...	195	72,236	6.12	...	...	...	12	Darjeeling Tea	74	24	100	104/00	104/00	
2,00,000	...	...	713	5,10,867	7.54	...	...	...	12	Dilaram	...	...	100	95/00	95/00	
10,32,000	...	...	333	...	...	...	...	...	12	Longview	4	Nil	10	3/00	3/00	
7,00,000	7,27,254	5,75,561	167	1,04,200	9.92	87,100	13.23	94,090	12	Margaret's Hope	124	4	10	7/62	7/62	
4,77,000	5,94,817	2,05,500	283	2,30,423	11.28	1,41,343	12.22	1,13,446	12	Min	13	Nil	100	150/00	150/00	
8,99,700	21,62,867	14,84,508	205	1,01,478	9.95	...	...	...	12	Nagri Farm	15	124	10	10/62	10/62	
4,00,000	...	...	618	2,01,208	5.62	...	...	...	12	Okayti P	10	24	100	600/00	600/00	
3,30,000	...	...	153	1,11,778	8.54	...	...	...	12	Pashok	...	...	100	55/12	55/12	
3,00,000	4,57,415	5,07,800	228	1,20,831	6.46	...	...	1,38,033	12	Poobong	Nil	Nil	100	9/94	9/94	
2,05,000	...	...	156	1,97,600	2.82	...	...	...	12	Fusimbing	Nil	Nil	10	7/62	7/62	
6,00,000	...	...	293	1,13,274	9.21	...	...	...	...	Seeyok	74	...	10	4/56	4/56	
6,25,000	...	...	233	1,33,350	5.58	...	...	...	3	Singal	24	...	10	49/50	49/50	
9,00,000	...	...	203	1,45,290	11.22	1,26,456	13.60	10,257	12	Singtom	Nil	...	10	3/25	3/25	
6,00,000	10,71,558	5,30,400	298	1,88,219	12.14	...	...	3,73,274	2	Soom	174	10	10	17/31	17/31	
15,62,500	12,95,745	8,55,381	306	1,88,392	11.04	...	...	...	12	Sungma	8	8	10	6/31	6/31	
6,40,000	...	...	...	...	...	...	...	...	...	Teesta Valley	10	10	10	7/06	7/06	

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CALCUTTA TEA COMPANIES—Contd.

Paid-up Capital & other Ordinary Account Funds	Net Reserve Block & other Account Funds	Area in Hectares	Outturn and Average Price per Kg. realised for crop		Estimate 1970	Net including taxation	Accounts closed	NAMES	Dividends per cent		Paid-up per Share	Latest Market Quotations as available until
			1968	1969					1967	1968		23-8-71
Rs.	Rs.		Kgs.	Rs.	Kgs.	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	Banarhat P.	91/50
9,00,000	...	...	476	7,43,400	5,50	...	...	...	...	12	Bhatkawa	4/50
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	Birpara P.	79/00
6,00,000	...	...	257	...	...	...	...	...	...	10	Carron	140/00
6,00,000	...	...	198	3,00,928	4,89	...	...	...	...	10	Ellenbrie	90/00
2,40,000	...	...	266	1,54,561	4,58	...	...	...	...	10	Engo	225/00
4,90,000	...	...	227	3,34,747	...	...	...	...	...	12 1/2	Ethelbari	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	Gairkhata	7/10
14,00,000	...	...	466	...	...	...	...	...	...	3	Gopalpur	7/50
64,00,000	...	...	2,214	32,87,486	...	...	...	...	...	Nil	Hasimara	3/95
16,50,000	...	...	738	12,05,898	5,26	...	...	...	...	10	Hulibari	6/12
7,00,000	...	...	246	2,44,000	4,55	...	...	...	...	Nil	Jaybirpara	8/20
6,40,000	...	...	284	3,26,073	3,55	...	...	...	...	8	Oodlabari	7/25
2,50,000	...	...	112	1,59,200	4,81	...	...	...	...	Nil	Phaskowa	150/00
6,00,000	...	...	286	4,42,390	5,26	...	...	...	...	Nil	Rajabhat	4/62
7,65,000	...	...	654	5,61,465	5,52	...	...	...	...	Nil	Ranicheria	3/75
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	Rydak	7/50
3,46,000	15,18,281	10,74,456	279	...	...	...	...	...	...	12	Sarugaon	26/87
TERAI												
4,50,000	...	...	...	...	...	...	...	...	...	...	Atal	4/81
7,50,000	...	...	262	2,74,774	...	2,70,000	...	...	...	10	Belgachi	14/50
13,50,000	...	...	231	...	...	...	...	...	...	10	New Chumta	5/09
7,20,000	...	...	308	4,01,240	...	...	...	...	...	2 1/2	New Terai	15/31
11,70,000	...	...	445	6,10,865	...	...	...	...	...	15	Phargoomiah	9/00
3,00,000	...	...	122	1,33,877	...	...	...	...	...	Nil	Putinbaree	14/94
2,20,000	...	...	231	4,46,669	...	...	...	...	...	50	Tirrihannah P.	70/00
SYLHET												
6,00,000	...	...	245	...	...	...	...	...	...	...	Daurachera	7/62
5,59,930	...	12,33,587	465	...	...	...	...	...	...	Nil	New Samanbagh P.	5/00
36,00,000	...	...	1,799	19,40,713	...	...	...	...	...	Nil	Patrakola	49/50
9,00,000	...	...	505	...	...	...	...	...	...	...	Teliapara	42/00

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CALCUTTA MISCELLANEOUS COMPANIES

Dd., indicates Deferred 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.

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	NAMES	Dividends per cent		Latest Market Quotations as available until
			Rs.	Rs.					1966	1967	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	23-8-71
MININGS											
£2,369,769	...	£285,782	£499,650	£620	£201,716	12	Burma Mines	...	...	...	1/00
30,00,000	18,42,900	19,17,592	48,53,513	9,74,317	24,849	12	Chrestien Mica industries P.	Nil	Nil	Nil	5/06
15,00,000	...	£4,223,766	£467,079	£1,718,357	...	12	Indian Copper Corporation	Nil	Nil	Nil	2/75
£2,571,188	£5,928,979	22,25,150	1,11,140	5,75,762	18,044	8	Metal Corporation P.	7.6	9.9	11.1	3/85
2,39,52,727	40,07,495	48,39,650	54,24,712	27,99,170	...	6	Orissa Mineral Development	10	5	5-10	5/25
60,00,000	39,60,086	...	...	...	...	...	...	...	...	...	11/31
CEMENT, LIME, SLATE, ETC.											
59,90,843	1,50,96,951	54,89,539	7,02,647	13,38,096	...	3	Ashoka Cement	10	6	10	5/00
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6	Bengal Potteries	9	9	9-Nil	2/00
50,00,000	1,12,66,361	54,86,925	3,96,676	16,96,367	...	3	Bisra Stone Lime	10	Nil	12 1/2-15	13/69
2,86,93,580	2,57,93,728	3,58,54,082	2,77,64,088	1,45,35,131	...	12	Dalmia Cement (Bharat) P.	12 1/2	12 1/2	12 1/2	11/69
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	Jaiapur Udyog P.	10	10	10-10	9/10
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	8	8	6-8	10/90
50,00,000	91,23,755	94,12,067	20,33,077	57,97,920	...	12	Kumardhubi Fireclay & Silica P.	5	Nil	Nil-Nil	18/45
2,70,00,000	3,25,82,309	2,54,41,112	35,87,638	1,17,36,898	30,441	12	Orissa Cement P.	11	11	11-12	15/85
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	...	2	Reliance Firebricks & Pottery	Nil	Nil	Nil	21/00
75,00,000	63,28,018	44,95,600	5,26,119	12,18,198	6,195	12	Sone Valley Portland Cement	8	Nil	Nil	1/12
20,23,220	20,75,554	6,74,959	5,80,639	3,45,663	4,253	12	Sutna Stone & Lime	15	5	15-15	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	Alkali & Chemical Corp of (I)	25	18	5-10	28/81
15,00,000	...	...	...	...	...	...	...	...	...	...	...
11,08,900A	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	Bengal Chemical & Pharm P.	10	10	7 1/2	32/00
22,54,700B	44,70,125	43,10,662	30,13,152	19,51,649	3,14,635	6	Calcutta Chemical P.	18	...	...	21/25
4,90,00,000	4,41,62,331	2,76,83,586	6,44,295	3,52,95,990	156	9	Chemicals And Fibres	22 1/2	27 1/2	27 1/2	41/50
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	2	Frank Ross P	6	5	Nil-2 1/2	1/50
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	Indian Explosives	17 1/2	15	15-15	24/87
30,00,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	Smith Stanistreet P	27 1/2	18	15-15	3/87
ELECTRIC LIGHTING, POWER											
19,99,600	2,78,34,554	48,06,752	15,68,313	—1,67,752	...	3	Agra Electric	6	6	10-10	136/00
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	8	10	6-10	18/44
17,00,000	1,23,17,670	60,56,232	15,26,090	1,78,574	831	3	Benares Electric	10	6	6-Nil	15/00
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	Bhagalpur Electric Supply	10	11	11-11	12/12
£4,262,64	£21,086,133	£11,221,320	£1,141,964	£1,842,345	£80,891	3	Calcutta Electric Supply P.	9	9	9.9	15/87
43,20,000	1,10,78,188	52,45,587	35,65,119	25,36,602	36,929	3	Dishgarh Power Supply P.	12 1/2	12 1/2	9.9	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	NAMES	Dividends per cent	Paid-up Per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	Jubbulpore Electric	10	10	10-10*	14/62	14/81
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Muzapur Electric Supply	Nil	Nil	Nil	2/56	2/56
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzafferpore Electric Supply	12	10	10-10*	10/19	10/19
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	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	Patna Electric Supply	10	10	11-11+	12/87	12/87
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	8	7	10-8*	7/94	7/94
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	10	10	11-10-11+	9/00	9/00
ENGINEERING & METAL												
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	Arthur Butler (Muzafferpore) P	...	2 1/2	2 1/2 Nil-4+	4/00	4/00
50,00,000	45,85,059	30,86,968	1,72,916	8,79,165	29,165	12	Bharia Electric Steel	5	2 1/2	Nil-5*	7/87	7/87
1,60,00,000	2,95,78,876	68,19,483	4,66,566	1,24,85,483	99,58,070	12	Braithwaite & Co. (India) P	8	6	Nil-Nil*	3/81	3/78
36,00,000	57,16,762	63,05,500	6,69,804	25,82,202	...	12	Bridge & Roof	10	10	10-8*	35/19	35/19
1,00,00,000	1,69,30,485	27,07,000	10,24,766	85,28,723	69,11,305	12	Britannia Engineering P	Nil	Nil	Nil	1/56	1/53
3,36,00,000	2,62,64,997	72,89,647	70,05,434	98,59,818	95,93,478	4	Burn P (Engineering)	17 1/2	Nil	Nil-Nil+160	50/00	55/00
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	Calcutta Steel	12 1/2	12 1/2	12 1/2 Nil-3+	7/94	8/12
6,32,18,740	13,81,21,148	12,88,22,995	5,23,30,639	7,12,10,363	...	12	Guest Keen Williams	12	Nil	Nil-8*16+	35/40	38/70
17,50,000	20,87,108	4,69,100	92,766	16,34,014	45,56,613	12	Hooghly Docking	Nil	Nil	Nil+4	31/00	31/00
4,88,17,980	67,46,15,102	40,88,16,626	4,02,76,290	2,59,97,025	...	3	Indian Iron & Steel P	17	8 1/2	Nil-5*6+	10/30	10/55
3,65,000	11,52,812	14,001	1,82,994	4,15,836	4,03,294	3	Indian Malleable Casting	Nil	Nil	...	2/00	2/00
1,54,00,000	54,26,818	31,84,791	34,18,507	82,15,695	1,22,14,432	3	Indian Standard Wagon P	20	Nil	Nil-Nil+1	0/50	0/50
1,55,94,000	...	...	...	...	...	3	...	...	...	...	3/75	3/94
96,79,740	1,24,01,958	4,66,12,737	3,20,17,147	65,86,338	8,792	3	Indian Steel & Wire Products	24	24	20-20*+	23/37	24/25
12,00,070	6,23,260	13,46,680	1,83,546	13,76,042	...	12	Industrial Containers	10	3	8-12*	13/56	13/56
1,97,43,750	2,05,19,702	1,29,43,183	28,40,309	41,27,148	...	3	Jay Engineering P.	8	Nil	8-10*10+	13/87	15/56
60,00,000	1,62,98,825	27,11,124	12,16,436	...	...	6	J. K. Steel P	15	10	Nil-Nil+Nil*	9/87	9/44
2,04,00,000	5,42,02,714	1,61,44,932	78,98,952	2,22,55,186	14,88,064	11	Jessop & Co. P	12 1/2	12 1/2	Nil-Nil+1	4/00	4/75
76,99,599	2,05,24,655	44,04,697	7,31,935	5,64,670	11,795	6	Kumardhubi Engineering P	Nil	Nil	Nil-Nil+1	3/00	2/94
15,75,000	49,41,939	10,85,004	11,90,197	36,407	4,42,917	3	Marshall Sons (India)	7 1/2	8	4	0/75	0/75
49,96,000	61,94,985	13,58,398	3,83,036	2,56,716	882	3	National Iron and Steel	Nil	Nil	...	3/31	3/25
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	...	12	Saran Engineering	10	10	Nil-6*	9/31	9/31
59,99,250	44,32,212	12,25,725	15,49,586	10,83,926	1,796	9	Simon-Carves	7	7	7-8*	11/06	11/00
1,35,00,000	2,42,12,335	1,14,74,735	15,34,774	5,46,376	...	12	Sen Raleigh Industries P	8	9	20-20*	4/87	4/87
14,00,070	11,02,797	23,46,907	12,53,446	13,88,837	26,409	12	Steel Containers	10	15	Nil-Nil*	21/31	21/31
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	...	12	Textile Machinery	17 1/2	Nil	Nil-Nil*	9/50	10/10
24,98,770	10,59,368	11,17,159	1,28,637	8,26,369	...	3	Wellman Incandescent	6	8	8-8*10+	6/75	8/06

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CAPITAL, 26th AUGUST, 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	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
SUGAR BREWERIES ETC.												
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	Balrampur Sugar	4	Nil	8-10*10+	2 1/2	3/03
29,23,537	25,90,571	18,57,627	8,15,697	17,17,269	3,873	9	Belsund Sugar	10	10	13 1/2-13 1/2*	7 1/2	8/56
15,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	Bharat Sugar P.	20	13 1/2	18 1/2-13 1/2*	10	11/00
32,00,000	35,16,933	72,68,155	1,78,079	13,45,271	...	9	Carew (Sugar) P.	Nil	Nil	6 Nil*	10	4/75
30,00,000	1,14,69,809	50,41,765	14,50,041	2,41,161	1,00,93,528	10	Cawnpore Sugar P.	Nil	Nil	Nil-Nil*	10	6/22
18,00,000	52,21,190	67,01,949	3,48,016	13,73,596	37,123	6	Champanan Sugar P.	Nil	Nil	15-5*	10	10/62
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	Durbhanga	10	Nil	10-7 1/2*	10	3/87
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Saven Sugar and Gur	2 1/2	Nil	Nil-Nil*	10	2/00
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purbapur Sugar P.	Nil	Nil	Nil-Nil*	10	4/81
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Rannugger Cane & Sugar P.	8	8	20-10*6+	10	6/19
65,00,000	1,36,73,218	39,23,734	8,59,581	55,32,027	22,79,801	10	Raza Buland	Nil	Nil	Nil-Nil*	10	1/37
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	Rvam Sugar P.	Nil	Nil	Nil-Nil*	10	2/19
11,99,000	22,10,161	18,54,067	2,09,163	2,24,407	2,20,853	6	Shree Krishna Gyanoday Sugar P.	3	5	6 Nil*	10	3/75
40,00,000	1,00,22,238	18,34,483	5,60,693	6,11,276	...	7	Shree Sitaram Sugar	Nil	Nil	5	10	7/62
15,89,000	13,29,503	16,01,933	30,60,111	10,56,886	10,54,435	8	Samastipur Central Sugar	Nil	Nil	Nil-Nil*	10	0/33
9,99,950	20,87,159	80,565	62,828	8,01,122	21,84,604	6	Sitalpore Sugar	Nil	Nil	...	...	4/50
16,00,000	42,22,843	19,40,304	2,03,163	11,15,414	9,17,147	9	United Provinces	7	10	12 1/2-10*	10	6/00
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	72 1/2	8 1/2	8 1/2-10*	10	11/15
MISCELLANEOUS												
1,35,00,000	7,24,57,999	3,89,03,842	8,43,489	64,53,352	10,697	3	Aluminium Corporation P.	9	12	12-10*	10	13/69
2,00,00,000	1,07,87,595	22,24,390	2,25,85,932	32,16,403	...	12	Andrew Yule P.	16	8	10-10*-Nil+	10	5/25
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	Angelo Bros.	16	16	17 1/2-7 1/2*	10	5/62
50,00,000	51,31,822	68,22,629	34,88,627	60,38,048	...	12	Assam March	14	14	15-17*20+	10	22/62
13,99,998	26,77,314	27,24,034	7,342	1,52,254	...	9	Associated Battery	15 1/2	15 1/2	16-18*20+	10	28/06
2,12,40,000	1,58,63,619	1,48,90,530	58,24,967	1,62,54,861	...	8	Assam Saw Mills & Timber	3	3	10-10*	10	2/87
1,44,03,000	51,40,652	1,39,37,807	77,01,089	23,63,775	...	12	Balmer Lawrie & Co.	14	12	8-8*8+	100	64/00
12,00,000	10,55,266	23,36,210	61,118	2,74,318	...	3	Barare Coke	20	20	20-20*15+	10	19/00
20,00,000	...	5,36,037	61,00,044	55,554	70,371	9	Birds Investments P.	Nil	Nil	Nil-Nil*	10	2/75
2,65,60,560	2,64,30,428	2,55,00,858	59,79,290	1,87,15,819	8,829	3	Britannia Biscuit P.	20.15	20	15 1/2-18*22+16+	10	29/19
3,25,00,000	1,26,02,068	1,89,17,670	1,59,41,991	64,11,410	...	12	British India Corporation P.	Nil	Nil	Nil-Nil*	5	4/75
75,00,000	40,55,543	80,69,118	5,07,823	43,49,118	190	12	British Paints	15	10	10-12 1/2*	10	20/50
6,70,00,000	4,12,57,451	7,59,07,932	2,17,25,613	5,24,25,986	...	6	Brook Bond India	...	...	13 1/2-17 1/2*20+	10	28/37
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	Calcutta Silk Manufacturing P.	Nil	5	5-5*	10	6/87
1,38,80,000	...	11,82,139	1,43,49,875	6,29,951	13,896	12	Clive Row Investment	4 1/2	4	4 1/2-3*6+	10	6/50
1,30,68,000	44,49,125	2,03,40,849	3,26,99,867	49,42,881	849	12	Duncan Brothers & Co. P.	12	12	12-12*+	100	116/00
10,00,00,000	12,89,20,000	11,41,12,000	1,29,69,000	7,04,07,000	...	12	Dunlop India P.	17 1/2	17 1/2	17 1/2-20*20+	10	34/40
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CALCUTTA MISCELLANEOUS COMPANIES—Contd.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds		Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	NAMES	Dividends per cent			Paid-up Shares	Latest Market Quotations as available until	
		Premium & Forfeited Shares if any	Net						1966	1967	1968		Rs.	Rs.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							23-8-71	26-7-71
76,89,000	3,00,23,411	65,56,730	1,71,17,302	11,34,145	7,902	12	12	Eastern Investments P.	7	4	44-98*10†	10	6/81	6/85
1,27,40,250	1,31,46,125	1,31,46,125	6,62,680	23,75,784	7,902	10	10	Electric Construction P.	12½	10	10-Nil*	10	21/37	23/06
1,35,85,000	3,75,21,140	1,41,87,078	8,72,429	20,28,356	—8,57,415	3	3	Fort Gloster P.	15	2½	2½-2½*7½†	100	193/00	190/00
30,00,000	34,79,154	46,900	11,48,349	—15,43,626	—8,57,415	3	3	French Motor Car	Nil	Nil	Nil-Nil*Nil†	20	14/12	14/12
14,00,000	13,90,589	25,14,324	2,25,568	3,30,114	9,867	12	12	Ganges Rope	22½	20	15-7½*†	100	118/00	118/00
65,00,000	32,16,777	82,84,418	1,17,24,532	38,46,149	25,315	3	3	Gillanders Arbuthnot & Co. P.	9.36	12.5	12-6*10†12†	10	9/12	8/87
60,00,000	52,80,206	53,75,200	33,693	86,44,858	25,315	12	12	Godfrey Phillips (India) P.	35	35	35-12½*	10	55/00	55/00
2,53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	—	12	12	Goodyear India	15	15	15-17½*	10	49/06	51/12
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	3	Great Eastern Hotel	Nil	4	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	12	Hindustan Aluminium P.	10	10	10-10*	10	33/50	33/00
10,97,10,070	44,70,63,499	12,08,69,050	1,49,42,736	4,36,227	2,24,274	3	3	Hindustan Motors P.	12½	12½	12½-10*Nil†	10	9/95	10/75
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	12	Hindustan Pilkington P.	Nil	10-8*	10-8*	10	8/50	8/50
73,85,860	1,35,43,836	45,88,819	2,51,649	26,29,269	—	3	3	Hindustan Sanitaryware P.	12	10	10-10*10†	10	14/50	13/50
35,20,000	38,70,309	—	28,22,894	32,82,526	—24,61,728	12	12	Hoare Miller & Co.	...	...	...	10	2/56	2/56
18,95,00,000	11,09,19,379	17,06,68,005	1,66,95,661	7,41,62,001	—	3	3	India Tobacco	10	10	11-13*13½†14†	10	15/31	16/00
60,00,000	2,88,17,227	1,50,14,188	4,46,672	38,96,742	193	6	6	India Carbon P.	10	16	16-16*16†	10	31/15	31/15
12,01,17,698	41,96,25,970	19,11,11,907	3,16,01,938	5,27,25,278	2,428	12	12	Indian Aluminium P.	19	17½	14-14*14†	10	38/25	37/80
4,14,42,410	2,45,37,553	3,17,45,871	31,70,774	8,70,485	—	3	3	Indian Cable	25	15	5-2½*2½†	10	20/80	21/75
4,62,00,000	6,67,33,813	5,64,27,167	41,37,651	1,90,21,031	—	9	9	Indian Oxygen	12	12	12-12*14†	10	20/50	21/87
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	3	3	Indian Rubber Manufacturers P.	10	Nil	Nil	10	15/00	15/00
36,00,000	3,27,367	20,99,116	15,29,617	8,28,789	—	9	9	Indian Wood Products	10	9	9-15*9†	10	12/25	12/25
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	4,671	6	6	J. K. Synthetics	12½	12½	12½-12½*15†	10	39/44	38/37
2,00,00,000	55,06,451	1,28,88,758	5,98,54,868	1,39,884	—	3	3	Jardine Henderson P.	7	7	4-Nil*†	100	34/00	33/00
1,63,99,940	3,30,95,000	1,40,74,090	19,49,926	47,29,145	6,219	12	12	Jay Shree Industries P.	11½	11½	10-10*	10	15/19	16/62
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	—	3	3	Kesaram Industries P.	15	16	13½-13½*	10	13/40	14/60
28,00,000	10,35,768	12,89,006	42,37,568	—86,779	—	3	3	Lawrence Investment P.	Nil	3	2-Nil*†	100	29/50	34/00
6,34,000C	3,17,363	6,02,958	8,21,617	—14,078	—4,849	3	3	Macfarlane & Co.	Nil	Nil	Nil-Nil*	5	2/00	2/00
66,00,000D	1,96,74,937	1,31,48,312	2,10,65,916	11,83,866	25,454	12	12	Macneill & Barry P.	6½	5	5-5*	100	34/50	34/50
1,50,00,000	87,20,722	1,12,22,205	2,19,70,478	46,33,048	2,012	9	9	Martin Burn Ltd. P.	25	15	6-10*10†	10	6/87	7/12
2,20,68,370	16,00,806	70,83,368	2,43,14,304	—8,352	46,689	12	12	McLeod & Co. P.	11½	Nil	Nil-Nil*	100	190/00	190/00
47,12,000	7,80,89,579	3,10,64,265	75,09,961	1,69,29,179	29,114	3	3	Metal Box Co. of India P.	16	12	9-9*6†8†	10	12/31	13/12
6,64,12,500	3,74,67,212	4,65,92,074	84,90,675	2,46,12,954	30,455	9	9	Mohan Meakin (Breweries)	15	17½	9-10*12†	5	11/62	11/37
2,43,09,940	62,42,181	1,14,61,033	11,91,664	41,00,306	—	3	3	National Insulated Cable P.	20	20	5-5*10†	10	10/00	12/31
2,02,50,000	33,40,168	24,17,319	1,16,281	8,52,279	—	9	9	National Pipes & Tubes P.	20	10	5-2½*†	10	7/12	7/00
60,00,000	27,90,365	10,84,447	24,496	28,669	—	6	6	National Rolling & Steel Rope	20	20	5-2½*†	10	5/75	5/75
64,00,000	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	12	National Rubber P.	12	12	12-5*	10	7/85	8/19
23,31,600	79,90,738	2,19,79,083	51,23,324	49,14,579	—	12	12	National Tobacco P.	12	5	8½-9*10†	10	12/81	12/81
79,79,000	349	22,04,845	46,17,593	3,59,824	7,563	12	12	New India Investment Corpn	4	1	3½-4*	75	36/75	36/75

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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	NAMES	Dividends per cent	Paid up per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1966	1967	1968	Rs.	Rs.
MISCELLANEOUS (Contd.)												
5,46,00,000	8,46,74,317	5,07,60,571	1,25,85,376	6,72,31,786	72,801	12	Philips India	18	19	20-23*20†	37/25	39/50
2,86,200	57,500	6,36,653	92,939	5,33,181	...	3	Publicity Society	25	12½	15-10*	4/00	4/00
2,25,00,000	1,65,99,578	1,42,10,957	2,20,54,621	85,72,108	...	8	Rallis India P.	13	13	13-13*13†	136/50	134/00
5,00,00,000	7,83,40,803	1,57,26,775	74,69,230	1,36,89,037	...	3	Rohas Industries P.	6	Nil	Nil-Nil*Nil†	5/10	5/10
94,27,380	4,73,05,083	10,00,000	14,42,952	—1,00,411	13,613	9	Sirslit P.	Nil	Nil	Nil-Nil*	3/56	3/00
1,00,00,000	85,30,130	1,87,47,321	1,70,92,470	84,37,851	36,958	12	Shaw Wallace P.	15	15	15-15*18†	20/50	22/00
12,28,50,000	20,28,60,481	8,34,62,981	1,62,88,366	6,22,46,392	90,797	12	Union Carbide	15	15	15-15*15†	29/62	29/87
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	7,803	3	Universal Cables	10	10	10-10*†	19/50	21/00
31,53,000	19,04,731	23,80,875	14,19,210	6,73,686	17,347	12	Walford Transport	21	7½	7½-7½*	0/72	0/69
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	...	12	Woolcombers	Nil	Nil	3-6*7½†	13/75	14/00
INSURANCE COMPANIES												
13,50,000	23,65,213	1,45,18,766	1,31,08,607	19,22,680	16,447	12	Concord of India	15	15	20-20*	10/25	10/94
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	15	15	18-21*	25/12	25/12
70,00,000	1,14,97,733	2,90,85,330	4,63,82,183	56,88,901	16,991	12	Ruby General	20½	12½	12½-15*	15/06	14/06
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	Triton	12½	12½	12½-17½*	208/00	208/00
FLOUR MILLS												
30,00,000	8,69,274	24,81,358	11,08,352	11,82,952	...	12	Bengal	10	3	3-4*10†	13/94	13/94
7,15,980	13,70,610	37,26,856	8,44,273	4,76,152	...	10	Delhi P.	...	12	12	10/06	10/06
9,00,000	43,29,35	10,08,825	1,12,313	5,88,939	9,191	12	Hooghly	10	Nil	Nil-Nil-10*15†	18/50	18/50
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11	United	7½	5	5-5*	19/25	19/25
OIL COMPANIES												
1,00,00,000	79,66,401	1,71,43,536	2,58,49,049	31,22,549	87,095	12	Indo Burmah Petroleum P.	15	15	15-12½*	15/00	16/25
6,00,000	9,44,301	19,06,116	4,30,375	4,42,718	...	10	Tide Water Oil	22½	22½	15-15*20†	12/94	30/50

*1969

†1970

‡1971

CAPITAL, 26th AUGUST, 1971

CAPITAL, 26th AUGUST, 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	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		1966	1967	1968	Rs.	Rs.
PAPER MILLS											
1,25,56,710	4,56,44,903	1,87,05,249	18,91,260	52,41,095	426	Bengal P	15	7 1/2	3.7-10*+	10	14/50
1,23,48,000	1,52,89,747	12,51,744	10,02,032	32,88,779	—92,59,101	India Paper Pulp	Nil	Nil	Nil-Nil*+	10	5/00
3,81,74,500	24,89,00,000	3,61,27,428	55,63,530	1,15,53,401	39,858	Orient Paper P	20	10	10-10*	10	33/80
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	Sirpur P	12	8	Nil-Nil*	10	11/31
1,40,64,900	3,75,86,520	73,75,834	7,81,658	37,13,676	...	Star Paper P	6	Nil	Nil-Nil-Nil*	10	9/03
10,00,000A					3	Titaghur P	13	13	13-13*+	24PO	2/81
4,37,500PO	6,11,89,988	1,15,45,621	32,54,058	21,44,503	5,000		3	Nil	Nil-Nil*2 1/2	10AO	6/50
3,64,03,500O							3	Nil	Nil-Nil*2 1/2	10RO	6/50
56,04,800B						Tribeni Tissue	...	...	18*	10	18/25
3,24,20,800	3,97,86,845	1,57,99,525	10,26,69,115	1,07,73,940	537		...	...	...	...	...
56,95,600											
4,30,000	1,81,531	1,45,000	5,34,786	65,294	24,928	Camperdown	...	...	...	100	120/00
PRESSING COMPANY											
REAL PROPERTY STORAGE											
1,00,00,780O						Bengal Bonded Warehouse	10	...	...	A500	955/00
1,25,000B	14,69,599	8,53,120	3,54,870	1,24,262	3,212			...	...	B62A	101/00
2,00,000								...	...	C100	165/00
25,000Dd								...	...	D121	60/00
1,00,00,780O	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	Humayan Properties P	Nil	Nil	...	100	10/25
2,00,000Dd	5,51,621	2,91,466	3,17,053	13,41,213	—2,69,681	Midnapore Commercial	Nil	Nil	Nil	100	1/30
79,90,000							Nil	Nil	Nil*2.35+	85	44 25
TRAMWAYS & STEAMER											
20,00,000	8,13,420	19,60,785	21,44,476	21,44,476	20,502	Bengal Assam Steamship P	Nil	Nil	Nil-Nil-Nil*+	100	35 25
6,25,000	6,52,542	7,29,818	...	2,76,704	2,558	Calcutta Landing & Shipping	Nil	Nil	3-6*	10	9/25
12,60,000	47,23,178	14,01,984	1,02,898	63,719	—11,281	Calcutta Steam Navigation	Nil	Nil	Nil	10	0/40
£700,000	£2,889,537	£1,365,916	£315,682	£153,252	£2,006	Calcutta Tramways P	...	...	...	£1	6/62
6,04,880	6,97,987	8,56,706	33,440	1,35,098	—633	Frazer & Co	Nil	Nil	...	10	2/56
2,47,50,000	11,13,54,408	5,03,30,188	2,19,60,638	81,89,490	...	India Steamship P	5	7	8-10*+	10	7/69
26,36,460	40,01,426	8,53,666	15,238	—15,26,969	—14,00,831	Port Shipping	15	2 1/2	4-Nil*+	10	4/00

† 1970

•1969

† 1970

* 1969

CAPITAL, 26th AUGUST, 1971

CAPITAL, 26th AUGUST, 1971

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.

Paid-up Capital Ordinary	Number of Spindle Looms	Net Block Account	Reserve & other Funds		Cash & Securities		Net Profits including	Carry forward	Accounts Closed	NAMES	Dividends per cent			Paid-up per share		Latest Market Quotations as available until	
			Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	1966	1967	1968	Rs.	Rs.
40,00,000	48,652	1,016	1,28,56,156	46,70,828	20,69,878	10,39,744	26,620	...	...	Ahmedabad Advance P.	9	9	9-9*	100	167/00	170/00	
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	12	12	Apollo	Nil	Nil	Nil	2	0/36	0/34	
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	9	9	Baroda Rayon	Nil	8	8-8*	100	102/00	103/00	
3,61,41,125	2,03,942	4,911	5,37,12,692	3,54,91,952	40,74,555	99,65,359	9,052	12	12	Bombay Dyeing. etc.	12	8	12-12*13†	25	39/50	35/50	
10,00,000	35,052	648	32,07,778	34,59,612	5,45,173	10,89,180	1,37,996	3	3	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	12	Century	37	37	40-40*	100	780/00	789/00	
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	6	Central India P.	Nil	Nil	Nil-Nil*	100	37/50	42/00	
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	3	3	Coorla	12	9	9-9*	100	111/25	111/25	
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	12	12	Dawn	30	20	10-10*	50	66/50	69/00	
30,00,000	47,700	886	1,29,89,439	47,86,744	3,05,575	—2,29,847	1,578	12	12	Elphinstone P.	Nil	Nil	Nil-Nil*	50	22/00	24/00	
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	12	12	Finlay	13†	15	10-11*	100	150/00	151/00	
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	12	12	Gokak	14	12	15-15*	100	129/50	128/00	
2,00,00,000	2,48,870	6,498	4,41,45,022	3,84,70,022	31,82,629	1,32,22,197	5,89,816	12	12	India United	Nil	Nil	Nil-Nil*	10	1/10	1/00	
50,00,00,000	...	...	...	...	...	...	...	...	...	...	Nil	Nil	Nil-Nil*	IDd	0/34	0/26	
2,49,62,500	50,074	1,426	5,44,40,998	...	34,33,245	—31,38,833	—31,80,002	6	6	Indian Rayon P.	Nil	Nil	Nil-Nil*	100	65/00	63/00	
50,00,000	...	...	95,21,338	34,30,000	28,02,268	3,23,559	16,269	12	12	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	6	Khatav Makanji P.	10	10	10-10*	100	185/00	149/00	
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	12	Kohinoor	6	6	Nil-12*	100	180/00	186/00	
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	—24,99,262	—49,14,154	12	12	Lakshmi-Vishnu P.	Nil	Nil	Nil-Nil*	100	70/00	73/00	
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	6	6	Morajee Goculdas P.	15	15	15-15*15†	100	133/00	134/00	
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	2	2	Mysore Spg. & Mfg. P.	Nil	Nil	Nil-Nil*	10	7/24	7/24	
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	12	12	New City of Bombay	7†	5	5-6*	100	59/00	59/00	
30,00,000	46,884	1,029	22,27,098	25,72,444	12,48,697	153	12	...	...	New Great Eastern P.	Nil	Nil	Nil-Nil*	100	32/50	70/00	
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	12	12	Phoenix	20	15	Nil-Nil*	100	76/00	55/00	
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	3	3	Simplex	24	20	16-16*	50	89/00	56/00	
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	12	Shree Niwas P.	10	8	5-10*	100	112/00	112/00	
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	12	Svadeshi P.	15	14	9-9*	100	118/00	122/00	
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	12	12	Swan	15	15	15-12*	100	129/00	123/00	
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	12	12	Tata	8	Nil	Nil-Nil*	25	29/00	27/50	
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	3	3	Western India	28†	28†	9†-9†*	250	150/00	167/50	

• 1968 +1970

† 1970

* 1969

BOMBAY MISCELLANEOUS COMPANIES

F. indicates Founder 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.

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	NAMES	Dividends per cent 1966 1967 1968	Paid-up per share	Latest Market Quotations as available until 23-8-71 26-7-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	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	Associated Cement	12 12 12-12*12+	100	131/75 130/50
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	Ahmedabad Electricity	9 9 9-9*+	100	102/50 100/50
3,02,77,000	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3	Andhra Valley Power P.	12 12 12-12*	100	136/00 142/50
2,58,67,900	12,15,43,411	3,82,49,028	40,21,132	66,10,571	2,187	3	Bombay Suburban Elec.	10 11 11-11*	100	119/25 118/00
2,39,99,975	7,17,76,350	1,39,56,841	51,65,971	60,68,808	27,536	3	Tata Hydro Elec. Power P.	12 12 12-12*	100	136/50 142/00
5,15,36,000	17,59,03,832	3,61,11,341	57,28,753	1,22,80,113	29,988	3	Tata Power P.	12 12 12-12*	100	137/50 142/50
ENGINEERING & METAL										
33,42,200	17,06,292	44,16,374	1,54,08,311	5,79,666	1,35,820	12	Alcock Ashdown	5 5 5-Nil*	100	44/50 32/00
4,00,00,000	4,54,62,666	72,000	36,71,749	24,39,656	47,42,841	12	Associated Bearing	Nil Nil Nil	100	268/00 249/50
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	Jost's Engineering	6 Nil Nil	50	31/50 31/50
3,99,30,000	7,68,85,036	4,19,06,032	2,09,63,948	1,86,96,455	...	3	Larsen & Toubro P.	15 15 15-10*+12+*	10	21/36 21/52
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7	Mckenzie's	24 Nil Nil	100	82/00 82/00
2,50,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Premier Construction P.	34 36 36-40*	50	108/00 118/00
1,31,250F	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	Sandvik	10 10 10-10*	100	248/00 250/00
75,00,000	1,68,38,555	17,77,250	21,840	17,72,188	50,40,288	12	Sankey Wheels	Nil Nil Nil	10	7/64 8/00
7,99,97,300	17,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	Tata Engg. & Locomotive P.	14+ 14+ 14+ 14+*	100	223/00 233/50
38,58,01,715	1,06,01,94,089	55,58,00,520	14,65,79,877	14,12,24,932	...	3	Tata Iron & Steel P.	16 16 16-11*+*	75	93/50 95/00
1,40,00,000	1,74,37,455	1,34,67,523	14,82,244	1,12,18,437	21,237	4	Zenith Steel	10 8 9-10*14+	10	18/44 19/24
INSURANCE COMPANIES										
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	British India General	...	10	12/76 12/52
18,74,940	25,01,134	2,88,61,155	2,61,49,442	38,951	4,65,316	12	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	New India	40 40 40-40*	15	32/50 33/00
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	Vulcan	20 20 20-20*	10	15/12 15/12
MISCELLANEOUS										
1,44,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	Alembic Chemical	12 12 12-12*	100	148/75 148/50
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	8,04,219	7,87,678	12	Bayar	Nil Nil Nil	100	238/50 236/00
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	6	Belpur Sugar	14 14 14-15*15+	50	84/50 84/50
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,15,567	18,787	5	Bombay Burmah Trading	8 8 8-11*	25	44/75 44/25
1,24,95,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	Ceat Tyres	9 9 9-11*	100	235/00 243/75
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	6	Dharangadhra Chemical	12 12 12-12*	100	135/00 135/00
4,79,06,260	21,12,87,108	6,46,00,063	5,52,95,724	1,58,77,000	45,270	6	Great Eastern Shipping	16 20 20-25*12+	10	28/75 35/75

+ 1971

* 1969

+ 1970

CAPITAL, 26th AUGUST, 1971

BOMBAY 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	NAMES	Dividends per cent 1966 1967 1968	Paid-up per share	Latest Market Quotations as available until 23-8-71 26-7-71
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.
MISCELLANEOUS (Contd.)										
2,48,28,560	2,14,97,142	2,13,66,286	58,41,713	1,33,04,672	...	3	Hindustan Ferodo	20 20 20-22*22+*	10	36/00 37/00
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	Hindustan Lever	14 14 14	10	22/52 20/76
99,99,250	3,754	20,08,796	1,44,31,515	8,97,400	30,418	12	Industrial Invt Trust	64 64 64	200	98/50 99/00
11,99,900	13,82,957	7,34,142	14,05,223+	68,232	16,942	7	Kemp (Chemists)	...	100	175/00 175/00
1,24,95,000	39,03,579	53,88,113	1,75,58,164	28,72,674	20,587	11	Killick Nixon	...	100	80/00 80/00
2,64,41,900	9,36,22,308	2,83,02,205	44,45,798	2,12,35,409	2,98,157	12	National Rayon	...	100	457/00 460/50
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	Permanent Magnets	...	100	127/50 133/00
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Phalton Sugar	24 20* 24 20*	50	76/00 76/00
7,48,38,785	16,13,54,387	2,79,95,044	41,09,113	17,80,480	29,80,721	6	Premier Automobiles	Nil Nil Nil	100	57/00 55/50
1,40,06,425	2,51,55,045	46,47,505	14,28,288	37,07,065	5,919	12	Sandoz	9 9 9	10	18/52 18/52
11,27,72,980	40,30,24,881	16,81,62,371	23,82,18,364	2,20,94,830	418,097	6	Scindia Steam Navign	74 74 74	20	21/44 21/32
21,00,000	32,82,827	44,05,000	4,14,686	3,03,605	2,943	11	Shivrajpur Synd	Nil Nil Nil	10	5/52 5/76
5,74,31,000	8,61,34,995	1,93,15,921	89,75,702	2,16,43,902	16,948	12	Synthetics And Chemicals	Nil Nil Nil	100	162/00 166/00
8,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	Tata Chemicals P.	16 16 16	10	28/00 27/75
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Oil P.	14 14 14	25	65/00 62/00
4,32,90,000	5,43,41,531	4,15,69,048	1,98,04,984	5,58,24,320	...	3	Volta	15 15 15	100	218/00 218/00
4,95,00,000	3,96,04,472	2,39,57,617	1,78,30,135	1,90,01,058	...	12	Western Indip Match	11 11 11	100	148/50 148/00

* 1969

+ 1970

SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Output and Average Price per kg/lb realised for crop	Net Profits	Accounts closed	NAMES	Dividends per cent 1966 1967 1968	Paid-up per share	Latest Market Quotations as available until 23-8-71 26-7-71
Rs.	Rs.	Rs.	Kilograms	Rs.	Rs.				Rs.	Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	70,011	12	Anandam P.	Nil Nil Nil	10	11/75 11/75
10,98,990	13,96,078	4,83,841	...	225,168	4,11,290	3	Balamoor P.	15 15 15-15*	10	14/75 14/75
3,00,000	3,92,218	...	171	51,000	52,885	8	Balmadies P.	10 10 Nil-Nil*	2	2/40 2/10
17,32,230	13,36,710	3,36,253	...	3,59,531	63,110	5	Be Be P.	7 Nil 8.6*Nil-Nil*	5	2/80 2/80
84,00,000	1,22,39,799	14,13,889	...	10,60,000	11,92,421	8	Blue Mountain	10 11 Nil-Nil*	2	1/50 1/43
20,53,480	35,53,194	24,06,114	1,832	8,37,342	3,94,950	3	Chembra Peak	22+ 15-10*10+	2	2/60 2/75
26,91,279	46,12,278	19,45,895	3,257	11,32,759	10,13,193	2	Cochin Malabar P.	17+ 10-12*15+	3	5/00 5/00
32,50,000	39,31,709	30,58,661	2,710	19,48,320	8,71,279	6	Coffee Lands P.	13 16 16-16*20+	10	19/62 21/25
71,55,000	1,15,74,494	68,44,278	7,001	60,81,120	25,60,562	6	Consolidated Coffee P.	18+ 18+ 18+ 15+	10	24/75 26/75
5,66,730	22,17,651	13,84,267	174	29,08,68	5,26,850	9	Coonor P.	15 20-20*+	10	28/00 28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1,19,880	3	Coorg P.	10 10 10-10*+	2	2/15 2/15
6,00,000	11,82,508	2,17,761	...	1,57,785	46,942	3	Cottanad Plantation P.	15 20 10-15*Nil*	10	15/75 15/75
6,00,000	8,89,831	4,80,155	...	3,25,310	1,25,315	12	Devashola (Nilgiri)	9 Nil 5-9+	10	13/75 13/75
6,74,650	9,14,644	3,31,040	...	1,38,386	1,36,712	3	Devon P.	15 15 15-15*	10	15/55 15/55
7,50,000	5,38,952	1,26,500	...	1,12,936	28,121	12	Emerald Valley	20 20 20-20*10+	5	11/50 11/50
4,50,000	3,64,462	20,000	...	62,830	40,424	12	Gokul	15 15 15-15*	2	4/60 4/60
25,00,000	42,82,150	17,77,500	...	17,21,550	2,13,414	12	Hallevburia P.	12 16 14-16*15+	10	3/60 3/60
11,85,700	28,02,058	10,77,705	...	9,59,804	3,60,461	2	Kailas	22+ 15-15*	2	3/25 3/25
19,00,000	12,32,263	7,23,749	978	5,14,942	4,04,443	3	Kalasa Tea Produce	12 20 15	2	2/60 2/60
17,07,076	28,48,525	14,92,010	811	4,62,975	7,80,209	10	Kil Kotagiri P.	17+ 10-10*+	10	21/00 21/00
5,00,000	9,11,259	1,21,604	267	805,757	96,485	12	Lucky Valley	10 10 10	2	2/85 2/85
13,50,000	19,78,359	9,14,031	1,785	3,42,784	4,63,747	3	Malankara	24 25 22+35*25+	10	29/00 29/00

+ 1970

* 1969

+ Hectares

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	NAMES	Dividends per cent		Paid-up per share	Latest Market Quotations as available until	
								1966	1967		23-8-71	26-7-71
Ra.	Ra.	Ra.		Kilograms	Ra.					Ra.	Ra.	Ra.
40,50,000	67,47,600	17,25,166	4,013	12,60,448	9,94,509	3	Midland Rub & Prod P.	10	10	10	10-71*10+	11/00
14,06,250	33,53,804	7,45,346	1,587	9,98,596	1,60,000	3	Nilgiri P	8	Nil	10	Nil-5+	6/00
23,10,000	24,28,291	11,02,621	1,057	7,29,106	16,62,532	1	Nonsuch	20	15	10	171-171*20+	17/65
9,75,000	11,21,586	3,67,000	293	2,29,900	3,27,700	1	Ossoch	15	15	2	12-15*15+	3/60
17,00,000	27,55,157	13,87,519	1,059	10,69,078	7,13,678	12	Parkside Neigherry	30	30	10	30-30+	33/00
17,00,000	27,56,576	12,82,518	1,563	10,83,565	4,20	12	Peermade P	15	171	10	10-10*11+	12/60
6,00,000	7,90,316	3,35,530	1,167	3,83,268	1,65,244	2	Peninsular	10	10	10	10-10+	15/66
57,94,880	78,72,019	20,68,711	2,074	23,46,900	13,16,964	3	Periakaramalai	20	20	2	18-14+	2/96
13,50,000	48,44,469	13,58,959	952	845,000	8,05,161	6	Rajagiri Rub & Prod P	13	13	10	13-13+	15/50
2,00,000	3,14,567	1,53,963	711	...	1,18,791	3	Rajendra P	25	50	5	30-30*40+	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	63,263	3	Teekoy P.	9	9	10	Nil-6+	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	2,77,689	9	Thirumbadi	Nil	Nil	1	Nil-15*5+	1/67
6,00,000	6,51,402	46,742	1,307	2,23,794	30,950	12	Travancore Rubber	10	8	10	8-8*Nil+	9/00
41,00,000	72,63,801	12,63,584	2,535	12,19,484	10,61,172	12	Travancore Rub & Tea P	10	8	10	8-8+	7/63
20,00,000	23,48,701	1,36,000	3,028	6,38,402	2,02,762	12	Tropical Plantation	8	10	25	8-8+	21/90
15,75,000	2,47,811	16,00,000	1,267	9,63,293	1,00,000	12	Twyford	5	5	10	5-5*6+	5/35
81,93,280	30,03,223	17,04,089	5,638	8,23,976	12,85,658	3	United Nilgiri	171	171	10	14-14+	16/75
8,80,010	9,26,839	2,82,051	952	4,94,400	2,20,09	12	Vaikundam	30	26	10	15-15+	26/00
47,25,000	1,19,27,305	57,59,110	2,214	7,68,146	10,82,508	8	Waterfall Estates P	121	14	2	10-12*Nil+	2/18

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	Account closed	NAMES	Dividends per cent		Paid-up per share	Latest Market Quotations as available until	
									1966	1967		23-8-71	26-7-71
Ra.		Ra.	Ra.	Ra.	Ra.						Ra.	Ra.	Ra.
30,00,000	...	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12	Anglo-French P.	171	15	15-15+	100	126/00
20,00,000	28,000	22,72,373	31,406	96,302	7,68,513	42,421	12	Cambodia P.	Nil	Nil	Nil-11+	10	1/40
85,99,600	33,864	74,98,712	39,35,014	8,68,959	20,95,517	...	12	Coimbatore Cotton	81	9	5-10*11+	100	105/00
30,76,900	22,832	47,91,212	7,98,681	22,227	-7,52,342	-10,25,340	1	Coimbatore Spg. & Wvg.	Nil	Nil	Nil-11+	50	115/50
67,20,000	30,512	87,47,369	20,79,194	7,10,548	6,34,530	15,879	12	Kothari Textiles P.	5	6	5-7*	10	6/85
1,06,50,000	1,10,800	1,78,79,375	1,06,05,813	74,49,476	14,73,436	2,142	3	Lakshmi	14	10	8-8*12+	50	61/50
7,00,09,920	4,02,004	1,011	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	12	Madura	71	10	10-6*8+	15	15/50
1,13,61,000	26,496	634	50,79,268	46,70,299	5,84,128	51,61,924	3	Mettur Beardsell	171	171	10-15*17+	100	160/00

† 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.

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net profits	Carry forward	Account closed	NAMES	Dividends per cent		Paid-up per share	Latest Market Quotations as available until	
								1966	1967		23-8-71	26-7-71
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.					Ra.	Ra.	Ra.
80,00,000	62,64,264	26,55,000	5,52,400	10,92,779	22,959	9	Andhra P.	12	12	12-12*12+	10	10/60
40,00,000	80,62,883	12,61,424	1,38,472	13,46,266	1,40,987	6	Cauvery P.	Nil	7	81-9*Nil+	100	98/00
39,84,000	87,69,922	56,93,500	10,51,344	33,73,758	5,798	5	Deccan Sugar	131	12	131-15*34+	...	4/55
£3,140,560	£3,985,923	£19,46,203	£17,53,230	£4,11,657	£3,010	9	E.I.D. Parry	8	5	10-6*Nil+	£1	13/60
63,97,650	39,62,680	15,44,848	64,64,375	12,35,437	69,501	9	India Sugar P.	5	71	15-Nil+	10	8/00
12,45,572	1,22,66,623	18,99,861	1,51,052	5,99,416	2,090	6	Jeyapore P.	10	10	10-12*10+	10	14/25
2,87,27,773	1,23,75,000	1,23,75,000	31,53,982	20,76,426	91,745	6	K. C. P.	71	6	10-10+	10	10/60
54,20,190	68,25,707	17,54,874	7,44,531	22,50,032	13,43,312	8	Kothari	6	9	12-11*Nil+	10	6/50
7,50,000	2,19,59,178	1,75,22,685	45,76,265	30,13,247	56,800	4	Mysore	Nil	Nil	Nil-20*20+	10	22/25
30,00,000	35,93,581	11,41,000	10,12,037	4,89,902	1,46,735	6	Travancore P.	6	6	9-10+	10	4/10
1,00,00,000	1,38,91,570	1,03,73,060	1,28,28,232	53,41,998	...	3	United Breweries	6	9	9-10+	10	18/25

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	Account closed	NAMES	Dividends per cent		Paid-up per share	Latest Market Quotations as available until	
								1966	1967		23-8-71	26-7-71
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.					Ra.	Ra.	Ra.
2,31,15,668	1,96,45,010	1,13,97,169	62,02,907	71,71,658	10,357	3	Aluminium Industries	18	12	6-Nil+	10	6/40
71,03,170	67,38,199	11,05,008	6,17,579	24,62,265	15,621	12	Andhra Cement P.	10	10	10-12+	10	10/50
3,02,67,658	1,59,93,383	25,63,610	1,84,694	30,01,343	20,076	21	Ashok Leyland	10	8	8-9*9+	5	6/15
6,80,00,000	10,99,21,112	2,82,78,280	85,42,685	-1,11,38,656	-1,42,41,206	12	Biny	...	...	6-Nil+	100	63/00
7,50,000	5,45,587	56,538	41,650	93,226	-1,46,143	12	Brundon & Co.	Nil	Nil	6-10+	10	3/60
73,00,000	1,79,06,906	26,81,982	6,22,914	19,27,076	4,396	12	Enfield P.	6	Nil	6-10+	10	10/30
2,24,44,750	3,21,08,642	66,66,496	73,60,475	51,28,679	1,38,608	3	India Cement P.	9	9	9-9+	5	5/40
23,82,732	16,92,196	2,50,222	93,924	2,16,808	2,977	12	Indian Steel Rolling P.	Nil	Nil	Nil-11+	10	7/80
1,40,00,000	1,39,97,059	37,48,801	36,09,251	29,82,180	11,631	3	Mettur Chemical Industries P.	6	Nil	Nil-11+	10	12/50
24,81,220	12,69,939	10,47,778	17,48,674	8,48,641	8,514	3	Mysore Chem & Fert	Nil	Nil	Nil-11+	10	5/75
8,00,000	5,20,889	4,52,189	2,18,413	2,33,791	85,187	3	Mysore Chemical Mfga. P.	20	15	10-10+	10	10/58
6,56,250	5,13,585	9,38,696	6,374	1,23,899	3,146	3	Mysore Lamp P.	Nil	Nil	Nil-11+	10	15/00
25,00,000	55,50,342	37,12,500	2,43,664	14,29,395	36,663	3	Mysore Paper	6	7	Nil-11*10+	10	17/90
10,00,000	7,56,329	3,16,884	29,32,342	73,422	622	3	Mysore Tobacco	10	10	11-8-12+	10	16/75
20,00,000	11,42,007	11,74,500	1,32,329	21,82,347	3,92,204	6	Parry's Cont.	18	18	18-15*18+	1	2/25
40,00,000	1,05,13,334	1,26,57,980	59,59,486	24,85,127	3,92,204	6	Spencer (Provisions)	6	6	20-20+	10	29/00
47,00,000	86,53,610	20,65,000	51,902	7,85,966	3,869	12	Standard Motors P.	30	30	Nil-11+	10	6/50
11,56,300	5,95,547	14,04,007	16,66,624	4,19,707	41,732	9	T. Stanes P.	7	Nil	15-15*15+	100	14/75
39,84,400	42,58,650	13,07,759	26,027	6,92,616	932	4	Textool	121	10	8-10*15+	100	29/00
3,75,00,000	5,18,36,038	2,25,17,394	86,31,139	33,46,806	2,468	7	Tube Investments	121	10	8-10*15+	100	147/00

* 1960

† 1970

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)	Week Ended		
	13-8-71	6-8-71	14-8-70
Liabilities—			
Notes in Banking Dept. ...	25,79,70	6,07,31	44,97,68
Notes in Circulation ...	43,65,25,51	43,35,05,51	39,15,62,58
Total Notes Issued ...	43,91,05,21	43,41,12,82	39,60,60,26
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,23,42,00	2,23,42,00	3,56,42,00
Total of A ...	4,05,95,11	4,05,95,11	5,38,95,11
B. Rupee Coin ...	42,14,89	42,22,69	59,09,14
Rupee Securities ...	39,42,95,21	38,92,95,02	33,62,56,01
Total ...	43,91,05,21	43,41,12,82	39,60,60,26
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 ...	1,90,00,00	1,90,00,00	1,72,00,00
National Agricultural Credit (Stabilisation) Fund ...	39,00,00	39,00,00	37,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,35,00,00	1,35,00,00	95,00,00
Deposits—			
(a) 1. Central Govt. ...	51,73,93	51,59,56	63,75,44
2. State Govts. ...	4,21,08	6,30,70	5,46,07
(b) Banks—			
(i) Scheduled Banks ...	2,13,39,35	2,13,31,43	2,00,70,66
(ii) State Co-operative Banks ...	10,41,36	11,00,19	7,48,89
(iii) Non Scheduled State Co-operative Banks ...	81,21	81,72	70,72
(iv) Other Banks ...	30,92	30,95	21,53
(c) Others ...	1,81,81,60	1,51,05,62	1,55,49,78
Bills Payable ...	40,49,16	43,88,43	29,83,78
Other Liabilities ...	1,43,39,64	1,51,56,07	51,10,77
Total ...	11,65,58,25	11,48,84,67	9,73,77,64
Assets—			
Notes ...	25,79,70	6,07,31	44,97,68
Rupee Coin ...	2,93	1,50	11,70
Small Coin ...	3,60	3,38	4,27
Bills Purchased and Discounted:—			
(a) Internal ...	7,60,87	7,90,79	...
(b) External ...	...	...	...
(c) Govt. Treasury Bills ...	42,93,95	20,33,94	38,13,01
Balances held abroad ...	1,44,07,70	1,47,38,81	1,07,83,52
Investments ...	2,89,25,73	3,27,95,86	1,07,78,51
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ...	1,57,88,07	1,38,18,35	80,87,19
Loans and Advances to:—			
(i) Scheduled Banks ...	1,04,91,15	1,09,32,25	2,26,52,45
(ii) State Co-operative Banks ...	2,11,91,33	2,08,73,74	2,35,05,13
(iii) Others ...	3,62,14	3,60,14	1,72,30
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...	...	...	...
(a) Loans and Advances to:—			
(i) State Govts. ...	42,02,94	42,02,92	34,31,63
(ii) State Co-operative Banks ...	23,32,51	23,33,68	22,63,06
(iii) Central Land Mortgage Banks ...	...	...	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,14,98	10,14,98	9,57,02
Loans and Advances to State Co-operative Banks ...	13,71,56	13,84,79	5,22,39
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	...	...	...
the Development Bank ...	...	...	...
Other Assets ...	33,24,88	34,88,02	32,71,07
Total	11,65,58,25	11,48,84,67	9,73,77,64

SCHEDULED BANKS

(In lakh of Rupees)	Week Ended		
	13-8-71	6-8-71	14-8-70
(i) Demand Liabilities—			
(a) Demand Deposits: ...			
(1) From Banks ...	1,63,05	1,64,69	1,47,35
(2) From others ...	27,80,97	27,83,68	23,88,20
(b) Borrowing from Banks ...	51,67	40,26	50,24
(c) Others ...	1,83,08	1,90,04	1,52,79
(ii) Time Liabilities—			
(a) Time Deposits: ...			
(1) From Banks ...	1,46,10	1,49,06	1,28,60
(2) From others ...	37,09,24	36,88,68	30,69,99
(b) Borrowing from Banks ...	12,47	12,14	5,50
(c) Others ...	43,39	42,03	31,53
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	13,34	13,70	32,08
(b) Time Liabilities ...	73,72	74,35	63,98
(iv) Borrowing from Reserve Bank ...			
(v) Cash ...	3,49,16	3,52,34	4,90,65
(vi) Balances with Reserve Bank ...	1,66,18	1,67,25	1,48,35
(vii) Balances with other banks in current account ...	2,23,64	2,13,74	2,01,05
(viii) Money at call and short notice ...	74,99	74,87	60,59
(ix) Investments in Central and State Govt. Securities ...	93,89	85,18	97,29
(x) (a) Loans, Cash Credits and Overdrafts ...	14,84,30	14,83,40	13,23,18
(b) Due from banks ...	39,87,67	39,19,62	35,71,10
(xi) Inland Bills purchased and discounted ...	4,29,60	4,21,28	4,29,57
(xii) Foreign bills purchased and discounted ...	7,90,07	8,09,16	5,66,55
(xiii) Total of X, XI and XII ...	2,06,65	1,99,73	1,60,40
	54,13,99	53,49,79	47,27,62

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
1970	1601.00	1468.10
1970		
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
October	125.32	129.50
November	136.10	138.36
December	132.26	151.27
1971		
January	157.10	143.72
February	150.59	101.31
March	139.07	136.06

Source: Supplement to the monthly Statistics of Foreign Trade of India.

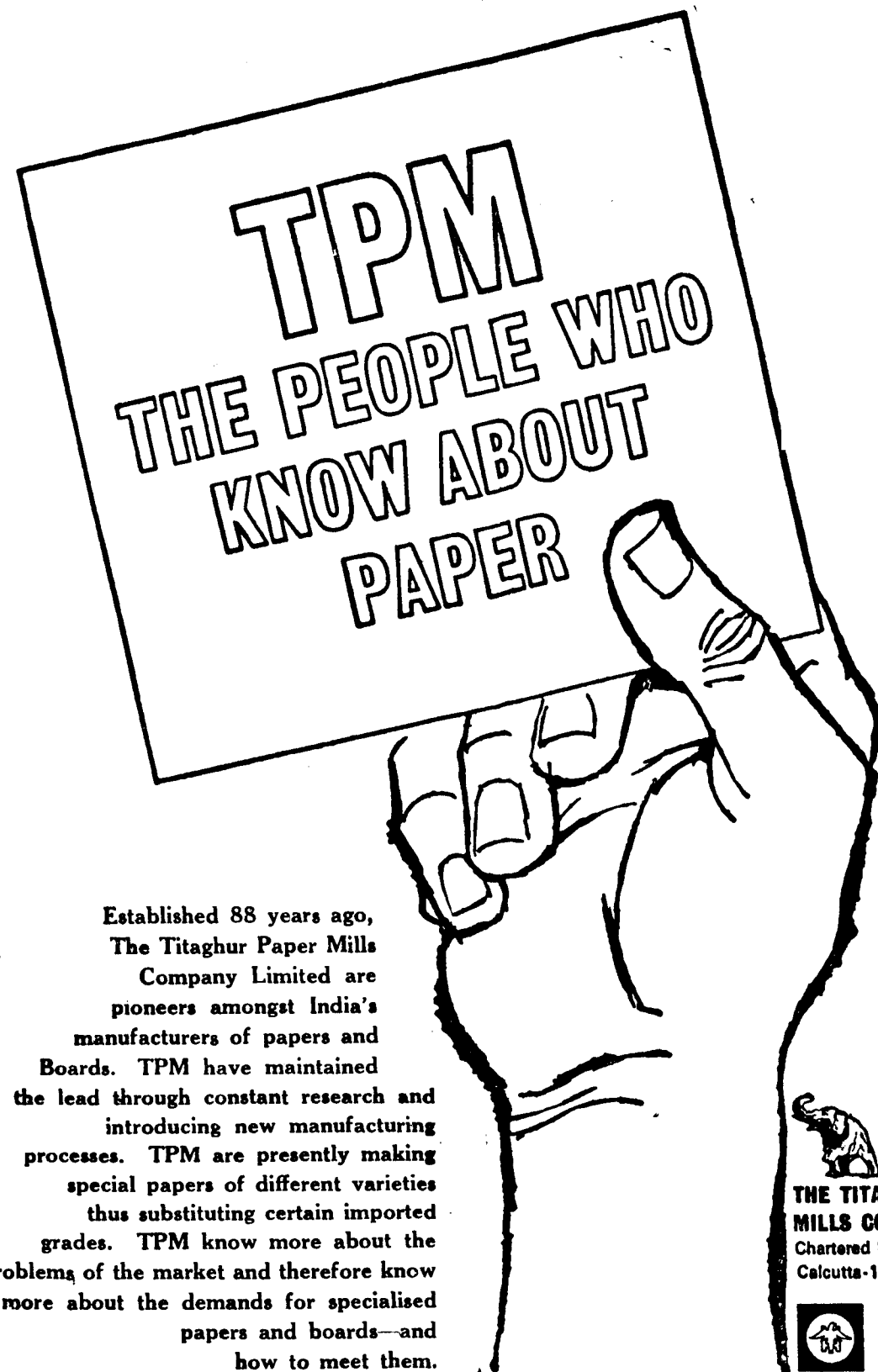
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A New Era of Protectionism ?

THE present crisis in the international monetary scene has brought to the fore the plight of the developing countries which are in no way responsible for the current quarrel among the richest nations of the world. Since the monetary and other measures taken by the U.S.A. have an impact on world trade, India has taken some steps to protect her interests. By reiterating the present I.M.F. parity of the rupee, she has made it clear that she wants the present uncertainties in exchange rates to end and that all countries should link their currencies to a fixed value of gold. Official circles have also made it clear that the developing countries should have a say in any change that may be brought about in the international monetary system. Meanwhile, after its stubborn refusal to revalue the yen despite the growing U.S. pressure, Japan has done well in joining some major countries in floating their currencies upwards against the U.S. dollar. This is undoubtedly a big step forward for a realistic realignment of international exchange rates. Although the yen has been revalued by 5 per cent to start with, it may float upwards to 9 per cent later, against the 15 per cent urged in an I.M.F. working paper. However, a major obstacle seems to have been removed for resolving the world monetary crisis through a compromise. Which is why India, like other developing nations, has welcomed the Japanese decision.

On the trade front, India's position has been explained to the U.S. Ambassador, Mr. Kenneth B. Keating, by the Central Foreign Trade Minister, Mr. L. N. Mishra. The main thrust of Mr. Mishra's arguments was that since the U.S. authorities themselves had admitted that the intention behind Mr. Nixon's measures was not to hurt the developing countries, the products exported by them should be totally exempt from the 10 per cent import surcharge.

Mr. Mishra made three points. First, the developing countries had nothing to do with the present monetary crisis and so any action the advanced world might take should not impinge on the interests of these nations. Secondly, although the U.S. import surcharge would not affect a major part of India's exports, the new levy does leave an impact on India's non-traditional exports and might thus lead to a loss in export earnings to the tune of Rs. 30 crores. India is particularly worried because it is in these items that she expects a significant growth in the coming years. The U.S. levy thus directly affects the "growth points" in India's exports to the U.S.A. Lastly, India has an adverse trade balance with the U.S.A., which amounted to nearly Rs. 222 crores in 1969-70. The new levy would, therefore, only worsen the existing trade imbalance between the two countries.

India's misgivings over the measures announced by Mr. Nixon are understandable because the U.S.A. has emerged as her largest trading partner. What the U.S.A. does, therefore, has a direct bearing on the Indian economy. Moreover, what the western group of nations—with whom also India has a sizable trade next only to the U.S.A.—may do in retaliation to the U.S. measures would also eventually affect India. It was this fear perhaps which made Mr. Mishra talk to the Ambassadors of the E.E.C. countries last week. With these countries also, India has an adverse trade balance amounting to nearly Rs. 100 crores annually in the last three years. Therefore, India wants the Community to have a closer look at her trade problems with it, particularly with a view to concluding a new commercial co-operation agreement. A memorandum in this connection has already been submitted to the E.E.C. by India, whose main features are the dismantling of the existing tariff barriers, untying of

financial assistance, technical co-operation, and adjustments in the production structures of India and the E.E.C. countries.

Although the E.E.C. and Japan have introduced the general scheme of preferences in favour of the developing countries, a trend towards protectionism is already in evidence. Both the E.E.C. and Japan have made it clear that the scheme will have to be reviewed after six months. Anticipating her entry into the European Economic Community, Britain has already declared her intention to impose a 15 per cent duty on textile imports from the beginning of next year. Now comes the U.S.A.'s 10 per cent import surcharge. All these indicate that in spite of the emergence of a sense of liberalism in world trade, particularly following the second U.N.C.T.A.D. session in New Delhi in 1968, when it comes to business, the richer nations hardly bother about the interests of the developing countries.

Discussions in the G.A.T.T. following the measures announced by Mr. Nixon also reveal the same indifference to the fate of the developing world. A working group of the G.A.T.T. is to study the legality of the U.S. import surcharge in the light of the G.A.T.T.'s own rules about fair trading practices. Reports from Geneva suggest that the agreement to form the working group was reached in the face of a strong protest by the developing countries that their interests had been overlooked. According to the Trinidad and Tobago Ambassadors, the G.A.T.T. discussions did not pay much attention to the harm the U.S. surcharge would do to the developing countries, but they had to accept the terms of reference of the G.A.T.T. working group "reluctantly." Although the working group might examine the possible effect of the surcharge on the economies of the developing countries, a suggestion that it might specifically study why the products from developing countries should not be totally exempt from the surcharge did not find place in the terms of reference.

This exclusive self-interest of the advanced nations emphasises that the developing world will have to take some concerted action. Although there might be divisions within the developing nations, it was their concerted action at the second U.N.C.T.A.D. session which led to the resolution on the generalised scheme of

preferences. A meeting of the Group of 77 is planned later this year to take stock of developments since the second U.N.C.T.A.D. and to make preparation for the next U.N.C.T.A.D. session in Chile next year. By the time the Group of 77 meets, the views of the G.A.T.T. working group and also that of the International Monetary Fund (whose annual meeting is scheduled this month) on the present monetary crisis should be known. Therefore, the group might be in a better position to assess the situation and take whatever follow-

Labour : No Consensus on Central Control

PROSPECTS of industrial peace in public undertakings in heavy and strategic industries have receded with the failure of the Central and State Governments to reach an understanding on the question of Central control of labour relations in such undertakings. The idea that the Centre should have a say in matters relating to labour in industries located in more than one State is nothing new and has been under discussion at various forums for several years. Yet, the recent conference of State Labour Ministers could not reach a consensus on this crucial issue. If anything, the majority view was not in favour of Central "encroachment". What is surprising is not the reluctance of the States to part with their powers but their anxiety to keep the Centre out as far as labour matters are concerned. It is rather strange that the Centre which has made large investments in various public-sector plants in different States should be told that labour relations in such undertakings are none of its business. It is after all the Central Government that is answerable to the public through Parliament for deficiencies in performance and losses in public undertakings due to labour troubles.

The proposal as originally made in 1964 was that the States should agree to the Central Government being made the "appropriate Government" in relation to industrial disputes concerning the steel plants. It was pointed out to the State Governments that as the steel plants—both in the public and private sectors—were located in more than one State, the handling of labour relations in these plants by different State Governments did not ensure co-ordination and uniform action; this was particularly true in relation to disputes of a general nature which affected workers in all

up action is necessary. Unless some pressure is brought to bear on the developed countries, the developing nations might lose not only the fruits of their labour in the last few years in bringing about some amount of liberalism in world trade but might be faced with bigger bottlenecks in expanding and diversifying their trade. Concerted action to apply pressure on the advanced countries should not, therefore, be delayed. India must play her cards well so that the world currency reform does not cause any setback to her exports.

the plants. Another argument advanced in favour of the proposal was that since the steel industry was of vital importance to the developing economy of the country, it was essential to maintain an optimum level of production by ensuring industrial peace in the industry.

The opposition to the proposal from the States arose out of a fear that the same arguments might be advanced in relation to other vital industries like textiles, cement, oil, sugar, chemicals and fertilisers and the Centre might gradually spread its tentacles over the entire field of industry. The States were not convinced that Central intervention was necessary for ensuring uniformity in the wage structure in any particular industry; their contention was that this could well be done by wage boards. The majority of States also took the stand that all labour disputes did not have all-India repercussions and most of them being small disputes concerning dismissal, discharge, retrenchment and suspension, the State authorities were better placed than the Centre to deal with such cases. Among the other points advanced by the States against the proposal were that most of the major labour disputes raised law and order problems. And law and order being a State subject, the States alone were competent to deal with them; while uniformity was desirable up to a point, it was essential to take note of varying local conditions and environments in enforcing the Industrial Disputes Act in any industry; above all, States were now in a position to make conciliation efforts at the secretariat or ministerial level which the Centre would not find possible to do always.

These arguments have their own validity and cannot be dismissed summarily. If the problem is looked at

merely from the legal point of view or from the point of view of what is right, then the States may even have a better case than the Centre's. But a time has come to consider it only from the point of view of what is good for industry, for labour, for the public, and for the Government that has invested crores of rupees in each project and faces criticism within and outside Parliament for the recurring losses of giant public-sector undertakings. It is not that all the State Governments are opposed to giving the Centre the powers that it has sought. The Governments of Andhra Pradesh, Assam, Gujarat and Kerala had agreed to the proposal when it was first mooted some seven years ago. The question is whether an experimental scheme of Central control of labour relations could not be introduced in the willing States, leaving the option open to others to join the scheme later. This may have a salutary effect on plants that have been suffering too long due to indecision on this crucial question. Those States that are ready to let the Centre to control labour matters in public undertakings in their jurisdiction may be asked to have the necessary legislation passed by their Assemblies transferring the power to the Centre.

After the recent rewardless labours of the two-day conference in New Delhi, it must be clear to the Central Minister for Labour, Mr. R. K. Khadilkar, that no unanimity could be reached on this issue at any time. Even the National Commission on Labour did not find it easy to prescribe a satisfactory formula for working out the idea. In its view, it was not possible to give a categorical answer to this question. The Commission felt that "whether or not in relation to any industrial dispute relating to any industry or category of industries, the Central Government should be treated as the appropriate Government for the purpose of the provisions of the Industrial Disputes Act of 1947, will depend upon several factors, some of which are imponderable in character". It was, therefore, content to say that "the solution to this difficult problem will have to be sought for in the judicious exercise of the power vested in Parliament to amend Section 2(a) of the Industrial Disputes Act".

The Commission, however, made two recommendations, of which the first has been considered not feasible by the Centre itself. It was the second

that was placed before the recent conference, and the response of most of the States was positively cold. The first recommendation of the Commission was that industrial relations in mines attached to factories and factories attached to mines should be brought under the purview of the same agency—Central or States. The Central Labour Ministry has not accepted this recommendation as, in its view, the problem is not of any appreciable magnitude; on the other hand, the recommendation, if implemented, may pose problems like different standards of service conditions in mines or factories situated in the same region which may cause discontent among workers.

The second recommendation of the Commission was that industries like oil, petroleum, fertilisers, aeronautics, iron and steel, aluminium, heavy engi-

Heading for a Tyre Famine ?

THE Government's policy on the automotive tyre industry has come home to roost. The proposal to import 60,000 tyres immediately to tide over the difficult supply situation is the latest evidence that New Delhi is looking for only a panacea, instead of trying to find out a permanent solution. The move may be construed as an effort to make the best of a bad situation. There has to be a gestation period in any case before the licensees, new or old, can raise production. And for this period, there seems to be hardly any choice but to resort to imports. But the quantity now proposed may turn out to be too little too late to meet the tyre shortage that is already upon the country. Secondly, they do not presage any permanent solution to the problem. But most importantly, there seems to be hardly much of a rationale for going for imports at a heavy foreign exchange price when within the country, there is the infrastructure, the willingness and the means to produce all the tyres needed, if not more. In fact, that a situation like the present was lurking round the corner was suspected quite some time ago by the industry. And more than once, it took up the matter of raising indigenous production with New Delhi, but without any avail. The situation in the meantime has gone from bad to worse—and the proposed imports just give no guarantee that it would not get

neering, heavy electricals and machine tools, which cut across State boundaries and were important to the economy, should be listed in a schedule to the Industrial Disputes Act, with the Central Government being empowered to transfer industrial relations in any of these to its own sphere by issuing notifications in the official gazette. This recommendation was placed before the State Labour Ministers, but their reaction was not at all favourable, even though units in all these ten industries are mostly in the public sector. It is time that a study was made of the number of labour disputes and mandays lost as a result, and the loss in production in all these industries in the last ten years or so and effective steps were taken by the State Governments to reduce the number of such disputes and improve labour relations in public undertakings in their jurisdiction.

still worse in the coming months and years. What New Delhi is trying to do now is a sort of quack-like instant medicine born out of a non-flinching aversion to diagnose and treat a problem in a realistic perspective.

Apparently, it looks like a puzzle that a country possessing the technical, managerial and capital base to raise tyre production in the shortest possible time, an adequate supply of almost all the major raw materials and a steadily rising demand for the product should not manufacture indigenously all that is needed and instead should go for imports. But the puzzle is easily resolved when one projects it against the skewed ideological obsession that goes by the name of high policy in New Delhi. Accordingly, it has been decided that the existing seven producers—which between themselves bring out 4 million tyres at a scale of production shockingly low compared with that of even an average Japanese or U.S. firm—should not get any fresh licence. Instead, letters of intent for a total of 2.4 million tyres have been equally doled out among eight new producers which have qualified for this favour, not because they have any proved talent in this line of manufacture, but because it is hoped that they can serve as a counterweight to the alleged, but illusory, cartel. The millions of tyre users in the country

will of course wish them all luck and hope that they succeed in delivering the goods. But why should the big producers be penalised for no fault of their own?

In statistical terms, the Government has a fairly good brief, though. The Planning Commission has projected a tyre demand of 7.2 million by 1973-74, or the end of the Fourth Plan. The licensed capacity of the existing manufacturers is 4.9 million. Letters of intent for another 700,000 have been issued to them. To these are to be added the newly issued letters of intent for 2.4 million. So if all the new schemes materialise, the total licensed capacity should be 8 million by the target date. And if the plants work even at 90 per cent capacity, actual production of 7.2 million will be able to meet the demand. But all this is only statistics, and not imaginative either. First, it is quite possible that some of these proposals will be still-born. Secondly, the assumption of 90 per cent capacity utilisation is on the high side. Labour troubles and power shortage have restricted production markedly during the last few months, and there are no reasons to believe that such production losses are only a temporary phenomenon. Thirdly, the projections do not leave much margin for exports, in which field some of the Indian companies have already made a headway. And finally, the demand forecasts may be rather unduly modest.

What is happening in the tyre industry is no isolated instance, however. The Government's eagerness to widen the entrepreneurial base and to clip the wings of the so-called monopolies has created similar problems in other industries too. The new licensing policy's high falutin ideas have for the time being only confounded the confusion further. The policies provide that a company which commits to export a part of its production can get certain licensing concessions. But unless it is licensed to produce something extra for exports, how can it export in the first place? The impact of this, and other, restrictions is now making itself felt in one industry after another. The situation in the tyre industry is just one illustration of how a man-made shortage is created. The proposed imports may or may not meet the demand, but the knowledge that there is a shortfall creates the most favourable condition for the unscrupulous to tinker with the prices. The tyre industry has been trying to

keep the prices under control through a sort of gentleman's agreement but how long the efforts will hold out nobody knows. In fact, it is questionable whether a policy that believes in such stop-gap arrangements and

The Crisis in Collieries

IN its long chequered history, the coal industry has shown a unique capacity for surviving crises; but now confronted with a number of problems, many collieries are either on a precarious financial perch or are threatened with closure. Industry circles are disappointed that when an adequate ploughback should be encouraged, the Bureau of Industrial Costs and Prices has rejected the demand for an upward revision of coal prices. The Economic Co-ordination Committee of the Central Cabinet has reportedly upheld the Bureau's recommendations by not subscribing to the industry's view that the railways should foot a bigger coal bill. While the Bureau's decision could be challenged on many grounds, the industry's two main complaints are that the study was undertaken at a time when the situation was not as bad as it is now and the collieries selected for study are not afflicted by many of the problems that are there.

From the point of view of mechanisation, coal mines in the country are differently placed; there are mines which are highly mechanised while many have to do with obsolete machinery and equipment. Moreover, some mines are deep, some are shallow and some are open-cast. Naturally, the cost of raising coal varies from one mine to the other. Whenever in the past price hikes were allowed, mines endowed with up-to-date machinery and equipment had mostly benefited. Perhaps what would satisfy all sections of the industry is a differential price mechanism. It would never have been suggested that the coal mines which were not viable should be amalgamated if it was not accepted that their cost of production was more than the market prices of coal. It is irrefutable that the cost of raising coal is rising steadily due to erratic power supply and a higher wage bill. The industry has not benefited much from the decontrol of prices and distribution in 1967—it has been forced to absorb an increase in costs, for its principal consumers are either essential producers or public-sector organisations.

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in finding scapegoats whenever things go wrong can be called a policy at all. Meanwhile, hundreds of thousands of tyre consumers in the country are doomed to a bleak prospect of continuing shortages.

The industry has been watching helplessly the accumulation of pit-head stocks due to the shortage of railway wagons to haul coal to the consuming centres. In the West Bengal-Bihar region, about 8 million tonnes of coal are lying to be cleared. Apart from the risk of fire involved, the staggering pit-head stocks have locked up Rs. 28 crores. It is not only the coal mines which are suffering but also tea gardens, engineering units and other industrial establishments which have been compelled to limit production due to reduced and irregular supply of fuel. There has been a steady decline in the supply of wagons from the Eastern and South Eastern Railways; as against a targeted loading of 7,000 wagons a day, average peak loading was 6,359 in 1969, 5,752 in 1970 and 5,481 wagons in the first six months of the current year. The railways have pointed to the deteriorating law and order situation in the eastern region, theft of overhead traction equipment and interference in the running of trains for the low hauling of coal. But there is also something wrong with the wagon programming, for sick wagons in the Eastern Railway constitute 9 per cent of the wagon complement of the system, compared with a normal 4 per cent. A real shortage of wagons has developed because of the lowering of capital budgets of the railways for the last three years.

The recent decision of the Railway Board to maximise coal loadings would help in clearing to some extent the heavy accumulation of stocks, provided there is full understanding of the physical limitations of the collieries in suddenly stepping up their despatches. Heaps of coal have piled up at colliery depots, in many cases at considerable distances from loading points. The movement of these stocks involves double handling and a longer lead. In order to take advantage of increased wagon offerings, it has been suggested that the Joint Director of Transportation (Coal) and the railway authorities concerned at the divisional level

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should accept indents from collieries in full. This would enable consumers who have been starved of supplies over the past nine months or so to get their entire requirements. There should also be a balanced allotment of wagons between steam and slack coals. The introduction of "operation coal" has been welcomed, but what the industry expects the railways to do is to supply wagons according to a regular programme and make up any shortfalls within a reasonable time.

In the absence of a realistic fuel policy, production targets for liquid and solid fuels have so far been determined on the basis of the requirements of different systems of transport and industries. This amounts to a policy based on needs rather than on the local availability of resources and the cost of producing different types of fuel. If the

Future of the Sterling Area

IF anyone were interested in excusing Mr. Roy Jenkins for his comment on a member of the sterling area (the Australian Government was "without exception, the toughest, roughest, most self-interested Government with which I ever had to deal"), he would, presumably, explain that the last devaluation of the pound had been an acutely embarrassing task (passed to Mr. Jenkins by the preceding Chancellor of the Exchequer, Mr. James Callaghan, who had promised not to devalue the pound), that the difficulties of restoring confidence in the pound after devaluation would have strained anyone's nerves, and that when Mr. Jenkins uttered that comment he was so elated by his enthusiasm for Europe that he was incapable of rational thinking on the sterling area question. The retort from Australia not only denied Mr. Jenkins's allegation that, in 1968 and 1969, the Australian Government had threatened "a massive, immediate, and, for us, crippling, switch of Australian sterling into gold or dollars", but also reminded the British Government that two devaluations of the pound since the second World War had caused heavy losses in the value of Australia's reserves.

It would be diplomatic to forget this embarrassing dispute, but the reminder how badly sterling had

share of liquid fuel in energy and chemicals has been rising during all these years, it is simply because the Government has not cared to know about the relative advantages of the two kinds of fuel. The perspective has now changed. The cost of crude oil imports has been rising; but the indigenous availability of coal is huge. The Regional Research Laboratories in Hyderabad and Jorhat have developed processes for the production of formed coke from non-coking coal and carbon black from coal. Many countries have already been producing synthetic oil from coal and solid fuel is being used for the setting up of petrochemical-cum-power complexes. If India goes for such complexes, it would open up new vistas for the coal industry. It is hoped that the National Fuel Policy Committee will take all these factors into consideration while making its recommendations.

functioned as a reserve currency happened to be peculiarly timely. It seemed that Britain would certainly be merged in the European Economic Community, where sterling would gradually discard its reserve function; and, because of the financial and industrial complications of the change, the idea of another devaluation of the pound was being openly discussed. Professor Nicholas Kaldor, special adviser to the Chancellor of the Exchequer in the Labour Government of which Mr. Jenkins was a member, may have exaggerated when he wrote in the *New Statesman* that "every economic expert in the country" would agree that entry into the Community would require a 15 per cent devaluation of the pound before the beginning of 1973 (the date of the intended entry), but he was certainly in good and varied company. It excludes, naturally, the present Chancellor of the Exchequer, Mr. Anthony Barber, who promised early this year that the pound would not be devalued to ease the entry into Europe, and the present Prime Minister, Mr. Edward Heath, who said recently that the pound was strong and would remain so. But a lengthening list of prophets of devaluation includes Courtaulds' chairman Lord Kearton (writing in the *Banker*), economic consultants James Morrell and Associates, stockbrokers Phillips and Drew; and the economics editor

of *The Times*, Mr. Peter Jay, although he sees "not the slightest prospect of the Government adopting such a policy" at present, has argued cogently that the pound should be devalued.

The basis of the argument for devaluing the pound, and of the expectation that it will be devalued, is that the underlying state of the U.K.'s current account is not nearly as strong as last year's surplus of more than £600 million (maintained, apparently, at a similar annual rate in the first half of this year) suggests, that nearly all of the price advantage gained by the devaluation in 1967 has been lost in the U.K.'s above-average inflation in 1970-71, that adapting to the E.E.C. will impose a heavy financial burden, and that changing the value of the pound in relation to the currencies of the present Community members will be much more difficult when Britain herself is a member, because of the Community's insistence on monetary integration. Critics have accused the British Government of omissions, evasions, even falsifications, in its celebrated (or notorious) *White Paper* on the Common Market, particularly in respect of the balance of payments. The official argument that the effects of entry on the balance of payments are "unquantifiable" is reasonable enough; but critics (such as Professor Kaldor) argue that an impartial select committee appointed to investigate the matter could, at least, clarify it; and one of their harsher accusations is that competent civil servants have already performed this task, and that their conclusions are so alarming that the Government has used "unquantifiability" as an excuse for presenting no relevant figures at all in the *White Paper*.

No one who believes that there is even an element of truth in this accusation can believe Ministers' assurances on the value of the pound. It is a "quantifiable" fact that Britain's exports have grown relatively less than other industrial countries' in 1970-71, and it is a reasonable surmise that the "healthy" balance of payments achieved in the period of severe restraint will be weakened by the recent (politically-motivated) change to a policy of growth. Current trends indicate that the payments position will be precarious before 1973, and the impact of the adjustments and additional commitments thereafter could be disastrous. It is likely that the Government is

already preparing for the occasion when it will "reluctantly recognise" that devaluation is necessary "to assure success" of the operation.

After the last devaluation, it was necessary to negotiate the Basle Agreements to keep the sterling reserve system functioning. It was Hongkong, not Australia, that initiated the idea of guaranteeing official sterling balances in terms of U.S. dollars. This year the weakening of the dollar has caused the Malaysian Finance Minister to question the value of this guarantee. No national currency is a satisfactory international reserve unit. Inside Europe, the

CURRENT COMMENT

SHIPBUILDING

Heading for a Slow-down?

Will there be a slowing in the current boom in the world's shipbuilding industry? According to the annual report of the *Lloyd's Register of Shipping* for 1970, production seems to be approaching a levelling-off stage. It appears that 1971 will form the peak of the boom which has been evident for the last decade. A close observation will be kept on the oil, bulk and containerised cargo markets for the first real signs of such a slow-down. But whether it will be a pause before a further surge forward remains to be seen. Meanwhile, there was a record rise of 21.7 million tons gross in the tonnage of world fleet during 1970. Of this increase, Japan, which continues merrily to maintain its lead, accounted for 10.5 million tons gross or 48 per cent. Leaving aside Liberia's notional lead with 14.63 per cent of the world gross tonnage of over 227 million gross tons in July 1970, Japan held first place with 11.87 per cent, followed by the U.K.'s 11.35 per cent, Norway's 8.50 per cent, the U.S.A.'s 8.11 per cent and Russia's 6.51 per cent.

The order-books of the world's shipyards at the end of 1970 stood at the huge figure of more than 78 million tons gross, representing approximately three-and-a-half years' work and leading in 1974 to a world fleet in excess of 300 million tons gross. The majority of berths in shipyards which are capable of building ships greater than 100,000 tons deadweight are virtually fully employed until

pound will be phased out of this rôle—how, and over how long a period, are other questions on which the authorities are mysteriously vague. Informed British opinion is mostly in favour of the change; and the overseas sterling area, which, in return for preferential access to the London capital market, has made big sacrifices to help Britain, can hardly feel sentimental towards a system that London, in partnership with Washington, has too often operated incompetently. Washington should take the point that a country that assumes responsibility for a reserve currency must assure its own financial health.

1974. Consequently, shipyards can be expected to show, the report notes, a greater degree of selectivity in the acceptance of orders, many of which may well contain some form of escalation clause. For India, now shopping for additional tonnage, all this has obvious significance.

I.D.A.

Credit for India

Sweden and the International Development Association (I.D.A.) are concurrently providing \$10 million on concessionary terms to assist in the construction of modern food-grain storage and handling facilities in India's wheat belt—Punjab, Haryana, Rajasthan and Uttar Pradesh. The project, when completed in three years' time, will help to reduce waste and spoilage of food-grains and relieve strain on transport. It includes provision for the training of silo personnel and for an all-India study of foodgrain storage and distribution. The project will meet part of the need for additional public storage by providing the Food Corporation of India with 300,000 tons of storage capacity. Its total estimated cost is \$15 million. The Swedish and I.D.A. credits will cover about 62 per cent of the cost. The balance is being provided by the Government of India. The project will be carried out by the F.C.I.

The I.D.A. is also providing \$39 million to finance part of the cost of completing the first phase of the Pochampad irrigation scheme on the Godavari river to irrigate initially

about 250,000 acres in Andhra Pradesh. Subsequent phases will ultimately enable 988,000 acres to be irrigated.

Meanwhile, a programme to expand the volume and range of agricultural credit to farmers in Haryana and Tamil Nadu will be carried out with the help of two credits totalling \$60 million from the I.D.A. The credits will finance investments in minor irrigation, farm mechanisation and land levelling. The value of additional production of wheat, rice, sugarcane, oilseeds and cotton seed resulting from the projects will amount to \$61 million a year at current prices.

HALDIA

Development Prospects

Speaking at a meeting of the Calcutta Trades Association held a few days ago, Mr. U. Chatterjee, Director of Industries, stated that with the commissioning of Haldia port, the economy of West Bengal was sure to undergo a tremendous change. In this context, he said that the industrial prospects of Haldia depended mainly on the port, refinery and the fertiliser projects. To this should be added the petrochemical complex. All these are big projects involving huge investments. The industrial tempo generated through the implementation of these projects would go a long way in injecting a new life to the declining industrial economy of the State. As for the prospects of small industries in the set-up of the Haldia complex, Mr. Chatterjee explained that at present there was hardly any possibility of their being fitted in except for the building materials industry. He, however, hoped that in the near future the Haldia complex would open up new vistas for a wide range of small-scale industries. Mr. N. K. Jalan, president of the Association, urged the Government to set up a shipbuilding industry in Haldia which, apart from narrowing the gap in India's shipping tonnage, would result in feeding the engineering units with supply orders.

WEST BENGAL

New Company Registrations

According to the Registrar of Companies, West Bengal, 15 companies were registered in June 1971, in the State. Thirteen of them were private limited companies with a total author-

ised capital of Rs. 1.20 crores. Of the remaining two, one was a public limited company with a total authorised capital of Rs. 5 lakhs and the other a guarantee company.

PLANTATION

Nationalisation Threat

Addressing the eighteenth annual conference of the Planters' Association of Tamil Nadu a few days ago, Mr. K. J. Tanna, chairman, said that the principle behind the threat to nationalise foreign-owned plantations in Kerala was "causing us great concern, although we are not directly affected by this proposal". The rôle of plantations in the Indian economy was so crucial that Governments could afford to tamper with them only at a great cost to the entire economy. The temptation to nationalise would be greater after the proposed constitutional amendments which would give a handle to the State to acquire private property for a public purpose by paying a notional value. But whether such a move was in the public interest was a question which the Government would have to meet squarely and honestly. In an industry like the plantation, facing worldwide competition, productive efficiency must be the guiding factor. He felt that the chances of a public undertaking failing in planting were greater than the chances of success.

DRUGS

Deterrents to Research

The price control measures enforced by the Government, the restrictions on expansion of capacity under the industrial licensing policy and the Monopolies Act, and the recently passed Patents Act are deterrents to research in the pharmaceutical industry, according to the Organisation of Pharmaceutical Producers of India (O.P.P.I.). In a memorandum recently submitted to the Planning Commission and the Committee on Science and Technology (C.O.S.T.), the organisation says that pharmaceutical research is an extremely expensive operation and also very time-consuming. A minimum critical-sized research operation capable of screening between 2,000 and 2,500 compounds in the course of about three years involves a minimum initial capital investment of Rs. 2 crores and an annual recurring expenditure of Rs. 30 lakhs to Rs. 40 lakhs. The dis-

covery of a single new drug, on an average, requires the screening of 3,000 to 4,000 new substances or compounds and the carrying out of 30,000 to 40,000 biological tests. Each successful product involves research work costing anything from Rs. 3 crores to Rs. 5 crores and the period to develop it ranges from five to seven years.

The O.P.P.I. has accordingly suggested that price control measures should be liberalised, restrictions on the expansion of capacity under the industrial licensing policy and the Monopolies and Restrictive Trade Practices Act should be liberalised to encourage establishment of research and development facilities. There should be sufficient guarantee that licences and foreign exchange are readily issued wherever production is based on the processes developed through research and development efforts of the firm or company and profits derived from commercial exploitation of research should be allowed a tax holiday for the first five years, among other things.

AUTO DEALERS

Higher Margin Needed

Addressing the annual general meeting of the Federation of Automobile Dealers Association in Hyderabad a few days ago, Mr. K. N. Talwar, president, said that the recommendations of the Car Prices Enquiry Commission, appointed by the Government at the instance of the Supreme Court to fix the prices of passenger cars, including the dealer margin, had not come up to the dealers' expectations. Without seriously considering the dealers' legitimate demand for conceding a 10 per cent margin on the net price of passenger cars, the commission recommended only a paltry increase just to round up the existing lump sums which had no bearing whatsoever on the increased investments involved. The commission failed to consider the question of a fair return on capital employed as it did in the case of manufacturers to allow them the margin. Beyond examining a few stray balance sheets, the commission did not consider whether a fair return to the shareholder was ensured. The second recommendation of the Commission that manufacturer should discontinue charging the dealers advertisement or service charges, even if implemented, would not significantly increase the return to the dealer. As for the third

recommendation on dealers' warranty labour costs, he only hoped that the car manufacturers would agree to implement this and settle their claims expeditiously.

I.D.B.I.

New Branches

Two new branch offices of the Industrial Development Bank of India (I.D.B.I.) have recently been opened in Kanpur and Hyderabad. The Kanpur office will develop closer operational links and maintain liaison with the Central and State Government agencies, the State Financial Corporation, banks, and other regional financial and development institutions/bodies connected with the growth of industries, particularly in the medium and small-scale sectors, in Uttar Pradesh. I.D.B.I. had recently organised a seminar on industrial workshop in Hyderabad to explore avenues for the State-level financial institutions to play a more active rôle in accelerating Andhra's industrial development. The outcome of the seminar was the formation of a co-ordination group of the State-level financial institutions and the all-India term-financing institutions to take co-ordinated action for project identification in the State and to form a nucleus of consultancy personnel and a joint technical consultancy centre for this purpose.

FAKE CURRENCY

Circulation Report Denied

The Central Minister for Revenue and Expenditure, Mr. K. R. Ganesh, made a statement in the Lok Sabha a few days ago in reply to a calling attention notice about the reported fake currency notes of various denominations worth several crores of rupees having been clandestinely put into circulation. The Minister said that the report was baseless. He regretted that such unverified statements should have been circulated which had the effect of undermining the confidence of the people in the currency of the country. The statements made about an unauthorised currency circulating alongside the official currency of the country were baseless and without foundation, Mr. Ganesh emphatically stated. The bogey of a parallel currency seemed to have been imagined out of the reports that had appeared from time

to time of people having come across two or more notes of the same denomination bearing identical numbers. In all the cases where the notes were available for examination, it was found that the numbers had been forged on genuine notes. There was reason to believe that this was the work of tricksters who wanted to impress their victims with their so-called powers. Such instances of falsification, however, were few and far between and in any case, the duplication was from within the genuine notes in circulation.

I.M.F.

Buying South African Gold

The International Monetary Fund bought the equivalent of \$70 million in gold from South Africa in two transactions in June 1971, in accordance with arrangements announced in December 1969. These were the first Fund purchases of gold from South Africa since January this year, and brought the total amount of gold thus

purchased under the 1969 arrangements to the equivalent of \$742.30 million. In May the Fund distributed \$22.7 million equivalent in gold, S.D.R. 14.7 million and \$15,912 equivalent of national currencies to 39 members, in remuneration payments totalling the equivalent of \$37.4 million. This remuneration was based on the size of these countries' credit positions with the Fund, and was paid at the rate of 1.5 per cent a year on the amount by which 75 per cent of a member's quota exceeded the average of the Fund's holdings of the member's currency for the year ended 30th April, 1971.

Net drawings outstanding rose to the equivalent of \$3,904.7 million in June from \$3,756.1 million in May, largely reflecting a purchase of \$100 million equivalent of Netherlands guilders and \$150 million equivalent of Belgian francs by the United States. These purchases raised the Fund's holdings of U.S. dollars to 78.7 per cent of the U.S. quota of \$6,700 million, the first time that Fund holdings of

U.S. dollars have exceeded the 75 per cent currency subscription level since November 1968. The U.S. purchases reduced Fund holdings of Netherlands and Belgian currencies to 23 per cent and 18 per cent of the respective quotas. Other transactions involving the United States were reflected in figures for holdings of special drawing rights for the end of May, published in the Fund's monthly bulletin *International Financial Statistics*. At the end of May, the United States was the largest net user of S.D.R.s to a total of S.D.R. 337.1 million. During May, the U.S. transferred S.D.R. 55 million to Belgium and S.D.R. 150 million to the Netherlands in return for dollars held by these two countries. This raised total net S.D.R. receipts of the two countries to S.D.R. 215 million and S.D.R. 307.7 million, respectively. At the end of May, Belgium's S.D.R. holdings were 253 per cent of its total allocation and those of the Netherlands were 290 per cent of its total allocation. Under the Fund's Articles of Agreement, a country participating in the Special Drawing Account is not obliged to accept S.D.R.s beyond the amount when its holdings of S.D.R.s are three times its "net cumulative allocation". This net cumulative allocation means the total of all S.D.R.s allocated to a participant minus the participant's share of any S.D.R.s cancelled by the Fund.

MONEY MARKET

Call Rate Steady

The short-term money market has been steady this past week, and the call rate has been maintained at 4½ per cent, with borrowers over. There has been a fair supply of tea bills while the supply of gunny bills has been somewhat better. The demand for remittances has been nominal. The pound-sterling has strengthened against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 20th August, 1971, shows a drop of Rs. 14.21 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 199.18 crores, compared with the previous week. Their borrowings from banks have increased by Rs. 25.76 crores to Rs. 130.67 crores, of which advances against usance bills have amounted to Rs. 86.41 crores, against Rs. 74.91 crores. Balances held abroad by the Reserve Bank in the Banking Department show a rise of Rs. 3.28 crores to Rs. 147.36 crores.

A Ditcher's Diary

I WONDER WHAT MR. CHOU EN-LAI meant when he said that China would do everything "for the sake of liberating the Indian sub-continent and the Indian Ocean from control by the two super-Powers". Is there going to be an attempt to introduce Chinese control? Perhaps Mr. Chou wants to liberate us and leave us free. But the offer had better be declined. The kind of freedom Peking wishes to win for us may not be what our unrevolutionary souls are yearning for. It could be that Mr. Chou was not announcing any specific plan of action, but merely expressing his opposition to American and Russian influence in this sub-continent. "Asia for Asians" could be a catchy theme. This may or may not mean "Asia for the Chinese"; but Peking probably regards itself as the potential focus of authority in an Asia freed from American and Russian domination. In plainer words, it is a question of spheres of influence, with China suggesting what it can claim on grounds of proximity. Medium Powers like India can have no reason to look forward to such arrangements; and surely Mr. Chou's declaration cannot be the basis of a Sino-Indian dialogue. But if Peking is interested in talks, the astute Mr. Chou can be trusted to explain away any disturbing implications of his liberation objectives. In fact, his statement could even be interpreted as a sign that the Chinese are anxious to counter American and Russian influence in this sub-continent by

strengthening their own ties with India and Pakistan; he has said nothing of supporting "liberation movements" launched from within these countries. Perhaps New Delhi already has some idea of Chinese thinking from the Indian Charge d'Affaires in Peking now called home for consultations. Reports that Mr. D. P. Dhar recently made a secret trip to Peking are now believed to be unfounded; but I shall not be surprised if some diplomatic initiative is taken soon. Clearly the Chinese want the initiative to come from India; and the Chinese response may not be totally discouraging. But it would be unrealistic to expect dramatic results. To use an over-worked phrase, China is keeping its options open; and it may not be a bad idea for New Delhi to let the Chinese know that, in spite of the Indo-Soviet treaty, India has not closed her international options either. The ping-pong invitation from Peking may not mean much; but it could be a small beginning if India responded with some reciprocal gesture. I want no revival of the "bhai-bhai" business; but an adult understanding would be entirely in order.

FROM ALL ACCOUNTS IT WAS A pitiful sight during the recent dollar crisis to see the long queues of disconsolate American tourists in all the major European cities trying to cash their travellers' cheques at the vari-

ous exchange banks. Not all of these were prepared to do business at all, and most of those that were rationed customers to just a few dollars at quite outrageous discounts in the local currencies. In London, the exchange bureau of the American Express continued offering the normal rate against sterling throughout the first day of business following President Nixon's announcement, and did an all-time record trade as a result. But later it too fell into line, although still offering a better bargain than obtainable at most British banks, hotels and restaurants. Among the more deplorable aspects of the whole affair was the obvious satisfaction shown by many of the host countries' nationals. Apparently life has few compensations for some people to compare with the spectacle of American tourists humbly offering their dollars virtually for what they can fetch. Truly money can bring out the worst in human nature. Ever since the second World War, the European countries have gone out of their way to attract visiting Americans while at the same time resenting the power of their currency. If this crisis changes all that, then it will certainly have done some good. It could change much else too, of course, because the tourist flood, encouraged both by jumbo-jet aircraft and an overvalued dollar, was already becoming a serious embarrassment in some European cities. London, for instance, was actively considering measures to discourage the invasion—other than the atrocious weather, the appalling service and the astronomical prices, one must assume. In the past few years, it is believed to have

TRAFFIC CONGESTION IN CALCUTTA

A CORRESPONDENT writes in Current Coin: The question of how to deal with the vehicular traffic in the busy business quarter of the city along with the regulation of a safe speed for office gharries and motor-cars and other horse carriages has again come up for consideration, and the Commissioner of Police is making an honest attempt to deal with a hard situation. At the Royal Exchange hour between 1 and 2 o'clock there is not nearly enough room to park the gharries of the brokers so as not to interrupt the ordinary traffic, and the consequence is a dense solid mass of gharries standing on both sides of Clive Street and up New China Bazaar Street, all in the neighbourhood of the Royal Exchange, throttling traffic, and endangering life and limb when a motor-car comes along or some impetuous Jehu of a driver of an office jaun tears along at full speed. The brokers will have nothing other than fast trotting horses for their gharries and of course the drivers try to please

their masters by getting over the ground as fast as possible. And when the present furious driving amidst the congestion alluded to is aggravated by the half of the streets being continually under repairs or being opened for the laying of pipes or cables, the whole thing becomes confusion worse confounded. In Canning Street, for instance, during the busy part of the day, the place is in a dense sweltering mess with lots of bullock-hackeries inextricably mixed up with other gharries going up and down the street trying to get past each other with difficulty, with a native parawallah or two looking in and at their wits' end how to deal with the situation. The European constables round the Exchange do their level best to regulate the traffic, and their presence has made a wonderful improvement of late, but they do not as yet always get that prompt obedience from some of the drivers which a London policeman gets on the mere holding up of his index finger.

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boosted land values and consumer prices, strained passenger transport and other services, and generally disrupted life out of all proportion to the foreign exchange it has brought in. So altogether the dollar crisis could serve to remind the world that environmental pollution is not the monopoly of manufacturing industry, but can be a feature of tourism as well.

WHEN I WROTE LAST WEEK ABOUT the controversy over the import of foreign films, I did not expect the local celluloid world so soon to be convulsed by another, and in a sense more serious, controversy. The statement by Mr. S. L. Jalan, president of the Eastern India Motion Pictures Association, suggesting that the Tollygunge studios were on the point of being closed down came as a shock not merely to people in the film industry but also to the general public. It had long been known that all was not well with the industry; the recent fall in earnings due to unsettled conditions in Calcutta and the districts had also been talked about; and it had been no secret that conditions within the studios themselves had lately become a little unnerving. But none of this quite explained Mr. Jalan's bombshell; surely it was absurd to give barely a week's notice of intended closure. And was Mr. Jalan competent to speak on behalf of the studio-owners? Perhaps his statement was meant more to put pressure on the Government than to serve as final notice. I do not entirely blame the industry for adopting these tactics when repeated pleas have failed to stir the authorities into any kind of remedial action. The grant of licences for the opening of new cinemas would be a perfectly desirable step. Financial assistance—both for immediate recovery and for long-term growth—may also be justifiable, although some of the directors, artistes and technicians may doubt whether this assistance should go to the E.I.M.P.A. Several reports on the industry's needs have been submitted to the State Government; it is not even known if they have been studied in Writers' Buildings. The Government may not have a lot of money to spare for art or entertainment; but it does waste a fair amount on stupid ventures in the name of both. Incidentally, it would be interesting to find out what the Government has done with the money it made from Satyajit Ray's *Pather Panchali*. I do agree, however, that the industry cannot expect to sustain

itself permanently with official help; it must develop its own viability. I do not want it to turn out one masterpiece after another; but its failure to be commercially competitive is inexcusable. What the Bengali film industry needs most at the moment is professional competence, even if good enough for nothing higher than popular entertainment. And there is a clear case for cutting costs, particularly when the market is so small. Bombay may afford to pay Rs. 15 lakhs or more to a single "star"; but even a lakh is far too much to pay one in a Bengali film. I would fully support a strict limit, and not because I am not paid for my labours in comparable terms.

OUR NEW TREATY WITH THE Russians seems to have caused surprisingly little reaction abroad. My careful perusal of foreign newspapers was largely wasted, which fact suggests to me one of two things. Either this country is not important enough for anybody to care whom we align ourselves with, which is inconceivable. Or the news had been expected for so long that the announcement came as an anti-climax. I suspect the latter explanation is the most nearly correct one. And what interpretations have been put on the affair? Here again the response was muted. *The Times* published a leading article full of tolerant sadness, or so it seemed to me reading between the lines. Other foreign newspapers that bothered to comment at all seemed obsessed with the fact that because we have a serious problem on our hands with East Bengal and its refugees, some political move of the sort was only to

be expected. This seems to me a triumph for our diplomacy, because it so completely misses the point that the treaty is the culmination of events going back well before the flare-up in Pakistan. But if on the whole foreign newspapers have lacked interest in our new alignment, I cannot say the same for those western friends of India I have been talking to recently. There are few among them who do not deplore that we should have shifted our allegiance to the intolerant, authoritarian communist world when all our traditions, our philosophy and political heritage incline us to the more liberal West. These observers seem to feel we have been less than fair to ourselves in what we have done, particularly when, or so they say, it was quite unnecessary to our security. Are we not perfectly capable of protecting ourselves against our obvious enemy, especially one now so economically weakened and internationally isolated? What these people are really pointing out is that we have surrendered any freedom we once had in international affairs; from now on every move we make will be judged on the criterion whether or not it furthers the interests of Moscow. They feel we ought to have learned more from the example of the U.A.R., a country which can now not even claim her legitimate territorial rights without risking a world war.

I SHARE THE DISAPPOINTMENT caused by the M.C.C.'s statement announcing the cancellation of England's 1971-72 cricket tour of India. Few will accept the plea that the need for giving "leading England

players a break from time to time" was the decisive consideration. The M.C.C. may want some time to re-organise the England team; but this could be accomplished before the coming winter. Obviously, the M.C.C. does not want to offend Pakistan by touring India at a time when no cricket is possible in Dacca. This is perhaps understandable; but this is hardly a good enough reason to opt out of a specific commitment. The feeling of being "let down", to quote a phrase used by one of the British commentators, is particularly acute after India's heady success in England. Yet it is just as well that there is no possibility of the glory being dimmed within a few months; after all, no one can be certain that the performance would have been repeated on home ground. After last week's jubilation, a cooler evaluation of the Indian side's capability is clearly in order. Admittedly, there has been a marked improvement; but the nearly total reliance on spin cannot be always expected to be productive. In any case, there was something rather naive about last week's extravagance of spirit. And there was an unmistakable element of pride unconnected with sport; people who seem not to know a bat from a ball were suddenly holding forth on the prowess of Indian cricketers. Some of the newspaper headlines were wild; thank God, the M.C.C.'s decision to postpone the India tour has not been described as betrayal by "Perfidious Albion". Rejoicing is perfectly natural; but an excess may suggest an inferiority complex. Let's say it has been a jolly good show and start preparing for the next.

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MANAGEMENT

Changing an Office System : Need for Periodical Review

By B. Bhowmik

In changing the system of work in an office, it is necessary to follow a stage-by-stage programme with the stress on periodical review. The fact is that the more the staff comes to regard the new scheme as its own, the better it is likely to work.

ENGROSSED in the ramifications of paper-work, employees in an office often fail to appreciate fully the significance of a well-knit, integrated procedure and a broad system-approach for the organisation as a whole. Not unusually, their approach towards any change, more so when it is brought about by an outside agency, is not very enthusiastic. On the other hand, alterations in office-systems or introduction of new ones inevitably call for extra effort and initiative on the part of the staff. The right attitude and the active co-operation of the personnel affected have thus a great bearing on the smooth operation and ultimate success of the new system. This may seem trite, but very often these human aspects receive little attention. Consequently the attitude of the staff is often at best critical, disinterested and passive; and at worst, resistant to any change. Parkinson's Law of Triviality comes into play here; the communication and the preliminary spade-work on any change in office-systems tend to be in inverse proportion to the impact brought by the change and the money involved.

Changing a System

Before embarking upon a programme for changing an existing system, management must set the objectives, determine the information they "need" (not "want") and the time-schedule for the same. It has then to proceed with an open mind, that is, without any bias against whatever is existing, nor with any preconceived notion that a particular system and/or equipment would be essential to achieve the objectives. The changes may then

be programmed carefully, stage by stage, under the following headings:

Investigation: The systems officer or whosoever is deputed to carry out the investigation should first examine the existing procedure. This will help him in getting an intelligible picture of the practical problems. A close study of the day-to-day clerical operations, existing statements, forms, etcetera, may reveal that an apparently useless part of one's work is essential to other members of the staff, that some of the information are wasteful and/or redundant, that a few forms can be integrated, that some statements are being produced all the time only because it might be wanted some time by somebody. All these findings are to be recorded for a subsequent detailed and comprehensive study in a proper perspective.

The work of investigation may well be the most onerous and tedious in the entire programme, but it forms the foundation for the success of the new system to be evolved. The principal problem of clerical work is that it deals with information, and "information is of no value unless it leads to action—including of course deliberate inaction". Now, who is to say whether a particular statement or a certain information is necessary or not? The systems officer has a very difficult job in probing the purpose of long-existing statements, form-designs, etcetera. Still he has to do so, because he is not merely to find a better method of presentation or a quicker one on the punched-card system, but to suggest a new style of office management itself.

Planning and Development

Planning and development: At this stage, the investigating officer, having made his enquiries, will have some conception of what is required to effect improvements and to achieve the new objectives. He has also recorded the views of persons experienced in the job and their suggestions, and formed his own impres-

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sion. All these should be reviewed, rearranged and simplified until the framework of a new procedure can be constructed. Form-designs, flow-charts, operational instructions, etcetera, are also to be prepared at this stage. These may better be done through joint discussions, to certain extent, with the departments concerned. The more the staff comes to regard the scheme as its own, the better it is likely to work. But the right objective must be preserved and the investigating officer must strictly adhere to the terms of reference.

Installation: It is not uncommon to trigger off the scheme abruptly without proper preparations, although months or even years might have been spent on the consideration of the same. Most of the systems disasters, including those regarding computers, have come because of misinterpretation and/or miscalculation of how fast a change could be effected. It is but an invitation to chaos and even to catastrophe to expect the change to take place instantaneously when one is dealing with people, no matter how good the idea is.

Training the Personnel

The training of the personnel in the new approach, and in some cases for new equipment, is to be arranged first. Necessary operating instructions may be issued to study the requirements initially and to refer back for guidance subsequently. A period should be allowed between the issue of instructions and their implementation, so that everyone concerned may become familiar with the new approach and settle any outstanding points that may arise. The actual change-over may be effected in three ways, viz, direct change-over, parallel change-over and pilot operation. Whatever way may be adopted, a little patience at this stage will avert many of the initial difficulties, often dismissed as teething troubles.

Follow-up and maintenance: After the system has been in use long enough to settle down, it should be reviewed to see how it is living up to the expectations and the requirements, and whether adjustments or modifications are necessary. Apart from this first review, checks should also be made at regular intervals so as to keep pace with the changing circumstances. In some cases, this may, in due course, make an old procedure fade away and disappear into an altogether new one.

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SPECIAL ARTICLES

West Bengal : Need for a New Body to Promote Industrial Growth

(BY A SPECIAL CORRESPONDENT)

It is generally complained that the West Bengal Industrial Development Corporation is not adequately equipped to play its rôle well. The Government ought to reorganise it thoroughly or, alternatively, set up a new body which can effectively promote the State's industrial growth.

THE Government of West Bengal is understood to be considering creating a new machinery to speed up the State's industrial development. Recently, some leading chambers of commerce have stressed the need for such a machinery. Their main point has been that the West Bengal Industrial Development Corporation is not adequately equipped to play a dynamic rôle. Its resources are limited and its functions are also not sufficiently diversified. The paid-up capital of the West Bengal Industrial Development Corporation is Rs. 91 lakhs. But the paid-up capital of similar organisations in other States is far more substantial, being Rs. 1,712 lakhs in Maharashtra, Rs. 1,139 lakhs in Orissa, Rs. 437 lakhs in Tamil Nadu, Rs. 415 lakhs in Kerala, Rs. 362 lakhs in Andhra Pradesh and Rs. 178 lakhs in Bihar.

In many other States the Industrial Development Corporations (or similar organisations) are able to provide a variety of services to the entrepreneurs to set up new industries. For example, the State Industrial and Investment Corporation of Maharashtra (S.I.C.O.M.) not merely provides financial assistance in many ways but also prepares feasibility reports for entrepreneurs on new projects, locates suitable areas for setting up factories, secures letters of intent and licences, offers legal and technical advice, and also undertakes imaginative publicity both in Maharashtra and other States with a view to attracting investors. But in West Bengal there is no official machinery which provides such types of assistance to entrepreneurs.

It is, therefore, felt that the West Bengal Industrial Development Corporation should be reorganised by providing it with more funds and by equipping it to undertake various activities like identifying industries with growth prospects, participating in the share capital or underwriting their shares, guaranteeing loans and deferred payment, and preparing feasibility studies. If, however, it is not possible to reorganise the West Bengal Industrial Development Corporation on these lines, it is suggested that a new body be established which should be able to promote vigorously the industrial development of the State.

But even if the West Bengal Industrial Development Corporation is enlarged with more funds and functions, or if a new organisation is formed, how far will it help to give a big boost to the State's industrial development? It is worth recalling that undivided Bengal attracted entrepreneurs not only from all over India but even from abroad when no one offered or asked for any incentives or concessions. What drew the investors here was the availability of cheap and hard-working labour, abundance of raw materials, a great port, and a vast market. In the last few years, however, West Bengal has become less attractive mainly because of non-economic factors.

It remains to be seen to what extent President's rule will help to create a climate conducive to rapid industrial development. It is generally assumed that until the law and order situation radically improves and there is some possibility of political stability, new investment may not be forthcoming in a big way. But this does not surely mean that either the Centre or the State Government can afford to follow a policy of drift and indifference to the development of West Bengal. The Centre itself can do much to stimulate industrial growth by stepping up its investment in the State. Many proposals in this regard are already before the Government and what is wanted is early, energetic, and co-ordinated action.

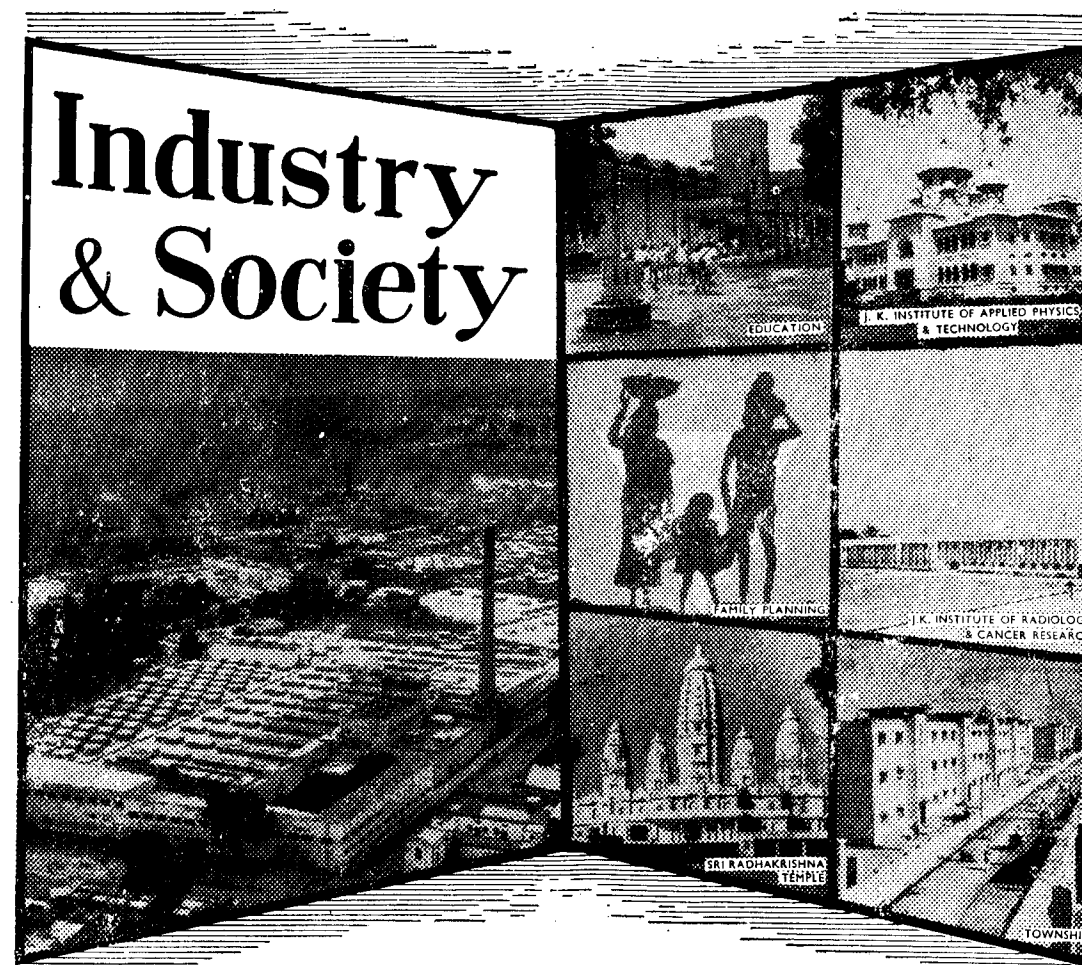
The chambers of commerce in Calcutta have been demanding relaxation of the rigours of industrial licensing and monopolies legislation so that the large industrial houses will be free to expand or set up new units in West

Bengal. It is a pity that New Delhi is reluctant to do so mainly on ideological grounds. The Government of India would do well to ascertain how many large industrial houses will be prepared to invest in West Bengal and what will be the approximate number of new jobs that this will create if it agrees to remove the licensing restrictions. If the response is reasonably encouraging, the Government should act boldly, irrespective of the legal or political hurdles that stand in the way. The stagnation in West Bengal's economy has been persistent and prolonged and it can be broken only if New Delhi is prepared to show political courage and economic statesmanship.

Problems relating to the location of growth centres, identification of industries with good prospects, preparing feasibility studies, and even finding money for projects are relatively easy to tackle. The entrepreneurs are shrewd and resourceful enough to handle these problems themselves, although an official machinery for such purposes may be of some help. As for obtaining letters of intent and licences, the entrepreneurs, surely, are aware of the know-how. In many cases, they can get quicker results from New Delhi than what a machinery of the State Government can do. What West Bengal lacks is the psychological and physical infrastructure.

From time to time, spokesmen of the Government of India have been saying that the problems of West Bengal will be given special attention. But there is little evidence of this assurance being translated into practice. Both traditional industries like jute and tea and non-traditional ones like engineering, chemicals and allied products continue to face severe handicaps of one type or another. Despite the nationalisation of the major commercial banks and the existence of many financial institutions under official auspices, industries in the State are unable to get timely and adequate financial assistance. There are, besides, other difficulties arising from the interruption of electricity and its high cost, and the lack of transport facilities.

Above all, the labour situation in West Bengal is not quite helpful. It is unfortunate enough that the multiplicity of trade unions, their domination by political parties, and rivalries among different unions are preventing industries from achieving a high level of production and productivity. What is even more regrettable is that the Government itself almost



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always takes a pro-labour attitude in all industrial disputes. The Government's sympathy for labour is understandable. But this sympathy should not be carried to the extent of condoning the defiance of laws by workers or placing excessive financial burden on industries. The Labour Department of the West Bengal Government should function in such a way as to inspire confidence not only among workers but also the employers. It is only by maintaining harmony in industrial relations that West Bengal

Should the Sugar Industry be Nationalised ?

By P. K. Bhargava

The Uttar Pradesh Government has decided to take over some sick sugar mills. But there appears to be no sound economic justification for the move.

EVEN after four decades of technical and agricultural extension work, the sugar industry has been facing various problems, the most immediate of which is the threat of nationalisation. The country is far from entering an era of "sweet revolution" despite the fact that, in 1969-70, there was a record production of sugar. This resulted in a glut and brought bitterness to the industry. This is because whereas in the past the industry has thrived on low production and high prices, now it is facing a high production-low price situation.

Assuming that the industry is nationalised, a compensation of the order of Rs. 60 crores to Rs. 100 crores would have to be paid to the mill owners. This will put a strain on the resources of the Government. What is more, this amount could easily be utilised either for renovating and modernising the plants or for other investments. Another problem will be the management of the nationalised mills. Already the State-sector projects are suffering from a variety of management difficulties and the take-over of the sugar mills will only add to them.

The Government of Uttar Pradesh has decided to take over 12 "sick" sugar mills at a compensation of over Rs. 3.2 crores. The Government may have to impose fresh taxes equal to this amount. But this

can take a big leap forward in industrial development.

The impediments mentioned above do not, of course, rule out the need for a radical reorganisation of the West Bengal Industrial Development Corporation or the formation of a new body to give a powerful stimulus to industrial expansion. What is sought to be emphasised is the need to approach the problem of development in an integrated manner so that the results can be swift and substantial.

would not be justifiable because the taxpayer expects the best utilisation of the amount he hands over to the Government. Besides, it is not based on any rational and sound economic considerations as subsidising of old and uneconomic units is anti-labour, anti-consumer, anti-growth and, in the ultimate analysis, it is against the broader national interest. If the Government thinks that by this move it can emerge as a champion of labour or of the cane-growers, it has got its priorities wrong. In fact, it will have to spend many more crores of rupees in trying to resuscitate these mills or even just to keep them going.

It is not understandable why the sugar industry should be nationalised in Uttar Pradesh alone? In fact, it involves a bigger question; would it be desirable to nationalise an all-India industry in a single State? If Uttar Pradesh can nationalise sugar, then Kerala will nationalise tea, West Bengal jute, Mysore coffee, Gujarat cotton, Andhra Pradesh tobacco, Bihar coal, and so on. This would go against the spirit or the concept of national planning. Assuming that the industry is having a poor performance in Uttar Pradesh alone—which is not true—there is no sound economic justification for its nationalisation because there are other remedies available for rectifying uneconomic working and mismanagement. The finances of the Uttar Pradesh Government have been in a bad shape for quite some time. In fact, it is one of the poorest States in the country. In such a situation, every rupee should be spent carefully and wisely. If the Government was keen to do good to the people, it could have

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invested the amount to be paid as compensation in some other profitable venture. Instead, the people will have to pay additional taxes for the Government's economic folly.

The sugar industry has been facing a great hardship because of high cost of production and low price of sugar. The industry should try to improve its working. But to help it in tackling the problem in the immediate future, the Government should reduce the existing excise duty on levy sugar and free sugar to a uniform 15 per cent. In the total cost of production of sugar, the tax element is reported to be as high as 36 per cent. When the excise duty on sugar was first imposed, in 1934, it was Rs. 2.60 a quintal. Since then there had been a progressive increase in the duty. But it has now become essential to reduce it. This will have a favourable impact on the cost of production of sugar and will enable the mills to sell sugar at lower prices. This would also increase the consumption of a nutritive commodity and improve the health of the people.

It has been confirmed by pilot plant experiments carried out by the National Sugar Institute, Kanpur, in collaboration with the sugar factories in Haryana, Punjab and Rajasthan that beet sugar can be produced more cheaply than cane sugar in the north-western region of the country. The sugar mills should adopt the "diffusion method" as suggested by N.S.I., whereby both cane and beet could be processed in the same plant. The cost of production of cane-cum-beet sugar is lower by Rs. 8 a quintal as compared with pure cane sugar. It is good that the "diffusers" which had formerly to be imported from Denmark are now being produced locally.

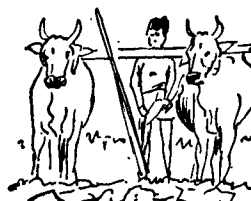
Secondly, the Government should procure 70 per cent of the sugar output, build up buffer stocks and make credit available to the mill owners on easy terms. As part of the buffer stock operation, the Government can release sugar to the market depending on the demand and supply conditions. This will help regulate the price of sugar. At present, the price of open market sugar is less than the control price. In such a situation, the basic objective of "control" is defeated and uncertainty prevails in industry and trade. The buffer stock operation by the State would involve an investment of over Rs. 200 crores but this would be fully justified if the benefits

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accruing from it outweigh the hardships that might be caused to the industry.

Thirdly, if the industry is facing a crisis because of excessive production, then for some time the acreage under sugarcane should be reduced by about 20 per cent to 25 per cent and the growers should be encouraged to undertake production of cash crops, such as cotton and oil seeds subject to soil and climatic conditions, which are in short supply. Finally, the State should remove the fear of nationalisation from the minds of the sugar mill owners so

Facilitating Direct Contact between the Producer and Consumer of Steel

By K. S. Ramachandran

The consumer of steel has been experiencing difficulties mainly due to the lack of contact with the main producers. What is required is the removal of all administrative hindrances to enable them to deal with one another directly.

IN recent weeks, a lot has been said about the problem of steel shortage and certain long-term solutions have been suggested. Besides the expansion of private-sector steel plants, increased production through the continuous casting and electric furnace processes has been recommended. But scarcity in supply is acutely felt by the engineering industry and it is certainly going to affect its export efforts. Most consumers of steel have been experiencing difficulties mainly due to the lack of direct contact with the main producers. The Joint Plant Committee, although it had been set up primarily to bring producers and consumers closer, has recently become more of a hindrance. Generally, written permission has to be secured by the interested consumer from the Committee; then contact must be established with the main plants through their branch offices or by sending representatives to the plants. This, in most cases, takes time and leads to the feeling that supply is short of demand. In cases where the Committee has given the sanction without much delay, the steel plants' branch offices and officials in charge of sales neutralise the gain in time by their slow tactics. To ensure speedy supply, the consumer has now to keep close contact with three agencies: the Joint Plant Committee, the

that they may go along with their plans for renovation and maintenance repairs. Usually, they undertake such schemes during the off-season but due to the present threat of nationalisation, they have slackened their efforts. As a consequence of all this, the factories may not be able to consume all the cane that is produced. This will create further problems for the industry. And since the initial purpose of projecting a radical image has already been served by all this talk of the sugar industry's nationalisation, the Centre and State Governments should now give up this plan.

branch offices of the steel plants and the plants. This kind of liaison is costly and many steel consuming industries might not afford it.

What is required is the removal of all administrative hindrances to enable the consumer and producer to deal with one another directly. The plants must give top priority to domestic supplies and establish greater co-ordination between their main and branch offices. The Government might consider doing away with the Joint Plant Committee and issue firm instructions to the plants to deal with consumers' requests promptly. Once this is done, a vast improvement in the supply position can be expected. Besides these short-term measures, steps should be taken to ensure a continuous improvement in production so that the country's future requirements can be met without much difficulty. Private-sector steel plants should be allowed to expand their capacities. The Tata Iron and Steel Co. Ltd is currently working to 85 per cent of its capacity and there are firm indications that it will be able to produce a larger tonnage without much additional cost, if permitted. Hindustan Steel Ltd is now able to utilise only 65 per cent of its production capacity. The Government should initiate steps leading to a higher capacity utilisation in the immediate future. As a first step, managerial efficiency and labour productivity have to be substantially improved. Besides, work on the Bokaro project must be speeded up; since the inability of the Heavy Engineering Corporation Ltd to supply the project's requirements of

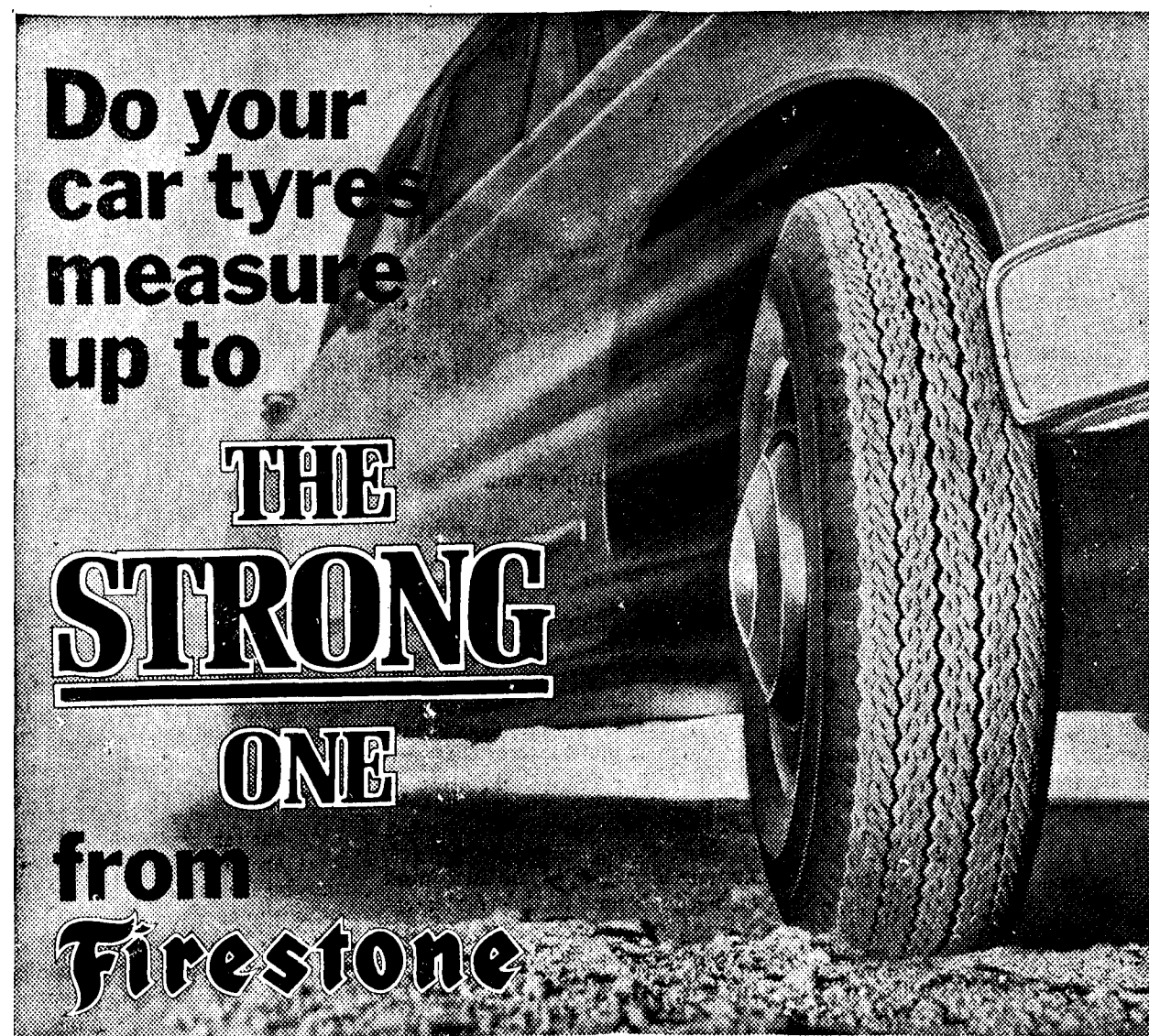
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structurals and machinery has now been proved beyond doubt, the Government should take the help of private manufacturers and also resort to imports.

The country should continue to depend on large steel plants, using iron ore as the basic raw material, for its requirements of mild steel. The process of steel making used by these plants is still the cheapest and in comparison, the continuous casting and electric furnace methods would be very costly. Electric furnaces are only intended for the manufacture of steel castings and should be used as such. It has been found that the cost of billets made by this process is much higher than that by blast furnace and higher than that by blast furnace and most steel foundries would be unprepared to compete with the main steel plants. If they sometimes make billets it is because they have more capacity than they can use for the manufacture of castings. If the Government expects them to produce billets on a large scale and on a regular basis using the country's scrap arisings, it can only be said that the Central Ministry for Steel has not gone deep into the factors concerning the industry. Perhaps, the gain to the country would have been more by allowing scrap exports as in previous years instead of the ban on sheet cuttings and turnings and borings.

As for the continuous casting process, while the higher cost of making steel cannot be lost sight of, there is nothing to indicate the prompt supply of requisite machinery and regular flow of scrap in large quantities, which must be ensured if the experiment is to be a success. Although the H.E.C. can manufacture the requisite machinery, its performance so far is not convincing. In respect of scrap, traders cannot be expected to take much interest in domestic scrap supplies, since the Government's ban on the export of two more important items has left them without adequate incentives for vigorous scrap collection. Considering all this, it would be far from unwise if the Government decides to step up mild steel production entirely through the main steel plants, using the blast furnace process, and leaves steel foundries to make only castings and special steel items. To deal with the present shortage, it would be enough if all the administrative bottlenecks are removed and direct contact is established between the plants and consumers.

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SPOTLIGHT ON STATES

Maharashtra Cuts Plan Expenditure to Fight Drought Havocs

(BY A SPECIAL CORRESPONDENT)

According to Maharashtra's Chief Minister, Mr. V. P. Naik, the extent of damages caused by drought this season has no precedent in the last 100 years. The State Government has decided to cut its Plan and non-plan outlays during the remaining part of the year to conserve resources for financing the relief work.

MAHARASHTRA is in the grip of severe scarcity conditions with 23,000 out of about 35,000 villages affected by drought. The State is in a relatively poor rainfall zone and there has been a bad monsoon for the second year running. According to the Chief Minister, Mr. V. P. Naik, the extent of this year's scarcity conditions has no precedent in the last 100 years. The situation has been worst in the five districts of Marathwada division and in the districts of Ahmednagar and Sholapur in Poona division. While there has been little rain in these districts, in others it has been inadequate. Scarcity relief work has been organised. The State Government from its own funds and with Central assistance has so far sanctioned about Rs. 30 crores, of which about half has been allotted for scarcity relief work and the other half for *tagavi* loans for the supply of seeds, fertilisers and fodder.

The State Government has also decided to effect substantial cuts in its Plan and non-plan expenditures during the remaining part of the financial year to conserve resources for financing the relief work. The economy measures aim at raising Rs. 40 crores. A directive by the Government to heads of departments calls for strictest control over travel by Government servants and aims at a reduction of a minimum of 10 per cent under travelling and daily allowances. They have also been asked to restrict visits to Delhi to the absolute minimum and make the maximum use of the Special Commissioner of the State Government in Delhi. Officials have been directed also to make the maximum use of available telex services of the State

Government and avoid booking trunk calls. Since the above was written by this correspondent, there have been welcome rains in the drought areas of Maharashtra. While the *kharif* crops have been lost, there is now hope for *rabi* crops.

Rural Employment

The State Government has recently taken a number of decisions to improve the lot of the masses under the new Congress Party's *garibi hatao* commitment. Some of the steps will be taken by the Government itself and some are to be recommended to the Centre. The Cabinet has decided to fix minimum wages for agricultural labour in the State from the next financial year and has appointed a tripartite committee headed by the State Labour Minister for the purpose. The Government has decided to guarantee provision of manual work to all needy people in the rural areas from the next financial year. A committee is being appointed to work out a detailed scheme and report how to correlate it with the Centre's crash programme for rural employment.

The scheme is an ambitious one and its success would naturally depend on the finances available. A crash programme to provide amenities like water, electricity, roads and sanitation to slum dwellers in Bombay by the next year has also been taken up. These measures would be extended later to the slum dwellers in Poona, Nagpur, Sholapur and Aurangabad. Such a scheme has been preferred to a full-fledged programme for slum clearance which would take many years and involve very large expenditure.

Workers in Management

A decision has also been taken to induct workers in the management of undertakings owned or sponsored by the State Government. Two among the directors or one-fourth of the total number of directors on the boards of

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these undertakings will be workers. A recommendation would be made to the Centre to pass legislation to ensure such workers' participation in the management of industrial units. The Cabinet has also decided to introduce provident fund and gratuity benefit facilities in all industrial undertakings and shops and establishments irrespective of the number of employees working in them. A suggestion will be made to the Centre to extend the Bonus Act to industrial and commercial establishments irrespective of the number of persons employed. At present, the Employees' Provident Funds Act and the Bonus Act are not applicable to establishments employing less than 20 persons.

These are proposals of far-reaching significance and it would be good if they are considered by the tripartite Indian Labour Conference and the views of concerned interests like associations of small merchants and traders are obtained. Apart from the administrative difficulties of extending such benefits to numerous small establishments, e.g., those engaging one or two or even five persons, they may impose a financial burden on such establishments perhaps beyond their capacity.

As far as gratuity and provident fund are concerned, to start with, it may be feasible to give the benefit to establishments engaging, say, not less than ten persons instead of the present limit of 20. As for the proposal to extend the Bonus Act to small establishments, the complicated formula of this legislation, with set-off and set-on provisions, which requires the assistance of experts to work out, is unsuitable for small establishments. The Bonus Commission in its report also gave good reasons for exempting establishments engaging less than 20 persons from the purview of the Act.

PEOPLE AND PERSONALITIES

Mr. J. A. Lumsden has been appointed Chairman of the Burmah Oil Company.

Dr. Bijoy Kumar Barman has been appointed Deputy General Manager of Castrol Ltd, India Branch.

Mr. M. R. Bhide, Executive Vice-Chairman and Managing Director of Voltas Ltd, has been appointed Chairman of the Company with effect from 20th August, 1971.

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INSURANCE

Need to Protect Business Interests by Offering Insurance Cover for Strikes

(BY A SPECIAL CORRESPONDENT)

The Central Finance Minister, Mr. Y. B. Chavan, has said that it would be useful to undertake a study of risks for which insurance cover is not available in the country. With so many strikes taking place, it might be necessary to introduce strike cover.

ONE of the main objects of insurance is to extend facilities to the entrepreneur so that he can concentrate more and more on production without being worried about the possible risks. In short, by offering protection against the risks of accidents, fire, storm, ship wreck, floods, plane crashes, etcetera, the modern insurer helps to maintain economic stability. To quote a foreign insurance expert: "The company's job is to protect policy-holders against accidents, acts of God and other unforeseeable disasters". The Central Finance Minister, Mr. Y. B. Chavan, has also described the objects of nationalisation of general insurance business as "only another milestone on the path" to translate the ideals of democratic socialism into reality besides "complete security of the policy-holders and prompt and efficient service to customers."

But no entrepreneur in India can expect "complete security" in the face of poor labour relations. For instance, in the organised manufacturing industry, employing 7 million workers, India lost 19 million man-days in 1970, compared with a quarter million man-days lost by West Germany employing 11 million workers. Again, wild-cat strikes either in railway yards or by dock-workers in Calcutta port are very common. Logically, with strikes becoming so regular, trade interests consider it necessary to enter into contracts for a specified period involving the protection of their goods, more so, when the bulk of the premium income comes from truck drivers, scooter and motor-cycle owners, and shopkeepers who constitute a vast majority of about 3 million policy-holders in general insurance. The Central Finance Minister has already suggested that it would be useful to undertake a scientific study of risks for which insurance cover is not available now in India. According to him, general insurance,

being primarily business and industry-oriented, has made no headway in other sectors even though the monetisation of the economy, the advent of new agricultural technology and the spread of small-scale industries have brought about notable changes.

Of course, the idea of insurance against strikes is nothing new. Rather, by virtue of the contract of affreightment—which empowers a shipowner during strikes or civil war to unload his cargo even in a foreign port neglecting the specified discharging port—Calcutta port, in retrospect, had had the privilege to off-load some consignments bound for a foreign port. Yet, ordinary policies for cargo do not cover strike or war risks save in cases where premium is paid at the current level. Similarly, the mere inclusion of Institute clauses is no guarantee for strike covers or consequent losses suffered by any shipper. In fact, the proper interpretation of such a clause makes it clear that by inserting the perils of civil commotions, riots or strikes in the policies, what is aimed at is to cover the proximate damage to goods insured. In other words, the insurer is immune from the liability, if any, resulting from the delay save where the expenditure constitutes part of general average contribution. Which is why any loss of market or indirect loss arising from the acts of strikers or the shipper's expenditure, if any, incurred on account of a strike cannot be treated as claims in a policy. Hence, the need for additional strike expenses insurance policy either to cover additional expenses (over and above the expenses incurred in the usual course) or to meet the additional expenditure, for which strikers alone are responsible, from the amount for the purpose. Incidentally, in such a cover, the usual limit imposed is one-fifth of the c.i.f. value of the cargo.

Interestingly, a study of the operation of 32 general insurance companies in India during the year 1969 shows that compared with other types of business, the marine section has proved to be less remunerative. For instance, the total claims ratios for fire, marine and miscellaneous in 1968

were 41.7, 42.3 and 56, respectively, against 41.6, 72.7 and 59.1 in 1969. Claims constitute the largest single item of expenditure in general insurance business, the total claims disbursed by such companies having increased from Rs. 35 crores in 1968 to Rs. 38.8 crores in 1969.

A word on the present international scene is relevant, for close co-operation between Indian and foreign insurance companies is necessary to extend facilities to those exposed to risks. Due to mounting risks that insurers are now forced to undertake, underwriters all over the world are in favour of taking greater disaster prevention measures by their policy-holders before renewing old policies or issuing new ones. Some insurance companies in the United States are reported to be pressing industry to share the cost of underwriting losses. For instance, the International Air Transport Association (I.A.T.A.) once considered a proposal to underwrite 40 per cent of the insurance by the airlines themselves with the insurance companies covering the rest 60 per cent. In addition, these foreign concerns in their untiring efforts to keep down the rates to the minimum are trying to achieve economy, besides advising their clients to improve their business houses. Again, to suit the clients' needs, they are now harping on tailor-made adaptable covers that vary from day to day.

Even though there are groupings and amalgamations to form bigger units in the interest of more business with low overheads, some underwriters believe that if an organisation becomes very large, then services are likely to deteriorate. No wonder, business in developed countries already faces the pinch of the new attitude of the insurance profession; more so, when modern factories cover large areas, employ thousands of people or house machinery valued at millions of dollars and when any explosion or fire implies that the claim is beyond the means of an insurer.

The yardstick of a nationalised concern—a general insurance company being no exception—must be whether it is conducive to public good. The new objectives set by Mr. Chavan should be the geographical spread of insurance service, intensive and extensive coverage of new economic activities and efficient or personalised service to customers. And judged in the context, strike covers are indispensable.

MONEY AND BANKING

Why Small Units Are Still Not Getting Adequate Bank Finance ?

By P. Chattopadhyay

Although banks have lately been granting more advances to the small-scale sector, they need to discard their conservative approach. It is felt that the procedures that banks still follow have largely inhibited the flow of larger credit to small units.

CONSIDERABLE importance has lately been given to the small-scale industries in India, particularly during the last five years. This is manifest in the extension of items reserved for this sector, in various fiscal incentives allowed to the small units and in the provision of special facilities for their imports, marketing under stores purchase programme, etcetera. The priority given to the sector is in consonance with the objectives of greater dispersal of productive activity so that the national income can be raised, gainful employment created and an effective outlet provided for the creative genius of the people.

Bank financing has come to play a key rôle in this context. Although bank finance has already reached a fairly high level, it still leaves much to be desired. Advance of loans by the State Bank of India and other commercial banks to the small-scale sector stood at Rs. 90.76 crores at the end of March 1966. Since then, the country has witnessed a massive re-orientation in the rôle of commercial banks, first through the social control of banks and the establishment of the National Credit Council, and then through outright nationalisation of the 14 leading Indian commercial banks. Bank loans to small-scale units have correspondingly risen to the fairly impressive figure of Rs. 393.89 crores at the end of March 1970. It is now officially estimated that 17,000 new factories are now being set up every year in the small-scale sector.

This is, however, only a part of the story. It seems that the Government's and the Reserve Bank of India's laudable policies have not yet percolated to the levels of bank executives dealing with different

aspects of financing of the small units. Not only is the required perspicacity not there, but even the atmosphere is still characterised by a lukewarm attitude towards change. What is perhaps more surprising is that there is an apparent communication gap between the boards of directors of these banks and the officers in charge of implementation of these policies. It appears that the executives designated for the purpose of dealing with the financing of small-scale units have not been given adequate powers and discretion for this task. On the other hand, the traditional approach towards the small entrepreneurs still pervades the scene. As a result, the bank executives often find themselves caught between two stools.

Apart from the fact that traditional approaches die hard, there is also an absence of positive guidelines as to how to go about scrutinising loan applications from the small-scale sector and about determining its capital needs from time to time. Even after much detailed discussions of the needs of this sector—particularly its financing and the rôle that the banks can and should play in this context—no positive new approach has yet emerged. It is not, therefore, surprising to find that the neediest of small entrepreneurs, desperately trying to obtain funds from banks, are still not given the treatment they deserve because they cannot offer collateral securities or even acceptable references on the basis of which the banks may grant them advances. While there is no doubt that the banks are sincerely trying to help the small units in whatever way they can, in the absence of positive guidelines as to how to do it, they find it difficult to translate their desire into action or to break new grounds. The traditional approach thus continues to scare the technically qualified, but needy, entrepreneurs in different lines of activities in the small-scale sector. Thus, the increase in bank advances to small units to the tune of Rs. 393.89 crores may be impressive but the banks have failed to fulfil

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the Government's avowed objective of helping the needy, small entrepreneurs inhibited by a lack of adequate funds, including short-term credit.

When it is considered that the number of small-scale units registered with different authorities in the country now exceeds 209,000, the per unit loan advanced by banks does not appear to be very high. If one also includes the large number of unregistered units, then it appears to be even more insignificant. All these underline the urgency of evolving new approaches to cater to the needs of small entrepreneurs for both short-term and long-term capital. While the former is required because of inadequate marketing effort and the stickiness of the debtors, the latter is wanted for renovation, expansion and diversification. Dancing attendance upon various authorities also works as a damper to the entrepreneur's enthusiasm. However, the opening of a large number of branches by the nationalised banks has brought banks closer to entrepreneurs in urban, semi-urban and rural areas, and it should now be possible for them to show much better results than before. There is little doubt that the trends are there in this direction, but what is to be stressed is that a lot more requires to be done.

In accordance with the recommendations of the Pande Committee and the Wanchoo Committee, the Government has already started identifying underdeveloped districts in different States. Various schemes are being, and have been, formulated to initiate rapid economic development in these areas. And establishment of a large number of small-scale units can be a fairly reliable means for starting development in these regions. It is thus most important that a correct and sensitive approach is adopted on the question of advancing loans to the needy entrepreneurs. And several questions need to be considered in this respect. First, the bank officers entrusted with dealing with advances to the small-scale sector should be of a senior level and should have adequate discretionary powers for granting such loans within the guidelines provided to them and subject to such checks and balances as may be prescribed from time to time. It should be possible, for instance, to exercise preferences for certain types of activities or organisations or even areas more than for others. Secondly, it is necessary to streamline the procedures

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regarding security required from the applicants and if possible to substitute such requirements for some other acceptable means. In this context, the credit guarantee scheme evolved by the Reserve Bank and the Credit Guarantee Corporation should be widely publicised among the small entrepreneurs. Their methods of working should be precisely stated to avoid any misgiving or misunderstanding. Credit insurance and refinancing facilities should also be extended as a possible method for distributing the banker's risks.

Thirdly, it is necessary that the banks themselves should develop the expertise to assess the techno-economic viability of schemes prepared by the small entrepreneurs. This may be possible through building up a team of experts drawn from different disciplines or through inter-institutional contacts and collaborations. In addition, banks may utilise the services of cost and management consultants and technical consultants. At present, the onus of proving the viability rests almost entirely with the entrepreneur himself. This position requires to be reversed. Last but not the least, one may also think of consultants empanelled by the

banks and financial institutions for assessing the requirements of working and fixed capital with respect to the changing market conditions from time to time. The Reserve Bank and the financial institutions, along with the State Bank of India and the nationalised banks, may create a forum for appraising the techno-economics of schemes for the purpose of granting various types of loans and advances to small entrepreneurs.

The Institute for Financial Management and Research, recently established in Madras under the sponsorship of the Industrial Credit and Investment Corporation of India, may partly serve this purpose if it strengthens this side of its activities. Assessment of feasibility and analysis of financial requirements are common problems for both large-scale and small-scale units. The difference is in magnitude and in the complexities faced. On the other hand, the National Institute of Bank Management may take up the task of adequately equipping the executives in banks for responding quickly to the needs of the situation. In both these tasks, co-operation from various professional bodies like the Institute of Cost and Works Accountants of India, the Institute of Chartered Accountants of India and the Institute of Engineers should be sought, and available. Till now the approaches have been rather fragmentary.

It is also necessary that some kind of inspection agency was established to look after the working of small-scale units. Its functions should be akin to those of performance audit-cum-consultancy work. To start with units which have taken bank assistance or which are registered with various authorities may be inspected. The agency should report and, if possible, sort out the inhibiting factors that might have come in the way of better performance of these units. Unfortunately, the Small Industries Service Institutes, which were set up with a network of offices throughout the country, have lost much of the initiative with which they started.

The policy of encouraging small units as an effective vehicle for wide-spread industrial activity in the country seems to have started paying dividends. The financial assistance rendered to the units through banks and other institutions has increased manifold during the last five years. But considerable leeway still remains to be made. The cumbersome procedures to which the small entrepreneurs are presently subjected by banks and other institutions act as an inhibiting factor. And they require to be streamlined out. Side by side, the assessment of techno-economic viability of a project should be guided by a joint platform of various banks, financial institutions and professional bodies on the basis of composite expertise drawn from different disciplines and areas of experience. It is possible to standardise the procedures for grant of advance by banks and other financial institutions on the basis of acceptable criteria laid down for the purpose. And the suggested joint platform should be in a position to do this.

Requirements of collateral securities, etcetera, should be substituted for objective criteria of viability of schemes and the technical expertise of the small entrepreneurs. Otherwise, funds would be poured into pockets already swelled, contrary to the objectives of the Central and State Governments. At present, petty questions of procedure often handicap the small men because they know little of the technicalities of finance, personnel, marketing and management.

INVESTMENT

Shares Firm : Japan's Decision to Float the Yen Welcomed

SHARE prices have been firm this past week, although trading has been characterised by a note of caution and hesitancy. With anxious short-covering nearly over and follow-up support at higher levels lacking, the markets have been unable to make any marked headway. Lyons Range has made a better showing than other markets. This is attributable mainly to the improving outlook for the Indian jute industry due to the lack of competition from its counterpart in East Pakistan. But sentiment has also been aided by New Delhi's special attention to West Bengal's economic problems. Although fairly encouraging on the whole, the week's corporate news has been unexciting and has provided a mixed fare. Uncertainties about the world monetary situation have also made for caution. With Japan's decision to float the yen, a major obstacle seems to have been removed for resolving the monetary crisis through a more realistic alignment of parities.

But the stock markets have to contend with many problems. The current legislation relating to the amendment of the Constitution has engendered a feeling of anxiety and uncertainty in industrial circles. New Delhi seems to have made up its mind to take over the export trade in textiles and mica. A move is afoot to facilitate the take-over of sick units without having to bother about compensation. All this implies that the Government is determined to implement its radical economic programme. The stock market cannot be expected to view with favour the increasing shift towards the left.

The statement by the Central Minister for Planning, Mr. C. Subramaniam, ruling out the need for additional taxation to reduce the current year's budgetary deficit has brought little cheer to the market. This is because few market men are inclined to share Mr. Subramaniam's optimism that the deficit may turn out to be less than that indicated in the Budget because of the expansion of bank deposits, larger L.I.C. collections and better small savings. With the influx of refugees still continuing and the number already exceeding 8 million, the expenditure on refugee relief is going to be

much larger than the most liberal estimates. This is bound to tell on the already difficult resources position. The continuing inflationary pressures and the sluggish growth rate of many industries is causing considerable concern. Nor is the political climate quite congenial. Recently, rumours have also been going round about a possible reshuffle in the Central Cabinet. With so many uncertain factors at work, the stock markets are unlikely to have an easy time, and the prospects of a big recovery are generally rated low.

Government securities have remained steady this past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60.10. Other Central securities have also remained steady. Turnover has been moderate.

Prices in the Calcutta stock market have remained firm this past week. Sentiment has been cheerful, and the volume of turnover has been fair. There has been a steady flow of good corporate news. Among engineering shares, Guest, Keen, Williams, Braithwaite and Jay Engineering have hardened. Among paper shares, Straw Products, Seshasayee and Sirpur have been transacted. Among jute shares, Chitavalsah, Megna, Kelvin and New Central have been firm. Among coal shares, Bengal and South Karanpura have been transacted. Among miscellaneous shares, Metal Box, Brooke Bond, Indian Explosives and B.I.C. have received support. Among tea shares, Hattikhira, Loobah and Grob have been done.

Dalal Street has had a short working week. Even when the market has been in session, activity has been restricted. The undertone was fully steady earlier in the week, but later the market has developed a softer tone. Equity prices have tended to ease on tired bull liquidation and lack of fresh support. Net changes over the week show widespread losses. Very few shares have escaped unhurt. By far the most outstanding feature of the week's trading has been the big spurt in the quotation for New India Assurance shares from around Rs. 33 to Rs. 40.50. Hectic buying in these shares followed the chairman's statement at the annual general meeting that the break-up value of the share was around

Rs. 100, excluding the value of goodwill. But the chairman was quick to add that nobody could expect the Government to pay anything like the break-up value by way of compensation. Cotton mill shares have turned easy after early steadiness and Standard Mills have suffered the most. Khatau have held steady. Rayon shares have displayed a quietly subdued tendency, but prices have eased mainly due to the lack of fresh support. Steel shares have been dull and slightly subdued. Automobiles have received little attention. Engineering shares have tended to drift lower after early steadiness, but net changes over the week have been small. Associated Bearings, Zenith Steel, Special Steel and Voltas have held fairly steady. Shipping shares have been easier. Cements have held quietly steady. Sugar shares have been neglected. Paper shares have been steadier on scattered support. Chemicals and pharmaceuticals have followed the general trend with most shares receding after early steadiness. Tyre shares have held quietly steady. Trading in the miscellaneous section has been devoid of any outstanding feature.

COMPANY REPORTS

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

American Express
Aruna Sugars
A. V. Thomas
Bengal Flour
Bharat Starch
Binny
Cawnpore Sugar
Colour-Chem
General Electric
Gokak Mills
Haileyburia Tea
Hindustan Wires
Jupiter General
Karanpura Collieries
Mettur Chemical
National Rubber
Oriental Fire
Pan Am
Raza Textiles
R. J. Vakil Mills
Ramnugger Cane
Scindia Steam
Tata Chemicals
Twyford Tea
Udayagiri Rubber
Walford Transport
W. I. Plywoods
Woodland Estates



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Associated Bank
Bank of Iran and the Middle East.

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Most counters have eased after early steadiness.

The Madras stock market has been firm this past week, and prices have been steady. In the planting section, Periakaramalai and Manjushree have been transacted. Coffee Lands and Consolidated Coffee have been in demand. Be Be Rubber and Rajagiri have, however, been easier. In the textile section, Madura and Loyal have been wanted. In the miscellaneous section, Mettur Chemical and Ashok Leyland have shaded. Mysore Paper have, however, received better enquiries. In the sugar section, Deccan and E.I.D. have changed hands. Among bank shares, Indian Bank have improved on interim dividend announcement.

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 22/70—22/90—22/70—22/90—(22/85)
Burrakur Coal 9/87—10/00—9/75—9/87—(38/40)
Dunlop India 34/30—34/55—34/25—34/40—(36/65)
Guest, Keen, Williams 35/30—36/95—35/30—(16/36)
Hindustan Motor 9/95—10/05—9/70—9/90—(16/36)
Howrah Jute 7/37—8/37—7/19—7/87—(35/40)
Indian Aluminium 35/20—35/60—35/20—(16/50)
Indian Cable 20/85—22/00—20/70—21/70—(4/56)
Indian Copper 3/75—3/78—3/70—3/72—(11/20)
Indian Iron 9/90—9/90—9/70—9/80—(13/70)
J. K. Cotton 7/80—7/85—7/75—7/80—(39/20)
Jaipur Udyog 9/40—9/45—9/40—9/45—(16/94)
Jayashree Tea & Industries 15/00—15/00—15/00—15/00—(18/80)
Kesoram Industries 13/80—14/15—13/70—(7/54)
Orient Paper 32/95—33/70—32/90—33/45—(11/80)
Orissa Cement 15/70—15/75—15/70—15/75—(11/80)
Rohtas Industries 5/10—5/25—5/10—5/25—(11/80)
Textile Machinery 9/80—10/30—9/80—10/30—(11/80)

General Electric Shows a Big Rise in Profit

AT the annual general meeting of the General Electric Company of India Ltd held recently, Mr. R. C. G. Cotterill, chief executive, said that the Company's pre-tax profit of Rs. 2.31 crores was more than double that of the previous year. (A fuller version of Mr. Cotterill's speech was published in last week's issue of *Capital*.) He said that the previous chairman's optimism at the last annual general meeting had been justified. The team spirit among the employees, coupled with revamping of the Company's activities into profit-responsible divisions, have been the two most important factors contributing to the year's progress. The Company's autonomous divisions—engineering, merchandising and projects—have been responsible for their own operations from the purchase of raw materials to the collection of debts. The Company's financial position has been strengthened by a reduction in its indebtedness to the banks. But this benefit has been eroded by higher interest rates.

Although general business conditions remained favourable, serious cost inflation is a continuing source of concern. In addition, power shortages, particularly in the north, have restricted certain sales, especially of agricul-

tural motors and pumps. Mr. Cotterill said that the Company operated in highly competitive markets in which none of its products had a dominant percentage of the market. He said that to meet the competition the Company "should be allowed to expand to satisfy demand, and to diversify into products where a shortage exists." As for exports, he said that the Company had broken new grounds by obtaining trial orders for aluminium conductors and accessories in addition to the export of its other products, such as transformers, motors, switchfuses, fans, light fittings and pumpsets. Execution of the single largest order received from the Kuwait Cement Company last year is progressing.

JUPITER GENERAL

Dividend Maintained

IN his recent address to the annual general meeting of the Jupiter General Insurance Co. Ltd, Mr. T. A. Pai said that the Company had maintained its progress during the year ended December 1970. (A fuller text of the speech was published in *Capital* dated 19th August, 1971.) The gross direct

CAPITAL, 2nd SEPTEMBER, 1971

premium has increased from Rs. 191.67 lakhs to Rs. 238.56 lakhs. The net premium has risen from Rs. 166.65 lakhs to Rs. 243.67 lakhs. Underwriting reserves have improved from Rs. 112.17 lakhs to Rs. 160.45 lakhs and the funds from Rs. 152.42 lakhs to Rs. 200.70 lakhs. Mr. Pai said that even though due to some unfortunate experience in the miscellaneous department, the underwriting loss was more than that of the previous year, the net profit was Rs. 1.34 lakhs, against Rs. 1.32 lakhs. Mr. Pai is happy that the Company is keeping up the tempo for the development of its business during the current year. The directors have recommended the payment of a dividend of Re. 1 a share, subject to deduction of tax, as in the previous year. Mr. Pai said that it was a matter of interest that no Custodian had been appointed to take over the management of the Company following the recent promulgation of an Ordinance for the taking over of the management of general insurance business, pending nationalisation of such business. The Company's board of directors and the general manager continue to manage the Company as agents of the Central Government.

ORIENTAL FIRE

Profit Up

IN his speech at the annual general meeting of the Oriental Fire and General Insurance Company Ltd, Mr. T. A. Pai said that the Company's gross direct premium for the year ended 31st December, 1970, had gone up by Rs. 51.31 lakhs over the previous year. (Details of the speech were published in last week's issue of *Capital*.) The profits of the Company have improved from Rs. 116.51 lakhs to Rs. 174.83 lakhs. After making provision for taxation, there is a surplus of Rs. 84.83 lakhs which has been transferred to general reserve. Mr. Pai said that as a result of the year's operation, the funds had increased by Rs. 72.09 lakhs. The overall claims ratio has increased to 58.59 per cent, against 58.67 per cent. The overall ratio of expenses of management, including commission to net premium, is 35.04 per cent, against 33.40 per cent. The increase is mainly due to revisions in the salaries of the employees. The Company's investments aggregate Rs. 11.63 crores, against Rs. 10.35 crores. The directors have recommended a dividend at the rate of 25 per cent, subject to deduction of tax, which, if approved, will be paid out of the general

CAPITAL, 2nd SEPTEMBER, 1971

reserve. Referring to the recent promulgation of an ordinance to provide for the taking over of the management of general insurance business, pending its nationalisation, Mr. Pai said that the ordinance has since been replaced by the General Insurance (Emergency Provisions) Act, 1971. No custodian has, however, been appointed to take over the management of the Company's business and the board of directors and the general manager continue to look after the affairs of the Company as agents of the Central Government under Section 3 of the General Insurance (Emergency Provisions) Act, 1971.

BENGAL FLOUR

Better Results

ADDRESSING the annual general meeting of the Bengal Flour Mills Co. Ltd held recently, Mr. K. N. Kanoria, chairman, said that profits had been substantially better in 1970 despite increased costs of production consequent upon rise in wages, electricity charges and the prices of gunny bags and other stores. (A fuller version of the speech was published in last week's issue of *Capital*.) The Company's sales have improved from Rs. 3.66 crores to Rs. 5.79 crores. Net profit has risen from Rs. 1.46 lakhs to Rs. 4.53 lakhs. The directors have recommended a dividend of Re. 1 a share, against 40 paise a share. The chairman said that the performance of the Company was not as satisfactory as was expected due to the supply of bad quality of wheat and because of labour indiscipline for which the Company had lost production of more than 70,000 quintals of wheat products.

The chairman is happy that wheat production in the country has achieved wonderful results due to the efforts of the Government and the farmers. He hopes that the Government would watch that the consumers are supplied with better quality of wheat at reasonable prices. He said that the improvement in the Company's relations with labour, which had been in evidence for some time now, would continue. As one of the largest mills in the country, the Company has to take substantial supplies from the Food Corporation of India and it has often to take inferior quality of wheat which affects the quality of the produce. The chairman regretted that the Government and the Food Corporation of India had not taken action in the matter.

NATIONAL RUBBER

Sales Up but Profit Down

NATIONAL Rubber Manufacturers Ltd reports a marginal increase in production during 1970. Sales rose from Rs. 823 lakhs in 1969 to Rs. 936 lakhs in 1970 but the increase was the result of the rise in Central excise duties and in selling prices to meet only a part of the increase in the cost of raw material prices. The wage bill increased substantially over the previous year. Consequently, the profitability of the Company declined in the year under review. The Company's profit, before depreciation, was Rs. 22.88 lakhs (against Rs. 28.13 lakhs). Depreciation accounted for Rs. 21.59 lakhs (against Rs. 14.87 lakhs). The directors propose to transfer Rs. 79,093 to general reserve (Rs. 6.90 lakhs) out of the net available surplus, including Rs. 8,739 brought forward from the previous year. No dividend on either equity or preference shares has been recommended. The net aggregate balance of general reserve and development rebate reserve amounts to Rs. 35.46 lakhs.

The prices of raw materials increased substantially since last year, particularly in respect of textiles, solvent oil, etcetera, the rise in Central excise duty relating to the latter alone being as high as 900 per cent. This is likely to have adverse effects on the cost structure and profitability of the Company. The Company's Kalyani project for the manu-

facture of reclaimed rubber made further headway during the year. Installation of machinery has already commenced and is likely to be completed soon.

PAN AM

Second Quarter Results

PAN American World Airways, Inc. and its consolidated subsidiaries in a preliminary and unaudited statement for the second quarter of 1971, reported a net loss of \$15,589,000 or 40 cents a share, compared with a net income of \$1,099,000 or 3 cents a share for the same quarter of last year. Total operating revenues for the second quarter of 1971 were \$282,508,000, down 3.9 per cent from the same quarter last year. Total operating expenses for the quarter were \$292,957,000, up 3 per cent over the same quarter last year. The second quarter figures include capital gains after taxes on disposal of property and equipment of \$369,000, compared with capital gains after taxes of \$517,000 for 1970. These also include payments and accruals of \$1,077,000 made by Pan Am under an airline mutual assistance agreement, compared with \$1,218,000 in the second quarter of 1970. Revenue ton-miles in the quarter declined by 6.9 per cent, compared with an increase of 3.6 per cent in available ton miles. Revenue plane miles had a fall of 8.2 per cent over 1970.

For the first six months, the net loss was \$39,465,000 or \$1.06 a share

HINDUSTAN WIRES : BIGGER PROFIT EARNED

HINDUSTAN Wires Ltd has fared well for the year ended March 1971. Although sales have suffered a setback from Rs. 3.92 crores to Rs. 3.76 crores, the Company has made a higher pre-tax profit of Rs. 38.66 lakhs (against Rs. 28.62 lakhs), after providing Rs. 12.44 lakhs (against Rs. 12.61 lakhs) for depreciation, Rs. 4.10 lakhs (against Rs. 3.70 lakhs) for development rebate reserve and Re. 1 lakh (against Rs. 2 lakhs) for contingencies. A taxable ordinary dividend of 10 per cent has been declared. The ordinary dividend and the preference dividend at 9.5 per cent aggregating Rs. 12.79 would be paid out of reserves. This offers a yield of 8.2 per cent at the present price of Rs. 12.25 a

share of Rs. 10 each. Taxation claims Rs. 17 lakhs (against Rs. 6 lakhs) and general reserve Rs. 21 lakhs (against Rs. 23 lakhs). The directors say that the plant and machinery under the yen credit for further expansion and diversification of production were received during the year and the same were installed and commissioned. Production has shown an improvement, although not to the level that it would have reached had the labour union implemented its agreement with the Company. Sales and production during the first quarter of this year indicate that unless something untoward happens, the Company's working should show considerable improvement during the year.

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compared with a net loss of \$18,721,000 or 54 cents a share for the same period last year. Total operating revenues for the six months were \$537,837,000, compared with \$532,218,000 last year, up 1.1 per cent. Operating expenses were \$566,903,000, up 4.4 per cent from \$542,860,000 last year. The net loss for the first six months of 1971 is after payments and accruals made under the mutual assistance agreement totalling \$1,896,000, compared with \$2,360,000 for the corresponding period last year. Capital gains, after taxes, for the first six months of 1971 were \$403,000, compared with \$1,378,000 for the same period last year.

SCINDIA STEAM

Tea Shipment in Pallets

AT a recent meeting with the tea trade representatives, Mr. N. M. Trivedi, manager of the Calcutta branch of the Scindia Steam Navigation Co. Ltd, welcomed the decision of the trade to move more and more tea cargoes to the U.K. in palletised form and said that Scindia was keen also to assist in carrying maximum palletised tea on its ships. He pointed out certain difficulties concerning the size of the tea chests and also of pallets. So far the standard size of a tea chest is 40x50x60 cm. while the standard size of a pallet for 20 chests of tea is 7 feet 2 inches high. Despite this standardisation, Scindia's difficulty was that some shippers were not using either the standard chests of tea and/or not offering pallets of standard height and this created a serious problem for stowage of other standardised pallets. It was, therefore, suggested that more attention should be given by such shippers to offer standard size of tea chests or pallets for shipment.

AMERICAN EXPRESS

Facilities for Travellers

AMERICAN Express stated on 16th August that its travellers cheques, cards, and other financial instruments were being honoured without limit at its network of offices throughout the world. "Today", said the chairman, Mr. Howard L. Clark, "we used the exchange rate for the dollars which prevailed on Friday, 13th August, before President Nixon's announcement. Henceforth our offices will cash our travellers

OPPORTUNITIES FOR OVERSEAS CONTRACTS

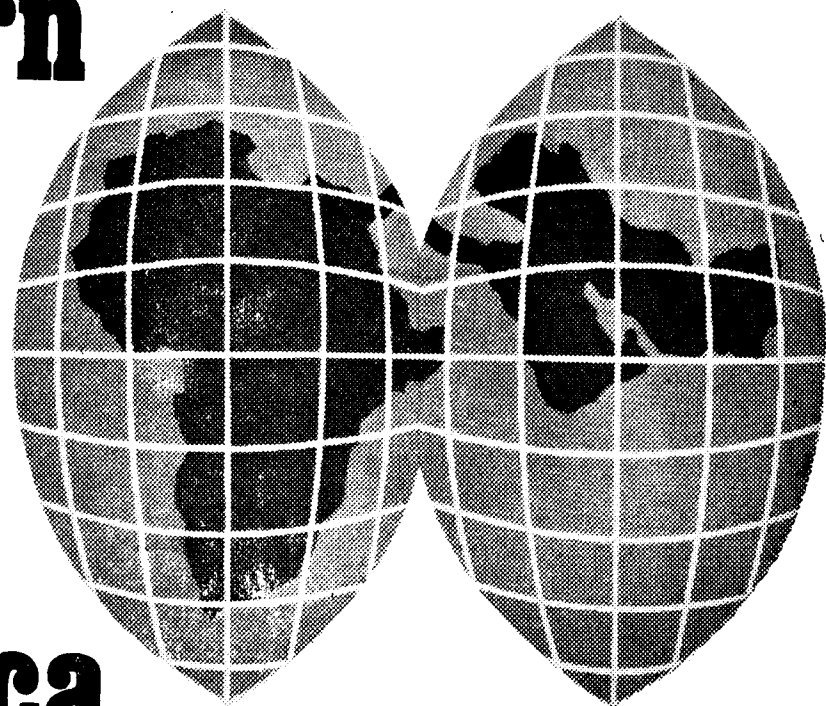
IMPORTANT global tender notices have been received in the Directorate of Commercial Publicity, Central Ministry of Foreign Trade, during the week ended 14th August, 1971. The names of tender inviting authorities with respective commodities and closing dates are as follows:

Burma: Textile Mills Procurement Committee, Rangoon; testing instrument and dyestuffs; 13th September, 1971; miscellaneous stores (switches, valves of all sorts, brass bits, cocks and leather washers, manila ropes, miner's boots, spike nails, wire nails, conveyor beltings, and chain blocks and trolleys); 4th September, 1971; **Indonesia:** PNJ VII C/o Djl Balai, Kota Medan, North Sumatra; equipment and machinery for clarification stations; 28th September, 1971. **Iran:** Tehran Regional Electric Company, Tehran; power transformers; 23rd October, 1971; switchgear and ancillary; 3rd November, 1971. Iran Tobacco Company, Tehran; white paper; 5th October, 1971; printing machines; 20th September, 1971; scrap packing machines; 15th September, 1971. Iran Telephone Company, Tehran; construction of telephone exchange; 7th September, 1971. **Iraq:** Central Foreign Purchasing Board, Baghdad; H. F. trans-receivers; 12th September, 1971; stoppers for bottles; 12th September, 1971. Director General and chairman of the Grain Board, Baghdad; various construction jobs; 15th September, 1971. Ministry of Municipalities, Baghdad; hydraulic boring machine; 11th September, 1971. Ports Administration, Basrah; busbar chambers and fuse switches; 29th September, 1971. Director General of the General Poultry Company, Baghdad; battery cases machinery and equipment; 7th October, 1971. Director General of Irrigation Drainage Projects, Baghdad; construction works; 1st November, 1971. **Kenya:** The Kenya I.D.A. Education Project, Faculty of Agriculture, Nairobi; scientific and agricultural equipment; to be announced in the middle of September 1971. **Mauritius:** The Central Electricity Board, Port Louis;

transformers; 3rd September, 1971; insulators; 10th September, 1971. **Singapore:** Public Utilities Board, Singapore; gas-making plant; 1st October, 1971. **Sudan:** African Industrial and Trading Corporation, Khartoum; electronic colour separators with mini ejectors and supplements (closing date not shown. To be given by September). Agricultural Reform Corporation, P.O. Box 1986, Khartoum; mobile health clinics; closing date not shown. To be given by September. **Syria:** Vehicle Administration, Ministry of Defence, Damascus; copper tubes and semi-hexagonal bars, hydrochloric acid and calcium carbide; 7th September, 1971; electrical equipment and battery chargers; 21st September, 1971. Syrian Vegetable Oil Industries Corporation, Aleppo; automatic filling machine; 9th September, 1971. Ministry of Agriculture and Agrarian Reform, Damascus; land reclamation machine; 19th September, 1971. Syrian Sugar and Agricultural Products, Homs; air compressor-pumps, extruders, etcetera; 16th September, 1971. General Organisation, Lattika; suspended chain conveyors; 20th September, 1971. The General Petroleum Company, Mutanabi Street, Damascus; battery topping unit; 25th October, 1971. The Syrian Sugar and Agricultural Products, Homs; miscellaneous laboratory instruments; 7th September, 1971. Ministry of Municipal and Rural Affairs; firefighting equipment; 28th September, 1971. Direction d'Electricite de la Region, Aleppo; nylon insulating ribbons; 21st September, 1971. General Corporation for Phosphate Mines, Homs; mechanical workshop, washing and greasing unit; 2nd September, 1971. **Thailand:** Purchase and Stores Department, Metropolitan Bangkok; 69 kV current transformers; 4th October, 1971. State Railway of Thailand, Bangkok; 3,000 tins of creosote oil; 9th September, 1971.

These and many other interesting bid invitations can be found in the *Indian Export Service Bulletin* dated 21st August, 1971. Tender forms can be obtained directly from the tender inviting authorities.

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cheques and other financial instruments without limitation at the prevailing Bank rate in the country involved. One of the advantages of our network of more than 1,000 travel offices throughout the world is that they are in a position to help travellers during such times of monetary confusion. For instances, today in France and Belgium where banks were closed, American Express travel offices were open and taking care of the financial and other needs of American Express clients". American Express's refund service to tourists whose travellers cheques have been lost or stolen is available 365 days a year in western Europe as well as in the United States. "Our experience is that in spite of temporary dislocations, this kind of monetary turbulence does not impede the long-range growth of travel", Mr. Clark declared.

TATA CHEMICALS

Sales Up

SALES of Tata Chemicals for the year ended June 1971 are placed at Rs. 12.87 crores, showing an increase of 5.2 per cent over the previous year's turnover. Among the Company's major products, the output of soda ash during the year was higher by 1.3 per cent at 209,440 tonnes.

COLOUR-CHEM

Results Impress

THE preliminary statement from Colour-Chem on its working results for the year ended March 1971 shows an impressive improvement over the previous year's performance. Sales have gone up by 29.5 per cent from Rs. 7.65 crores to Rs. 9.91 crores and the gross profit has increased by 28.4 per cent from Rs. 131.99 lakhs to Rs. 169.48 lakhs. Despite improved results, the dividend has been maintained at the previous year's level of 12 per cent. After providing Rs. 57.75 lakhs (against Rs. 32.05 lakhs) for depreciation, Rs. 26.58 lakhs (against Rs. 8.77 lakhs) for development rebate reserve and Rs. 46.90 lakhs (against Rs. 49.72 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 38.25 lakhs, against Rs. 41.46 lakhs in the preceding year. After writing back excise duty refunds (Rs. 8.03 lakhs) and excess tax provision (Rs. 5.33 lakhs), the surplus amounts to Rs. 51.64 lakhs (against Rs. 41.47

lakhs) and almost the entire surplus has been transferred to general reserve out of which the proposed dividend absorbing Rs. 33 lakhs (same) is to be paid.

METTUR CHEMICAL

Sales Up but Profit Down

DESPITE a rise of 8.3 per cent in sales from Rs. 7.01 crores to Rs. 7.59 crores, the profit made by Mettur Chemical and Industrial Corporation for the year ended March 1971 is down by 10 per cent from Rs. 1.18 crores to Rs. 1.06 crores. Even so, the dividend, which had been raised from 4 per cent to 10 per cent in the preceding year (1969-70), has been further stepped up to 12 per cent. The Company has had to draw on past reserves to meet fully the dividend liability. After providing Rs. 61 lakhs (against Rs. 64.15 lakhs) for depreciation and Rs. 25 lakhs (against Rs. 11.58 lakhs) for development rebate, the net profit amounts to Rs. 20.25 lakhs, against Rs. 42.28 lakhs in the preceding year. A sum of Rs. 14 lakhs (against nil) has been withdrawn from development rebate reserve to augment the surplus. The usual preference dividend takes Rs. 4.35 lakhs and the enhanced equity dividend absorbs Rs. 30 lakhs (against Rs. 25 lakhs).

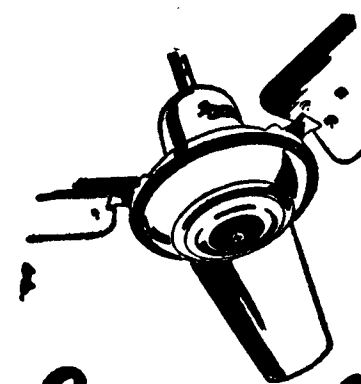
The production of caustic soda during 1970-71 was down by 687 tonnes to 38,426 tonnes mainly due to the shortage of graphite anodes. The position is expected to be better this year following canalisation of imports through the State Trading Corporation. Production of chlorine, hydrochloric acid and other miscellaneous chemicals was maintained at a satisfactory level but production of stable bleaching powder declined. Chloromethane production was better. *Vanaspathi* production was a little lower.

The directors state that the Company has taken necessary steps to increase the production of rayon grade caustic soda by 20 tonnes a day and necessary licences have been secured. If all goes well, the expanded capacity is expected to go on stream by the end of the current year. The Company is also taking steps to replace some of the obsolete and worn-out equipment in plant No. 1 in a phased manner to ensure that production is sustained at the highest level in the old plant.

KARANPURA COLLIERIES

Transport Difficulties

IN their latest report for the year ended February 1971, the directors of the Karanpura Collieries Ltd say that due to the unsatisfactory transport facilities, there was no alternative but to restrict production. Operating performance was affected by the unprecedented wagon shortage and the rise in the cost of machinery and equipment without corresponding increases in the selling price of coal. It has earned a lower profit of Rs. 3.25 lakhs, against one of Rs. 15.93 lakhs, after providing Rs. 16.57 lakhs (against Rs. 6.15 lakhs) for depreciation and Rs. 2.20 lakhs (against Rs. 4.40 lakhs) for statutory development rebate reserve and Rs. 11.84 lakhs (against Rs. 8.28 lakhs) for taxation. A taxable ordinary dividend of 10 per cent has been declared on the increased capital, absorbing Rs. 5 lakhs. This offers a yield of 9.3 per cent at the present price of Rs. 10.75 a share of Rs. 10 each. It paid a taxable ordinary dividend of 20 per cent in the previous year. A sum of Rs. 4.06 lakhs (against Rs. 13.85 lakhs) has been transferred to general reserve. Sales declined from Rs. 1.96 crores to Rs. 1.78 crores. Raisings dropped



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from 622,500 tonnes to 564,954 tonnes and despatches from 571,829 tonnes to 525,066 tonnes.

ARUNA SUGARS

Loss Incurred

THE working of Aruna Sugars Ltd for the year ended September 1970 was adversely affected, resulting in a loss. Even so, the directors have recommended an equity dividend of 7.5 per cent on the increased capital, as against 12 per cent in the previous year. The dividend will be paid out of reserves. The working for the year has resulted in a loss of Rs. 7.42 lakhs, after providing Rs. 10.13 lakhs for depreciation. This compares with the previous year's profit of Rs. 22.40 lakhs, after providing Rs. 19.25 lakhs for depreciation and Rs. 5 lakhs for taxation. The total surplus in the profit and loss appropriation account is Rs. 15.02 lakhs. Out of this, the preference dividend absorbs Rs. 1.20 lakhs and the equity dividend claims Rs. 6.14 lakhs. After adjusting the year's loss of Rs. 7.42 lakhs, there is a surplus balance of Rs. 25,525 which is being carried forward.

CAWNPORE SUGAR

Results Disappoint

IN their latest report for the year ended October 1970, the directors of Cawnpore Sugar Works, Ltd say that the lower recovery percentage of sugar and the continuous fall in the price of free sugar, coupled with the uneconomic levy prices, were the main factors for the adverse results of the Company. The Company has incurred a loss of Rs. 54.60 lakhs, against one of Rs. 8.20 lakhs, after providing Rs. 20.21 lakhs (against Rs. 19.04 lakhs) for depreciation and Rs. 2.41 lakhs (against Rs. 74,525) for development rebate reserve. The dividend has been skipped again. After transferring Rs. 1.03 lakhs (against Rs. 2.99 lakhs) from excess provisions, adjustments and income relating to previous years and making other adjustments, there is a debit balance of Rs. 1.01 crores which is carried forward, against a debit balance of Rs. 46.68 lakhs brought in. Sales amounted to Rs. 6.20 crores (against Rs. 6.68 crores). The total quantity of sugar crushed was shown at 5,141,724 quintals, against 4,553,069 quintals.

RAMNUGGER CANE

Marked Rise in Profit

RAMNUGGER Cane and Sugar Co. Ltd has shown improved working results for the year ended August 1970. Sales are up from Rs. 1.32 crores to Rs. 1.57 crores and the profit has risen from Rs. 2.42 lakhs to Rs. 9.37 lakhs, after providing Rs. 2.10 lakhs (against Rs. 1.98 lakhs) for depreciation, Rs. 13.75 lakhs (against Rs. 2.10 lakhs) for taxation and Rs. 2,390 (against Rs. 1,008) for development rebate reserve. The taxable ordinary dividend has been reduced from 10 per cent to 6 per cent, absorbing Rs. 1.99 lakhs. This offers a yield of 7.4 per cent at the present price of Rs. 8.06 a share of Rs. 10 each. After making other adjustments there is a balance of Rs. 4.02 lakhs which is proposed to be carried forward, against Rs. 1.98 lakhs brought in.

The factory crushed 148,269 tonnes of sugarcane (against 77,722 tonnes) and the average recovery was 9.47 per cent (against 9.64 per cent). The directors say that the production reached its peak level this year due to the larger availability of sugarcane and lower prices of gur. The operation of the agricultural section resulted in a loss due to the drought and widespread damage and destruction caused by anti-social elements. The construction of the *vanaspati* factory in Jaipur is nearly complete. The capital cost of the project is being financed by deferred payment, a loan from the Rajasthan State Financial Corporation and internal resources.

GOKAK MILLS

Better Results

GOKAK Mills has done well in 1970. Both sales and the gross profit are higher than in 1969 but margins have been under considerable pressure. While sales and other income are up by 21 per cent from Rs. 7.46 crores to Rs. 9.03 crores, the gross profit has recorded only a small rise from Rs. 81.61 lakhs to Rs. 84.01 lakhs. The dividend has been maintained at Rs. 15 a share, inclusive of Rs. 3 as bonus. After providing Rs. 19.47 lakhs (against Rs. 17.85 lakhs) for depreciation, Rs. 4.60 lakhs (against Rs. 3.30 lakhs) for development rebate reserve and Rs. 28 lakhs (against Rs. 28.50 lakhs) for taxation, the net profit for 1970 amounts to Rs. 31.94 lakhs, against Rs. 31.96 lakhs in the preceding year. After making some adjustments, the

disposable surplus amounts to Rs. 32.87 lakhs (against Rs. 33.54 lakhs) out of which Rs. 32.85 lakhs (against Rs. 33.53 lakhs) have been transferred to general reserve. The dividend absorbing Rs. 19.52 lakhs (same) is to be paid out of general reserve.

The Company did well on the export front, with exports setting a new record at Rs. 1.46 crores. Additions to machinery in 1970 were of the order of Rs. 24 lakhs. The Company has drawn up a new programme of modernisation and Rs. 50 lakhs are likely to be spent in the current year.

RAZA TEXTILES

Deficit Reduced

RAZA Textiles has fared well in 1970 but the dividend has again been skipped because of the accumulated losses. Sales are up from Rs. 3.08 crores to Rs. 3.43 crores and the gross profit is higher at Rs. 17.89 lakhs, against Rs. 17.20 lakhs in 1969. After providing Rs. 9.74 lakhs (against Rs. 10.09 lakhs) for depreciation and Rs. 1.08 lakhs (against Rs. 6.09 lakhs) for development rebate reserve, the net profit amounting to Rs. 7.07 lakhs (against Rs. 1.02 lakhs) has been utilised to reduce the accumulated deficit. After some adjustments, the deficit of Rs. 24,249 is carried forward. The directors state that while the working was satisfactory during the greater part of the year, profitability was subsequently affected by the unprecedented rise in cotton prices.

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R. J. VAKIL MILLS**Better Results**

RUSTOM Jehangir Vakil Mills (Ahmedabad) has reported improved results for the year ended March 1971 and the dividend, payable on an enlarged capital, has been kept unchanged at Rs. 8 a share. As against a rise of 8.4 per cent in sales from Rs. 2.48 crores to Rs. 2.69 crores, the gross profit has increased by 23.4 per cent from Rs. 21.03 lakhs to Rs. 25.94 lakhs. Appropriations include depreciation Rs. 7.29 lakhs (against Rs. 6.54 lakhs), development rebate reserve Rs. 1.94 lakhs (against Rs. 4.72 lakhs), taxation Rs. 22,000 (against nil), retrenchment compensation Rs. 1.98 lakhs (against Rs. 1.55 lakhs), bonus to workers Rs. 2.21 lakhs (against Rs. 2 lakhs), donations Rs. 15,000 (against Rs. 2,000) and general reserve Rs. 12.14 lakhs (against Rs. 6.19 lakhs). The dividend is to be paid out of general reserve.

HAILEYBURIA TEA**Dividend Raised**

HAILEYBURIA Tea Estates Ltd has earned a higher profit for the year ended December 1970. The dividend on ordinary shares has been stepped up to 10 per cent from 8 per cent in the previous year. The profit amounts to Rs. 2.73 lakhs, after providing Rs. 2.69 lakhs for depreciation and Rs. 2.50 lakhs for taxation. This compares with the previous year's profit of Rs. 1.60 lakhs, after providing Rs. 3.05 lakhs for depreciation and Rs. 50,000 for taxation. Adding to the year's profit Rs. 4,594 brought forward and also Rs. 50,000 transferred from general reserve, there is a total surplus of Rs. 3.28 lakhs. Out of this, the preference dividend at 5 per cent absorbs Rs. 14,000 and the equity dividend claims Rs. 3.12 lakhs. The balance of Rs. 1,170 is being carried forward.

TWYFORD TEA**Profit Earned**

THE directors of Twyford Tea Co. Ltd have recommended a dividend of 6 per cent on ordinary shares for the year ended December 1970, against 5 per cent for the previous year. The profit amounts to Rs. 1.21 lakhs, after providing depreciation of Rs. 92,840 and taxation of

Rs. 1.13 lakhs. This compares with the previous year's loss of Rs. 14,111 after providing depreciation of Rs. 1.07 lakhs. The total surplus available for appropriation comes to Rs. 1.23 lakhs which includes the brought-forward sum of Rs. 2,355. Out of this, the dividend will absorb Rs. 1.18 lakhs. After providing Rs. 4,024 for bad and doubtful debts, the balance of Rs. 836 is being carried forward.

WOODLAND ESTATES**Dividend Repeated**

THE directors of Woodland Estates Ltd have maintained the equity dividend at 8 per cent for the year ended March 1971. The profit for the year is lower at Rs. 1.15 lakhs, after providing depreciation. This compares with the previous year's profit of Rs. 3.15 lakhs, after providing depreciation. The total surplus available for appropriation is Rs. 1.29 lakhs, including the brought-forward sum of Rs. 14,213. Out of this, provision for taxation amounts to Rs. 56,698 (against Rs. 1.36 lakhs). The preference dividend absorbs Rs. 15,833 and the equity dividend claims Rs. 55,600. The balance of Rs. 1,156 is being carried forward.

BHARAT STARCH**Good Results**

BHARAT Starch and Chemicals has reported considerably improved results for the year ended January 1971. It has made a gross profit of Rs. 11.22 lakhs on a turnover of Rs. 1.20 crores, against a loss of Rs. 9.27 lakhs on a turnover of Rs. 1.04 crores. After providing Rs. 1.58 lakhs (against Rs. 1.88 lakhs) for depreciation and Rs. 4,000 (against Rs. 7,000) for development rebate reserve, there is a net profit of Rs. 9.61 lakhs, against a loss of Rs. 11.22 lakhs in the preceding year. The profit has been utilised to reduce the accumulated deficit to Rs. 7.11 lakhs which has been wiped off by transferring a like amount from past reserves.

The directors state that the Company's factory worked for 325 days, against 256 days in the preceding year. The factory crushed 9,849 tonnes of maize and manufactured 7,319 tonnes of starch, against the previous year's production of 5,452 tonnes of starch out of 9,344 tonnes of maize. The raw material posi-

tion remained fairly satisfactory throughout the year. In the absence of any restrictions on the inter-State movement of coarse grains, the factory was able to cover all its requirements of maize from Punjab.

UDAYAGIRI RUBBER**Smaller Loss Incurred**

UDAYAGIRI Rubber Co. Ltd has incurred a loss for the year ended December 1970. The dividend has been skipped again. The loss amounts to Rs. 52,875, after providing depreciation of Rs. 13,558. This compares with the previous year's loss of Rs. 1.29 lakhs, after providing depreciation of Rs. 14,673. A sum of Rs. 60,000 is transferred from reserve for contingencies and after adding this transfer to Rs. 1,506 brought forward, there is a total of Rs. 61,506 available for appropriation. Out of this, the dividend on preference shares at 7.84 per cent accounts for Rs. 6,272. After deducting the year's loss of Rs. 52,875, there is a surplus balance of Rs. 2,359 which is being carried forward.

W. I. PLYWOODS**Satisfactory Results**

THE directors of Western India Plywoods Ltd have recommended a 16 per cent dividend on ordinary shares, including the bonus shares issued by the Company, for the year ended March 1971 (against 18 per cent in the previous year). But the total dividend distribution on equity shares, including the bonus shares, is much higher than in the previous year. The Company's working results for the year are satisfactory. The profit amounts to Rs. 33.15 lakhs, after providing Rs. 14.96 lakhs for depreciation and Rs. 56,042 for development rebate. This compares with the previous year's profit of Rs. 30.38 lakhs, after providing Rs. 17.05 lakhs for depreciation and Rs. 1.58 lakhs for development rebate. Total sales amounted to Rs. 229.22 lakhs (against Rs. 194.59 lakhs).

The directors have transferred a sum of Rs. 13.07 lakhs from general reserve to the profit and loss appropriation account in order to meet the dividend payments. Therefore, including the transfer of Rs. 13.07 lakhs from general reserve, there is a total surplus of Rs. 46.22 lakhs. Out of this, provision for taxation amounts to Rs. 19 lakhs (against Rs. 15.85 lakhs) and

general reserve gets Rs. 14.15 lakhs (against Rs. 14.53 lakhs). The preference dividend at 7.8 per cent absorbs Rs. 48,165 and the ordinary dividend claims Rs. 12.58 lakhs (against Rs. 9.44 lakhs). These appropriations have absorbed the available surplus of Rs. 46.22 lakhs.

A. V. THOMAS**Same Dividend**

A. V. Thomas (Alleppey) has maintained the equity dividend at 10 per cent for the year ended December 1970. The profit amounts to Rs. 7.68 lakhs, after providing depreciation of Rs. 53,385. This compares with the previous year's profit of Rs. 3.77 lakhs, after providing depreciation of Rs. 56,210. The total surplus available for appropriation comes to Rs. 7.85 lakhs, including the brought-forward sum of Rs. 17,621. Out of this, provision for taxation amounts to Rs. 3.35 lakhs (against Rs. 1.40 lakhs). Development rebate reserve gets Rs. 4,000 (against nil) and general reserve Rs. 3 lakhs (against Rs. 1.75 lakhs). The preference dividend at 7.8 per cent absorbs Rs. 9,453 and the equity dividend accounts for Rs. 94,040. The balance of Rs. 42,988 is being carried forward.

WALFORD TRANSPORT**Dividend Skipped**

IN their latest report for 1970, the directors of Walford Transport Ltd state that the supply position of vehicles, especially of jeeps, had shrunk from 942 units to only 451 units, a shortfall of 491 units. Outstanding firm orders registered with the Company were to the tune of 646 units, against only 55 units in the previous year. The orders were far in excess of the supply and had the supply position remained as it was during the year before, the Company could have earned almost the same profit as in the previous year. Although there had been a price increase of the product, there was no corresponding increase in dealer margin. The Company has incurred a loss of Rs. 23,192, against a profit of Rs. 6.01 lakhs, after providing Rs. 1.24 lakhs (same) for depreciation. In view of the loss, no dividend has been recommended this year and no provision made for development rebate reserve. Turnover amounted

to Rs. 4.13 crores, against Rs. 4.69 crores, representing a fall of 12 per cent over 1969.

BINNY**Prospects Improve**

ACCORDING to Mr. P. Unnikrishnan, a director of Binny Ltd, the massive modernisation of the Company which is almost complete will start yielding results from now on. This should help to dispel doubts about the efficient work-

ing of the Company and also its outlook. Mr. Unnikrishnan has said that there is no ground for the rumour that Binny is going to change hands, or that there is a big buying of the Company's shares by interested parties. It has been pointed out by him that the implementation of the modernisation and diversification programmes should enable the Company to penetrate further into the market with an enormous varieties of cotton, woollen, silk, mixed and blended fabrics to suit both the sophisticated and the low-income groups.

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COMMODITIES

Jute Mills Face New Threat from Substitutes

THE sacking sector of the Indian jute goods industry has been faced with a fresh threat, following the establishment and consolidation of the high density poly-ethylene industry in India. Hitherto, the shrinkage in overseas custom of heavy goods had been appreciably offset by the cushioning impact of the broadening offtake of such goods by the expanding industrial and farm products sectors. But the emergence of the H.D.P.E. synthetic packaging industry on a large scale with the basic raw materials being supplied by the expanding petrochemicals sector is likely to be followed by the diversion of custom by the fertiliser, animal feed, chemicals and analogous industries. Of course, currently, because of the developments in Bangladesh, the contributions by the existing H.D.P.E. packaging units will enable the jute industry to allocate more and more of its output for meeting export demands, thus boosting the country's foreign exchange earnings.

Considerable Stature

Commencing from the trial stage in 1969, the H.D.P.E. tape manufacturing industry has gradually developed and at present it has a considerable stature, with more than 60 units engaged in the line. Besides flat tapes, four units—Polyweave, Denier Plast, Thacker Polysynth and Mahendra Polyadelph—have now been producing some 6 million bags a year. Because of the extraordinary rise in the prices of gunny bags, the H.D.P.E. woven bags have been well-received by the fertiliser, animal feed, chemicals and similar industries in course of the past two years. In order to cope with the anticipated broadening of demand, the four existing units have embarked upon plans to double the annual output in a couple of years. Besides, quite a number of units are in the final stage of planning in Gujarat and may come up as soon as the raw material is available from the adjoining refineries.

The H.D.P.E. products are claimed to be proof against rot, dirt, bacteria, wear and tear, acids and alkalis. They are said to be non-porous, lightweight, easy to transport and very at-

tractive. They are said to be suitable for a versatile range of uses in tents, travel bags, tarpaulins, beach umbrellas, rain coats, awnings, hats, table cloths, nets, covers, partitions, banners, nettings and the like.

Decision on D.A.

Following last-minute deliberations in New Delhi between the Central Labour Minister, Mr. R. K. Khadilkar, and the representatives of the Indian Jute Mills Association and various trade unions, on the eve of last week's general strike, the I.J.M.A. agreed not to effect any reduction in the workers' dearness allowance at present. Earlier, the industry had announced that the dearness allowance would be reduced by Rs. 9.20 a worker a month with effect from 1st August, following a fall in the workers' cost of living index with which the dearness allowance has been pegged. The decision not to reduce the D.A. was taken to induce the workers in the industry to refrain from participating in the strike. It was also decided that the issue would be discussed by the Wage Committee for the industry before making any final adjustment relating to the decline in the index.

Poor Wagon Supply

The Indian Jute Mills Agencies Association complained early last week that for the last 15 days "there has been a very small and inadequate allotment of wagons" for the movement of jute from upcountry railheads to Calcutta and mill stations. A Press note issued by the Association said that because of the poor wagon allocations, jute had been accumulating at the agencies "at a time when jute mills are facing an acute fibre shortage. Jute bookings from Assam, north Bengal and Bihar had almost closed down because of the flood conditions at the major points of transshipment." Continuing, the Association said that the prices of fibre had been going up at the agencies and also in Calcutta due to the non-arrival of jute from the upcountry markets. Moreover, the Association "genuinely fears that unless arrangements are made immediately to supply fibre to jute mills, many mills may have to close down." The I.J.M.A.A., therefore, urged the railways to give

topmost priority to the movement of jute from upcountry agencies to Calcutta and mill stations. Since the issue of the Press note, the incessant rains in Gangetic West Bengal and in the catchment areas in north Bengal, Bihar, and Orissa and the worsening of the flood situation have posed a very serious administrative problem to the railways in maintaining the essential services.

Export Prospects in Russia

Last week's frank exchange of views between the members of the Executive Committee of the I.J.M.A. and Mr. A. N. Vardanian, Director, Exportion, the main State trading organisation in Russia, has aroused a lot of interest among trade and industry circles in Calcutta. Exports of jute goods to Russia have of late assumed considerable importance. Russia's offtake has been stimulated from year to year by the large rise in agricultural and industrial output in that country. India's sales of jute goods went up from a bare 44,300 tonnes in 1963 to 121,800 tonnes in 1967. Due to shortages, strikes and other adverse factors, India's exports to Russia declined to 103,000 tonnes in 1968 and 74,200 tonnes in 1969. But following an increase in Indian output and a larger availability of both hessian and sacking during 1970, exports improved to 104,200 tonnes. Although Russia has so far been importing packaging materials from this country, the Indian industry has been exploring the prospects of pushing new lines of products like carpet-backing cloth and decorative fabrics in that market.

Gunnies Easier

The Calcutta gunny market suffered a sharp slump in prices during the past week due to the lack of fresh enquiries from and business with the major internal and overseas consumers. The longshoremen's threatened strike on the U.S. Pacific and Atlantic coasts seemed to be the major influencing factor. The tripartite agreement on the suspension of a cut in the dearness allowance of the operatives by Rs. 9.20 a month from 1st August, following the decline in the cost of living index, pending further discussion on the issue at the Wage Committee for the industry, removed a major threat to possible labour unrest. The market appeared to be in an overbought position. The con-

tinuing shrinkage in credit and high costs thereof, combined with falling enquiries, bookings and offtake unnerved the bulls who emerged as keen sellers in a rather unwilling market, accentuating the drift and perpetuating the downward trend. The authorities and industry circles did not appear to be much worried over the downward trend in prices, because they thought the present rates to be rather unrealistic. In order to ensure sustained interest from the consumers, they should decline further. Even the report of a sizable long-term deal in hessian and sacking between Sudan and the State Trading Corporation on a long-term delivery schedule, the mid-week negotiations between the I.J.M.A. and State Trading organisation in Calcutta and the current Indo-U.A.R. long-term trade talks in Cairo, nor the handsome increase in the export offtake of jute goods during July over the previous month's level failed to arrest the runaway sentiment. Official and semi-official agencies were also awaiting the outcome of the reported industry-Government negotiations in connection with a long-term deal for heavy lots of packaging materials. Besides, the report that the indigenous synthetic packaging industry had already embarked upon a long-term plan for the doubling of its bag making capacity to meet the packaging requirements of a large number of industries induced caution. Reports of widespread floods in north Bengal, Bihar, Gangetic West Bengal and Orissa and incessant rain during the past week caused a dislocation in the movement of fibre from the upcountry railheads and primary and secondary markets by road and rail to Calcutta and mill stations. Mills and mill agents turned cautious on the view that the present decline in fibre prices was a temporary phase. For, a precise idea about the crop prospects was unlikely to be available until the recession of flood waters and an improvement of the extremely inclement weather. Turnover during the week was more or less of a speculative nature. In a market virtually bereft of any worthwhile support, even nominal offers caused a disproportionate sliding down of the prices. But it was interesting to note that sacking prices ruled harder in respect of forward positions than for near ones, presumably due to the much higher jute-content in the construction and the chances of sustained firmness in fibre prices. The I.J.M.A. despatch statement showed a satisfactory increase in exports by

9,300 tonnes over the June level to 61,600 tonnes in July, helping in partially offsetting the 3,400-tonne drop in the internal offtake to 30,300 tonnes and showing an overall increase in total despatches by 5,900 tonnes to 91,900 tonnes. The sizable increase in exports was induced by hectic offtake, particularly for shipment to the U.S.A. along the Atlantic coast on board the end-July loaders, against outstanding current and near-delivery positions so as to help the cargoes to reach their destinations before the commencement of the threatened longshoremen's strike from 1st October. Sizable shipments were also made to Russia and Continental and African destinations. Hessian shipments showed an increase of 3,300 tonnes over the previous month's level to 26,800 tonnes, sacking by 3,500 tonnes to 10,300 tonnes and carpet-backing by 3,100 tonnes to 20,300 tonnes while other goods revealed a minor decline of 600 tonnes to 4,200 tonnes. The sharp decline in internal consumption was ascribed to the slackness in offtake by the official and semi-official agencies, as also by the major industries, mainly because of the lean season and also due to the stiff buyers' resistance to the prevailing high prices. While the hessian offtake rose nominally by 500 tonnes to 3,500 tonnes and miscellaneous goods by 600 tonnes to 3,600 tonnes, heavy goods showed a steep decline by 4,500 tonnes to 23,200 tonnes. In the hedge market, the outstanding open positions in August delivery futures contracts in 40in 10oz. hessian and B Twills were duly closed after squaring up the outstanding open positions around the due date. Trading in November delivery futures in 40in. 10oz. hessian was more or less of a routine nature, although the prices registered a sharp decline after fluctuations between the permissible limits. The easiness was said to have been influenced by the trend in the spot market. The Vigilance Committee of the East India Jute and Hessian Exchange enforced the rigorous trading restrictions imposed by the Forward Markets Commission. Turnover was moderate. The closing undertone was easier.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.- Dec.	Jan.- Mar.
40in. 7½oz.	76.50	75.00	74.00
40in. 8oz.	83.50	—	—
40in. 10oz.	101.00	99.50	98.50
B Twills	260.50	265.50	266.00
Heavy Cees	261.50	266.00	266.00
Cornsacks	—	—	—
A Twills (U.S.)	329.00	338.00	338.00
Liverpools	314.00	318.00	318.00

The raw jute market suffered a sharp setback during the past week due to the virtual erosion of mill interest in the available offers of fibre at the current levels. Although they were genuinely interested in selected grade fibre for ready delivery for batching purposes, the floating stocks and offers thereof were negligible, mainly due to the snapping of road and rail communications between Calcutta and mill stations on the one hand and the upcountry markets and railheads on the other. The incessant rains in the major jute growing States, excluding Assam, and the accentuation of the flood situation around the major transshipment and break-of-gauge points arrested the free flow of goods from the upcountry areas. The reported washing away of a major railway bridge on the Khejuriaghat section stalled the movement of goods. Arrivals of raw jute from the interior to the upcountry primary and secondary markets also slackened following the breakdown of the arterial, feeder and trunk road links. Besides, the accumulation of heavy lots of fibre in the open in the primary and secondary markets and shortage in their safe storage accommodation, combined with the acute stringency of credit, induced a lot of weaker intermediaries to make frantic offers of sizable lots of fibre in the upcountry markets. But the difficult transport and storage problems posed a serious hurdle for the mills and mill agents who showed a positive indifference to the offers in spite of the sizable discounts at which jute had been on offer. The reported readiness of agents and nominees of the State Trading Corporation and the Jute Corporation of India to extend price support to fibre arrested any further slump in the price below the mid-week lows. Turnover was small. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Sept.-Oct. Rates a quintal Bot.	15 days Rates a md. Bot.	Rates a md. Bot.
Selected Assam-			
Agartala	143.34	53.50	56.50
Northern Jute	137.98	51.50	54.50
Western Desal			
Jute	128.60	48.00	51.00
Selected			
Daissee	147.36	55.00	59.00
Assam-Agartala			
Tossa	148.70	55.50	58.50
Mesta :			
Assam Mesta	129.94	48.50	—
Selected Daissee			
Murshidabad	124.58	46.50	—
Bihar Dist.	112.53	42.00	—

THE BISRA STONE LIME COMPANY LIMITED

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CHARTERED BANK BUILDINGS

CALCUTTA-1

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Company Meeting:

POYSHA INDUSTRIAL COMPANY LIMITED

CHAIRMAN'S REVIEW

The following are extracts from the Statement of Mr. M. R. Ruia, Chairman of Poysha Industrial Company Limited for the year 1970-71.

The tempo of progress continued to be maintained during the year. As against total sales of Rs. 711.65 lakhs for the whole group (Poysha, Kaira Can Company and Colridge) last year, the figure for this year was Rs. 933.98 lakhs: excluding the element of excise, the sales rose from Rs. 708.31 lakhs to Rs. 855.54 lakhs. In the case of Poysha alone the rise (without excise) was from Rs. 540.25 lakhs to Rs. 679.92 lakhs. Sales by Kaira Can remained more or less stationary, while the figures for Colridge rose from Rs. 14.94 lakhs to Rs. 22.32 lakhs.

The gross profits for the year amounted to Rs. 54.26 lakhs, and the net profits after providing for depreciation, development rebate and taxation, amounted to Rs. 33.67 lakhs, as against Rs. 27.66 lakhs last year.

The Ghaziabad factory has been enlarged to accommodate another printing line and other equipment. The new printing line is now in operation. Ghaziabad is now in a much better position to meet and service the increasing demand.

At Cochin the main factory buildings are complete and electrification is going on. The factory should be ready for commissioning soon after the monsoon.

In our subsidiary, Kaira Can Company, too, printing lines are being set up, which should make it self-sufficient in the matter of printed tinplate sheets. Other balancing equipment is also being procured and we expect Anand to be fully self-sufficient soon.

Tinplate Supplies

The position regarding supply of tinplate continued to be unsatisfactory. Hindustan Steel and the Tinplate Company of India are expected to meet the full demand of the industry for general line containers; but the same irregularities in supplies and a continuously increasing backlog still persist, in spite of promises to increase production and improve supplies. As

for O.T.S. tinplate, it is still under experimentation at Hindustan Steel; and while we are hopefully expecting an early improvement in the situation, we still have to import large quantities of suitable tinplate from abroad. This has now become a matter where Government should strongly and effectively intervene. In the context of the generally unsatisfactory situation of the steel industry, however, one does not know when the required improvements will materialise.

Taxation

To add to these troubles, the taxation policy of the Government, in the matter of duties and of excise, has continued unaltered. I pointed out last year how the tin can was suffering from triple imposts, being taxed both on its prime raw material and on itself as a finished product, besides the tax on the canned product, too. This position continues unchanged, and has recently worsened as a result of the last budget which raised the duty on imported tinplate from 27½ per cent to 40 per cent. It would almost appear as if a dead set is being made against tin containers, on the misconceived ideological ground that preserved foods are mere luxuries beyond the reach of the common man. It is a well-known fact that about 30 per cent of the fruits and vegetables grown in this country is wasted on account of improper packaging, inadequate transport and lack of marketing facilities. Today, a mere 0.5 per cent of India's 20 million tonnes of fruit and vegetable production is being preserved. One would have thought that, the Government's basic policy being the promotion of agro-based and defence-and-export-oriented industries, close attention would be paid to the means of food preservation in this country, and to the increase as rapidly as feasible of the volume of foods so preserved. Unfortunately, this has not been the case. The fruit and vegetable preservation industry is largely a small-scale industry which is labour intensive and has a high employment potential. In the fight against malnutrition and under-nourishment, it will hold a key position in the creation of a more balanced diet than can otherwise be obtained. It is also important

for defence requirements of "special convenience" and "survival" foods, which are even today of the value of Rs. 5 crores per annum. The Indian Institute of Foreign Trade, after a recent survey of over 20 countries in Europe, West Asia and South East Asia, has also called for a bold programme of exports rising from its present value of Rs. 6.7 crores to Rs. 50 crores by 1975-76. This, however, can be achieved only with the active assistance of the Government by way of relief of taxation and other levies on the existing modern units. It has been calculated that, on the basis of current figures of exports, estimated at 20 per cent of the total production, there will be a need to raise the annual production of canned and preserved fruits and vegetables to at least 300,000 tonnes within the next five years.

A Vital Industry

It is most unfortunate that the food canning industry in India is being treated as a luxury industry, whereas in the United States it is one of the most far-reaching and important of all industries. It is nothing short of a criminal waste of our food resources to allow a substantial part of the fruits, vegetables, etc., annually produced in this country to go to waste. I do hope that the Government will at least now take a realistic view of the importance of food preservation vis-à-vis national nutrition and the national economy, and change their taxation policy.

The crux of the matter as regards the tin can is the quality and price of tinplate. Tinplate prices have gone up by 50 per cent during the last five years; and considering that in the case of general line cans 50 to 60 per cent of the cost of the container, and in the case of the O.T.S. cans, as much as 70 to 80 per cent consists of the cost of the tinplate alone, one can understand the severe handicaps under which the industry is now operating. Successive levies on tinplate, on empty containers and on the final products packed in the container, are a burden which has, in increasing measure, to be passed on to the consumer who will soon find the tin can beyond his purchasing power. As it is, can prices in India for preserved foods are perhaps the

highest prevailing anywhere and account for as much as 30 per cent of the total cost of the end products.

In a country like India where the products have to travel long distances and have to face severe climatic conditions, they have to be packed with extreme care. This is more important in the case of processed foods where the tin container is vital, but where owing to the handicaps placed on it, it has had a continuous struggle to maintain its supremacy. If this struggle ends in failure, it will be nothing short of a major calamity.

Foreign Collaboration

I am happy to announce that our long-drawn-out negotiations with American Can Company, the largest can-makers in the world, have now been successfully concluded. All the points that have been outstanding between us and the Government of India have now been cleared.

As a result of this collaboration, many new items will be taken up for manufacture. They include beer cans (both conventional and specialised), aerosols, and cans with easy opening ends of both aluminium and tinplate. Many of the existing difficulties of the Indian processing industries can readily be solved with American Can's expert advice. Similar advantages will accrue in the case of our exports also, besides large savings by imports substitution, and by the use, on American Can's advice, of thinner tinplate, plain or beaded, in lieu of conventional tinplate.

Expansion Programme

I am glad to announce that the Government have recently sanctioned our expansion by two more units of sizeable capacity, one in Madras and the other in West Bengal. Steps will be taken to implement the projects as soon as possible. In O.T.S. cans a trend is visible for the shift of their most important markets from Bombay to the North and the South. Our Ghaziabad unit and the forthcoming unit in Madras will increasingly share in this business.

Our thanks are due to our staff and workers who have, as usual, fully co-operated with us.

This does not purport to be a report of the proceedings of the Annual General Meeting.

M. R. RUIA
Chairman

Bombay: 27th August, 1971.

COMPANY AND PUBLIC NOTICES

ALLAHABAD BANK LIMITED

Registered Office : .

4, Lyons Range, Calcutta-1.

NOTICE

FOR ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Forty-Eight Annual General Meeting of the Shareholders will be held at the Registered Office, 4, Lyons Range, Calcutta-1, on Friday the 24th September 1971 at 11 a.m. to transact the following business:—

1. To consider the audited Balance Sheet as at 31st December 1970, and the Profit and Loss Account together with the Directors' Report for the year ended on that date.
2. To declare dividends.
3. To appoint Directors in the place of those retiring by rotation.
4. To appoint auditors and to fix their remuneration.

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

And Notice is hereby further given that the Register of Members and Share Transfer Books will remain closed from 10th September 1971, to 24th September 1971, both days inclusive, for payment of dividends.

By Order of the Board
LOVELOCK & LEWES
Secretaries

Calcutta:
Dated: 26th August 1971.

THE LAWRENCE INVESTMENT AND PROPERTY CO. LTD.

NOTICE is hereby given that the Annual General Meeting of THE LAWRENCE INVESTMENT AND PROPERTY COMPANY, LIMITED will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Friday, the

24th day of September, 1971, at 10.0 A.M. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1971, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint Directors in place of retiring Directors.
3. To appoint Auditors and to fix their remuneration.

The Registers of Members of the Company will be closed from the 17th September, 1971, to the 24th September 1971, both days inclusive.

By Order of the Board,
BIRD & COMPANY (PRIVATE) LIMITED
K. L. DUA,
Managing Director,
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta, 23rd August, 1971.

Note : 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.

SIJUA (JHERRIAH) ELECTRIC SUPPLY CO. LTD.

AT a meeting of the Board of Directors held on the 24th August 1971, the following Dividend on the Ordinary Shares for the year ended 31st March, 1971, has been recommended for declaration at the Annual General Meeting to be held on 24th September, 1971, payable on or after 15th October 1971:—

At the rate of Rs. 1.30 per share subject to deduction of tax.

By Order of the Board
BIRD & CO. (PRIVATE) LIMITED
S. GHOSH
Managing Director
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
24th August, 1971.

SIJUA (JHERRIAH) ELECTRIC SUPPLY COMPANY LTD.

THE Board of Directors of the Company at its meeting held on the 24th August, 1971 has declared an interim dividend on the Company's Ordinary shares for the year ending 31st March, 1972 at the rate of Re. 0.50 P. per share, subject to deduction of tax at source.

The interim dividend as referred to above, shall be payable on or after the 15th October, 1971, to those members of the Company whose names shall be registered on its share Register as on the 24th September, 1971. The share Transfer Register shall be closed for the purpose from the 20th September, 1971 to the 24th September, 1971 both days inclusive.

By Order of the Board
BIRD & CO. (PRIVATE) LTD.
S. GHOSH
Managing Director
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
The 24th August, 1971.

SIJUA (JHERRIAH) ELECTRIC SUPPLY COMPANY LIMITED

NOTICE is hereby given that the Annual General Meeting of the Members of Sijua (Jherriah) Electric Supply Co. Ltd., will be held at the Registered Office, Chartered Bank Buildings, Calcutta at 3.30 P.M. on Friday, the 24th September, 1971 for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1971, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To declare the Dividend recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To appoint Mr. A. Basu, a Director, who vacates his seat at this Meeting and to consider and, if thought fit, to pass the following resolution of which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act,

1956, the candidate having filed with the Company his consent to act as a Director, if appointed.

"RESOLVED that Mr. A. Basu be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

5. To appoint Mr. M. M. Dutt, A Director, who vacates his seat at this Meeting and to consider and, if thought fit, to pass the following resolution of which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, the candidate having filed with the Company his consent to act as a Director, if appointed.

"RESOLVED that Mr. M. M. Dutt be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

6. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

"RESOLVED that consent be and is hereby accorded under the provisions of Section 314 of the Companies Act, 1956, to any Director of the Company holding the position of a Managing Director or Director or Member of Bird & Co. (Private) Limited, who may be deemed to be holding an office or place of profit under the Company by virtue of an Agreement dated the 30th March, 1971 and made between the Company of the one part and Bird & Co. (Private) Limited of the other part effecting the appointment of Bird & Co. (Private) Limited as the Secretary of the Company for a period of 5 years from the 1st April, 1971 with option for renewal on the same terms as to remuneration and otherwise, a copy of which has been produced at the meeting and initialled by the Chairman for the purposes of identification and that the said Agreement as well as the said renewal option be and are hereby ratified and confirmed."

The Register of Members of the Company will remain closed from the 20th September, 1971 to 24th September, 1971, both days inclusive.

By Order of the Board
BIRD & COMPANY (PRIVATE) LIMITED.
S. GHOSH
Managing Director.
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta.
24th August, 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.

(2) The dividend, if declared, will be paid on or after 15th October, 1971 to those members so entitled whose names appear in the Company's Register of Members on the 24th September, 1971 or to their mandatees. 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 the special business set out above is being sent to the Members.

COMPANY MEETINGS AND DIVIDENDS DECLARED OR PROPOSED

Name of Company	Date	Hours I.S.T.
Indian Steel & Wire Products Ltd.	23-9-71	12-30 p.m.
Calcutta Steel Co. Ltd.	9-9-71	4-30 p.m.
Titagur Paper Mills Co. Ltd.	22-9-71	11-30 a.m.
National Insulated Cable Co. of India Ltd.	24-9-71	4 p.m.
Indian Iron & Steel Co. Ltd.	22-9-71	3 p.m.
Lawrence Investment & Property Co. Ltd.	24-9-71	10 a.m.
Sijua (Jherriah) Electric Supply Co. Ltd.	24-9-71	3-30 p.m.

RESERVE BANK

SCHEDULED BANKS

ISSUE DEPARTMENT	(In 000's of Rupees)		
	Week Ended		
	20-8-71	13-8-71	21-8-70
Liabilities—			
Notes in Banking Dept. ...	20,51,98	25,79,70	20,22,49
Notes in Circulation ...	43,12,45,41	43,65,25,51	38,83,16,57
Total Notes Issued ...	43,32,97,39	43,91,05,21	39,03,39,06
Asset—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,23,42,00	2,23,42,00	3,56,42,00
Total of A ...	4,05,95,11	4,05,95,11	5,38,95,11
B. Rupee Coin ...	44,06,48	42,14,89	61,86,91
Rupee Securities ...	38,82,95,80	39,42,95,21	33,02,57,04
Total ...	43,32,97,39	43,91,05,21	39,03,39,06
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 ...	1,90,00,00	1,90,00,00	1,72,00,00
National Agricultural Credit (Stabilisation) Fund ...	39,00,00	39,00,00	37,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,35,00,00	1,35,00,00	95,00,00
Deposits—			
(a) 1. Central Govt. ...	53,22,53	51,73,93	1,00,64,90
2. State Govts. ...	4,17,08	4,21,08	5,40,71
(b) Banks—			
(i) Scheduled Banks ...	1,99,17,60	2,13,39,35	1,93,19,17
(ii) State Co-operative Banks ...	8,98,97	10,41,36	9,07,47
(iii) Non Scheduled State Co-operative Banks ...	82,21	81,21	70,72
(iv) Other Banks ...	50,81	30,92	40,53
(c) Others ...	1,93,63,69	1,81,81,60	1,00,61,38
Bills Payable ...	40,37,16	40,49,16	29,02,02
Other Liabilities ...	1,52,32,62	1,43,39,64	30,80,36
Total ...	11,72,22,57	11,65,58,25	9,28,87,26
Assets—			
Notes ...	20,51,98	25,79,70	20,22,49
Rupee Coin ...	4,35	2,93	3,35
Small Coin ...	3,54	3,60	4,25
Bills Purchased and Discounted:—			
(a) Internal ...	8,54,89	7,60,87	...
(b) External ...	...	...	...
(c) Govt. Treasury Bills ...	58,59,81	42,93,95	24,94,28
Balances held abroad ...	1,47,35,66	1,44,07,70	96,23,12
Investments ...	2,20,38,18	2,89,25,73	1,12,20,63
Loans and Advances to:—			
(i) Central Government ...	...	...	...
(ii) State Governments ...	1,83,46,68	1,57,88,07	94,79,07
Loans and Advances to:—			
(i) Scheduled Banks ...	1,30,66,90	1,04,91,15	2,04,41,88
(ii) State Co-operative Banks ...	2,20,70,37	2,11,91,33	2,44,59,49
(iii) Others ...	3,64,30	3,62,14	2,11,95
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	42,02,72	42,02,94	34,31,43
(ii) State Co-operative Banks ...	23,21,13	23,32,51	22,49,64
(iii) Central Land Mortgage Banks ...	...	...	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,14,98	10,14,98	9,57,02
Loans and Advances to State Co-operative Banks ...	13,67,41	13,71,56	5,19,00
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operational) Fund ...	55,29,21	55,04,21	26,26,71
(a) Loans and Advances to the Development Bank ...	...	...	...
Other Assets ...	33,90,46	33,24,88	31,42,95
Total ...	11,72,22,57	11,65,58,25	9,28,87,26

	(In lakh of Rupees)		
	Week Ended		
	20-8-71	13-8-71	21-8-70
(i) Demand Liabilities—			
(a) Demand Deposits:			
(1) From Banks ...	1,57,93	1,63,05	1,45,50
(2) From others ...	27,87,98	27,80,97	23,90,10
(b) Borrowings from Banks ...	65,24	51,67	52,24
(c) Others ...	1,84,78	1,83,08	1,53,91
(ii) Time Liabilities—			
(a) Time Deposits:			
(1) From Banks ...	1,42,40	1,46,10	1,30,54
(2) From others ...	37,20,52	37,09,24	30,84,75
(b) Borrowings from Banks ...	14,35	12,47	7,14
(c) Others ...	43,00	43,39	30,82
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	13,28	13,34	29,90
(b) Time Liabilities ...	74,26	73,72	63,71
(iv) Borrowings from Reserve Bank ...	3,85,52	3,49,16	4,66,19
(v) Cash ...	1,65,28	1,66,18	1,50,36
(vi) Balances with Reserve Bank ...	2,16,30	2,23,64	2,01,65
(vii) Balances with other banks in current account ...	71,75	74,99	63,88
(viii) Money at call and short notice ...	87,29	93,89	88,80
(ix) Investments in Central and State Govt. Securities ...	14,96,08	14,84,30	13,40,05
(x) (a) Loans, Cash Credits and Overdrafts ...	39,15,48	39,87,67	35,85,22
(b) Due from banks ...	4,28,18	4,29,60	4,32,13
(xi) Inland Bills purchased and discounted ...	7,95,58	7,90,07	5,57,64
(xii) Foreign bills purchased and discounted ...	2,10,31	2,06,65	1,60,35
(xiii) Total of X, XI and XII ...	53,49,55	54,13,99	47,35,34

INDEX OF INDUSTRIAL PRODUCTION

Seasonally unadjusted
(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 ...	178.5	175.1	165.0
August ...	174.3	169.7	162.1
September ...	178.2	172.0	159.5
October ...	173.0	171.1	159.4
November ...	181.5	171.4	166.7
December ...	189.8	187.6	173.2
Annual Average	...	...	...

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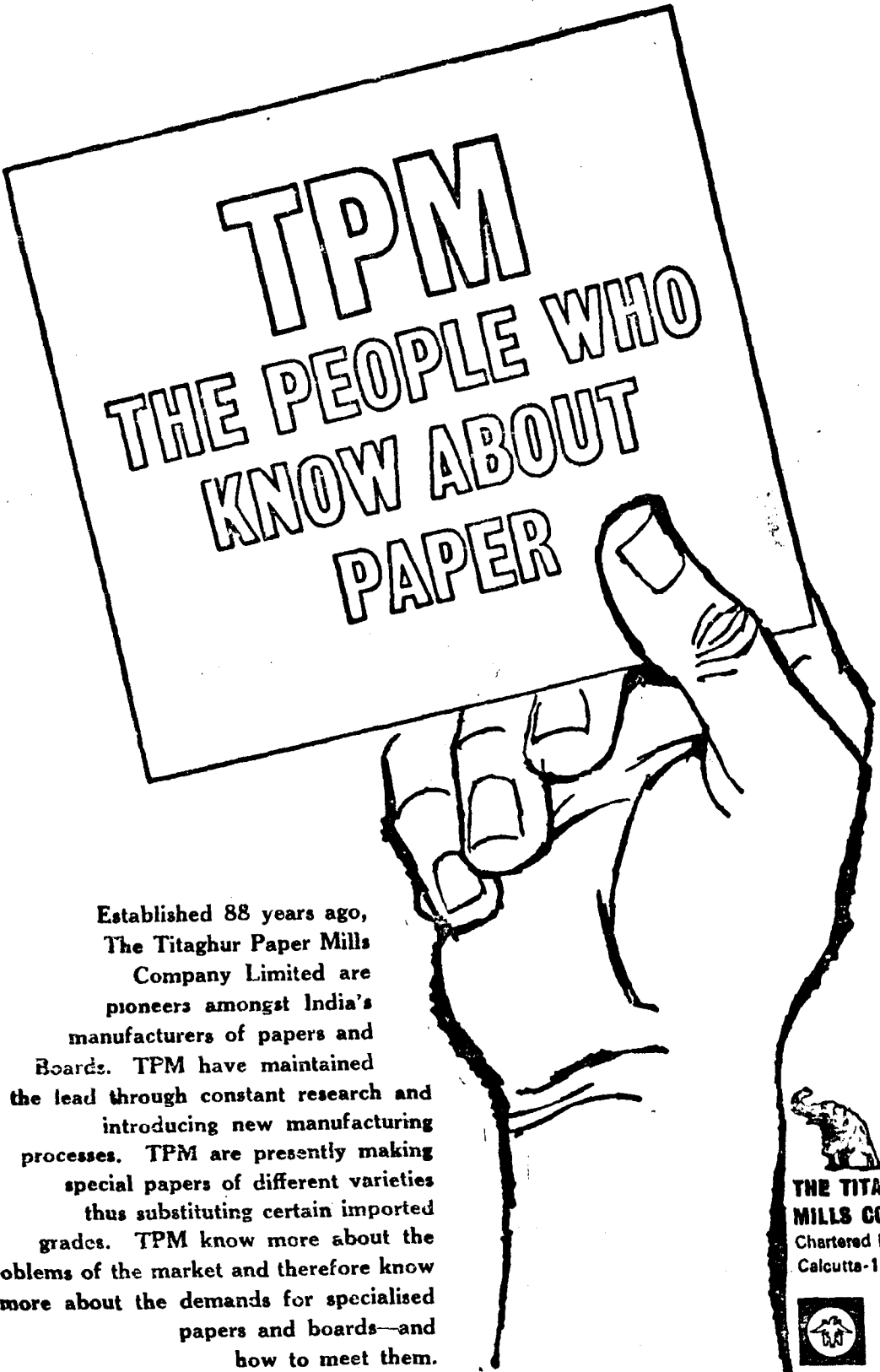
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THE TITAGHUR PAPER MILLS COMPANY LIMITED
Chartered Bank Buildings
Calcutta-1



A BIRD-HEILGERS ENTERPRISE

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Editor: A. K. Ganguly

CAPITAL

ECONOMICS
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MANAGEMENT
PUBLIC AFFAIRS

Dynamics of Development Aid
Personnel in Public Enterprises
New Dynamism in L.I.C.
Deposits of Non-banking Companies
Role of E. C. G. C. in Promoting Exports

This year 13 million more will share pot-luck with us so we have some down to earth ideas cooking

The thought of 13 million more for dinner every year puts food on your mind. Even a small helping for each means millions of tonnes of food grain. How are you going to dish it out? By prodding the earth to produce more. That brings us to fertilizers. One tonne on 30 hectares means an extra 10 tonne production of food grain.

We don't make the fertilizers but we play a major role in manufacturing and installing fertilizer plants. That's one industry we've thought of in a big way. The largest evaporator crystallizer in India was made by us for a fertilizer complex. Other jobs include fabrication of all kinds of process plant and equipment for the chemical industry. In fact we design, manufacture and instal plant and machinery for every vital industry.

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Dynamics of Development Aid

THE much-awaited annual reports of the I.M.F. and the World Bank have just seen the light of day, and predictably they have covered many issues which have created a lot of furore in recent weeks. To some extent, the annual report of the I.M.F. is dated, for the simple reason that it does not offer a comprehensive picture of the latest world currency crisis and the special measures announced by President Nixon on 15th August to save the dollar from an impending catastrophe. But this deficiency notwithstanding, the annual report of the I.M.F. does contain a lot of practical suggestions. If the developed and developing nations implement them in right earnest, they will go a long way to restore equilibrium in the balance of payments of these countries and usher in an era of comparative currency stability. The meetings of the I.M.F. and the World Bank later this month will undoubtedly consider the suggestions contained in the annual reports and will try to provide a solution to the countries which still appear to be groping in the dark.

As was only to be expected, the annual report of the I.M.F. does not contain any suggestion that the Bretton Woods system devised in the immediate postwar years should be discarded as a useless mechanism. So there is hardly any doubt that an effort will be made to salvage the system with some modifications here and some others there. The practice of resorting to controlled currency floats which some of the west European countries have adopted as a solution does suggest which way the wind might be blowing. But had there been greater monetary co-operation between the west European countries, the U.S.A. and Japan, who are busy feathering their own nests instead of restoring normalcy and order in the international currency

system, things could not have taken such an adverse turn as they have today. Admittedly, the I.M.F. report has provided a number of clues to the present world currency crisis. Although much of the report is devoted to the discussion of the world currency crisis as it happened in May, its findings, by and large, are relevant to the conditions obtaining today.

The report points to the well-known fact that the performance of the world economy was less than satisfactory in certain major respects during 1970 and the first part of 1971. "Production increased slowly and was accompanied by strong and persistent inflationary forces". This, in turn, led to volatile capital flows from the U.S.A. to Europe. The I.M.F. report rightly points out that an excessive reliance on monetary policy in several key countries, wide divergence of credit conditions and the prevalence of contrasting economic situations in the U.S.A. and Europe have been the major factors contributing to the recurring currency crises. With a view to resurrecting the Bretton Woods system, which has been the target of a lot of salvos in recent weeks, the annual report has done well to suggest at least four possible solutions: (1) strengthening the rôle of fiscal policies, (2) doing away with the disequilibrating capital flows, (3) adopting a flexible system of exchanges rates, and (4) resorting to official borrowing from capital markets abroad with a view to staving off possible emergencies.

While the I.M.F. report does contain a lot of home-truths about the current international currency crisis, the report of the World Bank shows a lot of dynamism in the organisation introduced by its President, Mr. Robert S. McNamara. One of the major highlights of the annual re-

port is that the group's lending touched a record \$2,581 million (Rs. 1,936 crores) in the fiscal year ended June 1971—an increase of about \$280 million (Rs. 219 crores) over the previous year. The Bank group is thus well set to achieve Mr. McNamara's target of doubling lending during the quinquennium 1969-73, compared with the previous five-year period, 1964-68. If the World Bank is serious in maintaining operations at the level of about \$2,500 million over the next two fiscal years ending June 1973, it will be necessary to replenish the resources of the International Development Association—the soft-lending affiliate of the World Bank—without any unconscionable delay. Incidentally, after his visit to India in 1968, Mr. McNamara said that the backward regions in Latin America as well as the African countries would receive a major share of the development assistance offered by the World Bank, which created a lot of misgivings in India. But they were cleared by Mr. McNamara himself when he pointed out that the World Bank had no intention of reducing the flow of development assistance to the less developed regions in Asia, including India. The latest annual report of the World Bank has shown that Mr. McNamara did not say this with a tongue in his cheek. In fact, the World Bank group's commitments for India's economic development amounted to a record level of \$243.4 million (Rs. 182.5 crores) during the year ended June 1971, against \$227.5 million in the previous year and \$193 million the year before.

True, all the development assistance that India received from the Bank group during the year came from the International Development Association whose interest-free credits are usually offered for a period of 50 years, although there is a nominal service charge of $\frac{3}{4}$ of 1 per cent. However, it is pleasing to note that India accounted for over 41 per cent of the I.D.A.'s total commitment of \$584 million during the year. I.D.A. credit has been offered, among others, to a fertiliser project in south India and for building foodgrain storage and handling facilities, a sector where both the World Bank and the I.D.A. should pay greater attention in the foreseeable future in view of India's prospect of achieving food self-sufficiency before the end of the Fourth Plan and her problem of inadequate storage facilities. It is also pleasing to note from the annual report that the

World Bank group is laying more emphasis on a change in the pattern of lending for agriculture in recent years, whereby a stronger support is given to projects which involve a comprehensive approach to agricultural development.

A section of the World Bank's annual report refers to the controversial debt problem of the developing countries. It is pointed out that some 80 developing countries had accumulated outstanding debts to the extent of \$59 billion at the end of 1969 and that this debt had been growing since the mid-sixties at the annual rate of 14 per cent and in the case of south Asia at the rate of 22 per cent. Furthermore, debt service payments were also growing at the rate of 14 per cent a year, although it

Personnel in Public Enterprises

WITH the close of August, the era of deputationists in India's public sector may be said to have formally come to an end. Since the Government took a decision in early 1969 asking the deputationists to make up their mind whether they want to remain in the public-sector enterprises or revert to their parent cadres, much had been written about the adverse effects of allowing these "passing birds" to get in and get out of the public sector as they pleased. Now that most of the deputationists—at least at the top level—have exercised their options, one must presume that public-sector enterprises are left with only such officers who are seriously interested in building up the units with which they are connected. If this presumption is true, the public sector should see better days in the years to come.

Although the Government decision was taken to end—partly at least—the bureaucratic hold on public-sector enterprises and to build up a cadre of managers to look after these units, it cannot be said the performance of these enterprises suffered only because of the deputationists. That would be a narrow view to take. According to official figures, there are about 175 posts in the 80-odd public enterprises in the pay-scale of Rs. 2,500-Rs. 3,000 and above. Of these, only 145 were classified as top posts and only 44 were occupied by the deputationists. Twenty of them have chosen to re-

have slowed down recently. The World Bank has laid the blame squarely at the door of developing countries for allowing this explosive situation to mature, for it says: "No plausible level of concessional aid from abroad will be successful in averting future debt crises if recipients mobilise their own resources ineffectively, invest them inefficiently or maintain an exchange rate which discourages export production". While there is a lot of truth in these observations, can it be denied that the international specialised agencies too have a duty to extend a helping hand to the developing nations so that they can make use of development assistance more economically and efficiently to cut down the gestation period of growth in specified projects?

main in the public sector. Of the rest, one is retiring shortly and eight others have yet to make up their mind because the stipulated time for the exercise of option has not expired in their cases. That means 15 officers have preferred to return to their parent cadres. Deputationists drawing below Rs. 2,500 totalled about 1,346, but in their cases, they have some more time to make their choice.

It should be obvious from the above figures that such a few officers could not have possibly, by themselves, played havoc with the performance of public enterprises. The fault lay in the entire system of manning the top posts in the public sector. Only one loophole which could be misused has now been plugged by ending deputations for periods longer than two years. Even under the existing rules, officers could be sent to public enterprises for two years, but within this period they must make up their mind whether to remain in the Government or opt for the respective enterprise concerned. Thus, although the deputationists' hold on the public sector has been reduced, there is no sign yet that the Government is really serious about building up a cadre of dedicated men to serve the public sector. Only recently, the Government had appointed a few politicians, who either did not get a ticket or were defeated in the last elections, to head public undertakings. If the deputationists'

hold on the public sector is questionable, equally so is the appointment of politicians to top positions in public enterprises. This tendency to provide berths in public enterprises to "passing birds"—whether they belong to the rank of officers or politicians—must also be checked if the image of the public sector is to improve.

There is also considerable scope for improvement in the relationship between various Ministries and the public enterprises under their charge. Even when public enterprises are headed by men of calibre, it is sad but true that these people are often handicapped by the control exercised on them by the respective Ministries. No doubt they should be accountable to the Ministry, but once policy decisions are taken and the men in public enterprises are given their brief, they should be left free to execute the task entrusted to them. Not infrequently top managers and senior officers in the Ministry do not see eye to eye with each other and this leads to deterioration in the performance of the unit concerned. Accountability by public-sector managers should, therefore, be properly defined. As Mr. P. L. Tandon, chairman of the State Trading Corporation, put it once, the emphasis should be not on "accountability to whom" but on "accountability for what."

With an increasingly important part being assigned to the public sector in the country's economy, it is imperative that the responsibility and rôle of public enterprises are properly defined and a personnel policy designed to attract the best talent pursued. When the poor financial performance of individual public enterprises comes in for criticism, the stock reply heard in their defence is that profit should not be the only criterion to judge the performance of these units. They serve a social purpose too. One can understand this to a certain extent—in the case of an enterprise like the railways, for instance. But this argument cannot be carried beyond a limit. If a public enterprise produces goods which are in great demand in the country at a high cost or when its production does not come anywhere near its installed capacity, to what extent can it logically plead that the unit concerned is doing a social service? Public-sector managers will tend not to show any results if this sort of vague talk is repeated *ad nauseam*. If the Government's own

emphasis on better performance happens to be lukewarm, how can the managers be expected to take a keener interest in the efficiency of public enterprises?

While politicians in power wax eloquent over the social purpose of public enterprises, the Government is faced with the problem of raising resources to continue the development work. The returns from public enterprises acquire importance from this point of view. The *Economic Survey* for 1970-71 frankly admits that the returns from public undertakings so far "have been scarcely commensurate with the investments made." In 1969-70, the return was hardly 5 per cent, compared with 4.7 per cent in the previous year. The *Economic Survey*

goes on to add that "the problem of securing adequate returns from public-sector undertakings has to be viewed as an integral part of the wider strategy of widening and deepening the resources base." Mere improvement in the personnel policy, whether through better selection of men or through introduction of greater mobility of personnel between various public-sector undertakings, will not ensure better results from these enterprises. The Government's overall approach to the public sector must change so that there is a little more emphasis on performance. Otherwise, even though the scope of the public sector might become wider in the years to come, the objective of "widening and deepening the resources base" may not be realised.

New Dynamism in L.I.C.

THE Life Insurance Corporation of India has seldom shown as much dynamism as it is doing today. The most eloquent testimony of this fact is the accelerating rate of increase in the volume of its new business—and that too at a time when strong inflationary forces, eroding the real value of any form of long-term savings, make selling life insurance only more difficult. From Rs. 929.35 crores in 1968-69, it rose to Rs. 1,036.08 crores in 1969-70 and to Rs. 1,303 crores last year. In the past two years, it has been maintaining a growth rate close to 30 per cent in new business, compared with 10 per cent or so in some of the preceding years. All this, to say the least, is impressive and should be enough to take the wind out of the sails of the critics who claimed that for a monopoly organisation of its nature, a higher rate of growth was expected. In the year just after nationalisation, that is, 1957, its new business amounted to a paltry Rs. 277 crores. What is more, the imagination and purposiveness that the L.I.C. has recently shown—in the making of which the contribution of its new chairman, Mr. T. A. Pai, can hardly be under-estimated—should effectively silence those who were never tired of citing its case as a typical example of an inefficient public-sector leviathan. Now it is for the L.I.C. to keep up the good work it has started and scale greater heights of success in future.

In spite of a long history of over 100 years, life insurance business in

India has remained restricted within the confines of a few classes and a few places. Only about 2 per cent of the population and perhaps 10 per cent of the working population have yet been covered. One of the primary tasks before the L.I.C. is thus to enrol new policy-holders. This makes it incumbent on the Corporation to make a bolder thrust in the rural sector where there is a lot of money. New business of about Rs. 300 crores a year in villages is good but not enough. A special development fund is required to back up the drive, and Mr. Pai has pleaded that the L.I.C. be allowed to retain a part of its profits that goes to the Government for this purpose. The long-term gains from such a move, as he has indicated, would more than compensate for the temporary losses. And the suggestion deserves serious consideration from the authorities.

On its part, the L.I.C. has introduced a number of new schemes expected to make life insurance more attractive and rewarding. The latest centenary policy thus offers very liberal terms. The deposit-linked insurance scheme has been rather slow to catch on with the banks, but is expected to gain momentum soon for its obvious advantages. The L.I.C. is also planning to build entire townships and then to sell them to policyholders on a hire-purchase basis. A beginning has already been made with the construction of a township of 4,000 tenements at Borivili, near Bombay. The Cor-

poration's own-your-home scheme is also being streamlined. The standard of service it offers leaves scope for improvement, but the chronic staff problems which have plagued the L.I.C. for so many years seem to be slowly losing their sting. This in itself is no mean achievement and its management, especially Mr. Pai, can take legitimate satisfaction on this count. What is particularly gratifying is that its overall expense ratio has also declined from 27.69 per cent in 1969-70 to 27.19 per cent in 1970-71—in spite of the sizable wage hikes allowed to employees. (A fuller version of Mr. Pai's speech at the annual general meeting of the L.I.C. appears on a later page in this issue of *Capital*.)

The L.I.C.'s investment policies are also showing signs of the change that has taken place in its outlook. It continues to occupy an important place in the capital market and has lately played its cards with a commendable finesse to foil some questionable take-over bids. Besides extending sizable support to the private sector—where it owns 13 per cent of the equity of 853 companies—its investment portfolio includes outlays on housing programmes (Rs. 301 crores), rural electrification (Rs. 309 crores), water supply and drainage programmes (Rs. 50 crores), agricultural development through land mortgage banks' debentures (Rs. 92 crores), small-scale industry (Rs. 28 crores) and warehousing of the Food Corporation of India (Rs. 5 crores). At the end of 1970-71, the total investment stood at Rs. 1,718 crores, recording a rise of Rs. 189 crores during the year. Some significant changes in the Corporation's investment policies have been hinted at by Mr. Pai. He would like its investment to be linked not so much to dated securities or bonds in the conventional sense but to clear Plan priorities. Supporting the market, he feels, should be left primarily to other agencies like the Unit Trust, and the L.I.C. would prefer buying shares of the term-lending institutions. A change in the investment programmes may also be brought about by the adoption of the new guidelines for the conversion of loans into equity.

The new dimensions to the L.I.C.'s operations will expectedly require it to tackle more challenging tasks in the days ahead. Crop insurance—the proposal for which has hung fire for quite some time—offers a vast potential but would require a lot of planning and a sound implementation machinery.

Similarly, the Corporation will soon have to give more serious thought to the question of reducing the premium rates, particularly in keeping with the rise in the average life expectancy of the people or, alternatively, raise the bonus payment. The substantial reduction in premium rates under group insurance schemes ranging from 20

per cent to 44 per cent recently announced by the L.I.C. may be followed in other forms of policies. Meanwhile those who have faith in the L.I.C. and its new dynamic approach feel confident that the Corporation will succeed in sorting out many of its current issues. And the number of such people is growing fast.

Railways : Speed and Priorities

THE recent decision of the Railway Board to raise the speed of five major trains from 1st October is unexceptionable in principle. In a vast country like India, train journey between one end of the land to another is not only tedious but time consuming, largely because of the fact that enough attention was not given in the past to accelerating the speed of Indian trains. This was partly due to the involvement of the railway authorities with removing the bottlenecks to goods traffic, especially in the eastern region. It is not as though that this problem has been solved satisfactorily once for all, but it is much less acute than in the past. At least the railways claim to have an adequate wagon capacity to meet the requirements all over the country.

However, complaints are still heard from different quarters concerning the non-availability of wagons. The sugar industry is, in fact, attributing the shortage of supplies in certain areas and the consequent rise in prices to the paucity of wagons for the movement of sugar stocks from the factories to the consumption areas. Similar difficulties are reported to have been experienced by consumers of coal, including the steel plants. The railway authorities explain that these difficulties are not due to the shortage of wagons but due to the delay in the return of empties from the steel plants and other consumers of coal. The law and order situation in the eastern region is also stated to be a contributory factor to the anomalous situation in which the railways have ample wagon capacity and yet cannot meet the demands of different sectors fully and in time.

In this situation, it is but natural for some to doubt the wisdom of the decision of the railways to introduce high-speed trains, which will have to be hauled by two diesel engines, instead of one as at present. There is a point of view within the Railway

Board itself that nothing should be done in haste and the proposal for accelerating the speed of major trains should be gone into thoroughly, if necessary by a committee of experts, before implementing the programme. This view has not, however, prevailed with either the Central Minister for Railways or the chairman of the Railway Board who are keen to make a beginning in introducing high-speed trains next month itself. To start with, the speed of these five trains will be raised by ten kilometres an hour. The trains covered by the programme are the Grand Trunk Express between Delhi and Madras, the Frontier Mail between Bombay and Delhi, the Bombay-Howrah Mail, the Kalka Mail and the Rajdhani Express between Calcutta and Delhi. Barring the Rajdhani Express, which now runs at 120 kilometres an hour, all the others have a maximum speed of 110 kilometres an hour. The idea is to raise the speed of all these trains by ten kilometres every year and thus reach the target of 160 kilometres an hour by April 1975.

Judged by international standards, the existing speeds on the Indian railways are still on the low side. Speeds of 160 kilometres to 200 kilometres have already been achieved by the railways of some advanced countries and work is under way for raising them to 250 kilometres an hour in the near future. In Japan, trains are operated at a speed of 210 kilometres an hour between Tokyo and Osaka, a distance of about 515 kilometres. On the Continent, the French National Railways achieved in 1955 the world record of 331 kilometres an hour. However, the high-speed trains on the French Railways generally run at maximum speeds varying from 140 kilometres to 200 kilometres an hour. Russia is nearer to India with the maximum speed on its railways ranging between only 120 kilometres and 160 kilometres an hour. In the United States, high-

speed trains have been introduced more for short-distance travel as trains are not popular for long-distance journeys. In Britain, the maximum speed at present is 160 kilometres an hour.

It is evident that the Indian railways are only trying to catch up with the rest of the world. They are second to none in operational technology and have already achieved self-sufficiency in their requirements of know-how and locomotives and components. It is, therefore, not surprising that the proposed high-speed programme will cost practically nothing for the railways by way of additional investment on traction or equipment. The Railway Standards and Design Organisation in Lucknow has also conducted elaborate traction studies and satisfied itself that the proposed speeds are within the safety limit.

The question is, therefore, only of priorities. Could the railways have waited for an easing of the goods traffic position before embarking upon this experiment, which will undoubtedly involve the diversion of some locomotives and men and material engaged in freight movement, to meet the requirements of the new programme? The answer is both yes and no. Certainly, the programme cannot claim a higher priority than freight movement which is more important for the railways from the point of view of revenue. On the other hand, it is also true that unless the railways make a beginning now, when they are under much less pressure than ever before, a programme of this nature may never take off. After all, it must be remembered that a reduction of even two or three hours in the running time of these long-distance trains will mean a lot of relief to the travelling public.

At the same time, it must be ensured that the speeding up programme does not come in the way of freight traffic. If the programme has to be sustained at the cost of freight traffic even for a day, it is not worth while to take it up at all. The economy can ill afford delays in the movement of essential goods from one part of the country to another and this important point must be borne in mind by the railway staff—from top to bottom. If as a result of the acceleration of passenger traffic, goods traffic also gathers a new momentum, as the Railway Board chairman expects, it should be wel-

come indeed. There are indications of some improvement in the movement of goods as seen from the figures for August. The railways carried in that month nearly 400,000 more tonnes of goods than in the corresponding period of last year whereas till July the rate of loading was less than in the corresponding months of 1970.

Another important point to remember is that high-speed trains should not be allowed to become a subject matter of politics. If they are to be high-speed trains not only in name but in actual operation, then the politicians should do well not to interfere with the timing and running schedules of these trains. Already, the question of halting the

Rationalising World Trade

WITHIN a period of a few months this year, it was suggested in Britain that imports should be restricted by quotas, so that a policy for domestic growth would be feasible, and, conversely, that imports should be promoted by reducing tariffs, to stimulate competition and to restrain inflation. If two opposite policies can be proposed, almost simultaneously, in one country (that neither of them was adopted is beside the point), the possibilities of disagreement in world-scale trade are obvious. President Nixon adopted for his country a growth policy to which other countries—not only their currencies—were required to adapt. He converted an actual currency crisis into an incipient trade crisis. The argument that the surcharge was a weapon to force Japan and other countries to revalue their currencies missed an essential point, that the surcharge and revaluation were alternative methods of restricting imports. Revaluation, unlike the surcharge, would also stimulate exports. It would be best to give the United States both advantages, by persuading other countries to devalue the dollar (in a relative sense), but in the meantime the "unfair" advantage in the U.S. market of undervaluation of other currencies could be neutralised by the surcharge.

A uniform surcharge allows no discrimination between currencies that are seriously undervalued and those that are slightly undervalued—or not undervalued at all—relative to the

Rajdhani Express in Kanpur has become a matter of controversy and it is now proposed to continue the halt even after the acceleration of speed from the beginning of next month because of the political commitment of the Railway Minister to a member of Parliament from Kanpur. Politicians should also keep off the railways which are always the target of their agitational attacks and acts of incendiarism. It will be far better for the railways as well as for the travelling public if the enlightened members of Parliament turn their attention to protecting railway property from such acts of wanton destruction than seeking to please their electors by asking for more stops on the way.

dollar. In the mood of a world that had watched American restrictive tendencies since last year it could easily provoke retaliation; which could escalate to a full-scale trade war. Every monetary crisis in "the Bretton Woods era" has, of course, involved the International Monetary Fund; the dollar crisis has involved also its companion organisation, the General Agreement on Tariffs and Trade. This development, although alarming in its implications, is in a sense progressive. Too often monetary problems—currency values, currency flows, balances of payments, reserves, reserve units, and the like—have been regarded in the abstract. It has now to be remembered that currencies are concerned with trade and are used as weapons of trade policy.

An argument against floating exchange rates is that precise calculation of values in foreign transactions is impossible if relative values of currencies are not fixed, that traders are reluctant to do business without such precise calculation, and that, therefore, floating rates reduce the scale of trade. This effect (or tendency) is general, not discriminatory. Regulation of exchange rates, whether fixed or floating, is commonly used to discriminate in favour of a country's exports and—intentionally or incidentally—against its imports. Individuals, transacting goods or services, like to sell at high prices and to buy at low prices. Nations (or the authorities representing them) are irra-

tionally biased in favour of exports, which (directly) diminish their prosperity, and against imports, which enhance it. So they tend to undervalue their currencies. The world has witnessed competitive devaluations, and strong resistance to revaluations of currencies that have been demonstrably undervalued, particularly against the dollar. The world is now more than usually conscious that currency values are related to trade policy. In principle, of course, trade policy is related to financial health (or strength); which, in turn, is supposed to be related to prosperity (or prestige). But when currency policy produces much more reserves than are prospectively needed, and terms of trade that are unnecessarily adverse, it is not contributing to prosperity.

Other instruments of this irrational policy of selling as much as possible and buying as little as possible are the various export incentives and import impediments that notoriously distort world trade. They are either complementary or alternative to currency policy. The (real or pretended) need for such alternatives has arisen when the system of rigid exchange rates has prevented currencies from adapting to changes in relative prices. Such devices as "hidden subsidies" and "non-tariff barriers" were used in trade skirmishes for many years before a full-scale trade war was threatened.

The whole system is so confused that some artificial methods would be necessary to correct distortions even if intentions were rational and liberal. When one observes that in the last ten years or so the average increase in industrial countries' export prices is about one-third of the average increase in their domestic prices, one may suspect that nations are subsidising exports so effectively that of two similar products the imported one tends always to be cheaper than the domestic one when the costs of production are the same. One is gratified when figures show that international trade is expanding, but uneconomic trade contributes nothing to the world's prosperity; on the contrary, it wastes resources. So the task for the negotiators who must try to reorganise the system of money and trade is not simply to resist restrictionism and to promote exchanges of goods but also to rationalise trade and to improve its quality. Not even a stable, yet

flexible, monetary system will ensure that resources are used economically if national authorities regard competitiveness as an end, not as a

CURRENT COMMENT

TELANGANA PROBLEM

New Bid for Solution

For those who have been following the operations conducted by the Prime Minister, Mrs. Indira Gandhi, within the ruling Congress Party in the last few weeks, the ease with which she was able to eliminate Mr. K. Brahmananda Reddy from the Chief Ministership of Andhra Pradesh will not have come as a surprise. For more than two years, the Telengana problem has been hanging fire and it was Mr. Brahmananda Reddy who successfully resisted any move to disintegrate the State which was constituted as a larger Andhra Pradesh in 1956. In the last two years, several attempts were made by his opponents to dislodge him from power but their efforts did not succeed. And, for the Telengana Praja Samithi, which spearheaded the movement for a separate State for Telengana, Mr. Brahmananda Reddy was almost the sole target of attack since it was he who stood in the way of their ambitions being realised.

Mr. Brahmananda Reddy withstood the onslaughts of the Opposition parties, more especially the Telengana Praja Samithi (T.P.S.), and fought valour, freely indulged in by the latter, with courage and determination. He never yielded an inch of ground, with the result that in utter desperation the T.P.S. withdrew the movement and declared that it would fight for its cause through constitutional means. The T.P.S. converted itself into a political party and several Congressmen who were also members of the T.P.S. quit the Congress Party to join the new political organisation. But for one reason or the other, the T.P.S. did not revive its violent agitation since even in the Andhra region opinion was crystallising in favour of separation. The people of the Andhra region were not prepared to suffer any humiliations and members of the Assembly went to the extent of suggesting privately to Mr. Brahmananda Reddy that he should rather concede the demand for separation than yield to pressure from above.

CAPITAL, 16th SEPTEMBER, 1971

means, to advantageous exchange of goods. But if the comity of nations can get the mechanism right it can proceed to the policies for using it.

It was only four weeks ago that parleys were held on this question and it was then made clear that the Telengana problem was essentially an economic one and there could be no political solution to it. It was also said that as long as Mr. Reddy enjoyed the confidence of the legislature, he could not be removed by any one, nor would Mrs. Gandhi support any such move as was demanded by the T.P.S. In fact, Mrs. Gandhi told Parliament that the eight-point plan she enunciated as a means to solve the Telengana problem was the only right approach to tackle it. The entire picture changed in last few days with reports that in the Telengana region, the T.P.S. may inflict a crushing defeat on the ruling Congress in the coming elections if its demand for the removal of Mr. Brahmananda Reddy were not conceded. The T.P.S. also said that it would rejoin the Congress only when a change in the leadership of the Party was effected. Assurances given by the Chief Minister and his supporters that the Congress Party would do well in Telengana also did not carry conviction with the Prime Minister, with the result that overnight she informed the Central Parliamentary Board that the only way to solve the Telengana problem was to ask Mr. Reddy to step down.

Mr. Reddy had to agree to quit the post of Chief Minister since he was in no mood to defy the High Command. The prudent politician that he is, Mr. Reddy found the battle unequal and, therefore, informed the Prime Minister that he would respect the unanimous decision of the Board. A successor would now have to be chosen and, in all probability, he would be a person from the Telengana region. As to who would be the actual incumbent, only time would show for even in the T.P.S. there are several factions and there would be no ready agreement on any one name.

TECHNOLOGY

Need for Diffusion

Addressing the fourth annual meeting of the Technical and En-

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gineering Services Division of the Indian Engineering Association a few days ago in Calcutta, Dr. B. D. Nag Choudhury, Scientific Adviser to the Central Ministry of Defence, said that technologists could play an important rôle in improving the social climate. He gave the example of Germany and Japan which had demonstrated that technology could be harnessed to give expression to the will of the people for growth. He added that the store of technical know-how was international and the diffusion of such know-how between frontiers and within a country was of prime importance. Mr. A. K. Sinha Roy, the outgoing chairman, made a special plea for early Government action to set up an all-India institute of consulting engineers on the lines of such institutes abroad for regulating the activities of consultants. He said that while there was greater awareness of the competence of Indian consultants, it was regrettable that the Government should still think in terms of merely associating them with the establishment of projects with foreign know-how. He suggested that they should be appointed "primary consultants" on all such jobs.

RE-ROLLERS

Raw Material Shortage

Addressing the annual general meeting of the Steel Re-rolling Mills Association of India a few days ago in Calcutta, Mr. A. K. Bhattacharya, chairman, said that in view of the "critical shortage of raw materials", entrepreneurs should be careful about setting up new mills. The re-rolling capacity in the country has gone up remarkably in the last few years and now stands at 6 million tonnes in terms of finished products. The industry has very considerable employment potential because of its labour-intensive character. It has also achieved a remarkable breakthrough in the export field. In 1969-70, foreign exchange earnings from exports by re-rollers of steel products amounted to Rs. 18 crores—second only to the export of the Hindustan Steel Ltd. Inaugurating the meeting, Mr. Shah Nawaz Khan, Central Minister of State for Steel and Mines, said that the new arrangement for the supply of billets would help re-rollers to maintain a major part of their production. With the availability of 550,000 tonnes of billets from indigenous sources and the projected import of 175,000 tonnes, in

addition to 100,000 tonnes already imported, it should be possible for re-rollers to maintain a high level of production.

TEA

Auction System

Addressing the annual general meeting of the Tea Association of India a few days ago in Calcutta, Mr. B. C. Biyani, president, said that the present tea auction system had to a great extent outlived its utility except in brief periods of shortages. On the whole it is not working to the advantage of sellers. There is need to substitute this for a better system of marketing. This could be done, he felt, by the creation of tea exchanges which could take the place of tea auctions. It is through these exchanges that the buyers and sellers can be put together for their specific requirements. Even for the auction system, there is the suggestion for introducing a reverse electronic bidding system, as in Dutch flower auctions. Mr. Biyani noted that while it was necessary to make all efforts to secure a better unit value for tea exports, there could be no lasting benefit to the Indian industry unless the country could continue to hold, if not raise, the percentage share of various markets.

F.I.C.C.I.

Study Team Visits Japan

An eight-member study team for chemicals from the Federation of Indian Chambers of Commerce and Industry is currently visiting Japan under the leadership of Mr. J. H. Doshi, president of Amar Dye-Chem Ltd. During its stay, the team would identify items for which there is good scope for exports to Japan and to third countries, in the context of the tariff concessions available under the Generalised System of Preferences for exports from developing countries. After identification, the scope for their manufacture in India with, or without, Japanese assistance and also the scope for organisation of exports through Japanese agencies would be examined in detail. The team would also study the standards and specifications to which Indian production should adhere to as well as the technological gaps that exist in the manufacture of chemicals. The programme is in pursuance of the decision taken at the fourth joint meeting of the Business Co-operation

Committees of India and Japan held in Kyoto in September 1970, when it was decided that individual study teams would be sent to cover various industrial spheres.

ENGINEERING GOODS

Export Prospects

According to a Press note issued by the Engineering Association of India, exports of engineering goods have shown commendable performance during the last 15 years. In 1970-71 they stood at Rs. 115 crores. In spite of all these achievements, however, compared with production of engineering goods of Rs. 2,500 crores, they work out to less than 5 per cent. In the years to come the production of engineering goods is going to rise further. It is estimated that if idle capacity in the industry could be utilised, the production of engineering goods could be raised to Rs. 4,000 crores. By 1980-81, it is said that India's exports would be of the order of Rs. 3,000 crores, out of which at least one-third or Rs. 1,000 crores worth should be engineering goods. The Association is organising a conference in New Delhi in the last week of this month to consider the ways and means of realising this target of Rs. 1,000 crores and in what direction the growth of engineering industries should be attempted during the second Development Decade for being able to support such an order of export programme.

EXPORT FINANCING

A Useful Course

A six-day comprehensive course on export financing, sponsored by the Management Study Group, Calcutta, and the West Bengal State Board of the All-India Manufacturers' Organisation, is now being held in Calcutta. The subjects to be covered relate to nearly all important aspects of the financing and management of export. The course intends to bring home the different technicalities involved in export financing and the discussion during the session is intended to be on brass-tacks. The speakers include many leading economists and management experts. The course, primarily intended for executives occupying important positions in export organisations, banks and financial institutions, started on 11th September and will run up to 18th September.

Take-over Move Criticised

Addressing the annual general meeting of the United Planters' Association of Southern India in Coonoor a few days ago, Mr. D. Sivappa, president, made a pointed reference to the urgent need for the creation of informed public opinion by business associations. In the wake of the constitutional amendment taking away the guarantee of fundamental rights, he said: "The message is lightning clear that business must depend upon an informed public opinion". Constitutional guarantee had probably made many business people and others smug and complacent about the need to cultivate an informed and understanding public as the guarantor of their rights.

Turning to the issue of nationalisation of sterling companies in Kerala, Mr. Sivappa made a pointed reference to the alleged foreign exchange drain from profit repatriation. He pointed out that the profits repatriated by all sterling companies during the five years up to 1967-68 was Rs. 23.44 crores whereas the exchange earned by India from plantation crop exports to the U.K. was Rs. 387 crores. Discussing the issue of take-over of mismanaged gardens, he said that it would be the most extravagant way of keeping workers in employment.

DEMAND FOR CALCUTTA GUNNIES

A CORRESPONDENT writes in Current Coin: The average buyer in the United States would like to see a fairly stable market, and of course we appreciate the fact that the tremendous increase in ability to produce gunnies at Calcutta is perhaps responsible for the situation, but it is a great pity that the comparatively few units who control the situation of Calcutta cannot co-operate to an extent which will permit them at least to operate without a loss when the whole world is dependent upon Calcutta for this class of goods. There is absolutely nothing in any other part of the world that can compete with it. The total consumption may

Wagon Shortage

In a recent Press statement, the Indian Sugar Mills Association has expressed serious concern at complete suspension of sugar traffic for more than a fortnight at a stretch (between 1st August and 16th August, 1971) on the Northern Railway. Even after the withdrawal of these restrictions, supply of empties for sugar loading is very much restricted. As far as the North Eastern Railway is concerned, the position is even worse. There are continuous restrictions for movement of sugar to destinations reached via transshipment points of Garhara, Manduadih and Katihar. The association has urged the Railway Board and the railway administrations concerned to take urgent action in the matter and ensure sufficient supply of wagons for movement of sugar.

I.R.C.I.

Meeting with Chambers

Mr. B. B. Ghosh, chairman of the Industrial Reconstruction Corporation of India, told a meeting of the chambers of commerce in Calcutta a few days ago that the Corporation's objective was not merely to help the industrial units to survive somehow but to enable them to revive and function

on healthy lines. Mr. Ghosh and Mr. C. T. Das, managing director of the Corporation, explained in detail its activities and answered the questions put by the chambers' representatives. Mr. Sanjoy Sen, president of the Indian Chamber of Commerce, who presided over the meeting, said that the I.R.C.I. could play an important rôle in reviving the investment climate in West Bengal. He observed that by following a flexible policy and by providing financial and technical assistance, it could contribute effectively to the reopening of the closed units and the revival of the sick ones.

Mr. Ghosh said that the I.R.C.I. had so far received about 100 applications for assistance and that more were likely to come shortly. Labour was showing a more reasonable attitude in recent months and this would considerably facilitate the Corporation's task. He suggested that management could also play a more active rôle in reviving the State's industrial economy. Mr. Ghosh clarified that the I.R.C.I. would not only deal with the applications it received but would also take the initiative to help industrial units before they got into trouble. The Corporation would also take appropriate follow-up action to make sure that its assistance is effectively utilised.

MONEY MARKET

Call Rate Steady

The short-term money market has remained more or less steady this past week. The call rate has fluctuated marginally between 4½ per cent and 4 per cent, and has closed with borrowers over on most occasions at 4 per cent. The supply of tea bills has been fair while that of gunny bills has been small. The demand for remittances has also been small. The pound-sterling has strengthened slightly against most major foreign currencies towards the close of the week.

The latest statement of the Reserve Bank of India for the week ended 3rd September, 1971, shows a drop of Rs. 1 lakh in deposits of scheduled commercial banks with the Reserve Bank to Rs. 217.13 crores, compared with the previous week. Their borrowings from the Bank have declined by Rs. 15.58 crores to Rs. 85.93 crores, of which advances against usance bills have amounted to Rs. 65.34 crores, against Rs. 75.85 crores. Balances held abroad by the Reserve Bank in the Banking Department show a rise of Rs. 30.14 crores to Rs. 194.34 crores.

A Ditcher's Diary

MRS. INDIRA GANDHI'S VISIT TO RUSSIA will not be part of the tour to win friends and influence people generally. Aren't the Russians already bound by a treaty of friendship? If it's a question of influencing them, the direction is not clear. Only recently in New Delhi, Mr. Gromyko was told all that Moscow needs to learn about Bangladesh. What can have happened since to make it necessary for the Prime Minister herself to fly over for further talks with Soviet leader? Speculation over something dramatic being done about Bangladesh has repeatedly turned out to be unwarranted. New Delhi seems still busy collecting certificates of good conduct: Mr. Swaran Singh is again out on this mission. And a variety of well-meaning people continue visiting this country to see what it is doing for the refugees. Expressions of sympathy are coupled with appreciative references to India's restraint; and everybody talks about a political settlement. The ritual has gone on far too long to evoke much interest; I am not surprised that even so scintillating a visitor as Professor Galbraith did not attract much public attention. And now that Bangladesh has ceased—at least for the time being—to dominate all public debate, more is being heard about domestic developments. With State elections due in about six months, this shift of emphasis may become increasingly pronounced; Mrs. Gandhi has shown that international problems have not driven internal politics out of her immediate calculations. Last

week's "ad hockery" was a characteristic move; even though the Opposition parties are in disarray, she cannot afford to let dissidence grow in her own Party. In fact, now is the time to make the Party totally subservient to her preferences; the organisational reform can only result in all key positions in the Party being packed by people with unquestioning loyalty to the Prime Minister. I have little sympathy for the factions whose loyalty is less than total but whose political conscience is flexible enough to let them make full use of the so-called Indira image. Mrs. Gandhi can scarcely be blamed if she is determined to extract from the Party a price for what she has done for it. But it should be possible to do without any ideological claptrap to justify such action. Nor am I impressed by talk about infusion of new blood; what I hear about samples of the new blood in West Bengal is not exactly inspiring. Arrogance of power is highly infectious; but arrogance is not the most durable basis of power.

IT HAS BEEN SUGGESTED THAT *Khrushchev Remembers* was produced by the C.I.A. But the book contains such a vivid stamp of the man's personality that I find it difficult to doubt its authenticity. In any case, it remains a fascinating record; the portraits of Stalin and the men around him are unforgettable. Nor can Nikita Khrushchev be forgotten; he will be

remembered as a communist who shook the foundations of communist orthodoxy. Perhaps more important, he will be remembered as the only ruler of a communist State who could be mistaken as a jolly good fellow of no particular consequence. He may have turned a heretic long ago, but he remains as impassive and impersonal as any other east European leader; Ceausescu may refuse to toe the Moscow line, but he seems no more human than Brezhnev or Kosygin; Dubcek tried to give a human face to communism, but he hardly emerged as an individual with striking human qualities; even Liu Shao-chi, who enjoyed a capitalist dance and came to be denounced as China's Khrushchev, lectured people on "how to be a good communist". People who knew Ho Chi Minh found him wonderfully human; but he had little time to let the outside world to see much of this side of his character. Khrushchev seemed always to be greatly enjoying himself; he had a peasant's pride in his lack of either sophistication or inhibition. I am told that on one evening during the Kennedy-Khrushchev talks in Vienna, the Russian leader gave the slip to his security men and was strolling and window-shopping along Kaerntnerstrasse just like an ordinary tourist when he was accosted by a street-walker; what he told the lady is not known, but I should be greatly surprised if it was not something in perfectly good humour. But, with all his foolery, Khrushchev was an extraordinarily shrewd man; he had to be, to get to the top and remain there for more than ten years. The faceless men who succeeded him in the Kremlin have tried to change

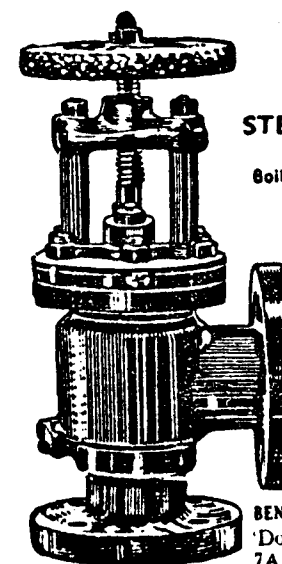


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Subscription will be received in cash/cheque or 4% IFC Bonds 1971 due for redemption on the 5th October, 1971 at the branches of the Reserve Bank of India at Bangalore, Bombay, Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna from Tuesday the 5th October, 1971 but the list will be closed without notice as soon as the total subscriptions amount to Rs. 8 crores, and in any case, not later than the close of business on Friday, the 8th October, 1971. The Corporation reserves the right to retain subscriptions received upto 10% in excess of the sum of Rs. 8 crores.

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NEW DELHI,
Dated the 2nd Sept., 1971.

C. D. KHANNA
CHAIRMAN

davp 806(8)/71

Soviet policies at home and abroad, but some of the processes he initiated seem irreversible. The Chinese hated his guts, but his successors are on no friendlier terms with Peking. And if Khrushchev's main crime was that he wanted to co-exist peacefully with the capitalist world, the outcome of the ping-pong diplomacy may not be vastly different.

AS THE WHOLE NATION IS BUSY giving a grand ovation to the Indian cricket team, it is interesting to hear what a cricket-enthusiast friend of mine has to say about its recent success in England. He explains that the team's performance was all the more impressive due to the condition of the pitches, which must have been about as near as possible to the opposite of what most of the Indian players were used to. It was a particularly wet summer in Britain, and although pitches are covered in the rain, they were much spongier than usual and generally favoured the native cricketing talents rather than those of the visitors. In such circumstances, or so my friend maintains, India's performance gains in stature while that of the England team is diminished. Altogether, he concludes, it was a bad season for English cricket; before the Indians arrived the Pakistanis had turned in a performance almost equally impressive, and might well have won their test series too if they had not been unlucky. As my friend remarks, once again it was the weather that saved England from a thorough thrashing just as it was with the Spanish Armada. I suspect he has allowed his disappointment to cloud his judgment of history; but I know what he means. However, although it—the weather that is—saved the England cricketers, it did not, apparently, help English cricket as an institution. Gate receipts were down, less money was made on such important profit-spinners as ice-cream and soft drinks, and generally the financial clouds gathered as threateningly as the meteorological ones. Again the old cry was heard about cricket becoming extinct in Britain, and this time with even more conviction than usual. Truly if England's weather gets any worse, cricket could be doomed over there; in which case we of the sub-continent, those dedicated Australians and those cricketers of panache and style, the West Indians, will remain its sole custodians. British football is apparently in a state of crisis too. Its

season has started with a wave of disciplinary action against erring clubs and players which looks like touching off an unedifying revolt.

ASPECTS OF PERMISSIVENESS SEEM TO be an inexhaustible subject, as the Pope and Lord Longford must now be sadly convinced. But who could have imagined a nude Desdemona until Sir Bernard Miles invented one? Apparently he has not even read the text with care. As Othello himself notes, the murdered Desdemona looks "pale as thy smock"; obviously she is still wearing the "smock". A Professor of English Literature at an American university has pointed out the difference between a "nightgown" and a "nightly wearing" in Shakespeare's language; he also notes that quite a while passes between the time Desdemona is ready for bed and the time she is smothered by the Moor and thinks that even the temperature of the open theatre would have made it uncommonly difficult for Shakespeare's boy actor to play the scene in a Botticelli Venus position. But enough of permissiveness abroad; the peddlers of porn do not seem to suffer from lack of custom in this country either. I am told that there is no dearth of imported smut in the big Indian cities; while the really hard porn can be obtained only clandestinely, a variety of thinly veiled erotica is on open sale. But far more disturbing is the rapid growth of locally published porn. In Calcutta, for example, every pavement bookshop has lately been littered with Bengali magazines containing the crudest forms of smut in word and picture; I have no reason to suppose that other Indian languages are wholly deficient. The magazines

are published ostensibly with the purpose of imparting sex education; but what they purvey is mostly perverse fancy. Unmitigated pornography is sometimes offered as pathological "case histories" or examples of a diseased imagination; but even this fig leaf does not seem to be an essential precaution. One bookshop owner told me that some years ago Bengali literary magazines were pushed out of the market by the cinema glossies but even the film magazines were now being crowded out by the porn publications; in his own shop were displayed more than a dozen magazines dealing with nothing but sex. The shopowner assured me that young boys and girls were less interested in the stuff than grown-up men and women, most of whom seemed to be married. But I do not think that it is difficult to "deprave and corrupt" a technically adult population.

GEOFFREY TYSON'S DEATH, I SEE, HAS moved many hearts. Mr. George Barrell, an ex-Editor of *Capital*, writes from London: Geoffrey Tyson, who died in England on 27th August, was the Ditcher for longer than anybody else before or since. More than any other influence, he made this diary what it is today. Indeed, this might be said for *Capital* as a whole, because he edited this newspaper for 20 years and developed it from a mainly commercial journal into the most powerful weekly publication in pre-Independence India. Of all *Capital's* editors he was the most eminent, the most widely respected, and the one who achieved most literary distinction. In the course of a journalistic career which also included the chairmanship of the Public Relations Committee of

Bengal, Publicity Adviser to the Bengal Government and membership of the Indian Legislative Assembly, he found the time to record the saga of India's preparations for war in *India Arms for Victory* and the evacuation of Burma ahead of the advancing Japanese in *Forgotten Frontier*. He compiled the centenary history of the Bengal Chamber of Commerce, and after his retirement from India in 1952 he made his own contribution to a Nehru biography, one of the few from a non-Indian, in *Nehru: The Years of Power*. It was appropriate enough because as Nehru himself once told another ex-editor, *Capital*, then edited by Geoffrey Tyson, was the only newspaper he was allowed to read when in prison. Tyson's influence did not end with his departure from India and *Capital's* editorial chair. For many years before his death, he acted as adviser to the India, Pakistan and Burma Association, in which capacity his long experience of Indo-British business connections was of inestimable value in a difficult period of change and adjustment. His passing leaves both countries in his debt.

BARBARA CARTLAND, ROMANTIC novelist, said recently in the B.B.C. World Service programme: "My books have always sold very well. Now, all my heroines are virgins, all the heroes are dashing, wonderful and exciting, and I never, never write about people going to bed without the ring on the finger. Last year I sold 2 million paperbacks all over the world, and this shows that people want to have real romance".

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MANAGEMENT

Interpreting Financial Statements Through Ratio-analysis

By D. S. Arora

Interpretation of financial statements through ratio-analysis can give the management a candid picture of a company's ability to meet its obligations and the true worth of its assets. The ratios can be used to measure the liquidity, solvency and also profitability of a concern.

INTERPRETATION of financial statements through ratio-analysis provides answers to significant questions relating to a company's ability to meet its obligations, the true worth of its assets, the extent and character of its liabilities, its resourcefulness and ability to earn a fair return on its investment, the productivity of its assets, its ability to raise new funds, etcetera. Commercial banks and other short-term creditors are primarily interested in the liquidity of a company; and stockholders and long-term creditors are more concerned with its profitability and solvency. And ratios can be so designed as to serve as measures of liquidity or of solvency or of profitability.

Measures of Liquidity

Liquidity is meant to signify a company's ability to pay its current obligations as and when they fall due. Obligations that will soon become due are grouped under current liabilities in the balance-sheet, and those items that provide sources to meet these obligations under current assets. In the group of ratios that measure liquidity, the current ratio is the most important and is most commonly used. It is a measure of not only the company's liquidity but also the margin of safety that management maintains. This ratio is computed by dividing current assets by current liabilities. It is generally thought that the higher this ratio is the better it is for the company. But this may suit the point of view of the creditors and not that of the prudent management who would like to lock up only such amount of capital in inventories and receivables that

are needed for the efficient working and also would watch that there is no redundant cash lying idle in the business.

The second ratio which measures liquidity is the acid test ratio or quick ratio. It is computed by comparing the total of cash, marketable securities and receivables with the current liabilities. A ratio of 1:1 is usually considered adequate but in interpreting the ratio, the future flows of funds have to be kept in mind.

Inventory turnover and receivable turnover are the two components of current assets which throw additional light on the liquidity aspect. Inventory turnover is computed by dividing the cost of goods sold by the average inventory for the period. Presumably the higher the turnover, the better is the performance of the company, for it has managed to operate with a relatively small average locking up of funds. On the other hand, a high turnover may also mean a shortage of inventory and unsatisfied customers. A low inventory turnover may reflect dull business and over-investment in inventory. As for receivable turnover, it is computed by dividing net sales by receivables and is used to obtain an idea of the time required to collect average receivables.

Measuring Solvency

Solvency stands for the ability of the company to meet fixed charges and the repayment schedules for its long-term debts. Equity ratios are concerned with the computations of equities of creditors and stockholders in the assets of an enterprise. Total debt over total assets indicates the proportion of funds provided by creditors in the total assets and gives an idea of the size of ownership funds available for cushioning losses. Long-term debt over total assets is a modification of the above ratio as it does not take into account the short-term liabilities; only the long-term

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liabilities are compared with the total assets. If this is low, the firm may be on very safe grounds but is not making proper use of the low-cost sources of finance and is not availing itself much of the benefit of trading on equity.

Net worth over total debt expresses the relative position of creditors to owners. The higher this ratio is, the stronger is the financial position. Total book value over number of shares gives the book value a share and indicates the amount payable on each share if the business is liquidated provided that the amount realised from the sale of assets is exactly equal to the value mentioned in the balance-sheet.

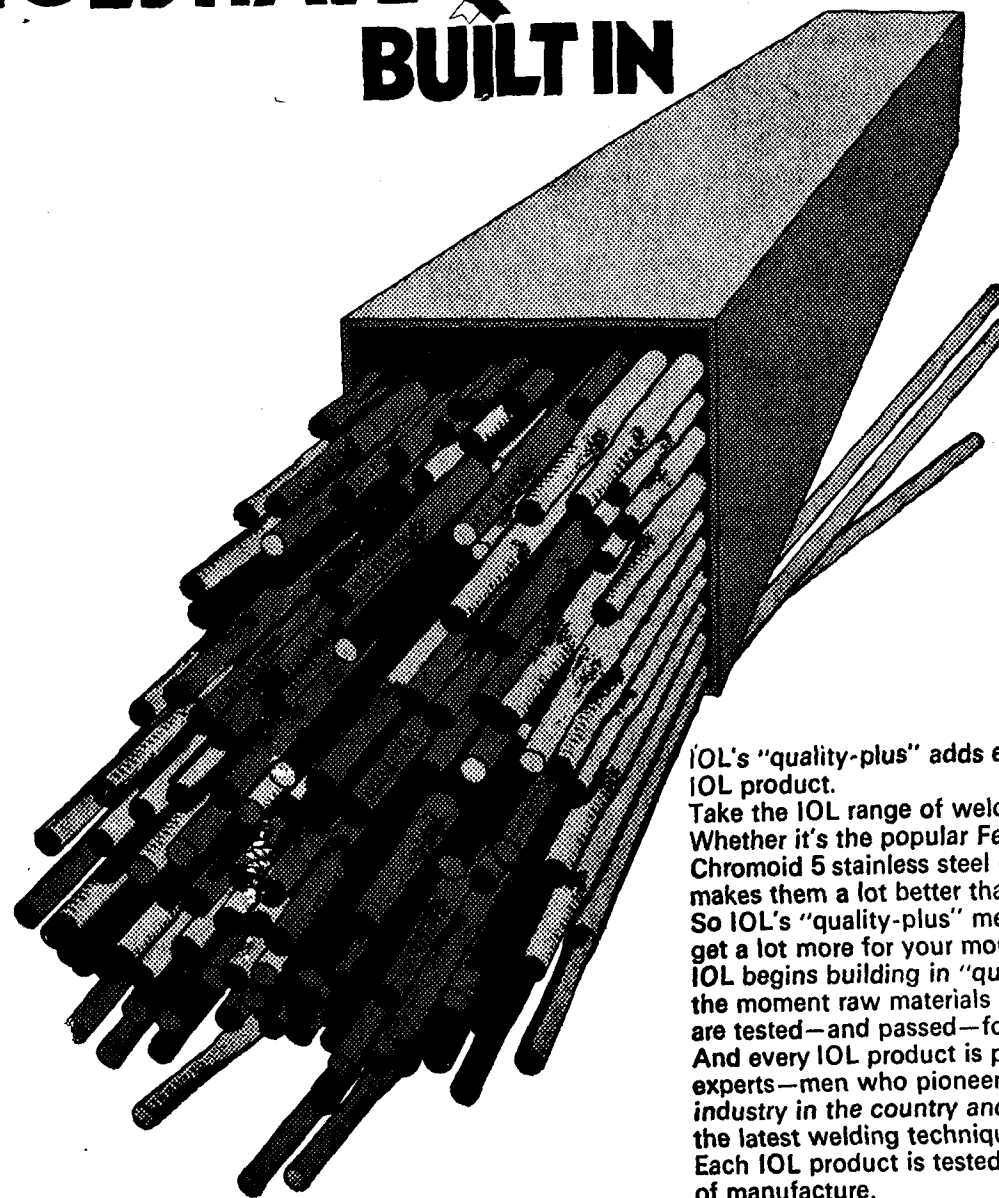
Assessing Profitability

Profitability refers to the excess of the value of output over the value of input. Of the ratios mentioned below the first three measure profitability as related to investment, while the latter three assess profitability as related to sales. Operating profit over total operating assets measures the earnings on the operating assets independently of the sources of funds. A low ratio may mean over-investment in assets, inefficiency of management or depressed business conditions. Total earning over total assets is a slight variation of the above ratio. It gives the earning power of the total assets employed. Net income over net worth, or the profit worth ratio, is a measure of the earning power of the business from the stockholders' point of view.

In the gross profit over net sales ratio, the gross profit is spread between the selling price and the cost of goods sold and provides for the expenses of operation, fixed charges, income-tax, dividends and surplus accumulation. And a low ratio would not be good. A low ratio of operating profit over net sales means that a slight unfavourable change in future selling price unaccompanied by proportionate reduction in cost would result in loss instead of profit. In the case of operating ratio, the cost of goods sold and operating expenses are divided by net sales. The lower this ratio, the better it is, since the higher amount of profit will be sufficient to meet the needs of interest, income-tax, dividends and of the amount required for ploughing back to business.

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SPECIAL ARTICLES

Alternatives to India in Maintaining Power Balance in Asia

By M. B. Lal

As in 1940, when the U.S.A. and Russia together helped China to fight Japan, Japanese expansionism is emerging as perhaps the single most decisive factor in Asian relations. India should try to look beyond the current transitional moves in Asian politics.

NOT many people may remember today that at the start of the second World War and before the U.S.A. and Russia joined hands against Hitler, the two countries were vigorously supporting China in its war against Japan. Those who are inclined to take an inflexible view of the relations between the four major powers in the world today, namely, the U.S.A., Russia, Japan and China, would do well to remember this important fact of recent history.

It must be conceded that the Government of India has done well to take firm steps towards a reconciliation with China so soon after signing the Indo-Soviet Treaty. The efforts for an understanding with China have been going on for some years now. But these have been clearly stepped up in recent months. This shows that the Government of India is becoming aware of the fluid nature of relationships between the four Big Powers named above and it does not wish to put all its eggs in the basket of the Indo-Soviet Treaty.

Another fact of recent history is equally important to judge the real worth of the Indo-Soviet Treaty. When in 1941 the Japanese-Soviet neutrality pact was signed in Moscow, the Chinese feared that this would mean the end of Russian assistance to them against the Japanese. What happened was just the opposite. Soviet aid to China was stepped up and the Russians dispelled the Chinese fears about the treaty almost on the same day that they signed the treaty with the Japanese. This does not mean that Russia is in the habit of double-crossing. It only shows that a mere treaty cannot take care of all the military and political realities of the international situation at a given time. After all, the

Indo-Soviet Treaty has not prevented India from pursuing at the same time policies to improve relations with the U.S.A. and China, who at the moment do not see eye to eye with Russia.

It is good that the Central Ministry of External Affairs has set up a Policy Planning Committee headed by Mr. D. P. Dhar who will be senior to all the Secretaries in the Ministry. It is only to be hoped that the committee will live up to its name and will gather all possible intelligence from all available sources in the world. Also, having collected the information, it should also be in a position to process and correlate it to be able to arrive at positive conclusions. Whatever modern means of communications processing such as computers are needed should be liberally made use of. What is needed is some kind of a big brains tank in the Ministry. Correct policies cannot be formulated without correct information and its correct analysis.

While basking in the sunshine of Indo-Soviet goodwill, India would do well to take a long sweep at south and south-east Asia with which her future *vis-à-vis* the great powers is inseparably linked. She might enumerate a few imperatives that may have to be taken into consideration by her policy planners. There will, of course, be many more. The first of these is that Asia straddles two-thirds of humanity. Almost two-thirds of Asia's population live in three countries: China, India and Japan. Furthermore, the three countries together account for about 80 per cent of the G.N.P. of all Asian nations. It is, therefore, essential that the three countries should have a triangular relationship of their own in Asia, apart from what relations might finally emerge between them as a result of the interplay of Big Power pressures on the global scene.

The second imperative to be reckoned with is that among all the nations of Asia, if not of the world, Japan is perhaps the most expansionist in view of the economic and military compulsions upon it. At the

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time of the last war and before, Japanese expansionism manifested itself in the thirst for more territory, be it from Russia, China or the several countries of south-east Asia. The Japanese thrust then could have gone as far as Australia and New Zealand. Today Japan may not be interested in occupying territories and setting up her Government on them. But she is desperately in need of raw materials and markets. While she seeks these round the globe wherever she can find them, she is naturally more interested in creating an area of influence in her neighbourhood, particularly in the three rich nations of Malaysia, Indonesia and the Philippines.

The third compulsive factor at the back of the minds of all big powers in this region is that not far away is the vast emptiness of the Australian continent waiting to be filled. The strongest contenders for space on this huge landmass in the Southern Ocean in the not too distant future will, in all probability, be the Japanese. This is a prospect which neither India nor China, not to speak of the Australians themselves, would view with equanimity. Enlargement of the area of influence of any of the three big Asian powers would inevitably be a handicap to the others.

The fourth equally important factor is that there exists in military and economic terms a kind of a power vacuum in south-east Asia which is divided into several small countries none of which can hope to hold its own against Big Power pressures for long. These countries will continue to offer constant temptation to the Big Powers to meddle in their affairs and exploit their natural resources and markets. These countries include Burma, Thailand, Camodia, Laos, North and South Vietnam, the Philippines, Singapore, Malaysia and Indonesia.

The long-term political equations between the Big Powers in this region—including Russia and the U.S.A.—would be largely determined by these imperatives plus, of course, the interplay of developments in other parts of the world. What happens in Europe and Africa, for instance, could well influence the course of events here. The emergence of the E.E.C. with a strong emphasis on Africa, the new rebellious mood of the east European countries against Russia and the emerging anti-Americanism in the Latin

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American countries could all lead to unpredictable developments in Asia. But those developments would inevitably tend to evolve around the four in-built factors in the Asian situation enumerated above.

Seen in this perspective, one of the inferences that an analyst might be tempted to draw is that each of the major powers would be interested, individually and collectively, to put a brake on the expansionism of Japan. The objective would be shared in varying degrees by the U.S.A., China, Russia and India. Judging from the phenomenal rise of Japan in recent years to the position of a super-Power, it is not inconceivable that, as in the Forties, the U.S.A. and Russia might jointly or separately decide to induce China to engage in a major confrontation with Japan.

On the other hand, it is equally true that one thing that Japan would like to avoid more than any other is to get involved in a war with China. She has learnt from experience that this could be as disastrous as the expeditions to Moscow of Napoleon and Hitler. Japan is, therefore, as anxious as any other country in the world to placate China and be on its right side as long as possible. This, however, cannot for long conceal the likely clash of interests of China and Japan in south-east Asia and Australia. As long as Japan feels impelled to expand in this region, China must act to restrain it. The only solution can be a tacit understanding between the two super-Powers of Asia to divide up this region in the same manner as the U.S.A. and Russia virtually divided up Europe after the second World War. But there is a snag here. What was possible in Europe in 1945 may not be possible in Asia in the seventies. The two super-Powers of the world, the U.S.A. and Russia, would not relish it, particularly since it could eventually mean expansion of both China and Japan into the Australian continent. Their main interest would, therefore, lie in keeping China and Japan hostile to each other.

It thus seems very likely that Russia and the U.S.A. may both be working, jointly or separately, towards a continued confrontation between China and Japan. If this thesis is accepted, one could then proceed to a consideration of the various alternatives through which the objective of Sino-Japanese cold war could be achieved by the Big Powers. One way could be for both

of them to help China to bring down Japan, as they did in the last war. But this would amount to giving too much leverage. The other way could be for one of them to support China and for the other to support Japan and thus bring about the active presence of the Big Powers in the Indian and Pacific Oceans. This fits in with the global pattern. It is happening in the west Asia conflict, in numerous places in Africa and Latin America, in the conflict between India and Pakistan and even in Europe. Gradually the Big Powers could steal the military initiative from Japan and China by pretending to help them against each other.

Yet another way of bringing about a balance of power in Asia to prevent the expansion of either Japan or China could be through some version of what Mr. Breznev has propounded as the collective security arrangement. This would mean preparing the nations of south and south-east Asia effectively to resist any southward expansion by China or Japan. This could be one of the objectives of the Indo-Soviet Treaty which may well be directed against not only Chinese expansionism but also Japanese.

The E.C.G.C. Playing a Big Role in Promoting India's Exports

By Narayan Das

Indian exporters have been able to expand their business with confidence because of the protection offered by the Export Credit and Guarantee Corporation. The Corporation is likely to be very effective in its field of operation in the future.

FOR a developing country like India, exports are of paramount importance. To develop exports is not, however, an easy task. Exporters find it extremely difficult to arrange finance from their own resources, particularly when in the competitive conditions that prevail in world markets, they have to watch the terms offered to the buyer by sellers from other countries. While the commercial banks have come forward to finance the needs of the exporter for the purchase of raw materials and then process them into finished products, adequate credit may not be made available to him

There can be little doubt that India's own interests in Asia happen to coincide with those of the U.S.A. and Russia in the matter of restraining the expansionism of Japan, and also of China. The natural temptation for India would be to seize the opportunity to take the help of both the Big Powers and forge some kind of a joint front with them. But this may not be wise and not necessarily in India's national interest. A distinction must be drawn between pursuing India's self-interest while retaining her freedom of choice and action on the one hand, and acting as a pawn in the hands of the Big Powers on the other. This is where a choice will have to be made from among a variety of options. This is the point where Mr. D. P. Dhar's Policy Planning Committee would be tested. If it fails in coming to the right conclusions, it could be disastrous for the nation. Wise statesmanship would consist of steering clear of too much commitment to any partisan causes and an understanding not only with the Big Powers, but also with China and Japan at the same time. This will be possible only if India first understands the full implications of the new changing pattern of global relationships.

on production of a letter of credit or a firm order. The main consideration in financing an export transaction is the security of funds besides the exporter's creditworthiness.

Instances are there where the exporter needs credit in excess of the limit sanctioned by the bank due to undue risks involved therein, the limit being determined on the basis of his past relation with the bank or his financial position and creditworthiness. Due to the non-availability of this extra credit, a promising avenue of export and a source of foreign exchange earning may be lost to the country. Furthermore, an exporter without taking bank finance may be undertaking undue risks because of the fact that the overseas buyer may default, may go bankrupt or there may be a natural disaster or a coup in the country of the foreign buyer. It is here that the Export Credit and Guarantee Corporation

(E.C.G.C.) steps in to improve the position of the exporter as well as of the commercial banks.

In July 1957, the Government of India introduced the scheme of export credit insurance to give protection to the exporter. The Export Risks Insurance Corporation was registered on 30th July, 1957, to administer the scheme of export risk insurance. Later on, on 13th January, 1964, it was converted into the Export Credit and Guarantee Corporation Ltd. As far as the banks are concerned, the E.C.G.C. seeks to solve the difficulty through its guarantees in favour of the banks. The Corporation enables exports to enlarge their business with a sense of security, the greater percentage of risks being borne by it. A twofold purpose of promoting exports against payment risks and safeguarding the interests of banks is, therefore, served by it. Credit insurance protects the exporter against payment risks. The banks safeguard exporters' interests by extending credit to them; exporters consolidate their position by seeking protection under the insurance policies of the E.C.G.C.

As exporters do not have any surplus resources with them, they normally seek financial accommodation from the banks for the purchase of goods in the case of trader-exporter and for the purchase of raw materials and processing them into finished goods up to the stipulated specifications in the case of manufacturer-exporter. With the E.C.G.C. guarantee, the banks are in a position to extend credit on more liberal terms; they do not strictly concentrate on the borrower's standing but consider the quantum of foreign order received by him and whether he is capable of executing the order in time according to the buyer's specifications.

The E.C.G.C. is essentially a service institute. It serves the interest of exporters in two major ways—commercial and political. The comprehensive risks policy is of two types—shipments and contracts. The shipments policy is designed to meet the requirements of the vast majority of raw materials and consumer items exported from the country. The contracts policy covers in addition to post shipment risks, certain risks which may affect a contract before shipments have taken place. This form of protection is meant for con-

tracts relating to the export of goods which take some time to manufacture or which are manufactured to the specifications of the buyer. The E.C.G.C. has also introduced a policy to cover the non-receipt of payment due to Indian firms which take up contracts for providing consultancy and professional service; the availability of such an insurance cover strengthens the hands of Indian firms which have to compete with established foreign consultancy firms.

The following categories of risks are covered by the E.C.G.C.: (i) Commercial risks to protect against the insolvency of the buyer; the buyer's default to pay for goods accepted by him; and his failure to accept goods when non-acceptance is not due to the exporter's actions. (ii) Political risks to cover restriction on remittances in the buyer's country or any Government action which may block or delay payment to the exporter; war, revolution or civil disturbances in the buyer's country; new import licensing restrictions or the cancellation of export licences or the imposition of new export licensing restrictions in India; additional handling, transport or insurance charges due to the interruption or diversion of voyage which cannot be recovered from the buyer and any other cause or loss accruing outside India.

Under the policies issued by the E.C.G.C., 90 per cent of the exporter's loss is borne by it. It may, however, be noted that the E.C.G.C. does not cover risks of loss due to any dispute on quality, the buyer's failure to obtain import or exchange authorisation from the appropriate authority, default of an exporter or his agent and fluctuations in exchange risks. In the field of guarantees, the E.C.G.C. has shown a great measure of innovation and adaptability. The financial guarantees executed by the E.C.G.C. benefit not only the banks but also exporters. The guarantees have been designed to encourage banks to give liberal credit—both pre-shipment and post-shipment—for producing, packing and exporting goods. The guarantees issued by the E.C.G.C. are of five types, namely, packing credit guarantee, post-shipment export credit guarantee, export finance guarantee, export production finance guarantee and export performance guarantee. The packing credit guarantee was introduced in 1960 when difficulties in obtaining pre-

shipment credits for the growing volume of exports were felt by exporters. While the loss covered under the packing credit guarantee was to the extent of 50 per cent, subsequently raised to 66-2/3 per cent, the E.C.G.C. has extended it to 75 per cent under the whole turn-over packing credit guarantee scheme. Among the guarantees, the packing credit guarantee is the most popular with the commercial banks, for packing credits are often clean advances and the risks involved are higher compared with post-shipment advances granted in the form of purchase or discount of bills of exchange.

The post-shipment export credit guarantee scheme was introduced in 1964 to cover 66-2/3 per cent of risks to enable the banks to extend discounting facilities in respect of export bills on liberal terms. As the protection offered was not found adequate in case of heavy engineering goods exports, the extent of cover was raised to 80 per cent where the quantum of advances granted by the banks to a borrower was Rs. 2 crores or more. Export finance guarantees are issued to the banks to protect their interest against cash assistance and duty drawbacks to be received from Government departments. If such protection is required at the pre-shipment stage (cases occur when the exporter is selling goods at less than the cost price but covered by the cash assistance and duty drawback), a guarantee known as export production finance guarantee is there to enable the exporter to obtain advance against his prospective entitlement to cash assistance and duty drawback along with the packing credits. Export performance guarantees are issued by the E.C.G.C. when exporters are required to furnish bank guarantees to overseas buyers or to Government departments and other agencies in India in the course of export transaction.

Apart from the policies mentioned above, the E.C.G.C. has devised special policies to suit the various needs of exporters. The Export Credit and Guarantee Corporation is playing a vital rôle in promoting India's exports. The country is a new entrant into the international markets, but it is diversifying its exports. The E.C.G.C. is keenly watching the developments and because of its flexible approach, the Corporation is likely to be very effective in its field of operation in the future.

SPOTLIGHT ON STATES

Mrs. Gandhi Takes a Crucial Step to Solve the Telengana Tangle

(BY A SPECIAL CORRESPONDENT)

By asking Mr. K. Brahmananda Reddy to step down from the Chief Ministership of Andhra Pradesh, the Prime Minister, Mrs. Indira Gandhi, has taken a crucial step in her bid to solve the Telengana problem. But whether Mr. Reddy's successor will be acceptable to the people of both the Telengana and Andhra regions remains to be seen.

THE most outstanding development in Andhra Pradesh's political scene has been Mr. K. Brahmananda Reddy's readiness to relinquish the Chief Ministership of the State which he has held for a long spell of seven-and-a-half years. As is usual with India's politicians in such circumstances, it was feared that Mr. Reddy would react sharply to the move to lift him off his *gaddi*. But the fear has apparently been belied. He does not even seem to regret—at least outwardly—the Prime Minister, Mrs. Indira Gandhi's apparent unwillingness to provide him with a niche in the Central Cabinet. The smoothness with which Mrs. Gandhi has accomplished the delicate operation of "Kamarajing" Mr. Reddy will certainly add yet another feather to her cap. Mr. Brahmananda Reddy's eclipse from power must have made Dr. M. Chenna Reddy, the Telengana Praja Samity leader, very jubilant. But the fact remains that in achieving this objective of pushing the former into political wilderness, the latter had to agree to let his demand for a separate State for Telengana fall into oblivion. Meanwhile, who will be Mr. Brahmananda Reddy's successor, and whether the new leader will be able to carry the people of both the Telengana and Andhra regions with him must remain matters of speculation.

Worst Drought

Andhra Pradesh has had the worst drought in recent years. The total loss has been estimated at Rs. 600 crores. Actually, the agricultural year 1971-72 started on an encouraging note but it could not be sustained in June when the coastal districts

registered a significant deficit in rainfall. In July, there was a sharp deterioration in the situation. All parts of the State were in the grip of a continuous dry spell throughout the month. The State's rainfall as a whole recorded a deficit of 51 per cent below normal. The dry spell continued up to the end of the third week of August in most of the districts of the State resulting in further worsening of the situation. During the last week of August, some rains were recorded. Unfortunately, these were too late to have any appreciable impact on agricultural prospects.

As a result of the failure of rains, all irrigation sources outside the canal systems were badly affected. A party of pressmen from Delhi who visited some of the areas in Andhra found that irrigation tanks in the State were dry and wherever there was water, it was very meagre. Even in upland tracts in the coastal areas, the position was distressing. The position in the reservoirs too was bad. As a result of the virtual failure of the tank irrigation system, cultivation of irrigated crops could not be commenced, or has been possible only over a fraction of the normal acreage. Late arrival of rains did not confer any benefit. The normal area cultivated with wet crops during the *kharij* season is 6.46 million acres. This year, a little more than half of this could be cultivated. But the shortfall in the Telengana region is 73 per cent while in Rayalaseema it is 63 per cent. In coastal Andhra, it was about 32 per cent. Added to this are the poor yields and the shortfall is thus much greater than the area would convey. The less said about the unirrigated crops the better. Here again, the area cultivated was a little over 10 million acres, as against a normal area of 14.48 million acres, but on account of the continuous dry spell, dry crops estimated at 70 per cent of the total area sown have withered away.

Out of a total population of 41.6 million, 23.1 million have been affected by the drought. The substantial reduction in the area sown,

together with the abandonment of cultivation over large areas has resulted in large-scale unemployment for agricultural labour and marginal farmers. Will the late rains ease the situation? This was the question that was put to farmers, cultivators, revenue officials and others by the visiting pressmen. The only answer that was given was that the *kharij* crop had already been lost and there could be no substitute for it. Pest infestation has aggravated the situation. According to the farmers, pesticides of the value of at least Rs. 100 an acre would have to be made available. On this account alone, the expenditure would run into several crores of rupees, besides the difficulty in obtaining pesticides at reasonable prices. The second difficulty is that in many places, the growth of crops has been stunted with the result that the yield will be much lower than in a normal season. The possibility of raising short-duration crops is there, but the problem is one of getting seeds. This has also to be tackled at the appropriate level.

In view of this critical situation, it looked somewhat odd for the Central Minister of State for Food and Agriculture, Mr. A. P. Shinde, to proclaim that the drought in Andhra and the floods elsewhere would not make any difference to the food situation in the country. He even went to the extent of saying that the August rains which helped the *rabi* crop would more than make up for the loss of the *kharij* crop. This is, to say the least, fantastic. Mr. Shinde may be optimistic but facts do not substantiate his theory. Such statements, although made in good faith, will not improve matters. The Andhra Government has asked the Centre for immediate assistance of Rs. 60 crores. So far Rs. 6 crores have been sanctioned. A Central team has already visited Hyderabad and it is to be hoped that prompt help would be forthcoming from the Centre.

PEOPLE AND PERSONALITIES

Professor B. H. P. Rivett, Professor of Operational Research at Sussex University, and Mr. C. W. Lashmar, Head of TV Computer Projects, B.B.C., who are leading British experts on management information systems and services, arrived in India last week for a four-day programme of talks and lectures in New Delhi.

BOOKS

Modern Banking Principles and Practice

A Review of Current Banking Theory and Practice. By S. K. Basu. (Published by Macmillan and Co. Ltd, 294 Bowbazar Street, Calcutta 12. Price Rs. 25, pages 444.)

Dr. S. K. Basu's latest book is in many ways an updating of his earlier work—*Survey of Contemporary Banking Trends* (1957) (although it is not expressly stated anywhere). These works necessarily have to be re-written at regular intervals since the theory and practice of central and commercial banking as well as of international monetary systems have undergone significant departures from the classical pattern. The first half of the book elaborately covers central banking theory and practice. Central banks in developing economies are increasingly becoming concerned with economic growth and capital formation rather than with regulation of a complicated credit system. Dr. Basu considers that central banks are very likely to be either powerless or unwilling to pursue a vigorous policy of monetary restraint. After all, it is increasingly evident that monetary policy and general fiscal policy are part of the overall

economic policy of the Government for which Parliament is fully responsible.

Part II of the book covers theory and practice of commercial banking. It appears that most of it was written prior to nationalisation of the 14 leading banks. Dr. Basu argues that privately-owned Indian banks have displayed a remarkable degree of resilience and adaptability to the needs of the country's developing economy. There is, therefore, hardly any sound economic reason for taking the extraordinary step of throttling private enterprise in this particular field. He, however, goes on to propose a formidable solution that "if banks have to be nationalised at all as a result of a comprehensive policy of socialisation, such nationalisation should follow, not precede, the socialisation of the major trade and industries in the country." Commenting on nationalisation of the banks in a subsequent chapter, he expresses surprise that such a momentous decision was taken without waiting for a thorough investigation of the monetary credit system, the last one having been made three

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decades ago. Dr. Basu cautions the nationalised banks that viability of projects, financial and economic, and creditworthiness of the borrower in terms of his assets should be of prime importance. Diversification of banking functions by banks directly entering the hire-purchase business does not have his support since they do not have the necessary expertise to handle such business. Again, bank finance for hire-purchase business should be provided only for those items in which the installed capacity is in surplus.

In part III, Dr. Basu examines the rôle of development banking. He is rather critical that the Industrial Development Bank of India has not made any significant contribution to the pace of industrial growth nor has it promoted entrepreneurship particularly in the sphere of small-scale enterprises which have been assigned a high priority in the national economy. In the context of the present dollar crisis, the last section of the book on the international monetary system makes interesting reading.

NATESAN SUBRAMANIAN

Maintenance Management

Productivity Special Issue—Maintenance Management and Engineering II. (Published by the National Productivity Council, 38 Golf Links, New Delhi 3. Price Rs. 5.)

This is the second special issue of *Productivity* which includes selected articles by the world's eminent authorities on maintenance management. The first special issue was published at the beginning of the year. The chief aim of this journal is to stimulate interest in the adoption of better methods and techniques of working with a view to maximising productivity. Developing countries like India require increased production from investments already made. In this context, introduction and operation of appropriate systems of maintenance and repair are very essential, particularly when replacement of costly equipment is not so easy and spares for imported machine are not very readily available. The articles published in this journal, covering various aspects of maintenance management, make an effort to highlight the imperative need for scientific organisation of repair maintenance systems and to arouse consciousness about the importance of maintenance and repair in developing countries.

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INDUSTRY

A Crash Programme Launched for Countering the Paper Shortage

(BY A SPECIAL CORRESPONDENT)

In view of the paper shortage, many manufacturers have decided to go in for capacity expansion. A crash programme has already been launched for overcoming the shortage.

THE incorporation of a public-sector company in the field of pulp and paper production has provided an incentive to creating additional capacities in the existing manufacturers' plants. Besides establishing the Hindustan Paper Corporation, the Central Ministry of Industrial Development has introduced a package of practical policies to end the present shortage of paper and newsprint, especially of writing and white printing paper of low grammage. At present, there are 57 mills with a capacity to manufacture 768,000 tonnes of paper. The actual production in 1969 was 706,462 tonnes. The total demand is 720,000 tonnes. The deficit is 14,000 tonnes of paper in terms of weight, and this is made good through imports.

As paper is a capital-intensive, low-profit and long-gestation period industry, the Government was advised not to enter the field. But as entrepreneurs did not take steps to create new capacity and as the paper mills were unable to satisfy the demand, the Government was left with no other choice. The allegation was there that the mills were switching to the production of heavier weight papers to the neglect of low-grammage longer-surface qualities of paper. The Government did not, however, take a stand against the private sector. A crash programme has been launched. Under the programme, the existing units have been permitted to expand their installed capacities through the additions of balancing equipment. Out of 21 applications, 15 have already been approved. This will provide an additional output of 100,000 tonnes. The Capital Goods Committee has sanctioned Rs. 8 crores in foreign exchange for the import of balancing equipment. Normally, the foreign exchange component to create new plant capacity of about 100,000 tonnes is Rs. 25 crores. The Government has also approved schemes of new manufacturing units

in the private sector. Licences have been issued to three units with a capacity of about 70,000 tonnes. Fourteen letters of intent have been issued till May for the establishment of new private-sector units with a total capacity of about 220,400 tonnes.

Parties to which licences/letters of intent have been issued for the manufacture of low-grammage and heavy-grammage papers include Ashok Paper Mills Ltd of Shillong, Central Pulp Mill of Poona, Suraj Indl Packing Ltd of Lucknow, Basti Sugar Mill Ltd of Delhi, Venkates Paper Mills of Tamil Nadu (expansion), Punalur Paper Mills of Kerala, Arvind Paper Products of Bulsar, Dr. Roshan L. Bhargava of Lucknow, K. L. Rajgharia of Delhi, Star Paper Mills of Calcutta and a co-operative society in Maharashtra. Hindustan Paper Corporation is setting up one pulp and paper mill each in Nagaland and Assam to provide a further quantity of 110,000 tonnes of pulp and 80,000 tonnes of paper by 1973-74. Another unit is proposed to be set up in Cachar district of Assam. But it is to be decided whether it will be in the private or public sector.

The N.E.P.A. mills are going through a process of expansion. They are to increase their rated capacity from 30,000 tonnes to 75,000 tonnes a year. The estimated production this year will be around 45,000 tonnes.

Thapar group is setting up a newsprint plant in Himachal Pradesh. Hindustan Paper Corporation is also setting up a newsprint plant of 75,000 tonnes annual capacity. One Maharashtra sugar co-operative has been given a letter of intent for the production of 44,500 tonnes of newsprint. There are reasons to believe that the incorporation of a public-sector company has encouraged many existing private-sector units to go for expansion.

A major impediment to increasing paper production capacity is the Forest Departments of the State Governments and their bureaucratic way of conducting negotiations. State forestry officials can contribute much by imaginative planning of new pulpwood plantations. But this is not happening anywhere except in Uttar Pradesh where there is a planned attempt to develop quick-growing eucalyptus and poplar forests. Although the production of all varieties of paper came to a total of 758,369 tonnes in 1970, compared with an estimated demand of 770,000 tonnes, the gap in supply is not that marginal. There is an acute shortage of writing paper for students and in all varieties of white printing paper required by printers and publishers. Many Government Departments have not yet received their indents for the year 1969. The Internal Trade Division is putting pressure on the manufacturers through the *ad hoc* committee on paper to produce more printing and writing papers and to meet the demand of Government Departments. Sensing the urgency of a massive paper economy, the Government of India has issued new regulations for economy in the use of paper in all Central Government offices.

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MONEY AND BANKING

How Can Banks Attract the Deposits Going to Non-banking Companies ? —II

(BY A SPECIAL CORRESPONDENT)

Deposits of non-banking companies are fast going up. Banks can attract such funds only if they start providing some of the special facilities the non-banking agencies offer. This is the second in a series of two articles. The first appeared last week.

THE Department of Non-banking Companies, Reserve Bank of India, Calcutta, to whom returns are required to be submitted both by the non-banking financial companies and non-banking non-financial companies, studies the growth of deposits with these companies and publishes reports on them in the *Reserve Bank of India Bulletin* from time to time. The last such report was for the period 1967-68, published in the *Bulletin's* April 1971 issue. According to this survey, the growth of deposits with these companies as also the number of such companies have been steadily increasing over the last few years as shown in the table on page 571.

But much has happened to Indian banking since March 1968. The advent of social control and the nationalisation of major commercial banks have given a boost to the growth of deposits with these agencies. It will not be before a couple of years that the department publishes the figures for 1969, 1970 and 1971. And since it alone gets the necessary data in this connection, it should make it a point to bring out such surveys promptly so as to facilitate suitable steps being taken more expeditiously. However, the indication is that deposits with these

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agencies have considerably increased, for apart from other considerations, the interest offered by them is very tempting as, in quite a number of cases, part of it is paid in "black" to avoid violation of statutory restrictions.

Some of the custodians of nationalised banks were reported to have observed on the eve of the second anniversary of bank nationalisation that non-banking companies in urban centres were attracting sizable deposits by offering higher rates of interest. Higher rates certainly lead to some diversion of deposits, but is the rate of interest the only factor? What are the other factors which lead to such diversion? Such deposits come to a considerable amount which could be better utilised to serve social purposes. But banning the acceptance of deposits by these agencies may not be desirable. The very fact that they are able to mobilise such large deposits from the public should awaken both the authorities and the bankers to the need of taking effective steps to attract such deposits to the banking system. The first thing to do would, therefore, be to examine and explore the feasibility if banks can provide various services these agencies offer. The State Bank of Travancore is reported to have introduced such a system at their branches in different areas. The interest factor also counts to some extent. But the Reserve Bank has laid down certain directives on banks on these matters as the interest rate structure has a bearing on Government securities. However, the ceiling on interest rates in other cases does not appear to have much effect. An equally important point is how best to protect and safeguard the interests of depositors? And the next step would be to warn the public to be on the guard but then the question is who should do it.

A news item recently appeared in a daily paper under the caption: "Flat Buyers Beware". It warned the prospective buyers of residential flats in

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Bombay to be careful about builders who offered apartments in proposed co-operative societies' housing schemes with loan facilities. It pointed out that no loan facilities were available to any proposed housing society. The Maharashtra Co-operative Housing Federation also quickly came out with a warning that a co-operative housing society was entitled to a loan only when it was registered and admitted as a shareholder of the Maharashtra Co-operative Housing Finance Society through which Government loans were made available. It added that even the M.C.H.F. was not advancing new loans as it was short of funds. In other words, no loans were available for ownership flats. The immediate result was that advertisements offering flats in proposed co-operative societies and promising Government loans ceased to appear in newspapers and to that extent a large number of people looking for residential accommodation were saved from the trap and possible victimisation. But who should take such an initiative in the case of deposits with the non-banking companies? The banks would not come into the picture, nor their organisation, the Indian Banks' Association, can, like the M.C.H.F., warn the public against the risks involved in keeping their deposits with such agencies.

Banning the acceptance of deposits by these agencies would also not necessarily bring these deposits into banks. Individuals affected by the malpractices do not always or in every case care to bring such instances to the notice of the authorities nor does the Reserve Bank seem to show any enthusiasm in taking necessary action which individuals cannot afford to take. The Department of Non-banking Companies should, therefore, exercise greater control over these institutions and seek the assistance of depositors in bringing to its attention any grievances they may have concerning their deposits with these companies and take prompt and suitable action. The Government, in turn, should provide insurance cover for such deposits as a measure to safeguard the interests of depositors. The next step would be to exercise stricter control over these agencies so that they may not indulge in any malpractice or, at least when any malpractice is brought to its notice, immediate action is taken to provide relief to the depositors affected.

The third step is to ban or at least curb the growth of *chit* funds, mutual

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GROWTH OF DEPOSITS WITH NON-BANKING COMPANIES
(FROM END OF MARCH 1964 TO END OF MARCH 1968)

(Amounts in Rs. crores)

Type of company	1964		1965		1966		1967		1968	
	No. of companies accepting deposits	Total amount of the deposits	No. of companies accepting deposits	Total amount of the deposits	No. of companies accepting deposits	Total amount of the deposits	No. of companies accepting deposits	Total amount of the deposits	No. of companies accepting deposits	Total amount of the deposits
Hire-purchase finance companies	140	14.8	112	14.1	123	14.4	143	28.3	135	28.6
Other financial companies	254	35.5	228	34.8	270	40.5	582	91.5	614	95.2
Non-financial companies	1395	135.6	1569	160.2	1964	228.5	1866	310.7	1649	354.1
Total	1789	185.9	1909	209.1	2357	283.4	2591	430.5	2398	477.9

Source: Reserve Bank of India Bulletin, April 1971.

benefit agencies and the like that emerge as promoters of savings. No private savings agencies other than commercial banks should be allowed to function. The banking system should then explore ways and means to tap these deposits and wean them away from such agencies by providing such services and facilities as these agencies offer. The sort of services these agencies offer is not cheap and banks are not likely to make it any costlier. The very readiness to assist in case of need would lessen the attraction of higher interest rates. Banks cannot of course give prizes or gifts offered by such agencies but they should explore possibilities of providing such attractions in some other forms. A novel measure would be to allow savings up to 10 per cent of salary as permissible deduction for income-tax purposes. Perhaps in addition to the exemption of income up to Rs. 3,000 on bank deposits, etcetera, as has recently been allowed, the entire amount of gratuity and provident fund deposited with banks may be totally exempted from income-tax to boost savings.

Banks should also step up their publicity campaign and the Indian Banks' Association appears to be the proper agency to take up the task. In the changed context of Indian banking, bank deposits have a dual purpose. On the one hand, they serve as the repositories of the individuals' savings, help them to earn attractive interest by way of return, extend insurance cover and provide full security for deposits under Government ownership and, on the other, meet the develop-

mental needs and thus serve greater social ends. The need of the hour is to make the people aware of the changed context of banking and also to caution them of the dangers of entrusting their savings and monies to non-banking agencies, whatever attractions and temptations they may offer.

(Concluded)



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INVESTMENT

Shares Steadier as Mr. Chavan Allays Fears of Fresh Taxation

THE stock markets have turned steadier during the latter part of the past week with equity prices recording widespread gains on short-covering, scarcity of offerings and selective replacement buying. Trading earlier in the week was characterised by a note of caution and hesitancy, and the tone was subdued. More than anything else it is the improved technical position of the markets which has imparted steadiness. There has been nothing exciting in the week's news, but the absence of fresh adverse factors has helped sentiment. Activity has continued to be mainly professional in nature. Outside interest has shrunk because of various uncertainties.

Corporate news has been plentiful but of a mixed nature. The markets seem to derive some comfort from the Central Finance Minister, Mr. Y. B. Chavan's statement that fresh taxation and deficit financing offer limited scope for the mobilisation of resources and that emphasis will have to be placed on voluntary effort, although this is not the first time that he has made such an observation. It would be wonderful if all the resources needed for the massive expenditure on Bangladesh refugees and also for providing relief to the drought and flood victims could be raised through voluntary effort, recovery of tax arrears and economy in administrative expenditure. But as things stand, the resources position has been steadily deteriorating. The disappointing performance of public-sector undertakings and the slow rate of industrial growth hold out little hope of an improvement in the resources position.

The stock markets cannot be expected to take kindly to the Finance Minister's charge that the lack of initiative and co-operation on the part of industrialists has been responsible for the sluggishness in industrial growth. Reacting sharply to Mr. Chavan's allegation, industrial circles have pointed out that it is the absence of a clear-cut policy on investment in the private sector and the poor performance of the public sector which have retarded industrial growth. A sharp fall in the rate of industrial growth is a matter of serious concern and reports from New Delhi indicate that the Prime Minister, Mrs. Indira Gandhi, is seriously

thinking of overhauling the entire economic policy-making machinery at the Centre with a view to bringing about a better co-ordination between different Ministries to set a new direction to the economy. The outlook for equities depends very largely on the tempo of industrial growth and the trend of corporate earnings.

It is difficult to visualise an early end to the political uncertainties which are weighing heavily on the markets' psychology. The prospects of a war with Pakistan may have receded, but the refugee problem has assumed serious proportions, causing an intolerable strain on the country's resources.

Government securities have been steady this past week. The 3 per cent Conversion loan 1986 is quoted at Rs. 60.05. Other Central securities have also remained steady. Turnover has been fair.

Share prices have remained quietly steady in the Calcutta stock market this past week. Although there has been selective support for some counters, the volume of turnover has remained restricted. Among engineering shares, Braithwaite, Guest Keen, Williams, Kumardhubi and Escorts have been quiet. Among paper shares, Sirpur, Titaghur and Orient have been steady. Among jute shares, Nellimarla, Barnagore and Chitavalsah have scored gains. Among coal shares, South Karanpura and Karanpura have been transacted. Among miscellaneous shares, Associated Battery and Hindustan Aluminium have been supported. Among tea shares, Dimakusi, Bishnauth and Teesta Valley have been done.

After keeping subdued for some time, Dalal Street has developed a steadier tone on bear-covering and selective support. Turnover is moderate and net changes over the week show widespread gains. The highlight of the week's trading has been provided by Standard Mills which has recorded an impressive rise on nervous bear-covering and sustained support on ideas of a bonus issue on generous terms. After declining to a new low, Century have recovered sharply on reports that the production of the rayon division will not be allowed to be

affected due to the shortage of wood pulp. Khatau have been another firm feature. Kohinoor and Svadeshi have been marked lower. Rayon shares have ruled steadier with Century Enka, Gwalior and National Rayon recording moderate gains. Steel shares have improved on moderate support and poor offering. Engineering shares have made a somewhat mixed showing. While Associated Bearings, Sandvik Asia and Tata Engineering have registered small gains, S.L.M.-Maneklal and Zenith Steel have remained subdued. Automobiles have ruled easy, with Hindustan Motors recording a marked decline. Shipping shares have scored good gains on substantial support. Cements have kept steady. Paper shares have firmed up a little. Among tyre company shares, only Ceat have held firm while other shares have closed with minus signs. Premier Tyres have been weak. Dyes and chemicals have recorded fair gains on poor offerings and fresh support. Gujarat State Fertilisers, Indian Dyestuff, N.O.C.I.L., Polyolefins and Polychem

COMPANY REPORTS

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

Aluminium Industries
Bombay Suburban
Burma Mines
Davangere Cotton
F.A.C.T.
Fertiliser Corporation
Goodyear
Indian Iron
India Paper Pulp
Indian Rubber
Macneill and Barry
New Great Insurance
Oil India
Ossoor Estates
Punjab National Bank
Puthutotam Estates
Ramon and Demm
Simco Metres
Star Trading
Supreme Industries
Tata Steel
Tata-Yodogawa

have been the firm features. Electric shares have ruled steadier. Among miscellaneous counters, United Carbon have recorded an impressive rise while Phillips Carbon have suffered a moderate setback. Tata Oil, Hindustan Lever and Camphor and Allied have held quietly steady.

Activity in the Madras stock market has remained restricted this past week. Selective support has been noticeable among bank, cement and sugar shares. In the planting section, interest has been thin in the absence of strong enquiries. Blue Mountain and Consolidated Coffee have been transacted. Textile shares have been featureless while Madura and Travancore Rayons have been quiet. In the miscellaneous section, Seshasayee Paper and Metturr Chemical have been supported. Mandya National Paper have been enquired at the market rate while Madras Aluminium have received some mild 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	22/20—22/60—22/10—22/45—
(23/25)	
Burrakur Coal	9/81—9/81—9/69—9/75—
(15/00)	
Dunlop India	33/50—34/15—33/50—34/05—
(38/80)	
Guest, Keen, Williams	37/40—38/05—35/45—
35/80—(26/10)	
Hindustan Motors	8/95—9/05—8/20—8/30—
(16/46)	
Indian Aluminium	34/25—35/60—34/25—
35/35—(38/15)	
Indian Cable	21/30—21/35—21/30—21/35—
(16/75)	
Indian Copper	3/70—3/85—3/67—3/77—
(4/58)	
Indian Iron	9/70—9/75—9/50—9/60—(15/60)
Indian Cable	21/45—21/45—21/40—21/40—
Jaipur Udyog	9/20—9/30—9/20—9/30—
(11/35)	
Jayashree Tea & Industries	14/75—14/75—
14/62—14/62—(17/00)	
Kesoram Industries	13/45—13/60—13/35—
13/35—(19/10)	
National Rubber	7/25—7/31—7/25—7/31—
(10/06)	
Orient Paper	32/85—33/80—32/80—33/30—
(40/10)	
Orissa Cement	15/85—16/75—15/75—16/75—
(17/50)	
Rohtas Industries	5/00—5/10—4/95—5/00—
(7/68)	

Another Prosperous Year for Oil India

IN his chairman's statement to the annual general meeting of the Oil India Ltd held in July 1971, Mr. Sarat Chandra Sinha said that the financial working of the Company had been very satisfactory during 1970. (A fuller version of Mr. Sinha's speech was published in last week's issue of *Capital*.) The board of directors has recommended a dividend of 13 per cent, net of taxes, for the fourth year in succession. The Company is responsible for a substantial portion of the present production of crude from indigenous sources. The final price of the Company's crude has worked out to Rs. 95.40 a tonne, against an import parity price of Rs. 105 a tonne, for comparable Middle East crude.

The Company has allowed a total price adjustment of Rs. 733.58 lakhs in favour of the shareholders on the basis of its formula price. For the second year in succession, the production of crude oil has exceeded the 3 mtpa mark. The production rate has recently been stepped up to 3.1 mtpa to maintain adequate supplies to the eastern sector refineries. Several water

and gas injection schemes have already been implemented, and more are expected to come into operation during the current year. Gas supplies to outside consumers have increased by about 5 per cent to 7 per cent. On the exploration front, the Company is probing the potential of the Kusijan structure in the Dum Duma area. In the sphere of developmental drilling, operations are spreading out to meet the dual requirements of developing known pools and probing outlying structures, away from the main producing centres, with a view to finding new reserves and sustaining 3 mtpa production. The drilling performance during the first half of 1971 continues to be satisfactory.

INDIAN IRON

Satisfactory Results

THE Indian Iron and Steel Co. Ltd has shown satisfactory working results for the year ended March 1971. Sales are up from Rs. 73.49 crores to Rs. 81.66 crores and the pre-tax profit has risen from Rs. 2.60 crores to Rs. 3.69 crores, after pro-

viding Rs. 5.61 crores (against Rs. 5.14 crores) for depreciation. The taxable ordinary dividend of 6 per cent has been maintained, absorbing Rs. 1.49 crores which will be paid out of general reserve. This offers a yield of 6.3 per cent at the present price of Rs. 9.60 a share of Rs. 10 each.

Allocations include Rs. 46 lakhs (against Rs. 4 lakhs) for taxation, Rs. 1.75 crores (against Rs. 1.62 crores) for development rebate reserve (statutory) and Rs. 1.94 crores (against Rs. 1.36 crores) for general reserve. A sum of Rs. 7 lakhs (same) has been transferred from the taxation contingencies reserve and Rs. 57.08 lakhs (against Rs. 52.65 lakhs) has been written back from general reserve being allocations made this year for development rebate reserve (statutory) in excess of actual tax saving. After making provisions and transfers, there remains a balance of Rs. 17.55 lakhs which will be absorbed by preference dividends. Production of pig iron fell from 1.1 million tonnes to 930,337 tonnes and that of steel ingot from 699,768 tonnes to 626,965 tonnes, while despatches of the former for outside sales fell from 154,342 tonnes to 114,179 tonnes and those of the latter for outside sales from 572,575 tonnes to 531,293 tonnes.

PUNJAB NATIONAL BANK

All-round Progress

PUNJAB National Bank has achieved all-round improvement for the year ended December 1970. It has earned a higher profit of Rs. 2.14 crores, against Rs. 1.59 crores, after providing Rs. 29.18 lakhs (against Rs. 26.30 lakhs) for depreciation and repairs to the banking company's property. The interest paid on deposits is higher by Rs. 2.07 crores at Rs. 15.65 cores and salaries and allowances by Rs. 2.38 crores at Rs. 11.61 crores. Deposits have increased from Rs. 391.09 crores to Rs. 459.73 crores, fixed deposits from Rs. 171.01 crores to Rs. 194.05 crores, savings bank deposits from Rs. 138.13 crores to Rs. 163.52 crores and current accounts from Rs. 81.37 crores to Rs. 101.71 crores. Advances have improved from Rs. 226.53 crores to Rs. 303.17 crores; loans, cash credits and overdrafts from Rs. 187.35 crores to Rs. 249.23 crores and bills discounted and purchased from Rs. 39.18 crores to Rs. 53.94 crores. (Fuller details appeared in last week's issue of *Capital*.)

F.A.C.T.

I.D.A. Credit Approved

THE International Development Association (I.D.A.), an affiliate of the World Bank, has approved a credit of \$20 million to help India to increase the production of fertilisers. The project is an important element in the Government of India's strategy to sustain the momentum of growth in the country's agricultural sector by increasing the supply of fertilisers and other modern farm inputs. The credit, the first from I.D.A. in support of fertiliser manufacturing in India, will finance the second stage of an expansion programme of the Fertilisers and Chemicals, Travancore Ltd (F.A.C.T.), a public-sector company, located in Cochin, Kerala.

F.A.C.T. carried out the first phase of its expansion (a plant to produce 330,000 tons of urea annually) with financial assistance from Italy. I.D.A. is assisting the second phase of the project for the production of N.P.K. fertilisers and a plant to manufacture cryolite, a chemical used in the manufacture of aluminium. The project will be carried out by Fact En incering and Design Organisation (F.E.D.O.), the planning and engineering arm of F.A.C.T. The credit is the first industrial operation for the Bank or I.D.A. in India's public sector. Two investments by the Bank's other affiliate, the International Finance Corporation, are helping to finance two private-sector fertiliser enterprises in Uttar Pradesh and Goa.

ORIENTAL FIRE

Claims Ratio

IN the issue of *Capital* dated 2nd September, on page 488 under the heading "Oriental Fire", it was erroneously stated that "the overall claims ratio has increased to 58.59 per cent, against 58.67 per cent." Actually the sentence should read: "The overall claims ratio has improved from 58.67 per cent in 1969 to 58.59 per cent in 1970."

ALUMINIUM INDUSTRIES

Deficit Reduced

THE directors of Aluminium Industries Ltd. have not recommended any dividend on ordinary and

preference shares for the year ended March 1971, although the Company's working has resulted in a profit. This is because profit has to be utilised to reduce the brought-forward loss. The Company has earned a profit of Rs. 13.25 lakhs, after providing Rs. 26.60 lakhs for depreciation and Rs. 64.45 lakhs for interest and bank charges. This compares with the previous year's loss of Rs. 77.94 lakhs, after providing Rs. 22.68 lakhs for depreciation and Rs. 58.14 lakhs for interest and bank charges. After deducting the profit of Rs. 13.25

lakhs from the brought-forward loss of Rs. 119.24 lakhs, there is a deficit balance of Rs. 105.99 lakhs. By deducting from it a sum of Rs. 4.91 lakhs being development rebate reserve no longer required, the deficit is further reduced to Rs. 101.08 lakhs which is being carried forward. Total sales rose sharply to Rs. 987.43 lakhs (against Rs. 594.29 lakhs).

The directors feel that the prospects for the current year are much better. The order-book position for

INDIA PAPER PULP : ANOTHER DIFFICULT YEAR

IN their report for the year ended March 1971, the directors of India Paper Pulp Co. Ltd say that in addition to the direct and serious impact that the frequent breakdowns in power supply had on production and profits, these resulted in considerable damage to electrical equipment, thereby affecting the level of production. Having regard to the trend of production in the first half of the year, had normal power supply been available throughout the year, there was every reason to expect that, after the long and difficult period through which the Company had passed, this year would have shown a profit. The Company has incurred a loss of Rs. 8.58 lakhs, against a loss of Rs. 32.39 lakhs, after providing Rs. 19.30 lakhs (against Rs. 22.26 lakhs) for depreciation. In view of the accumulated losses, the directors regret their inability to recommend the payment of a dividend. A sum of Rs. 3.50 lakhs (same) and Rs. 76,000 (against Rs. 66,000) from general reserve and development rebate reserve, respectively, have been transferred. The debenture stock sinking fund claims Rs. 3 lakhs (same). After adjustments there remains a debit balance of Rs. 99.92 lakhs which is proposed to be carried forward, against a debit balance of Rs. 92.59 lakhs brought in. Paper sales rose from Rs. 3.48 crores to Rs. 3.77 crores. The demand for the Company's products continues to be good and they enjoy a good reputation in the market.

The problems of the paper industry in West Bengal have recently been the subject matter of special representations to the Gov-

ernment. The most important factors affecting the paper mills in this State are the poor availability and excessive cost of raw materials. The serious deterioration in power supply has already been mentioned, and it is not necessary to elaborate on the general conditions of lawlessness from which mills in other parts of India are largely free. On top of all these factors, in recent months, the poor supply of wagons by the railways has caused considerable anxiety. In the Company's case, the movement of both raw materials and essential chemicals have become a matter of day-to-day concern. The most serious impact of this, however, has been on the one factor which previously favoured the mills situated in West Bengal—movement of coal from the nearby coalfields to the industrial areas around Calcutta.

The Development Council for Paper has been informed of these problems. The steps that could be taken to improve matters might include an adequate subsidy to cover additional royalty and freight on raw materials, an equalisation fund to even out the inequitable burdens between the West Bengal mills and those more fortunately situated, the granting of easier credit and other reliefs so that the basic economics of the operating mills in West Bengal can be equated with those operating elsewhere. This is essential to ensure increasing levels of production and employment, both very necessary goals in the context of West Bengal's problems as well as the general shortage of paper throughout the country.

bare conductors, switchgear and wire working machinery is satisfactory. The switchgear and machinery manufacturing facilities will be in full operation during the current year.

NEW GREAT INSURANCE

Satisfactory Results

NEW Great Insurance Company of India Ltd has received the approval of the Central Government for payment of the final dividend at the rate of Rs. 3.25 a share, less tax, for the year 1970 which, together with the interim dividend of Rs. 3, comes to Rs. 6.25 a share, as against Rs. 5.50 paid in 1969. The dividend works out to 25 per cent of the paid-up value of Rs. 25 a share. The final dividend will be paid out of general reserves.

The gross premium in 1970 increased to Rs. 4.20 crores from Rs. 3.45 crores in the previous year, while the net premium amounted to Rs. 3.02 crores, against Rs. 2.46 crores. Departmental reserves have increased by Rs. 31 lakhs and the same stood at Rs. 1.67 crores at the end of the year. The gross profits show a substantial rise of Rs. 28.61 lakhs (against Rs. 18.01 lakhs). General reserves stand at Rs. 25.25 lakhs against the paid-up capital of Rs. 25 lakhs.

BURMA MINES

Interim Statement

BURMA Mines Ltd's loss before taxation for the six months ended June 1971 is £1,919 (against 1970 profit of £4,244); foreign tax unrelieved is £412 (against 1970 U.K. taxation £2,219); dividend nil (as in 1970); the total loss is £2,331 (against 1970's retained profit of £2,025). The net asset value as at 30th June, 1971, a 17½p share taking investments at the market value, including 100 per cent of the London dollar premium, but excluding claim against the Government of Burma, was 6½p (against 4½p as at 30th June, 1970).

FERTILISER CORPORATION

Concern over Cost Rise

IN his chairman's statement at the annual general meeting of the Fertiliser Corporation of India Ltd

held recently in New Delhi, Mr. H. N. Sethna, said that the Corporation had made a gross profit of Rs. 17.07 crores for the year ended March 1971. (A fuller version of Mr. Sethna's speech was published in last week's issue of *Capital*.) The net profit of the Corporation was Rs. 1.67 crores, after providing for depreciation and interest charges. Turnover has increased to about Rs. 78 crores from Rs. 66 crores in the previous year. Against an authorised capital of Rs. 200 crores, the Corporation's paid-up capital stood at Rs. 115.55 crores. Production at both the units—Nangal and Gorakhpur—have declined due to a drastic power cut and because of increased costs of raw materials. The unit in Trombay has significantly improved its performance and it is anticipated that it will improve further. These three units of the Corporation, together with the P and D division, has made a profit of Rs. 4.69 crores. But the Sindri and Namrup units have together made a loss of Rs. 3.02 crores. The chairman said that the initial teething troubles in Namrup were being got over, but this plant, because of its low capacity and locational disadvantages, might not significantly improve till the proposed expansion had been completed.

The chairman expressed his grave concern over the all-round increase in the cost of various inputs, such as electricity rate, prices of naphtha, freight and labour, without a corresponding increase in the sale prices of fertilisers. In spite of these adverse factors, he said, the Government retains the benefits of what the market can bear through the imposition of an excise duty. The seven major projects of the Corporation—Durgapur, Barauni, the rationalisation project in Sindri, Namrup expansion, Ramagundam, Talcher and Trombay expansion—are under construction. The chairman said that certain difficulties in regard to inadequate capacity for indigenous fabrication, non-availability of structural steel, etcetera, would pose problems for timely execution of the projects. The two coal-based plants in Talcher and Ramagundam have considerable importance from the socio-economic point of view. Since coal is abundantly available in the country, there will be no recurring foreign exchange involved in the use of raw materials. The marketing division of the Corporation is on the threshold of large-scale expansion to take care of the marketing needs that will come up in the next few years.

GOODYEAR

Multi-Currency Credit

THE Goodyear Tire and Rubber Company, Akron, Ohio, and Manufacturers Hanover Ltd announced that a syndicate of 32 banks has signed a credit agreement with Goodyear that will provide it with a \$100-million multi-currency revolving credit. The credit will be available in London in dollars and other freely convertible currencies. The proceeds will be used for Goodyear's general corporate purposes on a worldwide basis. The 32 banks in the syndicate are from Canada, England, France, Germany, Luxembourg, the Netherlands, Switzerland and the United States.

In 1970, Goodyear's consolidated worldwide sales amounted to just under \$3.2 billion. Net income in that period was \$129.2 million, of which \$55.4 million was contributed by foreign subsidiaries. For the six months ended June 1971, consolidated sales at \$1.76 billion were an all-time record, while after-tax earnings of \$80.4 million were the highest for any initial six-month period in the Company's history. Net income from foreign operations increased to \$26.6 million from \$23.7 million in the first six months of 1970.

MACNEILL AND BARRY

Bigger Profit Earned

MACNEILL and Barry Ltd has fared well during 1970. It has earned a higher profit of Rs. 9.28 lakhs, against Rs. 6.57 lakhs, after providing Rs. 11.25 lakhs (against Rs. 11.26 lakhs) for depreciation and Rs. 10 lakhs (against Rs. 5.27 lakhs) for taxation. The taxable ordinary dividend of 5 per cent has been maintained, absorbing Rs. 7.50 lakhs. This offers a yield of 14.5 per cent at the present price of Rs. 34.50 a share of Rs. 100 each. After transferring Rs. 7,800 (against Rs. 13,600) from development rebate reserve and Rs. 7.50 lakhs (against Rs. 8 lakhs) from general reserve, Rs. 3.31 lakhs (against Rs. 1.11 lakhs) and Re. 1 lakh (same) have been transferred to capital reserve and pension reserve, respectively. There is a carry-forward of Rs. 19,835, against Rs. 25,454 brought in. Sales rose from Rs. 12.08 crores to Rs. 14.52 crores.

BOMBAY SUBURBAN

Better Results

BOMBAY Suburban Electric Supply has reported considerably improved results for the year ended March 1971. With the number of units sold up by 16.4 per cent at 627.93 million kilowatt hours, gross earnings from the sale of energy have increased by 20.4 per cent from Rs. 7.01 crores to Rs. 8.45 crores and the gross profit has risen by 26.8 per cent from Rs. 1.71 crores to Rs. 2.17 crores. The dividend has been raised from 11 per cent to 12 per cent. After providing Rs. 46.32 lakhs (against Rs. 43.10 lakhs) for depreciation and Rs. 64.18 lakhs (against Rs. 43.55 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 106.49 lakhs, against Rs. 84.46 lakhs in the preceding year. Important allocations include Rs. 27.92 lakhs (against Rs. 23.42 lakhs) for dividend reserve, Rs. 11.27 lakhs (against Rs. 8.40 lakhs) for general reserve, Rs. 14.47 lakhs (against Rs. 23.21 lakhs) for development reserve and Rs. 20 lakhs (against nil) for debenture redemption reserve. The dividends absorb Rs. 43.08 lakhs (against Rs. 38.33 lakhs).

INDIAN RUBBER

All-round Improvement

INDIAN Rubber Regenerating Company has reported all-round improvement in its working results for the year ended March 1971. The Company's production was about 8.4 per cent higher despite the strikes at its customers' factories in West Bengal and Madras. Net sales are up by 13.5 per cent from Rs. 97.70 lakhs to Rs. 110.85 lakhs and the gross profit has increased by 27.2 per cent from Rs. 15.55 lakhs to Rs. 19.79 lakhs. After providing Rs. 9.36 lakhs (against Rs. 7.03 lakhs) for depreciation, Rs. 2.66 lakhs (against Rs. 17,000) for development rebate reserve and Rs. 1.15 lakhs (against Rs. 3.77 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 6.62 lakhs, against Rs. 3.77 lakhs in the preceding year. After providing Rs. 1.11 lakhs (against Rs. 38,000) for the previous year's expenses and making some adjustments, a sum of Rs. 5.55 lakhs (against Rs. 4.27 lakhs) has been transferred to general reserve. The proposed dividend of 12 per cent absorbing Rs. 4.20 lakhs will be paid out of general reserve.

The Company expects to complete its expansion programme by the end of December 1971.

RAMON AND DEMM

Maiden Dividend

RAMON and Demm has turned out excellent results for the year ended March 1971 and the shareholders have been rewarded with a maiden dividend of 8 per cent—80 paise a share—which is expected to be free of tax. The Company's sales have gone up from Rs. 1.16 crores to Rs. 2.38 crores and the gross profit has soared from a mere Rs. 16.55 lakhs to Rs. 105.40 lakhs. The ratio of profit to sales for 1970-71 works out to around 45 per cent. After providing Rs. 25.49 lakhs (against Rs. 9.59 lakhs) for depreciation, Rs. 45 lakhs (against nil) for development rebate reserve and writing off the brought-in loss of Rs. 17.95 lakhs, there is a surplus of Rs. 16.95 lakhs, of which Rs. 16.60 lakhs have been transferred to general reserve. The dividend absorbing Rs. 7.51 lakhs will be paid out of general reserve. The Company's working during the current year is reported to be even better than in 1970-71.

STAR TRADING

Big Libyan Order

THE Star Trading Co. Pvt. Ltd has bagged a turnkey contract worth Rs. 12 crores for setting up a modern textile weaving and finishing complex in Tripoli (Libya). The order has been won against stiff international competition and thus represents a breakthrough in the sphere of technical expertise in the textile industry. A significant feature of the contract which will take about four years to complete is that it will be paid for in hard currency.

The cost of indigenous machinery, equipment, technical know-how, etcetera, to be supplied by the Company will be about Rs. 3.75 crores, or about 25 per cent of the contract amount. The Company has offered Indian machinery, together with machinery from Switzerland, Britain, Holland, West Germany and Belgium with the co-operation of the world's leading specialised manufacturers. Star Trading has undertaken to give guarantee performance of the complex of agreed production of woven finished fabrics of more than 20 million metres.

TATA STEEL : PROSPECTS AHEAD

MR. J. R. D. Tata, chairman, Tata Iron and Steel Company, had no message of cheer for the shareholders when he met them the other day at the annual meeting. He did not expect the Company to improve upon its performance in 1970-71. The current year's output is unlikely to be higher; it might well be somewhat lower. And with selling prices remaining unchanged and costs rising, margins would be under increasing pressure. The Company had been trying to reach its 2-million-tonne capacity but it has been unable to do so due mainly to the shortage of coke. The Company is currently working at 85 per cent of the capacity. Mr. Tata pointed out that there was no room for the Company to grow nor did it have freedom of action to diversify. The rehabilitation and renovation programme envisaging an outlay of Rs. 110 crores might be delayed unless the Government sanctions immediately the proposal for the Rs. 20 crore debenture issue. The pro-

posal has been with the Government for quite some time.

As for the dividend, Mr. Tata said that no "disaster" was impending and that the dividend would be maintained for the current year. With the profitability being what it is—only an adequate increase in selling prices can improve the Company's fortunes—the Company would be obliged to draw a larger amount from reserves this year to pay the dividend of Rs. 8.60 a share—unchanged for the past five years. Replying to shareholders' queries, Mr. Tata stated that the various State-owned institutions, the nationalised banks and insurance companies, held about 38 per cent of the Company's shares. Tata Sons and its associated Companies had only 3.5 per cent of the total voting strength. The Unit Trust has advanced to the Company Rs. 5 crores at 9.25 per cent in order to reserve its quota in the proposed debenture issue; the debentures would carry interest at 8 per cent.

SIMCO METERS*Same Dividend*

THE directors of Simco Meters have maintained the equity dividend at 10 per cent for the year ended March 1971. Both sales and profit show a rise over the previous year. Turnover amounted to Rs. 127.21 lakhs (against Rs. 94.43 lakhs) thus recording an increase of about 35 per cent. The profit amounts to Rs. 13.68 lakhs, after providing depreciation of Rs. 2.72 lakhs. This compares with the previous year's profit of Rs. 12.10 lakhs, after providing depreciation of Rs. 2.41 lakhs. With Rs. 13,082 brought forward, the total surplus available for appropriation is Rs. 13.81 lakhs. Out of this, a sum of Rs. 8.13 lakhs (against Rs. 6.44 lakhs) is transferred to development rebate reserve. Provision for loan redemption amounts to Rs. 2 lakhs (against Rs. 40,000). The dividend of 2 per cent on redeemable preference shares absorbs Rs. 27,000 and the equity dividend claims Rs. 3.18 lakhs. The balance of Rs. 23,264 is being carried forward.

OSSOOR ESTATES*Bigger Dividend*

FOLLOWING a substantial increase in the profit for the year ended March 1971, the directors of Ossoor Estates Ltd have stepped up the total dividend to 18 per cent, with the final dividend of 13 per cent. The Company had paid a dividend of 15 per cent for the previous year. The profit, before taxation, amounts to Rs. 7.45 lakhs (against Rs. 3.70 lakhs). After providing Rs. 4.19 lakhs (against Rs. 1.90 lakhs) for taxation, there is a net profit of Rs. 3.26 lakhs. With Rs. 11,879 brought forward, there is a total surplus of Rs. 3.38 lakhs. Out of this, general reserve gets Rs. 1.25 lakhs (against Rs. 75,000). The interim dividend of 5 per cent accounted for Rs. 48,750 and the final dividend of 13 per cent claims Rs. 1.27 lakhs. The balance of Rs. 37,666 is being carried forward.

PUTHUTOTAM ESTATES*Profit Earned*

THE directors of Puthutotam Estate Ltd have maintained the dividend at 7½ per cent for the year ended March 1971. The Company

has earned a net profit of Rs. 53,055, after providing depreciation of Rs. 51,185, development allowance of Rs. 41,942 and taxation of Rs. 76,120, and after making provision for gratuity amounting to Rs. 19,991. In the previous year, the Company had incurred a loss of Rs. 64,550, after providing Rs. 57,097 for depreciation, Rs. 33,604 for development allowance and Rs. 18,000 for taxation. Adding to the year's profit a sum of Rs. 1,779 brought forward, Rs. 8,134 being excess agricultural tax provision, and Rs. 1.34 lakhs being excess tax provision, there is a total surplus of Rs. 1.99 lakhs. Out of this, general reserve gets Rs. 55,000 (against nil). The dividend absorbs Rs. 78,750. The balance of Rs. 65,547 is being carried forward.

DAVANGERE COTTON*Sales and Profit Up*

DAVANGERE Cotton has done very well during the year ended March 1971, with sales rising from Rs. 4.31 crores to Rs. 4.67 crores and the gross profit from Rs. 62.47 lakhs to Rs. 67.06 lakhs. The results look all the more encouraging since these have been achieved despite a two-month strike, power breakdown for a few days and "unprecedented" rise in cotton prices. The improved performance is attributable mainly to the benefits of diversification of production and development programme. After providing Rs. 35.91 lakhs (against Rs. 34.34 lakhs) for depreciation, Rs. 1.81 lakhs (against Rs. 3.55 lakhs) for development rebate reserve and Rs. 19.30 lakhs (against Rs. 14.20 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 10.04 lakhs, against Rs. 10.38 lakhs in the preceding year. The unchanged equity dividend of 12 per cent and the preference dividend will together absorb Rs. 10.35 lakhs.

TATA-YODOGAWA*A Prosperous Year*

TATA-YODOGAWA has done well during the year ended March 1971. Its sales have increased from Rs. 58.33 lakhs to Rs. 314.65 lakhs (including service charges) and the gross profit has risen from Rs. 1.92 lakhs to Rs. 79.92 lakhs. After providing Rs. 47.51 lakhs (against Rs. 16.09 lakhs) for depreciation and writing off preliminary and other ex-

CAPITAL, 16th SEPTEMBER, 1971

penses amounting to Rs. 14.71 lakh (against nil), there is a surplus of Rs. 17.71 lakhs, against a deficit of Rs. 14.16 lakhs in the preceding year. After wiping out the previous loss, the balance of Rs. 3.55 lakhs has been carried forward. Due to the inadequacy of the surplus, no provision has been made for development rebate reserve.

The directors state that the production of ingots during the year aggregated around 22,000 tonnes against the rated capacity of 30,000 tonnes a year. The shortfall in production was due mainly to the interruption in the supply of graphite electrodes. The production trend of rolls was encouraging. The plan reached the target capacity of 600 tonnes a month within eight months of the commencement of operations in March 1970. The production of rolls during the year totalled 5,400 tonnes.

SUPREME INDUSTRIES*Bonus Issue Proposed*

SUPREME Industries has raised the dividend for the year ended March 1971 from Rs. 10 to Rs. 11 a share and, in addition, the directors have recommended a one-for-five bonus issue which is subject to the consent of the Controller of Capital Issues. The Company's working results for 1970-71 show an appreciable improvement over the previous year's performance, although margins have been under pressure. For, while sales have gone up by 35.4 per cent from Rs. 69.84 lakhs to Rs. 94.53 lakhs, the gross profit has increased by 14.6 per cent from Rs. 11.72 lakhs to Rs. 13.43 lakhs.

Appropriations include depreciation Rs. 6.38 lakhs (against Rs. 6.27 lakhs), development rebate reserve Rs. 75,000 (against Rs. 2.20 lakhs), taxation Rs. 3.57 lakhs (against Rs. 1.50 lakhs) and general reserve Rs. 2.70 lakhs (against Rs. 1.77 lakhs). The equity dividend amounting to Rs. 1.02 lakhs (against Rs. 93,000) and the preference dividend amounting to Rs. 28,875 (same) are to be paid out of general reserve. The Company's sales for the first four months of the current year are placed at Rs. 28.63 lakhs, against Rs. 26.20 lakhs in the same period last year. Considering the flow of orders, turnover for the current year is expected around Rs. 1.20 crores.

CAPITAL, 16th SEPTEMBER, 1971

COMMODITIES**Floods Dampen Expectations of a Good Jute Crop**

INCESSANT showers and unprecedented floods over almost all the jute-growing districts in West Bengal, Bihar and Orissa, coinciding more or less with the harvesting time, seem to have eroded the optimism of a good jute and mesta crop held earlier this season. Most of the districts are still in the grip of floods, although water has reportedly been receding gradually. It is rather premature to make any precise assessment of the extent of damage, and both the authorities and the industry are awaiting reports from upcountry centres. The earlier expectations of a flow of fibre from across the Bangladesh border may also have to be revised drastically, for the crop there has reportedly been poor due to the lack of normal attention being paid to various stages of plant growth and also due to the adverse climatic conditions during the past one month.

High-yielding Seeds

The National Seeds Corporation has launched a crash plan for raising the output of jute. The N.S.C. has succeeded in setting up a new record in seed distribution by bringing an additional 200,000 hectares under the new high-yielding varieties of jute during the 1971 *kharif* season. This additional input of quality seeds was expected to yield an extra 500,000 bales of selected grade fibre. The new seeds covered more than 25 per cent of the total acreage under fibre in Bihar and West Bengal, which yield most of the selected grade fibre for the country. The N.S.C. has also strengthened its seeds distribution organisation by setting up its own sale depots at major centres and agencies in outlying markets.

Fall in Acreage

Compared with 1969-70, the acreage under jute declined by 2.3 per cent in 1970-71 and production by 13.3 per cent, from 5.7 million bales to 4.9 million bales, due to the absence or deficiency of rains in West Bengal at the sowing time. The Central Ministry for Agriculture has decided to continue to finance the Centrally-sponsored schemes for the special

package programme in respect of jute and mesta, aerial spraying of urea, subsidised distribution of certified and improved high-yielding seeds as also for quality improvement.

Subsidising Sacking Exports

Following the keen competition experienced by the State Trading Corporation in booking some of its recent overseas orders—in spite of the virtual absence of Pakistan from such markets—the Indian jute industry is reported to have tentatively decided to subsidise sacking exports to a number of selected erstwhile traditional markets from which India had been ousted by Pakistani competition. A modest beginning has been proposed to be made with some 5,000 tonnes of subsidised sacking exports a month. The current sacking output of the industry is about 500,000 tonnes a year, on which the levy is proposed to be imposed to finance the export of 60,000 tonnes to selected markets through the S.T.C. at subsidised rates. Industry circles have estimated that a levy of Rs. 10 on every tonne of sacking output would place a sum of some Rs. 50 lakhs a year in the hands of the industry for extending a subsidy of about Rs. 100 a tonne of exports. While the industry is finalising the details, introduction of the scheme will be possible after a consensus has been achieved among various units which now stand closer than ever to regaining their lost markets, and after the Government's approval has been secured on the same. Exports of Indian sacking declined from the peak figure of 489,000 tonnes in 1949 to 356,900 tonnes in 1953, improving again to 466,400 tonnes in 1954. But Pakistani competition gradually reduced exports to 181,400 tonnes in 1966 and to 47,400 tonnes in 1969.

Frequent Power Cuts

Both the frequency and duration of power cuts in the jute industry have increased. Power supply to the mills between 16th August and 4th September was at its lowest, and the

volume of lost production had increased sharply from week to week. From only 300.41 tonnes during the week ended 14th August, the figure went up to 900 tonnes in the week following, rising to 1,381.81 tonnes during the week ended 28th August and still further to 1,555.05 tonnes during the week ended 4th September. The total production lost by the industry in the four weeks ended 11th September amounted to 4,600 tonnes worth Rs. 1.6 crores, including Rs. 1.0 crores in foreign exchange.

Divergent Trends in Gunnies

After opening on a buoyant note on brisk covering by shorts, against their immediate open positions, the Calcutta gunny market gradually developed divergent trends during the past week. Sacking suffered a moderate erosion in the earlier gains due to the stiff resistance shown by mills as also by the internal and overseas consumers—the former due to high prices of fibre and its difficult availability, and the latter due to the prevailing high prices of end-products. Hessian, however, ruled fairly steady after intermittent reaction on profit-taking. There was brisk covering by shorts against their immediate open positions at the intermittent dips, helping a moderate recovery. Sizable fresh business was reported from the U.S.A., Russia, Canada and Turkey. The D.G.S.D. absorbed offers of some 5,000 bales of D.W. flour bags, besides 1.75 million sandbags, September-November delivery. Reports of widespread floods in most States of upper India and Orissa induced hopes of fresh sandbag tenders. The proximity of the new crushing season bolstered the hope that the industry would soon enter the market to book its packaging requirements for the next season. The unusually protracted inclement weather and floods over vast regions of India also induced caution among the mills. Before extending their long-term commitments, they preferred to have a clearer idea about the final crop prospects and the fibre price outlook. The sharp rise in the nominal prices of heavy duty, duty paid, 40in. 10oz. Calcutta-made hessian in New York to the peak level of 19.10 cents a yard for spot and afloat, 18.60 cents for September and 18.40 cents for October aroused fears of a gradual substitution of jute goods by synthetic products in that country. An Associated Press report from Karachi stated that in the absence of hard currency assistance to procure the imported raw materials and maintenance spares, Pakistani industrial units were on the

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verge of closure. The Martial Law authorities had failed to ensure the free flow of trade between East Bengal and overseas countries. Ships touching Chittagong port were facing a lot of delay and difficulties in the loading and discharge of goods due to the lack of co-operation from dock workers, combined with guerilla raids on police and army establishments in the port area. Under the circumstances, most exporters were unable to honour their previous export commitments. Exports of jute goods during April slumped to \$700,000 from some \$25 million a year ago. Turnover was moderate. The closing undertone was, however, bullish.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.	Oct.- Dec.	Jan.- Mar.
40in. 7½oz.	80.00	79.75	79.50	77.00
40in. 8oz.	88.00	—	—	—
40in. 10oz.	106.00	105.00	104.00	101.00
B Twills	263.00	266.00	268.25	271.25
Heavy Cees	264.00	267.00	269.00	271.25
Cornsacks	—	—	—	—
A Twills (U.S.)	334.00	337.00	340.00	342.00
Liverpools	320.00	322.00	324.00	326.00

Fibre Easier

The Calcutta raw jute market turned easier during the past week, following an improvement in the arrival of fibre held up in upcountry markets and transshipment centres. The spate of floods, followed by dislocation in arterial and feeder roads linking the countryside with the primary and secondary markets, arrested the normal movement of fibre. But the difficulty experienced in storing loose or *cutch* bales of jute on inundated open fields and upcountry godowns and the virtual absence of mills and mill agents from such markets induced the intermediaries to emerge as keen sellers of their holdings at a discount over the preceding week-end levels. The impending Puja festival and the incessant rains and devastating floods led the rural people to come out as keen sellers of their ready stocks of jute, thus accentuating the downward trend. Although comprehensive reports of flood damage were not yet available, it was feared that lots of jute bundles had been washed away from the retting tanks and ditches, and mature crop was spoiled due to water-logging

in the fields. It was, therefore, believed that the final Indian crop for the season would drop sharply from the earlier assessment of 7.5 million bales. Clandestine arrivals of East Bengal fibre would also lag much behind expectations due to identical difficulties. Because of low floating stocks, mills were inclined to proceed slowly with their purchases, reducing their immediate offtake to bare minimum lots of selected grades, lest any scramble for fibre at this stage raise the prices still further. The closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	Oct.-Nov. Rates a quintal Bot.	15 days Rates a md. Bot.	15 days Rates a md. Bot.
Selected Assam- Agartala	140.66	52.50	55.00
Northern Jute	135.30	50.50	53.00
Western Desal Jute	125.92	47.00	49.50
Selected Daissee	144.68	54.00	57.00
Assam-Agartala Tossa	146.02	54.50	57.00
Mesta : Assam Mesta	127.26	47.50	—
Selected Daissee Murshidabad	121.91	45.50	—
Bihar Dist.	109.85	41.00	—

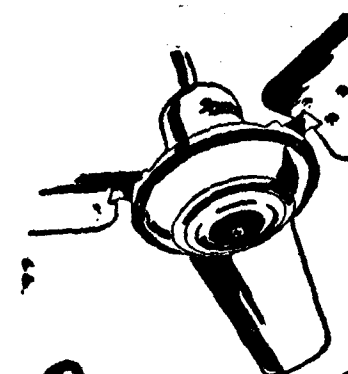
TEA

Good Demand

A Special Correspondent writes: At last week's tea auction in Calcutta, a total of 39,000 chests were on offer and these met with a good and general demand. Plain liquoring C.T.C.s came to a good market and their prices were fully firm and occasionally dearer when compared with the previous week. Their main supporters were as usual buyers for the bazaar. Medium C.T.C. fannings came to a dearer market, being actively bought by exporters operating mainly against Australian orders. Enquiry from the U.K. was confined mainly to one buyer and was less than in the previous week. As a result, good and best C.T.C.s, both brokens and fannings, came to an

easier market and suffered some decline. Orthodox fannings of all descriptions continued to be a strong feature of the market and once again appreciated in value. These were mainly bought for Canada, Australia and the Continent. Plain orthodox brokens were keenly competed for by the buyers operating on behalf of the Armed Forces and the Middle East and their prices again registered an increase. For selected lines there was also Continental support. Cheaper whole leaf grades, following the previous week's trend, continued to be in good demand, but once again at slightly lower rates. Orthodox teas from Assam were taken up by Russia and Iran, but prices paid were lower than in the previous week.

Tea arrivals in Calcutta continue to be tardy. The position upcountry is grim and movement by rail has also now been severely limited due to breaches. It will, therefore, be some time before normal arrivals can be resumed; estimates differ widely but the period could be anywhere between three and six weeks.



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CHAIRMAN'S STATEMENT



Life Insurance Corporation of India



Shri T. A. Pai

EXTRACTS from Statement by Shri T. A. Pai, Chairman, at the One Hundred and Eighty-Second meeting of the Members of the Life Insurance Corporation of India held in Bombay on August 31, 1971.

I have great pleasure to place before you the Statement of Accounts and the Annual Report of the Life Insurance Corporation of India for the period April 1, 1970 to March 31, 1971.

The country had an encouraging period, both in the realm of Industrial growth as well as in agricultural output, self-sufficiency in food being well in sight. There have been healthier trends in the national economy which are reflected in the national as well as per capita income. While the results of the mid-term poll of Parliament in March 1971 have laid the foundations of healthier democratic traditions in our political life, the buoyant economic conditions have led to a spirit of new awakening and greater expectations to improve the lot of the common man. However, the unfortunate events in Bangla Desh leading to influx of refugees in a gigantic proportion and a mass movement of people into our country on a scale unknown in history have thrown an unexpected burden on the country calling for considerable and unstinted sacrifice on the part of the people even at the expense of desirable and expected economic growth.

New Business :

In 1970-71 the LIC has set up a new record completing a new business of Rs. 1303.08 crores under 16.16 lac poli-

cies against Rs. 1036.08 crores under 14.01 lac policies in 1969-70. The sum assured increased by 25.8% compared to the previous year. This is the highest percentage increase that the Corporation achieved since inception. The number of policies issued each year had been stagnating around 14 lacs between the years 1964-65 and 1969-70. In 1970-71 the Corporation has achieved a major break-through in this respect also.

Out of the new business, nearly 66% of the total number of policies issued in India, viz. 10.62 lac policies assuring Rs. 725.95 crores out of Rs. 1303.08 crores were sold to persons insuring for the first time.

Size of Policy :

The average sum assured per policy increased to Rs. 8,066 in 1970-71 as against Rs. 7,394 in 1969-70. While 11.11 lac new policies issued in the year were for sums assured between Rs. 1,000 and Rs. 5,000, the corresponding figure for 1969-70 was 9.81 lac policies.

Rural Business :

During the year, as many as 5.07 lac policies for sum assured Rs. 296.37 crores were issued in the rural areas as against the corresponding figures for the previous year of 4.62 lac policies assuring a sum of Rs. 251.76 crores. In

view of the vast potential that is still untapped in the rural areas, it is evident that vigorous attempts still need to be made to bring more and more people under insurance cover. In this context it has to be remembered that the LIC serves the country through 664 offices procuring new business as a Branch, Sub Office or Development Centre. Almost all of these offices, barring a relatively few which concentrate their activities exclusively in the urban centres, serve the urban as well as the rural areas of our vast country. If the entire rural population in this country has to be covered by the LIC, the presumption that this can be done only by appointing agents in the rural areas is not correct. With the selling of the policy, servicing also becomes an important aspect of the business and the location of a Branch of the LIC becomes important from this point of view. But, today, unfortunately, LIC's activities in undertaking developmental responsibilities of this type are restricted because the resources available for this purpose are only the premiums of the policyholders and there is a ceiling up to which this premium income can be utilised for the purpose. If the LIC has to spread the message of insurance covering the entire rural population and mobilise the savings from the rural areas, the State will have to take it as a major

instrument for this purpose and help its developmental activities by providing adequate assistance. Obviously, a time has come when the LIC, in order to spread its activities far and wide in the country, to mobilise the people's savings and also to cover the lives which are not ordinarily covered, will have to create a Development Fund out of the share of the Valuation surplus that goes to the Government.

Non-Medical Business :

During the year, 8.25 lac policies, being 51.2% of the total number of policies issued in India, were issued under the Non-Medical Schemes. In value, they amount to Rs. 324.03 crores, which is 25.0% of the total sum assured in India. The amount of Non-Medical business in 1969-70 was Rs. 223.65 crores—21.8% of the total sum assured in India.

Group Insurance Schemes :

During the year 1970-71, 54,938 lives were covered under Group Insurance Schemes for a total sum assured of Rs. 79.55 crores and 273 lives were covered under Superannuation Schemes for pension benefits.

Salary Savings Scheme :

As against 3.76 lac policies assuring Rs. 177.33 crores issued in 1969-70, 4.86 lac policies amounting to Rs. 252.06 crores were issued under the Salary Savings Scheme in 1970-71. This Scheme helps people, particularly in the salaried middle income groups, in making the payment on insurance as the first charge on their income.

Business in Force :

The total ordinary life assurance business in force as on March 31, 1971 was Rs. 7,067 crores under 147.85 lac policies as against Rs. 6,348 crores under 140.41 lac policies on March 31, 1970.

Lapse Ratio :

Efforts made by the Corporation to conserve business are reflected in the progressive improvement recorded in the lapse ratio in the last three years. The ratio of lapses to mean life insurance business in force decreased from 5.9% in 1969-70 to 5.2% during the year under review. In 1968-69 the lapse percentage was 6.3 while in 1966-67 it was 7.4.

Life Fund :

While the Life Fund as at March 31, 1969 was Rs. 1434 crores, in March

1970 it rose to Rs. 1611 crores (plus 177 crores) i.e. 12.31% and in March 1971 to Rs. 1825 crores (plus 214 crores) i.e. 13.04%.

Total Assets :

The total assets of the Corporation as on March 31, 1971 amounted to Rs. 1989 crores as against Rs. 1772 crores as on March 31, 1970.

Settlement of Claims :

Death and Maturity Claims amounting to Rs. 19.09 crores and Rs. 68.01 crores respectively were intimated to the Corporation during 1970-71. Out of these claims and those outstanding at the end of the previous year, death and maturity claims for Rs. 21.94 crores and Rs. 68.92 crores respectively were settled by the Corporation during the year as against death and maturity claims for Rs. 18.77 crores and Rs. 62.59 crores respectively for the preceding year. An analysis of the settlement of claim operations in the year 1970-71 indicates that the number of outstanding claims as at March 31, 1971 was about 80% of the outstanding claims as at March 31, 1970. This improvement has been possible with the special efforts made during the year to settle the claims expeditiously. The ratio of outstanding claims to claims intimated during the year also dropped from 79.8% in 1969-70 to 63.5% in 1970-71 in respect of death claims and from 14.9% in 1969-70 to 12.4% in 1970-71 in respect of maturity claims. On the whole, the drop in the ratio of outstanding claims as at March 31, 1971 was 23.6% of the intimated claims as against 29.8% as at March 31, 1970.

The number of claims that the LIC settled during 1970-71 came to 3.55 lacs as against 2.67 lacs in 1966-67 which shows that while in 1966-67 the Corporation had settled 921 claims per day based on about 290 working days in a year, in 1970-71 it was paying out 1224 claims per day.

Income and Expenses :

The total income of the Corporation during the year 1970-71 amounted to Rs. 394.01 crores made up of Rs. 292.15 crores of premium, Rs. 104.41 crores of Interest, Dividends and Rents and Rs. 9.99 crores of miscellaneous income. As against this, the amount of total benefits paid to policyholders was Rs. 99.37 crores, Expenses of Management Rs. 79.43 crores and Miscellaneous Outgo Rs. 1.20 crores. The gross and net rates of interest realised on the

mean Life Insurance Fund were 6.25% and 5.73% respectively as against 6.06% and 5.57% respectively in the preceding year. Even this slight improvement of the yield from 5.57% to 5.73% has brought in an additional return of Rs. 4 crores in the year.

Efforts were being made continuously to improve the yield on the Life Fund. While considerable emphasis has always been laid on the working expenses of the LIC, in the days of rising costs in every sphere of its activities, it must be emphasised that the working expenses of the LIC are not comparable to insurers in the world in the private sector. The private insurers have a right to confine their activities to a particular class of business which is less expensive or to particular areas at reduced cost. The obligation placed on an institution like the LIC to spread its activities far and wide in backward areas and even covering smaller policies, obviously cannot be judged by the same standard. It would be worthwhile evaluating its performance in this direction rather than only in terms of expense ratio. As a matter of fact, when even this expense ratio has come down, it indicates that the expense ratio could be high if the business is stagnant and could be brought down by continuous expansion of business. However, this does not mean that the LIC has no obligation to avoid any extravagant expenditure which does not fulfil its objectives.

Investments :

The resources of the Corporation have become an important part of the national effort in mobilising the savings of the people, and the Government would have to ensure a fair return on these funds to make insurance attractive. Then again, there is no comparison between the insurers in the rest of the world in the private sector and the LIC. Insurers elsewhere may have vast opportunities to go in for high yielding investments. But the investments of the LIC will have to conform to the national needs. As a result of the LIC being in the Public Sector, enormous amount of money viz. Rs. 1989 crores which constituted the total assets of the LIC today, are insulated from any political pressurisation for personal ends and the citizens have been reaping the maximum benefit of this accumulation.

It is inconceivable that, if LIC was not in the Public Sector, an amount of nearly Rs. 309 crores (inclusive of cur-

rent year's investment) would have gone for rural electrification throughout the country, an amount of Rs. 279 crores (inclusive of current year's allocation) would have been utilised for housing development in the country, an amount of nearly Rs. 50 crores could have gone for Water Supply and Drainage Schemes for our towns and villages, Rs. 92 crores for agricultural development through Land Mortgage Banks and proposed allocation of Rs. 5 crores for building up storages for the Food Corporation of India, and nearly Rs. 28 crores for small scale industries through industrial estates and assistance to the State Financial Corporation. This infrastructure so necessary for the development of the country would never have been thought of. Besides, it has a huge investment of Rs. 707.21 crores by way of subscription to the Government loans in order to support the planned development of the country.

The total book value of the investments of the Corporation as at March 31, 1971 was Rs. 1717.59 crores, thereby recording an improvement of Rs. 188.98 crores over the figures of 1969-70. Of this, the total book value of the investments pertaining to Life and General business was Rs. 1700.30 crores and Rs. 17.29 crores respectively. Of the total investments of Life Department, 74.8% was in the Public Sector, 9.9% in the Co-operative Sector, 0.3% in the Joint Sector and 15.00% in the Private Sector. The investment reserve account amounted to Rs. 31.23 crores. The Corporation agreed, during the year, to underwrite 92 new issues to the extent of an aggregate amount of Rs. 51.08 crores.

LIC & Private Sector :

The LIC has also assisted the private corporate sector and in terms of total resources with the current year's allocation, its direct assistance and market purchases together would come to Rs. 251.50 crores. Besides, but for the huge investment in infrastructure, the growth of the Private Sector itself would have been inhibited in this country. There have been criticisms that the LIC has not assisted the private sector sufficiently. There have been criticisms also that the LIC has been responsible for building up monopolies. As at March 31, 1969, out of 6109 Public Limited Companies in the country, only about 1529 had their shares and debentures quoted on the 8 recognised Stock Exchanges in India. We had shares in 853 companies out of them. Out of the paid-up capital

of these companies of about Rs. 700 crores, we held about 13% of the Equity Capital. In 275 companies, LIC holds with its investment of Rs. 73,12,67,960 between 10% and over 30% of the paid-up capital in equities and in 578 companies, its holdings are less than 10% of the equity capital amounting to Rs. 25 crores. In 530 companies, we had an investment of Rs. 35.20 crores in Preference Capital and in 121 companies, Rs. 48.09 crores in Debentures. Consideration for this investment was naturally the yield and growth of these investments, and it is not that private sector always fulfilled these expectations. On the other hand, as the result of this investment, LIC became substantial owners of capital and acquired a stake in many of the Monopolies which, in effect, has come to mean substantial ownership of the private corporate sector by the public sector.

Housing & Housing Loans :

Out of the total investments of the Corporation, Rs. 300.97 crores is for housing purposes to meet the acute shortage of housing in the country. LIC is trying to build townships in several places including Bombay, Hyderabad, Bangalore, Lucknow and Calcutta with the active help of the State Governments. For middle class housing, unless the State is prepared to subsidise land prices, the problem itself will be difficult to solve. The idea of group insurance cover in case of housing loans is to provide facility for the balance of the loan being paid off instead of its being a burden on the family involving into litigation after the death of the borrower. My grateful thanks are due to the Government of Maharashtra for expediting the Apartment Act. I have now to request the Government of Maharashtra for its enforcement as considerable demand is there for flats in Bombay and other cities. The maximum loan against a flat has been restricted to Rs. One lac.

The Corporation advanced during 1970-71 a sum of Rs. 17 crores to State Governments for financing various housing and land acquisition schemes. It also advanced amounts totalling to Rs. 16.57 crores to Co-operative Housing Finance Societies and other authorities for financing housing Co-operatives in various States. The advances during 1969-70 under these heads were Rs. 14.80 crores and Rs. 15.70 crores. It will be of interest to mention that the Corporation's total contribution to housing development alone, in India,

by way of loans to State Governments and Co-operative Finance Societies and loans under other Schemes amounted to over Rs. 287 crores as on March 31, 1971. The Corporation's "Own Your Home" Scheme, which was earlier operative in 152 centres in the country, was extended to all places where the Corporation has either a Branch or a Sub-Office with effect from February 2, 1971. It is in operation now in 424 centres inclusive of a few centres where the Corporation does not have any office. During the year, 1202 loans amounting to Rs. 371.62 lacs were sanctioned to policy-holders for construction or purchase of houses. So far, 7233 loans amounting to Rs. 2086.41 lacs have been sanctioned by the Corporation under this scheme. Likewise, the Corporation's Mortgage Scheme for construction of houses operative in only 57 centres was extended to all the 424 centres where the "Own Your Home" Scheme is in force. During the year, 349 loans amounting to Rs. 186.82 lacs were sanctioned. So far, in all, 3394 loans amounting to Rs. 2288.35 lacs have been sanctioned under this scheme.

Loans for Water Supply & Drainage Schemes :

So far 434 Municipalities all over the country received a loan assistance of Rs. 36.92 crores. In 1970-71 itself 205 municipalities were advanced Rs. 10.76 crores besides 4 Zilla Parishads got an assistance of Rs. 44.37 lacs for rural water supply. It is openly acknowledged that the people living in these places would not have enjoyed the benefits of these amenities left to the State Resources for the next one or more decades.

Expense Ratio :

The overall expense ratio for the year for Life business was 27.19% as against 27.69% in the previous year, while the renewal expense ratio comes to 14.65 as against 16.15% in the previous year.

Corporation's Business Abroad :

The main object of the Corporation in running the offices overseas is not only to write business but to build goodwill for the country. In foreign territories, in addition to writing new business and covering more and more lives, the Corporation is providing technical know-how to a large number of insurers. The Corporation continued to transact new business in Fiji, Kenya, Malaysia, Mauritius, Nepal, Singapore and the United Kingdom.

The Corporation has ceased to write new business in Hong Kong and Uganda. During the year, the Corporation issued 3945 policies assuring Rs. 8.50 crores in the countries abroad, the corresponding number being 4661 policies for Rs. 10.28 crores in 1969-70.

General Insurance :

During the year, the Corporation secured a gross direct premium of Rs. 23.09 crores as against Rs. 18.04 crores in the previous year. Of this, Rs. 5.69 crores was secured under Fire Insurance, Rs. 9.49 crores under Marine and Rs. 7.91 crores under Miscellaneous insurance. The total net premium collection during the year amounted to Rs. 8.36 crores as against Rs. 6.01 crores in 1969-70. The net claims during the year amounted to Rs. 100.11 lacs under Fire, Rs. 119.91 lacs under Marine and Rs. 98.28 lacs under Miscellaneous insurance. The total net claims amounted to Rs. 318.30 lacs in 1970-71 as against Rs. 242.82 lacs in 1969-70. A sum of Rs. 94.26 lacs has been added to the reserve. The profits transferred to the Profit and Loss Account were Rs. 2.38 crores from Fire, Rs. 1.02 crores from Marine and Rs. 0.75 crores from Miscellaneous insurance, making a total of Rs. 4.15 crores. After making adequate provisions for Reserve and Taxation, a balance of 49.85 lacs is payable to the Central Government. The Corporation gave up the Open Market Business during the year and transferred it to its subsidiary, the Oriental Fire and General Insurance Company. With the nationalisation of General insurance, it is felt that there would be a great spurt in the insurance industry. Fields uncovered as yet like health and other social insurance, Cattle and Crop Insurance, I trust, would be some of the main goals of the nationalised General insurance.

From Classes to Masses :

Unprecedented steps were introduced by the Corporation in the current year to popularise the message of insurance on an accelerated pace. The Centenary Policy, for instance, was finalised during the year and introduced with effect from May 1, 1971 for meeting the needs of the people whose income fluctuates. The main feature of this policy is that, if a default occurs in the payment of premium not more than once in any block of three years subsequent to the first two years, the policy should not lapse. This should take care of the needs of our rural population as that of agriculturists faced with the uncertainties of our agriculture and also the different sections of the

community even in the urban areas. In accordance with our promise to see that in our endeavour to reach the masses we would resort to the use of our national languages, we have made a start with the Centenary Policy. The Corporation also decided to liberalise the profit-sharing scheme under One Year Renewable Group Term Assurance Plan and, under the revised scheme, the group policyholders having a membership of at least 200 will be entitled to share in the profits to the extent of 60 per cent to 80 per cent of the total profits in respect of the Scheme. The concept of Deposit-linked Life Insurance is proposed to be extended on a mass scale. This is a new experiment made for the first time in the World. I am happy that more and more banks are agreeing to introduce this measure and I look forward to their continued support not only for insurance but real mobilisation of savings.

The number of Savings Bank Accounts in the banks now come to about 1.5 crores. 25 per cent of them should at least satisfy the condition of the minimum balance of Rs. 500/-. If insurance is automatically extended to all such accounts satisfying this condition, insurance cover to 30 lacs of lives would be possible. For this additional benefit, not only these persons would be keeping their balances in the bank rather than with themselves, it would be an inducement for another 20 lacs of people to improve their balances.

Premium rates in respect of (i) Mortgage Redemption, (ii) Temporary Assurance, (iii) Two Year Temporary Assurance and (iv) Convertible Term Assurance Plans were substantially reduced with effect from March 1, 1971. These rates were reduced also for (i) One Year Renewable Group Term Assurance Plan and (ii) Level Group Term Assurance Plan with effect from June 1, 1971. Another major decision taken was that of doing away with the occupational extra premium for a number of occupations where the extra premium chargeable is Rs. 4/- per thousand sum assured per annum or less and such extras have been removed as from December 1, 1970 in the case of Whole Life Limited Payment and Endowment Assurance Policies.

In the past it had been the practice of erstwhile insurance companies and also of the Corporation to charge extra premiums to the weaker sections of our society like those who are engaged in the conservancy work. Similarly,

the humblest of the self-employed Rickshawallas were refused insurance under our rules. This unjust state of affairs of penalising workers performing essential services for the community could not be continued any longer. I am glad that, with effect from the beginning of the year, LIC has removed all occupational extras to the socially weaker sections of the community.

This covered 40 occupations such as Orderlies, other menial staff and Nurses in T.B. Mental and Leprosy Asylums, Scavengers, underground employees in Mica, Coal, Gold and Bead mines, compositors in the printing industry, all types of workers in the Railways from Brakesmen to Travelling Ticket Examiners, Cycle Ricksha Drivers, Hospital and Municipal Sweepers, Bidi Kamgars, workers in silk and textile industry, Linesmen in Telephones and Telegraphs, Naval Divers and Divers in Marine Industry, Guards and Foresters in the Forest Industry, Fire fighters in Fire Brigades, Coastal and Deep Sea Fishermen, Bargemen in Marine, Workmen and Heavy Vehicle drivers in the Automobile industry, Employees in X-ray Radium Department and Assistants working with X-ray Specialists, to give a few examples.

Re-organisation of Corporation's Offices :

The Administrative Reforms Commission appointed by the Government of India had recommended that the Zonal Offices should be abolished and the Divisional Offices should function virtually as Head Offices of the erstwhile insurers, barring policy making, investments and such other functions. The object is to make the Divisions all important and responsible for development and servicing of business in terms of (A) Business Cost, (B) Underwriting and (C) Lapses. The process of decentralisation would be further extended to Branches which, at the grassroot level, would undertake policyholders' servicing also. In taking up this, the needs of the community would be borne in mind more than its own. Organised as it is, the implementation of this policy would take some time and expertise would have to be built up to undertake the responsibility envisaged. This is being done expeditiously.

Staff :

Continuous efforts to identify the employees with the Corporation and

to build a philosophy of management where both the employer and employees meet periodically and continuously was evolved to sort out the problems. The exercise is to transform the working philosophy into one based on Industrial Relations rather than on Industrial Disputes. I look forward to the employees playing a responsible part as Members of the Board and of the proposed Divisional Advisory Councils. We believe that the constructive relationship now established between the employer and the employees would help to further the cause of the Corporation. The active co-operation of both should help to serve the community much better as both the management and the employees have a higher obligation to the community at large—an obligation transcending to themselves. Behind the published Balance Sheet of any institution showing assets and liabilities, everyone working for the institution could either be an asset or liability. It would be a worthwhile exercise to convert every liability into an asset. With this end in view, it is obligatory on the Corporation also to afford opportunities to the employees to develop themselves for the growth of their capacities by providing them with facilities for training and development. Corporation accepts this responsibility.

Forging Ahead :

Even though the achievements of the Corporation during the year have been quite remarkable, we are conscious of the vast scope, both for expansion and improvement, that lies ahead of us. With a widening area of activity becoming accessible for our message and service and with the help of a live-wire network of more than 730 offices of the Corporation located throughout the length and breadth of the country, manned with an agency organisation spread over even to the smallest township, the LIC has to now establish itself as a very competent marketing organisation for all parts of the country. The prosperous and affluent farmers in the villages now provide a potential market for our message. New branches of the nationalised banks emerging in all parts of the country are gradually inculcating the savings habit among the people. These savings habits will indirectly provide a fertile ground for us also to sell life insurance. The Branches of the Banks will, moreover, be a facility for the rural policyholders for remitting their premia to

us. These welcome developments in the country will enable us not only to write more business but also to cover a large number of people.

Conclusion :

Before I conclude, I would like to record my appreciation and thanks for the co-operation and advice I have received from the Members of the Corporation and my colleagues on the various Committees. I am also indebted to the Experts who have unstintingly given their time and energies in associating themselves with the Committees and for giving valuable guidance. For the excellent results recorded by the Corporation in the year 1970-71, my thanks are due to every member of the staff of the Corporation at the Administrative level and our Development Officers and Agents of the Corporation without whose enthusiasm, hard work and whole-hearted co-operation these encouraging results would not have been achieved. The year's results have proved what is possible and thrown open vast vistas for greater growth and greater progress. I look forward to their unstinted support for the noble objectives we have before us of spreading the message of insurance to all sections of people, particularly the weaker sections of the community, who need this protection most.

The motto of the LIC is "Yogakshemam Vahamyaham" i.e. "Your Welfare is My Responsibility". The welfare of the nation should be the obligation of the Life Insurance Corporation through millions of people assuring with it. The Trusteeship concept should be extended not only to cover the safety of the funds but the confidence that it should create of being the trustee for all widows and orphans; the strength and size of the LIC should be used in extending friendly assistance to everybody associated with it. Its symbol of two hands covering a burning lamp representing security, both our Development and Administrative wings will have to take care of, and it shall be our joint endeavour to see that this lamp of security burns in every home. As long as there are homes without this lamp of security, it should be a sad reminder to us of the existence of poverty which, with all our combined efforts, we have to fight.

We in the LIC re-dedicate ourselves to these tasks.

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BOOKS RECEIVED

Small Industry Exports. By O. P. Jain. (Published by S. Chand & Co. (Pvt.) Ltd, Ram Nagar, New Delhi 55. Price Rs. 35, pages 342.)

Worker Participation in Management. (Published by the Employers' Federation of India, 148 Mahatma Gandhi Road, Bombay 1. Price Rs. 4, pages 56.)

Handbook of Central Wage Board's Recommendations Part II. (Published by the Employers' Federation of India, 148 Mahatma Gandhi Road, Bombay 1. Price Rs. 8, pages 164.)

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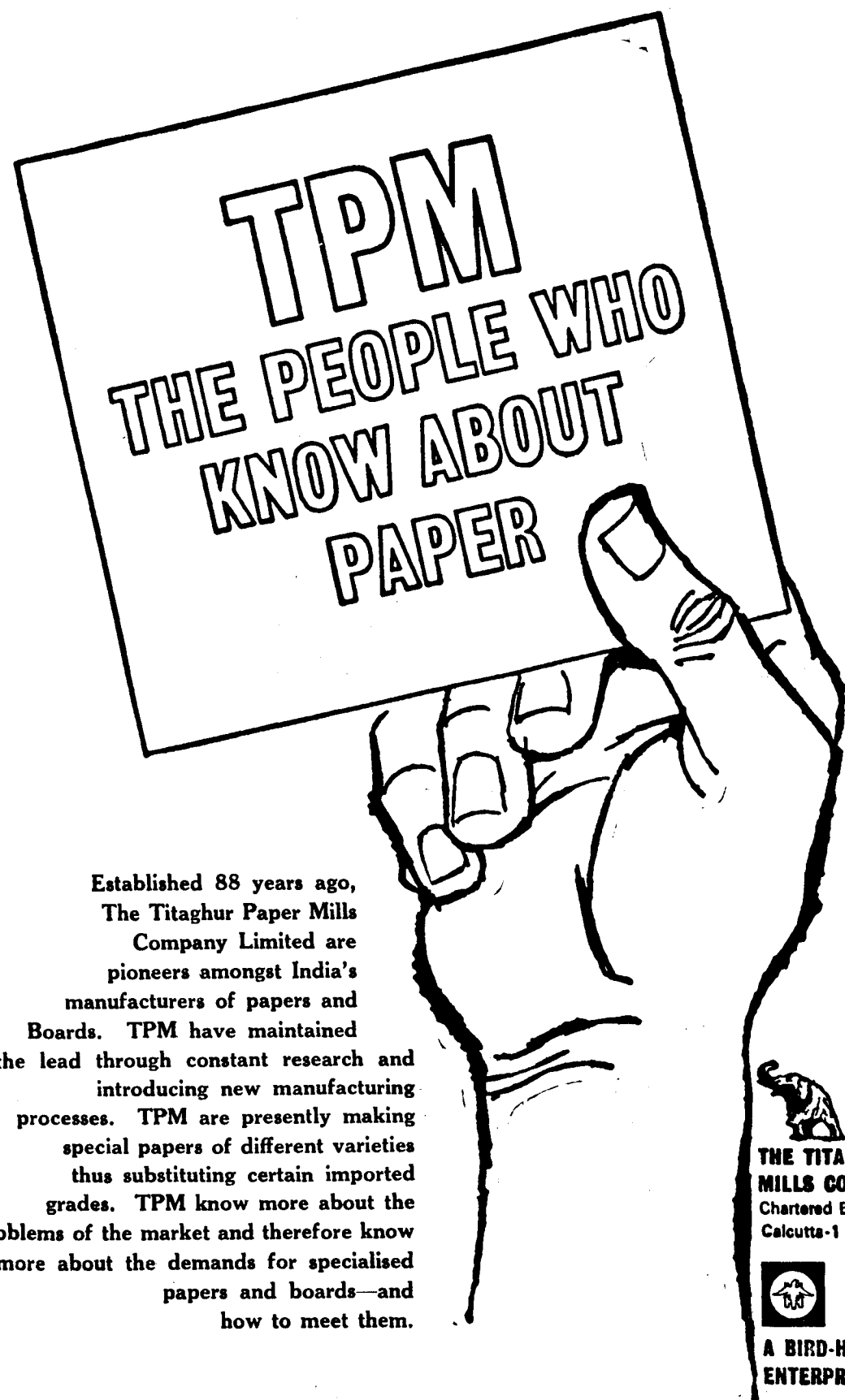
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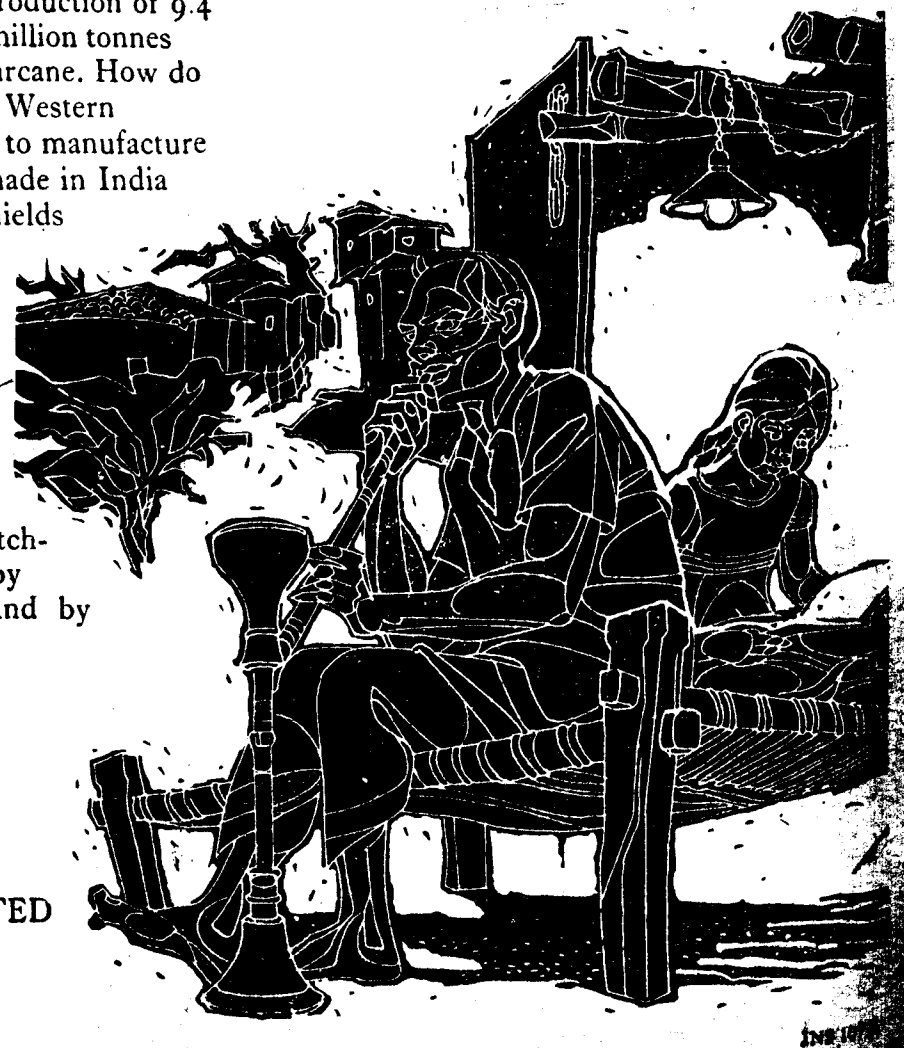
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developing Indian technical talents. It's been our job for 30 years. Right now we have over 10,000 people. That excludes another 10,000 or more, who work in the 600 ancillary units we have assisted and developed over the years. And each year we find we need more people to pool their talents with us.



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A.I.C.C. : No Big Breakthrough

IT would seem that the deliberations of the All India Congress Committee, which took place in Simla a few days ago, had been an exercise in futility, except for the fact that it was decided that a committee should be appointed to go into the working of public-sector enterprises. In fact, Mr. C. Subramaniam, Central Planning Minister, said at the A.I.C.C. meeting that there was no need for any high-powered commission to study their working. According to him, what was necessary was to appoint a compact committee which would be able to pinpoint the difficulties the projects were facing. The suggestion made by Mr. Subramaniam is a sensible one. Several competent bodies have gone into the working of public-sector projects, and the Parliamentary Committee on Public-sector Undertakings makes concrete suggestions every year to tone up the health of these projects. If nothing is done, the fault is that of the Government which is not willing to act on the reports submitted by the committee.

Mr. Subramaniam put the problem in the right perspective when he said that this lethargy must go. It must also be examined why production costs are high in the public sector and how the quality of products can be improved. If this is done, there is no reason why the public sector will not be as competent as the private sector. The Planning Commission has already decided to set up a small panel to go into various suggestions made from time to time by different bodies. If the panel goes about its business seriously and quickly, public-sector projects should be able to work efficiently. It was, however, surprising to find that another Cabinet Minister, Mr. Moinul Huque Choudhury, should have justified the non-profitability of some of public enterprises on the ground that they are capital-intensive,

having a long gestation period and as such, it was too much to expect them to make profits straightaway.

It was originally expected that the economic situation in the country, which is by no means too good, would dominate the discussions at the Simla session of the A.I.C.C. The Committee had before it the General Secretaries' report on the politico-economic problems facing the country, and a note was prepared by Mr. Subramaniam on the more pressing economic problems facing the nation. The Working Committee earlier discussed both the reports and it was decided that the All India Congress Committee should have a full discussion on the subject. But in the absence of any formal resolution, the debate turned out to be uninteresting and purposeless. The occasion was utilised by several Central Ministers to defend the Government's policies. Not one concrete suggestion did emerge as to how to deal with the critical situation arising out of the rise in prices, growing unemployment, inflationary pressures and the falling tempo of industrial growth. Mr. Choudhury candidly admitted that capital was shy, but the reason he ascribed for this looked curious. According to him, some of the leading business houses were carrying on a relentless propaganda against the investment of fresh capital in industry as a protest against the Government's progressive policies which included steps to reduce the concentration of economic power.

What about the Government's industrial licensing policy? Is the taxation system conducive to growth in investment? These and other questions were not raised at all by any member of the Committee, nor was any attempt made in the debate to find out the genuine reasons which have contributed to the decline in investment in industry. Mr. Subra-

maniam said in his note that "progress in the industrial sector has not been up to expectation". But no member of the Party tried to elicit an answer in a pragmatic manner. It is claimed that the proposed Constitution Amendment Bills will facilitate action for reducing "concentration of economic power as manifest in private land holdings, industry and trade and monopoly control over newspapers". However, the A.I.C.C. members never tried to find out how this could be done.

The General Secretaries' report has waxed eloquent on the need to push through land reforms quickly but significantly not one member raised the subject during the discussion, nor was anything said about the progress of the economy or lack of it following bank nationalisation. All inconvenient issues were left undiscussed. Mr. Subramaniam has said in his note that the magnitude of the unemployment problem is staggering. But it is for the Central Planning Minister to evolve the strategy, and one wonders how a mere statement of fact would help solve the problem.

Politically, the session assumed great importance with the success of Mr. Chandra Sekhar to the key Central Election Committee of the ruling Congress. The High Command wanted him to withdraw from the contest, but he was not prepared to do so. Instead, he insisted that the democratic process of election should be gone through and he would not mind if he were to be routed in the poll. And yet he won the election creditably. While it would be too much to say that the Party is cracking, the success of Mr. Chandra Sekhar is a sure indication of the growing discontent among its rank and file. There is a definite feeling that "bossism" has come to stay and even after the old stalwarts had gone out of the Party, it has in essence remained as of old. The discussion on the Indo-Soviet treaty tended to be an occasion to praise the political acumen of the Prime Minister. It was amusing to find that members even suggested that the treaty should have been signed several years ago. Mr. Chavan loudly proclaimed that the treaty did not in any way affect the policy of non-alignment and, if anything, it only strengthened it. He quoted in support of his view what Mr. Swaran Singh, Central Foreign Minister, had said about it. The debate on the treaty only showed that members were not prepared to say

anything even in a mild form, much less recklessly criticise it. All told, the session has served no useful purpose.

There has been an enormous wastage which could have been easily avoided.

The Peking Puzzle

AFTER the Cultural Revolution, is China now going through a managerial revolution? Sinologists have hitherto confined themselves to reporting the inter-play of two major forces in the country—the army and the Communist Party. The Cultural Revolution was aimed primarily at weeding out Mr. Mao Tse-tung's potential rivals in the Communist Party and in the process it weakened the Party in relation to the army. In passing it also removed large numbers of bureaucrats, intellectuals, professors, plant managers and others from positions of power. Mr. Liu Shao-chi and Marshal Chen Yi fell victims to the movement. Marshal Lin Piao emerged as the strong man of the armed forces and the heir-apparent to Mr. Mao Tse-tung.

But the Cultural Revolution did not make any sizable dent in the vast caucus of administrators, managers and technocrats headed by the Prime Minister, Mr. Chou En-lai. This section of the power structure of China remained a mute spectator of the struggle between the army and the Party. It chose to remain an unthinking instrument of State policy to be used by whoever came to power. It suffered some bruises but was not broken or discarded. The latest developments in China suggest that this group has suddenly come to life and emerged more powerful than the army or the Party. The only person whose name now counts in China is that of Mr. Chou En-lai. Even the existence of Mr. Lin Piao is in serious doubt. The Chairman has not been seen or heard in recent weeks. The cult of his personality is being gradually done away with.

All important contacts with the outside world have been made by the Prime Minister. He was the one who held marathon discussions lasting nearly 20 hours with President Nixon's special envoy, Dr. Henry Kissinger in July. He made a major announcement of the Chinese policy on 5th October that the Indo-Soviet treaty was not aimed at China and that he hoped for better relations with both countries. Surely, if there was any doubt about Mr. Chou En-

lai's position in recent months, he would not have been allowed to project himself as that country's sole spokesman. He would in any case not have been trusted with the delicate task of negotiating with the Americans. It needs confidence and unrestricted authority to be able to make statements that are at variance with the policy that Peking has followed for nearly a quarter of a century. By his recent statements he has shocked the world with surprise.

If the assumptions about Mr. Chou's ascendancy are true, the question arises about the source of his power. What is it that makes this reportedly suave and unobtrusive leader, who has never been too closely identified with either the Party or the army, apparently all powerful in China today? The answer to this question has two facets. One relates to Mr. Chou's personality and his place in the history of the Party. The second part of the question pertains to the place he has acquired in the power apparatus of his country. Mr. Chou's personality and image in China can best be understood perhaps through an analogy. If Mr. Mao is China's Gandhi, Mr. Chou is its Nehru. The Chairman is the down-to-earth peasant leader with an instinctive distaste for anything western while Mr. Chou is the polished and westernised communist leader who has by deliberate choice decided to be guided by the superior wisdom of Mr. Mao realising that the Chairman can better feel the pulse of the nation.

It is indeed inconceivable that beneath the universal worship of Mao's thoughts, there has not existed all these years in China an undercurrent of sincere disbelief in the exercise. A large number of the honest sceptics must be men in the higher echelons of the present-day China, such as scientists, economists, managers of plants and others. They perhaps genuinely doubt the capacity of China to progress fast enough unless some of the blind belief in the Mao dogma is shaken off. The rational language of Mr. Chou perhaps has greater impact on them. In any

society, whether communist or capitalist, the class of bureaucrats, technocrats and managers is hard to shake off, although on the surface it appears to be the least obtrusive. Professional classes in all societies have their own code of behaviour. They have their own estimate of their worth and they must willy-nilly get it from society.

Mr. Chou En-lai has come to occupy the place of the leader of China's modern bourgeoisie which remained dormant while the revolutionary fervour was at its peak. It is asserting itself now that the cult of Mao seems to have spent its proselytising zeal. The second aspect of Mr. Chou En-lai's emergence is related to his continued entrenchment since the Chinese revolution in the most important administrative post. The secret of his survival seems to lie in the fact that he has been content to project himself as the creation and camp follower of the Chairman. He has never tried to shine in his own glory.

Mr. Chou En-lai is the creation of Mr. Mao Tse-tung in yet another sense. From the start perhaps Mr. Mao Tse-tung realised the importance of the "third force" in the nation's progress, the administration as distinct from the army or the Party. This was why even at the peak of the Cultural Revolution, the Government under the Prime Minister carried on its routine tasks of administration without much damage to itself. Mr. Mao Tse-tung might also have conceived of the administration as a buffer between the Party and the army. Part of the respect for the administration must be the result of the Chinese tradition of thousands of years. China is the first country in the world to conceive of a regular civil service and the class of mandarins to run the administration in peace or war. This tradition seems to have survived during the communist regime. Only new mandarins have taken the place of the old ones.

The Cultural Revolution dealt an irreparable blow to the Party. The army emerged supreme under Mr. Mao Tse-tung's chosen man, Marshal Lin Piao. It is possible that this led to dissensions in the army and the bureaucracy led by Mr. Chou En-lai took advantage of the rift. The Party, though weakened, was still strong enough to throw its weight behind the administration and the rebels in the army to humiliate the Chairman's heir-apparent. This is one of the possible explanations of

the emergence of the forces represented by Mr. Chou En-lai. Whatever the mechanism of Mr. Chou En-lai's success, if the theory of a managerial revolution coming on the heels of the Cultural Revolution in China is true, it is equally important to examine whether this would mean any shift in the Chinese policy. The most important question to ask is whether Mr. Chou believes in the classic dictum that "political power grows out of the barrel of a gun". Equally important is the question whether China under Mr. Chou En-lai would continue to believe in the export of revolution.

Mr. Chou En-lai has perhaps given oblique answers to both these questions in his first major policy state-

Consumer Industries in Public Sector?

A PART from the move for Government participation in the production of scooters and small cars, much had not been heard recently of the Government's entry into other consumer industries. Whether this is due to a change of Ministers or to second thoughts on the part of the Centre is not clear. A more plausible reason could be that the Government has so many problems to solve on the industrial front that it may have thought it wise to wait before branching out into new fields of activities. However, if the Government still intends to pursue its declared intention of entering the area of consumer industries, it might as well consider a report prepared in this connection by the Punjab, Haryana and Delhi Chamber of Commerce and Industry.

The report has been prepared by a study group appointed by the Chamber to examine whether there was a valid case for public-sector participation in consumer industries on the basis of the Government's declared objectives. These objectives were: to eliminate private monopoly; to meet critical shortages in consumer goods; to hold the price line; and to make profits for securing further investible resources for the public sector. After making an indicative study of four selected industries—baby food, soap, scooters and tyres—out of the eight indicated by the Government for possible participation, the group has come to the conclusion that there is no valid case for diversion of public funds to consumer industries.

ment since the recent developments in his country. He has given the impression that China's essential concern is to maintain its national solidarity and integrity and, towards that end, it is prepared to make peace with any one, the devil himself. At the same time, in the typical Chinese style, China will continue to prepare for war and "it is all right" if there is understanding with the U.S.A. but "it is also all right" if there is no peace with America. Only a fool would say that he has the full solution to the Chinese puzzle. All that can be said is that some pieces of the puzzle seem to be falling in their places and others may do so soon. Unless the entire mystery is unravelling, it is hazardous for any country to jump to any conclusion.

As for the objective of eliminating private monopoly, the group has found that in two of the four industries it examined, there are large units which are run either by co-operatives or small-scale entrepreneurs and these parties accounted for a major share of the market for these products (baby food and soap). The dominant share (about 46 per cent) in the baby food industry is held by the Kaira District Co-operative Milk Union. Similarly, out of a total production in India of 700,000 tonnes of soap, the share of the organised sector is only 250,000 tonnes, the balance being accounted for by the unorganised small-scale sector. Even out of a production of 250,000 tonnes in the organised sector, about two-thirds are accounted for by laundry soap, which is already reserved for the small-scale sector. The study group, therefore, argues that the Government would be hardly justified in diverting scarce resources to produce a commodity like toilet soap.

The group also makes the point that the basic problem facing the baby food industry is lack of an adequate supply of cheap milk. The basic task for the Government would be to ensure the necessary infrastructure for the development of milch cattle to yield more milk and its proper distribution in the urban areas. There is, similarly, a serious shortage of raw materials like fats and oils for the soap industry. Any additional plant in the public sector would not only mean more imports of these scarce

raw materials, but would also put more pressure on edible oil prices.

As for scooters, while admitting that there is at present a gap between demand and supply, the group cannot understand the double standard followed by the Government in relation to new units. While the proposed public-sector plant will have a capacity of 100,000 units a year and will be based on proven foreign design and collaboration, letters of intent have been issued to six State Industrial Development Corporations to produce in all 126,000 numbers, or an average of 21,000 numbers for each unit. Apart from this small number, the S.I.D.C. units have been approved on the condition that there will be no foreign know-how or collaboration. The group says: "It is not clear why (a) there is discrimination between S.I.D.C. units and the Central Government units in the use of foreign collaboration, and (b) despite past experience, small units of 20,000 scooters are being envisaged when this will neither offer economies of scale nor help the public with lower prices—more so when the scale of operation in the public sector is likely to be 100,000 numbers."

The group finds that the second objective—that of ending critical shortages in consumer goods—is also doubtful of achievement, because the Government's participation in other industries has not helped the economy in overcoming shortages. The third objective of holding the price line is also unlikely to be realised. "Our experience in bread, textiles, soap, etcetera, does not encourage us to believe that Government units will produce at cheaper rates than private units". In the bread industry, Modern Bakeries is selling bread at the same rate as charged by the private units. Even in the case of other products, prices of public-sector units are not very different and hence there is no reason to believe that the consumer is likely to benefit by lower prices. Besides, in the case of industries whose raw materials come from the farm, i.e., milk for baby food and vegetable oil for soap, the Government is in no better position to lower farm prices. These raw materials account for 50 per cent to 80 per cent of production costs. Judging from the above, the group wonders how Government participation in consumer industries will be helpful in holding the price line. As for the fourth objective of making profits to increase investible resources for the public sector, the group says that this objective can be realised

"only when the second and third objectives are achieved." Again, the point to consider is whether public-sector units can price their products lower than those of private-sector units and still make profit because Government units have a long record of higher costs a unit of production.

The Chamber's report is likely to be dismissed as coming from an interested party. But the points the group has raised are worthy of consideration, particularly in the context of scarce resources in the hands of the Govern-

The State of the Economy

WITH the presence of so many imponderables—the refugee problem, weather and the crop prospects, Government and entrepreneurial policy, world monetary and trade developments, to cite a few—India's economic perspective at the moment appears to be, to say the least, extremely hazy. The difficulty of interpreting such conflicting forces—some hopeful, some others depressing—has confronted the Reserve Bank of India also, and its annual report for the period July 1970-June 1971 has not thus thoughtfully ventured to pass any strong opinion on the state of the economy. What it has done—as any such review will presumably do in a similar situation—is to enumerate the good and bad points in the economy, the encouraging factors pitted against the saddening phenomena, and the growth points juxtaposed with areas of definite deceleration. But on balance the impression the report seems to convey is that unless deliberate and careful steps are taken now, particularly in the field of industrial production and prices, the situation may tend to deteriorate further and the hard-earned momentum in the economy may get lost. There is, of course, always scope to disagree with such views.

As the custodian of the nation's monetary health, the Reserve Bank has predictably laid more stress on the price situation. The general price level over the year showed a rise of 3.1 per cent, compared with an increase of 4 per cent in the preceding year. The pressure on prices, the report observes, continued throughout the year but was relatively less between September 1970 and May 1971. The main factor behind

ment and the need not to slow down the pace of development in the key sectors of the economy. There have been reports that the Government is dissatisfied with the country's industrial growth and is having a second look at its own policy in order to encourage investment in vital sectors and to increase industrial production. The time has come to stop arguing who should produce what. The best policy would be to let everyone produce more. But this might be termed heresy in an atmosphere surcharged with socialistic fervour.

the price rise, according to the Reserve Bank, has been the shortage of industrial raw materials like cotton and iron and steel. On the whole and contrary to the general belief, food articles have behaved much better. The observation has special significance, for it confirms that in spite of growing Government control over the distributive trade in raw materials—the Cotton Corporation is now looking after the supply of cotton, the State Trading Corporation has set up a special raw materials bank, and the distribution of the bulk of iron and steel items is now being canalised through Government agencies—the situation has not as yet improved much. Apparently, at a time of shortage, the physical necessity to have a commodity proves to be more powerful than all the controls exercised by an indifferent bureaucracy. Indeed, in view of this and similar experience in the past, a time has come when New Delhi had to review seriously the efficacy of conventional Government measures and the policies and priorities relating to the supply of industrial raw materials and particularly their imports. Till the time the production and availability of these items have improved, a heavy reliance, it seems, would need to be put on imports.

One of the interesting aspects touched in the report is the growth of bank credit. Credit from commercial banks to the Government sector went up by Rs. 924 crores, largely to satisfy the Central and State Governments' growing demand for overdrafts to meet revenue shortfalls. In the face of such persistent demands, the banking system obviously found it difficult to stick to the policy of

tight money it has decided for itself. While there is much to be said against any policy seeking to restrict the flow of credit too tightly, bank accommodation to Governments, particularly for meeting their unproductive expenditure, must be more rigorously controlled, for injection of excessive bank credit into money supply through whatever stream it may flow in is bound to be inflationary. How far the recent meeting of the State Chief Ministers, called by the Central Finance Ministry, will be able to solve the problem remains to be seen but unless some more firmness is shown in matters of fiscal discipline, the problem of bank credit and of its inflationary potential will remain. And when the Government sector absorbs the bulk of the credit, the needs of the private sector have often to go by default. The commercial banks evidently found scope to exercise much greater restraint here and saved as much as Rs. 126 crores out of the advances they had extended to private parties in the preceding year. What the savings had cost in terms of loss of production and investment is not known, but

then the banks cannot afford to allow unlimited indulgence to every sector.

A report of this nature is not expected to dole out either brickbats or bouquets. Still, the Reserve Bank has felt constrained to draw attention to some of the missing gaps in the economy. The new agricultural technology is still to spread to cash crops and even to rice; industrial production has been lagging far behind the target; and there are yet no clear indications that the country has achieved a high rate of growth in exports on a long-term basis. Still, it is difficult not to agree with the observation that the economy is in a better position than ever before to attain a high and sustained rate of growth. One of the main sources of the confidence is the good performance in the agricultural sector. In fact, in a country where nearly half of the national income comes from agriculture, any lasting breakthrough in the farm sector is bound to leave its impact on the rest of the economy, including industry, sooner or later.

Can Market Forces Work?

THERE is room for various ideas on the proper functions of Government, but there are essentials common to all of them. One of these essentials is the allocation of national resources, which involves not only the distribution of money but also the stability of its value. In recent years, most Governments have been obsessed with inflation, because it threatens the economic structure, through the balance of payments, and the social structure, by redistributing wealth. Some months ago a former senior Minister of Britain's last Labour Government accused the present Conservative Government of dealing with such problems by the most outmoded policies that any administration of a modern society had adopted. He was referring to the Government's theory that the economic and social structure should be regulated—rather, should regulate itself—by "market forces". This theory involves automatic pressures against rising wages as well as "non-involvement" in the affairs of industry. Based on the idea that the forces of supply and demand, operating through the mechanism of free prices of goods and services (including labour and the provision of capital), will allo-

cate resources where they are most economic (and socially, therefore, most beneficial), it is approved more by orthodox economists and bankers than by practical industrialists, for whom economic pressures may be uncomfortable to the point of bankruptcy.

The British Government intended to demonstrate that "genuine" capitalism—which Labour Governments had, of course, rejected and former Conservative Governments had modified beyond recognition—could produce a vigorous and prosperous society, whose rewards to persons and firms would accord with their contributions to it. (Some contributions would be accumulated wealth, not work. The State would provide for persons with little or no wealth and little or no ability to work.) Regarded simply as an experiment in social economics, this policy—whether it succeeded or it failed—promised an important addition to the knowledge of the working of the systems. Recently, after little more than a year in office, the Government changed course. The Chancellor of the Exchequer, Mr. Anthony Barber, (who is reputedly more subservient to

the Prime Minister than are most Ministers in his position) made fiscal changes to stimulate the economy, although the stated conditions of economic growth had not been achieved; and he said his policy had been strongly influenced by an initiative of the Confederation of British Industry to check rising prices by voluntary means.

Any Government can change a policy that is taking too long to achieve its purpose; the British economy could not be allowed to stagnate indefinitely until inflation was under control. But when Mr. Barber emphasised price control (albeit voluntary), and—like the C.B.I.—insisted that wage control (likewise voluntary) must accompany it, he compromised the basic principle of "market forces". For a considerably longer period the American administration had resisted demands for a prices and incomes policy, insisting that inflation could be controlled without one. But it had not been a passive spectator of management-labour contracts even before President Nixon's startling announcement in August that he would be willing to accept (what the Federal Reserve Board chairman, Dr. Arthur Burns, had been advocating) a board to review prices and incomes; and he promised that official intervention in wage negotiations would become more aggressive.

The explanation of the change is the same in both cases. In neither country had inflation responded, or shown any clear evidence that it would respond, to policies that avoided direct action on prices and incomes and left "market forces" to regulate them appropriately. If orthodox economists and bankers were inclined to protest that these policies had not been allowed enough time, their protests were muted by experience. Even Lord Robbins, a British economist well known for his faith in "market forces", had written in the *Financial Times* last June in an article that emphasised both the limitations of price and wage controls and the distortions caused by them: "Nevertheless, such is our present predicament that, unless the present policies are much more successful much sooner than present indications seem to promise, I personally would not rule out on principle the application of an incomes policy as *shock tactics*." Mr. Barber may believe that he has conveniently evaded the issue by leaving the task of control to non-Governmental bodies—

the Confederation of British Industry and (hopefully) the Trades Union Congress; but by publicly approving unofficial interference with "market forces", he has implied that he has lost faith in them. It is, moreover, debatable whether any public policy should be left to private enterprise, which has no statutory authority to enforce it, which may be incapable of enforcing it (success of the C.B.I.'s initiative is by no means assured), and which should arguably not be required to perform a function that is a recognised responsibility of Government.

Probably, the responsibilities of Government will never be defined to the satisfaction of all the people governed, and in the field of economic regulation the differences of opinion are not simply between "capitalists" and "socialists". The question

is not whether a "capitalist" administration should intervene in a free enterprise society (none—not even one so dedicated to "market forces" as Britain's was before it changed policy—can avoid involvement at some points) but how far it should intervene. In the United States, most conspicuously, anti-trust laws are intended to preserve free enterprise—by restricting its freedom to combine. Governments—American, British, Japanese, or whatever—promote high technology in the private sector because the risks are too much, or the rewards are too little, for private enterprise. Financial institutions of the private sector are used as organs of official policy. Directly or indirectly, by grants, loans, subsidies, or fiscal favours, public funds help private industry. So, whatever principle is applied to them, "market forces" are never unqualified in practice.

to accelerate the pace of economic development in the country and to harness national resources of men and material for expanding production and providing larger employment opportunities. As explained by Mr. G. L. Mehta, chairman of the I.I.C., mere concessions will not bring in new entrepreneurs. "We have to promote entrepreneurship", Mr. Mehta declared. The bureau will serve as an advisory body for guiding entrepreneurs on the policies and procedures for establishing fresh industrial capacity. It will also provide information and advice about industries in which there is need for fresh capacity, the size of economic units and corresponding investments involved, methods of production, raw materials, requirements of capital equipment (indigenous and imported), demand forecast, export possibilities, preferred location, policy of the Government on foreign collaboration and other relevant details relating to investment. The bureau will also maintain close liaison with banks and financial institutions so as to guide entrepreneurs in securing finances for the project.

These are important matters. But what is most important perhaps is that the Government itself has felt the necessity to provide such guidance to new entrepreneurs. Some of the officials of the Central Industrial Development Ministry feel that all technical departments of the Government should be at the disposal of the bureau in providing necessary help and services to new entrepreneurs. One official went as far as to point out at a recent seminar in Bombay that a new entrepreneur had to pass through 62 bottlenecks before he could get his unit established. He confessed that a new entrepreneur was bound "to get lost in this process", but he hastened to add that "this (guidance bureau) is the organisation which will help him out". The bureau has been set up in New Delhi as a wing of the I.I.C. A branch of the bureau will also be opened in Calcutta, in all probability before the end of the year.

NATIONALISED BANKS

Parliamentary Scrutiny

The Parliamentary Consultative Committee attached to the Central Finance Ministry will have another meeting during the last week of October or first week of November to discuss the desirability of bringing the 14 nationalised banks within the pur-

view of the Committee on Public Undertakings (C.P.U.). The Public Undertakings Committee, it is understood, has also discussed the issue and will have another round. The first question is whether the nationalised banks should at all be covered by parliamentary scrutiny. The second is whether a new standing committee of Parliament should be created for this work in order not to burden the C.P.U. A third suggestion from Mr. Bhupesh Gupta was to have a sub-committee of the Consultative Committee but this was rejected by almost everybody. The Central Finance Ministry has not turned down the M.P.s' plea outright. But the Central Cabinet has rejected the recommendation of the Administrative Reforms Commission for setting up more parliamentary watchdog committees.

Meanwhile, a note prepared by the Department of Banking has observed that the regulation of the Indian banking system, nationalised, private, commercial and co-operative, has been entrusted to the Reserve Bank of India. The Government, as the owner of nationalised banks, keeps in continuous touch with the Reserve Bank and accepts the responsibility for overall supervision and direction in their functions. Furthermore, both the Houses of Parliament can discuss the annual reports of the nationalised banks. "The management scheme for the nationalised banks has been approved by Parliament and under this scheme regional consultative committees will be formed in the near future in which M.P.s and M.L.A.s can be associated." The nationalised banks are "governed by certain obligations as fidelity and secrecy."

Each of the nationalised banks is at present under the superintendence and control of the first board pending the formation of the full boards. The Government, with the help of the first boards and the advice of the Reserve Bank, is continually studying their working to streamline and improve their procedures so that they can go speedily forward towards fulfilling the objectives of nationalisation. The Banking Commission, which is looking into various organisational and other aspects of the working of the banks in the country, is expected to submit its report by the end of 1971. When its report is received it is possible that the working of the banks may have to be further streamlined. In these circumstances, it is felt that some time may be allowed to the R.B.I. and the Government to improve and strengthen the working of the

nationalised banks after the regular boards have been appointed and the recommendations of the Banking Commission have been received, before a decision is taken on the question of bringing the 14 nationalised banks within the purview of the C.P.U.

The discussions were followed up in Parliament also. And there is little doubt that in spite of strong bureaucratic opposition, the Government will have to concede to the demand of a large number of M.P.s for parliamentary scrutiny over the working of the nationalised banks. The range of the public sector in India is wider and larger than that of the nationalised industries in the U.K. and there is no reason why one committee should be loaded with all the work. Banking, insurance and such other financial undertakings may be covered by a separate parliamentary standing committee while the C.P.U. may concern itself with broad policy issues; at the moment it is engaged in a study of the personnel problem in all public-sector undertakings. Incidentally, the British parliamentary committee on nationalised industries recently examined the working of the Bank of England, but no plea of secrecy of banking operations was made.

I.D.B.I.

Marked Rise in Business

The annual report of the Industrial Development Bank of India (I.D.B.I.) for the period July 1970-June 1971 shows that total sanctions at Rs. 131.1 crores were double the previous peak level of Rs. 65.2 crores reached in 1969-70. The total number of applications against which assistance was sanctioned increased from 1,040 in 1969-70 to 1,714. Direct assistance (other than for exports) to industrial concerns (in the form of loans, underwriting/direct subscription and guarantees) showed more than two-fold increase, from Rs. 16.3 crores to Rs. 51.4 crores. Export assistance sanctioned, comprising both direct loans to exporters and refinance of export credits, more than doubled. Sanctions under refinance of industrial loans, which had declined from a range of Rs. 19.00 crores in the first three years of I.D.B.I.'s working to Rs. 13.14 crores during 1968-70, more than regained the earlier level, reaching a peak of Rs. 25.6 crores in 1970-71, and registering a rise of 79 per cent over the 1969-70 level. Redis-

count assistance was about 18 per cent higher than in 1969-70.

By and large, the I.D.B.I. has not experienced any resources constraint so far. However, since 1969-70, in view of the stringent budgetary position of the Government, the flow of Government funds has been discontinued. Apart from internal cash generation and repayment of earlier lendings, the Reserve Bank of India—chiefly through its Long-Term Operations Fund—now forms the only source of funds for the I.D.B.I. The unutilised balance in this Fund now stands at Rs. 80 crores. At the same time, the investment climate has moderately improved and investment is likely to grow at an accelerating rate in 1971-72 and in the subsequent years. Thus, the I.D.B.I. is likely to face a resources constraint—a type of constraint it had not experienced so far. The I.D.B.I. will have to tap new and diverse sources for mobilising adequate resources for operational purposes.

HOOGHLY BRIDGE

Quick Decision Urged

At a Press conference in Calcutta a few days ago, a spokesman of Engineering Projects (India) Ltd, a public-sector undertaking, said that although it has been reported that the Hooghly River Bridge Commissioners have decided to award the contract for the Calcutta and Howrah approaches to E.P.I., the latter has yet to receive the letter of intent to enable it to start work. But any further delay in the issue of the letter of intent may lead to the loss of the current dry season totally, thus, in effect, delaying the project by a full year. As for the tenders for the high-level bridge, the evaluation report may not be available for a month or two. This will delay the entire process of decision-making by the H.R.B.C. and will, in effect, lead to the loss of one full year as the foundation work for the bridge also has to be done in dry weather. The total cost of the bridge, including the approaches, would be Rs. 28 crores.

TEA RESEARCH

More Funds Needed

Addressing the annual general meeting of the Tea Research Association a few days ago in Calcutta, Mr. P. K. Kanoria, chairman, said

that finance was not adequate for running this important research station, which is unique of its kind. One of the recommendations made by the Borooah Committee was the possibility of introducing a compulsory cess on the tea industry, the entire proceeds of which could be utilised exclusively for tea research. The Association has supported this recommendation but with the proviso that there should be a similar grant by the Government because even at present the cost of running the T.R.A. is shared between the Government through the C.S.I.R. and the industry on a 50:50 basis. Although the idea of a compulsory cess was made long ago, no action has been taken so far but recently the Government is reported to be giving serious thought not only to the question of introducing the cess but how it is to be administered also. One of the proposals is to set up a Tea Research Fund Administration Committee.

MONOPOLIES ACT

Liberal Application Urged

Addressing the members of the Bengal National Chamber of Commerce and Industry a few days ago, Mr. R. Prasad, Secretary to the De-

partment of Company Affairs, Government of India, said that it would not be appropriate to suggest that the narrow and rigid interpretation of the Monopolies and Restrictive Trade Practices Act by the Company Law Department while examining applications for the expansion of existing industrial units or starting of new units had been retarding industrial growth. Since June 1970 when the Act was enforced, the Company Law Department had received 150 applications for substantial expansion and the Department so far cleared one-third of the same. The ratio of approval to rejection by the Government was 4 or 5 to 1. He explained that the main criterion followed by his Department in granting or rejecting applications for industrial expansion was whether such expansion was expedient in the public interest and that in the event of rejection, the applicant had the statutory right of appeal to or being heard by the Government and also of appeal to the Court.

Mr. S. B. Dutt, President of the Chamber, suggested that the Company Law Department should allow easier expansion of installed capacities and take more realistic and helpful attitude in interpreting the Monopolies and Restrictive Trade Practices Act. This would help in

SUCCESS OF A JOURNAL

A CORRESPONDENT writes in Current Coin: In a long experience of 28 years of Indian journalism we have known few enterprises to achieve such immediate and universal success as the *Times of India Illustrated Weekly*, and the reasons are not far to seek. It was born at the right time and its parents went the proper way to work to promote an early and vigorous adolescence. Messrs Bennett Coleman and Co. believed in the policy of giving the public the very best art obtainable for a reasonable price, with the result that they received an amount of patronage which is a record for India. There could be no better evidence that success inspires them to higher endeavour than the Christmas

FROM

CAPITAL

19th October, 1911

number for 1911, for an advance copy of which we have to thank the courtesy of the Calcutta Representative, Mr. Collingwood of 32/1 Dalhousie Square. It is a wonderful rupee's worth. Printed on art paper the work of many clever cameras is displayed to the best advantage and the technique right through is admirable. India, with its variety of charm and interest, is the sole theme of the written word and speaking picture; this it is that gives the publication its greatest value as a Christmas gift for the old folks at Home. We congratulate the *Times of India* on this *tour de force*, which should go, as the Americans say, like hot cakes.

the revival of the country's investment climate.

OFFICE MANAGEMENT

Rôle in Decision-making

The Institute of Office Management-India will henceforth have associates and fellows besides ordinary members and organisation members. Associates will be elected from among ordinary members and will be required to pass a qualifying examination. Fellows will be elected from among associates who have reached the age of 25 and have passed the qualifying examination for fellowship. The president of the Institute, Mr. K. Hartley, made this announcement at its annual general meeting held recently in Delhi. Mr. Hartley said that the changes were being introduced "to ensure the professionalising of office management by conducting tests of competence, setting standards of qualifications, holding examinations and awarding associateships and fellowships over and above the award of diplomas and certificates". He further announced that the Institute would give special awards and honours to certain eminent persons in the profession for outstanding contributions and service to the Institute or to the profession.

Mr. Hartley also dwelt on the rôle that modern office management plays in decision-making. While considerable progress has been made in management techniques relating to inventory, costs and other types of control, the scientific handling of information still represents a relatively neglected field in India.

MONEY MARKET

Call Rate Down

The short-term money market has remained easier this past week. The call rate opened at $4\frac{1}{2}$ per cent at the beginning of the week but has eased considerably later, having steadied itself at 4 per cent. There has been a moderate supply of tea bills, particularly in the later part of the week, and the supply of gunny bills has been few. The demand for remittances has been small. The pound-sterling has strengthened further against most major foreign currencies during the week.

A Ditcher's Diary

THE MORE IT CHANGES, THE MORE it remains the same. The way Party bosses tried to control elections to the Congress (R) Central Election Committee in Simla revived disturbing memories of a tradition which was widely believed to have been broken by Mrs. Gandhi's revolt. But then she could not remain a rebel even after she had won; those who rallied round the radical flag could not but belong to the political establishment. And the establishment seems to have certain unchangeable ways. So I was not altogether surprised to learn that in Simla Ministers were made personally responsible for ensuring that the votes went to the official candidates. In fact, Party managers reportedly insisted on seeing the ballot papers before the delegates dropped them into boxes sanctified by the myth of secrecy. That Mr. Chandra Sekhar was elected in spite of such organisational safeguards shows that not all delegates were ready to fall in line; there were several indications of resentment at what is inelegantly but quite expressively described as bossism. This dissatisfaction itself may be a healthy sign; Mr. Chandra Sekhar himself thinks so, and Mrs. Gandhi made a gracious gesture in congratulating him. But the problem for the Party may turn out to be much more than procedural or organisational. The speeches made were so uninspiring that it was difficult to regard the session as anything more than a tiresome ritual. Still more dreary was

the level of discussion; anybody could get away with delivering any kind of nonsense. After all the concern over the crippling burden of refugees, Mr. C. Subramaniam had no hesitation in declaring that development activity would not be affected; Mr. Jagjivan Ram, conscious of his heroic rôle as Defence Minister, chose the occasion to give Pakistan the kind of warning in which even the Awami League leaders may have lost all interest. Only Mr. Swaran Singh said something which had not been officially stated before, although an increasingly large number of people had been suspecting it to be the real Indian position. He made it plain that a Bangladesh settlement within the framework of Pakistan would not be inherently unacceptable to India. If the guerrillas fighting in Bangladesh become bitter at the prospect of what they would consider a sell-out, New Delhi should not be surprised. What is surprising is that Mr. Swaran Singh's statement provoked no serious debate in Simla. Like other issues, Bangladesh too is perhaps a matter for the Party bosses.

A PARKED CAR CAN BE A DELIGHTFUL resting place, but not a train that does not move. As most passengers must have known, a long wait inside a stationary railway carriage can be quite maddening. Last Sunday, Mr. B. C. Ganguli, the Railway Board chairman, could have avoided this

exasperating experience by simply getting a cab to drive him from the Sarai Rohilla station to his house in New Delhi. But he decided not to move out of his "new home," even though he was worried over the shock suffered by his wife who was a heart patient. By the time these lines appear in print, much more will surely have been heard about this bizarre affair. But enough was known by Monday morning to make people wonder if the grotesque sequence of events was not symptomatic of a total collapse of values and norms at the highest levels of administration. I do not know all the facts of the case, but quite a few breathtaking incidents which have resulted as a sequel to the basic dispute are now public knowledge. What the public has been able to see has been quite disgusting. Mr. Ganguli's conduct last week-end betrayed a sense of persecution; there was a trace of petulance in what he told reporters on Friday; on Sunday his impotent gestures of protest seemed pathetic. But these weaknesses may be understandable if one accepts that a series of measures, evidently authorised by the Railway Minister, had reduced him to a state of extreme nervous tension. Much of what Mr. Ganguli said last Friday was borne out the next day when he was confronted with an office order divesting him of most of his major responsibilities. Further humiliation awaited him on Sunday when he was due to go on an official tour; to stop the tour his saloon was simply detached. On the evidence available last week-end, there could be little doubt that a determined attempt was being made to make his position in the Railway

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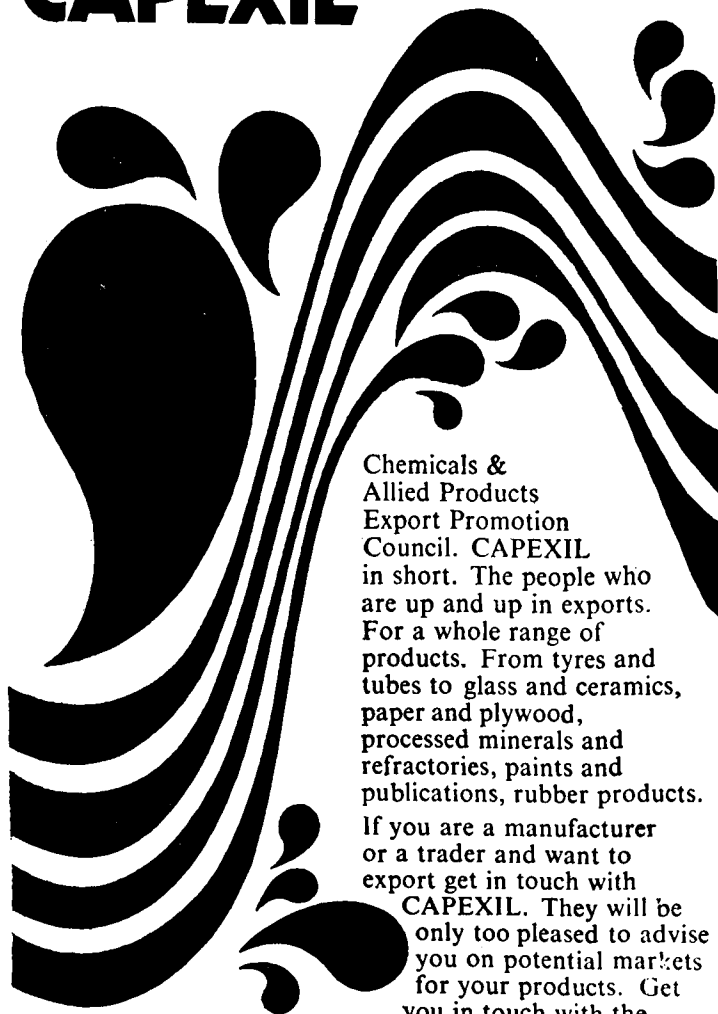
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Board intolerable for him, evidently in the hope that he would voluntarily retire rather than be further humiliated. He was in any case due to retire in three months' time; even assuming that he needed to be removed before then—an assumption for which there is no supporting evidence on public record—Mr. Hanumanthaiya could have thought of ways less murky than those actually chosen. And surely Mr. Ganguli is not the only railway official disinclined to regard the Minister as infallible.

WHETHER OR NOT IT IS EVER PROVED that Martin Bormann, Hitler's deputy, was a Russian spy, there is no denying that his fate has become one of the most intriguing international mysteries of the century. No thriller writer could have dreamt up anything better. All that is known for certain is that Bormann vanished from Hitler's bunker in the last few hours before the Russians took Berlin. There were never any reports of his body being found, even suspected, which in itself was odd when one recalls how thorough the Russian authorities were in their search for ex-Nazis, living or dead. Until a few years ago, there were strong rumours that Bormann had escaped to South America, and after some years of flitting from country to country, had holed up in a palatial and well-guarded *hacienda* in Brazil. One British Sunday newspaper published an article from a man who claimed to have been employed by Bormann as a bodyguard. It even included pictures. The funds to support this expensive way of life, or so the story went, came from the money salted away in Switzerland by those Nazi leaders who were shrewd enough to read the writing on the wall. It all made a good yarn, although it did seem to have one flaw: why was the reward offered by the West German Government for information leading to Bormann's arrest never claimed? Now we are told that Bormann, in fact, died three years ago in the Soviet Union, where he had lived since 1945, and that he was the origin of the high-level information that it has long been known the Russians did receive from sources close to Hitler. Coming from no less an authority than West German's chief intelligence man, General Gehlen, the theory certainly gains weight. Albert Speer appears to believe it, although Admiral Doenitz, Hitler's successor, has called it nonsense. What arouses my suspicions is the virulence with which the Russians have denied it. One would have thought that if it is as improbable as

they are claiming, the best thing might have been to laugh it to scorn. Instead, and quite obviously, they have taken it very seriously indeed.

A FRIEND OF MINE WITH A PROFESSIONAL interest in research on new methods of contraception has brought to my notice two reports which could have implications beyond the immediate concern of the family planners. The first is relatively simple: an Illinois research laboratory is developing a simple and cheap saliva test which will tell a woman when she is likely to become pregnant. Apparently, a biochemical change accompanying ovulation can be detected by placing a strip of litmus paper, coated with a special chemical substance, in the mouth of a woman; the chemical reacts to the saliva during this period. So if the litmus paper turns blue within 30 seconds, a woman will know that she is in her most fertile period. According to a report from Rome, birth control by this type of saliva test would be acceptable even to the Roman Catholic Church; it is said to be more scientific and evidently much less cumbersome than counting days for the safe period or watching out for ovulation by charting the body temperature. But think of the changes it could bring about in personal habits; a litmus paper would perhaps become as common an item in a lady's handbag as a powder compact or an aspirin tablet. But let that pass. The second scientific finding is far more intriguing. A newly-married couple in Britain consulted a doctor after waiting long and in vain for the birth of a child. The

doctor found no physiological deficiency in either partner, but discovered that the husband had to cycle for about three hours every day. He asked the young man to give up cycling for some time; the advice was followed; and very soon the wife conceived. Now, if constriction of a certain part of the anatomy for considerable periods makes a man at least temporarily infertile, it should be possible to induce infertility by means which are much more fashionable than cycling. Indeed, a commentator in *New Scientist* has speculated, perhaps not entirely in a light vein, on whether extremely tight trousers could not be a method of mass contraception. There is no reason to believe that modern young men who prefer such apparel are all disinclined to bear the responsibilities of paternity; indeed, baggy trousers could again become at least sectionally fashionable if a connection were conclusively and publicly established between constricted spheres and contraception.

WHEN PRESIDENT NIXON MADE HIS memorable call for a return to the "work ethic" in his recent Labour Day address, I could have sworn I heard a chuckle from the direction of the grave. Was it not John Maynard Keynes who predicted that the United States would eventually lose its economic vigour and degenerate into a high-cost, low-growth economy, more concerned with its comfort than achievement? Doubtless there is still some distance to go before that stage is reached. Yet there was no mistaking the ring of anxiety in Mr.

Nixon's rhetorical questions about whether his country is "growing old and weary, past its prime". If current trends continue much longer, or so the President seemed to imply, Keynes is going to be proved triumphantly right. The "work ethic", of course, has usually been considered something of a monopoly of America's white Anglo-Saxon Protestants, or "Wasps", to use the more normal and derisive term, although it has, in fact, always been mainly a Teutonic characteristic and in recent years has seen its most vivid manifestations in Japan. Soon it may be found in no other country, because it has long since emigrated from Britain, and there are unmistakable signs of its preparing to desert Germany as well. Why should there have been this change in the age-old concept of work as a virtue in itself? One reason, no doubt, is the growing dissatisfaction with the excess accumulation of the things which hard work can bring. Some people would regard that as the belated dawn of wisdom.

LETTER-HEADS OF GOVERNMENT departments are undergoing slow but steady transformation. Here is an interesting example: "Government of India (Bharat Sarkar), Ministry of Labour and Rehabilitation (Shram Aur Punarvas Mantralaya), Department of Labour and Employment (Shram Aur Rozgar Vibhag), Labour Bureau (Shram Bureau)." By the way, why has ingenuity failed with "Bureau"?

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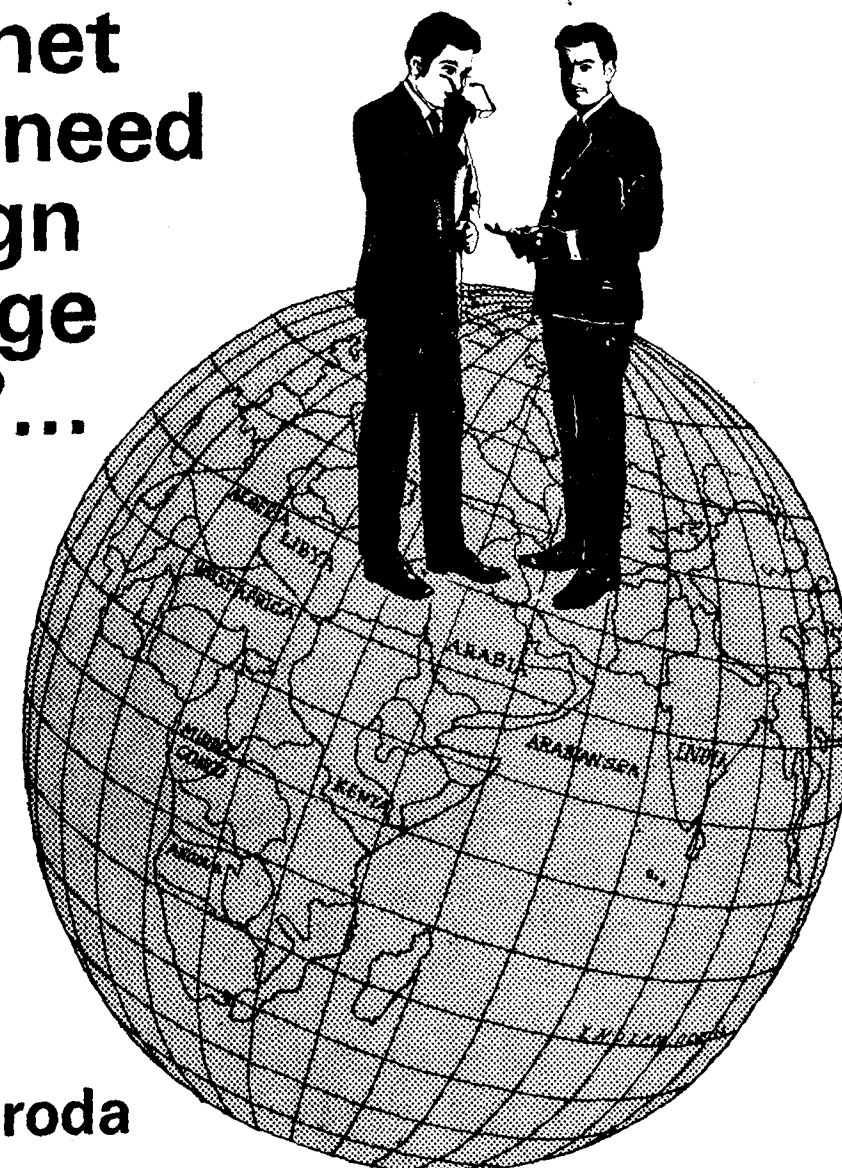
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By Natesan Subramanian

Having outlined where economists are employed and the work they are doing, it will be pertinent to examine their rôle as an aid to management. One of the important areas in which an economist is helpful to management is in studying the business environment and translating it into practical terms for the benefit of the management. To illustrate, a company takes a variety of decisions on what to invest, where to invest, how much labour to employ and how to price its products. But all these decisions have to be taken within the framework of a business environment over which the company has no control. The company will have to take into account the kind of economic policy the Government is pursuing, the action of its competitors and many other variables which have increased in number with the growth of Government intervention in business. The economist undertakes forecasting exercises and then translates them into down-to-earth terms, such as whether taxes will go up or credit will be



for

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tightened and their likely impact on sales. Today, international trade is so complex that a firm cannot just manufacture a product and hope to sell it without having to worry about the balance-of-payments position, the exchange rates or the nature of trade agreements the country has entered into with others. In short, managers need to be advised on the impact of macro-economic factors on the company's plans. This task requires the economist to have his head in the clouds but his feet on the ground.

Academic Training

Another important task he serves is to be a repository of economic information. He not only serves the management with his reports but also maintains intimate contacts with his staff and line-colleagues and feed them with requisite information. These may be in the form of regular reports or notes prepared in response to specific enquiries. There is, of course, a danger in that he could well become a dumping ground for all unwanted jobs. Nevertheless, a firm needs someone to deal with such tasks which do not fit neatly into the corporate organisation, and economists can often do these kinds

of things well. In his task as an interpreter of economic postulates he very often encounters non-economists at various levels. It becomes the responsibility of the economist to get these principles across to others whose economic sophistication does not match his own. This is particularly relevant since the economist cannot function in isolation and often has to work closely with accountants, engineers and salesmen.

Does the academic training the economist receives at the university prepare him to face up to these tasks? The answer is no rather than yes. It has generally been accepted that the main areas of economic theory which prove useful in industry are national income and social accounting, theory of the firm, public finance and banking, demand theory and money and banking. The well-known economic concepts most often used are opportunity costs, price and income elasticities of demand, value added, marginal revenue product and propensity to consume. At present, these concepts are treated at academic

levels. It is little good developing marginal or incremental decision-making concepts unless the student is given a chance to examine particular cases and comprehend the practical difficulties that may emerge when these concepts are applied. There is, therefore, a good case for examining what changes need to be made in university curriculum so that courses are tuned to the requirements of industry and so that the employment opportunities for young graduates are improved. At present, most of the expertise has to be acquired at one's own initiative.

In this regard the management schools in the country have taken a lead and the practice of using case study methods is proving to be very popular. This in turn has led to a better turnout of management material from these institutions and its ready absorption by industry. If economists are to have their rightful place in business, there is an urgent need for reorientation of the curriculum at the college level. The course should be designed to increase the emphasis on economic forecasting, methods of assessing capital projects, statistical techniques and discounted cash flow concepts. A basic knowledge of statistics should be insisted upon as this would facilitate co-ordination with newer analytical techniques such as operational research and P.E.R.T. After all, linear programming is merely the mathematical application of the basic principle of optimisation of scarce resources.

Finally, it remains to be seen what the future holds for the economist. His propensity to take an economy-wide view and his ability to comprehend the price mechanism in allocation of resources will make him a useful person to have in any industry. The pre-occupation with planning should also boost the stock of the economist. At present, economists are still thought off for staff functions. Is there any scope for their being considered for line functions? One would think they are as good material as any one can find. After all, there are countless executives and administrators at senior levels of management who have had a background in economics and they are economic practitioners in the same limited way as those engineers and accountants who have moved away from their careers to take up tasks involving policy-making and execution.

SPECIAL ARTICLES

How to Guide Entrepreneurs in West Bengal

(BY A SPECIAL CORRESPONDENT)

The Indian Investment Centre is planning to set up an entrepreneurial guidance bureau in Calcutta. But the Government would do well not to sap the initiative of entrepreneurs by attempting to provide through a single organisation too many types of services which in practice it may not be able to offer.

THE Indian Investment Centre is reported to have decided to set up shortly a bureau for entrepreneurial guidance in Calcutta. The 16-point programme, announced recently by the Government of India for the economic revival of West Bengal, had indicated that a body of this type would be established. It is stated that the bureau will function in close co-operation with the Industrial Reconstruction Corporation of India. The bureau is supposed to provide information and guidance about the location of new units, need for fresh capacity, size of economic units, investment involved, methods of production, requirements of raw materials and their availability, demand forecast, export possibilities, scope for collaboration and so on. It will maintain close liaison with banks and other financial institutions.

A bureau of this type will be of much use to prospective entrepreneurs who wish to invest in the medium group of industries. The Government seems to think that the big entrepreneurs will be able to look after their interests themselves. Several agencies already exist for helping the small businessmen. But investors in medium industries do not have any organisation to advise and assist them. How far is this assumption valid in respect of West Bengal? In States like Maharashtra and Punjab, official agencies exist for providing a variety of services to entrepreneurs relating not merely to location of industries, sources of finance and raw materials but also legal and technical assistance. But in West Bengal, where is the organisation which can effectively provide such competent and comprehensive assistance to small-scale entrepreneurs? If the

Calcutta bureau is to take up all the functions mentioned above, it must have a large organisation, consisting not merely of technical personnel but also economists, statisticians, financial experts, and even lawyers. In that case, it will be quite expensive to maintain.

The better course seems to be for the bureau to confine itself to some major tasks so that it need not be a large and unwieldy organisation. Most prospective entrepreneurs, seeking investment in medium and small industries, would like to know about the precise procedure for obtaining financial assistance as well as the import licences. Is it then really necessary for the bureau to concern itself with such tasks as demand forecast and export possibilities? Forecasting the demand for certain products involves a lot of studies, research, and analyses and the bureau perhaps will not be able to undertake these functions properly unless it is provided with a large staff for this purpose. Similarly, should the bureau concern itself with finding out the export possibilities for new industries? Cannot the various export promotion councils be asked to provide advice on this aspect?

While it is certainly necessary to help the entrepreneurs, there need be no attempt to spoon-feed them. Let them rely, as far as possible, on their own resources. After all, it has to be remembered that Bengal before independence became a highly industrialised State when no one asked for, or got, any concessions or incentives and there were no bureaus to assist. The pioneers of those days themselves took up the responsibility for locating the units, arranging raw materials, forecasting demand, and finding markets. This was the case not only with regard to the large investors but also those who set up small and medium industries. The Government, therefore, would do well not to sap the initiative of the entrepreneurs by attempting to provide, through a single organisation, too many types of services which in

practice it may not be able to offer. It is stated that the bureau will maintain close liaison with banks and financial institutions. But how exactly is this going to be done? It is necessary to define this rôle clearly so that both the bureau and the banks and other institutions know how they should co-operate. When the major banks were nationalised, they were expected to set up cells to provide guidance to entrepreneurs to set up small-scale industries and to take up export promotion work. But how many nationalised banks have taken up this task in right earnest?

The West Bengal Industrial Finance Corporation and other financial institutions set up under official auspices have often complained that they do not get the right type of applications for giving loans and other assistance. This is due to various factors like the lack of a spirit of real enterprise on the part of most educated people, and the absence of a climate congenial for business activity. It remains to be seen to what extent the bureau will succeed in getting serious enquiries for starting new enterprises. The Government of India has decided that industrial development in West Bengal should be concentrated mainly in areas outside Calcutta, 24 Parganas and the Howrah district. If so, is it right to locate the proposed bureau in Calcutta? Will it be convenient for the entrepreneurs from the districts to come to Calcutta to seek advice and assistance from the bureau?

Even if the bureau comes into existence in Calcutta in the next few weeks, it is doubtful if it will be able to function purposefully. The Government departments in West Bengal at present do not have reliable and up-to-date statistics about the production of even the large industries in the State. The Government's information about the scope for new industries in districts, the availability of raw materials, or the course of future demand is most meagre. A glance at the *Economic Review* of the West Bengal Government, issued in February this year, glaringly brings out the big gap in official information about many vital aspects of the State's economy. So, even if the bureau starts functioning soon, it may not be of much practical help to prospective entrepreneurs. However, the Government should see to



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it that the bureau equips itself adequately and competently and that it is not bogged down by bureaucratic methods and procedures. It should

Ensuring the Success of the White Revolution After the Green

(BY A SPECIAL CORRESPONDENT)

Encouraged by the rapid increase in food production, the Government is now working on a plan to double the milk supply. Although the strategy in both cases is similar, it would be facile to assume that the success achieved in one field can be easily repeated in the other.

ENCOURAGED by the rapid increase in food production, the Government of India is now working on a plan to double milk output within the next ten to 15 years. Like the "green revolution", the "white revolution" in milk is based on land and new technology. Land is needed to grow fodder and a new technology is required to develop high-yielding varieties of cows as well as fodder. From this the Government's experts infer that since the strategy of the two operations is similar and since it has succeeded in growing more grain, there is no reason why it should not succeed in rapidly multiplying milk production also. But such facile assumptions can be dangerous.

The broad outline of the "white revolution", which is also sometimes called "operation flood", is now discernible. It has been established by experts that one acre of good land properly cultivated is sufficient to support two heads of cattle with a high milk yield. By cross-breeding the local cows with foreign exotic breeds through artificial insemination, the average yield of good milch cows can be increased from around 1,200 litres as at present to about 3,500 litres a year. This would mean 7,000 litres of milk an acre of land. Once this is achieved, dairy farming would become a profitable occupation and farmers would not mind switching their land from grain to fodder, experts feel.

The speed with which the "white revolution" can spread will depend

be able to function in a dynamic way, capable of providing effective and practical guidance to prospective entrepreneurs.

on two factors: the price of milk and milk products and the rapidity with which the new cross-bred cows can multiply. Farmers will produce more milk if prices are high but people will consume more only if prices are low. There are vast variations in the consumption of milk between different States and it is by no means certain that the demand for milk would automatically increase everywhere in direct proportion to its availability. Thus in Kerala, Himachal Pradesh and Bihar, less than 20 grams of milk is consumed a head a day while in Punjab the consumption is more than 12 times as much. With the daily *per capita* use of 250 grams of milk, Punjab is barely 20 grams short of the recommended milk content in a healthy diet.

In this context, the all-India average consumption of 80 grams of milk a day has little relevance. It is obvious that the great majority of the people of Kerala, Bihar, Himachal Pradesh and other poorly fed States are unused to milk and butter. They may not find it easy to buy milk in any substantial quantities even if it were to become available in plenty until their incomes rise. They will also have to get into the milk habit which is not easy to acquire. People who do not have the money to buy enough grain can hardly be expected to have the means of buying milk and butter. Reports from the Bikaner area in Rajasthan confirm this impression. In seasons when the cattle are in milk, it is hard to find buyers for it even at the low rate of 50 paise a litre although the minimum economic cost of production of milk is estimated by experts to be about one rupee a litre. This shows that consumer resistance to high price of milk is an important factor that will have to be taken into account in any plan for bringing about the "white revolution" in the country.

CAPITAL, 14th OCTOBER, 1971

According to Dr. D. Sunderesan, Director of the National Dairy Research Institute in Karnal, India has the world's highest-priced milk economy. Milk in India is costlier even than in the U.S.A., or European countries or Australia. It is possible to import milk from those countries and sell it cheaper here than Indian milk. If milk has to be brought within the reach of the common man of India, it must be sold cheaper than at present, Dr. Sunderesan feels. According to him, as the milk yield a cow and the fodder yield an acre of land increase, it will be possible to bring down the per litre production costs of milk. It should then be possible for the producer to sell it at a price of 70 paise a litre and still make a reasonable profit. This should bring down the per litre price for the consumer from around Rs. 1.40 a litre now to about Rs. 1.10 or even one rupee a litre.

Dr. Sunderesan's thesis is not supported by experts of State Governments who run the departments of animal husbandry. They are almost unanimous in demanding a much higher price structure for milk than at present. They feel that as in the matter of land use and technology, so also in the matter of prices the analogy of the "green revolution" must apply. The "green revolution" succeeded because of the Government's imaginative policy of offering very high support prices to the producer. The result was that within three or four years the farmers marshalled all their resources and skill to adopt the new varieties. They made a lot of money and at the same time the per tonne cost of producing wheat came down. If the Government had not given them the price incentive, the "green revolution" would never have succeeded. Without a similar incentive, the "white revolution" too would not succeed, they add.

There are a few other snags in the case of milk. According to the States' experts, producing milk costs a lot more money than producing grain. In most cases it is uneconomic. Were it not for the gains made from adulteration of milk, the producer would make no profit at all, they feel. According to their calculation, at present the producer of milk suffers a net loss of Rs. 500 a head of cattle on all honest operations. He makes up the loss through adul-

CAPITAL, 14th OCTOBER, 1971

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Through our system of self-appraisal and analysis, we try to meet the stringent demands of international trade. In 1969, the Corporation was reorganised and restructured to improve its working efficiency. Two years later, we are undergoing further change. A change to facilitate the handling of the Corporation's enormous increase in total trade. New subsidiaries and divisions have been formed, each concentrating on a manageable group of related products. These are the units whose performance will be measured, appraised and—through the Corporation's corrective system—self adjusted if things go wrong.

In striving for excellence, the Corporation is trying to institutionalise its service to customers. A new

contact-point has been established for customer service. Any customer who has a complaint or needs assistance, can write to or contact the Information Department which will initiate coordinated action.

The International Operations Division will look after the Corporation's global network of offices and help probe new markets to develop trade.

STC lays special emphasis on its service to the small-scale sector. We offer it a package service deal of finance, raw materials, marketing and advice to help it realise its full potential. The States Marketing Division has been set up to liaise closely with small-scale industries and export corporations in various states.

These are some of the changes that the Corporation has initiated. They are by no means final. Because change, to us, is constant. Constant change for constant improvement.



The State Trading Corporation of India Limited

Chandralok, 36 Janpath, New Delhi-1.

teration, sale of calves and hides, income from other occupations, and often not counting his own labour and that of his family members in the costs. Once milk production is commercialised, all these factors would have to be reckoned with adequately. The experts suggest that the producer should be assured a minimum price of Rs. 1.20 a litre, if not Rs. 1.40 a litre. This would bring the market price to Rs. 2 a litre. They point to the example of the Kaira milk dairy in Anand whose milk is sold in Bombay at Rs. 1.70 a litre and whose producers get one rupee a litre. But Dr. Sunderesan feels that the Bombay example is unrealistic since in other parts of the country people cannot pay such a high price for milk.

Another vital factor that comes into play in calculating the price of the milk is its fat content. Most dairies in the country prefer buffalo milk because of its fat content of 6.5 per cent or more. Since only 3.5 per cent fat is recommended for standard milk, the can make extra income by skimming out the surplus 3 per cent and converting it into butter. But this is a small consolation to the primary

producer who is paid barely one rupee a litre for the milk, the same as the price of cow's milk. There is hardly any disagreement among experts that the cross-bred cow would be more economic than the buffalo for the farmer even though the fat content of its milk may be only around 4 per cent. This is because of its very high yields, longer lactation periods and the higher price of its progeny.

But conversion from the buffalo to the high-yielding cow would reduce the per litre value of milk for the dairies. Because of the comparatively low fat content of the milk of the cross-bred cows the dairies would not be able to draw from it the extra fat they can from buffalo milk. It would be a severe strain on their economies if, in the face of this, they are asked to further raise the farmer's price. They can do this only by effecting a steep rise in the sale price of milk. This may be resisted by the consumer who may then reduce his milk needs bringing to naught all the efforts of the Government to increase milk yields. Thus, from the point of view of prices, the milk revolution is for the present caught in a vicious circle: high prices are restricting production and low production is inducing high prices.

In spite of these obvious limitations, it is accepted by all that there will be a sizable increase in demand with the growth of population and increasing urbanisation. Already the proportion of the national income earned by the urban sector as compared with the rural is increasing. Should it be possible to increase milk production without unduly raising the price, the demand for it may rise much faster than the supply. For the present, the Centre is toying with two alternative proposals. One, milk production should be raised from 25 million tonnes as at present to 35 million tonnes in ten years. Two, doubling the output within this period. The first plan would involve an expenditure of \$100 million in foreign exchange on the import of exotic semen alone while the second would need \$250 million for the same purpose. But, in addition, it would be necessary to make considerable investment in the import and production of vaccines against different diseases to which the cross-bred animals would be prone. Other supporting facilities like a network of veterinary services at the farmers' door, development and propagation of new

high-yielding fodders and production of feed concentrates would also have to be provided. Besides, the farmer would have to be induced and trained in the use of the new system. Above all, the supply should not outstrip the demand and prices must not be allowed to crash.

All these factors indicate the greater likelihood of the more modest plan for an additional 10 million tonnes of milk being adopted. But even this plan is not as easy to attain as it might seem on paper. As Dr. Sunderesan rightly points out, if the "green revolution" took four years to mature, the "white revolution" would take 15 years. This is because the gestation period of raising new varieties of cattle is longer than that of developing new strains of crops. Animals multiply slower than plants. The first cross-bred progeny of cow would take four years from the inception of the milk plan to give milk. For plants, the period is only six months. Multiplication to the third or fourth generation would take about 15 years. Stabilisation of the breed is another problem to which an answer is yet to be found. There is as yet little idea about what is the ideal genetic mix between the foreign and Indian breeds and how can the new cross-bred cows of tomorrow be kept constant at that point? But without a satisfactory solution to these problems the experiment cannot succeed.

The Government's milk plan is thus hemmed in by a number of ifs and buts, not the least of which would be the varying response of the States. If all of them threw their full weight behind the "green revolution", it was because of the absolute compulsion of staying off famine and starvation. No such compulsion operates upon them in the case of milk and some of them might be inclined to give it the same low priority that they have thought fit to give to health and education. This does not mean that the plan is not worth pursuing but only that it should be so conceived and pursued that it does not flop half-way. For an agricultural country like India, there can be no escape from diversifying farm produce. There are numerous compelling reasons for this, including the need for a balanced diet and avoiding overproduction of grain. But a plan for such diversification would involve much greater effort than was needed to make the "green revolution" a success. This is a fact which has yet to be understood by India's planners.

SPOTLIGHT ON STATES

Tamil Nadu Receives Offers of Foreign Help for Setting up New Industries

(BY A SPECIAL CORRESPONDENT)

Tamil Nadu's Industries Minister, Mr. S. Madhavan, received many attractive foreign collaboration offers for setting up manufacturing units in the State during his recent tour abroad. These offers are being actively followed up.

A REWARDING economic policy shorn of verbiage appears to be the best answer to the ills affecting India. Political parties which realise this fundamental economic truth will certainly be in ascendancy in India for a long time to come. And the Tamil Nadu Government has found this secret of popularity. Its faith on rapid industrialisation of the State as a cure for the sufferings of the masses is thus immense. An industrial team of experts, headed by the State Industries Minister, Mr. S. Madhavan, has returned to the country after a 43-day fruitful foreign tour. The experts who accompanied the Industries Minister in the tour seem to hold high hopes about possible foreign collaborations for setting up industries in Tamil Nadu. The Centre's approval for such collaborations, it is hoped, will also be available, subject of course to the viability of the projects concerned.

Collaboration Possibilities

Meanwhile, letters of intent have been issued for establishing units for the production of sodium hydrosulphite, basic chromic sulphate, soda ash, ammonium chloride, potassium chlorate and piston rings. The State Industries Minister is confident of establishing these manufacturing units in the State. The Tamil Nadu Government seems to be keen to have new industries in the joint sector, but the question of exclusive allocation to private or public sector will be duly examined in due course. The scope for a tyre factory in the joint sector and a sodium hydrosulphite unit, in particular, is believed to be bright. Chemical projects, like nylon filament, polyester film, aluminium chloride, borax and boric acid, aluminium powder and paste, oxalic acid, formic acid, sodium cyanide and calcium carbide, were also dis-

cussed by the team during the tour. The question of equity participation was also considered.

The team discussed with Japanese industrialists the possibility of starting a marine diesel engine unit in Ennore. The prospect of manufacturing sugar-bagasse-based paper, sensitised carbonless paper, stainless steel blades and gas cylinders were discussed with Italian collaborators. Mr. Madhavan found deep interest in West Germany and Hungary about indigenous herbs available in India. He was also impressed by the innate sense of loyalty of the Japanese labour. And it is possible that the State Government would also strive to establish a more productive employer-labour relations in Tamil Nadu.

Students and Politics

Is the D.M.K. Government losing the support of the students? No doubt, the student community cannot be said to have a close rapport with the Government for one reason or the other. Mr. Karunanidhi's latest appeal to the students to eschew active politics and take to social work appears to stem from a conviction that students' entry into politics can do no good for any political party. What is more, the Chief Minister's offer to keep the student community off his Party's activities, if the Opposition parties also came forward to do the same, is highly significant. He has made it clear that this offer should not be interpreted as a sign of his Party losing the support of the student community. It is obvious that politically-oriented trade union leadership has also been eschewed for the rapid industrial progress of the State as well as of the country.

By setting up a State Industries Promotion Corporation, the Tamil Nadu Government has taken a positive step to promote industrialisation of underdeveloped areas. The Corporation will render service over a wide area in implementing new projects. That the State Government's perspective planning exercise is also

under way is evident from the detailed discussions the Tamil Nadu Planning Commission is having with the district collectors. The exercise, for which the National Council of Applied Economic Research and the Indian Institute of Economic Growth will act as consultants, will cover a 12-year period.

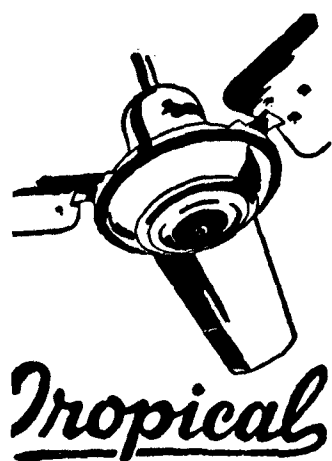
Going Wet

Tamil Nadu has gone wet from September. It has not as yet produced any big difference, at least on the surface. But the poorer sections have found a new "freedom" which was denied to them for the past 23 years. On the social side, the exciting experience seems to have caught the fancy of the new generation born during the dry period. What is more, juvenile drinking is fast growing, and parents have already started expressing concern at a new menace spreading among the students while they learn, but not earn. At the other end, the older generations which have practised abstinence all these years, are somewhat reluctant to go out of the old habit. At any rate, personal taste and habit, along with social status and education, seem to guide people more in such matters than the "freedom" to drink granted by the State Government.

PEOPLE AND PERSONALITIES

With the appointment of Mr. A. K. Kahali as Managing Director of the Indian Cable Company Ltd from 1st October, in succession to Mr. J. E. Stout, the board of INCAB has also approved the appointments of Mr. H. L. Jefferies as Deputy Chairman, Mr. S. K. Ghose as Deputy Managing Director and Mr. P. K. Mukherji as Financial Director effective from the same date.

The appointment has been announced in London of Mr. David Nicolson as the chairman of British Airways board. This is the board which will control BOAC and British European Airways. It has been set up by an Act of the British Parliament. The chairman of BOAC, Mr. Keith Granville, and the chairman of BEA, Mr. Henry Marking, are members of the board by virtue of their offices. Other board members will be appointed in due course.



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BOOKS

How to Streamline Export Credit Schemes

Survey of Export Credit Facilities in India. By P. N. Arya. (Published by Export Promotion Division, United States Agency for International Development Mission to India, New Delhi. Pages 115.)

This is a useful compendium prepared from data put out by different sources during the last two or three years. The notes were probably prepared for internal use by the U. S. Agency for International Development (U.S.A.I.D.) Mission which has creditably sponsored a number of studies during the last few years concerning the export of traditional and non-traditional products; some of this useful work is still continuing. Mr. Arya's comments are no doubt based on some of the observations and findings of these studies and their recommendations. However, there is no mention in the book about the fate of these recommendations, most of which are indeed sound. Over the years, the question of credit facilities, particularly for promotion of non-traditional products, has been receiving concentrated attention, but, unfortunately, the quantum of help and positive support which is now being offered through institutional and other sources falls short of the need. The recommendations have probably fallen by the wayside because of the rigid foreign exchange and other administrative con-

trols. Unluckily for industry and for the export houses, the general attitude towards exports is more of control than of promotion.

The book describes the existing institutional set-up and deals separately with short, and medium to long-term credit facilities. Pre-shipment and post-shipment credit, and the I.D.B.I.'s rôle through refinancing and participation schemes have been discussed. The Reserve Bank's guidelines under the deferred payment arrangements form a separate section. The broad features of the export credit (interest subsidy) scheme and export credit insurance and guarantee scheme are appraised in subsequent chapters. Finally, notes are appended on buyers' credit and a suggested Export Bank for India. The author has made some useful suggestions on medium and long-term credit facilities also. It is not stated why the Export Credit and Guarantee Corporation fights shy to cover risks of loss resulting from disputes in quality, buyer's failure to obtain import or exchange authorisation from his authorities, fluctuation in exchange rates, etcetera. The exchange rate issue is of particular relevance today.

Mr. Arya's advocacy of a buyer's credit scheme in lieu of a supplier's can be appreciated. Such a scheme should definitely relieve an exporter from running around multiple agencies, but then this assumes that the Government-controlled institutions can develop a suitable mechanism for assessment and for dealing with overseas customers' creditworthiness. If the credit institutions are unable to help with speed an exporter located close to them, it is unlikely that overseas buyers can hope to get prompt consideration, unless, of course, they provide their own banker's firm guarantee, which tends to dilute the quality of credit.

Achievement of export potential is a function of global competition where relative credits allowed by exporting countries are an important consideration. There is an insufficient realisation of this fact in the Government's policy-making circles. In this context, the author's plea for an export bank to mastermind and co-ordinate various

types of credit schemes deserves consideration. Now that the Government has taken over most of the import trade, it should not be difficult to organise an export-import bank which could operate through established representation in important centres where business for India will arise. This should fill the information and policy gaps.

S.B.

Natural Justice

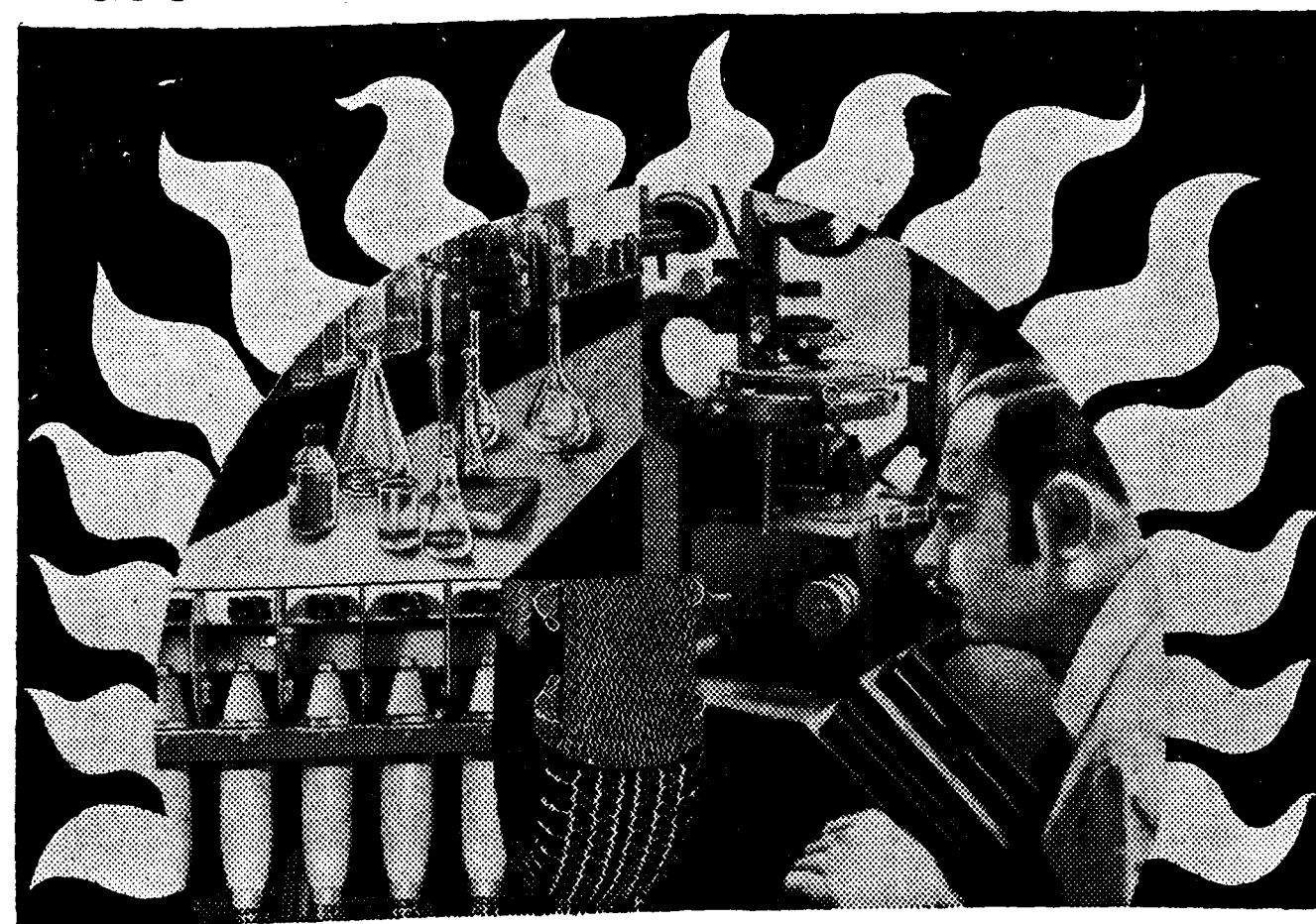
Natural Justice in Indian Domestic Enquiries. By P. K. Sen. (Published by Navman Prakashan, Sarai Ratanlal, Madar Gate, Aligarh. Price Rs. 25, pages 363.)

The author has attempted to present the practical application of natural justice in domestic enquiry in industry and in enquiry into the conduct of public servants. While there may be some similarities between the two forms of enquiries, there are important differences too, and it would have been perhaps better if separate books had been written on them. To say this is not to detract from the value of the book or the effort put in by the author. In 12 chapters, summary termination of service, natural justice, preliminary enquiry, charge sheet, ex-parte proceedings, bias, discrimination, representation, evidence, findings and punishment have been dealt with. In the introduction, the author states that the concept of natural justice is, like man himself, a product of evolution. Nearly 100 pages are devoted to appendices containing a list of Indian and British cases on each of the above subjects, a complete index and a bibliography.

In the author's view, labour courts and industrial tribunals have done the right thing to discourage the representation before them by lawyers. But this remark will be accepted only by non-lawyers. The author's labours would have been far more rewarding if he had only relied on decisions of the Supreme Court on questions where there are decisions of that Court and had cited decisions of the High Courts on points not covered by Supreme Court decisions. Still the book would be of some service to labour unions which are growing in strength and organisation and to those who have often to represent workmen before quasi-judicial bodies.

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INDUSTRY

Bright Prospects for Automobile Ancillary Exports

By T. V. Sivaraman

During the last two years, automobile ancillary exports have gone up by nearly 250 per cent. There is no reason why such exports should not exceed the Fourth Plan target much ahead of time.

THE automobile ancillary industry in India has made rapid strides in recent years. The output of 500-odd units in the large, medium and small-scale sectors has lately shown impressive growth. Apart from meeting the growing demand from the transport industry, what is remarkable is the sustained rise in the export of components. In the last two years alone, export has recorded a rise of nearly 250 per cent to Rs. 4 crores, and the scope is still considerable as a recent symposium in Madras has stressed. The automobile ancillary industry can play an important rôle in augmenting the country's exports.

The industry is mainly concentrated in the metropolitan cities of Bombay, Madras, Calcutta and Delhi. South India, which has a share of about 20 per cent in the production of motor-vehicles, turns out a large quantity of components including pistons, leaf springs, radiators, shock absorbers, engine valves, electrical equipment, ball bearings, braking equipment, carburettors, fuel injection equipment, bus and truck bodies, dashboard instruments, spark plugs, wheels, etcetera. It is in recognition of its increasing contribution to production and exports that the ancillary industry has been accorded the status of a "priority industry". With a view to ensuring quality in export items, the industry has also been brought under the quality control and pre-shipment inspection scheme.

Today, the industry meets 40 per cent to 75 per cent of the requirements of the different car and commercial vehicle manufacturers in the country and constitutes a major growth sector. Components and parts are exported as "original equipment" as well as replacement

parts to a large number of countries. The value of exports has increased from Rs. 1.2 crores in 1967-68 to Rs. 4 crores in 1969-70. About 84 per cent of this turnover went to countries in Asia and Africa, 14 per cent to Europe and 2 per cent to the Americas. The industry is also under an "obligation" to export at least 5 per cent of its annual output. For this, all large and medium-scale units which have been in production during the past five years have been selected. The items covered under the compulsory export scheme are: brake linings, clutch facings, car wheels, crankshafts, connecting rods, engine valves, electrical equipment, fuel injection equipment, filters, gaskets, gudgeon pins, leaf springs, pistons, piston rings, radiators and shock absorbers. Priority is given to these exporting units in the allocation of raw materials, but those who fail to meet the minimum requirement are liable to have their import entitlements reduced depending upon the foreign exchange position. An export target of Rs. 10 crores has been fixed for the industry for the final year of the Fourth Plan.

A trade delegation which lately visited Italy has received enquiries worth Rs. 5 crores for items like circlips, pulleys, silent bloc housings, exhaust manifold, engine valves, windscreen wipers, headlamp bulbs, cylinder liners and pistons. There are also immense possibilities for un-machined castings. These enquiries have enthused the export trade which feels that concerted efforts should be made to cultivate new markets, both in the developing and developed countries.

In this connection a number of suggestions were put forward at the symposium. These included sponsoring of a high-level delegation of producers to visit Europe, the U.S.A. and Japan, regular participation in automobile exhibitions and publicity through technical journals. It was felt that a high-level committee comprising Government and trade representatives should be set up to

ensure follow-up of trade enquiries. The formation of a consortium of manufacturers under the aegis of the State Trading Corporation and the newly established Trade Development Agency for co-ordinating and processing enquiries has also been suggested. This is considered essential because the volume of enquiries that is now expected will be difficult to handle by any single manufacturer. Judging by the enquiries received from Europe and the U.S.A., it is felt that the export target of Rs. 10 crores for 1973-74 is not only realistic but rather on the low side. Given the necessary planning and proper encouragement, there is no reason why exports of automobile components should not exceed the target much ahead of time.

ROAD SAFETY

Poster Competition

A poster competition, followed by an all-India poster exhibition—this is how Goodyear India proposes to promote the cause of road safety. According to a Goodyear spokesman, "It is not enough to organise safety week once a year. The danger of mounting road accidents is something very real, and it should be brought home through more permanent and visual presentation of the tragedy involved." The poster competition is open to all art schools and colleges in India.

GOODYEAR

Checking Tyre Pressure

Motorists in the U.S.A. will soon be able to know the actual pressure of their car tyres by using a warning device invented by the research division of the Goodyear Tire and Rubber Company. The device is relatively inexpensive, maintenance-free, reliable and essentially fail-safe. The basis of the system is an electronic detector unit, actuated by a switch inserted in the tyre. When tyre pressure is normal, a green light on the instrument panel is lit up. Low pressure puts off this green light and lights up one or more red lamps. The system has been tested on tractor-trailers, earthmovers and passenger cars. According to Goodyear, the system might eventually be produced at a cost low enough to interest automobile manufacturers to offer it to their customers as an extra fitment.

INSURANCE

Should Four Corporations be Created after General Insurance Nationalisation?

(BY A SPECIAL CORRESPONDENT)

The Government proposes to create four corporations to run the general insurance business after its nationalisation. How many corporations are created is not really important but that all practical steps are taken to retain the competitive spirit in the industry's organisational structure.

ALTHOUGH it has been publicly announced that the Government of India proposes to create four autonomous corporations after the nationalisation of general insurance and it appears that the Government is fairly determined to stand by this policy declaration, pressures are apparently being exerted from certain quarters to review this idea and have one corporation instead. While multi-corporations would undoubtedly be advantageous—in theory at least—the functional approach to running the four corporations is what would really matter. It has been announced that the object behind having more than one corporation is to keep up the spirit and environment of competition. In designing the pattern of the four corporations, total functional independence must be enforced in order to achieve the objective of retaining the competitive spirit in the industry.

It is not yet quite clear in what manner the Government intends the four corporations to be run, but if the idea is that each of the four corporations should function within a restricted geographical area, no real competitive spirit could possibly result as the different corporations would not really be competing with one another in identical areas of operation. Of course, even in this case some amount of competition in terms of profitability and service could be maintained without restricting the choice of the insuring public based in one regional area to insure with a corporation based and functioning in another area. Anyhow, the competition would be more in theory than in practice as it would rarely be the case that an insured based in one part of the country would insure his risk with a corporation based in another part. It is, therefore, clear that if true competition is to be there, all

the corporations, irrespective of the number, must be allowed to function and operate on an all-India basis and compete with one another for the business emanating from all the regions of the country primarily through superior service.

The next point to be considered is the rates and terms of insurance cover provided by the different corporations. If the rates and terms of cover are made identical, then again the true spirit of competition would be somewhat lost. It would seem preferable that the underwriting specialists of each of the corporations should devise rates and terms of cover which they consider adequate in terms of the goals and objectives of their corporation's operating pattern. Obviously, as far as tariff rates are concerned, this question would not really arise but different tariff rates for different parts of the country, as in use at present, should be continued with a revision in such tariff rates where justifiable on purely commercial grounds.

It may also be borne in mind that the organisational structure, terms and conditions of service and the functional and operating pattern of all the corporations need not necessarily be identical and the top management of each of the corporations should have discretionary powers to create the operational and organisational plan to achieve the best possible results. Of course, all this must be achieved within a broad overall central plan which should take into account the aims and objectives of the country at large through the nationalisation of general insurance. For achieving this objective, it may be suggested that all the corporations that are created eventually should have a common chairman and separate managing directors and boards directly in charge of each corporation. Thus, the overall co-ordination to achieve the goals and aims should be the responsibility of one individual in the person of the chairman while each managing director and his board and senior management team should devise suitable functional methods as thought best for each corporation.

In fact, even detailed underwriting patterns and procedures need not necessarily be identical for all the corporations and each should be left to itself, within the limitations of the overall plan, to create procedures and patterns in line with what is thought best for each of the corporations. Only then would the true competitive spirit be maintained and would adequate creative job-satisfaction be placed at a high level. Conversely, if all operating procedures and functions are centrally planned and made identical for all the corporations in the form of a rigid "Book of Rules", creativity among managers and technicians would be at a discount.

In this context, thought could also be given to the creation of an additional reinsurance corporation to handle the surpluses of all the direct writing corporations on a central basis. In terms of simplicity, this would appear to be an attractive proposition where the reinsurance corporation would absorb the entire surpluses of the other corporations after their respective net retentions, and, in turn, arrange for suitable trading of business between one corporation and another, resulting in adequate spread of risk in each corporation on an all-India basis. The reinsurance corporation could also handle the placement and acceptance of overseas reinsurances through treaties and other arrangements on a central basis after absorbing within the country as much of the Indian business as possible and commercially justifiable in terms of economic standing and resources.

What must be emphasised is that the decision to have more than one public-sector corporation writing general insurance business in the country with the aim of maintaining competition and, in turn, allowing such competition to improve service must not be allowed to become good only in theory. All possible means of making the corporations as autonomous as possible and thereby achieving the competitive spirit must be utilised to conform to the proclaimed aim of the Government to improve and provide a better service to the insuring public. This aim is to be pursued with single track dedication and commitment. It is not really how many corporations are created that is important, but that all practical steps are taken to achieve the objective of keeping up the competitive spirit within the industry.

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INVESTMENT

Shares Subdued : A.I.C.C. Session in Simla Depresses Operators

AFTER a short spell of steadiness, the stock markets have developed a distinctly bearish tone. There has been an all-round decline in equity prices on renewed offerings and lack of fresh support and losses suffered by some of the popular counters have been quite pronounced. With this week's decline, the stock markets have moved fairly close to its early August low—the lowest for the year. More important than the renewed setback in prices is the marked deterioration in trading sentiment. It appears that the corrective phase, which had been in evidence for nearly eight weeks, has run its course, and the markets have resumed their major downward trend. How soon the markets might strike a new low and how far they might go is anybody's guess.

The stock markets' despondency is not difficult to explain. The picture of the economy that the Reserve Bank has presented in its latest annual report is quite depressing. Four successive good monsoons have failed to give the expected push to the economic tempo. Instead there has been a marked decline in the rate of industrial growth, and the inflationary pressures have assumed disturbing proportions. The admittedly difficult resources position has been made more difficult by the massive expenditure on refugee relief. Recent reports from New Delhi hinting that the Government was inclined to adopt a softer attitude towards big business houses in order to accelerate the pace of industrial growth had imparted a measure of steadiness to the markets. But the trend of discussions at the A.I.C.C. session in Simla has belied expectations of any relaxation in the ruling Party's attitude. It has been made clear that policy adjustments for encouraging investments to boost industrial production will not result in any dilution of industrial policies aimed at curbing monopolies. There is no change in the policy of curbing concentration of economic power, and the economic prescription for revitalising the economy will have all the radical contents which the ruling Party has spelt out so often.

The public sector will continue to play an increasingly important rôle and a high-powered committee is to

be appointed shortly to make it more efficient and effective. The stock markets cannot be expected to take kindly to the renewed emphasis on radical economic measures and preference that is sought to be accorded to social justice over an increase in the gross national product. The need for accelerating the pace of industrial growth is too obvious to require any special emphasis. For increased production alone can help keep inflationary pressures under check. The need is all the greater because the economy has also to shoulder the additional burden of looking after Bangladesh refugees. The stock market is unlikely to develop an upward trend unless there are clear indications of a pick up in the rate of industrial growth.

Government securities have remained featureless this past week, and the volume of business has been small. The 3 per cent Conversion loan 1986 is quoted at Rs. 59.80. Other Central securities have also remained subdued.

The Calcutta stock market has remained sluggish this past week, and operators have generally been reluctant to extend their commitments due to various political and economic uncertainties. Among engineering shares, Burn, Jessop and Kumardhubi have been quiet. Among jute shares, Nuddea and Bally have received selective support. Among coal shares, Bengal, Western Bengal and Sahu Minerals have changed hands. Among miscellaneous shares, Indian Oxygen, Zuari Agro-Chem and Hindustan Aluminium have been quiet. Among tea shares, Rydak, Bishnauth and North Western Cachar have received attention.

Dalal Street has had a very uneasy time this past week. It has been forced to a sizable retreat under the pressure of renewed bear selling and tired bull liquidation. Losses have been widespread in both cleared and non-cleared securities. Very few counters have been able to wind up the week with plus signs. Sentiment has been unsettled mainly by receding hopes of a favourable change in official attitude towards big business for boosting industrial growth. The Government seems to be in no mood

to modify its radical posture. Cotton mill shares have ruled easier on idea of additional burden by way of high bonus and the strike. Standard Kohinoor and Century have registered sizable declines from the highest levels recorded early in the week. Rayons have displayed a weak tone with Century Enka and National Rayon attracting considerable selling at higher levels. Steel shares have eased mainly due to the lack of fresh support. Selling has not been heavy. Mukand Iron have fared better than Tata Steel. Engineering shares have recorded widespread losses with Associated Bearings, Larsen and Toubro and Mahindra Ugin as the outstanding weak spots. Voltas have held fairly steady. Tata Engineering have remained subdued. Automobile shares have been dull and slightly subdued. Shipping shares have suffered heavy losses on persistent selling produced by gloomy forecasts about the shipping industry's future. Scindia have declined following considerable bull unloading. Dyes and chemical have also come under considerable pressure. Indian Dyestuff, Colson Chem, Bayer and Gujarat Fertiliser have been among the weak spots. Tat Chemicals have ruled steady. Richardson Hindustan have suffered a sizable setback. Tyre shares have ruled

COMPANY REPORTS

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

Aluminium Industries
Ballarpur Paper
Bharat Heavy Electricals
B.A.S.F. India
Clarion McCann
Crompton Greaves
Dempo Steamship
Dunlop India
Fort Gloster
G.S.F.C.
Heavy Electricals (India)
I.F.C.
Indian Aluminium
Indian Steel
Midnapore Commercial
Oil India
Rural Electrification
S.T.C.
T. Maneklal
United Bank
United Breweries

slightly easier with a small turnover. Paper shares have followed the general trend. Among cements, Orissa have held steady while A.C.C. have eased a little. New India Assurance have registered a sharp decline. Among miscellaneous counters, Camphor and Allied, United Carbon and Food Specialities have been marked lower while Bombay Burmah, Phillips Carbon and Hindustan Aluminium have kept steady.

Share prices in the Madras stock market have shown a subdued trend this past week, and the volume of turnover has remained restricted. In the planting section, Consolidated Coffee and Kailas have been quoted lower. There has been selling in Peermade and Manjushree. In the textile section, Coimbatore Spinning and Birudhunagar Textiles have been transacted. In the sugar section, Aruna Sugar and E.I.D. have lost ground. In the miscellaneous section, Amalgamation Repco have hardened while sellers have persisted in Chettinad Cement. Bank shares have noted little movement.

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	22/50—22/55—21/75—21/80—
(23/30)	
Burrakur Coal	10/80—10/80—10/80—10/80—
(14/75)	
Dunlop India	33/50—33/85—32/95—33/00—
(43/60)	
Guest, Keen, Williams	34/85—35/00—33/75—
(33/80—30/75)	
Hindustan Motor	9/20—9/25—8/55—8/55—
(7/02)	
Indian Aluminium	35/10—35/10—34/50—
(34/75—39/00)	
Indian Cable	20/45—20/45—19/60—19/60—
(16/30)	
Indian Copper	3/74—3/77—3/62—3/63—
(4/53)	
Indian Iron	9/55—9/65—9/25—9/35—(15/25)
J. K. Cotton	8/00—8/00—8/00—8/00—
(14/60)	
Jalpur Udyog	9/05—9/05—8/30—8/65—
(11/25)	
Jayashree Tea & Industries	14/75—14/87—
14/62—14/62—(19/50)	
13/70—(17/40)	
Kesoram Industries	13/50—13/80—13/40—
Orient Paper	35/10—35/25—34/85—34/90—
(42/35)	
Orissa Cement	17/20—18/05—17/20—17/20—
(17/50)	
Robtas Industries	5/00—5/40—5/00—5/00—
(7/60)	

the first half of 1970. The net profit after taxes and the provision of Rs. 1.3 crores for development rebate was Rs. 2.3 crores, compared with Rs. 1.07 crores for the first half of 1970 after the provision of Rs. 63 lakhs for development rebate. However, raw material prices and labour costs are increasing rapidly and recently production efficiencies have been hampered by difficulties in obtaining regular and timely supplies of essential raw materials.

The approval of the Controller of Capital Issues to the Company's proposed issue of bonus shares in the proportion of one new ordinary share for every two existing ordinary shares is still awaited. The Company's expansion projects—the fourth potroom at Belgaum and a new sheet mill at Talaja—are progressing according to schedule and the new facilities are expected to be in operation before the end of the year.

ALUMINIUM INDUSTRIES

Encouraging Developments

THE chairman of the Aluminium Industries Ltd., Mr. S. Narayana-swamy, made a comprehensive review of the Company's working and its future prospects while addressing the annual general meeting of the Company. The shareholders were pleased to note the chairman's observation on the present and future working of the Company. Mr. Narayana-swamy pointed out that during the first half of the year, the Company was short of raw materials, as a result of which operational targets could not be maintained. The Company has been stepping up remunerativeness of working. The new divisions, far from proving millstones round the Company's neck in the initial years, have already started contributing to its overall gainful working. This is heartening. One of the most significant steps taken during the year was to reduce operation costs. Interest is consuming about 62 per cent of the Company's gross profit. With 98 per cent of its manufactures going to Governmental agencies, it is easy to realise the impact of the cost escalation factor on electricity development in the country. The erection of the switchgear plant in Mannar was completed and commercial production initiated during the year. One encouraging feature was the improvement in the supply of raw materials. It is clear that the Company is making best effort to improve working and bring about better co-ordination among its many divisions.

BHARAT HEAVY ELECTRICALS

A Big Step Forward

IN his chairman's statement to the annual general meeting of the Bharat Heavy Electricals Ltd held recently in New Delhi, Mr. O. S. Murthy, said that the Company had earned a profit for the first time during the year ended March 1971. (A fuller version of Mr. Murthy's speech was printed in last week's issue of *Capital*.) The net profit is Rs. 65 lakhs, after providing fully for depreciation, interest and contingencies. The chairman said that this was a big step forward in the onward march of the Company. The Company's Tiruchirappalli unit is responsible for the good performance. The value of the Company's production has increased to Rs. 48.26 crores from Rs. 44.61 crores. The chairman said that production would

have been still higher but for the strikes at Hyderabad and Hardwar units. Production loss due to strikes was about Rs. 1.40 crores. With a gross output of Rs. 26.52 crores, out of a total production of Rs. 50.03 crores, including inter unit transfers, production at Tiruchirappalli unit was 25 per cent higher than in the previous year.

The Company has earned a net profit of Rs. 65 lakhs, against a net loss of Rs. 1.50 crores, after providing Rs. 6.17 crores for interest on loan capital, Rs. 4.74 crores for depreciation, Rs. 1.35 crores for contingency reserve and Rs. 1.52 crores for expenditure on social overheads in excess of receipts. As for the capital structure of the Company, the chairman said that the authorised share capital of the Company has been raised from Rs. 65 crores to Rs. 80 crores. The additional equity capital is expected to be subscribed shortly by converting loans of equivalent amount into equity.

CLARION-McCANN

A Year of Growth

AT the recent annual general meeting of Clarion-McCann Advertising Services Ltd, Mr. A. K. Sen, chairman, said that 1970-71 was also a year of growth, though relatively a modest one, compared with the previous year. The total sales of the Company have now reached very nearly Rs. 4 crores. The chairman said that although there had been the impact of the Drug Price Control Order on advertising, the Company's Public Relations and Market Research Divisions have played an important rôle. The upward trend in the gross profit has been maintained and a dividend of 10 per cent has been declared as in the previous year. He pointed to the difficult situation that the Company had faced arising out of the Government's decision to accredit only wholly owned and managed Indian agencies for public-sector advertising. The effort that Mr. Sen outlined last year has now borne fruit and Advertising Consultants (India) Ltd—a fully Indian owned and managed Company—is now in operation in Delhi and elsewhere. The chairman hopes that healthy and friendly relationship between it and Clarion-McCann would continue.

The Company has tried to adapt to Indian conditions the new techniques arising out of the proven behavioural and mathematical sciences as applied by mass communications. The Market

Research Division of the Company is now ready to branch out to still newer areas and the necessary new expertise for this is being inducted into the organisation. Mr. Sen emphasised that the consumer was the king pin of the entire marketing process. He said: "it is necessary to identify the product attributes, the attributes which have high weightage in generating the perceived value of the product in the mind of the consumer". A few pilot studies of brand image evaluation are under way using value analysis techniques which would help to identify the main attributes and their weightages in generating the perceived value of a product. The Company is working on various research methodologies which would provide its clients with a more rational and effective system of media allocation.

S.T.C. : REMARKABLE SUCCESS

FOR the State Trading Corporation, 1970-71 was a year of remarkable success. Total sales went up to Rs. 217.90 crores; exports touched the high figure of Rs. 70.60 crores; and the Corporation handled a very sizable volume of imports valued at Rs. 141.90 crores. The profit, before tax, was also correspondingly high at Rs. 6.40 crores. As the S.T.C. chairman, Mr. Prakash Tandon, said at the recent annual general meeting of the Corporation, the accent on nationalisation of import trade as in evidence during the last two years had meant a spurt in the number of imported products handled by this public-sector body. (A fuller version of the speech appeared in last week's issue of *Capital*.) Its chemicals division alone, for instance, has been asked to handle 28 new products since 1st April, 1971, and its new Industrial Raw Materials Assistance Centre is constantly scouting in new areas. But when an item is canalised, industry is inclined to inflate its demand, and if there is a likelihood that a shortage might develop, it tends to create sometimes a panic condition to compel the S.T.C. to import more than current needs. This has three disadvantages, Mr. Tandon noted. It ties up valuable foreign exchange; it builds unjustified inventories and results in carrying cost that at the present rates of interest is at least 15 per cent a year; and it may also adversely affect indigenous

RURAL ELECTRIFICATION

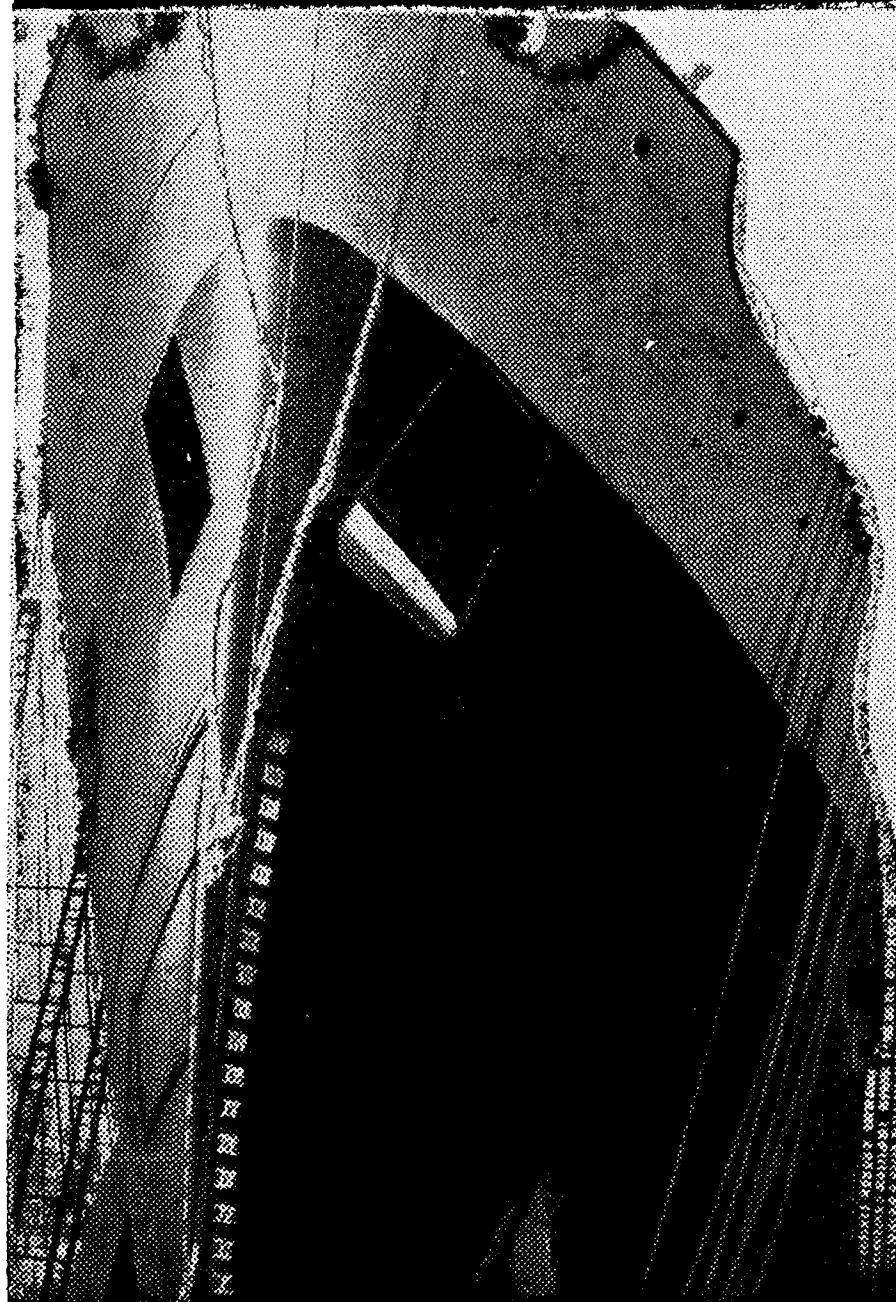
Good Progress

IN his address to the recent annual general meeting of the Rural Electrification Corporation, Mr. B. Venkatappiah, chairman, said that the Company had made some real progress during the twelve-month period April 1970-March 1971. (Details of Mr. Venkatappiah's speech appeared in last week's issue of *Capital*.) The Company's operations resulted in a surplus of Rs. 53.03 lakhs before deduction of tax and a net profit of Rs. 26.13 lakhs after deduction. The board of directors has recommended that out of this profit Rs. 5.45 lakhs should be transferred to special reserve and Rs. 10 lakhs to general reserve. It has also recommended that a dividend of Rs. 9

producers. To overcome these difficulties, the S.T.C., on its part, is seeking to develop adequate market information and forecasting systems. Mr. Tandon also urged industry at the same time not to regard the Corporation as a "surplus warehousing facility".

A large part of the chairman's speech was devoted to the question of accountability in a public undertaking like the S.T.C. Mr. Tandon suggested a three-layered definition of accountability—internal, external and public. "Internal accountability would serve as an instrument of knowledge and control by management, who in their appraisal would have to be their own best judges and worst critics. Externally, it would also be the instrument of knowledge and control by those to whom the enterprise is responsible, who therefore themselves possess the skills and sophistication of accountability that they would expect from the enterprises. To industry and public at large it would be the means of communicating the enterprises' activities and results". Mr. Tandon touched in this context on the subject of creating a new pattern of shareholding in public undertakings, broader based and well spread, over employees and the public, in the shape of "popular capital". The S.T.C., in turn, is reshaping itself to a new style of accountability.

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lakhs be paid on equity capital. During the 18 months of its active life, the Corporation has sanctioned loans to as many as 137 projects spread all over India. Of these, 132 projects have been sponsored by the State Electricity Boards. The aggregate loan outlay sanctioned by the Corporation for the 137 projects is Rs. 88.38 crores. The total number of irrigation pumpsets to be energised under these projects is over 200,000. The total of 137 projects hitherto sanctioned also covers 32,408 rural industries, including agro-industries. The projects are distributed over 108 districts in 16 States.

In order to help the State Electricity Boards to evolve guidelines for formulation and appraisal of projects, an initial step taken was to bring together various experts in different fields for concretising the project concept as applied to rural electrification. The Corporation has paid attention to the evolution of standardised specifications and designs in respect of equipment, construction techniques and construction practices. As for "backward" areas, it is the policy of the Corporation to devise realistically low "norms" for the return on capital invested in electrification projects intended to help the development of such areas.

I.F.C.

Bonds Fully Subscribed

THE 5½ per cent Industrial Finance Corporation Bonds, 1983, which opened for public subscription on 5th October, were closed the same day on being fully subscribed. All subscribers will receive full allotment.

INDIAN STEEL

Sharp Rise in Profit

THE Indian Steel and Wire Products Ltd has shown satisfactory working results for the year ended March 1971. The profit has risen sharply from Rs. 27.67 lakhs to Rs. 35.45 lakhs, after providing Rs. 16.23 lakhs (against Rs. 16.28 lakhs) for depreciation, Rs. 1.82 lakhs (against Rs. 17.657) for development rebate and Rs. 48.75 lakhs (against Rs. 38.19 lakhs) for taxation. A taxable ordinary dividend of Rs. 2 a share has been maintained which will be paid out of general reserve. This offers a yield of 9.1 per cent at the present price of Rs. 22 a share of Rs. 10 each.

After making other adjustments, a sum of Rs. 33.21 lakhs (against Rs. 8.40 lakhs) has been transferred to general reserve. Sales were shown at Rs. 4.91 crores (against Rs. 5.62 crores). The directors say that the eight-ton capacity induction furnace is expected to be commissioned during the current year.

OIL INDIA

Debenture Redemption

THE Central Petroleum Minister, Mr. P. C. Sethi, will draw lots for the redemption of the fourth instalment (Rs. 3 crores) of the 6.5 per cent Rs. 30 crores debenture stock, 1968-77, raised in 1962, in New Delhi on 19th October. At various stages during its growth, the Company has raised loans and debenture stock, totalling £13.8 million in sterling and Rs. 31 crores in rupees. Out of these, by the end of 1970, £9.05 million of the sterling loan and Rs. 9 crores of the debenture stock have been paid back. Out of the total outstanding loans of Rs. 22 crores payable in rupees at the end of 1970, Rs. 21 crores is against debenture stock. With the proposed redemption of Rs. 3 crores against the said stock this year, the balance of debenture stock would stand at Rs. 18 crores.

G.S.F.C.

Loan to Truck Drivers

GUJARAT State Financial Corporation has decided to resume advancing of loans to truck drivers and operators. Loans up to a limit of Rs. 50,000 will be provided for each truck. It has also decided to reduce the rate of interest from 10 per cent to 9 per cent for starred hotels having investment exceeding Rs. 10 lakhs for encouraging tourism in the State.

The G.S.F.C. Board has resolved to move the Reserve Bank of India and the Government of India for initiating action for amending the provisions of the State Financial Corporations Act to raise the limit of loans of Rs. 20 lakhs for public limited companies to Rs. 40 lakhs.

BALLARPUR PAPER

Know-how Agreement

THE Ballarpur Paper and Straw Board Mills Ltd has just concluded an agreement with Benilite Corporation of America, New York, under which Benilite will offer to Ballarpur the technical know-how to use B.C.A. cyclic process for the pro-

CROMPTON GREAVES : SUCCESS IN IRAQ

DESPITE a rise of 16.5 per cent in sales from Rs. 26.71 crores to Rs. 31.14 crores, the gross profit made by Crompton Greaves during the year ended June 1971 is down by nearly 6 per cent from Rs. 2.89 crores to Rs. 2.72 crores. The decline in profitability is attributed mainly to the inclusion in the 1970-71 accounts benefit of only one year's tax credit certificates, against the accumulated benefit of the preceding four years in the 1969-70 accounts. Margins were also eroded by the rise in production costs. After providing Rs. 45.06 lakhs (against Rs. 43 lakhs) for depreciation and Rs. 4.75 lakhs (against Rs. 14.60 lakhs) for development rebate reserve, the surplus of Rs. 2.22 crores (against Rs. 2.32 crores) has been transferred to general reserve. The tax liability is estimated at Rs. 107.25 lakhs (against Rs. 93 lakhs) and it will be paid when due. The proposed dividend absorbing Rs. 48 lakhs is to be paid out of general reserve.

Mr. P. R. Deshpande, Managing Director of Crompton Greaves, told newsmen in Bombay the other day that the Company had entered into a technical collaboration and consultancy agreement with the State Electrical Industries Company—a Government of Iraq undertaking—to build and equip a factory in Iraq for the manufacture of ceiling fans. These fans will be made under licence from Crompton Greaves which will also provide know-how and training. This is considered to be a major breakthrough for India in the Middle East and the contract was secured against fierce international competition. The new plant is to have an annual capacity of 90,000 ceiling fans. It is estimated that this collaboration will enable the country to earn about Rs. 2.12 crores in foreign exchange. This will take the form of export of ceiling fan assemblies, parts and raw materials, royalty and technical consultancy fees.

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duction of beneficiated ilmenite at a plant to be set up in Kerala. Beneficiated ilmenite is a material used in the production of titanium pigment (for use in the paint, paper, plastics, rubber, ceramics, glass, printing ink and textile industries), titanium tetrachloride (for the manufacture of titanium metal), welding rod coatings and titanium chemicals. Ballarpur is one of the major industrial complexes in the country and ranks among the foremost paper manufacturing organisations, producing nearly 275 tonnes of paper a day at its Yamunanagar and Ballarpur mills. It has recently embarked on a project to set up a caustic soda/chlorine complex in the Karwar region of Mysore.

HEAVY ELECTRICALS (INDIA)

Major Achievements

ADDRESSING the annual general meeting of Heavy Electricals (India) Ltd, Bhopal, held recently in New Delhi, Mr. O. S. Murthy, chairman, said that the Company's production during the year ended March 1971 had been satisfactory. (A fuller version of the chairman's speech was published in last week's issue of *Capital*.) A finished output (including major assemblies) of Rs. 28.66 crores was achieved, against the target of Rs. 30 crores. In the established product lines, production during the year exceeded the targets set. But shortfalls occurred in the Company's turbine/generator products which are still in development stages. The chairman is happy to report that the first 120 MW steam turbine was manufactured and successfully tested in the factory. The erection at Chandrapura (D.V.C.) power station is in progress. He said that this was the largest steam turbine so far completed in India and a significant landmark in the field of electrical plant manufacture. A 3000 KVA rectifier transformer for manganese oxide plant and a capacitor voltage transformer for use on 220 kV systems were the other achievements of the Company. The manufacture of high speed D.C. blower motors for traction application and a 175 kW, 1000 RPM class "B" insulated motor with aluminium wound stator were also established. The Company has received orders for the supply of two units of 120 MW turbo generator sets each for Ukai thermal project in Gujarat and for Santaldih thermal project in West Bengal.

There has been an improved trend in the Company's operations. The

value of production has been higher at Rs. 2,890 lakhs, against Rs. 2,550 lakhs, while the losses (including prior period adjustments) have come down to Rs. 611 lakhs from Rs. 1,000 lakhs for the earlier year. Heavy interest burden is affecting the operations of the Company. The Company has already approached the Government to provide adequate relief. As for exports, the Company has received orders for the supply of switchgears to Iraq and Malaysia, motors with controls to the U.A.R., Iraq, Uganda, Ghana and Kuwait, capacitors to the U.A.R. and transformers to Malawi.

DUNLOP INDIA

New Sales Office

A new sales and service office of Dunlop India Ltd was recently opened in Jamshedpur by the Company's Managing Director, Mr. R.G.S. Nairn. Addressing a distinguished gathering Mr. Nairn said that the opening of this new office, the second Dunlop office in Bihar, "is yet another recognition of the great importance we attach to the growing economy of this State". Referring to Dunlop's long association with Jamshedpur, where the Indian steel industry was born, Mr. Nairn said that it had always been the aim of Dunlop to serve the needs of India's economy and keep pace with her development programmes. The Company had always been quick to anticipate and respond to the country's requirements and had very often been the first to manufacture a new type of tyre and industrial product. As for exports, Mr. Nairn said that last year Dunlop was the first tyre company to have crossed the Rs. 3 crore mark in overseas sales. Dunlop products, some of which were exclusively manufactured for foreign markets, were exported to 63 countries including the U.S.A., Russia and the U.K.

UNITED BANK

New Branch in Bankura

GANGAJALGHATI, a rural and unbanked centre in the district of Bankura in West Bengal, has come on the banking map of the country, with United Bank of India opening its 300th branch there on 8th October, 1971. Bankura which is one of the 14 Lead Districts of U.B.I. is very much underbanked. Bankura ranks fourth in terms of

area but 14th in terms of population a bank office among the districts of West Bengal, as in September 1970. The district had a population of 180,000 a bank office in February 1971, against the national average of 49,000 people a bank office. In a phased programme of branch expansion, U.B.I. is striving towards rendering banking facilities to people in rural and semi-urban areas who were denied such facilities before. Out of the total number of 11 commercial bank offices in Bankura district at present, U.B.I. accounts for seven. U.B.I. will open two more branches in the district—in Saltora and Maliara—during 1971. On the basis of the economic survey of Bankura district carried out by U.B.I., six more prospective centres for location of branches have been identified. In the selection of centres, the interest of the economic development of rural and backward areas has been taken into account.

MIDNAPORE COMMERCIAL

Satisfactory Results

MIDNAPORE Commercial Co. Ltd. has fared well during the year ended 14th April, 1971. After providing Rs. 86,123 (against Rs. 60,924) for depreciation, Rs. 1.09 lakhs (against Rs. 1.30 lakhs) for development rebate reserve and Rs. 7.80 lakhs (against Rs. 6.70 lakhs) for taxation, the Company has made a net profit of Rs. 7.08 lakhs, against one of Rs. 4.81 lakhs in the previous year. A dividend of Rs. 4 a share, subject to tax, has been declared on 94,000 ordinary shares. This offers a yield of 7.7 per cent at the present price of Rs. 52 a share of Rs. 85 each. After making adjustments and transferring a sum of Rs. 7.25 lakhs (against nil) to general reserve, there remains a balance of Rs. 6,235 to be carried forward, against Rs. 23,012 brought in. Sales declined from Rs. 27.55 lakhs to Rs. 19.91 lakhs. One Tug was added to the fleet during the year under report. The fleet is now working to its full capacity. Further addition of one Tug and one Pantoon is being contemplated.

FORT GLOSTER

Sales Up but Profit Down

IN their latest report for the year ended March 1971, the directors of Fort Gloster Industries Ltd say that production in the jute industry consi-

derably suffered due to a 22-day strike by its workmen. Several *bandhs*, labour indiscipline and frequent power failures created great problems for the industry. Raw jute prices rose due to a lower crop. Exports came to a standstill and the internal offtake was adversely affected due to the stoppage of coastal shipments caused by the strike of bargemen. Although sales are up from Rs. 15.18 crores to Rs. 15.56 crores, the Company has made a lower profit of Rs. 18.43 lakhs, against one of Rs. 20.28 lakhs, after providing Rs. 48.76 lakhs (against Rs. 50.45 lakhs) for depreciation. The taxable ordinary dividend of 7.5 per cent has been maintained. This offers a yield of 3.6 per cent at the present price of Rs. 208 a share of Rs. 100 each. After making other adjustments, a sum of Rs. 18.43 lakhs (against Rs. 20.28 lakhs) has been transferred to general reserve. The directors add that although manufacturing activity has been affected due to power shedding and go-slows, the future seems favourable in view of the better marketing conditions for all the products of the Company.

UNITED BREWERIES

Profit Up

THE working of United Breweries Ltd during the year ended March 1971 has resulted in a higher profit of Rs. 17.84 lakhs, after providing Rs. 19.12 lakhs for depreciation, Rs. 20.50 lakhs for taxation and Rs. 5.25 lakhs for development rebate reserve. This compares with the previous year's profit of Rs. 12.71 lakhs, after providing Rs. 14.81 lakhs for depreciation, Rs. 5.75 lakhs for taxation and Rs. 16.17 lakhs for development rebate reserve. Out of the profit of Rs. 17.84 lakhs, taxation relating to previous years amounts to Rs. 1.16 lakhs. The balance of Rs. 16.68 lakhs is transferred to general reserve. The directors have maintained the dividend at 10 per cent which will be paid out of general reserve.

T. MANEKLAL

Excellent Performance

T. MANEKLAL has done exceedingly well during the year ended May 1971. With sales up by 37 per cent from Rs. 2.61 crores to Rs. 3.56 crores and the gross profit rising by 48 per cent from Rs. 42.27 lakhs

to Rs. 62.71 lakhs, the ratio of profit to sales has improved from around 16.2 per cent to 17.6 per cent. The dividend has been raised from 18 per cent to 20 per cent and the enhanced dividend is covered over two times. After providing Rs. 13.38 lakhs (against Rs. 12.75 lakhs) for depreciation, Rs. 2.14 lakhs (against Rs. 2.46 lakhs) for development rebate reserve and Rs. 25 lakhs (against Rs. 11 lakhs) for taxation, the net profit amounts to Rs. 22.19 lakhs against Rs. 16.05 lakhs in the previous year. After adjustments, the entire disposable surplus of Rs. 24.72 lakhs (against Rs. 16.06 lakhs) has been transferred to general reserve. The proposed dividend amounting to Rs. 10.80 lakhs (against Rs. 9.71 lakhs) is to be paid out of general reserve.

During 1970-71, the company manufactured, for the first time in the country, continuous rope bleaching plant and beam washing machine under British guidance. The company has developed its own technical know-how and equipment for the manufacture of serrated blankets for use in textile rotary printing machines. It has also started selling plastic injection moulding machines. Furthermore, it is stated to have entered the field of defence requirements with the manufacture of a vital component for float bridges. This will help save foreign exchange. The prospects for the current year seem to be quite promising. Sales during the first four months have been substantially higher at Rs. 1.16 crores, against Rs. 64 lakhs in the same period of 1970-71. The order book position is better, with pending commitments aggregating Rs. 3.90 crores, against Rs. 3.10 crores a year ago.

DEMPO STEAMSHIP

Results Impress

DEMPO Steamship has done exceedingly well during the year ended March 1971. The gross freight and charter hire earnings have increased to Rs. 5.58 crores from Rs. 3.06 crores in 1969-70 and the gross profit has more than doubled from Rs. 1.02 crores to Rs. 2.28 crores. The dividend, however, has only been maintained at 10 per cent. Apparently, the decision on dividend has been influenced by the disturbing developments in international shipping. After providing Rs. 83.55 lakhs (against Rs. 68.65 lakhs) for depreciation and Rs. 103 lakhs (against Rs. 21 lakhs) for development rebate re-

serve, the net profit amounts to Rs. 41.19 lakhs, against Rs. 12.23 lakhs in the previous year. Out of this, a sum of Rs. 41 lakhs (against Rs. 2.50 lakhs) has been transferred to general reserve. The proposed dividend absorbing Rs. 10 lakhs is to be paid out of general reserve.

The chairman, Mr. Vasantrao S. Dempo, has attributed the improved results to the employment of a larger fleet and the boom in the international freight market. But the shipping industry is now facing rough weather. Charter rates have slumped to very uneconomic levels and many ship-owners abroad have been compelled to lay off a part of their fleet. The monetary crisis has rendered the outlook for international trade uncertain. Mr. Dempo has observed that if Indian shipping is to face international competition and grow so as to take its rightful place in the country's foreign trade, it will be necessary to continue incentives like development rebate and tax holiday. The Company finalised its expansion programme whereby the tonnage will increase from 127,000 D.W.T. to 214,000 D.W.T.

B.A.S.F. INDIA

Sales and Profit Rise

B. A.S.F. India has reported substantially improved results for the year ended June 1971. Sales have increased by about 38 per cent from Rs. 1.73 crores to Rs. 2.38 crores and the gross profit has risen by 51 per cent from Rs. 19.78 lakhs to Rs. 29.92 lakhs, indicating improved margins. For the first time since production started, the Basynatan operations yielded satisfactory results. Sales of I.D.I. dyestuffs were satisfactory and would have been still better if the range available and quantities of products supplied by the manufacturers were greater. The offtake of styropor and thermocole, however, showed no material improvement. The directors expect improvement in sales of ancillary products for the leather industry in the current year.

After providing Rs. 16.36 lakhs (against Rs. 16.96 lakhs) for depreciation and Rs. 6.43 lakhs (against nil) for development rebate and after making some adjustments, there remains a surplus of Rs. 7.21 lakhs, against Rs. 4.06 lakhs in the preceding year. The 6 per cent equity dividend and the preference dividend absorb Rs. 4.81 lakhs.

COMMODITIES

Factors Leading to the Crisis in Jute Mills

THE latest issue of the *Jute Chronicle*, the bi-monthly organ of the Indian Jute Mills Association, has described the ordeal of the Indian jute industry as a "man-made crisis". For its present plight, its location has been held to be primarily responsible. Were it not concentrated in the country's problem State, it would, without doubt, have rendered a much better account of itself in meeting the challenge that the fighting in East Bengal has posed to the future of jute. No student of India's economic history, runs the editorial, would miss the irony of the situation, for the rise of the Indian jute industry to a pre-eminent position in the world owed a great deal to its location in the Calcutta area favoured by a rare combination of economic advantages. An excellent infrastructure helped to build up the industry, and it is the collapse of this infrastructure which has now crippled it. Worse still, it is being robbed of an opportunity, maybe its last, to stage a recovery. The most tragic aspect of the situation is that the collapse is principally man-made.

Power Supply

The *Chronicle* is sore over frequent dislocations in power supply and calls it as something unheard of in a civilised community. The problem is desperate because the power crisis, which started some time in the last quarter of 1969, has been steadily getting worse and has now reached catastrophic proportions. The jute industry is perhaps worst hit. In two weeks since 18th August, load-shedding has caused a loss of production of about 2,000 tonnes. The value of the aggregate loss for the eight-month period, ended August, was about Rs. 5.6 crores, including about Rs. 3.6 crores in foreign exchange. Referring to the floods and the resultant dislocation at transshipment points, the editorial calls it as a conspicuous human failure.

The Calcutta Jute Fabrics Shippers' Association has sought the immediate intervention of the Government of India for settling the dispute between the bargemen at Calcutta

port and the bargeowners since 15th September. The C.J.F.S.A. has estimated that more than 90,000 tonnes of the end-products are now lying ready in barges or in mill warehouses, awaiting shipments in the current outward-bound loaders. The Association feels that the standstill in the movement of jute goods had made the overseas buyers and the shippers restive as they fear that they may be forced to cancel their contracts with Indian exporters. India is presently the sole supplier of jute goods to the world markets and unless the Indian industry and export trade can fulfil their export commitments, there is little doubt that buyers will shift to synthetic substitutes.

Work on Sundays

The Central Government has again taken up the issue of relaxation of the provisions of the Factories Act and the rules framed thereunder with the Government of West Bengal for permitting mills to work on Sundays. In order to arrest the downward trend in production, the Government has stressed the need for an immediate increase in production during the next few months. The industry has reportedly held that there were obvious difficulties in recruiting additional hands and discharging them after three months. But the State Government had pressed for the recruitment of additional workers to operate mills on Sundays.

Thai Mesta Crop

Thailand expects to reap a higher mesta crop of about 305,000 tonnes this season, although the export prospects do not appear to be bright, according to the *Jute Chronicle*. Japan, its main customer, has reportedly indicated that its offtake is likely to decline by some 40 per cent over the normal level of 76,204 tonnes. Besides, a good indigenous crop may induce India not to import Thai jute this season. But because of the uncertain conditions in East Bengal, the non-Indian demand for the Thai fibre may be quite heavy. In an effort to compete with much lower-priced Indian jute goods, the Thai jute in-

dustry has reportedly sought adequate export subsidy from the Government.

Setback in Gunnies

After a short-lived spell of initial steadiness, induced by reports of scattered sacking business with Burma and hessian deals with the U.S.A. and Russia for ready and near positions, the Calcutta gunny market suffered a sharp setback during the past week. The bearish impact was ascribed to the virtual lack of follow-up support. The general apathy of overseas buyers stemmed from the slowing down of shipments by bargemen at Calcutta port and also the impact of the longshoremen's strike in the U.S.A. The Calcutta Jute Fabrics Shippers Association again drew the attention of the Central Ministry of Foreign Trade seeking its immediate intervention for the settlement of the bargemen's dispute with operators of the lighterage fleet. The market was disappointed over the poor shipments of hessian during July-August to the U.S.A. Major industrial consumers in the United States also showed a leaner interest in fresh bookings due to the current high level of gunny prices. The D.G.S.D. was reported to have bought a second substantial lot of hessian, around 1.93 million metres, for ready positions. In spite of an increase in the consumption of burlap from 33 million yards in July to 39 million yards in August, the decline of 8 million yards over the end-July level to 122 million yards in end-August spot and afloat inventories in the U.S.A. accentuated the bearishness. Operators were worried over the problem of squaring up their outstanding positions on the eve of the pre-Diwali settlement of accounts. Bulls preferred to book their profits and mills were keen on booking fresh business for ready-to-far-forward positions, accentuating the downward drift. But the prospect of a decline in the output during the Puja month of September called for caution and arrested a further drift in prices. Shorts also extended limited support to the market when prices touched their dips, helping to arrest the bearishness. The annual statistics released by the Directorate-General of Commercial Intelligence and Statistics showed that exports of jute goods had improved from 500,900 tonnes during the year ended June 1970 to 644,900 tonnes in 1970-71. Hessian exports improved by 60,000 tonnes to 300,400 tonnes, sacking by 52,900 tonnes to

04,700 tonnes, carpet-backing cloth by 18,100 tonnes to 181,400 tonnes and other goods by 17,000 tonnes to 58,400 tonnes. Russia emerged as the most important buyer of hessian: it raised its offtake from 50,500 tonnes in 1969-70 to 78,800 tonnes in 1970-71, while the U.S.A. reduced its absorption by 2,500 tonnes to 72,200 tonnes, Canada by 900 tonnes to 24,500 tonnes, the U.K. by 500 tonnes to 7,900 tonnes and the rest of western Europe by 1,600 tonnes to 6,900 tonnes. Africa absorbed 30,700 tonnes, against 28,100 tonnes, Australia 20,100 tonnes, against 15,800 tonnes, the rest of eastern Europe 27,200 tonnes, against 16,200 tonnes, Argentina 9,000 tonnes, against 2,000 tonnes, the rest of America 5,100 tonnes, against 3,300 tonnes, New

Zealand 4,000 tonnes, against 5,600 tonnes, and others 14,000 tonnes, against 7,900 tonnes. Carpet-backing exports to the U.S.A. rose from 128,900 tonnes to 146,100 tonnes, to Canada from 8,600 tonnes to 12,300 tonnes, Australia from 5,000 tonnes to 7,200 tonnes and the rest of western Europe from 4,400 tonnes to 4,800 tonnes. There was decline in the offtake by the Far East from 6,300 tonnes to 4,200 tonnes and by others from 10,100 tonnes to 6,800 tonnes. In sacking, Africa happened to be the major customer absorbing 53,600 tonnes, against 26,300 tonnes and Russia second with 35,300 tonnes, against 15,400 tonnes. In other goods, mainly speciality products, the U.S.A. absorbed 45,200 tonnes, against 29,200 tonnes, the rest of eastern

Europe 6,300 tonnes, against 5,800 tonnes and others 6,900 tonnes, against 6,400 tonnes. Turnover was moderate. The closing undertone was cautious.

Latest available quotations (in rupees) were as follows:

	Oct.	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	80.00	79.75	79.25	77.50
40in. 8oz.	88.00	—	—	—
40in. 10oz.	107.00	106.00	105.00	103.00
B Twills	259.00	262.00	264.50	266.00
Heavy Cees	262.00	264.00	265.00	266.00
Cornsacks	—	—	—	—
A Twills (U.S.)	329.00	331.00	334.00	335.00
Liverpools	316.00	318.00	320.00	320.00

Fibre Steady

With prices hovering around the opening levels, the fibre market ruled quietly steady during the past week. Mills were reluctant to extend their commitments at above the prevailing levels and thus averted a scramble for fibre. But they absorbed small lots of suitable grades at quoted prices without disturbing sentiment. Arrivals in Calcutta and mill stations hovered around some 175,000 maunds a day and were considered rather low for the eve-of-Diwali season. In spite of some improvement in the movement of held-up fibre from the break-of-gauge points in upcountry centres, a lot of backlog lingered in despatches from the rail-heads. This was followed by a sharp decline in up-country prices, particularly in the interior areas. Even the brisk price-support operations being carried on by the Jute Corporation of India and the State Trading Corporation outside the Jute Commissioner's minimum purchase quotas failed to check the drooping morale. Turnover was moderate in upcountry areas and small in the local market. The closing undertone was about steady in Calcutta and easier in the interior markets.

Latest available quotations (in rupees) were as follows:

	October-November Rates a Rates a Rates a quintal quintal md. Mid. Bot. Bot.		
Selected Assam-			
Agartala	146.02	137.98	51.50
Northern Jute	140.66	132.62	49.50
Western Desal			
Jute	131.28	123.24	46.00
Selected			
Daissee	154.06	146.02	54.50
Assam-Agartala			
Tossa	151.38	143.34	53.50
Mesta :			
Assam Mesta	132.62	124.58	46.50
Selected Daissee			
Murshidabad	128.60	120.57	45.00
Bihar Dist.	115.21	107.17	40.00

COMPANY AND PUBLIC NOTICES

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

NOTICE is hereby given that the Annual General Meeting of The Orissa Minerals Development Company Limited will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta-1, on Friday, the 26th November, 1971, at 11-00 A.M. for the following purposes:—

1. To consider the Profit & Loss Account of the Company for the year ended 30th June, 1971 and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To declare the Dividend 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 appoint Lt. Gen. I. D. Verma, a Director, who retires at this Meeting and to consider and if thought fit, to pass with or without modification, the following Ordinary Resolution of which the prescribed Notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, Lt. Genl. Verma having filed with the Company his consent to act as Director if appointed.

"RESOLVED that Lt. Gen. I. D. Verma be and is hereby appointed a Director of the Company whose period of Office shall be liable to determination by retirement of Directors by rotation."

6. To appoint Mr. S. P. Puri, a Director, who vacates his seat at this Meeting and to consider and, if thought fit, to pass the following Ordinary Resolution of which the prescribed Notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, Mr. Puri having filed with the Company his consent to act as a Director if appointed.

"RESOLVED that Mr. S. P. Puri be and is hereby appoint-

ed a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

7. To consider and, if thought fit, to pass the following Resolution which will be proposed as a special Resolution:

"THAT in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of payment to the Directors of the Company of a Commission (to be divided between them in such manner as they shall from time to time determine) of one percent of the net profits of the Company in each financial year over a period of five years extending upto and including the financial year of the Company ending on 30th June, 1976."

The Register of Members of the Company will be closed from 18th November, 1971 to 26th November, 1971, both days inclusive.

By Order of the Board
I. N. BHATIA
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta, 25th September, 1971.

Notes : (1) 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. A blank proxy form is being sent for your use which should be sent back to the Company not later than 48 hours before the Annual General Meeting.

- (2) The Dividend, if declared, will be paid on or after 10th December, 1971, to those Shareholders so entitled whose names appear in the Company's Books on 26th November, 1971, or to their mandatees.

No application for Dividend Warrants will be necessary.

- (3) Explanatory Statement in respect of Special Business is being sent to the Shareholders separately.

THE INDIAN IRON & STEEL CO. LTD. NOTICE

THE Board of Directors has sanctioned payment of dividend on 5% Cumulative Preference Shares in the Company for the half-year ended 30th September, 1971. The Register of Members for Preference Shares will remain closed from 21st October to 27th October, 1971 both days inclusive for payment of dividend on or after the 1st November, 1971 to those Preference Shareholders whose names appear on the Register on 27th October, 1971.

By Order of the Board
The Indian Iron & Steel Co. Ltd.,
BIREN MOOKERJEE
Chairman.

Registered Office:
12, Mission Row,
Calcutta-1.
Dated 5th October, 1971.

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED

THE Board of Directors of the Company has recommended a final dividend for the year ended 30th June, 1971 @ 7½% on the Ordinary Shares, subject to deduction of tax, for declaration at the Annual General Meeting to be held on 26th November, 1971.

By Order of the Board
I. N. BHATIA
Secretary

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED (Incorporated in England)

NOTICE is hereby given that the Board of Directors of this Company at a meeting held in Calcutta on 8th October 1971 have declared payment of an Interim Dividend on the Company's Preference Stock for the year ending on 31st March 1972 at the rate of 3% gross. Payment will be made on 10th December 1971 after deduction of appropriate Indian Income Tax to those Stockholders whose names are registered in the Company's Stock Register on 1st November 1971.

Applications for transfers received in this office before 12 o'clock noon on Monday, 1st November, 1971, will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above Dividend.

By Order of the Board
S. K. MITRA
Secretary

Victoria House,
Calcutta, 8th October, 1971.

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YOU ARE INVITED TO PARTICIPATE IN INDIAN TRADE EXHIBITION AT KUWAIT (FEBRUARY 1972)

Participants' requests for release of foreign exchange for the visit of their representatives to Kuwait during the exhibition for booking on the spot business will also be considered.

For details please contact :

Director of Exhibitions
Ministry of Foreign Trade
Udyog Bhavan
New Delhi.

TELEGRAM : COMEXH TELEX : 558ND

RESERVE BANK

ISSUE DEPARTMENT	(In 000's of Rupees)		
	Week Ended		
	1-10-71	24-9-71	2-10-70
Liabilities—			
Notes in Banking Dept. ...	8,07,79	7,98,02	39,49,85
Notes in Circulation ...	43,45,55,13	42,97,12,53	38,51,50,26
Total Notes Issued ...	43,53,62,92	43,05,10,55	38,91,00,11
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,18,42,00	1,93,42,00	3,51,42,00
Total of A ...	4,00,95,11	3,75,95,11	5,33,95,11
B. Rupee Coin ...	44,64,04	46,12,42	64,72,78
Rupee Securities ...	39,08,03,77	38,83,03,02	32,92,32,22
Total ...	43,53,62,92	43,05,10,55	38,91,00,11
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 ...	1,90,00,00	1,90,00,00	1,72,00,00
National Agricultural Credit (Stabilisation) Fund ...	39,00,00	39,00,00	37,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,35,00,00	1,35,00,00	95,00,00
Deposits—			
(a) 1. Central Govt. ...	1,54,18,17	56,07,23	1,96,70,22
2. State Govts. ...	5,45,62	5,03,56	4,77,79
(b) Banks—			
(i) Scheduled Banks ...	1,76,85,41	2,32,78,77	2,02,04,84
(ii) State Co-operative Banks ...	9,55,23	9,39,52	8,53,56
(iii) Non Scheduled State Co-operative Banks ...	81,92	80,92	71,77
(iv) Other Banks ...	34,60	41,91	33,58
(c) Others ...	86,43,18	70,63,30	1,21,14,77
Bills Payable ...	34,75,70	56,08,59	42,12,92
Other Liabilities ...	1,45,12,89	1,58,16,19	37,87,72
Total ...	11,32,52,72	11,08,39,99	10,73,27,17
Assets—			
Notes ...			
Rupee Coin ...	8,07,79	7,98,02	39,49,85
Small Coin ...	6,41	6,64	8,74
Bills Purchased and Discounted:—			
(a) Internal ...	28,09,65	25,13,89	
(b) External ...			
(c) Govt. Treasury Bills ...	49,74,54	1,06,89,74	1,23,89,03
Balances held abroad ...	1,71,36,18	2,08,35,59	1,14,58,91
Investments	1,35,55,76	51,48,73	94,01,49
Loans and Advances to:—			
(i) Central Government ...			
(ii) State Governments ...	2,31,37,12	1,80,04,88	1,40,21,19
Loans and Advances to:—			
(i) Scheduled Banks ...	74,88,30	98,48,65	1,69,86,57
(ii) State Co-operative Banks ...	2,35,88,58	2,37,18,16	2,56,50,88
(iii) Others ...	4,05,54	2,46,24	3,58,00
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts. ...	41,99,57	42,00,12	34,43,00
(ii) State Co-operative Banks ...			
(iii) Central Land Mortgage Banks ...	22,60,22	22,57,22	21,84,12
(b) Investment in Central Land Mortgage Bank Debentures ...			9,57,02
Loans and Advances to State Co-operative Banks ...	10,64,11	10,64,11	
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operational) Fund ...	21,44,07	21,45,20	5,11,33
(a) Loans and Advances to the Development Bank ...	61,10,21	60,41,21	26,26,71
Other Assets ...	36,60,80	33,17,45	33,74,95
Total ...	11,32,52,72	11,08,39,99	10,73,27,17

SCHEDULED BANKS

	(In lakh of Rupees)		
	Week Ended		
	24-9-71	17-9-71	2-10-70
(i) Demand Liabilities—			
(a) Demand Deposits: ...			
(1) From Banks ...	1,52,65	1,54,05	1,43,52
(2) From others ...	28,36,41	28,37,12	24,56,28
(b) Borrowings from Banks ...	66,65	50,25	50,97
(c) Others ...	1,77,60	1,94,89	2,01,73
(ii) Time Liabilities—			
(a) Time Deposits: ...			
(1) From Banks ...	1,36,68	1,35,32	1,21,72
(2) From others ...	37,67,44	37,70,26	31,24,25
(b) Borrowings from Banks ...	14,93	15,06	11,32
(c) Others ...	45,05	44,89	36,06
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	12,90	11,68	28,74
(b) Time Liabilities ...	71,08	74,72	63,84
(iv) Borrowings from Reserve Bank ...	3,76,09	3,76,33	4,86,23
(v) Cash ...	1,66,21	1,66,58	1,62,31
(vi) Balances with Reserve Bank ...	2,22,71	2,23,92	1,95,34
(vii) Balances with other banks in current account ...	79,70	78,31	70,48
(viii) Money at call and short notice ...	86,95	92,21	84,42
(ix) Investments in Central and State Govt. Securities ...	15,92,10	15,93,15	13,56,71
(x) (a) Loans, Cash Credits and Overdrafts ...	39,50,08	39,26,87	36,14,32
(b) Due from banks ...	4,56,34	4,53,26	4,48,28
(xi) Inland Bills purchased and discounted ...	7,35,58	7,57,60	5,66,16
(xii) Foreign bills purchased and discounted ...	2,10,69	2,13,65	1,73,03
(xiii) Total of X, XI and XII ...	53,52,69	53,51,38	48,01,79

INDEX OF INDUSTRIAL PRODUCTION

Seasonally unadjusted
(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 ...	178.5	175.1	165.0
August ...	174.3	169.7	162.1
September ...	178.2	172.0	159.5
October ...	173.0	171.1	159.4
November ...	181.5	171.4	166.7
December ...	189.8	187.6	173.3
Annual Average ...	180.2	173.4	160.4

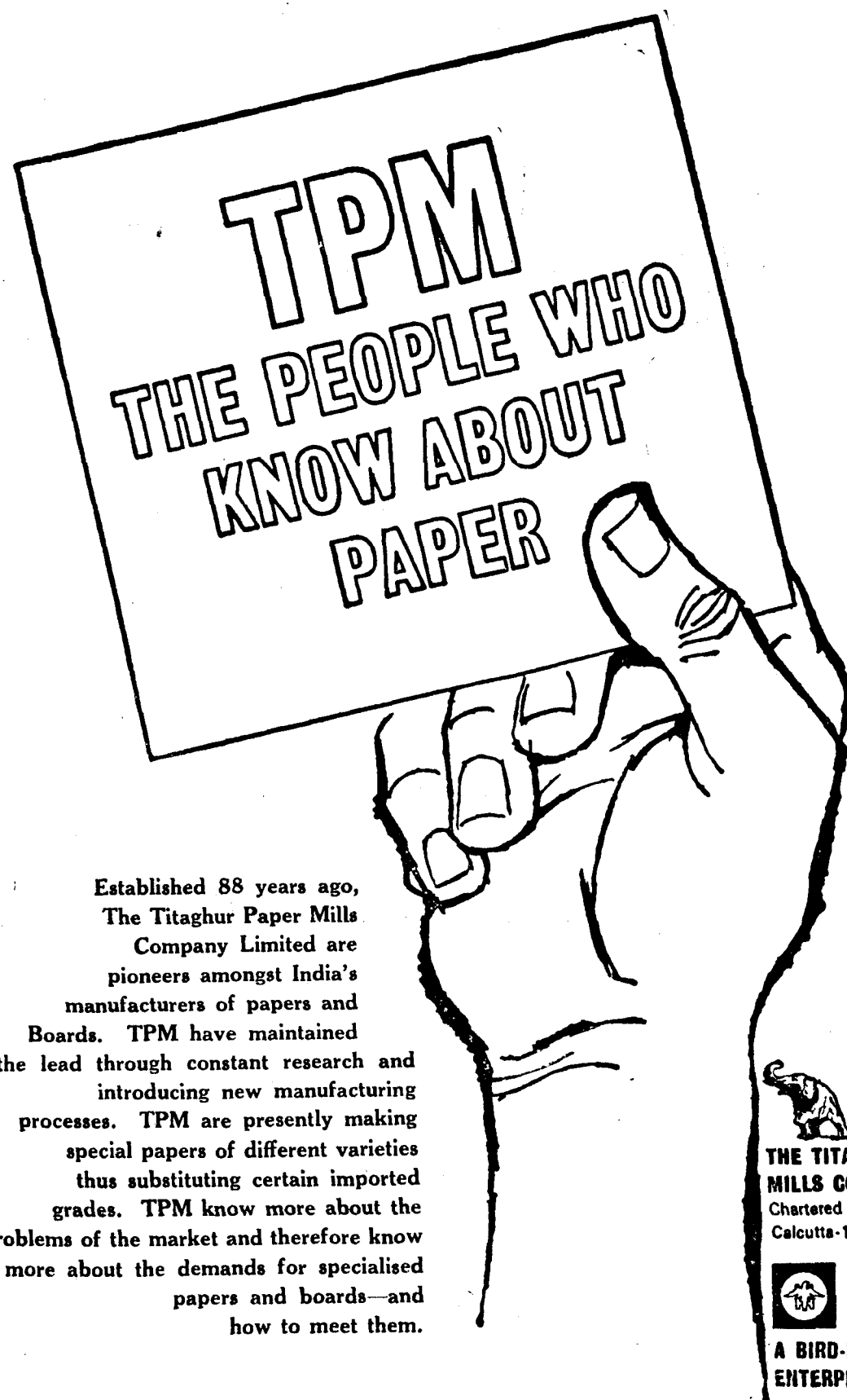
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**A BIRD-HEILGERS
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ECONOMICS
INDUSTRY
MANAGEMENT
PUBLIC AFFAIRS

Liberalising Licensing Policy

Mrs. Gandhi's Tour: What Next?

Seminar on Engineering Exports

Towards Urban Property Ceiling?

Employment of Contract Labour

All the water we have can irrigate only half our cultivable land

so we're doing a striking job in search of water

We have about 1680 thousand million cubic metres of water. Because of the physical geography only one third is usable. Even if we used all the water it would irrigate only half our cultivable land. At present over 160 million hectares are cultivated. Only 28 million hectares receive irrigation. So we're going below the surface in search of water. The first water well drill was supplied by us 20 years ago. Today we manufacture them in India to the design of Westinghouse Air Brake Company, U.S.A. Of the 300 water well rotary drilling rigs in India, 200 are made or supplied by us.

Reaching for water is one field of our activity. Bringing it to the surface is another. That's a job for Johnston pumps. We've supplied several thousand Johnston turbine and submersible pumps in Southern and Western India—part of our endeavour to give irrigation a lift.

Development of industries is equally important. So we design, manufacture and install plant and machinery for every vital industry. It's been our business for 30 years. All along we've endeavoured to develop latest technologies and talents—not only of the 10,000 people with us but also of the 10,000 or more, who work in 600 ancillary units we have assisted and developed over the years.

LARSEN & TOUBRO LIMITED



CAPITAL

Incorporating the Indian Financial Review
Established 1888

Calcutta, 18th November, 1971
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Jute and Jute Goods	



Liberalising Licensing Policy

ALTHOUGH no major Government policy decision was announced at the meeting of the Central Advisory Council of Industries in New Delhi last week, it was still significant from many points of view. As its very name implies, the Council has only an advisory rôle and is meant as a forum for exchange of ideas between industry and the Government. While the stand taken by both sides was along predictable lines, the emphasis was clearly on the steps that could be taken to accelerate industrial growth in the country. The Central Minister for Industrial Development, Mr. Moinul Haque Choudhury, admitted that the index for industrial production had risen by only 1.8 per cent in the first five months of the current financial year. Although this was not a correct picture since the growth in the small-scale sector had been 11 per cent, Mr. Choudhury was not clearly happy over the overall growth rate. He indicated one direction in which the Government hoped to take steps to increase industrial production. He was trying to persuade the Government to allow units licensed on a single shift basis to operate two or three shifts. In many cases, this would entail the installation of balancing equipment and additional import of raw materials, but this was one important way in which industrial production could immediately be given a boost. The proposal has already been approved by the Committee of Economic Secretaries.

While the idea is welcome, one only hopes that the Government will not be too much swayed by ideological considerations in implementing it. One can visualise certain difficulties straightaway. For instance, if an existing unit is permitted to operate two or three shifts instead of one, it is possible the unit might come under the purview of the Monopolies and Restrictive Trade Practices Act. It is also possible that units which may have to be permitted more shifts may

have associations with the so-called larger houses. Here again, one hopes ideology will not be allowed to stand in the way of capacity expansion as long as the Government is satisfied that such expansion is in the larger interest of the country.

Significantly, Mr. Choudhury made a complaint that many economic Ministries—which are the administrative authority for various projects—were delaying the clearance of many licence applications made as far back as 1966. He added that if necessary co-operation was not forthcoming from these Ministries, he would take a decision on these applications—numbering over 300—on his own. How far Mr. Choudhury will be able to live up to his word remains to be seen, but his helplessness is understandable. While more than anybody else he is responsible for the overall industrial growth of the country, he had really a small say over large sections of industry. His Ministry does not control bank credit, nor is it in charge of import and distribution of industrial raw materials. A large chunk of industrial units comes under the Central Ministries of Steel and Mines, Petroleum and Chemicals, Food and Agriculture and Foreign Trade. All these are not unknown facts. But the fact that Mr. Choudhury was forced to express his dissatisfaction in public reveals the state of co-ordination—or the lack of it—between various Central Ministries, in spite of what may be repeatedly stated by Government spokesmen. This is an area where the Government could usefully take some steps so as to ensure a faster rate of industrial growth.

Inevitably, the rôle of the private and public sectors, and the restraints placed by the industrial licensing policy on the former also came up at the meeting. Mr. Choudhury declared that the policy was fully capable of achieving industrialisation through

broad-based entrepreneurship and "there can be no question of scrapping the policy." There was no point in endlessly debating the merits of the policy; what was needed was to liberalise the policy to ensure an accelerated rate of growth. Mutual recriminations would serve no purpose, but as Mr. J. R. D. Tata pointed out at the meeting, a distinction ought to be made by the Government between economic power used for the common good and that used to the public detriment. At a different forum—at the annual meeting of Tata Chemicals Ltd.—Mr. Tata was even more forthright. He said that the Government had reason to be suspicious of big business in recent years because of the "greed and lack of ethics demonstrated in the last two decades in the private sector." Therefore, he added, no one could object if the Government imposed restrictions on such elements, until they proved deserving of public confidence. Where he differed with the Government was in its failure to discriminate between the good and the bad in the private sector. By clubbing them together, it had denied or delayed the growth of even those in the private sector who have an unimpeachable record of efficiency, fair dealing and a sense of

Mrs. Gandhi's Tour: What Next?

IN psychological terms, the Prime Minister, Mrs. Indira Gandhi's three-week tour of some western countries has achieved perhaps much more than a hasty effort at a military settlement of the Bangladesh issue could. India's case is so strong and convincing that she has everything to gain by explaining it over and over again to the world to win its support and sympathy. While support is still in doubt, Mrs. Gandhi has certainly succeeded in winning the sympathy of almost the entire western world. Perhaps her greatest gain has been that she has succeeded to a considerable extent in isolating the Government leaders in certain countries still friendly to Pakistan from their own peoples whose sympathies are clearly with India. If this erosion of sympathy and support for Pakistan in countries like the U.S.A. and the U.K. continues, it will be a major gain for India.

Mrs. Gandhi has, however, not succeeded in getting official support in any country to India's view that time is running out and that the inter-

social responsibility. Unless such a distinction is made, the contribution which the good elements in the private sector could make to industrial growth will be denied to the country. Another relevant point was made by the Assocham president, Mr. Bhaskar Mitter, who stated that a flexible and dynamic interpretation of the Industries (Development and Regulation) Act and the Monopolies and Restrictive Trade Practices Act would permit more growth and employment in the public interest.

The Government initiated its new industrial licensing policy last year not only to curb fresh accumulation of economic power in a few hands but to broadbase the ownership of industry by encouraging small entrepreneurs. The main assumption here is that smallness is always associated with goodness. That this need not always be true should be obvious to those who know the intricacies of business. A better test for the Government would, therefore, be the past record of the business houses. The need today is to improve production of basic necessities and those who do this task efficiently and in a fair manner deserve every encouragement from the Government—whether they be small or big in size.

national community must "force" Pakistan to create political conditions in East Bengal that would ensure the return of the refugees. Most obdurate in this respect has been the Government of the United States. The U.S. Press has conceded that it is primarily the Nixon administration's view that counts in this matter. If President Nixon were to make it clear to President Yahya Khan in no uncertain terms that he could not count on American support, direct or indirect, if the Bangladesh issue led to a war between India and Pakistan, the solution of the problem might become easier.

Perhaps, as American newspapers have pointed out, President Nixon is doing the greatest disservice to Pakistan by supporting President Yahya Khan. In trying to save the military regime, he is only hastening the disintegration of Pakistan. There may still be a slender chance that if democratic forces in both wings of Pakistan are allowed to come to power, the country may be saved from vivisection

that threatens it under the present Government. If the U.S.A. is a sincere friend of Pakistan, it should be more concerned about the fate of the country than about the military junta which happens to be ruling it at the moment.

What is India to do under the circumstances? The choices for her are difficult indeed. On the one hand, there is the obvious reluctance to settle the issue by force. On the other, there is the danger that the situation may "freeze" if allowed to continue. But there are times when certain risks have to be taken in the interest of freedom and security. As Dr. Nagendra Singh has argued at the United Nations, Pakistan has committed aggression by sending millions of her citizens to this country. India would be justified in acting in self-defence to clear this aggression by creating conditions for the return of the refugees. No country has the right to inflict such a heavy burden on another.

The security of India is also threatened in many other ways. The refugees have completely disrupted the economies of the States of West Bengal, Assam, Tripura and Meghalaya. This has led to unrest that could culminate in a political upheaval. If India does not answer this challenge, she would be looked down upon by the world as a weak country. The Government of India would lose the confidence and support of its own citizens. Mrs. Gandhi said in one of her Press conferences abroad that she was sitting atop a "volcano" and does not know when it would erupt. But the nation was never so united as it is today. The unity is obviously towards one purpose—to repel aggression so that the country could reach its economic and political goals.

How is this threat to be countered? Is there no other way than war? This is the question that has been worrying policy-planners at the Centre all these weeks. The issue is now coming to a boil. The winter session of Parliament has rightly been called by many as the "Bangladesh session". Under the present atmosphere of tension, nothing else seems to count. It is only proper that the attention of Parliament would be concentrated on this issue. As in all moments of grave crisis, it should be remembered, however, that a country's Parliament should neither rush the Government into precipitate action nor inhibit it.

It would be worth while recalling here that during a similar situation in

1965 when a war broke out between India and Pakistan, Parliament was in session. But a procedure had been evolved whereby all controversial issues relating to the war were discussed by the then Prime Minister, Mr. Lal Bahadur Shastri, with leaders of all parties in private conferences so that limits were not crossed in open discussions in the House. This helped Parliament to play its right rôle and influence the Government constructively. Parliament thus acted in unison and the parties refrained from exploiting the situation. Similar wisdom should be shown in the present situation.

Despite all the compelling circumstances that clearly justify military action, factors against it are also very weighty. Going to war is like entering a tunnel of which the end is nowhere in sight. India is not the only country faced with a provocative situation. There are all over the world tensions, any of which could lead to a major conflagration. While no country in the world really has the right to insist that India must stay away from military action, there is every justification for the Indian Government's own policy of caution in this regard. A recent U.N. study shows that "six countries account for the world's total expenditure on armaments". These are: the U.S.A., Russia, China, France, the U.K. and West Germany. The military balance in the world is so heavily in favour of these countries that, in the last analysis, most other countries have to depend on direct or indirect support of these countries to settle scores among themselves. These nations have all the power to manipulate in various ways the outcome of military conflicts anywhere. This shows the futility of dreaming of "independent" wars between free nations in today's context. The Big Powers must willy-nilly come in whenever there is a major conflict. In the ultimate analysis, military might counts in a war and the lesser nations must dance to the tune of the bigger ones in military matters.

In this context, it is significant that Mrs. Gandhi visited five of the six most armed nations. She made overtures of friendship to the sixth, namely, China. Except in the case of Russia, she received no assurance of military support. But the Russian support appears to be conditional. Nor is there any categorical assurance from the other five that they would under no circumstances help Pakistan. This is the crux of the matter and the hawks in the country must ponder the

military factors in an international perspective before tendering their unsolicited advice to the Government.

All these considerations do not apply to a guerrilla war waged by a people for national liberation. Nor is international intervention called for or justified in the eyes of the world if the guerrillas receive material assistance from friendly powers, especially

Fourth Plan in Peril?

THE one major casualty of the Bangladesh developments has been the Fourth Plan. The increasing burden of feeding millions of refugees from across the border has cast its long shadow on the Plan, which even otherwise was heavily dragging its feet. To the slow and delayed execution of projects has now been added the uncertainty of resources. Both the Centre and a few States have sought to tackle this problem by raising special levies for the purpose of meeting at least a part of the expenditure on refugees from Bangladesh, but it is obvious that as long as there is no viable and firm solution to this issue, the planning process in this country will continue to suffer from uncertainties.

According to a study made by the Planning Commission to reassess the resources for the remaining years of the Plan in the light of the experience of the last two years, the total availability of resources in terms of money for the Plan in the public sector is likely to be of the same order as indicated in the Plan document. However, as prices have risen steadily since the commencement of the Plan, the availability of resources in real terms will be somewhat smaller than envisaged in the Plan document. Estimates vary in this regard, but the consensus seems to be that the shortfall in resources, in real terms, may be of the order of about Rs. 2,000 crores, or about 12 per cent of the total investment proposed for the public sector.

Furthermore, the balance available for Plan expenditure from the current revenue of the Central and State Governments at the 1968-69 rates of taxes is expected to show a substantial shortfall as compared with the original estimates, due to the increase in defence expenditure, revision of emoluments of Government employees, teachers and employees of local bodies, and expenditure on food sub-

sidy, besides non-plan schemes for rural employment and employment of technically trained and educated persons. The receipts from tax and non-tax sources have, no doubt, been buoyant, but these would go to offset largely the increase in expenditures as stated above. The additional resource mobilisation undertaken by the Centre so far is expected to yield over the Fourth Plan period, net of the States' share, Rs. 2,300 crores, as against Rs. 2,100 crores indicated in the Plan. The measures adopted by the State Governments and their enterprises are expected to yield over the Fourth Plan period about Rs. 777 crores, as against the Plan target of Rs. 1,098 crores. It is thus evident that both the Centre and the States will have to undertake further resource mobilisation in the remaining period of the Fourth Plan, if investments of the order envisaged in the Plan are to be made in real terms.

As far as the recent levies of 5 per cent on postal articles, rail fare and air fare are concerned, the Central Finance Minister, Mr. Y. B. Chavan, has made it clear more than once that they would be of a temporary nature and would be withdrawn once the Bangladesh situation returned to normal and the refugees returned to their homeland. Mr. Chavan, therefore, described them only as a surcharge for a temporary period. The levies are obviously meant to check the erosion in Plan funds because of the continuing burden of providing relief to over 9 million refugees from Bangladesh. A conservative estimate of the cost of the relief work, in respect of 6 million refugees staying in different camps, is Rs. 400 crores for the current financial year alone—a sum enough to finance the construction of a new million-tonne steel plant!

What then are the alternatives if the Plan is to be saved and its core projects are to be implemented ac-

ording to schedule? One way would be to raise the required additional resources by casting the tax net wider. But the risk here is that the additional resources may also get spent on defence and refugee relief, leaving little for the Plan. Again, in the current context of rising prices, where is the scope for additional taxation, either at the Centre or in the States? According to Mr. Chavan, many States are prepared to tax the agricultural sector but they are not willing to surrender this constitutional right to the Centre. Within a few days of his statement to this effect, the Maharashtra Chief Minister, Mr. V. P. Naik, declared that at least as far as his State was concerned, there was absolutely no scope for levying any tax on agricultural income. If such a tax was to be levied, then the existing cesses collected from landholders would have to be withdrawn. He also thought that the cost of collection would exceed the yield from agricultural income-tax.

On the other hand, the Planning Commission is of the view that there is a strong case for taxing the well-to-do agriculturists who have benefited considerably from the provision of irrigation, better seeds, fertilisers, pesticides, finance on easy terms and various other facilities. According to the Commission, the total yield from land revenue and agricultural income-tax in 1970-71 was only Rs. 137 crores and formed less than 1 per cent of the net output of the agricultural sector, whereas the income-tax on non-agricultural incomes was estimated at Rs. 473 crores, or about 2.6 per cent of the total of such incomes for that year. The disparity in the relative direct tax burden borne by the agricultural and non-agricultural sectors gets further widened if the corporation tax, which is levied on non-agricultural corporate incomes, is also taken into account. The burden of indirect taxation on the rural sector is also considerably less than in the case of the urban sector. With several States to go to the polls early next year, it remains to be seen if any of them has the courage to come forward with such an unpopular tax as a levy on agricultural incomes.

The other alternative is to scale down the Plan's physical and financial targets, taking a more realistic view of the resources position. The Planning Commission appears to be already moving in this direction. The idea seems to be to concentrate on important projects on which substantial progress has already been made, for further investments on them may at least ensure their speedy completion

which will in turn bring about a certain degree of growth rate, as envisaged in the Plan. Even non-plan projects on which progress has been made may be incorporated in the Plan, if necessary. Correspondingly, schemes on which the progress has been poor may be left out or kept in abeyance.

The logical way out of this situation should be to review the current policies and remove the constraints to growth, such as the irksome licensing

policies and controls, and facilitate speedier growth in the private sector. If, however, the Party in power finds it difficult to reverse the gear, it should at least think in terms of its own concept of promoting a joint sector in which the public and private sectors could co-operate without inhibition for the ultimate good of the nation. The Plan is in peril and the only way to save it in time will be to pursue this concept with vigour and earnestness.

Seminar on Engineering Exports

THERE is no escape from the fact that a developing country must meet its own foreign exchange requirements through larger exports. Aid, of course, helps in the economic development effort, but a recipient country has to pay it back as well as service it in foreign exchange. Now that aid has become a boo-word in the United States which is still the largest distributor of foreign assistance, a country like India cannot hope to keep up the tempo of growth without earning a much higher amount of foreign exchange through exports. The slogan "export or perish," coined by the late Mr. Nehru, was never more relevant to the Indian context than it is today. In any national export drive, the engineering industry, which has already demonstrated its dynamism by increasing its overseas sales from Rs. 10.5 crores in 1960-61 to Rs. 116.6 crores in 1970-71, will have to play a significant part.

There has been talk to set for the industry an overall export target of Rs. 1,000 crores by the end of the decade. Apparently, this may seem to be an uphill task but if certain facts of international trade are properly looked into, the projection becomes well within the reach of engineering exporters. The share of developing countries in some \$81 billion worth of engineering exports in 1969 was no more than 1.25 per cent; and India's share was less than 0.2 per cent. Based on a minimum annual growth rate of 6 per cent, world exports of engineering goods are likely to reach the figure of \$150 billion by 1980. If India could improve her share to 1 per cent, her total engineering exports would be worth more than Rs. 1,000 crores. India's percentage of engineering exports to total production is nowhere

near Japan's 20 per cent and the U.K.'s 40 per cent.

At a recent seminar on the export of engineering goods from the eastern region, held under the auspices of the Engineering Export Promotion Council in Calcutta, the participants expressed concern that while the share of other States in the country's exports had been rising, that of West Bengal had declined from 66 per cent in 1965-66 to 17 per cent in 1970-71. In terms of value, exports have remained at the level of approximately Rs. 20 crores during 1965-66 and 1970-71. What is urgently needed is not only to arrest this declining share but also to accelerate exports from the region. If this does not happen, the industry's ambitious export projection would remain only a flight of fancy. Many industries like wagon-building, heavy structural, textile machinery and cable which are concentrated in the eastern region are supposed to export in a big way. For instance, by 1973-74, railway equipment and heavy structural exports are expected to earn Rs. 40 crores and Rs. 15 crores, respectively. But the disquieting feature is that the economy of West Bengal has started receding after stagnating for months; aggregate production of railway wagons, steel structurals, etcetera, is declining and public-sector plants are all working below the capacity levels reached last year. There is a lurking fear in many quarters that the eastern region is again drifting towards a recession.

In his inaugural address, the Governor of West Bengal, Mr. A. L. Dias, has announced measures that are being taken to revive the economy. He has also promised to announce shortly a package of incen-

tives, offered by both the Central and State Governments, to help new ventures. The Central Minister for Industrial Development, Mr. Moinul Haque Choudhury, said at the recent meeting of the Central Advisory Council of Industries that for the revival of West Bengal's economy, all licence applications from the State were being processed on a priority basis. There has already been a surfeit of announcements; what is needed now is concerted action. The Governor hopes that four or five closed factories, employing about 13,000 people, would be reopened soon. However, during about six months of President's rule, more people have been rendered unemployed because of the closure of more factories than the people who had got back their employment following the reopening of some units. The Government has taken over the management of a few closed units, but it cannot apply this remedy to all since most of the 280-odd closed factories are not economically viable. Admittedly, the Government has yet to create the basic facilities for rehabilitating the closed and sick units.

The West Bengal Industrial Development Corporation will shortly be reconstituted so that it can play a catalytic rôle in the State's economy as the S.I.C.O.M. is doing in the case of Maharashtra. Entrepreneurs are often heard complaining that the incentives that are available here are not properly publicised. What they want is that the bureaucratic machinery, which has rusted through long unuse, should be first overhauled before any new incentives are announced. The administration in West Bengal takes months to forward an application to New Delhi which has its own system of processing. Mr. H. Chakravarti, chairman of the E.E.P.C., eastern region, has suggested that the Industrial Reconstruction Corporation of India should be asked to look into the causes of failure or closing down of engineering units in the State and provide necessary help and guidance for their revival. No less important is to nurse those units back to health which are on the verge of closure.

Mr. Chakravarti said that the Institute of Foreign Trade should undertake a survey of the export potential of the eastern region. An "industrial clinic" to help entrepreneurs is at present missing. The E.E.P.C. has introduced a crash programme for the remaining six months

of the current year, but the regional chairman has suggested a crash programme running over two or three years for the eastern region so that a climate is created for optimum export-oriented industrial output. Government agencies like the State Trading Corporation, which are engaged in export, may be approached to place orders on firms located in West Bengal. Mr. Raunaq Singh, chairman of the E.E.P.C., believes that

Towards an Urban Property Ceiling?

THE proposal to have a ceiling on urban property is proving more difficult to implement than was originally envisaged. This is not entirely surprising either; for a measure of such dimensions, some initial complications and delays are but natural. On one crucial point, a major advance has, however, been recorded. At a recent meeting in New Delhi, the State Ministers of Housing and Urban Development are reported to have agreed to entrust the Centre with the task of enacting a suitable legislation for the purpose. Already two States have taken measures to enforce an urban property ceiling. But it is highly desirable that on such a matter of far-reaching significance, there should be a uniform approach which can be ensured only through a Central Act. That the States have finally seen the point is welcome. The meeting also discussed the arrangements to be made for assessment and valuation of properties and for managing the acquired estates. The Planning Commission's suggestion for a real estates corporation to be set up in each State to take charge of the properties taken over was believed to have found favour among the participants. And it was good that it did.

Amidst the procedural tangle, certain broad features can be distinguished. It has been generally agreed that Rs. 5 lakhs should be taken as the cut-off point for the permissible limit of urban property for each family. But how the family is to be defined is yet to be settled. The valuation of property is also going to pose a big problem, and no rule of thumb criterion is likely to prove satisfactory. Besides, the value of a property fluctuates over a period of time, and it is quite possible that in marginal cases a property will tend

small units in the region can make a significant contribution to the export effort. If they have not been able to make any headway so far, it is because they have little knowledge of the world market and also due to the lack of an organisation to co-ordinate their efforts. Mr. Singh has suggested the formation of an organisation on the lines of bodies existing in other States to promote the export of small units.

to be within and beyond the ceiling depending on the trend of land and property prices at a particular time. Provisions have also to be made for buildings owned or constructed by various housing societies and for other properties which cannot be split. While the law can apply more easily to properties to be built in future, its application to existing ones may create various problems like disposing of the property in excess of the limit and fixing the take-over terms. In any case, unless clear guidelines are enumerated, the law may prove too difficult to apply and may soon get lost in a quagmire of legal squabbles.

As the value of properties rises higher in cities and towns, investment in real estate becomes a safe and very profitable line of business. A lot of "black money" is also believed to be flowing into this line. Any move to check unhealthy speculation and dubious transactions relating to urban land and property is full of great promise. But if it at the same time stifles the flow of funds into housing, it can very well accentuate the acute housing shortage already facing the country. The Central and State Governments have prepared ambitious schemes for housing development, and large sums of money have been earmarked for the purpose. But the programmes hardly seem to have made much progress. If a situation arises when private investment in housing projects tapers off and when Government investment is not correspondingly stepped up to fill the void, then a serious crisis is likely to arise. Well-intentioned as the move for an urban property ceiling undoubtedly is, if it tends to over-kill the many alleged and real irregularities and disparities associated with this matter, then the net result for the common man

may not be as beneficial as it may be hoped.

A ceiling on urban property has long formed an essential element in the ruling Congress Party's socialist package. While the rationale of such a step cannot perhaps be questioned—at least on the ground of equity—what is open to doubt is if the ceiling law by itself is the best method of achieving the end. Already the rates of wealth tax and income-tax have reached such a height that an honest taxpayer with a property above Rs. 1 lakh or so cannot possibly pay the taxes unless he sells off a part of his property. If this is not happening, it is because the tax rates are so high as to become self-defeating, enticing the taxpayers to try all sorts of dodging. In any case, this raises the question whether an

effective ceiling on urban property must be imposed through a Governmental fiat and whether better-planned fiscal measures can achieve the same objective without much of the legal paraphernalia. Equity demands that along with a ceiling on urban property, rural land holdings should also be brought under an effective and low ceiling. And here, unfortunately, most Indian leaders seem to develop cold feet. A meeting convened to discuss land ceilings has been postponed indefinitely, and little headway seems to have been made in this direction which is politically more sensitive because it touches a large number of influential rural voters. But socialism cannot afford to make a distinction between urban and rural properties. And the sooner this artificial dichotomy is eliminated, the better it will be for the country.

CURRENT COMMENT

PAKISTAN

Dilemma Worsens

The high-level Pakistani delegation to China led by Mr Z. A. Bhutto gave rise to speculations, not only in New Delhi but also in other world capitals, about the real motive of the Pakistani military junta in rushing such a delegation to Peking. The way the entire publicity media in Pakistan was geared to play up the visit went to prove that Pakistan was trying desperately to give an impression that in her adventure against India she was not friendless. Apart from trying to get some much-needed arms and equipment for her army from the Chinese, Mr. Bhutto apparently tried to get some sort of a statement from Peking to counterblast the Indo-Soviet treaty. It is now obvious even to a casual observer that he has returned disappointed, and that China is not willing to back Pakistan fully in its misadventure in Bangladesh. It is not without significance that China has been maintaining silence over the Bangladesh issue. True, she has assured Pakistan of her help in case of external aggression. But she has not openly condemned the liberation struggle that is now going on in Bangladesh. Obviously, China is watching the situation and is keeping her options open.

Pakistan is now finding herself in a great dilemma. If she cannot make the Indian forces withdraw from the borders, she cannot use her army to deal with the Mukti Bahini which is gradually liberating a larger part of Bangladesh. Because of the alertness of Indian troops on the western borders, Pakistan cannot also move more troops from West Pakistan to Bangladesh to deal with the Mukti Bahini. On the other hand, if the Mukti Bahini becomes successful in liberating Bangladesh, the military junta will have no explanation to give to the people in West Pakistan who have been kept completely in the dark about the fighting that is going on in Bangladesh. If Mr. Bhutto had not played the junta's game and had joined with Sheikh Mujibur Rahman in strengthening the democratic forces in Pakistan, then the future of Pakistan would have been different. Mr Bhutto, the so-called "Islamic socialist", is no less guilty than President Yahya Khan and his generals of disintegrating Pakistan.

SALEM STEEL PROJECT

Feasibility Survey

The Salem steel project in Tamil Nadu provides yet another example of how decisions on economic projects are influenced by political considerations. A detailed feasibility survey has

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now knocked down the very basis on which the Salem steel plant was said to have been sanctioned. The Central Minister for Steel and Mines, Mr. Mohan Kumaramangalam, has, however, assured the people of Tamil Nadu that there is no question of going back on the decision. The Government is now going to have a steel plant in Salem at a much higher cost than what it would have been if another site was chosen. The Salem plant was sanctioned on the basis of availability of lignite in Neyveli and iron ore near Salem. It is now revealed by an expert committee that Neyveli lignite which has more sulphur content than what was anticipated earlier will not be economical for use. The plant will now have to bring coking coal from Jharia. Similarly, iron ore near Salem is considered of low grade and this can be used only by mixing it with ore to be brought from Hospet-Belari in Mysore.

Whether it becomes economic or not, the Government at this stage cannot drop the Salem steel project as it will create political discontent. The Central Minister has said that it is not a question of "building or not building" the plant but a question of "choosing the processes and the products". The Government will build the plant, "even if it is found that lignite cannot be used for technical reasons". "If we can use lignite, well and good. Otherwise, we have enough coke in the country", said Mr. Kumaramangalam. So, coal will come all the way from Bihar to Tamil Nadu.

When the Prime Minister, Mrs. Indira Gandhi announced the decision to set up three steel plants in the south, doubts were expressed whether the Government's decision was justified on techno-economic grounds. Orissa, which has plenty of iron ore, was denied another plant on the ground that the State had already had one. Coal is also not very far from prospective Orissa sites. Orissa is also one of the economically backward States in the country. But this did not convince the policy-makers, as the ruling Party's new ally, the D.M.K., could not be displeased. So, there must be a steel plant in Salem, whatever may be its cost.

CHEMICALS

Import Substitution

Import substitution had assumed considerable importance, particular-

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ly in the chemical industries, due to the increasingly tight foreign exchange position, said Mr. C. D. Thakkar, president of the Indian Chemical Manufacturers Association, while addressing a Press conference in Calcutta on Saturday. During the last three years, import substitution has been relegated to a secondary position, particularly in the chemical industries. The import substitution programme got a fillip following the Chinese and Pakistani aggressions. The situation is again changing fast and it is necessary that due emphasis should be laid on having a vigorous programme of import substitution so that dependence on imports is reduced to the minimum.

Considerable shortages have occurred in several areas like caustic soda, soda ash, glycerine, and some sulphadugs. Even in P.V.C., benzene, and alcohol shortages are feared. With the lifting of Prohibition by some States, the use of alcohol for potable liquor is increasing and factories depending on alcohol as a raw material like polyethelene manufacturers, pharmaceutical units and alcohol-based chemical industries are already threatened with shortages of this item. On the other hand, the export of molasses and alcohol is permitted. The same situation, to some extent, prevails in case of benzene and other raw materials. The policy of increasing the prices of imported raw materials by State agencies was criticised by Mr. Thakkar. The S.T.C. and the M.M.T.C. were established for obtaining the advantage of bulk buying. The prices of several chemicals fixed by the S.T.C. are higher compared with the landed cost.

BANKS

Branch Expansion

In a Press note issued a few days ago, the Reserve Bank of India has said that over a 1,000 commercial bank offices were opened during the first eight months of 1971—607 offices in unbanked centres and 411 in banked centres. Of the 1,018 new offices, the share of the public-sector banks was 866 (519 in unbanked centres), the 14 nationalised banks accounting for 555 offices (310 in unbanked centres) and the State Bank group for 311 offices (209 in unbanked centres). The total number of commercial bank offices as on 31st August, 1971, was 12,198, as against 8,262 offices on 30th June, 1969, that

is, before the nationalisation of the 14 major commercial banks.

With the appreciable rise in the number of commercial bank offices, the average population served by each bank office has declined from 65,200 in June 1969 to 44,800 in August 1971. The average will be further reduced to 39,000 after offices are opened by banks in centres in respect of which licences have been granted or allotments made. The number of licences pending or allotments made as on 30th September, 1971 was 1,925. The large number of pending licences would facilitate advance planning for personnel, premises, etcetera. In seven out of the 18 States, the population served by each bank office is above 50,000. Even among them, the relative State averages have been brought down substantially. Only in four States is the average still higher than 100,000. With the opening of offices in centres in respect of which licences are pending with banks or allotments made to them, the position is expected to improve further. No State will then have an average over 100,000 of population for each bank office.

The eight underbanked States of Assam, Bihar, Jammu and Kashmir, Madhya Pradesh, Nagaland, Orissa, Uttar Pradesh and West Bengal have had a significant share in branch expansion. No fewer than 1,247 offices were opened in these States during the period July 1969 to August 1971, the total number of offices located in them rising from 2,085 to 3,332. In all the underbanked States except West Bengal, the rate of increase in the number of new bank offices opened was higher than the all-India rate.

ROPE

Potentialities of Sisal

While appreciating the 16-point programme recently announced by the Government of West Bengal, the Indian Rope Manufacturers Association, in a recent Press statement, has pointed out that the district of Birbhum offers great scope for undertaking the cultivation of sisal fibre which is required by the fibre rope industry for manufacturing ropes. Till now, this fibre is being imported from east Africa because it is not produced in the country in sufficient quantity. The I.R.M.A. is of the opi-

nion that if the cultivation of sisal is undertaken systematically in Birbhum district, for which it is very well suited, it will not only improve the economy of West Bengal but will also provide more employment in the immediate future.

TAX EXECUTIVES

All-India Conference

The Federation of Indian Chambers of Commerce and Industry has convened the sixth All-India Conference of Tax Executives on 18th, 19th and 20th November, 1971, at Vigyan Bhavan, New Delhi. Over 300 senior company executives, both from public and private-sector companies, are expected to participate. Officials of the Central Ministry of Finance and the Central Boards of Direct Taxes and Excise and Customs will participate in the discussions. The conference will be inaugurated by Mr. H. R. Gokhale, Central Law Minister.

COMPANY FORMATION

Steady Trend in South

During the period from July to September 1971, company formation in the southern region remained steady in as much as 115 companies limited by shares (consisting of eight public and 107 private limited) with a total authorised capital of Rs. 10,68 crores were registered in this region (comprising the States of Tamil Nadu, Mysore, Kerala, Andhra Pradesh and the Union Territory of Pondicherry), as against 110 companies registered during the preceding quarter. One public company transferred its registered office from Mysore to Kerala, another from Kerala to Mysore and a third from West Bengal to Andhra Pradesh.

RAILWAYS

Farakka Bridge Opened

The railway bridge at Farakka was formally opened to passenger traffic on 11th November, 1971. It was opened to goods traffic on 5th November. Normal passenger traffic started operating from 15th November. The Central Minister of Railways, Mr. K. Hanumanthaiya, performed the open-

ing ceremony and the Central Education Minister, Mr. Siddhartha Shankar Ray, presided over the function. The Assam Chief Minister, Mr. M. M. Chowdhury, was one of the many dignitaries present on the occasion.

With the opening of the Farakka bridge, it would no longer be necessary for railway passengers to cross the Farakka river by ferry and transshipment in Barauni will be avoided. Another factor which will make travel faster is that diesel locomotives will be used on the broad gauge right up to New Bongaigaon. There will be transshipment in New Bongaigaon instead of in Barauni and facilities for transshipment of passengers and goods are being speeded up and developed in New Bongaigaon.

WEST BENGAL

Need for Fresh Investment

The Committee of the Indian Chamber of Commerce met Mr. C. Subramaniam, Central Minister for Planning, during his recent visit to Calcutta. Among the various problems discussed at the meeting were the fall in growth rate in industry, the 16-point programme for West Bengal's industrial development, power shortage and the need for a

substantially increased Plan outlay and a higher level of investment for industrial growth in the State. Mr. Subramaniam shared the Chamber's concern at the fall in the industrial growth rate and appreciated the need for larger investment in West Bengal. He felt that to make the economy of the State buoyant, it was necessary increasingly to diversify the industrial structure. The Planning Commission had taken up detailed depth studies of individual industries to identify their difficulties and to find solutions, and steps were being taken to speed up decisions to simplify procedures.

MONEY MARKET

Demand for Funds Improves

The demand for funds in the short-term money market appears to have improved this past week. The call rate has fluctuated between $3\frac{1}{2}$ per cent and 3 per cent, but at the close the rate has been firm with stray lots being done at $3\frac{1}{4}$ per cent and 4 per cent, with good borrowers over at $3\frac{1}{2}$ per cent. The supply of tea bills has been moderate while that of gunny bills has been nominal. The demand for remittances has been small. The pound-sterling has generally been steady against most major foreign currencies during the week.

FREEDOM OF THE PRESS

A CORRESPONDENT writes in Current Coin: The tradition of the Indian bureaucracy is that unreserved publicity is an unpardonable blunder and that tradition will die hard. Only last week there was a Sanitary Conference in Bombay, at which Mr. Butler, Member for Education, presided. Reporters were not admitted and the Press had to depend for its information on an official communiqué; the same thing happened in connection with the Malaria Conference, also held in Bombay. What possible excuse there could be for such secrecy it beats us to conceive. No political measures, delicate or

FROM

CAPITAL

23rd November, 1911

grave, were involved, and there was no chance of any scheme of policy being wrecked by publicity. It is the old, old story. The Indian bureaucracy has never prayed for the gift to see itself as others see it, and think it an impertinence that the outside world should demur to take it at its own valuation. The worst is that this official arrogance is copied by public bodies of a non-official character, municipal corporations, chambers of commerce, joint stock companies *et hoc genus*, and it makes the work of the Press extremely difficult and on occasion extremely invidious.

CORRESPONDENCE

China Enters the U.N.

(To THE EDITOR OF "CAPITAL")

Sir,

I have read with great interest your editorial comment entitled "China Enters the U.N." You have pinpointed some very relevant issues. I think there should be a closer analysis of the implications of the entry of China in the U.N. and also the likely chances of political issues emerging as a result of China taking part in the Security Council, besides presiding over the meeting of the Security Council for a month in the near future.

You have rightly pointed out that China continues to be China. Only the personnel of the representatives are undergoing a change. I am reminded that long ago when once China of the mainland was refused entry in the U.N. and Taiwan was considered as the mainland China, Mr. Jawaharlal Nehru compared the situation with that of Laccadive Island claiming to be India.

Yours etcetera,
S. C. Roy

Calcutta, 4th November, 1971.

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A Ditcher's Diary

I HAVE SELDOM BEEN INCLINED TO PAY much attention to predictions of an Indo-Pakistani war over the Bangladesh issue. So I should find my assessment vindicated by reports that Mrs. Gandhi wants to give the world still more time to make Islamabad see reason and move towards a valid political settlement. But I am beginning to wonder if circumstances will allow India to avoid a conflict after all. The Prime Minister was quite right in reporting that the world had gained a better appreciation of the Bangladesh crisis. But how much does that help? Washington is still unwilling to put much pressure on General Yahya; it is still equating India with Pakistan by urging restraint on both sides; and, after all that he had already had an opportunity to learn and ascertain, President Nixon was reported last Sunday to have formed a commission to visit India and Pakistan next month. I am not suggesting that the American attitude can have emboldened Pakistan to start a war. What it has done is to encourage a notion that the Yahya regime still has time to cope with the Bangladesh struggle by military means and find a political formula to install in East Bengal a civilian Government that would be a little more respectable than the present administration without threatening overall West Pakistani control. The Chinese, too, do not seem to have encouraged the idea of a war with India; but, like the Americans, they must also have refrained from insisting that a settlement must be reached with the leaders of the Bangladesh

movement. Ordinarily, this should dissuade the Pakistani generals from any military adventure. But, increasingly threatened by guerrilla operations, they may conclude that a war with India, for which the world may not hold them solely responsible, is the only means by which they can ensure big Power intervention to initiate negotiations on the basis of Pakistan being still a single entity. And, even if Islamabad defers a full-scale confrontation for an indefinite period, how long can New Delhi go on bearing the monstrously growing refugee burden? The options seem to be shrinking on both sides. I do not, as I said before, want a war; but if it does break out, I shall look forward to seeing our forces proving far more effective than they seemed to a *Newsweek* correspondent who visited Comilla a few days ago. A West Punjabi officer even saw a symbolic significance in Pakistan beating India in hockey, even though, as he claimed, India had five times as many hockey players. I am sure any military parallel is unwarranted.

SPECULATION ABOUT POSSIBLE IMPLICATIONS had better be restrained; but I agree that Mr. Chou En-lai's cabled message to Mrs. Gandhi may be more than a routine acknowledgement. The Chinese have not always been punctilious in observing diplomatic courtesies, not even in formal exchanges; and Mr. Chou's message is more than just polite. Evidently, the warmth of

Mrs. Gandhi's congratulations on China's admission to the United Nations touched a responsive chord; the Chinese leader has not only recalled how India "kindly" voted for the Albanian resolution, nor only has he acknowledged the "kind" message of congratulations, but he has expressed "the heartfelt thanks" of the Chinese Government and people. He has further expressed the hope that "the friendship between the peoples of China and India (will) grow and daily develop". Mind you, it is still "peoples", not Governments; but if peoples come forward and get friendly, Governments cannot be left far behind. Or rather, peoples cannot find friendship easy if Governments remain distrustful; and Mr. Chou is sufficiently hard-headed to know this. Mr. Chiao Kuan-hua, on his arrival in New York to lead the Chinese delegation to the U.N., expressed "profound friendship" for the people of the United States; the statement can mean anything only in the context of the recent diplomatic developments. Anyway, there is now a new style in Chinese diplomacy; and, unmistakably, the change bears the personal stamp of a politically imperishable pragmatist. The Chinese leadership has gone through several phases of stress, change and readjustment; and every time Mr. Chou has kept things from falling apart. Whatever the truth behind the recent reports of a power struggle, Mr. Chou is obviously very much in charge. That is all, it might be argued, that the world outside knows or needs to know. But speculation about what has been going on behind the scenes will persist. The latest theory about an attempted coup by Marshal Lin Biao and some military commanders



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CAPITAL, 18th NOVEMBER, 1971

seems quite fantastic, even though intelligence sources in Washington have quoted reports from inside China to support it. That an attempt to "liquidate" the "great helmsman" could be masterminded by none other than his closest "comrade-in-arms" is not easy to credit; still more sensational is the suggestion that Mr. Lin and the other conspirators were trying to escape to Russia, had a "battle" on board the aircraft, and were killed in the resulting crash!

IF INDEED MAO TSE-TUNG'S SUCCESSOR, Lin Piao, is really dead, notwithstanding the recent photograph showing him beside the Chairman, then China indeed has a problem. Just who is there to ascend the *gadi* when the Chairman joins his ancestors? It was clear enough when Lin was appointed to the succession, 60 years old at the time and a sick man, that China's communist leadership was suffering from a "generation gap". Even accounting for the difficulty of remembering Chinese names, few people in the outside world could truthfully say they have heard of anybody in the younger ranks who might fill Mao's vacant chair. Even the indestructible Chou En-lai is in his 'seventies, in fact around the same age as the Chairman himself. My China contacts tell me the matter will probably be settled by an army take-over. That seems unlikely to me. Communist governments rely on their armies to keep them in power, but nowhere do they permit themselves to become subordinate to them. It is practically an article of faith among communists that the Party must always have the upper hand. So what an army take-over would amount to, in effect, is an end to communism in China, and I hardly think that likely at this stage in the country's history. Perhaps in 50 years' time, when the old Chinese individualism has had a chance to reassert itself, but not now. More likely is something similar to what happened in Russia when Stalin died, or in Egypt when Nasser went: a struggle for power among the political leaders with the army watching from the sidelines. What that will mean for our security is something we must wait to find out. Political tussles can weaken a country and make it more timid; or they can do the opposite. It stands to reason that the first consideration of any newly-established regime in China must be to settle the relations with Russia. The trouble now is that either way we could suffer. If China and Russia reach an accommodation

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Moscow will no longer have much interest in supporting us at the expense of relations with Pakistan. If they do not, then our friendship with the Russians recommends us to the Chinese as a suitable opportunity for embarrassing Moscow without actually crossing Soviet frontiers.

THE FIRST ANNIVERSARY OF THE war in Cambodia slipped by recently with scarcely anybody noticing. Personally, I had almost forgotten there was a war in Cambodia at all. Perhaps because the Americans are not now very actively involved, it appears to have been allowed to go its own way without attracting too much attention from the rest of the world. Also, and perhaps for the same reason, the Cambodians seem to have been doing reasonably well, with the North Vietnamese achieving nothing like the success we have learnt to expect of them. At any rate, the capital Phnom Penh has not yet fallen, although I seem to remember it was threatened within a few weeks of the fighting breaking out. Indeed, now as I come to give the matter a little thought, I am forced to admit that my knowledge of exactly what is going on in Cambodia is extremely sketchy; and I would be prepared to bet that yours is the same. Why, I have been asking myself? I read my newspapers and I listen to radio bulletins. Yet I cannot remember much at all about Cambodia except the few lines which reminded me that the fighting was a year old. Is this good, I wonder? Can it be that once the Americans withdraw their troops from a country, not only does its war slip out of headlines, but its national troops

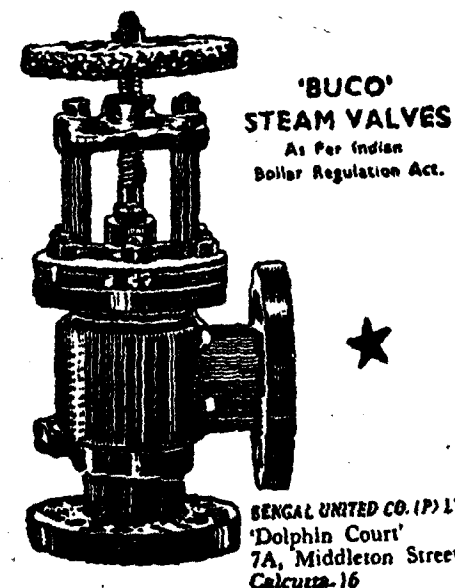
actually make progress at holding the invader, if not actually expelling him altogether? I would certainly like to believe that is so. I know a little more about the war in South Vietnam, and I recently read a statement from Washington that all American combat troops will have been withdrawn from there by the end of this year. As an unrepentant exponent of the "Domino Theory", I would have interpreted that, before I was reminded of Cambodia, as signalling yet another communist take-over in Asia. Now I am not so sure.

THE MAHARASHTRA GOVERNMENT, I hear, has decided to allow licensed hotels, restaurants, canteens and clubs to serve drinks with an alcoholic content of not more than 5 per cent, which presumably means only beer and toddy. This is some advance; since the Prohibition rules in Maharashtra were significantly relaxed three years ago, beer and toddy have been freely obtainable from liquor shops but drinkable only in the privacy of one's home. Even to buy a strictly limited quantity of the stronger stuff, you will still need a permit; but you will no longer be hauled up for drinking beer in a public place. I find this persisting prejudice against spirits quite baffling. After all, it is entirely possible to get drunk on fermented brews; all you need to do is to imbibe larger quantities. Indeed, I have seen fairly seasoned boozers getting more than a little boisterous after the third quart bottle of beer. And a beer-sodden man falling asleep at a bar is no pretty sight. But I suppose the disciplined Maharashtrians believe in gradual progress towards alcoholic libe-

ration, even if a visitor from Calcutta finds the entire exercise in inducing moderation as absurd as a woman's effort to remain moderately chaste. And I am not sure if the restrictions on public drinking make people drink very much less; judging by Delhi, they simply make drinking less pleasant by making it dependent on previous planning. Not that the absence of any restriction is necessarily conducive to healthy drinking habits; certainly it has had no such effect in Calcutta. But who knows? Even the increasingly heavy drinking in Calcutta could be an unconscious collective hangover from the days when social prejudice against drinking was the strongest in Bengal. It cannot have been very many years ago when the middle-class Bengali society considered drinking almost as depraved as whoring. And a relationship was sometimes established when people, anxious to avoid unpleasantness, repaired to red light districts at least partly with the idea of drinking in peace. Even in recent years, drinking opportunities have often had to be specially organised; and once the special effort is made, people tend to make the most of the occasion by drinking as much as they can. Now the occasions are more frequent and the prejudices fewer; but the tendency to make the most may have persisted even when the most can be made every day if one can pay for it.

A WAG WAS HEARD SAYING IN THE lobby of the Calcutta Club: "A director's wife often directs a director. But what penalty does a director suffer if he does not follow her directions?"

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MANAGEMENT

Role of Business Executives : Need for Delegation of Authority

By Dharma Vira Aggarwala

The radical changes in business management practices in India are having their impact on the responsibilities of an executive. His rôle now demands far more initiative and a sense of direction and purpose.

As business grows in size and in complexity, the human element in management becomes more and more important. The job of a business executive in India, as elsewhere, has consequently become difficult and complicated and at the same time more significant, calling for better qualities in the managerial personnel and improved skills. A business executive has to realise that the days of getting work done through the force of authority have gone. In the present atmosphere, nothing succeeds like persuasion and appeal to the good sense of the subordinates. A business executive has to be tactful and discreet to avoid situations where his authority may be flouted by his subordinates. At the same time, he has to maintain the stability and order of the system under his charge.

Widening of Outlook

A business executive in India today is not a functionary who works in privacy. He has become an institution, an integral part of society. With the widening of his outlook on men, material and methods, he is now a changed man. He has come to realise that his responsibilities and obligations go beyond the narrow confines of the organisation he serves and extend to society at large. In other words, the modern executive has to be concerned about what is happening outside his shop, too. With scientific management rapidly gaining ground in India, the trend at present is towards rationalisation of the executive's rôle.

What precise rôle an executive will play will depend on the size and type of the organisation he serves, the functional position he is placed in and the level he occupies in the organisational structure. However, the radical changes in modern business management practices in India

have had their impact on the responsibilities of the executive. The varied rôles that an executive has to assume are broadly that of a leader, a co-ordinator, a decision-maker, a human relations practitioner, a public relations man, a distributor of authority, a symbol of authority, a standard-setter in business ethics, and a creator of order.

The prime mover in the running of a business machinery is the executive. He helps to create homogeneity within the group and the right atmosphere for the realisation of these objectives, shows the way, and leads the team onward. He must have the courage of conviction and display it in his performance. Likewise, effective co-operation seldom comes about in the absence of some impelling force, which the executive has to provide. His rôle as a co-ordinator is to put the disorganised resources of man, machines and money together into a useful enterprise. The business executive's is a multiple rôle in India that demands initiative, a sense of direction and vigilant follow-up of decisions. The establishment and maintenance of an effective communication system is essential for this purpose.

Taking Decisions

A major part of the executive's time is taken in decision-making. In every phase of his work, be it planning, policy framing, determination of objectives, selection, promotion or removal of personnel, the business executive has to be the decision-maker. There should be consistency, firmness and conviction in his decisions; an executive who goes on changing decisions is considered fickle-minded and leaves his subordinates in doubt. A business executive should also have a basic knowledge of human behaviour. He has no set techniques for handling people and has to use his own intelligence in understanding them and their points of view. In dealing with them he has to go by his own sense of what is fair and what is practical. He should encourage participation of the people, on whose performance

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depends the productivity, in the efforts to ensure better working conditions and living standards.

Public Relations

Maintenance of proper relations with all interests, including shareholders, customers, employees, suppliers, the Government, trade associations and other organisations is essential for the smooth running of any business enterprise. The executive has to play, in other words, the rôle of a public relations man. Similarly, he has to delegate authority to subordinates, commensurate with their responsibility, with tact and sound judgment. One of the primary functions of a business organisation—and a difficult one at that—is delegation of authority. But he is not absolved of his responsibility by distributing authority among those below him. He remains accountable for the ultimate results flowing from their actions. For delegation to be effective, he should also see that there is effective communication, that is, uninterrupted flow of information between him and his subordinates.

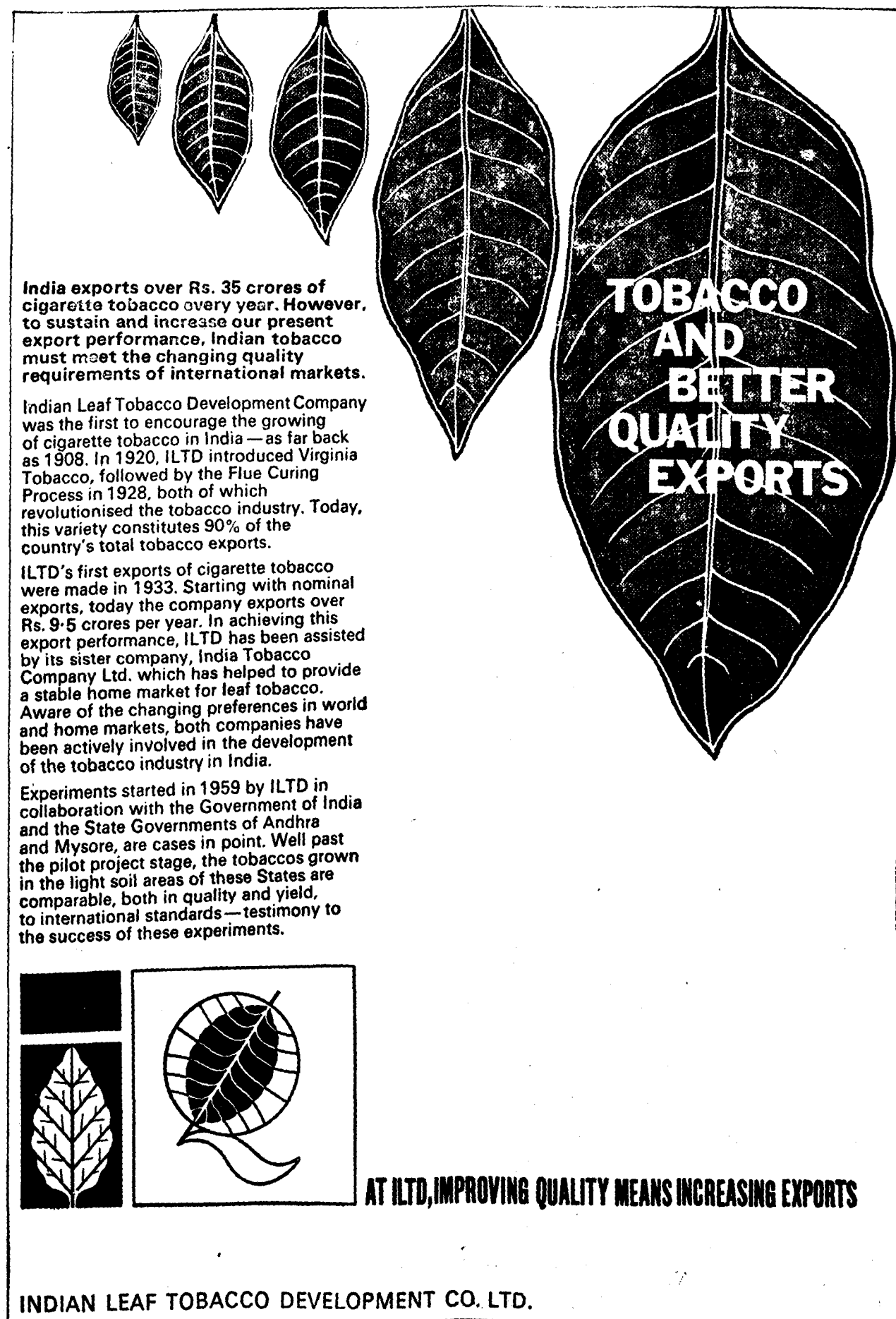
The executive has to act as a judge and as an arbiter, besides wielding power. There may be occasions when he will have to be firm and take disciplinary action against erring men in the interests of the organisation. Of course, he has to be judicious and fair-minded in taking decisions on rewards and punishments. He should not let emotions get the better of him. He also sets the standards of behaviour and conduct for the organisation, keeping in view the behavioural norms of parallel organisations and of society in general. These standards should have a bearing on the rules of conduct enforced in his organisation.

PEOPLE AND PERSONALITIES

Mr. Richard Wood, Britain's Minister for Overseas Development, is currently visiting India at the invitation of the Government of India and will be in this country until 28th November.

Lord Penney, Rector of the London Imperial College of Science and Technology and one of Britain's leading atomic scientists, is on a visit to India as the guest of Delhi's Indian Institute of Technology from 12th to 18th November.

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ILTD's first exports of cigarette tobacco were made in 1933. Starting with nominal exports, today the company exports over Rs. 9.5 crores per year. In achieving this export performance, ILTD has been assisted by its sister company, India Tobacco Company Ltd. which has helped to provide a stable home market for leaf tobacco. Aware of the changing preferences in world and home markets, both companies have been actively involved in the development of the tobacco industry in India.

Experiments started in 1959 by ILTD in collaboration with the Government of India and the State Governments of Andhra and Mysore, are cases in point. Well past the pilot project stage, the tobaccos grown in the light soil areas of these States are comparable, both in quality and yield, to international standards—testimony to the success of these experiments.

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SPECIAL ARTICLES

Will the Advisory Council of Industries for West Bengal be Effective?

(BY A SPECIAL CORRESPONDENT)

The Government of West Bengal proposes to set up an Advisory Council of Industries. The effectiveness of the Council will depend not only on its composition but also on the receptivity of the Government to its suggestions.

THE Governor of West Bengal, Mr. A. L. Dias, has announced the intention of the Government to set up an Advisory Council of Industries. It is hoped that the Council will come into existence before long and that it will play a useful rôle in promoting the State's industrial development. The climate for economic revival is gradually improving. In view of the improvement in the law and order situation and the keen interest shown by New Delhi in tackling the problems of West Bengal, it is reason-

able to expect that, in the coming years, energetic efforts will be made in many directions to speed up the State's industrial growth. The appointment of an Advisory Council of Industries, therefore, comes at an opportune time.

The effectiveness of the Advisory Council will depend not only on its composition and the importance which the State Government attaches to its deliberations but also on the attitude of the Centre. There is an Advisory Council of Industries at the Centre. It consists of representatives of all important industrial organisations in the country. The Council meets quite frequently and makes suggestions on various aspects of the Government's industrial policy. But has this Council been able to make any impact on the Government? Has its suggestions received due attention and importance? It is difficult to say yes. It may be that the Government has accepted some suggestions of minor importance made at the meetings of the Advisory Council of Industries. But on major issues, the Government has preferred to go its own way.

A few days ago, Mr. Moinul Haque Choudhury, Central Minister for Industrial Development, said that industrialists were not drawing his attention to the difficulties experienced by them in setting up new units or in other matters. He specifically referred to the last meeting of the Standing Committee of the Industrial Advisory Council in which many leading industrialists participated. The Minister said that at this meeting none of the industrialists spoke of any difficulties faced by them. He added that he frequently visited chambers of commerce in different cities but at none of these meetings had the industrialists cared to put forward their difficulties. It seems difficult to agree with this contention of the Minister.

Almost every day some industrial organisation or the other issues a Press note, drawing attention to difficulties and making specific sugges-

tions for speeding up the country's industrial development. There are serious shortages of raw materials. Hardship has also been experienced due to the nature of the import policy, industrial licensing policy, labour policy and so on. How then can the Minister say that he has received no suggestions from industrialists? The fact is that New Delhi does not want to make any major shift in official policies. Even though prices are increasing, shortages are becoming more acute, and unemployment is reaching explosive proportions, the Government seems reluctant to modify its policies. The Central Advisory Council has not, therefore, been able to make its influence felt on major aspects of the Government's industrial policy.

If the proposed Industrial Advisory Council for West Bengal is to work satisfactorily, the Government should be receptive to its suggestions and try to implement them as far as possible. Some of the major problems which require the Council's careful consideration are the reopening of closed units, the development of backward areas, better utilisation of the capacity of existing industries, getting more orders for industries located in the State, provision of electricity and raw materials, and the availability of credit. Industrial organisations in Calcutta have already expressed their views on all these subjects. Now the Advisory Council will give an opportunity for a frank exchange of ideas so that concrete suggestions can be made and prompt action taken on them.

The fact that Mr. Dias is concerned with the economic revival of West Bengal should greatly facilitate the proper working of the Advisory Council. The Governor himself has vast experience in administration and he knows where exactly bottlenecks are likely to occur in New Delhi in implementing the various development programmes. Although the Central Advisory Council may not have been able to achieve much, it does not necessarily follow that its counterpart in West Bengal also will not be able to do much good. It is hoped that the Governor will make this Council a compact and competent body so that it can contribute towards West Bengal's rapid industrial revival. New Delhi should also become less rigid and more realistic in its policies especially in relation to West Bengal where there is a crying need for massive development of all types of industries.

Bangladesh: Will Big Powers Now Press Pakistan for a Political Solution?

(BY A SPECIAL CORRESPONDENT)

Following the Prime Minister, Mrs. Indira Gandhi's recent foreign tour, it is now more widely appreciated abroad that a political solution is necessary to settle the Bangladesh issue. It is now for the foreign powers to use their influence with Pakistan to see that a settlement, acceptable to the people of Bangladesh, is reached as early as possible.

THE five-week winter session of Parliament has just begun. The Bangladesh issue will predictably dominate its proceedings. The Prime Minister, Mrs. Indira Gandhi, has just come back from a tour of some of the most important western countries. It will be too early to say how far her mission has succeeded. But, as she has said, there is now a better understanding of the Bangladesh problem in these countries. It is now generally appreciated abroad that a political solution is necessary to settle the Bangladesh issue. What that political solution will be, no one is prepared to spell out, for in the ultimate analysis, the Pakistani Government will have to negotiate the matter with the Awami League leaders and, more especially, with Sheikh Mujibur Rahman. The Prime Minister did well to reject the suggestion that India and Pakistan hold talks on this issue and come to an agreement, for, as she said, India comes into the picture only indirectly since about 10 million refugees have been thrown into this country. It is primarily a matter for settlement between the two wings of Pakistan.

India's reluctance to hold direct talks with President Yahya Khan is certainly understandable. If Sheikh Mujibur Rahman believes that there could be a solution on the basis of the six-point plan which he originally enunciated, the question of an independent Bangladesh does not arise. And, as long as the Indian leaders have no contact with him, it is not possible to know whether he still stands by the six-point plan or whether he wants a total break with Pakistan. Under these circumstances, the Indian Government has to be cautious, as it is now, before spelling out in detail as to what form a political solution should assume. But,

the main requirement, from India's point of view, is that any solution must be such as to enable the ten million refugees to get back to their country with dignity and honour.

This does not mean that the Indian Government is not getting ready to meet the challenge posed by Pakistan's belligerent attitude towards India. The Indian Government has, of course, given strict instructions to the armed forces not to cross the border under any circumstances. The Prime Minister has also reiterated more than once during her visit abroad that India would not do anything to provoke a war. But at the same time, she has pointed out, India will not favour another Tashkent if Pakistan launches another attack. The earlier agreement has not helped much in normalising relations between the two countries and, naturally, the conviction has grown here that unless there is an end to the Indo-Pakistani tension, nothing constructive could be done. If another war is to take place between the two countries, India would prefer a final settlement rather than enter into any kind of agreement which could at best be a stop gap arrangement.

However, this does not rule out the possibility of India favouring a third power mediation provided it helps to solve the Bangladesh problem. There have been reports that the French Prime Minister made an offer of mediation. Even the Government of West Germany has said that for the sake of maintaining peace and stability in the sub-continent, a political solution of the problem of East Bengal must be found to put an end to the existing situation of strife and ultimately to enable the refugees to return home. It expressed the hope that in spite of the grave tensions it would be possible to avoid a military confrontation.

The basic question is with whom should President Yahya Khan negotiate to arrive at a settlement of the Bangladesh problem. The British stand was that there should be no preconditions and the leaders of East Bengal should hold discussions with the President within the frame-

work of Pakistan. Mrs. Gandhi tried to impress on the British Prime Minister and his colleagues that the persons with whom President Yahya Khan should confer were the elected representatives of the people of East Pakistan, and as far as India was concerned, any solution which would enable the millions of refugees to return to their country would be acceptable. This would imply that a political solution should be within the ambit of an independent Bangladesh. It is now for Britain to use her influence with Pakistan to see that a political settlement of the kind that the people of East Bengal demand is reached as early as possible.

President Nixon, with whom Mrs. Gandhi conferred for two days before going to Paris, also expressed his keenness to bring a peaceful solution to the crisis. Beyond indicating that the United States was anxious to contribute towards a solution, there was, however, no hint whether any particular formula was being thought of. A suggestion that India withdraws its forces from the border with a view to lessening the tension was rejected outright by Mrs. Gandhi.

India's efforts to convince the United States that it should bring more pressure on President Yahya Khan to go slow and enter into negotiations with Sheikh Mujibur Rahman and his Partymen have not, however, succeeded. It is possible that Mr. Nixon would discuss the issue with the Chinese Prime Minister when he visits Peking. An impression has gained ground all over the world that the sudden trip to Peking by Mr. Z. A. Bhutto and others was motivated by a desire to seek Chinese help in a direct form in the event of a confrontation with India. Mr. Nixon's talks with the Chinese leaders may have a bearing on Pakistan's pleadings. The decision of the American Government to end the supply of U.S. military equipment to Pakistan is to be welcomed in this context. Although similar gestures made earlier had made no difference to the situation, it is to be expected that on the present occasion such a step would have a salutary effect on Pakistan. Much will depend on the effectiveness with which the decision is implemented. For American arms still continue to pour into Pakistan despite a ban imposed in March last after the Pakistani military crackdown in East Bengal. The U.S. Government had maintained that these

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supplies related to licences issued before 25th March when trouble first started in East Bengal.

Parliament will have ample opportunities to discuss all these problems concerning the Bangladesh situation during the current session. One of the important demands being made by the Opposition parties is that the Government of India must recognise Bangladesh. But it is the firm opinion of the Prime Minister that this could not be done straightaway and that such a step would be taken only when circumstances so warrant. Naturally, she feels that recognition of Bangladesh at this point of time

Will Japan Finally Agree to Revalue the Yen?

By Mangalam Srinivasan

Japan has been under very heavy pressure, particularly from the United States, to revalue its currency, which it has consistently refused to do. But for the Japanese economy itself, this is creating problems, which might finally prod it to allow freer capital flow and more imports.

"IN Japan, we do not readily react like you Americans do, with gestures or words. But that does not mean that we do not react at all. Yes, indeed, we do—in a better way. We Act." This was how a Japanese business man was trying to explain his country's policies to an American audience at a recent San Francisco convention. But there has been one area where Japan has consistently refused either to act or to react, namely, the revaluation of its currency. President Nixon's decision to float the dollar and impose imports control measures was considered by some Japanese as virtually a sort of declaration of war against their country. But the main thrust of the U.S. economic measures did prod Japan to react, and the central bank, after an unsuccessful attempt to hold the low value of the yen, finally decided to float it.

The Bank of Japan strived hard to keep the price of dollar above the International Monetary Fund floor value of 357.3 yen a dollar and bought in the process some 346 million dollars. Under the watchful eyes of the Bank, the market

might lead to a war between India and Pakistan.

Several Opposition parties are also known to be critical of the way the Government has imposed the new levies to raise funds for refugee relief. Parliament met on 15th November and the ordinance took effect precisely from that date. The Opposition parties have contended that this is a clear indication of the ruling Party's lack of faith in Parliament. And there is substance in their argument, for nothing would have been lost if the Government waited for another two weeks more to get the sanction of Parliament for the levies.

opened 362.2 yen to a dollar, up by 5.86 from the usual exchange level. Many Tokyo banks appreciated the yen by some 7 per cent; but concessions were limited to \$100 for cash and \$200 for travellers cheques. The United States would, however, like to see the yen value raised by 25 per cent, but the Bank of Japan was prepared to go up to 10 per cent. Soon, the Bank realised that hoarding too many dollars would only result in a substantial loss at its sales counter.

The 200-billion-dollar Japanese economy has been the third largest in the world. It is larger than West Germany's whose external sector is about 25 per cent of the gross national product while Japan's is somewhere near 11 per cent. All the same, the 10 per cent U.S. import surcharge came as a psychological blow to Japan at a time when President Nixon's proposed visit to Peking and the dispute over Okinawa were both troubling it. A number of alternatives are open to Japan in such a situation. Some of these are: (1) that Japan should revalue the yen and put a more realistic tag on it; (2) that it imports more U.S. goods; (3) that it undertakes to limit its exports to the U.S.A. on a voluntary basis; and (4) that the exchange rules be written again. The U.S.A., in turn could (a) treat its inflationary problems with local measures; (b) cut down Governmental spending in and out of the country; (c) withdraw from the military commitments and stop

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policing the world (at present, the U.S.A. is spending more than 7 per cent of its G.N.P. on defence, compared with Japan's less than 1 per cent); and (d) encourage exports and cut down imports through various fiscal and monetary devices. (For instance, the automobile industry which is supposed to generate employment for every fifth American encounters stiff competition from foreign cars. Imported cars account for 17 per cent of all cars on U.S. road.

But Japan has its problems also. It has been suffering from a parallel recession. Labour has become prohibitively expensive in recent years. The country has been confronted with problems of political and leftist turmoil, student unrest, overcrowding and pollution. Fresh troubles came in the form of voluntary export restrictions in the wake of the long-shoremen's strike in the U.S.A. which created more difficulties for Japan's export industries. The Government had been planning a massive spending programme of an estimated trillion yen to salvage the economy from the slump. It undertook a programme of trade and capital liberalisation. In any case Japan came to realise that the slump may push down its trade drastically.

Trade and other commitments between the U.S.A. and Japan have, however, grown to massive proportions. Nearly 25 per cent of U.S. imports come from Asian countries, worth about \$965 million dollars. But it is the U.S. trade with Japan that has led to an American trade deficit with Asia as a whole. One-sixth of U.S. imports today is from Japan. The trade deficit that began in 1965 has now reached fantastic proportions. On the other hand, Japan is confronted with large monthly surpluses running around \$200 million to \$300 million. In fact, the present crisis was precipitated by the restrictions on capital transfers coupled with excessive exports. Liberalisation of its policies will have to aim at freer capital flow and more imports. A slackening of the restrictions can increase food imports alone by some 500 million dollars. But then there is the question of agricultural subsidy, so important to many Japanese politicians. Japan has also started giving preferential tariffs to developing countries and reducing the number of quota items. But there is still considerable scope for allowing imports for the non-industrial sector.

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SPOTLIGHT ON STATES

Scope for Developing Water Transport Services in Bihar

(BY A SPECIAL CORRESPONDENT)

The development of inland water transport services in Bihar is a long-felt necessity. The reliability of river transport and comparative freight advantage will prove helpful to traders in the State.

THE State of Bihar is partitioned in two natural halves by the river Ganga. The river is also the boundary between Bihar and Uttar Pradesh cutting the Bhojpur linguistic and cultural region. Although there are six bridges over the Ganga in Uttar Pradesh, there is only one recently-constructed bridge over the river in Bihar at Mokameh-Barauni. The distance between Varanasi and Mokameh is 315 kilometres. From time immemorial, the Ganga has been a main trade route to upper India. The river is an excellent waterway. After her confluence with Yamuna in Allahabad, the river passes through district towns of Mirzapur, Varanasi, Ghazipur, Buxar, Ballia, Chapra, Patna, Monghyr, Bhagalpur, Rajmahal, Berhampore, Chinsura and then flows through Howrah-Calcutta to the Bay of Bengal. At Chapra, about 56 kilometres above Patna, the Ganga is joined by her largest tributary, the Ghogra, itself an important navigable river.

Steamer services on the Ganga and her tributaries were started by the Joint Steamer Companies in 1884; in early days, steamers used to ply from Calcutta to Garmukteshwar near Delhi, a distance of about 2,000 kilometres and cargoes moved further upstream by country boats. The Joint Steamer Companies used to run a triangular river service between Bihar, Assam and Bengal. Agricultural produce was carried from Bihar to Assam; the same vessels used to ferry jute, timber, tea, etcetera, from Assam to Calcutta. The last leg of the triangle between Calcutta and Patna and beyond was used for carrying manufactured goods from Calcutta to upcountry destinations. The partition of British India created great difficulties for these routes. The reduced volume of

traffic and the rising operational cost of the 30-year-old fleet made the service unremunerative and the Joint Steamer Companies closed their service on 1st January, 1958.

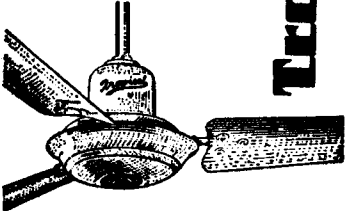
Since then, suggestions for the revival of mechanised river transport on the Ganga have been made off and on by many organisations. The technical feasibility of operating shallow draft pusher tow services was tried out by the Ganga-Brahmaputra Water Transport Board. Two pusher units each consisting of one tug and four barges and with a carrying capacity of 125 tonnes each were acquired in 1959. Pilot services were run on the Patna-Buxar stretch (185 kilometres) and the Patna-Rajmahal stretch (355 kilometres) for over two years. These proved satisfactory from the technical angle. In August 1968, the Government of Bihar submitted two specific schemes for running services on the Ganga in two stretches—between Patna south bank and Buxar south bank, a distance of 185 kilometres via Dighwara, and between Bhagalpur south bank and Karagola north bank, a distance of 70 kilometres via Colong. The State Government, which conducted investigations, was of the view that the prospects of running the river services were bright, although there might be some losses in the initial stages of operation.

The Bhagwati Committee on inland water transport received a memorandum from the Bihar Chamber of Commerce in January 1969. It said that inland water transport along the Ganga had significant advantages over alternative modes of transport, since there was no bridge in Bihar except at Mokameh and the communication between north and south banks of the river by rail and road often involved long, expensive and inconvenient detours. For example, goods despatches from Arrah to Muzaffarpur have to move via Barauni, involving a haulage of 350 kilometres. If point to point river transport is linked, it would mean a coverage of only 130 kilometres by road and about 10 kilometres by

river, thereby reducing the overall distance by more than half. Similarly, the journey by rail from Durjanpur (Ballia) to Patna requires three inconvenient transshipments at Chapra, Sonapur and Pableza. There is no direct and easy means of communication except river services between Sahabad in Bihar on the south bank and Bihar's Saran and U.P.'s Ballia and Ghazipur districts on the north bank. The memorandum gave many other examples.

It was also stressed that in an emergency the waterway will prove to be a very valuable "stand-by" arrangement. The traffic needs of the hinterland of the Ganga are met principally by road and the railways. The existing waterborne traffic moves across the river by country boats. Excepting a few ferry steamers in certain towns, there is no steamer service on the Ganga. At the instance of the Bhagwati Committee, the economics of running services on the river were examined by the Transport Research Division of the Central Ministry of Shipping and Trans-

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port. These studies revealed that there is great traffic potential and the running of inland water transport services on the Ganga can be economically viable if certain steps like pick-up and delivery service and night navigation are taken. The approach has got to be commercial. The operation of a service between Buxar and Farakka—a distance of 712 kilometres—is expected to cover cost in 1971-72 and show a surplus in five years.

After considering the various aspects of running services on different stretches, including the above-mentioned economic appraisal report, the Bhagwati Committee has recommended the inclusion in the Fourth Plan of a provision of Rs. 60 lakhs for running a service between Buxar and Farakka (including night navigation and pick-up and delivery services and some augmentation of fleet) as a Centrally-sponsored scheme. The Committee has recommended that the service should be extended in course of time to Haldia.

It was represented to the Bhagwati Committee by the District Magistrate and the people of Ghazipur that

there was considerable cargo traffic which could be conveniently carried by the river route, if the proposed service was extended to Ghazipur, about 50 kilometres upstream of Buxar. It was stated that nearly 163,000 tonnes of traffic is received at or despatched from Ghazipur. Pending the augmentation of fleet for regular weekly run between Farakka, Buxar and Ghazipur, it is necessary for the Government to select a shorter stretch of river where it will be possible to maintain a regular and reliable service at weekly frequency having regard to the density and availability of traffic at various river stations and freight earnings. Patna is both the receiving and distributing centre. The density of traffic is much higher in the unbridged span of the river between Varanasi and Mokameh. In fact, the availability of traffic in the upward direction between Patna and Ballia exceeds the carriage capacity. It was, therefore, decided to run a weekly pilot service between Ghazipur and Patna from 10th November, 1971, covering a distance of about 250 kilometres using the existing crafts of the Inland Water Transport Directorate of the Central Govern-

ment. Four of the eight available barges of the present fleet will be kept at important *ghat* stations where there is considerable traffic, so that the time involved in loading and unloading is reduced and the schedule of service assured. One of the two pusher tugs will be kept in reserve as a "stand-by" to be used in the event of a breakdown. It is desirable to start a service on the Ghazipur-Patna sector and then extend it gradually to Haldia.

The new service between Ghazipur and Patna will, for the present, be restricted to daylight hours only. The acquisition of additional capacity and installation of night navigation facilities would take nearly two years. It is proposed to follow the railway classification of goods for computing freight charges. The reliability of transportation by river and the comparative freight advantage due to reduced distance will induce traders in Bihar and eastern U.P. to make use of this service. The Centre should try its best to expand river services during the coming year as the completion of the projected new bridge in Patna will take another four years.

LABOUR

Employment of Contract Labour : An Important Supreme Court Decision

(BY A SPECIAL CORRESPONDENT)

THE Supreme Court has recently given an important decision on contract labour (*Vegoils Private Ltd versus the workmen*, Civil Appeal No. 620 of 1971). The appeal by special leave was directed against the award of the Industrial Tribunal, Maharashtra, on a demand in respect of abolition of contract labour by the Company. The appellant Company was employing about 700 permanent workmen at its factory in Wadala, Bombay. According to the appellant, it had been employing for more than 30 years a contractor for loading, unloading, weighing and stacking materials and bags and feeding the hoppers. The dispute related to the work in the seeds godown and the solvent extraction plants.

According to the union, the work was of a permanent nature and was being carried out by the contractor's workmen by employing more than 200 workmen. The work being of a continuous nature was carried out throughout the year and was essentially connected with the day-to-day work of the Company, and employment of contract labour was an unfair labour practice. According to the Company, the work was of an intermittent and sporadic nature, and irregular in its working. The loading and unloading in wagons was not a regular affair but dependent on the availability of railway wagons and tracks. The feeding of cakes into hoppers and filling up deoiled cakes was also of an irregular and intermittent nature. In view of these circumstances, it was not possible to employ permanent workmen to carry out the said items of work.

The appellant adduced oral and documentary evidence. The documentary evidence gave particulars of the number of workmen employed, hours of work done by them and days on which there was no work at all to be done. Evidence was laid to show that the work of loading and unloading in wagons and lorries was not of a continuous nature. The arrival of wagons was uncertain. Nevertheless, the contractor had to be ready to clear the wagons as and when they arrived within the time

allowed by the railway authorities, otherwise heavy demurrage had to be paid. On certain days no wagon would arrive, on other days a large number of them would arrive necessitating the clearance of the goods promptly. This type of work, according to the appellant, could be done efficiently and promptly only by a contractor. On the other hand, the union urged that the work was of a continuous and perennial nature which could be efficiently discharged by the permanent employees of the Company.

The Industrial Tribunal held that the work of feeding the hoppers was of a permanent nature and a necessary and integral part of the business carried on by the appellant, for which there was no justification to employ contract labour. The Supreme Court saw no good reason to interfere with this finding. On the question of loading and unloading of seeds and cake bags from railway wagons and trucks and stacking the same in the godowns as well as the loading of deoiled cake meal bags in lorries and wagons when required to be despatched from the factories, the Industrial Tribunal held that the work was of a permanent nature and an integral part of the process of the business and directed the abolition of contract labour for doing this work.

The Supreme Court considered the provisions of the Central Act relating to contract labour which had received the assent of the President on 5th September, 1970, but had not yet come into force when the award was passed, and the State Act on contract labour which was in force when the award was passed. The Supreme Court confirmed the decision of the Tribunal in respect of the hoppers because it was satisfied that the principles laid down by the Court and substantially incorporated in clauses (a) to (d) of Section 10 (2) of the Central Act had been properly taken into account by the Tribunal.

As for loading and unloading, the Supreme Court referred to the provisions of the Central Act giving the appropriate Government power and

jurisdiction to decide whether contract labour had to be prohibited in any establishment. Before such a decision was taken, the representatives of the workmen, contractor and the Company had to be given an opportunity to express their opinion. The decision of the appropriate Government is made final on the question whether any process or operation of work is of a perennial nature. The appropriate authority, when taking action under Section 10, would have to take an overall picture of the establishments carrying on similar activities and decide whether contract labour is to be abolished in respect of any of the activities of those establishments. The jurisdiction to decide about the abolition of contract labour is now to be determined in accordance with Section 10 of the Central Act and is to be so determined by the appropriate Government under the Act, if it becomes necessary. On this ground, the Supreme Court observed that the direction of the Tribunal would have to be set aside.

Under Section 10 (2) of the Act, one of the relevant factors to be taken into account is to consider, when contract labour for particular work is to be abolished, whether that type of work is to be done ordinarily through regular workmen in that establishment or similar establishments. When it was shown that in similar establishments this type of work was not ordinarily done through regular workmen, but by contract labour, that circumstance was in favour of the appellant. The evidence was also to the effect that the work of loading and unloading in trucks and wagons was not of a perennial and permanent nature to justify the appellant maintaining a permanent staff. It was of an intermittent and temporary nature and so little that it would not be possible and profitable to employ full-time workmen. The Supreme Court, for all these reasons, set aside the award of the Industrial Tribunal directing the appellant not to engage any labour through a contractor for the work of loading and unloading. To this extent the appeal was allowed and the award of the Tribunal modified. Thus in future the question of abolishing contract labour would be governed by the provisions of the Contract Labour Act and the jurisdiction for abolishing contract labour would be with the appropriate Government. However, the order of the Government would be subject to review by the High Court by a *certiorari* proceeding.

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MONEY AND BANKING

Checking Acceptance of Public Deposits by Non-banking Companies—II

(BY A SPECIAL CORRESPONDENT)

There does not appear to be much restriction on the acceptance of public deposits by non-banking companies. The Banking Commission, which is to submit its report shortly, should make suitable recommendations on this matter. This is the second in a series of two articles. The first was published last week.

THE finance of a company is raised by way of public subscription to capital which is generally termed as own or owned funds, to which are added reserves built up over the years. Additional requirements of finance, whether for working capital or for long-term needs, such as acquisition of fixed assets, are met by borrowings either from banks or other institutional agencies and also from the general public by way of deposits or loans, guaranteed or otherwise. As far as the capital structure and raising of capital by limited companies, whether public or private, are concerned, they are subject to various restrictions and controls either by the Company Law Board or by the Controller of Capital Issues. Borrowing powers of such companies and the limitations thereon are well defined and banks and term-lending institutions have to take particular care that they are not *ultra vires*.

But there does not appear to be any restriction, regulation or control over the acceptance of deposits, more particularly by partnerships or proprietary concerns and various other agencies which do not come under the corporate sector. These agencies come under the jurisdiction of the State Governments and the general attitude is: it is your money and what you do with it is your worry no matter what the repercussions are for the individual or for the economy. Moreover, this is a business which perhaps attracts the Fundamental Rights of the Constitution. The addition of Section 49A to the Banking Regulation Act by an amendment at the end of 1959 seems to be the only restriction. This Section says: "No person other than a banking company, the Reserve Bank,

the State Bank of India or any other (banking institution, firm or other person notified by the Central Government in this behalf on the recommendation of the Reserve Bank) shall accept from the public deposit of money withdrawable by cheque, provided that nothing contained in this Section shall apply to any savings bank scheme run by the Government." (The words in brackets were inserted by an amendment in 1963).

The emphasis is more on the mode of withdrawal than on acceptance of deposits. There are ways and ways to circumvent the provisions of law and to hoodwink the authorities. The monetary authorities consequently, had to assume the necessary powers to regulate the deposit-receiving activities of these agencies. A department of non-banking companies was created for the purpose but for some reason or the other or for want of sufficient authority or powers, the function of this department has, by and large, been confined to collection of returns and data and publication of its findings. But even these do not seem to keep pace with the time in as much as the latest survey covers the period up to March 1968. Why are the Reserve Bank authorities unaware of their responsibilities in an area where it is as much their concern to protect and safeguard the interests of the depositors as to administer the monetary regulations? Is it because of a lack of interest or alertness, or because some 500 crores to 1000 crores of rupees do not impress them much? Or, is it that they cannot devise some channels to provide for the needs of the industrial sector which would appear to have resorted to this procedure in the absence of any other course or source of finance? Or is it because the banking sector and the other organised savings agencies cannot provide suitable outlets to pool such savings or deposits or they do not care for such "paltry" sums?

The Banking Commission is no doubt seized of the matter and since non-banking institutions are also covered by its terms of reference, it

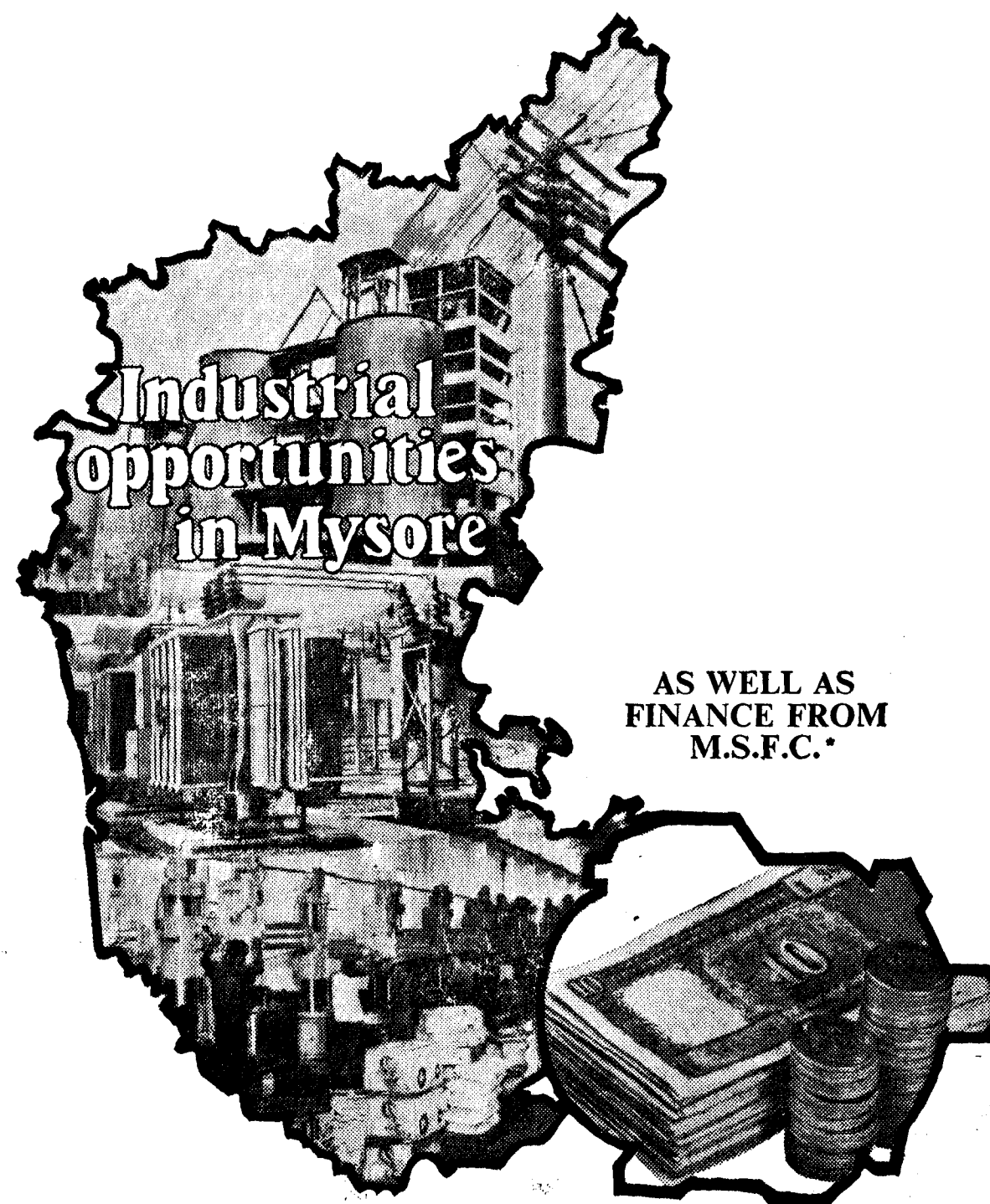
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should make suitable recommendations on the matter. But till such time as the report is published and the Government takes a decision on this subject, it is incumbent upon the Reserve Bank to take suitable steps. After all, it did take interim measures to deal with banking institutions pending the enactment of the Banking Act.

Public deposits seem to have a lot of attraction among a large number of non-financial companies in as much as even well-established and well-reputed industrial concerns accept such deposits. Since these deposits are apparently a vital source of finance to these concerns, they would be starved of funds if they are debarred from accepting such deposits, and industrial activity would suffer. The first step would, therefore, be to ensure that industry is not denied adequate finance so as to make them dependent upon public deposits. Since financing institutions necessarily take a cautious approach on to their advances or investments and since they have the necessary expertise for the purpose, it would pose no strain on the monetary authorities if institutional finance is provided to these agencies in place of public deposits. These institutions would bring about financial discipline in industry in order to ensure the safety of their advances. Deposits held by these companies would then necessarily come under the banking system. The total public deposits of non-financial companies as at March 1968 is Rs. 354.1 crores. The financial companies hold deposits to the tune of Rs. 123.8 crores. The share of hire-purchase companies is Rs. 28.6 crores while the remaining Rs. 95.2 crores are held by various other financial companies.

The question is: why should these agencies whose business apparently is to provide finance seek to raise their own resources by way of public deposits? While they may with their own funds compete with the other lending institutions in their lending operations—and there can be no objection to such competition—they also compete with the recognised and regulated institutions when they accept deposits from the public and thus divert funds from these institutions. The sums involved are considerable and the depositors of these institutions are entitled to, and need, as much protection and safeguards as bank depositors. The public at large is not competent and intelligent enough to judge the soundness

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of any concern which solicits deposits from them but the very fact that these concerns advertise that they are permitted to accept deposits according to the Reserve Bank's directives creates the impression that the Bank has satisfied itself as to the soundness and safety both of the concerns as also their money.

It is, therefore, incumbent upon the Reserve Bank to enlighten the general public and educate them so that they would know what they are up against. Newspapers carry advertisements from various finance brokers inviting deposits from the public on behalf of their clients offering interest at 12 per cent to 15 per cent. In certain cases these brokers are known to collect commission or brokerage both from the clients and the depositors and in quite a few cases the interest is paid both in "black" and "white", by cheque and also in cash. Interest offered in some cases is as much as 30 per cent which naturally attracts innocent people. Why are these companies employing brokers instead of issuing the advertisements in their own names? These advertisements could not have escaped the attention of the Reserve Bank since they refer to the Bank's directives. Financial

intermediaries no doubt play a useful rôle in bringing together those who have money and those who need money but that is precisely what the banking system is engaged in. But while the banking system is responsible for the depositors' money, the other intermediaries, especially the brokers, have no such responsibilities or obligations. Every agency which solicits deposits from the public and every advertisement in which the Reserve Bank's name is also given should attract the Bank's attention and calls for an enquiry to be made by it.

The number of such agencies is increasing day by day with all sorts of tall claims. The advertisements are staggering and the schemes fantastic but are they feasible? What is the security and where is the guarantee that the prize amounts offered by these bodies will be distributed and the money repaid at the end of the stipulated period? These are issues about which the authorities cannot remain silent. And if they cannot curb them, the least they should do is to exercise an effective control over them.

It is also a challenge to the banking industry. Banking is now deve-

lopment-oriented. It has to function as a catalyst in the developmental process and provide the necessary credit. The demands are enormous and banks cannot meet them. The banking system would, therefore, need to augment its resources by mobilising more deposits. While efforts and labour are within the banks' ingenuity, it is as much the concern of everybody, more particularly the Reserve Bank and the Government, to provide them with all the facilities and equally to prevent diversion of funds which should legitimately come into the banking sector. People should be educated and made aware of the fact that their money, apart from their individual needs and purposes, could also serve a social purpose.

Possession of money gives individual satisfaction, and making it available to the needy while retaining the right to draw upon it and use it whenever the need arises serves a larger social purpose. The only agency which provides this facility is the banking system which also ensures safety of the money, gives interest for its use to the depositors and earns him a return on his idle money with a further benefit of tax exemption. It also canalises and employs the funds deposited with it towards productive efforts which meet and serve the needs of the economy. The banking system cannot enter into a controversy or question the credentials of any other agency which seeks to tap the savings and the resources of the community, although it should educate the people and induct them into the banking habit.

It, therefore, devolves on the monetary authorities to prevent such diversion of funds towards any other agency and to ensure that they come to its proper place, the banks. If the banking system has to play the part assigned to it, it cannot be just left to fend for itself and it is as much the concern of everybody to help the banks in every possible way to enable them to fulfil the expectations. The banking industry too should pool all its wits and wisdom and all its ingenuity to tap the resources which apparently go to serve private ends and which at any rate it can utilise for greater and larger social purposes with the added advantage that depositors are assured of the utility, safety and security of their monies and of suitable returns on them.

(Concluded)

INVESTMENT

Talk of Liberalisation of Licensing Policy Cheers Operators

WITH sentiment dominated by reports of mounting tension on the Indo-Pakistani borders, trading on the stock markets has continued to be characterised by a note of caution and hesitancy. Outside public participation has shrunk to negligible proportions. But with sellers reserved, the markets have displayed a somewhat steadier tone this past week. Not only have the previous week's lows been held, but equity prices have tended to move up. Reports that the Government is in no hurry to declare an emergency and would rather wait to enable the world powers to bring pressure on President Yahya Khan to settle the Bangladesh issue have had a steadying influence on sentiment at the week-end. Mr. Chou En-lai's message to Mrs. Indira Gandhi carrying the hope of growing friendship between the two countries has also helped sentiment. This has enabled the markets to wind up the week on a steadier note. With the elimination of weak holders following the persistent decline over the past many months, there has come about a considerable improvement in the technical position of the markets.

Even so, there is little inclination to follow the rise because of the uncertain political situation. The markets' response to good news is generally lukewarm. Reports about Washington's decision to stop further supply of arms to Pakistan have received little attention. Nor have the markets reacted the way one might have expected of them to the observations made by the Central Minister for Industrial Development, Mr. Moizul Haque Choudhury, at the recent meeting of the Central Advisory Council of Industries. He has stated that the Government is considering a number of steps towards the liberalisation of the licensing policy in order to remove the constraints on the growth of industries. It is proposed to allow industrial units to step up production by working multiple shifts. Industrial units will be granted foreign exchange to import balancing equipment for this purpose. The Monopolies and Restrictive Trade Practices Act in respect of the entry of large industrial houses in the backward areas is to be liberalised. The decision on applications for licences will be expedited. All these steps are aimed at stimulating industrial growth. If these measures are properly imple-

mented and raw material supplies are ensured, they should prove helpful in accelerating industrial growth which cannot but have a favourable impact on the outlook for equities. But confidence is unlikely to revive unless the political situation improves appreciably.

Gilt-edged securities have remained dull. The 3 per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have remained quiet. Turn-over has been restricted.

After showing a quiet trend for some time, the Calcutta stock market developed a minor rally this past week, although the prices, particularly of cleared securities, have reacted towards the close. Operators have apparently welcomed the report that the Central Government is genuinely anxious to revive industrial activity in West Bengal. Among engineering shares, Jay Engineering, Simon-Carves and Electrosteel Castings have been supported. Among jute shares, Agartara, Budge-Budge and New Central have been transacted. Among coal shares, Pench Valley, Western Bengal and Amalgamated have been done. Among miscellaneous shares, Brooke Bond, Chemicals and Fibres, Mohan Meakin Breweries and Associated Batteries have been steady. Among tea shares, Hasimara, Namburnadi and Assam Brook have changed hands.

Dalal Street has generally presented a dull appearance. It is only near the week-end that it has turned a little livelier. Net changes over the week have shown a mixed pattern, but gains have outnumbered the losses. The improvement is due largely to the general reluctance to press sales at lower levels, although some replacement buying has also been reported in selected counters. Cotton textiles and rayons have moved both ways and have closed on a steadier note. Sentiment in rayon shares has been affected to some extent by rumours of an impending cut in rayon yarn prices. Steels have been subdued with Tata Steel striking a new low. Another big deal involving 250,000 shares of Indian Iron is reported to have been put through at Rs. 8.50 a share. These shares have been taken up by the L.I.C. and the Unit Trust. Automobile shares have ruled quietly steady. Engi-

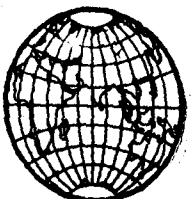
neering shares have been generally steady with Larsen and Toubro, Voltas, Tata Engineering and Associated Bearing receiving moderate support. Among dyes and chemicals, Tata Chemicals have been marked up following the chairman's optimistic assessment of the future prospects. Indian Dyestuff, N.O.C.I.L., Polyolefins and Colour-Chem have been among the other steadier spots. Bayer and Chemicals and Fibres have been subdued. Cement shares have kept steady while shipping shares have been subdued. Tyre shares have been steadier on small enquiry. New India Assurance have shown a moderate rise. Electric shares have been dull and steady. Among miscellaneous shares, Motor Industries, Tata Oil and Camphor and Allied Products have been steadier while Escorts have been marked down to a new low.

The Madras stock market has shown a dull trend this past week, and the volume of business has generally been restricted. As a result, most of the shares have received poor enquiries. Among planting shares, business has

COMPANY REPORTS

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

All India General
Aluminium Corporation
Amalgamated Electricity
C.E.S.C.
Dhrangadhra Chemical
Dhunseri Tea
Emerald Valley
Geep Flashlight
Indian Plastics
J. K. Synthetics
Marikar (Motors)
Matchwel Electricals
M. M. Corporation
Morarjee Mills
New India Assurance
Nilgiri Tea
Piramal Mills
Pullangode Rubber
Rohtas Industries
Straw Products
Teece
Trichy Distilleries



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THE BRITISH BANK OF THE MIDDLE EAST
(Incorporated in England)

Associated Bank
Bank of Iran and the Middle East.

been done in Kil Kotagiri at the market rate while Peria Karamalai and Blue Mountain have been maintained. Stanes Amalgamated and Kailas have met with enquiries. Textile shares have remained quiet. Premier Mills and Kothari Textiles have been transacted. Bank shares have been quiet, although Indian Bank have met with selling pressure. In the miscellaneous section, Mandya National Paper, Mettur Chemical and India Cements have been quiet. Canara Workshop have attracted enquiries while India Forge have met with 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	21/35—21/50—21/05—21/40— (20/60)
Dunlop India	28/85—29/40—28/85—29/20— (37/20)
Guest, Keen, Williams	30/60—31/55—30/45— 31/35—(26/60)
Hindustan Motor	8/70—8/80—8/55—8/60— (15/40)
Indian Aluminium	30/75—31/40—30/70— 31/40—(35/20)
Indian Cable	18/40—18/60—18/30—18/50
Indian Copper	3/52—3/58—3/52—3/57— (4/03)
Indian Iron	9/40—9/40—9/05—9/05—(14/10)
Jaipur Udyog	8/60—8/60—8/50—8/60
Jayabree Tea Industries	14/94—15/00—14/75— 14/75
Kesoram Industries	13/60—14/25—13/50— 14/20—(16/90)
National Rubber	6/56—6/62—6/56—6/62
Orient Paper	30/30—31/50—30/20—31/30— (37/00)
Orissa Cement	16/55—16/70—16/45—16/45— (17/15)
Rohtas Industries	4/50—4/70—4/45—4/70— (6/84)
Textile Machinery	9/60—10/00—9/60—10/00— (10/25)

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veries, the breakdown of ash removal arrangements and labour unrest. The trend has taken for the worse since May this year. The only redeeming feature is that the Company's own power generation is now more consistent. In this context, the chairman pointed to the restrictions imposed on the Company's import of power.

DHRANGADHRA CHEMICAL

Good Progress

THE working of Dhrangadhra Chemical Works in the first six months of the current year (April to September) has been encouraging. Sales are placed at Rs. 5.23 crores, against Rs. 3.40 crores in the corresponding period of last year. The production of various chemicals has been appreciably higher than in the first half of 1970-71. The directors expect both production and turnover to maintain the uptrend in the second half of the current year. The Company has exported upgraded ilmenite, its latest product, to the tune of Rs. 80 lakhs in the first six months of the current year.

INDIAN PLASTICS

Sales Up but Profit Down

DESPITE a rise of 16.2 per cent in sales from Rs. 1.97 crores to Rs. 2.29 crores, the gross profit made by Indian Plastics during the year ended March 1971 is down from Rs. 8.72 lakhs to Rs. 8.54 lakhs. Margins are stated to have been eroded by the tight and erratic supply of phenol and keen competition in the market for moulded articles and radios. The production of the radio division was kept at a minimum to reduce losses. After providing Rs. 4.51 lakhs (against Rs. 5.71 lakhs) for depreciation, there is a surplus of Rs. 4.04 lakhs, against Rs. 3 lakhs in the preceding year. Out of this, a sum of Rs. 3.17 lakhs has been utilised for the payment of dividend on preference shares for three years ended March 1971.

GEEP FLASHLIGHT

Good Performance

THE working results of Geep Flashlight for the year ended April 1971 show an impressive improvement over the previous year's performance. Sales have risen by 42 per cent from Rs. 4.09 crores to Rs. 5.82 crores and

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the gross profit has increased by 36.6 per cent from Rs. 42.12 lakhs to Rs. 57.51 lakhs. After providing Rs. 17.73 lakhs (against Rs. 15.61 lakhs) for depreciation and Rs. 2.60 lakhs (against Rs. 3.15 lakhs) for development rebate reserve, the pre-tax profit amounts to Rs. 37.18 lakhs, against Rs. 23.36 lakhs in the previous year. The entire surplus has been transferred to general reserve. The estimated tax liability for the accounting years 1967-68 to 1970-71, amounting to Rs. 49.26 lakhs, is to be paid out of general reserve. The preference, equity and deferred dividends absorbing Rs. 1.43 lakhs, Rs. 7.63 lakhs and Rs. 64,000, respectively, are to be paid out of general reserve. Both the dry cell and lamp units have registered a substantial improvement and the working of the torch unit also has been satisfactory. The Company intends to set up a plant for the manufacture of carbon rods.

ALL INDIA GENERAL

Handsome Dividend

ALL India General Insurance Company has done well in 1970 and the dividend has been raised from 12.5 per cent to 25 per cent (from Re. 1 to Rs. 2 a share of Rs. 8 paid-up). The total net premium income written by the Company in its fire, marine and miscellaneous departments has increased from Rs. 64.36 lakhs to Rs. 73.96 lakhs. The total claims paid and outstanding in the three departments declined from Rs. 36.36 lakhs to Rs. 34.88 lakhs, bringing down the claims ratio from 56.49 per cent to 47.15 per cent. After providing Rs. 6 lakhs (against Rs. 1.50 lakhs) for taxation, the net profit is larger at Rs. 4.38 lakhs, against Rs. 1.34 lakhs in 1969. Reserves for unexpired risks have risen by Rs. 5.52 lakhs during the year. The total assets have increased by Rs. 30 lakhs to Rs. 1.41 crores.

J. K. SYNTHETICS

Nylon Staple Fibre

THE nylon staple fibre plant, a Rs. 7-crore project of J.K. Synthetics Ltd, Kota, has commenced its production. The plant will produce nylon staple fibre with a rated capacity of 1.8 million kilograms a year and will be a substitute for imported wool and cotton, thus saving about Rs. 2 crores of valuable foreign exchange a year. It has also various end-uses for defence products.

TEECCE

New Photo-copier

TEECCE Office Equipments, Allahabad, has developed a fully indigenous photo-copying machine—claimed to be the first of its kind in the world—to combine semi-dry printing process and photostating process in one single equipment. The photo-copier which is named as Teeceestat gives copy of any document on one side or on both sides in any colour or language. For a foolscap size sheet it costs only about 10 paise, including the cost of paper, to

get a Teeceestat copy. The executive model of Teeceestat is priced at Rs. 730 which is considered to be very low, compared with any photo-copier.

TRICHY DISTILLERIES

Sales and Profit Decline

THE directors of Trichy Distilleries and Chemicals Ltd have maintained the dividend at 15 per cent for the year ended May 1971. But the Company has earned a lower profit of Rs. 12.32 lakhs, after providing depreciation of Rs. 3.30 lakhs.

STRAW PRODUCTS : GOOD PROGRESS ACHIEVED

STRAW Products Ltd has shown satisfactory working results for the eight-month period ended August 1971, with production at 23,926 tonnes (against 23,000 tonnes) and sales at Rs. 5.47 crores (against Rs. 4.74 crores). Production on the MG paper machine, which was commissioned towards the end of the previous year, is stabilised and now it produces MG tissue, poster, kraft and other speciality papers. These products have been well-received by the market. Sale of boards, which had met with keen competition from smaller units, has also gradually picked up. The prospects are reasonably optimistic although costs have been rising all round without an adequate increase in the sale prices of the Company's products. The gross profit for the year is expected to be higher than in the previous year.

Work in connection with the setting up of the third paper machine for the manufacture of tissue and speciality papers, with an annual production capacity of 7,500 metric tonnes, has progressed satisfactorily. Construction of buildings has almost been completed, a major part of the imported machinery has been shipped and received, indigenous machinery has started arriving and erection has commenced. As reported in the director's report, circulated along with the audited accounts for 1970, there has, however, been an inordinate delay in supplies of machinery from the major indigenous manufacturer. Efforts are

being made to reduce the delay in putting the machine into operation. The Company is also vigorously pursuing its proposal for increasing the production of paper and boards by installing balancing equipment on a crash programme basis.

In order to procure a part of the finance required for the paper mills expansion under way, the Company issued 300,000 rights shares of Rs. 10 each at a premium of Rs. 2.50 a share in January 1971, bringing in Rs. 37.5 lakhs. Furthermore, the Company made a public issue of 20,000 9.3 per cent cumulative redeemable preference shares of Rs. 100 each at par in June this year. Both the issues were fully subscribed. The directors have decided to redeem on 31st December, 1971, the entire 75,000 9.1 per cent cumulative redeemable preference shares of Rs. 100 each allotted in January-February 1960. The directors have also decided to pay dividend for the year ending 31st December, 1971, to the holders of these shares along with the redemption amount.

The shareholders of the Company, at a meeting held in August 1971, accorded their approval to the capitalisation of Rs. 113 lakhs out of the amount standing to the credit of general reserve for the issue of 1.13 million fully paid equity shares of Rs. 10 each as bonus shares in the ratio of one bonus share for every two existing equity shares held. The consent of the Controller of Capital Issues is awaited.

C.E.S.C. : Need to Revise the Rate Structure to Improve Profitability

AT the recent annual general meeting of the Calcutta Electric Supply Corporation for the year ended March 1971, Mr. I. A. Macpherson, chairman, said that both the maximum demand on the Company's system and unit sales of electricity had been practically static for the third year in succession. These were due to the disturbed conditions in the State. (A fuller version of the chairman's speech was published in last week's issue of *Capital*.) An increase of 22 million units in the Company's sales for domestic and commercial purposes was more than offset by a decline in sales to industries. The consumption of jute and cotton mills has declined by 22 million units, paper mills by 4 million units and other industries by 9 million units. Sales to the engineering, steel and chemical industries have, however, increased to the extent of 13 million units. Revenue receipts of the Company were £18.1 million, against £16.9 million. The chairman said that the increase was almost entirely due to the rise in the Company's charges for industrial power with effect from 1st July, 1970. This increase was, however, completely absorbed by the rise in revenue expenditure.

The clear profit as calculated under the Electricity (Supply) Act, 1948, is

£781,744, which is some £461,000 less than the reasonable return to which the Company is entitled. This serious shortfall is due to the continuing escalation in the Company's costs, unmatched by a sufficient increase in revenue. The chairman said that although the Company was not obliged to get the Government's approval, great importance was given to its views in determining C.E.S.C. policies. After the revision of its rates in July 1970, discussions have continued for a further increase in its charges in order to earn a reasonable return. The chairman hopes that if the Company succeeds in implementing its contemplated rate structure, there would be an improvement in its clear profit.

The continued economic stagnation in the region is again reflected in the Company's development budget which in the quinquennium 1971-72 to 1975-76 is not expected to exceed Rs. 18 crores. Apart from the routine expenditure in the mains department, the largest items in this budget are the Kasba and Prinsep Street receiving stations and the new coaling plant at the Mulajore generation station. The Company had unfortunately to resort to load shedding on a more extensive scale than in the previous year, which was largely due to uncertain coal deli-

This compares with the previous year's profit of Rs. 15.90 lakhs, after providing depreciation of Rs. 3.26 lakhs. Adding to the year's profit a sum of Rs. 31,675 brought forward from the previous year, and with small items written back there is a total surplus of Rs. 12.65 lakhs. Out of this, development rebate reserve gets Rs. 2.50 lakhs (against Rs. 6.50 lakhs) and deferred taxation reserve Rs. 1.50 lakhs (against Rs. 6.50 lakhs). The dividend absorbs Rs. 2.72 lakhs. A sum of Rs. 5.50 lakhs (against Rs. 3 lakhs) is transferred to general reserve. The balance of Rs. 42,360 is being carried forward. Sales amounted to Rs. 55.84 lakhs (against Rs. 65.22 lakhs).

PIRAMAL MILLS

Good Results

PIRAMAL Spg. and Wvg. Mills Ltd has produced good results for the year ended June 1971. This is the first year of full working of the Company since it took over unit No. 2 of Morarjee Goculdas Spg. and Wvg. Co. Ltd. The gross profit for the year amounted to Rs. 54.89 lakhs.

Appropriations include depreciation Rs. 12.71 lakhs, development rebate Rs. 4.44 lakhs and taxation Rs. 23.36 lakhs. After setting off the previous year's loss and writing off preliminary expenses, an amount of Rs. 9.85 lakhs was transferred to general reserve. The directors have recommended a maiden equity dividend of 5 per cent. Sales of yarn and cloth amounted to Rs. 418.85 lakhs, out of which goods worth Rs. 60 lakhs were exported.

MARIKAR (MOTORS)

Sales Up but Profit Down

MARIKAR (Motors) Ltd has maintained the equity dividend at 12½ per cent for the year ended March 1971. Although sales have recorded an improvement at Rs. 364.78 lakhs (against Rs. 352.11 lakhs), the profit is lower at Rs. 4.35 lakhs, after providing depreciation of Rs. 47,849. This compares with the previous year's profit of Rs. 5.24 lakhs, after providing Rs. 50,535 for depreciation. With Rs. 8,494 brought forward, there is a total surplus of Rs. 4.44 lakhs available for appro-

priation. Out of this, provision for taxation amounts to Rs. 22,000 (against Rs. 2.50 lakhs). Provision for gratuity amounts to Rs. 3.60 lakhs (against nil). A sum of Rs. 60,000 is transferred to reserve for bad and doubtful debts. The balance of Rs. 1,714 is transferred to general reserve. The preference dividend at 9 per cent amounting to Rs. 38,494 and the ordinary dividend absorbing Rs. 1.84 lakhs will be paid out of general reserve.

MORARJEE MILLS

Margins Improve

THE preliminary statement from Morarjee Goculdas Spinning and Weaving on its working results for the year ended June 1971 shows a decline in sales as well as gross profit. Sales are down from Rs. 13.09 crores to Rs. 10.14 crores and the gross profit from Rs. 105.28 lakhs to Rs. 100.22 lakhs. But the figures for 1970-71 represent the working of only one unit instead of the two units in the preceding year; the unit number two was sold to Piramal Textiles in June 1970. It is signi-

ficant that despite the marked rise in costs and difficult trading conditions which the cotton mill industry has had to put up with during the year, Morarjee Mills has been able to improve upon its margins. The ratio of profit to sales works out to around 10 per cent for 1970-71, against 8 per cent for 1969-70. The directors have proposed a dividend of 10 per cent payable on the enlarged capital following the one-for-one bonus issue, against 15 per cent paid for 1969-70.

Appropriations include depreciation Rs. 37.52 lakhs (against Rs. 31.49 lakhs), development rebate reserve Rs. 14 lakhs (against Rs. 6.22 lakhs), taxation Rs. 20 lakhs (against Rs. 32 lakhs) and general reserve Rs. 28.79 lakhs (against Rs. 8.06 lakhs). In the preceding year, the Company had to write off a net loss of Rs. 30.59 lakhs on account of the sale of one textile unit. The equity and preference dividends absorbing Rs. 16.05 lakhs (against Rs. 12.32 lakhs) will be paid out of general reserve. Additions to plant and machinery made during 1970-71 were valued at Rs. 90.71 lakhs. The Company will be celebrating its centenary in December. This will perhaps be the first mill in the country to commemorate such an event.

EMERALD VALLEY

Dividend Cut

DUE to a fall in profit, Emerald Valley Estates Ltd has reduced the ordinary dividend to 8 per cent for the year ended March 1971 from 10 per cent in the previous year. The profit amounts to Rs. 4.53 lakhs, after providing Rs. 6.21 lakhs for taxation. This compares with the previous year's profit of Rs. 9.13 lakhs, after providing Rs. 10.75 lakhs for taxation. Adding to the year's profit a sum of Rs. 29,227 brought forward, the total available for appropriation comes to Rs. 4.83 lakhs. Out of this, the dividend absorbs Rs. 60,000. Provision for taxation in respect of earlier years amounts to Rs. 2.16 lakhs. General reserve gets Rs. 2 lakhs (against Rs. 8.50 lakhs). The balance of Rs. 6,594 is being carried forward.

PULLANGODE RUBBER

Dividend Raised

THE directors of Pullangode Rubber and Produce Co. Ltd have topped up the dividend on ordinary

shares to 9 per cent for the year ended March 1971 from 7½ per cent for the previous year. Although the rubber crop was bigger when compared with the previous year, the price realisation was lower. The net profit for the year amounts to Rs. 1.46 lakhs, after providing taxation of Rs. 3.67 lakhs. This compares with the previous year's profit of Rs. 4.39 lakhs, after providing taxation of Rs. 4.15 lakhs. Adding to the profit a sum of Rs. 5,539 being brought forward, Rs. 2 lakhs being excess provision and refunds and with Rs. 1.10 lakhs transferred from general reserve, there is a total of Rs. 4.62 lakhs. Out of this, a sum of Rs. 3 lakhs, against Rs. 3.91 lakhs, is transferred to rubber replanting reserve. The preference dividend at 6.131 per cent absorbs Rs. 9,197 and the equity dividend claims Rs. 1.48 lakhs. The balance of Rs. 3,661 is being carried forward.

MATCHWEL ELECTRICALS

Silver Jubilee

AT the silver jubilee celebration of Matchwel Electricals (India) Ltd, in Poona recently, the chairman, Mr. Ramkrishna Bajaj, highlighted the achievements of the Company.

He said that 10 per cent of all fans exported by India in 1969 were made by Matchwel. He also highlighted the expansion programme of the Company, and explained how the Company was helping some ancillary industries around Poona.

AMALGAMATED ELECTRICITY

Dividend Raised

AMALGAMATED Electricity Company has reported considerably improved results for the year ended March 1971 and the dividend has been raised from 10 per cent to 11 per cent—from Re. 1 to Rs. 1.10 a share. According to the preliminary figures, the gross profit is up by 15.8 per cent from Rs. 57.63 lakhs to Rs. 66.69 lakhs. Appropriations include depreciation Rs. 16.99 lakhs (against Rs. 18.46 lakhs), development rebate reserve Rs. 24,000 (against Rs. 2.60 lakhs), taxation Rs. 9.10 lakhs (against Rs. 11.26 lakhs), retiring gratuity Rs. 3.39 lakhs (against Rs. 2.46 lakhs), contingencies reserve Rs. 1.87 lakhs (against Rs. 2.05 lakhs), retrenchment compensation Rs. 4.19 lakhs (against nil), general reserve Rs. 13 lakhs (against Rs. 3.30 lakhs) and dividends Rs. 17 lakhs (against Rs. 15.93 lakhs).

ALUMINIUM CORPORATION: RESULTS IMPROVE

THE annual report of the Aluminium Corporation of India for the year ended March 1971 reveals that it has made further progress with the Orissa aluminium project for expanding the Corporation's capacity. An industrial licence was issued to the Corporation for the production of 30,000 tonnes of aluminium metal a year. It has decided to establish an integrated plant in Orissa in the first phase with a capacity of 15,000 tonnes of aluminium metal a year with appropriate proper-zie rod making facilities and the second phase will be taken up soon thereafter. The first phase is estimated to cost Rs. 16.5 crores. Letters of intent from financial institutions have been received for financing of the project.

The Corporation's working results for the year have been reported to be better than in the

previous year. Sales have risen from Rs. 297 lakhs to Rs. 478 lakhs. Production in different sections of the plant was affected by frequent labour disturbances. Besides, there has been a tremendous increase in the prices of essential raw materials, stores and electrical power, while sale prices remained pegged to the 1967 level. The surplus for the year worked to Rs. 31.41 lakhs, against Rs. 4.78 lakhs for the previous year. A sum of Rs. 75.33 lakhs has been transferred from general reserves. After providing Rs. 91.68 lakhs for depreciation for the current as well as the previous year and also Rs. 3 lakhs for development reserves, the dividend amounting to Rs. 5.38 lakhs has been recommended for payment to preference shareholders. The interim dividend of 5 per cent on the equity shares amounting to Rs. 6.75 lakhs is to be regarded as the final dividend.

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NEW India Assurance Company has reported all-round marked progress in its operations during 1970. Its net premium income rose to Rs. 27.10 crores, against Rs. 25.60 crores in 1969. Net claims amounted to Rs. 13.54 crores, against Rs. 14.50 crores, or 50 per cent against 56.6 per cent of the premium income. All the three departments have showed a higher profit—fire department Rs. 2.31 crores (against Rs. 1.25 crores), marine Rs. 94.42 lakhs (against Rs. 43.28 lakhs) and miscellaneous department Rs. 2.45 crores (against Rs. 1.47 crores). The total profit comes to Rs. 5.70 crores, against Rs. 3.16 crores. After adjustments, the profit for 1970 amounts to Rs. 6.20 crores, against Rs. 2.81 crores in 1969. After providing Rs. 3.36 crores (against Rs. 1.26 crores) for taxation, the net profit amounting to Rs. 2.84 crores (against Rs. 1.55 crores) has been transferred to general reserve. The unchanged dividend of Rs. 6 a share, payable on a larger capital

resulting from the bonus issue, will claim Rs. 1.18 crores, against Rs. 91.15 lakhs in the preceding year. As a result of the year's operations, the total funds of the Company have increased by Rs. 2.80 crores to Rs. 25.31 crores. The management of the Company was taken over by the Government on 13th May, 1971.

M. M. CORPORATION

Better Results

THE preliminary statement from Machinery Manufacturers' Corporation on its working results for the year ended March 1971 shows further marked improvement over the previous year's performance. Sales have risen by 18 per cent from Rs. 3.46 crores to Rs. 4.08 crores and the gross profit at Rs. 40.02 lakhs shows a rise of 25 per cent over the previous year's figure of Rs. 31.99 lakhs. In 1968-69, the Company had incurred a deficit of Rs. 33.41 lakhs. After providing Rs. 20.56 lakhs (against Rs. 21.72 lakhs) for depreciation, there remains a surplus of Rs. 19.46 lakhs (against Rs. 10.27

lakhs). This surplus, along with a withdrawal of Rs. 3.49 lakhs (against Rs. 2.67 lakhs), has been utilised to reduce the deficit to Rs. 32.03 lakhs which is carried forward. Dividends on both preference and equity shares have again been skipped. The off-take in the first four months of the current year is reported to be "very sluggish" but the management expects it to improve in the remaining months. Besides, certain export orders are said to be under negotiation and, if concluded, would help sustain sales. Production of diesel engines which had been suspended last year has been resumed.

DHUNSERI TEA

Satisfactory Results

DHUNSERI Tea and Industries Ltd has shown satisfactory working results for 1970. The Company has earned a higher profit of Rs. 4.26 lakhs, against one of Rs. 3.07 lakhs, after providing Rs. 1.86 lakhs (against Rs. 1.67 lakhs) for depreciation and Rs. 13,000 (against Rs. 11,000) for development rebate reserve. The taxable ordinary dividend has been raised from 10 per cent to 12½ per cent, absorbing Rs. 1.25 lakhs. This offers a yield of 10.8 per cent at the present price of Rs. 11.12 a share of Rs. 10 each. Taxation claims Rs. 1.30 lakhs (against Rs. 1.25 lakhs) and general reserve Rs. 1.75 lakhs (against Rs. 1.05 lakhs). Sale proceeds amounted to Rs. 34.97 lakhs (against Rs. 27.29 lakhs). The crop totalled 482,771 kilograms (against 420,492 kilograms) and the average sale price was Rs. 7.18 (against Rs. 6.41) a kilogram. Estimates for the current season provide for a crop of 475,000 kilograms at a cost of Rs. 5.95 a kilogram.

NILGIRI TEA

Dividend Raised

THE Nilgiri Tea Estates Ltd has stepped up the dividend on ordinary shares to 7 per cent for the year ended March 1971 from 5 per cent in the previous year. The profit for the year amounts to Rs. 1.01 lakhs, after providing depreciation of Rs. 74,032. This compares with the previous year's profit of Rs. 4,777, after providing depreciation of Rs. 72,954. Adding to the year's profits a sum of Rs. 19,386, transferred from general reserve, there is a total surplus of Rs. 1.21 lakhs. Out of this, the 8 per cent preference dividend amounts to Rs. 22,484. The equity dividend at 7 per cent amounts to Rs. 98,437.

COMMODITIES

Minimum Wage : Jute Mills Urge Workers to Take a Realistic View

DEPLORING the failure of the bipartite negotiations between the management and trade unions for the fixing of minimum wages, the Indian Jute Mills Association has urged workers' representatives to "take a more realistic and long-term view of jute mill wages and reconsider the industry's offer, after weighing all the external and internal factors impinging on the viability of the Indian jute industry." A Press note, issued by the Association during the week-end, says that it will be a grievous mistake on the part of the trade unions to calculate the industry's paying capacity on the present profitability of jute manufacture, which is, however, "a passing phase and entirely an outcome of the virtual cessation of production and export of jute goods from East Bengal". Jute mills in East Bengal are already working at roughly 50 per cent of their capacity and once they revert to full production, the industry in this country will again face a stiff competition in export markets as also the problem of maintaining the present level of output. "A straw in the wind is the failure of the export markets to absorb Indian sacking to the extent warranted by the non-supply of Pakistani goods."

A Victim of Cost Inflation

Maintaining that the jute industry is already a victim of serious cost in-

flation, which is dangerous for an export industry, the I.J.M.A. points out that wages, which have increased by 34 per cent since January 1969, constitute a significant factor in the continuing pressure on costs. Any notion that the jute mill workers are low paid is wrong. On the contrary, they are, says the I.J.M.A., among the highest paid industrial workers in north-east India. Wages in the jute industry, only a little lower than those paid in the engineering industry, compare quite favourably with the wage levels prevailing in this region. The note observes that conditions in the jute and engineering industries are in no way comparable. The jute industry is highly labour-intensive, while the engineering industry is capital-intensive. Therefore, the labour cost in the former is as high as 26 per cent and generally 5 per cent or 10 per cent in engineering. Besides, engineering is a growth industry while jute is a steadily contracting industry, subject to the vicissitudes of a widely fluctuating world demand.

The Press note says that the existing minimum wage in West Bengal jute mills is Rs. 184.60 a month, which has been proposed to be raised to Rs. 195. Taking account of Rs. 9.20 in the present dearness allowance which should have been deducted from 1st August in line with the fall in the cost of living index but

was not cut, following a representation from the trade unions, the rise of Rs. 10.40 in the minimum wage will, in effect, amount to an increase of Rs. 19.60. It has to be noted that only a very small proportion of the industry's labour complement gets the minimum wage and higher-than-minimum wage increases have been offered to many categories of workers. As against the present six-monthly revision at an enhanced rate of Re. 1 for each point of rise or fall in the cost of living index with 1960 as the base year, the industry has also offered to revise the dearness allowance every three months.

Unions' View

Following the failure of the deliberations, a joint statement, issued by the I.N.T.U.C., C.I.T.U., A.I.T.U.C., U.T.U.C., H.M.S. and U.T.U.C.—Lenin Sarani, declared that the unions have jointly decided to reject the management's offer unconditionally. Unless there is a genuine change in the employers' attitude, such bipartite negotiations cannot yield any fruitful result. The trade unions urged the Central Government to intervene and impose rigid controls on the industry, fix minimum export prices for jute goods and adequate prices for raw jute in co-operation with trade unions, and, at the same time, ensure that workers' wages and other demands were settled satisfactorily.

Order on Maximum Price

Since the failure of the protracted negotiations between the Central Government and the jute industry for an agreement on the phased sup-

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

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

Description	31st October, 1971		30th September, 1971		Increase over (+) or decrease from (-) last month		31st October, 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	11,32.02 (12.38)	33.9 (33.3)	10,32.89 (11.30)	30.3 (29.8)	+99.13 (+1.08)	+3.6 (+3.5)	15,21.69 (16.64)	45.5 (44.8)
Sacking cloth and bag	13,56.85 (14.84)	60.7 (59.7)	13,15.52 (14.39)	59.1 (58.2)	+41.33 (+45)	+1.6 (+1.5)	10,96.74 (11.99)	50.1 (49.3)
Carpet-backing	1,53.54 (1.68)	16.7 (16.5)	1,22.21 (1.34)	13.3 (13.1)	+31.33 (+34)	+3.4 (+3.4)	1,74.24 (1.91)	19.6 (19.3)
Others		7.5 (7.4)		7.4 (7.3)		+0.1 (+0.1)		7.9 (7.8)
Grand Total (000 Tonnes/Tons)		1,18.8 (1,16.9)		1,10.1 (1,08.4)		+8.7 (+8.5)		1,23.1 (1,21.2)

Note : All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association (including Hooghly), New Central and Shree Hanuman. The figures in brackets are in British measures.

ROHTAS INDUSTRIES : MARGINS ERODED

IN their latest report for the year ended March 1971, the directors of Rohtas Industries Ltd say that although there has been an all-round improvement in production in the various units, the financial results have shown a downward trend. The most important single adverse factor has been the increase in costs of raw materials. There has been a considerable increase in expenditure on account of packing, power and other operational expenses also. The financial results showed a substantial improvement in the first few months but the Company suffered considerable setback in June-August on account of a crisis in power supply. The supply of raw materials and despatch of finished goods were seriously delayed affecting the operations.

The working of the Company has shown a lower gross profit of Rs. 46.60 lakhs, against Rs. 1.37 crores in the previous year, after taking into account a sum of Rs. 11.85 lakhs from excess provision in respect of previous years. In view of the sharp decline in profit, the dividend has been skipped. A sum of Rs. 37.33 lakhs has been

provided for balance depreciation for the accounting year 1968-69 not provided earlier. After adjustments, there remains a balance of Rs. 9.27 lakhs which is proposed to be carried forward. Sales rose from Rs. 25.93 crores to Rs. 31.81 crores. The production of cement amounted to 326,603 tonnes (against 302,393 tonnes), while that of *vanaspati* amounted to 20,614 tonnes (against 16,221 tonnes). During the year, the Company submitted a consolidated application to the Industrial Development Bank of India covering expansion and modernisation of its paper and chemicals division, cement and asbestos division and the *vanaspati* division. The application envisages a total expenditure of Rs. 15.33 crores out of which Rs. 10.18 crores will be financed from loans, Rs. 2.31 crores from deferred payments and Rs. 2.84 crores from internal resources. The expansion programme is to be completed by the year 1973-74. A letter of intent for expanding the production of the paper factory from 50,000 tonnes to 125,000 tonnes a year has already been received from the Government.

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ply of essential packaging materials, particularly B Twills, to the Food Corporation of India and in view of the continuing buoyancy in the finished goods market, the Government of India has invoked the powers under Clause 8 of the Jute (Licensing and Control) Order, 1961, for the fixing of the maximum ex-factory price, exclusive of the excise duty and sales tax, of B Twills of 43½" x 26½" H.D. W.I.P. or 44" x 26½" H.D. 2½ lbs a bag 6 x 8 x 3 Blue, Dy. Sewn, and conforming in all other respects to the current I.S.I. specification No. IS-2566-1965 and the manufacture thereof by the mills. A Gazette notification, issued on 5th November, has fixed the maximum price of the above constructions at Rs. 215.59 for each 100 bags.

Sore at the directives, jute industry circles say that they are already sold to capacity for November and to substantial percentages of their installed potential for subsequent months. Hence the situation will continue to be fluid for the near-term unless alternative arrangements were made for the deferment or adjustment of the current bookings. Besides, there is the problem of covering the bookings or fresh orders by matching jute purchases against the current and hitherto unspecified

forward requirements of the constructions for the F.C.I. In January 1970, the industry had entered into a 15-month contract with the Government of India for the phased supply of 120,000 tonnes of B Twills for the D.G.S.D. on a cost-plus basis. The contract expired in March this year. Purchases or bookings on such a scale at this time of the season, it is feared, will disturb the precarious demand-supply balance.

Caution in Gunnies

With heavy goods touching a near-time high and hessian suffering a substantial reaction, the Calcutta gunny market showed divergent trends during the past week. The major factors governing sentiment were the issue of production and price-control orders and the requisitioning of the sacking manufacturing capacity of various jute mills for November. The breakdown of the bipartite negotiations on the fixing of a minimum wage accentuated the threat of an industrywide strike in the near future. The issue of production control order induced the mills virtually to abstain from making any fresh offer for the construction for near and far-forward positions. As a result, bulls tightened their grip, while shorts turned nervous and made frantic efforts to cover their immediate and near-term open positions, causing prices to rise to exceptionally high levels. There was profit-taking at the bulges but all such offers were well absorbed. Hessian ruled subdued due to a perceptible lack of interest from local and overseas consumers. The hedge market ruled dull due to the drastic restrictions on trading. Since the Government's decision to lift D.G.S.D. requirements of jute goods directly from mills was made, there was a decline in the volume of open market transactions in November and February delivery futures contracts for B Twills. Turnover was small to moderate. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Nov.	Dec.	Jan.- Mar.	Apr.- June
40in. 7½oz	83.25	82.75	82.00	79.00
40in. 8oz	91.00	—	—	—
40in. 10oz	107.25	106.75	106.00	104.00
B Twills	275.75	278.00	278.75	278.50
Heavy Cees	276.50	278.00	278.75	278.50
Cornsacks	—	—	—	—
A Twills (U.S.)	332.00	334.00	336.00	336.00
Liverpools	320.00	322.00	324.00	323.00

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

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

	(000 metres and 00,000 yds.)		
	Oct. '71	Sept. '71	Oct. '70
Hessian	8,38.32	7,42.37	9,24.10
	(9.17)	(8.12)	(10.11)
Sacking	8,31.11	8,01.22	7,45.24
	(9.09)	(8.76)	(8.15)
Carpet-backing	1,70.52	1,44.66	1,04.67
	(1.87)	(1.58)	(1.14)
	(000 tonnes and tons)		
	Oct. '71	Sept. '71	Oct. '70
Hessian	26.3	23.2	27.4
	(25.9)	(22.9)	(27.0)
Sacking	37.1	36.0	34.3
	(36.5)	(35.4)	(33.7)
Carpet-backing	18.0	15.7	11.5
	(17.7)	(15.5)	(11.3)
Others	5.3	4.6	3.5
	(5.2)	(4.5)	(3.5)
Grand Total	86.7	79.5	76.7
	(85.3)	(78.3)	(75.5)
Hours worked:	200.0	192.0	192.0

Note: All figures are at bale-point. N.B.—These statistics are based on replies received and represent all members of the Association, (including Hooghly), New Central and Shree Hanuman. The figures in brackets are in British measures.

With mills and mill agents continuing to show a persistent indifference to the offers of average and lower grade fibre, the raw jute market suffered a further reaction during the past week. Prices gradually slid down to Rs. 48.50 a maund f.o.r., Calcutta ready, basis Assam Bottoms, although selected grades and Bangladesh fibres attracted sizable premium and were readily absorbed both in Calcutta and in the upcountry markets. Worried over the continuing downward trend in raw jute prices which could hardly be retrieved by the price-support operations, in the north Bengal districts, on a restricted scale by the Jute Corporation of India and the State Trading Corporation, West Bengal's Agriculture Department had reportedly invoked the provisions of the West Bengal Markets Regulation Act of 1970 and regulated 48 selected markets in the four districts of Jalpaiguri, Cooch Behar, West Dinajpur and Malda. Activities in these markets were being regulated by the Statutory Agricultural Market Committees formed with representatives of market-users. Four such committees had already been formed on a regional basis with the object of preventing malpractices, executing development schemes and providing marketing finance. All market-owners were under the obligation of taking compulsory licence from these committees within six months. For the development of these markets, and for providing financial assistance, the nationalised banks had been asked to step in while the Central Government had agreed to meet 20 per cent of the development expenses as subsidy. Turnover was small. The closing undertone was easier.

Latest available quotations (in rupees) were as follows:

	November-December Rates a Rates a Rates a quintal quintal md. Mid. Bot. Bot.		
Selected Assam- Agartala	137.98	129.94	48.50
Northern Jute	132.62	124.58	46.50
Western Desal Jute	123.24	115.21	43.00
Selected Daissee	147.36	139.32	52.00
Assam-Agartala Tossa	146.02	137.98	51.50
Mesta: Assam Mesta	124.58	116.55	43.50
Selected Daissee	—	—	—
Murshidabad	120.57	112.53	42.00
Bihar Dist.	109.85	99.13	37.00

COMPANY AND PUBLIC NOTICES

INDIAN COPPER CORPORATION LIMITED

(Incorporated in England with liability of its members limited)

THE following are the returns for the quarter ended 30th September, 1971:—

Ore Milled	...	Kgs. 15,82,88,140	S/T.	1,74,481
Average Grade	...	1.864%		
Refined Copper produced (equivalent)	...	" 25,15,000	L/T.	2,475
Rolled Brass produced	...	" 8,35,501	"	822
Rolled Copper produced	...	" 3,021	"	3
Copper Wire Bar produced	...	" 18,28,000	"	1,799
Crude Cupro Nickel Alloy	...	" 2,500	"	2
Crude Copper Bar	...	" 36,570	"	36
Copper Swarf	...	" 38,364	"	57
Nickel Sulphate Crystals	...	" 32,650	"	32

The results of development work carried out on the properties of the Corporation during the quarter under review are as follows:—

	Developed Metres	Sampled Metres	Payable Metres
Mosaboni	700.9	675.7	478.9
Badia	59.8	38.8	28.0
Surda	291.1	275.3	139.6
Pathargarah	25.1	25.1	—

Gillander House,
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Dated 15th November, 1971.

S. N. SINGHANIA,
Secretary.

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CAPITAL, 18th NOVEMBER, 1971

BOOKS RECEIVED

Collective Agreements—Trends in the Sixties. (Published by the Employers' Federation of India, 148 Mahatma Gandhi Road, Bombay 1. Price Rs. 4, pages 55.)

Random Thoughts on the Capital Market and Investment. By K. K. Dutt. (Published by Place, Siddons and Gough (P) Ltd., 6 Lyons Range, Calcutta 1. Pages 40.)

Survey of Export Credit Facilities in India. Prepared by P. N. Arya. (Published by the Agency for International Development, American Embassy, Chanakyapuri, New Delhi 11. Pages 115.)

Modern Goan Short Stories. Edited by Luis S. Rita Vas. (Published by Jaico Publishing House, 125 Mahatma Gandhi Road, Bombay 1. Price Rs. 4, pages 179.)

A Review of Current Banking Theory and Practice. By S. K. Basu. (Published by Macmillan Company of India Private Ltd, 294 Bepin Behari Ganguli Street, Calcutta 12. Price Rs. 25, pages 444.)

Small Industry in the 'Seventies. By Ram K. Vepa. (Published by Vikas Publications, 5 Daryaganj, Ansari Road, Delhi 6. Price Rs. 45, pages 307.)

Seminar on Co-ordinated Marketing and Use of Fertilisers and Other Inputs, 1970 Proceedings. (Published by the Fertiliser Association of India, 85 Sundar Nagar, New Delhi 3. Pages 440.)

Perspective Management. By Varanasi S. Murty. (Published by Lalvani Publishing House, 210, Dr. D. N. Road, Bombay 1. Price Rs. 36, pages 283.)

Secretarial Practice in India. By J. C. Bahl. (Published by N. M. Tripathi Private Ltd, 164, Samaldas Gandhi Marg, Bombay 2. Price Rs. 16, pages 676.)

Lectures on Company Law. By S. M. Shah. (Published by N. M. Tripathi Private Ltd, 164 Samaldas Gandhi Marg, Bombay 2. Price Rs. 24, pages 460.)

Pattern of Company Management in India. By Nafees Baig. (Published by Navman Prakashan, Madar Gate, Aligarh. Price Rs. 20, pages 202.)

CAPITAL, 18th NOVEMBER, 1971

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CAPITAL

**ECONOMICS
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The Nation in Emergency

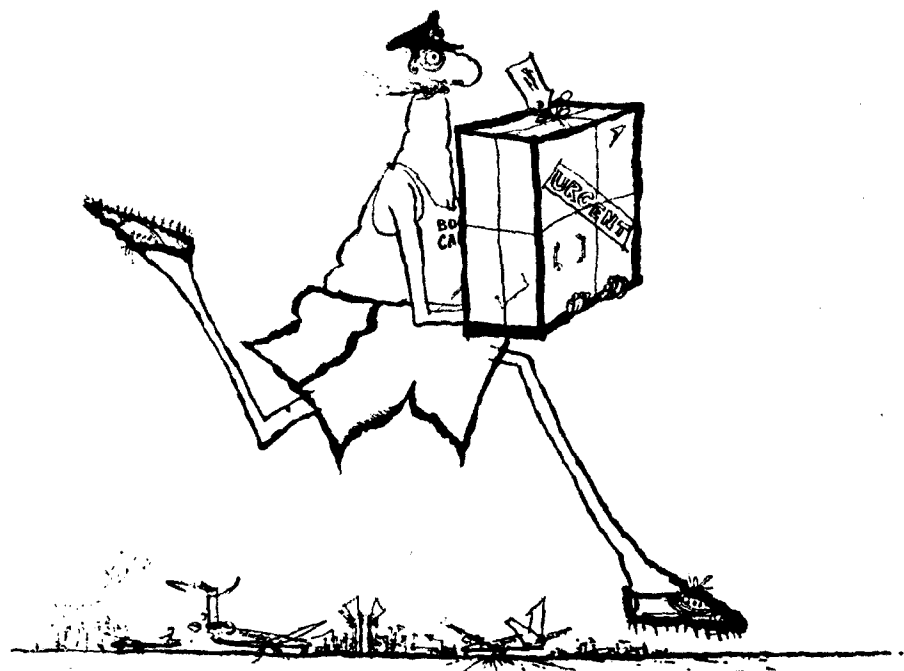
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Incorporating the Indian Financial Review
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Calcutta, 9th December, 1971
Vol. CLXVII-4192

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The Nation in Emergency

THE "crush-India campaign" launched by Pakistan has literally crashed on the ground before it could get off to a good start. Pakistan's unilateral declaration of war against India has by now proved to be a great misadventure, as the stories of India's triumphs following one after another are reaching New Delhi in quick succession. For India, the war with Pakistan is inevitably going to be a war to establish democracy and freedom and ruthlessly to end the mighty sway of a military junta which is bent on exploiting the 75 million people in Bangladesh. As the Prime Minister, Mrs. Indira Gandhi, has repeatedly stated in Parliament, India cannot be a pious spectator of the unfortunate developments in Bangladesh. She has deservedly won the nation's tributes in recognising Bangladesh. The time is not far off when the 10 million refugees, who had crossed the border, will be resettled in their own country with dignity and honour. The people of Bangladesh are apparently grateful to India for the great sacrifice she has made to help them get back their precious freedom. Within a few weeks' time, India will presumably be celebrating the advent of total independence in the region. And the vast army of refugee population will once again start their exodus across the borders to get resettled in their own country. In that case, the effort that the Government had to make to mobilise resources to support the huge refugee population will pay rich dividends and India can enter into a trade agreement with Bangladesh with all prospects of economic co-operation, which is destined to prove mutually beneficial.

But until that historic day comes, the nation will have to be perpetually up in arms to repel the wanton aggression of the Pakistani marauders. As Mrs. Gandhi has repeatedly stated during the past few days, India has no reason to be complacent over her recent triumphs. By all tokens, the Indo-Pakistani war may prove to be

a war of attrition, and there is no reason to underestimate the strength of the enemy forces despite the reverses they have recently suffered. As the nation prepares itself to face the state of emergency, it should be the duty of all patriotic citizens in this country to unite with a view to offering massive support to the Prime Minister and her Government. Before she started on her foreign tour, Mrs. Gandhi rightly gave a clarion call to the nation to prepare itself for the arduous task that lies ahead and to make a mighty effort to increase production in both farms and factories.

The cause for satisfaction is that the people of this country have shown massive solidarity in facing the state of emergency. Although the Centre has imposed a record level of taxation since independence and taxpayers have unhesitatingly borne a back-breaking burden, even the Opposition parties, regardless of their ideological belief, have not been chary of extending massive support to the Government to enable it to go ahead with its programmes for defence and development of the nation. As it is, the Centre has once again come forth with fresh supplementary demands for funds amounting to Rs. 199.07 crores, of which Rs. 100 crores are needed to meet the expenditure of the Bangladesh refugees. The total amount provided for the refugees so far comes to Rs 360 crores, including Rs. 60 crores provided in the 1971-72 Central Budget and the Rs. 200 crores subsequently sought by the Central Finance Minister, Mr. Y. B. Chavan, through supplementary demands in August. The nation will certainly heave a sigh of relief if the heavy drain of resources involved in supporting the huge refugee population is stopped once for all as a result of the massive attack launched by India to teach the Pakistani marauders a lesson.

President Yahya Khan's declaration immediately before launching the

attack on India that this should inevitably prove to be the last war with this country seems to have proved prophetic in more senses than one. Ever since the advent of independence, the military junta in Pakistan has launched four massive attacks against India and this country cannot be oblivious of its experiences in 1962 and 1965. But as the Prime Minister has aptly stated: "1971 is not 1965." Thanks to the far-sighted political leadership in this country and the tactical wisdom of its Generals, India is not only in a position to repel the wanton aggression of Pakistan but also to destroy its military machine completely so that it never can initiate another aggressive thrust on India in the foreseeable future. In this arduous and difficult task, the Soviet Union and a few other world powers who have extended their support and generosity to India deserve the grateful thanks of this nation.

As India prepares herself to face the emergency with a robust sense of confidence, the task to accelerate her

defence and development programmes has become crucial in the emerging situations of today. The nation needs to be prepared to make all sacrifices with a smile and raise productivity all-round to strengthen the hands of the Government. It is a silver lining on the horizon that despite the hostilities of such countries as the U.S.A. and China both in the Security Council and outside, India is determined to fight its battle with Pakistan to the finish. The cause for satisfaction is that Pakistan is gradually learning how grievously wrong she was in suppressing the democratic aspirations of the 75 million people of Bangladesh and how short-sighted she had been in raising a campaign of hatred and enmity against India ever since the two States were born in 1947. But despite India's heroic exploits, it should not be forgotten for a moment that this country should not aim at winning only a few battles but in winning the war with Pakistan. Only then will liberty and freedom be firmly established and Pakistan's military adventure prove to be an utterly futile exercise.

Looking Beyond Bangladesh

INDIA'S recognition of the People's Republic of Bangladesh lends a legitimacy to the struggle for freedom of 75 million people in turmoil. The Prime Minister, Mrs. Indira Gandhi, has said on many occasions that a decision on recognition would be taken at the appropriate time. India had all along been hoping that the friends of Islamabad would be sufficiently persuasive to make President Yahya Khan realise that the crisis could be peacefully resolved only by respecting the electoral verdict of the people; but some powers showed a pathetic disregard for the safety and security of Bengalis and the military junta was never ready to recognise the reality. Most galling is the attitude of powers which are trying to represent the crisis as a confrontation between India and Pakistan brought about by the former's meddling in Bangladesh affairs. The two vetoed U.S.-sponsored resolutions calling for a cease-fire and a withdrawal of troops paid no attention to the genesis of the crisis. The indulgence given to Pakistan by the U.S.A. and China has encouraged it to launch a war on India. In the circumstances, as Mrs. Gandhi said, "the normal hesitation on India's part to do anything which could come in the way of a

peaceful solution or which might be construed as intervention had lost significance."

The time has now arrived for India to look beyond the Bangladesh crisis. No one can say whether the brave freedom fighters of that troubled land will win the battle within a few weeks or face the ordeal for a much longer period before their motherland is liberated from the worst form of tyranny. In either case, they will need India's help for a long time, first to attain the immediate objective of freedom and then to rebuild their nation on the wreckage left by Pakistani marauders.

India's ability to help the just struggle for freedom in Bangladesh will depend entirely on the strength of its own economy. Already the strain on it of the unforeseen developments in Pakistan has jeopardised the Fourth Plan. India has perforce to bear a colossal financial burden on account of 10 million refugees from Bangladesh. The weight of the military consequences on India of these developments cannot be easily assessed. Even more difficult to estimate is the value of the loss suffered by the unavoidable dislocation of normal eco-

nomic activity. If the hope aroused among the freedom fighters of help and succour from India in their gravest hour is to be fulfilled, this country has to ensure that its economic health is not impaired.

For any country, the national self-interest comes first. For its own sake, India has to ensure that its primary objective of giving its 550 million people a better deal is not defeated by the foolish actions of a neighbour set on a suicidal course. The Prime Minister, Mrs. Indira Gandhi, has earned the nation's gratitude by not losing sight of this primary objective during a most difficult period of Indian history. She has refused to be hustled into unilateral military action against Pakistan. At the same time, she has made it clear that she would not flinch from her duty to defend the nation's freedom. Every conceivable preparation for self-defence has been made.

The Prime Minister has to guard against yet another danger of which there does not appear to be adequate awareness in Government circles. There is a tendency among those in authority to ascribe all troubles to the Bangladesh crisis. This is really self-deception. It is not because of this development that over the last few years industry has been showing a tragically slow rate of growth. Nor is the tension in Indo-Pakistani relations responsible for the slow offtake of fertilisers in various fertile belts of the country. Again, the annual price rise of nearly 5 per cent over the last two years has other powerful reasons besides the Bangladesh crisis.

The pathetic state of affairs in the steel industry has nothing to do with the border situation. The massive shortfall in power generation schemes is equally unrelated to the current crisis. If, as a consequence of the all-round slack in industry, imports of essential raw materials have to be stepped up, the causes can only be described as internal and not external. Likewise, the painfully slow pace of fresh investments in industries is part of a chronic malaise the Indian economy has been suffering from for years. It is a characteristic of all healthy economies that a national crisis often induces them into great spurts of activity. There is no indication of this having happened to the Indian economy in the face of the war situation. Two of the largest industries of India, textiles and sugar, are facing their worst ever crisis. Even the engineering and machine tool

industries, which usually pick up during a crisis and often work round the clock to meet the demands of emergency, have so far reported little speeding up. Obviously they can do little until they have not only more orders but also the necessary raw materials. Even power for industry is not liberally available.

To put the problem in perspective, it has to be remembered that the whole world is passing through an unprecedented economic crisis, and India cannot escape its share. But again it needs to be said in the same breath that India's share in world trade is so infinitesimal that the vicissitudes of the international economy cannot decisively influence its economic options one way or the other. Besides, while there are disadvantages, there are also advantages in such situations. The situation in agriculture, although not so disquieting, gives no cause for satisfaction. It is turning out to be lopsided. While the country has been saved from famine and disaster by the "green revolution", the problem of industrial raw materials from the farms is getting worse. There has been no appreciable improvement in the production of cash crops.

An important problem that has been perennially affecting the economy is that of resources. Most economists are agreed that there is only one solution to the problem. A portion of the new wealth generated in the farm sector should flow into the State Exchequer in direct taxes. But so far the Central and State Governments have failed to scratch even the surface of the problem. They all tend to shy away from it even though they all realise that there can be no escape from it if the country is to develop. Gradually the farm lobby is becoming more and more entrenched in the echelons of power reducing the Government's capacity to act.

The States are taking away with one hand much more than what they give with the other. The resources they have been able to raise over the first three years of the Fourth Plan fall short of their allotted share. But they have taken away almost as much money, if not more, from the Centre in the shape of overdrafts, thus passing the entire burden of resource mobilisation to the Centre. The recent levies imposed by the States in the name of Bangladesh are more of an eye-wash than a substantial contribution to the Exchequer. It

is not unlikely that to absorb the inflationary impact of these measures, the States may again resort to some subterfuge, such as the curtailment of their Plan projects or overdrawing from the Centre.

All these problems have nothing whatsoever to do with the Bangladesh situation. These are problems endemic to the Indian economy. Their solution is not dependent one way or the other on the solution of the Bangladesh situation. The people who have to attack these obstacles besetting the Indian economy are

West Bengal: Package of Concessions

THAT West Bengal is at last trying to catch up with many other States in offering liberal assistance to investors is no doubt welcome. If the State Government has lost some valuable time in presenting a package of concessions, it now has at least the advantage of picking up the best of all the incentives offered by others. The various concessions and facilities that are now being offered thus make quite an impressive list and has expectedly found favourable reaction among industrialists. It is now for both sides, the Government and industry, to work jointly and with a purpose to make a success of these schemes and put the ailing economy of the State back on its feet. The improvement in the law and order situation—perhaps the most potent of all incentives as far as West Bengal is concerned—should also induce the industrial community to forsake some of its legitimate misgivings about making fresh investment in the State which still offers, as investors themselves acknowledge, nearly an ideal infrastructure, a very good market and other essential facilities.

The stress on the incentives scheme has understandably been on attracting new investment. A judicious mixture of fiscal provisions and executive measures has been made to encourage entrepreneurs to undertake new ventures in the large, medium and small-scale sectors as well as to expand the existing units. To be operative from 1st January next year, the incentives relate to purchases by State Departments from local industries, fiscal relief, concession on lease of land, contribution towards costs of feasibility studies, subsidy on power consumption and housing

only remotely—if at all—occupied with the Indo-Pakistani conflict. The officials who are responsible for granting licences, exempting new ventures from the anti-monopoly measures, setting the steel industry on its feet again, removing transport bottlenecks, correcting the imbalances in agriculture and doing a host of other jobs, are not concerned with defence. They would be clearly guilty of deception if they use the current crisis on the borders as an excuse for not doing everything they can in their respective fields to boost production.

facilities, loans, exemptions from water rates, guarantees for bank finances for the import of raw materials and subsidy to the West Bengal Financial Corporation in respect of loans refinanced under the Industrial Development Bank's scheme for loans to small-scale industries in backward areas. Together with the 16-point package programme that has already assured industrialists in the State of adequate facilities concerning power, finance, transport, communication and other essential inputs, the wide-ranging incentives should inspire entrepreneurs to make an effort to remove West Bengal's continuing industrial stagnation.

Offering incentives to encourage investment, particularly in backward areas, has come to be accepted as a part of Government policy even in the most developed countries. If West Bengal could make rapid strides in industrial development during the last half a century or so without offering any spectacular incentives, it was largely because things were vastly different then. Industry has now to bear many more restrictions and taxes, licensing regulations and financial constraints than ever before. Besides, nearly every part of the country is now wooing prospective entrepreneurs in one form or another, and no State can afford not to follow suit except at a high price. And at a time when national policy demands a broad-basing of the industrial structure, it is no longer possible or desirable to leave the course of industrial development to the pioneering zeal of a few entrepreneurs but to stimulate the propensity to invest through planned and imaginative measures among a larger and more assorted group of people.

That is what the recently-announced schemes precisely try to do. But it is equally important that steps should be taken to put across the message to the audience the Government has in mind. Bureaucratic ways can make or mar the success of any promotional scheme. Thus, while West Bengal has agreed to contribute 75 per cent of the cost of preparation of a project's feasibility report, some other States are known to have adopted a practice of drawing up such project reports on their own and keep them ready on the shelf, so to say, for any taker.

While the State Government and New Delhi are showing much greater earnestness about industrial development in the State now, the recent Ordinance on the take-over of closed units by the Government in a rather peremptory fashion still seems to cause a lot of misgivings in industry circles. Voicing their concern, Mr. Sanjoy Sen, president of the Indian Chamber of Commerce, has thus suggested that a take-over should be effected only after proper investigation is made to "avoid injustice being done to entrepreneurs". And when a unit is nationalised, not only its management should be taken over but also its ownership. Mr. Sen also feels that the take-over of a unit should be contemplated only after it has remained closed for at least a year. In its present mood, it is unlikely, however, that New Delhi will be willing to restrict its style of working with so many provisos. But unless these apprehensions among the business community is promptly allayed, the flow of fresh capital may not tend to be as much as it is desired. Perhaps the only fact from which entrepreneurs can draw some comfort is that while the Ordinance is by now several weeks old, it is yet to be applied in any case of West Bengal.

The promotional and financial bodies have a vital rôle to play in ensuring proper follow-up measures of the incentives scheme. The initiative that the West Bengal Governor, Mr. A. L. Dias, has shown in speeding up decision-making is yet to be reflected in many other official agencies directly involved in promoting the State's industry and in making the 16-point programme and the latest incentives scheme a success. Industry circles, known to be not very happy with the way their proposals are still being handled by these agencies, have thus suggested the setting up of a State

Industrial and Investment Centre, with both official and non-official members, as a promotional body. After all, it would be naïve to believe that industrialisation can be brought about by incentives alone. The fact that some States have reaped much better dividends than others under-

Constitutional Amendment and After

PARLIAMENT has just passed the 25th Constitution Amendment Bill by an overwhelming majority. From the nature of the voting support that has been extended to the measure in the Lok Sabha, it is also obvious that all the leading Opposition parties have completely given in for the simple reason that they have only to fight a losing battle. That the entire purpose of the measure is to arm the Government with powers to acquire property on terms which may even approximate to expropriation need hardly be stressed.

Article 31 of the Constitution is being amended in several important aspects. First, the Government will have the right to acquire property for "an amount". The word "compensation" which occurs in the original Article has now been dropped. The reason is to avoid any controversy about the adequacy of the amount which Parliament may direct to be paid in the manner specified by the clause where property belonging to a citizen is acquired or requisitioned. Secondly, a law passed by virtue of the powers conferred by the amended Article shall not be called in question in any court on the ground that the amount so fixed or determined is not adequate. It also adds that the said law cannot be challenged on the ground that the whole or any part of such amount is to be given otherwise than in cash. In other words, the ruling Party has taken care to see to it that there is no attack against the law passed under Article 31 (2).

It is true that ever since the fourth amendment was passed in 1955, the Supreme Court had generally interpreted Article 31 (2) to mean that the adequacy of compensation directed to be paid by laws passed under the clause was not justifiable, except in cases where it reasonably appeared to the court that the compensation was illusory. However, in a more recent case, the Supreme Court has clearly held that compensation provided for

lines the basic point that investment more often than not is a matter of psychology and human relations. If the West Bengal authorities feel that they have done their part of the job and so can now afford to sit back, that would be one of the greatest mistakes they can commit.

by any legislation should be justifiable and should be subject to the test of reasonableness under Article 19 (5). Naturally, the ruling Party has found this view somewhat irksome and, therefore, has chosen to pass this amendment to take away this right of the court. It is now not open to anyone to go to a court to plead that the compensation paid is not adequate.

The main reason advanced is that it is only this way that the Directive Principles of the State policy of achieving socio-economic equality can be fulfilled. The argument has also been advanced that the Directive Principles, which cannot be enforced in courts of law, are even more fundamental than fundamental rights themselves. The Prime Minister, Mrs. Indira Gandhi, has clearly said in her speech in Parliament that it was never the intention of the Constitution-makers that fundamental rights should not be changed, curtailed or abridged. What was more important was that the fundamental rights should subserve society and not the other way round. If what the Prime Minister says is true, one would only wonder why these rights should ever be called fundamental rights at all.

In this context, it should be noted that in its judgments, the Supreme Court has often treated the Directive Principles as relevant in dealing with the question as to whether the invasion of fundamental rights alleged to be involved in the provision of any impugned statute is reasonable and is for public good or not. But, as the Law Commission has said, whenever there appeared to be a clear conflict between one or more of the Directive Principles on the one hand and the fundamental right on the other, the court invariably held that the fundamental right must prevail over the Directive Principles. In view of this, the ruling Congress Party has thought it will to remove this impediment by abridging the power of the court in th

regard. Curiously, the Law Commission which was asked to express its views on the Constitution Amendment Bill also supported the stand taken by the Party that Directive Principles are more important than fundamental rights and, yet, it has never chosen to explain why the Directive Principles were made non-justiciable and non-enforceable. The classic instance of utter disregard of Directive Principles that could be pointed out in this connection is the abolition of Prohibition even in States where the ruling Congress Party has been in power. One of the Directive Principles deals with the need to enforce Prohibition and if the Congress Party feels that the Directive Principles are even more important than fundamental rights, why then has it taken this extraordinary step of doing away with the dry law? The Law Commission regards the Directive Principles as the corner-stone of the Constitution and, yet, it did not have one word to say about the summary manner in which one of them has been violated with impunity. The Commission has given a clean chit to the ruling Party and said that the new amending Bill, for the first time, recognises the primacy of the Directive Principles and has selected two of them enshrined in Article 39 (b) and (c) for implementation in the first instance.

One of the claims made by the Central Law Minister, who piloted the measure, is that this would enable the Government to nationalise more enterprises for public good without having to pay any excessive compensation. In other words, what he meant to convey was that the Government could take over any property on its own terms since no court could now go into the question of adequacy of compensation which has all along been an inhibiting factor preventing expropriation. If social justice as has been envisaged by the Constitution has not been achieved, it is the Government which is to blame. In spite of its vast fiscal and other powers, the Government has not been able to promote social welfare to any appreciable degree. Primary education, for instance, has not become universal, notwithstanding the fact that it forms part of the Directive Principles. It would be ridiculous to argue that in all these matters, constitutional impediments have stood in the way.

There is no denying that the Government has acquired extraordinary powers as a result of the recent

amendments to the Constitution. Should not the citizen have any protection against the powers being assumed by the Government in the name of socialism and radicalism? Although the present Government

may assure that these powers would not be exercised to the detriment of the people, where is the guarantee that these powers will not be abused by another Government in the future?

C.M.D.A. : The Task Ahead

INAUGURATING a symposium on the problems of West Bengal held in Calcutta recently, the Governor, Mr. A. L. Dias, said that there was no dearth of funds to change the face of Calcutta and provide its people with the basic amenities that they urgently needed. He added: "The people of this city have a right to expect from the public authorities, whether they are elected or controlled by the Government, that the administrative, legislative or procedural bottlenecks should not hold up the implementation of programmes for better roads, better sanitation, and better housing. The Calcutta Metropolitan Authority has a great opportunity of making its contribution but we must also realise its limitations. It has to depend on a number of agencies for the implementation of its projects." Mr. Dias, therefore, suggested that it would be useful if the C.M.D.A. opened a dialogue with the representatives of the Calcutta Corporation, municipalities in the C.M.D.A. area, the Improvement Trust, and Government departments with a view to simplifying the existing procedures for the implementation of its projects. He warned that since there was no shortage of funds, "the people of Calcutta will not forgive all these authorities for any lack of performance."

The Governor did well in clarifying that there was no scarcity of funds for the betterment of Calcutta. But his statement that the people will not forgive the authorities for lack of performance raises some interesting questions. Have the people really become conscious of their rights and responsibilities as citizens? All these years, they have put up with intolerable living conditions in Calcutta. They have preferred to suffer in silence even when they were denied the elementary amenities, such as water supply and sanitation. There has been hardly any protest or agitation against the administration of the Calcutta Corporation for the gross neglect of its fundamental duties to the citizens. The people have allowed—and even encouraged

—the political parties to wreck all attempts that were made till recently to improve the city.

As the Bengal Chamber of Commerce said about two years ago, "every issue in public life becomes a party issue; every decision, no matter how trifling or technical, becomes an excuse for political agitation." Is it reasonable to suppose that the people at large have now decided to give up their attitude of indifference to the civic problems? If the authorities realise that the people have at last woken up from their slumber and are determined to assert their right to a better life, it certainly augurs well for the future. But the question is: to what extent has public opinion become strong enough to make its influence felt on the administration and see to it that all the schemes for Calcutta's betterment are promptly and effectively implemented?

The Governor's advice to the C.M.D.A. to open a dialogue with the Calcutta Corporation and other organisations is, of course, a sound one. But has not such a dialogue already begun? The C.M.D.A. has been functioning now for over a year and one would have thought that, from the very beginning, it had opened dialogues with the other organisations connected with civic improvement. But the Governor's speech gives the impression that this important aspect of the C.M.D.A.'s work is yet to begin! It is necessary to emphasise that it is not enough if the officers of the C.M.D.A. and other bodies merely meet often and exchange ideas. It is vitally important that there should be the utmost co-operation among them at every stage so that red tape does not hold up the progress of any project.

How important is the task of co-ordination will become clear from the fact that the betterment schemes have to be implemented by nine departments of the State Government, five statutory bodies, and three local authorities. The State Government

departments include the Municipal Engineering Section of the C.M.P.O.; the Directorates of Public Health (Roads and Special Roads) and Housing; Construction Board; and the Oriental Gas Company's Undertaking. The statutory bodies involved are the Calcutta Improvement Trust, Howrah Improvement Trust, Calcutta Metropolitan Water and Sanitation Authority, State Transport Corporation, and the Calcutta Tramways Company. The local authorities include the Calcutta Corporation and Howrah and other municipalities. It is obvious, therefore, that the C.M.D.A. can deliver the goods only if it succeeds in ensuring effective co-ordination among all these bodies and in bringing about a proper integration of the various schemes with the overall programme for the metropolitan district.

Before analysing the work done by the C.M.D.A. so far, it will be useful to describe briefly the nature of the task it has undertaken. It is tackling a variety of problems relating to drainage, sewerage, water supply, traffic and transportation, and slums. The area of its operation covers 490 square miles with a population of over 8.5 million. Some idea of the enormous magnitude of its problems can be had from the following extract from a C.M.D.A. brochure: "A sixth of these inhabitants live in sub-human conditions in Calcutta's overcrowded bustees. Submerged during the monsoons, the entire city depends on a drainage system designed 80 years ago for a population of only 1.5 million. And in areas like Howrah, people have lived for decades without any sewer system at all. With 1,600 tonnes of garbage dumped in the city every day, Calcutta has become a health hazard for every one of its citizens. The inadequacy of transport facilities, the necessity of increasing the water supply—the proof of these is in evidence every day. Little wonder that the need for an immediately effective rescue operation for Calcutta has become desperate and imperative."

The work done by the C.M.D.A. so far has been certainly commendable, although not entirely up to expectations. Considerable progress has been made in many fields, particularly in improving water supply, drainage and sewerage, removal and disposal of garbage, improvement of traffic and transportation, and clearance of bustees. The capacity of the Falta water works has been nearly doubled from 377 million litres to 636 million litres in Calcutta city while

schemes are being implemented for increasing the water supply in the outlying municipal and non-municipal urban areas. As for drainage and sewerage, 55 schemes have been taken up in various parts of the metropolitan district. It is claimed that the progress of work on the outfall channels has been outstanding. The re-exavation of the Tolly's nullah has been completed. In the rest of the metropolitan district also, considerable progress has been made in implementing the various schemes for improving drainage. The C.M.D.A. also deserves some praise for what it has achieved so far in relation to garbage removal and disposal. The magnitude of the task will be clear from the fact that every day the city throws up more than 1,600 tonnes of garbage which has to be disposed of.

Bustee improvement is being given high priority. The C.M.D.A.'s crash

programme is estimated to cover a bustee population of 1.5 million. The first phase, serving 700,000 bustee dwellers, is expected to be completed by March next year. The programme involves the building of septic tanks, sanitary latrines, running drains and sewers, construction of tubewells, roads and pathways, and installation of street lights. The C.M.D.A. has also prepared a programme to build 40,000 units during the Fourth Plan, of which 17,000 will be under hire-purchase, 17,000 under subsidised housing, and 6,000 under slum clearance. Schemes for constructing 2,500 subsidised units costing Rs. 3.5 crores have been already sanctioned. In addition to all these activities, the C.M.D.A. claims to have made "a modest beginning" in the matter of providing hospital and primary school facilities. But the task ahead will be prolonged and arduous, considering Calcutta's needs and its problems.

CURRENT COMMENT

VOLLRATH PLAN

Good Impact

Ever since its inception in 1967, the Vollrath Plan has been playing a major rôle in the promotion of Indo-German trade. Under the plan, German firms have been encouraged to buy components and other engineering goods from India and Indian concerns, in turn, have been required to identify engineering items which have an export potential for Germany. The usefulness of the plan has been best illustrated by the marked rise in exports of Indian engineering goods to West Germany during the last few years. West German imports of Indian engineering items have risen from 3.1 million deutschmarks in 1967 to 14.8 million deutschmarks in 1970. In the first eight months of 1971, the imports have totalled 13.5 million deutschmarks or 39 per cent higher than the figure for the corresponding period last year.

Nearly 500 enquiries have been received so far from German firms. Out of these, repeat orders have been obtained in 28 cases, first shipments have been executed in 27 cases and first contracts have been closed with foreign buyers in 30 cases. Negotiations are in progress in 85 cases. In terms of value, enquiries received by

Indian firms from German concerns up to September 1971 totalled Rs. 16.26 crores, of which Indian firms had offered Rs. 5.69 crores worth of goods or 35 per cent of the proposals. Actual orders awarded to Indian firms came to Rs. 2.88 crores, or nearly 51 per cent of the offers made.

Another important area of co-operation under the plan has been the training programme in marketing techniques and export orientation in West Germany. Under these programmes, 68 persons from Indian engineering units and 23 from India's Engineering Export Promotion Council have so far taken part in the training, representing in all about 428 man-months. Meanwhile, a number of "action programmes" have also been drawn up to instil new impetus in the working of the plan. Each of these programmes has been put in the hands of a German specialist and his Indian counterpart. The "action programmes" were grouped under seven heads: bicycles and parts, hand tools, precision tools and measuring tools, machine tools, automobile ancillaries, electronic components, and miscellaneous products such as f.i. dry cell batteries, steel flanges, drop forgings, etcetera.

Speaking at a recent seminar on the Indo-German Engineering Export Promotion Project, Mr. H.

Chakravarti, chairman of the eastern region of the Engineering Export Promotion Council, made a mention of West Germany's progressive attitude in "developing the pattern of close collaboration between the developed and the developing countries to mutual benefit". At the same time, the fact that Indian firms had taken up only 35 per cent of the German enquiries was "very unsatisfactory". It reflects, and must be read as a direct result of, the many hindrances obstructing India's export efforts, especially the shortage of steel and other inputs. On the other hand, a ratio of 50.9 per cent success from the offers actually submitted, he felt, was a very heartening result.

FREIGHT

Deferring Rise Move

Under the chairmanship of Mr. G. V. Swaika, the Eastern India Shippers Association met the Calcutta/Australia Conference and the British India Steam Navigation Co. Ltd in Calcutta a few days ago, to discuss their proposals to increase the ocean freight rates in the Calcutta/Australia and Calcutta/New Zealand routes by 12½ per cent and 15 per cent, respectively, with effect from 1st January, 1972. Mr. P. N. Anand, Deputy Director General of Shipping, Government of India, was present at both the meetings. The E.I.S.A. was of the opinion that the increase in freight rates made in the Calcutta/Australia route in February 1970 and again in January this year more than covered the increase in operational costs that might have occurred during this period. After listening to the impact of the proposed freight increase on some of the exports of major items presently moving to Australia, a spokesman of the conference conceded that some deferment would have to be considered. Mr. Swaika made the same points to the British India Steam Navigation Co. Ltd, the only line operating a service in the Calcutta/New Zealand route. A spokesman of the B.I.S.N. suggested that if the jute export trade could limit its port of discharge to only three ports in New Zealand, some economies might be achieved by the line. A representative of the jute export trade agreed to refer this matter to the New Zealand buyers and stated that there was no reason why this arrangement would not be acceptable. In view of this, the E.I.S.A. hoped that it would be possible for the B.I.S.N. to withdraw the notice of freight increase and that once the new arrangement

came into force, the position could be reviewed during the middle of next year. The spokesman of the B.I.S.N. agreed to consider the suggestion.

PLANTATIONS

Seminar in Cochin

In his inaugural address to the all-India seminar on finance for plantations and agro-industries held recently in Cochin, Mr. S. Jagannathan, Governor of the Reserve Bank of India, highlighted the export potential of the plantation industry. While the preservation and further exploitation of India's natural advantages in the field constitute the core of the export promotion task that is to be tackled, there is yet another aspect that also calls for attention—that of import substitution in the agricultural field. As for imports, it has to be remembered that India continues to import considerable quantities of non-food agricultural products which provide a base for several industries. These imports, including cotton, jute, and vegetable oil, constitute about 8 per cent of India's total imports. There is certainly scope for reducing substantially this outlay of foreign exchange.

The vital point is that unless production is stepped up, through both extensive and intensive cultivation, it will not be possible to cope even with the expanding internal market. Beverages like tea and coffee and products, such as vegetable oils, have a demand which is highly income elastic, rising swiftly as the standard of living improves. The existence of a large and growing domestic market should encourage greater productivity. But Mr. Jagannathan regrets that instead of improving productivity, the pressure of internal demand appears only to have blunted the competitive spirit for forging ahead in exports. The improvement of the situation poses a financial problem. Normally, the bulk of the requirements for replenishment of stock—in plantations capital stock comprises bushes or plants—should come out of the ploughed-back profits and internal resources of the concerns themselves. The magnitude of the present requirement, however, necessitates substantial financial flows from external sources, particularly in the tea industry. The problem has hence to be tackled mainly by financial institutions—term-lending institutions and the commercial banks.

I.E.A.

Seminar on Employment

The Indian Engineering Association is holding a one-day seminar in New Delhi on 22nd December to highlight the industry's contribution to, and potential for employment, as well as the requirements and inputs that are necessary to translate this potential into reality. The seminar is being held to assess the scope and the extent of the unemployment problem, and to formulate, on the lines of the recommendations that will be made, an effective programme for realising the employment potential of the engineering industry. The seminar will be inaugurated by Mr. S. M. Kumaramangalam, Central Minister of Steel and Mines.

MACHINE TOOLS

Exhibition in Bombay

Indian Machine Tool Manufacturers' Association has decided to hold the second All India Machine Tool Exhibition at the Godrej plant, in Bombay, from 16th to 25th January, 1972. The main object of the exhibition is to bring into focus new developments in the machine tool industry and acquaint the users and customers with the progress made in designing and diversification. A number of machine tool manufacturers from the large, medium and small sectors will participate in the exhibition, which will be much larger in size and scale compared with the first exhibition held in December 1969. The products which are likely to be exhibited include metal cutting and metal forming machine tools, small tools, cutting tools, accessories and attachments for machine tools, measuring instruments, metal testing machines and plastic moulding machines. A range of sophisticated tools, which are not made indigenously but whose imports are allowed, will be also on display.

PUMP

Raw Material Shortage

Addressing the second quarterly conference of the Indian Pump Manufacturers Association in Bombay a few days ago, Mr. A. C. Gupta, president, said that, time and again, the pump manufacturers were experi-

encing serious shortages of raw materials like pig iron, coal, and electrical steel stamping. These problems were being met on an *ad hoc* basis. The industry was also facing a serious shortage of steel. More often than not, pump manufacturers, farmers and electricity boards were experiencing serious difficulties due to lack of liquid funds and credit facilities. The absence of defined credit policies had hampered the growth of the industry as a whole. Very often, spiralling costs of projects and shortage of funds had forced electricity boards to prune their targets, thereby affecting the economy in general and the pump industry and agricultural production in particular. Mr. Gupta suggested the setting up of a Rural Electrification Development Authority, somewhat on the lines of the Trade Development Authority, to co-ordinate the power programmes in the country. The Authority would be responsible, in short, for all the electrification programmes from their planning to final implementation. It would assist the electricity boards in obtaining necessary finance by planning ways and means of mobilising credit and of tapping rural income to enable them to stick to their planned schedules. It would help the pump industry in solving its problems of raw materials, finance, credit, etcetera.

THE DELHI DURBAR

PAT Lovett, an ex-Editor of *Capital*, writes from Delhi: What is the use of the Army of India? I have heard that question frequently asked since the making of the Japanese alliance and the subsequent, perhaps I ought to say the consequent, rapprochement with Russia put an end to the fears of the invasion of our North-Western Frontier. The question was repeated with emphasis last year, when it was deemed impolitic to employ a Piffer regiment to quell the Bakri Id riots in Calcutta because of the danger that the sepoys would be infected with the fanaticism of the factionists. I have no time to debate the obvious inferences; what I wish to say here and now is that one important use of the Army in India is to make a pageant according to the accepted ideas of our official stage-managers. This great and

FROM

CAPITAL

14th December, 1911

I.I.F.T.

Pilot Workshop

The need for convening an all-India conference on teaching, research and executive development in foreign trade was emphasised by a three-day pilot workshop held under the auspices of the Indian Institute of Foreign Trade. This high-level conference will be attended by professors of commerce, economics and business management, research specialists, Government officials and representatives of trade and industry. The conference will aim at reorienting the present courses of higher secondary, graduate, post-graduate and doctoral levels and at promoting co-ordinated research in theoretical and practical areas of foreign trade.

In addition to the I.I.F.T. faculty, the pilot workshop was attended by the faculty members of commerce, economics and business management drawn from Delhi University, Jawaharlal Nehru University, Rajasthan University, Lucknow University, Punjab Agricultural University, etcetera. The workshop discussed threadbare four major areas, namely, (i) curriculum, syllabi and course content in international trade and international marketing; (ii) teaching methodology;

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(iii) faculty development, and (iv) collaboration in research.

U.K.

Refugee Relief

Britain has paid another £1.8 million to the Government of India for the relief of refugees from Bangladesh. A cheque for the rupee equivalent of the amount has been forwarded to the Department of Rehabilitation, Government of India, through the United Nations High Commissioner for Refugees for the local purchase of clothing. It followed by a few days a donation of £200,000 from Britain to the United Nations Children's Fund (U.N.I.C.E.F.) for the local purchase of utensils for Bangladesh refugees. These remittances, totalling £2 million, comes from the latest British grant of £7.5 million for the relief of refugees. With the latest payments, Britain has disbursed £9.75 million out of her total contribution of £14.75 million for refugee relief in India. The remaining £5 million will be spent on the purchase of rice.

MONEY MARKET

Call Rate Up

The short-term money market has been easy this past week. The call rate has initially fluctuated between 3 per cent and 3½ per cent, but it has firmed to 4 per cent towards the close due to pre-tax payments. There has been a very good supply of tea bills while that of gunny bills has been moderate. The demand for remittances has been nominal. The pound-sterling continues to be strong against most major foreign currencies during the week.

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A Ditcher's Diary

IN RENEWING MY APPEAL FOR CONTRIBUTIONS to the *Capital* Christmas Toy Fund, I am not forgetting that not many people in this country can now be thinking of Christmas gifts. I may well be told that this is no time for toys. I respect the intensity of feeling over the grave crisis caused by a conflict which the Pakistani Generals have forced upon this nation. Yet the best way of facing a crisis of this magnitude is not necessarily to work oneself up into a state of unrelievable tension. Mrs. Gandhi herself made this point when she met a group of writers, film and stage actors, directors and others after her public meeting on the Calcutta Maidan last Friday. She must have been fully aware of how close the country was to a full-scale war; and news of the Pakistani air attacks reached her before she ended the informal get-together. But she betrayed no emotion, displayed no tension. Indeed, she observed that the idea of war seemed to have an unfortunate aura of glamour in this country. She was at pains to point out that there was nothing glamorous about a war. If a war came it must be fought with all the nation's strength; but the greatest source of strength was a national will not to be overwhelmed by the strains of war. And the Prime Minister recalled how Londoners kept up their good humour and high spirits even during the darkest phase of the second World War. People must not lose their sense of values, of the finer qualities of life, even during a war. Talking about herself, she said that in the

midst of all her strenuous concerns and exertions she could still find deep relaxation in a pleasing pattern of colour or the shape and texture of a leaf. So I am not ashamed of thinking about toy-gifts for poor children when our jawans are fighting on the fronts. The time I devote to this thought would not have been better spent in hysterical speculation about the chances of strategy and tactics which I understand only very imperfectly. And the poor children, including refugee children, who are looking forward to the seasonal gifts would have made no contribution to the national war effort by assuming a solemn or sullen posture at this time. So, my thanks to those who have already sent in their contributions, and a fresh appeal to those who have not. Even a small gesture will bring a few moments of joy to the otherwise dreary existence of a poor child; more substantial contributions, which can still be made without depriving more deserving causes, will naturally achieve more. Cheques (preferably crossed), cash or toys are all welcome, and should reach the *Capital* Christmas Toy Fund, 19 R. N. Mookerjee Road, Calcutta 1.

I DID NOT EXPECT THE AMERICANS TO support us in the Security Council; but nor did I expect them to be so unabashedly partisan. They have given a perverse display of anti-Indian prejudice; Mr. George Bush went to the extent of describing the Indian ac-

tion as "aggression". Not a word about the basic cause of the conflict or the series of recent provocations by Pakistan, culminating in the unprovoked air attacks last Friday; but only a show of sanctimonious concern for peace in the sub-continent. The British and the French had at least the minimal decency to abstain from voting last Sunday; but the most powerful defender of democracy in every part of the world did its utmost to help a brutal military dictatorship in putting down a popular assertion of democratic rights. And in this effort the leaders of the "free world" received voluble support from the Maoist revolutionaries. China's own posture was, in fact, still more bizarre. Didn't the Americans once enter into a military alliance with Pakistan and some other anti-communist States in this region in order to contain China? Today China finds itself on the American side in helping Pakistan to crush a struggle for national liberation, which has hitherto been conducted, at least in large part, on lines which the Chairman himself has prescribed for people in bondage. But even if the Big Powers were to try at this late stage to persuade Pakistan to seek a political settlement, it would be useless. No settlement short of East Bengal's independence will be acceptable after India's formal recognition of Gana Prajatantri Bangladesh. The Bangladesh Government may still be a national entity; but it should be a readily recognisable reality before the year is out. It may be a "dark December" in more senses than one; but the New Year should bring some light both to Bangladesh and to the people of India. The scars will take a long time to heal; the economic strains

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will not immediately disappear. But India will at least have the satisfaction of seeing that her support for a just cause has not been in vain. This may have a ring of rhetoric; but an emotional tone should not be inexcusable at a time like this. Will the Americans and the Chinese now send a joint expeditionary force to re-annex Bangladesh for Pakistan?

IT WILL NOT BE LOST ON HISTORIANS that the week Britain's independent defence presence in south-east Asia ended was the same one in which the Westminster Parliament voted to join the European Common Market. A unique left and right in fact, to use the hunter's parlance. Of course both incidents were the culmination of long-drawn-out processes, and their coincidence was, well, just coincidence. Furthermore, neither event was cataclysmic in itself. The policy of going into Europe could still founder, while that of leaving south-east Asia is not as distinct as it might seem. In fact, a British presence will continue in Singapore and Malaysia, although in future within a five-power framework. Even that prospect is somewhat indefinite, because Australia could withdraw her support after the next election, which would leave Britain as the sole remaining prop for the alliance. But sufficient unto the day are the defence facts thereof; and India can at any rate for the time being rest assured that the eastern access to the Indian Ocean remains in Commonwealth hands. Not so the Ocean itself, however. It is now inconceivable that we shall see an American fleet in the Indian Ocean within the foreseeable future. Public opinion within the United States would simply not sustain any extension of the country's defence posture, not even if it were the minimum required for national survival. Whatever the history of the world during the next few years, the part played by the United States is unlikely to be even remotely proportionate to that country's size and strength. So we are left with either a vacuum in the Indian Ocean—a concept in which, if I remember rightly, the late Mr. Nehru did not believe—or Russian domination. If Mr. Nehru was right, then this latter is the only conclusion. It is not one I relish. We defend ourselves nowadays by courtesy of the Russians; our export trade is dominated by them. And in future, or so it would seem, we will be trading with the rest of the world

only with their permission. Was this, I wonder, what we meant by independence in 1947.

A LIFETIME'S SYMPATHY WITH THE cause of equal rights for women has not necessarily endeared me to the Women's Liberation movement, or whatever it calls itself. So much of its well-publicised activity seems to me to be more a protest against the realities of nature rather than against the rectifiable injustices of man-made economic and social systems. The point with which its adherents seem unwilling to compromise is that women were intended to be different from men—and as the French would say, *vive la difference*. In case you should suspect that I am merely rationalising my male prejudices, I would add that there is medical evidence to support this suspicion of mine that much of modern feminism stems really from an unconscious envy of the male rôle, not all of it Freudian either. The clinical professor of dermatology at New York Medical College, Dr. Irwin L. Lubowe, reported to a conference of dermatologists in Switzerland recently that he had detected a sharp increase in female alopecia in the past few years which he definitely attributed to an unconscious loss of femininity among the sufferers. Of course, alopecia is not the same as what is usually called "male-pattern baldness", the kind which afflicts most men from youth upwards; but it can have psychological causes. According to the professor, these are acting so as to substitute the male androgen hormone for the female oestrogen. The same process can result in beards ap-

pearing on female chins and voices deepening an octave or two. It would all seem a high price to pay for an unreasoned resentment, especially when, as most of the world's philosophers will agree, the first essential of human happiness is to come to terms with one's lot in life. However, the professor does offer an alternative explanation for this increase in female alopecia other than a loss of femininity. It is the growing use of the oral contraceptive pill, which he suspects might be having a gradual and long-term effect on the female hormone balance. That is something about which I am not qualified even to comment. I leave it to my readers to draw any conclusion they wish.

SOME OF MY FRIENDS WHO HAVE NOT seen their homes in East Bengal for more than two decades are already planning a late winter holiday in Gana Prajatantri Bangladesh. Such suggestions may seem a little facetious at this moment, but I have no doubt that the millions of refugees who crossed the border after the military crack-down in March are now looking forward to their return with some confidence. There is no warrant for over-optimistic forecasts; yet it is not unreasonable to hope that when I write this Diary next week the Pakistani occupation forces in East Bengal will have been totally beaten. It may take longer to free the entire land; the Pakistani forces in the highly fortified cantonments may choose to hold out as long as they can in the mistaken notion that reinforcements may arrive from the West. Besides, ground advance by the Indian Army and the

Mukti Bahini will perform be slow across territory criss-crossed by rivers and canals; and it will be slower as a result of the widespread disruption of road links by the Mukti Bahini. But it should not take more than another week to put the Pakistani military machine in East Bengal completely out of action for any kind of offensive rôle. The air wing has already been incapacitated; after the first three days of fighting some people in Calcutta were heard complaining about unnecessary blackouts. The blackouts are indeed a nuisance; but judging by the air strikes on several centres in northern and western India, there is need for continuing caution in the east as well. The Indian Air Force has certainly done a splendid job; and the Navy's performance last week-end did us proud. The Army's successes may not seem so spectacular, except in knocking out Pakistani tanks; but its progress has been steady and, in a sense, the most significant of all. In the east, the Pakistanis are no longer in a position to stop its advance towards Dacca; and in the west, its aims are primarily defensive, the offensive thrusts being undertaken mainly to wear down the Pakistani striking power.

HEARD IN A RESTAURANT IN PARK Street: President Nixon seems to have taken the Red Cross slogan "give even if it hurts" to heart. After promising Taiwan to Mao and North Vietnam to Ho's men, he has now donated Pakistan's territory to Bangladesh! Is this new P.L. 480?

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MANAGEMENT

International Management Conference : A Plea for Asian Co-operation

By M. R. Meher

The International Management Conference, held in New Delhi a few days ago, stressed the importance of greater co-operation among Asian countries. One of the important suggestions made was that an Asian pool of managerial and technical personnel should be formed to help accelerate industrial growth in the region.

THE International Management Conference in New Delhi, organised by the Asian Association of Management Organisation of the International Council for Scientific Management, was widely attended by management experts from Asia, Europe, the United States, Russia, Australia and New Zealand. Many pragmatic suggestions on management in the context of the present stage of industrial evolution in India and other developing countries were made at the conference. Delegates related the far-reaching changes taking place in economic and technological fields in their respective countries and how the management patterns were being forced to adapt to the new situation.

Need for Caution

Mr. G. L. Mehta, the well-known economist and chairman of the Indian Investment Centre, cautioned the management profession in India against over-dependence on western concepts. India had to learn, he said, from the mistakes of the West. Indeed, this was her advantage in coming late in the field; she could improve on things like over-mechanisation, pollution and social imbalance. The same management systems are not necessarily applicable in all cultures and in all stages of industrial development. He urged professional managers to adopt foreign technologies selectively and adapt them to local conditions.

Dr. K. S. Basu, director of the Jannalal Bajaj Institute of Management Studies and chairman of the conference, also spoke more or less in

the same vein. He observed that because of the tendency of developing societies to import wholesale management practices and methods found suitable in western industrialised countries, various institutions began to grow which did not have their foundations on local soil and did not develop in response to local needs. As an instance, he mentioned that many managements in India were adopting the five-day week for the simple reason that somebody else had done so without any logic or justification in social or economic terms for the country.

A number of participants stressed the need for striking the right balance between tradition and modernity in bringing about a management revolution to tackle the growing needs of change in the developing countries. Mr. Carlos Lander Marquez, president of the Pan-American Council of the International Council of Scientific Management, observed that a developing country could not have an effective managerial corps unless it streamlined its educational system. He felt that merely conducting courses in business administration in universities and management institutions was not enough to create a new breed of managers, although this kind of education did help. A good manager is a product of continuous self-education and of exchange of experience with those in the profession.

An Asian Pool

The Central Minister for Planning, Mr. C. Subramaniam, called for greater regional co-operation among Asian countries and suggested the development of a stable Asian pool of managerial and technical personnel to help each other achieve national aspirations. He stressed the rôle of management in the wider aspects of design engineering and consultancy services in helping India achieve self-reliance. Mr. Uma Shankar, general manager of Bennett Coleman and Co. Ltd, speaking on management in public enterprises,

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observed that because of heavy investments in labour-management schemes, the public-sector industries had to start with a heavy capital base. This made norms of profitability more complex. While in other countries such as France and the U.S.A., the Industries Minister did not interfere with the working of the public sector, except when a high degree of incompetency was detected, this was not so in India.

Dr. E. M. Scheid, president of the Industrial Council of Scientific Management, observed that scientific management can be the most effective instrument for solving the problem of unemployment and under-employment. He felt that the development of the home market was a must for a sound economy as well as better employment opportunities for the people. In the U.S.A., exports come to a mere 4 per cent of the gross national product, the balance being accounted for by the domestic market which also provides opportunities of employment. He also cited the example of Holland, a country with a very high population density. It is dependent on imports for most of its raw materials. Yet it has a thriving economy with a very high *per capita* income and an ever-rising national product, achieved largely through consistent good and scientific management. The commendable progress made by Holland provides a useful lesson for the developing countries like India where unemployment is a serious problem.

Shortage of Good Managers

Mr. Crispin Dy, president of the Philippines Council of Management, pointed out that Asian nations were short of good managers. Therefore, they should pool their efforts and resources in that direction. The potentials of the markets within the region have not been fully tapped. The development of Asian markets can ensure steady economic growth for the countries of the region. But this would need proper management. So also said Mr. Lim Chew Swee, director of the Singapore Institute of Management. He felt that Asian countries could develop management skills and a cadre of managers much faster through mutual co-operation because of their common cultural heritage. Good management can help in making industrialisation viable in the developing countries.

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SPECIAL ARTICLES

Trade Advisory Council Meeting : Will Follow-up Measures Emerge ?

(FROM A SPECIAL CORRESPONDENT IN NEW DELHI)

Time did not permit to discuss in detail many of the new suggestions made by the participants at the recent meeting of the Advisory Council on Trade. It is, however, hoped that some useful follow-up measures would emerge from them.

WITHIN ten days of the meeting of the Central Advisory Council of Industries in New Delhi, the Advisory Council on Trade met for one day, although the discussion was scheduled for the 21st and 22nd November, 1971. The agenda was heavy (mercifully the papers were half the weight of last year), but this was of no significance as the items on the agenda are rarely discussed in detail. Meeting after a lapse of 13 months, no micro-review was expected. It is still not sufficiently registered on the policy makers that when there is a large number of delegates (about 200 representatives from chambers of commerce, small and large-scale industries, export promotion councils, Government officials, etcetera), a fruitful discussion in depth is not possible. This is regrettable as India's foreign trade is now getting sophisticated and any deliberations at the policy-making level must take on a new edge. The Members of Parliament contributed, here and there, but it was evident that some of them regarded the meeting to be an extension of Parliament, with the accent on politico-economic ideology paramount. This was reflected through a straight line over simplified statements relating to various elements of policy. However, answers to politicians were available indirectly from within the respective viewpoints of different speakers.

It is understandable that in such sessions, the relevant gets mixed up with the irrelevant, and substantive issues are fogged. Ideas thrown up by people who are in the front line to service productivity through imports or exports get short shrift. If everybody is pressed for time, the tendency to score points cannot be avoided. This was evident. The Central Minister of Foreign Trade, Mr. L. N. Mishra's address provided the base and gratification expressed on the total increase in exports in 1970-71. To what extent

this was a consequence of increase in unit realisations and not quanta was not thrown up except by one speaker. More than one delegate warned against complacency, and it was brought out that India's share in total world trade had actually gone down during last year to less than 1 per cent.

While conceding the rôle of private industry, the Minister admitted grudgingly the lack of speedy help from the Central Ministry of Finance. Time and again this has been the charge made by the trading community, and the public statement of the Minister should at least help in emphasising once again the need for quicker action to implement the Government's policy. One trusts that as a result of such exposure some professionalism might arise in the Central Ministry of Finance with special attention given to solve problems. Mr. S. S. Kanoria, president of the Federation of Indian Chambers of Commerce and Industry, made an important point in pleading for a new look on the policy governing licensing of new capacity, especially for export-oriented industries. In the present climate, it would be too much to hope that free licensing, as advocated by him, will be accepted, as the weather is just too hot for pragmatism! Mr. Kanoria's point concerning location of labour-intensive and export-oriented units in India with active collaboration of overseas companies was noteworthy, but this brought in its wake the aspect of supply of not so new technological inputs like used plants and equipment. As expected, this led to criticism by one M. P. who objected to obsolescent units being palmed off on India, although another M. P. commended the suggestion for consideration on merit.

The comments of Mr. Bhaskar Mitter, president of the Associated Chambers of Commerce and Industry, were notable for a pragmatic review of the situation and constructive suggestions with new ideas, which should be a cardinal requirement for advisory bodies. He was on firm ground to plead that import substitution and export promotion were two sides of the same coin and any counting of

"heads" and "tails" was out of the question. (That export capability is a function of cheap enough raw materials, whether imported or local, was brought out in the session by the conflicting viewpoints of the engineering industry and coffee planters; whereas the former wanted Indian steel, the latter emphasised imported copper for fungicide manufacture). It was suggested that the S.T.C. should practise internationally recognised norms of business, and should not hesitate to relinquish to others what they themselves cannot render with competence. Of course, the S.T.C. would claim that it is not a free agent and must act according to the Government's basic policy, but that is neither here nor there.

Mr. Mitter recommended more frequent consultation with industrial and trade associations to determine supply lines with greater precision, and referred to a recent study on export houses which established beyond doubt that the top three firms accounted for 22 per cent of the total exports among 73 private-sector export houses and 65 per cent of these firms, together, produced only 25 per cent of the turnover. India-based technological resources being in large firms it was logical to pinpoint the relative rôle of big and small houses. This riposte, though necessary, was gratuitous, and Mr. Mishra clarified that the Government would continue to support large export houses because of the diverse services they provided.

A reference was made to the need to decentralise authority to the Reserve Bank's branches outside Bombay to speed up release of foreign exchange for export work. The rigidity practised for allocation of daily allowances for overseas market coverage was also mentioned. For some reason, the Government is allergic to revising figures, and as was stated in a private conversation, the individual cost of attending Advisory Council meetings in Delhi had gone up by 50 per cent every year because of the increase in hotel expenses and transport charges, a fact which was not considered relevant when exporters toured overseas. Among other suggestions made by Mr. Mitter were the feasibility of computerising export statistics to give quicker service to marketers, and the need to examine the potential for regional co-operation to determine whether Indian experience would be relevant for application in neighbouring areas, which could lead to a long-term supply of goods and services, e.g., agri-

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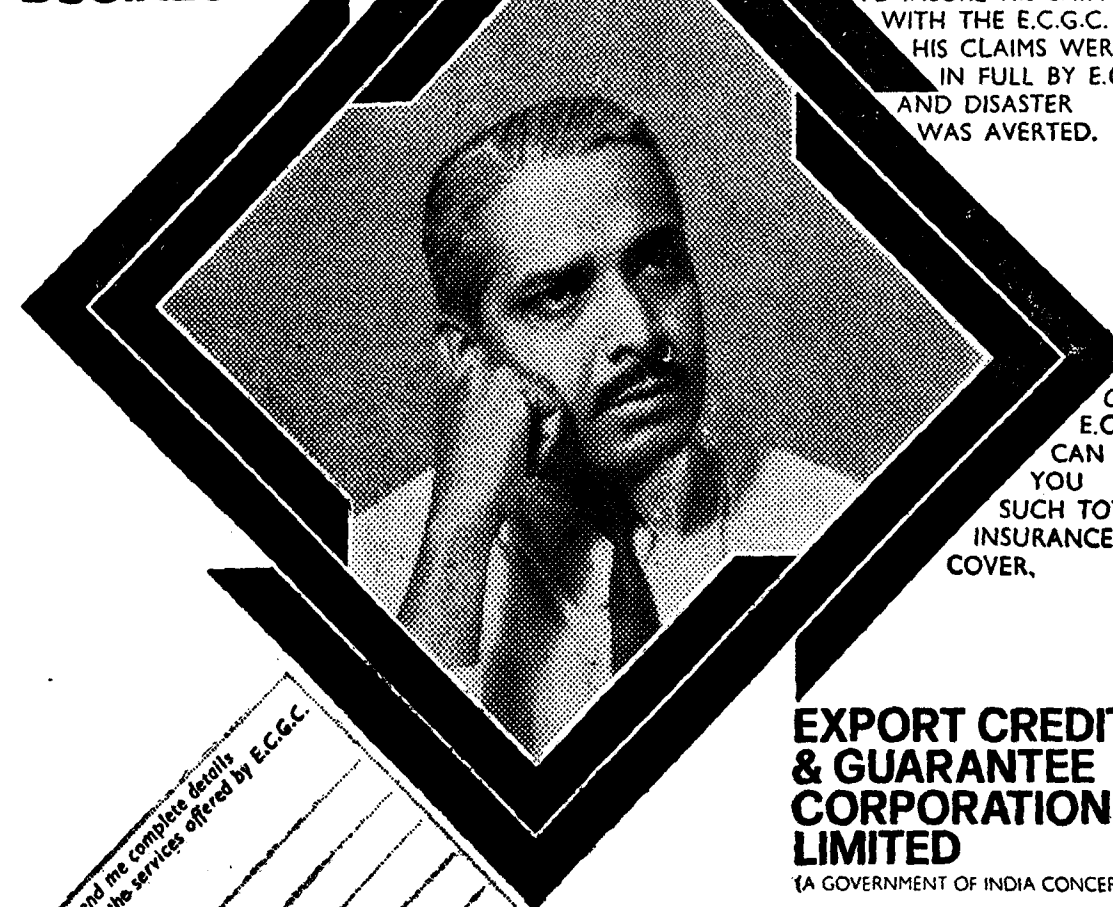
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cultural technology supported by process and product know-how on inputs.

Government spokesmen have referred from time to time on the S.T.C.'s rôle in limiting margins which would otherwise accrue to intermediaries to the disadvantage of industry. This was contested by a delegate who said that if any margins resulted for industrial licence holders according to the older system, they were ploughed back to increase cost efficiency which helped exports. A lone speaker wanted the Government to prepare itself for China's emergence as a competitor to India, particularly in south-east Asia and Africa, and suggested a suitable watch to study this aspect. This was a valuable suggestion.

Supply line is the guts of any export endeavour, and time and again the recent fall in industrial production was emphasised. Figures were quoted in various contexts and it is no longer disputed that during January-June 1971 the index numbers of industrial production increased by only 1.8 per cent over the corresponding period in 1970, as against 6 per cent recorded in 1970 compared with 1969. Admittedly, small-scale industry has recorded an expansion of about 11 per cent and this sector stated that 32 per cent of its production was exported. It was thus a better claimant to the country's and the Government's *kudos*. As no attempt has been made to analyse in terms of economics and break open the product mix to eliminate any adventitious components which are not common to the markets for both the products, any strict comparison may not be realistic.

Mr. K. N. Modi, president of the All-India Manufacturers Organisation, mentioned the uncertainty about exports to the U.S.A., the E.E.C., etcetera, following the monetary crisis and expressed concern about the possible impact on India's exports in future. He endorsed the point made earlier by Assocham that the risks arising out of currency fluctuation should be met by the E.C.G.C. as a definite policy engagement. The deputy chairman of the All-India Shippers Council drew the Government's attention to the need for a new institutional machinery to secure fair freight treatment for India's exports as promised in the Export Policy Resolution. Spokesmen of selected export interests stated individual problems requesting an extra relief here and a modified in-

centive there. This must have been a repetition of what has been presented in many other forums like export seminars and export promotion councils.

Quite a few new ideas and suggestions were thus thrown up, and, but for the clock, some of these could have been discussed in detail to arrive at a consensus on what should be done in the overall interest of the economy. When the officials concerned with future policy making sift the various comments, useful follow-up measures should emerge. As for industry and trade, the two important points made by the Minister were the progressive expansion of the public sector in exports (from the present 12 per cent to at least 30 per cent in the next few years, and substantially more later) and the Government's policy to get closer to the centrally planned economies of eastern Europe. Russia's posi-

Providing Export Finance on a More Rational Basis

By P. Chattopadhyay

The Government of India has done much to ensure that exporters are not handicapped for lack of finance. But there is still room for rationalisation in export financing.

FINANCING of exports is a subject which has been fairly widely discussed in this country in the new context of a pressing need for boosting exports. The problems of export financing are many and have corresponded with the complexities of international marketing, investment needed, time-lag between sale and realisation of proceeds and competition between countries and substitutes. The provision of adequate funds for financing export operations has logically been one of the major constituents of India's export policy. The Government of India has adopted a fairly liberal attitude in this respect. This was also one of the important factors leading to bank nationalisation. Export financing enjoys a priority among the objectives of nationalised banks. The Government has already established new institutions like the E.C.G.C. for guaranteeing credit and insuring against export risks. Financing institutions like the I.D.B.I. and the I.F.C. have also been accorded high-

tion as a top trading partner of India was mentioned more than once.

Once upon a time Newton's third law applied to industry in respect of the Government's policy announcement, i.e., "to every action there is an equal and opposite reaction". The country has now travelled some distance to a stage when another law of science would probably be more appropriate, viz., "when a system in equilibrium is subjected to extraneous forces, the components of the system reorganise themselves so as to undo the effect of the change". The country's stake in foreign trade is substantial; last year's imports and exports totalled over Rs. 3,100 crores, and it will be interesting to watch the development of new mores for tackling future problems through formulations of definitive policy measures. For this purpose not only "what" is to be done is important, but also the "how" of it.

er priority to the needs of export operations. It is in this context that the viewpoints of the users of such funds and facilities require to be adequately highlighted.

An exporter requires financial accommodation at all stages of procurement of materials, production, carrying of inventory and the final realisation from sales abroad. There may be variations in these requirements depending on the nature of an industry and product, domestic demand, financial position of the enterprise and whether the enterprise purchases finished products from the domestic market for selling abroad or manufactures or processes them for export. The nature of demand abroad also has a large say in the matter. Thus, the need for financial assistance may arise under two broad categories, namely, pre-shipment and post-shipment.

All items under the purview of export financing are subject to the general and specific needs arising in the context of international marketing. A certain quantity of goods against an export order may not be readily available but may have to be arranged in such a way as to synchro-

TOBACCO AND THE TECHNICAL PERSONNEL PROBLEM

The Andhra farmer is one of the most progressive in the country, particularly in the traditional black soil tobacco growing region. However, in new areas under development, production of cigarette tobacco under light soil, rain-fed conditions is radically different from the traditional black soil region. New tobacco farmers have to be educated on how to grow this difficult crop and a massive field force of trained personnel is required to do this.

Indian Leaf Tobacco Development Company and its sister company, India Tobacco Company Limited, recognise the vital need for training management personnel and field staff. Particularly for field staff, ILTD set up a training school in Hunsur, Mysore State, in 1965. The school has a farm of 12 hectares where a large number of experiments are carried out. Trainees are given a six-month course of instruction which covers the full crop cycle and includes practical experience in the cultivation of tobacco as well as problems that are confronted in development. The Training School is not restricted to ILTD personnel alone. To date, a number of Government nominees have completed courses at Hunsur. ILTD have recently extended this service to include staff of other tobacco companies that wish to undertake tobacco development.



AT ILTD, TRAINING PERSONNEL MEANS AN INVESTMENT IN THE FUTURE

INDIAN LEAF TOBACCO DEVELOPMENT CO. LTD.

nise with the delivery schedules indicated by the importer abroad. Procurement and carrying of raw materials and finished goods inventory would require outlay of funds which should be available. In some cases, special processing and packaging may be necessary which would also require finance for both capital and revenue expenditure in this behalf. Transport cost may not be small over a period of time.

When financial assistance is available from alternative sources, the exporter has to calculate the cost of such assistance and strike a line of minimum burden in view of the tight pricing position, offer of competitive credit terms to the importer, deferred payment arrangements, etcetera. In such cases, the exporter may find it impossible to manipulate his prices for recovering all indirect costs incurred on his export. Exporters have been constantly complaining of the procedural wrangles encountered in the process of obtaining assistance from banks and other institutions. Much has been talked of about priority being given to export financing. At the working levels, such accommodation has been laden with many *ifs* and *buts*. For example, one would expect that the priority given to export financing would translate itself in terms of clean advances at reduced rates of interest by way of packing credit right at the stage when an exporter has received a firm order. However, it appears that the banks have yet a long way to go in this respect.

For facilitating an easier flow of funds for the purpose of financing exports, the following measures should be considered in this respect: (1) The liability for payment of advance income-tax by an exporter should be waived to the extent the funds are tied up in exports. (2) The exporter should be allowed to file income-tax returns for advance tax showing the liability to pay such advance tax, against which the funds tied up on account of delayed realisation of dues from importers abroad should be shown. (3) Banks should finance the working capital needs of exporters engaged in manufacturing or processing at rates of interest equivalent to half of Bank rate. (4) Rediscounting of bills should be at a rate of interest that has actually been charged by the exporter. (5) Rate differentiation may be made commoditywise but there should be no distinction between traditional and non-traditional export items. (6) The exporter's viewpoint should be given due weight in determining his credit needs.

Last Week in Parliament

(BY A NEW DELHI CORRESPONDENT)

The passage of the 24th and 25th Constitution Amendment Bills highlighted Parliament's proceedings during the past week. It is to be hoped that this will now enable the Prime Minister, Mrs. Indira Gandhi, to establish an egalitarian society.

IT is a measure of the determination to put through some of its socialist programmes, and the support it enjoys in Parliament that, despite its preoccupation with the Bangladesh affairs, Mrs. Indira Gandhi's Government concentrated last week on the enactment of the 25th and 26th Constitution Amendment Bills. Thus, the Government of Mrs. Gandhi, which was returned to power with a massive mandate, has completed the first round of constitutional amendments which, according to its thinking, will enable it to establish an egalitarian and socialist society. That only the Swatantra Party and the Jana Sangh opposed the two measures and even the Congress(O), not to mention the C.P.I., C.P.I.(M) and the D.M.K., gave overwhelming support to them, is again an indication that no party wants to be left out in the race for competitive radicalism.

By the 25th Constitution Amendment Bill, the Governments, both at the Centre and in the States, have acquired unhindered powers to acquire property for public purpose without being questioned in the courts of law as to whether the compensation offered is adequate or not. When the Bill was originally introduced in the Lok Sabha in August last, the Law Commission, *suo motu*, made a report on the Bill suggesting some essential safeguards. So cogent was the Commission's reasoning that at one stage, the Government partially adopted it in three official amendments drafted by the three legal luminaries in the Central Cabinet—Mr. H. R. Gokhale, Law Minister, Mr. Siddhartha Shankar Ray, and Mr. Mohan Kumaramangalam. One of the amendments would have

given the judiciary a somewhat limited jurisdiction to examine and declare whether any parliamentary or State legislation, which sought to override fundamental rights, was in fact in pursuance of the Constitution's anti-monopolistic and egalitarian directive principles. The other would have made it necessary for any such legislation (which would suspend the operation of fundamental rights) to be passed not by a simple majority but, as in the case of any constitutional amendment, by a two-thirds majority. Only the third amendment was eventually incorporated in the Bill. Through it, the Government has now made it absolutely clear that neither Parliament nor any State legislature will exercise its power, to restrict or abrogate the minorities' "right to establish and administer educational institutions of their choice".

The Law Commission, in its report, has warned that while the constitutional validity of the 24th Constitution Amendment Act is unlikely to be challenged before the Supreme Court, the 25th Constitution Amendment Bill (as has been passed now overriding the Commission's suggestions) may be challenged on the ground that Parliament has no power to amend Part III of the Constitution and that the 24th Amendment Act passed by Parliament is "inoperative, ineffective and void" and, as such, cannot sustain the validity of the 25th Amendment Bill in as much as its provisions seek to modify some of the fundamental rights guaranteed by Part III. The three lawyer Ministers saw the weight of the Commission's advice and tried to incorporate them through official amendments, but the Young Turks within the ruling Party, and the C.P.I., D.M.K. and the C.P.I.(M.) had only to say "boo" for the Government to back down from this position. This was for the reason that, for the passage of the Bill with a two-thirds majority in the Rajya Sabha, the ruling Party has to depend on some of the other parties.

SPOTLIGHT ON STATES

Tamil Nadu : Achieving Industrial Growth with Foreign Collaboration

(BY A SPECIAL CORRESPONDENT)

Tamil Nadu's Industries Minister, Mr. S. Madavan, has emphasised that the State's industrial growth can be accelerated with foreign collaboration. He will be making serious efforts to attract foreign companies to participate in the setting up of new industrial units in the State.

THE rôle of foreign collaboration in the industrial development of south India was highlighted at the recent seminar sponsored by the South India Council of the Indo-American Chamber of Commerce. No doubt, serious efforts have been made to develop indigenous know-how. But the fact remains that foreign collaboration has given an impetus to the development of indigenous know-how. Mr. S. Madavan, Industries Minister of Tamil Nadu, complimented the Indo-American Chamber for the fine job it was doing in furthering the development of commerce and setting up of new industrial units with U.S. collaboration. Mr. Madavan referred to the world leadership of the United States in technological development, and the adequate supply of technology from that country to India. At the moment, in India, there are over 640 industries with U.S. collaboration. Mr. Madavan also pointed out that the high level of know-how transfer showed the ability and the willingness on the part of the two countries to work together on a mutually acceptable basis for achieving India's industrial growth.

Out of over 640 units under collaboration, it is said that 60 are located in the southern region. The Minister expressed his keen desire to increase not only the total number of collaboration agreements, but also the number of units to be established in the southern region. He rightly pointed out that technological collaboration, with or without financial implications, as a form of aid is perhaps the most acceptable. This is so because all the Asian countries, including India, needed aid with least disturbance to their national policy. The national policy on foreign collaboration which was spelt out by the

Government of India in 1949 has undergone meaningful changes since then in response to the changes in the level of technology as well as the constraints of foreign exchange availability for the import of know-how. Mr. Madavan wanted the Government to take note of the need to eliminate all handicaps in the way of processing applications.

Mr. Madavan made it clear that the Tamil Nadu Government welcomed the participation of the private sector in accelerating the pace of industrial development of the State. The conception and creation of a group of industries in the joint sector is a clear proof of the Tamil Nadu Government's attitude towards private capital. While decisions on foreign collaboration are made at the Centre, the Tamil Nadu Government has not lagged behind in offering adequate incentives to create suitable conditions for the setting up and running of industries in the State. Provisions for commissioning feasibility reports, offering guarantees, concessional electricity tariff for new industries, sales tax concessions, provisions of land and other infra-structure on a no-profit no-loss basis are some of the incentives given by the Tamil Nadu Government.

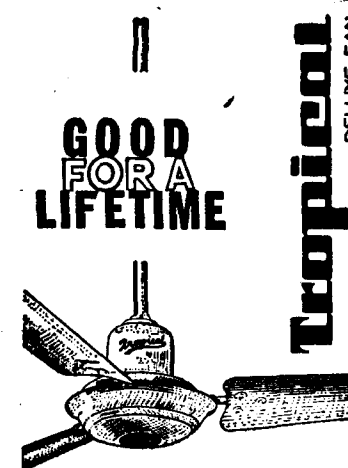
Spelling out the Tamil Nadu Government's industrial policy, Mr. Madavan said that developing countries should not hesitate to purchase technology as long as it does not prevent the growth of indigenous technical know-how and affect the national interest. Stress was placed on foreign collaboration in export-oriented industries. Mr. Madavan referred to the general satisfaction expressed by all concerned about the political stability, sound economic policy and the availability of technical skill in Tamil Nadu. At the same time, the Industries Minister referred to the observations made by some top Government officials in Britain about the various difficulties and hurdles that were coming in the way of investment in India in such matters as rates of royalty, procedures for remittances of profits and dividends, getting licences, import difficulties and

the heavy dose of taxation. In addition to all these difficulties foreign countries are much worried about the Government of India's procedural delays.

The Tamil Nadu Government is fully aware of the usefulness of importing technical know-how, and it realises that even highly industrialised countries like Japan are spending substantial amounts of foreign exchange to buy technical know-how. A businesslike approach to the matter of approving foreign collaborations is needed in India's own long-term interest. Mr. Madavan felt that a system of long-term repayment or moratorium may serve the purpose of tackling the single biggest problem of foreign exchange.

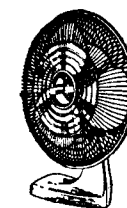
PEOPLE AND PERSONALITIES

The board of directors of Pan American World Airways has elected Mr. William T. Seawell as President and Chief Operating Officer and a Director.



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INDUSTRY

How to Overcome the Shortage in Power Supply

(BY A SPECIAL CORRESPONDENT)

The supply of power is unlikely to improve in the near future as the progress in the implementation of the Fourth Plan power development programme has so far been unsatisfactory. It is feared that if steps are not taken immediately, there will be an overall shortfall at the end of the Fourth Plan.

THERE has been an appreciable progress in the development of power in India during the last two decades. The electrical power industry has registered a sevenfold increase in the installed generating capacity from 2.3 million kilowatts at the commencement of the First Plan to 16.7 million kilowatts by the end of 1970-71. The Fourth Plan envisages the commissioning of 9.2 million kilowatts of additional generating capacity in the country, bringing up the total installed generating capacity from 14.3 million kilowatts at the beginning of the Plan to 23.5 million kilowatts by 1973-74. Allowing for the retirement of old and obsolete plants, the net installed capacity achieved will be about 23 million kilowatts. But in spite of the progress, India had experienced power crises during the past decade and the position may not be satisfactory in the near future—in fact, the country is heading towards another power crisis.

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The Fourth Plan target is based on an estimated load demand of 18 million kilowatts at the end of the Plan period, i.e., 1973-74. Considering leakages and transmission losses and after allowing for annual overhauls and possible breakdowns of generating equipment, a firm load demand of 18 million kilowatts would require at least 26 million kilowatts of installed generating capacity. But the Plan target has been fixed at only 23 million kilowatts. Besides a shortfall of 3 million kilowatts in the planned capacity, a review of the schedule of construction of sanctioned power stations during the first two years of the Fourth Plan indicates a shortfall of 1.2 million kilowatts in the generating capacity. As against the target of 2 million kilowatts and 1.6 million kilowatts during 1969-70 and 1970-71, respectively, the actual additional generating capacity commissioned was only 1.2 million kilowatts in each of the years.

Thus, even to achieve the Fourth Plan target, the additional generating capacity to be commissioned during each of the remaining three years will be about 2.3 million kilowatts. But if the past performance is any guide, this appears to be an uphill task, particularly in view of the occasional non-adherence to delivery schedules by both foreign and indigenous suppliers, delay in the completion of civil work causing difficulty in the utilisation of equipment even if delivered, shortage of steel and other unforeseen causes. If concerted action is not taken immediately, there is likely to be an overall shortfall of about 5 million kilowatts of installed power generating capacity by 1973-74.

This is, however, only one facet of the problem. The main problem lies in the proper utilisation of the installed capacity, an uninterrupted supply of power to industry and an equitable price system. Hydel power stations often fail to generate adequate power due either to draught or inundation. During May 1971, the Bhakra power station had to cut drastically the generation of power due to a fall in the water level in Gobindasagar affecting supply to Punjab, Haryana,

Rajasthan and Chandigarh, including Nangal fertiliser plant factory. Thermal power stations often feel the pinch of coal shortage while the production of coal cannot catch up due to inadequate power supply. Coal mines require huge quantities of power for ventilating shafts and galleries and lighting the latter, operating cages which carry miners and coal up and down the shafts, pumping out waters from mines, hauling tubs along rails, operating coal cutting machinery, etcetera.

The occasional stoppage of power supply and the virtual ban on new connections have cast a veritable gloom on the industrial economy of the country. All this inactivises costly machinery and increases the waste of manhour. The crisis in Bangladesh has thrown open new opportunities for the Indian jute industry. But an export boost will necessarily mean an expansion of production which in turn is entirely dependent on an uninterrupted supply of electricity. The cost of generating 1 kilowatt of electric power is but a fraction of the capital investment required to utilise it. It is thus obvious that if in any eventuality the power generating capacity remains underutilised, it would entail less overall loss to the nation than would be the case if productive machinery is rendered idle due to power deficit. It is, therefore, the practice in many countries to plan for the generating capacity at least 10 per cent ahead of the estimated demand. In developing countries particularly, the demand for power very often outruns the available supply. This should not be allowed to happen.

Dr. K. L. Rao, Central Minister for Irrigation and Power, has recently said that a committee is likely to be set up soon to explore the possibilities of setting up a central power generation authority for effective co-ordination of power projects and for economising costs. But apart from this long-term affair, a fundamental question arises whether, in a developing country like India, power industries should be developed on a commercial basis with profit motive or as a part of infrastructure of the country with the rates so fixed as to be conducive to sustained economic growth with stability. Since electricity rates are controlled by the Government all over the country through a network of State Electricity Boards, it has a positive rôle to play in this regard. The earlier the Government assumes its proper rôle in the matter the better for the economy.

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MONEY AND BANKING

Should Banks be Allowed to Fix Interest Rates on Term Deposits?

(BY A SPECIAL CORRESPONDENT)

Deposits of commercial banks, by and large, appear to be interest elastic. It might, therefore, be worth while for the Reserve Bank to allow banks, at least on an experimental basis, to fix interest rates on term deposits on their own in a bid to mobilise larger savings from the community.

THE debate on whether deposit mobilisation could be influenced by interest rate changes has always been acrimonious and inconclusive. A controversy over the interest-elasticity of deposits was for the first time sparked off in this country in 1966 when the late Mr. V. T. Dehejia, as chairman of the State Bank of India, advocated lower deposit rates after trying to relate the then existing higher deposit rates to inadequate deposit growth. Some of the bank chairmen supported Mr. Dehejia while some others including prominent economists pleaded for higher rewards for the saving community. Later on in October 1968, Mr. Dehejia suggested higher deposit rates for the rural community as, according to him, this would act as a sufficient incentive for weaning away the rural folk from habits of investing in gold and silver and from incurring heavy expenditure on marriage ceremonies or funerals. But since the nationalisation of 14 major commercial banks in July 1969, the Reserve Bank has twice levered up deposit rates in order to enable banks to mobilise more deposits through

higher incentive rates. The Government, since the launching of the *garibi hatao* programme in the wake of the parliamentary elections in March 1971, has also supported a scheme of differential interest rates, even though the Hazari Committee has disapproved it. Implementation of such a scheme would not only mean lower lending rates for the small borrowers but also higher deposit rates for small depositors and for savers in the rural community.

The depositors' associations have urged the Government to evolve a realistic deposit rates structure, ensuring adequate incentive for depositors and reflecting the scarcity of capital in the country. Although the aggregate deposits of the scheduled commercial banks have registered an impressive rise of 17 per cent in the year ended June 1971, as compared with a 13 per cent growth rate in the previous year, some banking and Government circles feel that there is still further scope for mobilising deposits. In particular, the rise in rural incomes, consequent to rural prosperity, has not adequately been reflected in higher bank deposits yet and, hence, higher deposit rates should be offered by banks.

A case for higher rates on bank deposits, at least of over one year maturity, could also be made in view of possible diversion of public savings to companies, which offer very attractive rates of interest. The gap

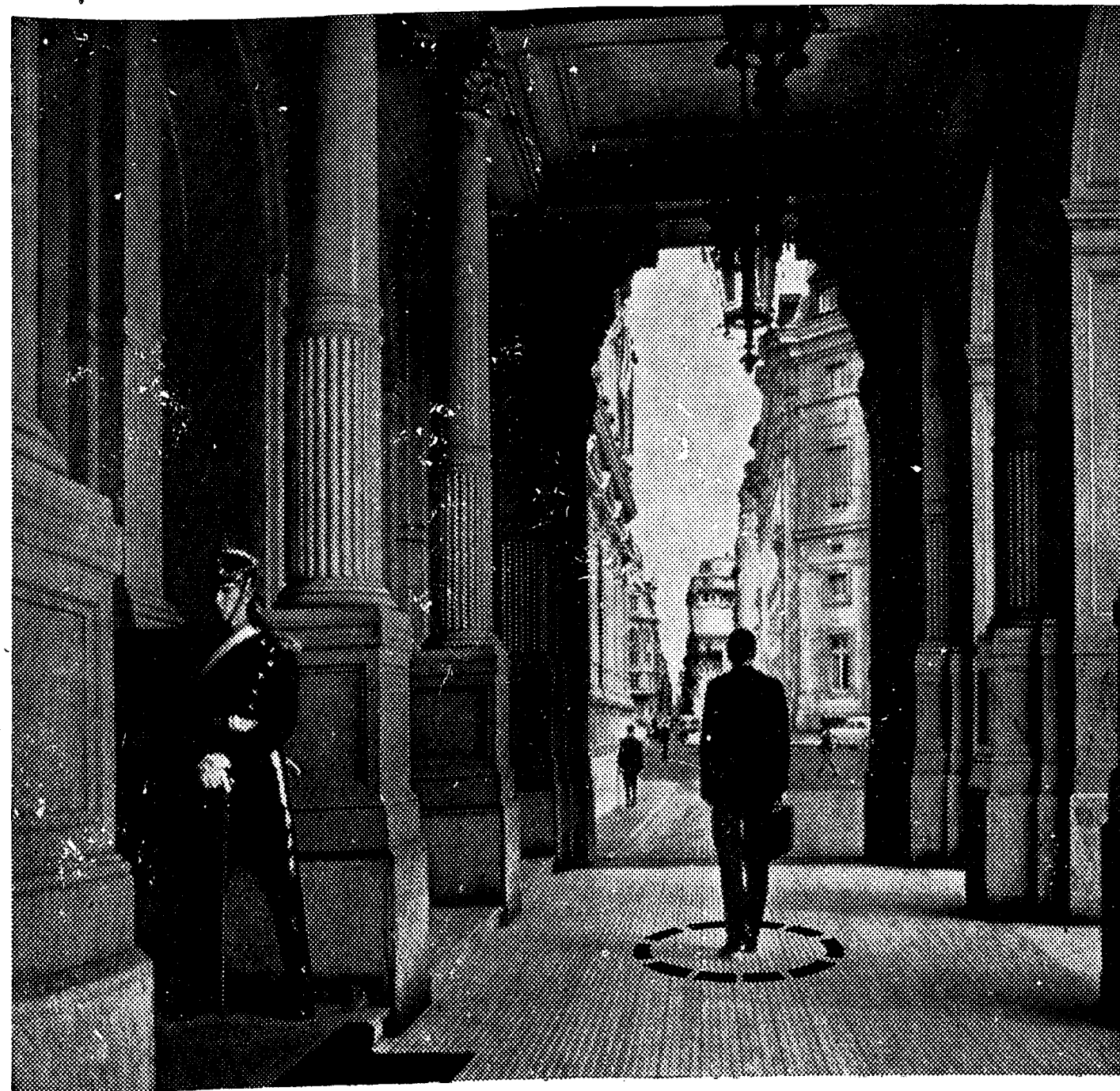
between deposit rates offered by reputed public-limited companies and those by banks is substantial. Of course, bank deposits do enjoy other benefits such as security, insurance up to a maximum of Rs. 10,000, and withdrawal and loan facilities. It is also felt that the recent decision to include interest income of up to Rs. 3,000 a year from bank deposits in income-tax exemption has yet to be reflected in deposit accretion. In view of the present need of evolving a realistic deposit rates structure, it would be interesting to examine the effect of changes in interest rates on the pattern of bank deposits.

In fact, it will be seen from table II, giving the changes in deposit rates since 1960 till January 1971, that although the rates on short-term rates were raised marginally (actually the rate on three-month deposits was reduced from 3½ per cent to 3 per cent during this period), fixed deposits rates were gradually levered up by 2 per cent to 2½ per cent. The table further reveals that bank deposits of over five years which yielded a rate of 4½ per cent in 1960 now earns 7½ per cent.

A close analysis of tables I and II sufficiently bears out the effect of interest rates changes on bank deposits. The most striking aspect of this change is that the share of interest-free current deposits, which fall under the "zero" interest category, in total deposits had declined from 27 per cent in June 1964 to only 22 per cent in April 1969. This decline in the share of current deposits is directly attributed to the Reserve Bank's prescription of payment of "nil" interest on deposits with maturities up to 14 days since 25th September, 1964. Current deposits are mostly received from commercial firms and industrial undertakings and are required for immediate withdrawal by

TABLE I
SCHEDULED COMMERCIAL BANKS' DEPOSITS AT DIFFERENT RATES OF INTEREST
(PERCENTAGE SHARE OF THE TOTAL)

Rate of Interest (per cent a year)	1962		1963		1964		1965		1966		1969
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	April
0	18	18	27	27	27	26	26	26	25	24	22
0-1½	13	12	2	2	1	2	2	2	2	2	1
1½-3	25	25	26	27	29	25	2	1	2	1	2
3-4	33	29	29	30	29	22	25	24	24	24	30
4-4½	4	5	6	6	6	9	5	2	1	1	4
4½-5	3	5	5	6	6	11	18	12	9	9	2
5-5½	1	1	1	2	2	3	7	7	7	6	18
5½-6	3	5	4	—	—	1	9	16	18	19	6
6-7	—	—	—	—	—	1	5	8	10	12	13
7	—	—	—	—	—	—	1	2	2	2	2



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TABLE II
INTEREST RATES ON DEPOSITS OFFERED BY MAJOR SCHEDULED BANKS
(RATE PER CENT A YEAR)

Type of Deposits	Nov. 1960	Apr. 1961	Apr. 1963	Nov. 1964	Feb. 1965	June 1967	Mar. 1968	Apr. 1970	Jan. 1971
Bank Rate	4.00	4.00	4.50	5.00	6.00	6.00	5.00	5.00	6.00
Savings Deposits	2½	3	3	3	4	4	3½	3½	4
Fixed Deposits:									
Less than 3 months	3½	3½	3½	4	5	3	2½	2½	3
Less than 6 months	3½	3½	3½	4½	5½	4½	4	4	4½
Less than 9 months	—	—	—	—	—	—	4½	4½	4½
Up to 1 year	3¾	4	4	5	6	5½	5	5	5½
Up to 2 years	4	4½	4½	5½	6½	6	5½	5½	6
3 years	—	—	—	—	—	6½	5¾	6	6½
4 years	4½	4½	4½	5½	6½	6½	—	—	—
5 years	4½	5	5	6	7	7	6	6½	7
6 years	4½	5	5	6	7½	7	6½*	6¾	7½***
7 years	—	5	5	6½	7½	7	—	7**	—
9 years and above	—	—	—	6½	7½	7	—	—	—

* Five years and above

** Over six years

*** Over five years

them according to business needs. Current deposit accounts are also maintained to avail of certain bank facilities like transfer of funds, etcetera. Hence these deposits are "service-elastic" and banks could step up the rate of growth of current deposits by offering efficient services, in case they could not afford to restore payment of interest on such deposits.

Another interesting fact revealed by the two tables is the big rise in

fixed deposits. The share of term deposits earning rates of interest of over 5 per cent has increased from 4 per cent in June 1962 to 39 per cent in April 1969. This significant increase could be attributed largely to a hike of 2 per cent to 2¾ per cent in interest rates offered on term deposits. This shows that about 40 per cent of aggregate deposits are to some extent responsive to interest rate changes. Although bankers would be obviously interested in strengthening

their interest-free deposit base, which they could possibly do through aggressive marketing technique and improved services, it should be possible for the Reserve Bank to open up the field of term deposits for healthy competition, at least on an experimental basis to begin with, so that each competing bank can quote its own rates on term deposits, depending on its financial soundness and its capability to secure an edge over its rival banks.

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INSURANCE

How L.I.C. Can Mobilise Resources from Rural Areas

(BY A SPECIAL CORRESPONDENT)

The chairman of the L.I.C., Mr. T. A. Pai, has suggested the formation of a development fund to popularise insurance among the rural people. He feels that the State Governments should make insurance a major instrument for mobilising resources from the rural areas.

THE year 1970-71 has been "a very successful" one in the opinion of Mr. N. V. Naidu, Managing Director of the Life Insurance Corporation. At a recent Press conference, he has disclosed that the Corporation has recorded a growth rate of 40 per cent by 15th August, 1971, and logically targeted a 34 per cent increase in business in 1971-72. The new business in 1970-71 rose by 28 per cent, i.e., Rs. 1,303 crores, against Rs. 1,036 crores. Incidentally, Mr. Naidu has noted that the premium income, income from investments and the life fund has increased from Rs. 260 crores, 78 crores and 215 crores to Rs. 288 crores, 92 crores and 1,825 crores, respectively. In addition, the lapse ratio has recorded a decline from 5.9 per cent to 5.2 per cent.

In 1970-71, 507,000 policies worth Rs. 296.37 crores were issued in rural areas, the amount for 60 per cent of such new policies having not exceeded Rs. 5,000. The corresponding figures for the previous year were 462,000 policies and Rs. 251.76 crores. Again, of the new policies issued, 77 per cent are accounted for by people subscribing for the first time. Incidentally, the chairman of the L.I.C., Mr. T. A. Pai, has as well stated that the Corporation has already procured new business of Rs. 1,303 crores against 161,600 policies at the end of March 1971; the corresponding figures were 140,100 policies and Rs. 1,036 crores at the end of March 1970. Interestingly, the L.I.C. has further succeeded to reduce its expenses ratio. For instance, its overall expenses ratio has declined from 27.69 per cent in 1969-70 to 27.19 per cent in 1970-71. Similarly, it has ensured economy in renewal expenses—from 16.15 per cent to 14.65 per cent.

The L.I.C., in co-operation with the Gujarat State Fertilisers Corporation and the Indian Cotton Mills Association, is trying to introduce crop insurance in parts of Gujarat. To the farmer, the scheme will no doubt be a boon in the sense that in exchange of paying a premium of 2 per cent, he will enjoy the benefits of the new policy that will cover pesticides, seeds, fertilisers, water and labour besides helping him, in the event of crop failure, to receive a sum of Rs. 1,750 (the cost of his agricultural inputs) for the loss incurred. The Corporation also expects to extend the scheme to other agricultural products in other areas following the experience of Gujarat. Mr. Pai feels that any success of the crop insurance scheme will depend on the subsidies from the States concerned. While expressing his regret that till now no effort has been made to collect crop statistics in the country, Mr. Pai has observed that the Corporation is awaiting the report of a recent survey conducted by the National Agricultural Institute for finalising the programme.

In this context, to spread the message of insurance among the rural people or to extend the L.I.C.'s network in the remotest villages, Mr. Pai has suggested the formation of a development fund from the surplus of the Government's share of the valuation. Similarly, on implementation of deposit-linked insurance, he is in favour of automatic extension of the insurance facility for all account-holders with a minimum balance of Rs. 500 with the object of covering 3 million depositors under the scheme. It is pertinent to note here that investments of the L.I.C. in the private sector has increased from Rs. 233.97 crores in 1969-70 to Rs. 239.50 crores in 1970-71. And the chairman does not feel that the L.I.C.'s support to the private sector is limited. Rather, he believes that in the absence of investment in infrastructure, the development of the private sector might have been affected. About details, the total book value of the L.I.C.'s investments at the end of March 1971, was Rs. 1717.59 crores (Rs. 17.29 crores in general business and Rs.

1,700.30 crores in life business), recording an increase of Rs. 188.98 crores over the previous year.

While defining the investment policy of the Corporation, Mr. Pai has noted that its assistance to any industrial unit will depend on the merits of production, profitability and management of the unit concerned. The Corporation is now investing its funds in such a manner as to help the common man. Good management in the corporate sector has to be ensured by any means.

About the criticism that the L.I.C. helps to create monopolies, one may recall here that only 1,529 public limited companies out of 6,109 quote their shares and debentures in recognised stock exchanges and that only 13 per cent of equity capital is held by the Corporation. No doubt, the L.I.C. has already contributed a lot to extend security to tillers, toilers and white-collar workers and to fight inflation. The Corporation feels that the States must make insurance a major instrument for mobilising resources from rural areas.

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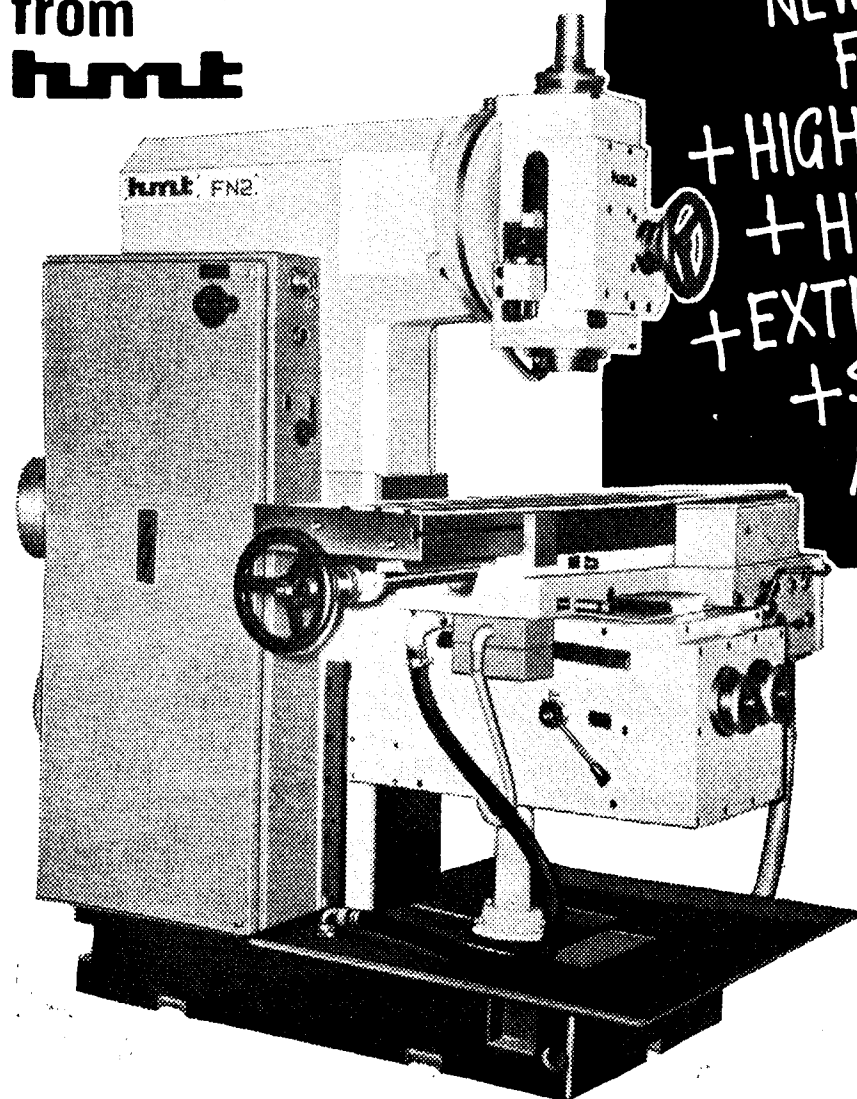
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INVESTMENT

News of Indo-Pakistani War Affects Trading in Shares

AFTER keeping quietly steady earlier in the week, the stock markets have staged a quick retreat to new low levels, following the news of Pakistani air raids on a number of Indian air bases and the subsequent declaration of war on India. Early steadiness has been due to short-covering and bargain hunting, induced partly by the improved technical position of the markets and partly by reports of selective purchases by institutional investors. But nervousness has not lasted long and the markets have tended to steady up again on expectations that the Life Insurance Corporation would enter the market in a big way to check any panicky decline in prices. While closing prices have been higher than the lowest levels recorded during the week, they show all-round losses from their previous week-end levels. With the outbreak of a full-scale war, all considerations have been relegated to the background for the time being. Operators' attention is now focussed mainly on war news.

But while trading sentiment will continue to be influenced by developments on the war front, which are by no means easy to predict, the stock markets' behaviour will depend in no small measure on the nature of support extended by institutional investors, especially the Life Insurance Corporation. With its massive resources, the L.I.C. is in a position to produce a significant impact on sentiment in the short run. The U.S. decision to end military aid to India has evoked considerable adverse comment in market circles, and the reported move to end economic aid has been condemned outright. Despite the adverse repercussions of a drastic cut in foreign aid, the stock markets do not seem the least bothered on this score. This is because the markets feel that any sacrifice is worth while to clear the way for the return of 10 million refugees to their homeland as this has imposed an intolerable strain on the country's resources. Since it is difficult to predict the course of the Indo-Pakistani war, one cannot say with any measure of confidence as to how the stock markets might fare in the immediate future.

Gilt-edged securities have remained dull this past week, and the volume of business has been restricted. The 3

per cent Conversion loan 1986 is quoted at Rs. 60. Other Central securities have received selective support.

Share prices in the Calcutta stock market have remained quiet this past week due to the Indo-Pakistani war. Operators are apparently reluctant to extend their commitments due to a lot of imponderables. Among engineering shares, Electrosteel Castings, Guest, Keen, Williams and Escorts have weakened. Among jute shares, Bally, New Central and Budge-Budge Amalgamated have been transacted. Among coal shares, Western Bengal and South Karanpura have changed hands. Among miscellaneous shares, Associated Battery, Metal Box, J. K. Synthetics and India Tobacco have been supported. Among tea shares, New Samanbagh and Rupachera have been transacted.

Dalal Street displayed a steady-to-hesitant trend early in the week. Equity prices tended to harden all-round on bear-covering and scattered support inspired by reports of selective buying by institutional investors. The rally was, however, slow and halting due to follow-up support. Reports of a surprise air attack by Pakistan on 3rd December gave the market a big jolt and the popular counters suffered a sizable decline without much business. Sentiment has turned a little steadier at the week-end on expectations that the Life Insurance Corporation is ready to support the market if it develops further nervousness. Equity prices have registered widespread losses over the week, and losses have been quite marked in some of the leading counters. Very few counters have managed to wind up the week with plus signs. The volume of business has continued to be on the low side throughout the week. Activity is unlikely to revive as long as the political situation remains uncertain. The market authorities have warned the members of the Exchange that they should keep their business in limits and should act with caution and prudence in their dealings.

The Madras stock market has remained quietly steady this past week, and the volume of business has generally been restricted. The sellers, by and large, have remained reserved in

view of the political uncertainties. In the planting section, Thirumbadi Rubber and Twyford Tea have met with support. Be Be Rubber and Alageswar have, however, been easier. In the textile section, South India Viscose have been quiet but Madura have received some buying enquiries. In the miscellaneous section, Mysore Paper and Seshasayee Paper have been supported. Ashok Leyland and Aluminium Industries have also received enquiries. In the sugar section, Aruna and E.I.D. have improved but Deccan Sugar have remained quiet. Bank shares have been weak, with Indian

COMPANY REPORTS

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

Andhra Steel
Cochin Refineries
Cooper Engineering
Hindustan Sugar
Hingir-Rampur Coal
India Tobacco
International Computers
Investment Trust
Jesons Electronics
Morarjee Goculdas
Mysore Kirloskar
National Rolling
Rallis India
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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—21/10—20/30—20/65—
(20/85)
Burrakur Coal 7/00—7/00—7/00—7/00—
(12/37)
Dunlop India 29/10—29/10—28/45—28/75—
(37/70)
Guest, Keen, Williams 28/90—29/25—28/75—
—28/90—(26/35)

Cooper Engineering Passes through Another Difficult Year

COOPER Engineering has fared very badly during the year ended June 1971. Sales (net) have declined from Rs. 5.70 crores to Rs. 4.79 crores and the year's working has resulted in a huge loss of Rs. 1.20 crores without providing for depreciation amounting to Rs. 30.91 lakhs and development rebate of Rs. 28,000. In the preceding year, the Company had incurred a loss of Rs. 30.06 lakhs, after providing Rs. 40.18 lakhs for depreciation. After making some adjustments and after adding the deficit of Rs. 18.88 lakhs brought forward from the previous year, the total deficit of Rs. 138.70 lakhs is carried forward.

The disappointing results are attributed to the worsening of the recession in the diesel engine industry during 1970-71 and the burden of fixed and semi-fixed costs. The demand for looms, however, improved further and that for machine tools was marginally better. Exports were valued at Rs. 26 lakhs and were spread over all the products. With a view to utilising the existing capacity, the Company has been concentrating for some time on undertaking specialised jobbing work on labour contract basis. With an increase in such jobbing orders and a moderate demand for diesel engines, looms and machine tools, the product mix will be better balanced and the excessive dependence on the business of diesel engines will be reduced. The directors state that this will enable the Company to

Hindustan Motor 8/50—8/55—8/35—8/35—
(14/50)
Howrah Jute 7/56—7/56—7/50—7/50
Indian Aluminium 30/85—31/10—30/55—
30/75—(34/20)
Indian Cable 18/30—18/60—18/25—18/45—
(14/30)
Indian Copper 3/60—3/60—3/57—3/60—
(4/02)
Indian Iron 9/00—9/15—8/45—8/55—(14/00)
J. K. Cotton 7/40—7/45—7/40—7/45—
(12/55)
Jaipur Udyog 8/55—8/65—8/50—8/60—
(9/75)
Jayashree Tea Industries 14/69—14/69—
14/69—14/69—(17/31)
Kesoram Industries 14/25—14/30—14/20—
14/30—(17/70)
Orient Paper 31/10—31/20—30/45—31/00—
(37/30)
Ori-sa Cement 16/35—16/35—16/25—16/25—
(18/00)
Robtas Industries 4/55—4/60—4/45—4/50—
(6/45)
Textile Machinery 9/45—9/55—9/45—9/50—
(10/95)

absorb any future shock of recession in any of the products.

RALLIS INDIA

A Prosperous Year

THE preliminary statement from Rallis India on its working results for the year ended August 1971 shows an impressive improvement over the previous year's performance. Sales have gone up by 14.3 per cent from Rs. 46.44 crores to Rs. 53.10 crores and the gross profit has registered a much bigger rise of 52.5 per cent from Rs. 101.10 lakhs to Rs. 154.12 lakhs. The equity shareholders are being rewarded with a higher dividend of 15 per cent, against 14 per cent paid for the previous year.

After providing Rs. 16.04 lakhs (against Rs. 15.38 lakhs) for depreciation, Rs. 77,000 (against Rs. 1.65 lakhs) for development rebate reserve and Rs. 84.50 lakhs (against Rs. 51 lakhs for taxation, the net profit for 1970-71 amounts to Rs. 52.81 lakhs, against Rs. 33.07 lakhs in the preceding year. After adjustments, a sum of Rs. 34,000 (against Rs. 3.50 lakhs) has been provided for doubtful debts and Rs. 53.93 lakhs (against Rs. 36.84 lakhs) have been transferred to general reserve. The preference and equity dividends absorbing Rs. 34.12 lakhs (against Rs. 32.87 lakhs) are to be paid out of general reserve.

COCHIN REFINERIES

Profit Down

THE preliminary statement from released by Cochin Refineries—a joint-sector Company—shows a sharp decline in its profit for the year ended August 1971 to Rs. 1.75 crores from Rs. 2.49 crores in the preceding year. Among other things, the decline in profit is attributed to the rise in crude prices. The production of petroleum products of the refinery totalled 54,795 barrels a stream day and Rs. 1.40 crores were earned from exports. During 1970-71, interest payment on loan was Rs. 73 lakhs and provision for depreciation amounted to Rs. 1.80 crores. The board has recommended to distribute Rs. 1.12 crores as dividend for 1970-71 at the rate of Rs. 16 a share of Rs. 100, free of tax, raising the total amount distributed by way of dividends since the inception of the Company to Rs. 5.36 crores, against the paid-up capital of Rs. 7 crores.

INDIA TOBACCO

Interim Dividend

THE directors of India Tobacco Co. Ltd have decided to declare a taxable interim dividend of 7 per cent for the current financial year ending March 1972. This compares with the previous year's taxable interim dividend of 6 per cent.

UNITED BANK

Survey of 24-Parganas

AT the initiative of United Bank of India, a meeting of high officials, representing the commercial banks operating in 24-Parganas and the State Government in the district level, was held in Calcutta a few days ago. Two co-ordination committees, one each for 24-Parganas north and south, were set up, according to the consensus arrived at the meeting, to co-ordinate the efforts of the banking system to spread its coverage within the shortest possible time and assist in the economic development in close collaboration with Government institutions and officials. Initiating the discussion on the basis of the background paper prepared by U.B.I., Mr. P. K. Sen reviewed the district economy and stressed the need for accelerating the pace of growth by action-oriented programmes. Parti-

cular schemes should be examined in the light of economic gains to be brought to people and linked up with development of marketing channels to obtain better results. Although the industrial belt in the immediate neighbourhood of Calcutta was fairly adequately served by banks, population a bank office in the district was 86,000 at the end of June 1971, which compared unfavourably with the national average of 49,000 in February 1971. As the lead bank for 24-Parganas, U.B.I. has completed an economic survey of the district to identify areas for branch expansion and assess credit needs of different sectors of the economy and the amount of additional deposit required to meet the projected growth potential.

SHREE SYNTHETICS

Progress Made

THE profit and loss account of Shree Synthetics Ltd shows a debit balance of Rs. 9.44 lakhs for the year ended March 1971, against a loss of Rs. 2.46 lakhs, after providing Rs. 40,029 (against Rs. 418) for depreciation. The directors propose that the entire amount under the head "Project and Pre-operation Expenses" be carried forward to the next year's account pending allocation to capital and revenue accounts. The Company has not yet started production. Construction work of the main plant building is going on according to schedule. The Company has also undertaken construction work in the utility area, where some of the buildings have already been completed. It has already placed orders for most of the indigenous plant and equipment and the procurement work is progressing satisfactorily. The delivery of indigenous equipment has also commenced and it expects to commence erection early next year.

NATIONAL ROLLING

Loss Incurred

IN their latest report for the year ended June 1971, the directors of the National Rolling and Steel Ropes Ltd say that there has been a substantial increase in the cost of raw materials. Prices of billets showed a sharp rise and wire ropes became costlier. The Company's export performance

has not been good mainly due to the intense competition in overseas markets. Although sales have recorded a small rise from Rs. 74.38 lakhs to Rs. 74.92 lakhs, the Company has incurred a loss of Rs. 2.71 lakhs, against a profit of Rs. 28,669 in the previous year, after providing Rs. 1.81 lakhs (against Rs. 1.90 lakhs) for depreciation and Rs. 9,236 (against nil) for development rebate reserve. A sum of Rs. 1,385 (against Rs. 7,100) has been transferred from development rebate reserve no longer required. After making adjustments, the loss is adjusted against general reserve. The dividend has been skipped. The Company had paid a taxable ordinary dividend of 2.5 per cent in the previous year.

SHEVEROY ESTATES

Profit Up

SHEVEROY Estates Ltd has turned out better working results for the year ended June 1971 when compared with the previous year. At 137,999 kilograms the coffee crop also recorded an improvement over the previous year's figure of 129,961 kilograms. The directors have raised the dividend to 10 per cent from 7½ per cent in the previous year. The profit amounts to Rs. 2.35 lakhs, after providing deprecia-

tion of Rs. 15,257. This compares with the previous year's profit of Rs. 1.52 lakhs, after providing depreciation of Rs. 15,914. The total surplus available for appropriation comes to Rs. 2.42 lakhs which includes Rs. 4,798 brought forward and Rs. 2,482 being excess provision. The profit of the year includes a sum of Rs. 1.26 lakhs (against Rs. 36,095) being timber sales. Out of the available surplus of Rs. 2.42 lakhs, tax provision amounts to Rs. 87,500 (against Rs. 64,500). The dividend claims Rs. 1.35 lakhs. The balance of Rs. 19,867 is being carried forward.

INVESTMENT TRUST

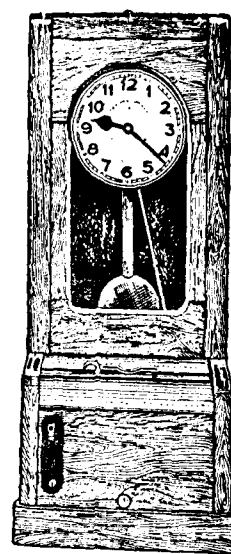
Dividend Cut

DUE to a fall in the profit, the directors of Investment Trust of India Ltd have cut the dividend to 6 per cent for the year ended September 1971 from the previous year's 8 per cent. The profit amounts to Rs. 43,163 (against Rs. 84,482). Adding to the year's profit Rs. 3,579 brought forward and Rs. 15,000 transferred from general reserve, there is a total surplus of Rs. 61,742. Out of this the dividend claims Rs. 60,000 leaving a balance of Rs. 1,742 which is being carried forward. There has been a fairly sharp fall in the dividend income of the

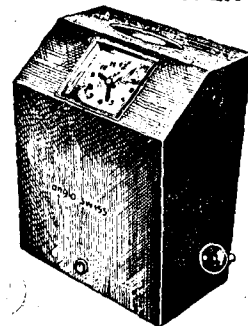
ANDHRA STEEL : SHARE OFFER

ANDHRA Steel Corporation, a running concern with a rolling mill plant in Visakhapatnam, is offering at par 300,000 equity shares of Rs. 10 each and 10,000 9.5 per cent cumulative redeemable preference shares for public subscription to raise part of the funds for its mini-steel project in Bangalore. The list for the public issue that has been fully underwritten will open on 14th December and will close on 24th or earlier but not before 16th December. The mini-steel plant will have an annual capacity of 50,000 tonnes of billets a year by the continuous casting process. The implementation of the project will be carried out in two phases. The first phase will involve a capital outlay of Rs. 1.32 crores and the second phase Rs. 1.16 crores. The first phase is expected to be completed by March 1972 and the second phase by early 1973.

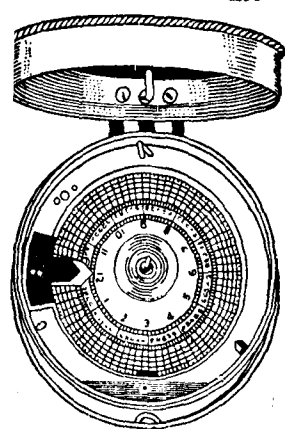
The Company's Visakhapatnam unit manufacturing steel round bars, wire rods, ingots, flats and torsteel has an installed capacity of 105,000 tonnes but nearly 60 per cent of the capacity remains unutilised for want of raw materials, namely, billets. The Bangalore unit will enable the Company to overcome this problem. The new unit will produce billets from steel scrap easily available around Bangalore. Andhra Steel had a turnover of Rs. 3.50 crores during the year ended October 1971. Turnover is expected to rise to Rs. 5 crores in 1972 and Rs. 7 crores in 1973. The gross profit for 1970-71 is estimated at between Rs. 55 lakhs and Rs. 60 lakhs. This is expected to rise to Rs. 1.20 crores when the plants are in full production. The management expects to be able to pay a dividend of 10 per cent on the enhanced capital.



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Trust during the year which amounted to only Rs. 7,318 (against Rs. 91,895).

The directors' report says that apart from new companies and a few others in respect of which dividend income has not been received, no dividend has been received on the Trust's investments in the shares of Blue Mountain Estate, Waterfall Estates, Kothari Textiles, Adoni Spinning and Balmadies Plantations. These five companies are under a merger proposal and no dividend has been declared by any of them. The directors point out that but for this, the income of the Trust would have recorded a further improvement over the previous year. The Trust's general reserve now stands at Rs. 85,000 and capital reserve at Rs. 3.48 lakhs.

INTERNATIONAL COMPUTERS

Good Rise in Profit

INTERNATIONAL Computers Indian Manufacture Co. has raised the dividend for the year ended September 1971 from 10 per cent to 11 per cent. This follows a marked improvement in the Company's performance during the year; the Company has recovered fully from the previous year's setback. According to the brief preliminary figures, the gross profit amounts to Rs. 28.05 lakhs, against Rs. 16.63 lakhs in the preceding year and Rs. 23.74 lakhs in 1968-69. After providing Rs. 13.75 lakhs (against Rs. 7.33 lakhs) for depreciation, Rs. 8.10 lakhs (against Rs. 1.64 lakhs) for development rebate reserve and Rs. 1.25 lakhs (against Rs. 4.25 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 4.95 lakhs, against Rs. 3.41 lakhs in the previous year. The proposed dividend will claim Rs. 5.50 lakhs (against Rs. 5 lakhs).

RICHARDSON HINDUSTAN

Results Impress

THE preliminary statement from Richardson Hindustan on its working results for the year ended June 1971 shows an impressive improvement over the previous year's performance. Net sales are up by 35 per cent from Rs. 3.58 crores to Rs. 4.83 crores and the gross profit has increased by 25.4 per cent from Rs. 66.63 lakhs to Rs. 83.59 lakhs. While the dividend has been maintained at 10 per cent, the directors have proposed a bonus issue on a five-for-fourteen basis. When sanctioned, this would be the Company's second gift to its shareholders, the first bonus

CAPITAL, 9th DECEMBER, 1971

issue having been made two years ago in the proportion of two shares for every five shares held.

After providing Rs. 16.68 lakhs (against Rs. 14.26 lakhs) for depreciation, Rs. 1.20 lakhs (against Rs. 3.87 lakhs) for development rebate reserve and Rs. 33.50 lakhs (against Rs. 19 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 32.21 lakhs, against Rs. 29.50 lakhs in the preceding year. Out of this, a sum of Rs. 31.29 lakhs (against Rs. 26.84 lakhs) has been transferred to general reserve. The proposed dividend absorbing Rs. 7 lakhs will be paid out of general reserve.

T.S.L.

Profit Earned

THE working of Transformer and Switchgear Ltd for the year ended March 1971 has resulted in a profit of Rs. 5.93 lakhs, after providing depreciation of Rs. 7,553. This compares with the previous year's loss of Rs. 12.68 lakhs. Sales amounted to Rs. 90.27 lakhs (against Rs. 12.04 lakhs). After adjusting the year's profit of Rs. 5.93 lakhs against the brought-forward loss of Rs. 12.13 lakhs, there is a deficit balance of Rs. 6.20 lakhs which is being carried forward. In view of the loss, no dividend is recommended by the directors on either ordinary or preference shares. The directors feel that the outlook for the current year is promising.

MORARJEE GOCULDAS

Satisfactory Working

ADDRESSING the recent annual general meeting of the Morarjee Goculdas Spinning and Weaving Company Ltd, Mr. Gopikisan Piramal, chairman, said that the Company's successful completion of 100 years of working is unique. (A full text of Mr. Piramal's speech was published in last week's issue of *Capital*.) The Company's working for the year ended June 1971 continued to be quite satisfactory. New and improved machinery worth more than Rs. 77 lakhs, including 80 automatic looms, was installed. The Company has received more machinery worth Rs. 10 lakhs up to October, and further orders to the tune of Rs. 45 lakhs await execution. As for exports which have reached the level of Rs. 59.65 lakhs, the chairman is happy to say that in July

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1970 a separate company called Gopikisan Piramal Ltd was formed as a 100 per cent subsidiary of the Company, with the object of developing exports and also dealing in power loom cloth, whose processing would help in the utilisation of the surplus capacity of the dye house of the Company as and when available.

The Company has issued bonus shares in the ratio of one for one in June 1971. Since the textile industry is agro-based and labour-intensive, there should not be undue optimism about the future. The chairman pointed to many problems confronting the industry, such as the supply of cotton, prices and wage bill. He has congratulated the Government for instituting a scheme under which cotton textile mills will be able to import sophisticated machinery based on their export performance.

MYSORE KIRLOSKAR

Sales and Profit Up

MYSORE Kirloskar has reported improved results for the year ended June 1971. Sales at Rs. 6.22 crores are up by 11.1 per cent over the previous year's figure of Rs. 5.60 crores and the gross profit has increased by 14.4 per cent from Rs. 1.12 crores to Rs. 1.28 crores. The dividend has been maintained at 10 per cent but it is payable on the increased capital resulting from a one-for-five bonus issue. After providing Rs. 46.33 lakhs (against Rs. 40.06 lakhs) for depreciation, Rs. 11.27 lakhs (against Rs. 6.91 lakhs) for development rebate reserve and Rs. 36 lakhs (against Rs. 30 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 33.98 lakhs, against Rs. 34.75 lakhs in the previous year. Together with some write-backs, the surplus amounts to Rs. 37.44 lakhs out of which a sum of Rs. 37.10 lakhs (against Rs. 13.90 lakhs) has been transferred to general reserve. The proposed equity and preference dividends absorbing Rs. 15.40 lakhs are to be paid out of general reserve.

The directors have pointed out that although the Company's results have been satisfactory, the demand for certain lines of its products was adversely affected by the recession in the engineering industry. The construction of the factory building of Precision Tooling Systems Ltd, a subsidiary of the Company, is now complete. Orders are being placed for the import of machinery.

JESONS ELECTRONICS

New Venture

JESONS Electronics—a new venture—will soon be in the market to raise Rs. 65 lakhs to meet part of the financial requirements of its project for the manufacture of dry cell batteries. The Company has received a licence to manufacture 60 million dry cell batteries a year. It has secured the collaboration of Yai

Dry Battery Company of Japan for the supply of know-how. The plant is proposed to be located in Ghazabad (Uttar Pradesh). The project is estimated to cost Rs. 1.35 crores.

HINDUSTAN SUGAR

Better Results

HINDUSTAN Sugar Mills has reported improved results for the year ended June 1971. Sales have in-

OPPORTUNITIES FOR OVERSEAS CONTRACTS

THE following international bid invitations have been received in the Directorate of Exhibitions and Commercial Publicity, Central Ministry of Foreign Trade, during the week ended 27th November, 1971:

Arab Republic of Egypt: The General Organisation for Industrialisation, Cairo; machines equipment and technical assistance; 15th December, 1971; Telecommunication Organisation, Cairo; electronic perforators; 15th December, 1971; Societe Misr Pour la Filature Et le Tissage, Mehalla-Kubra; carbon resistance; 19th December, 1971. *Argentina:* Italian Argentine Co., Buenos Aires; circuit breakers, switches, etcetera; 14th December, 1971. *Burma:* State Timber Board, Rangoon; gummed tape, wheel valves, hasps, sandpaper, locks, bolts and nuts, screws, panel pins, revolving chain, shellac lemon flakes, wood finishes, electric cable, polypropylene, ropes, glue and hardner; 9th February, 1972; cylinder boring and honing gas welding and cutting set, gas cylinders, connecting rod, reconditioning machine, arc welding sets, battery charger, fuel pump resting room equipment, hacksawing machine and forklift trucks; 14th February, 1972; articulated wheel type log skidder; 5th February, 1972; Myanma Export Import Corporation, Rangoon; marine diesel propulsion engine; 23rd December, 1971; dry cell batteries; 27th December, 1971; writing ink; 24th December, 1971; engineering items; 14th December, 1971; People's Toilet Industry, Rangoon; duplex board, printing ink and tin printing ink; 15th December, 1971; Union of Burma Railway Board, Rangoon; bolts, nuts, screws, etcetera; 5th January, 1972. *Ceylon:* Ceylon Oil and Fats Corporation, Seeduwa; sol-

vent/miscella. pumps; The Tender Board, Department of Small Industries, Colombo; jacquard machine and accessories; 12th January, 1972; dyes and chemicals; 14th February, 1972; starch; 16th February, 1972; Ceylon State Hardware Corporation, Colombo; engineers' files; 18th January, 1972; grinding wheels; 24th January, 1972. *Indonesia:* P. N. Pertambangam Minjak Dan Gas Bumi Nasional, Djakarta; supply of equipment and materials for gas pipe line; 21st December, 1971. *Iran:* The Tehran Regional Electric Company, Tehran; distribution of switchgear; 20th January, 1972. *Jordan:* Jordan Petroleum Refinery Co. Ltd, Amman; heat exchanger shell; 26th December, 1971; complete assembled tube bundle; 26th December, 1971. *Republic of Korea:* The Medium Industry Bank, Seoul; single colour offset/letter set printing press; 27th December, 1971; the Foreign Loans Department of the Korean Development Bank, Seoul; chewing gum and wafer biscuit manufacturing equipment; 20th December, 1971. *Republic of Vietnam:* The Industrial Development Bank of Vietnam, Saigon; latex concentrator; 31st December, 1971. *Singapore:* The Public Works Department, Singapore; laying of mains and minor sewerage; 14th December, 1971. *Syria:* The Arab Tannery Corporation, Damascus; chemicals; 18th December, 1971. *Thailand:* The State Railways of Thailand, Bangkok; le clanche cells; 21st December, 1971; the Provincial Electricity Authority, Bangkok; transformer workshop equipment; 22nd December, 1971; electrical and mechanical tools and equipment; 29th December, 1971. *Turkey:* Devlet Su Isleri Genel Mudurlugu, Ankara; ball and roller bearings; 29th December, 1971; oil seals; 28th December, 1971.

AGRICULTURAL REFINANCE CORPORATION

(Incorporated under the Agricultural Refinance Corporation Act, 1963 (10 of 1963))

ISSUE OF SHARES—SECOND SERIES

Authorised Capital	: Rs. 25,00,00,000
Divided into	: 25,000 fully paid up shares of Rs. 10,000 each
Issued, subscribed and paid-up	: 5,000 shares of Rs. 10,000 each
Present issue	: 5,000 fully paid-up shares of Rs. 10,000 each

Under Section 6 of the Agricultural Refinance Corporation Act, the shares of the Corporation have been guaranteed by the Central Government as to the repayment of the principal and the payment of a minimum dividend of 4½ per cent per annum.

The issue of shares is being made under the provisions of the aforementioned Act. In terms of Section 5 of that Act, the Reserve Bank of India will subscribe for 2,500 shares and the remaining 2,500 shares may be subscribed for by central land development banks, state co-operative banks, scheduled banks, the Life Insurance Corporation, insurance and investment companies in the proportions specified below, subject to the condition that no institution will be allotted more than 10% of the shares reserved for the class of institutions to which it belongs:

Central Land Development Banks and State Co-operative Banks 1,500

Scheduled banks, the Life Insurance Corporation, insurance and investment companies and all societies which are registered or deemed to be registered under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time being in force in any State relating to Co-operative Societies and carrying on insurance business 1,000

Applications will be received from 8 December 1971 to 7 January 1972 both days inclusive at

(a) the Head Office of the Agricultural Refinance Corporation, Shrineketan, (Shivsagar Estate) 'F' Block, Dr. Annie Besant Road, Worli, Bombay 18 WB.

(b) the branches of the Reserve Bank of India, Bombay, Calcutta, Madras, Bangalore, Kanpur, Patna, Hyderabad and New Delhi.

No subscriber can make more than one application.

Copies of the prospectus giving full particulars of the shares offered and the form of application can be had free of cost at any of the abovementioned offices. Tender of the full purchase price of the shares applied for must accompany applications.

Payments must be made by cheques or draft on a bank situated at the place at which the application is being made. Cheques and drafts should be drawn in favour of the office at which the application is presented.

K. MADHAVA DAS
Managing Director

CAPITAL, 9th DECEMBER, 1971

creased by 15.7 per cent to Rs. 14.48 crores from Rs. 12.52 crores in the preceding year. And with the gross profit rising by about 26 per cent from Rs. 1.26 crores to Rs. 1.59 crores, the ratio of profit to sales has improved from around 10 per cent to 11 per cent. The dividend has been maintained at 10 per cent but since it is payable this time in full on the increased capital, it will absorb Rs. 25.20 lakhs, against Rs. 22.80 lakhs in the previous year. In addition, the directors have recommended payment of the balance dividend on the 24,000 new equity shares issued in January 1969 at Rs. 2.68 a share aggregating Rs. 64,320.

After providing Rs. 55.49 lakhs (against Rs. 57.67 lakhs) for depreciation and Rs. 2.07 lakhs (against Rs. 95 lakhs) for development rebate reserve, there is a net profit of Rs. 101.33 lakhs, against a net loss of Rs. 26.38 lakhs in 1969-70. After taking credit for Rs. 10.20 lakhs (against Rs. 12.39 lakhs), being surplus on sale of assets, and after making some other adjustments, the disposable surplus amounts to Rs. 114.64 lakhs (against Rs. 60,284). The equity and preference dividends absorbing 30.12 lakhs will be paid out of general reserve.

HINGIR-RAMPUR COAL

Dividend Maintained

THE Hingir-Rampur Coal Company has maintained the dividend for the year ended June 1971 at 12 per cent. Production, despatches and sales have registered an improvement over the previous year's performance. But the gross profit is down by 9 per cent because of rising costs without any compensating rise in coal prices. Production of coal increased from 210,000 tonnes to 222,000 tonnes, despatches from 205,000 tonnes to 208,000 tonnes and sales from Rs. 74.37 lakhs to Rs. 75.74 lakhs. The gross profit has declined from Rs. 10.40 lakhs to Rs. 9.44 lakhs. After providing Rs. 2.39 lakhs (against Rs. 2.11 lakhs) for depreciation, Rs. 31,910 (against Rs. 7,417) for development rebate reserve and Rs. 3.62 lakhs (against Rs. 4.41 lakhs) for taxation, the net profit for 1970-71 amounts to Rs. 3.11 lakhs, against Rs. 3.80 lakhs in the preceding year. After some adjustments, a sum of Rs. 3.15 lakhs (against Rs. 2.26 lakhs) has been transferred to general reserve. The preference dividend amounting to Rs. 46,800 and the equity dividend absorbing Rs. 1.44 lakhs are to be paid out of general reserve.

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COMMODITIES

Imposing Statutory Control on Raw Jute Prices

THE Government of India had decided to impose statutory control on the prices of raw jute in both primary and secondary markets. Speaking on a call-attention motion in the Lok Sabha last week, Mr. L. N. Mishra, Central Minister for Foreign Trade, said that the measure had become unavoidable in order to ensure remunerative prices to growers and also to arrest a further decline in raw jute prices. He stated that statutory control had been thought of for the "price-support policy had not worked satisfactorily". After the controlled prices had been fixed, payment of less than the minimum prices would be punishable under the Essential Commodities Act. Assuring growers of a minimum price, Mr. Mishra said that a higher price could have been paid to them had it not affected fibre exports to Russia and the east European countries. As jute had been fetching good prices in overseas markets, the Government was keen to export it. Besides, such exports had become necessary to relieve the pressure of piled-up stocks following the arrival of sizable lots of fibre from across the Bangladesh border. At the same time, he emphasised that prices must be held in check to ensure that the offtake did not sag nor were overseas consumers induced to switch over to substitutes or alternative handling practices. Besides the State Trading Corporation and the Jute Corporation of India, the Government proposed to encourage private export houses as well by offering them adequate incentives.

J.C.I.'s Operations

Answering complaints relating to the slump in fibre prices below the level recommended by the Agricultural Prices Commission in Assam, north Bengal and Bihar, Mr. Mishra said that this was due to dislocation in communications, following the unprecedented floods, and to the lack of adequate storage accommodation in the interior markets. The price-differential between the support price and that available to growers was around Rs. 6.50 a maund. The Jute Corporation had recently started purchase operations in 11 local purchasing centres in Bihar, absorb-

ing about 3,000 bales so far. It proposed to buy 100,000 bales more soon to alleviate the pressure of floating stocks in the markets. In order to arrange quick movement of jute to Calcutta and mill stations, the Corporation had been maintaining a close liaison with the railways. He affirmed that certain Calcutta mills had received jute supplies from Bangladesh.

New Jute Mills

The Minister also made it known that the Government would soon take over three old jute mills which had been lying closed in Muktapur and Katiyar. A technical committee had already been set up to prepare a feasibility report on the reopening of these mills. As the jute industry has become mostly outmoded and obsolete, the Government has no pro-

posal for its nationalisation. Subject to the availability of funds, it is instead thinking of starting new and modern mills.

Mills' Credit Limits

In view of the increase in the volume and value of the industry's output during recent months, the Indian Jute Mills Association has urged commercial banks to take into account the revised production norms in determining the credit limits of jute mill companies. In a week-end Press note, the I.J.M.A. says that the needs of the present exigency will be best served if "the Reserve Bank of India were to direct its constituent banks to increase their credit to the mills automatically on the evidence of a rise in their production in relation to a previous comparable period." The Press note refers to the discussions between the industry and the banking community on jute mill financing over the past year. The topic has assumed an added urgency in the wake of a big Indian jute crop and the virtual disruption of the jute industry in East Bengal which called for an imme-



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diate increase in the production of jute goods in this country.

Gunnies Steady

The Calcutta gunny market opened firm since the completion of the due-date operations for November. The market appeared to be in an 'oversold' position. Even nominal enquiries or covering by shorts caused a more than proportionate rise in prices. Both the holders of P.D.O.s and mills were unwilling to extend their short- and long-term commitments. The threat of an indefinite

total strike by workers induced fibre prices to firm up. There was an increase in overseas and internal enquiries in heavy goods from Europe, Africa, Indonesia and Peru. Besides routine hessian shipments to, and bookings by, the U.S.A. and Russia, there was a revival of interest from major seasonal industries. With the report that a 80-day cooling off period had been ordered in the long-shoremen's strike on the U.S. Pacific coast, the immediate and long-term outlook for the industry appeared to be quite buoyant. The escalation of fighting in Bangladesh and India's

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military involvement with Pakistan on the eastern and western border was followed by a short-lived spell of easiness. In the hedge market, interest appeared to be at a low ebb due mainly to the heavy margins and drastic trading restrictions. Turnover was moderate. The closing undertone was quietly steady.

Latest available quotations (in rupees) were as follows:

	Dec.	Jan.-Mar.	Apr. June
40in. 7½oz.	86.50	86.00	85.00
40in. 8oz.	94.00	—	—
40in. 10oz.	110.50	109.50	108.00
B Twills	267.75	269.50	271.00
Heavy Ceers	268.50	270.50	271.00
Cornsacks	—	—	—
A Twills (U.S.)	332.00	333.00	334.00
Liverpools	320.00	320.00	319.00

Setback in Fibre

After opening on a buoyant note since the vigorous buying by mills against their second compulsory minimum purchase quota of 1.803 million bales for the six weeks ending 31st December, the raw jute market suffered a mild set-back towards the close. The easiness was ascribed to the escalation of conflict between India and Pakistan. The Central Foreign Trade Minister's announcement clamping statutory control on raw jute prices in both primary and secondary markets under the Essential Commodities Act induced caution. While mills were selective in their purchases against the quotas, supplies lagged much behind demand, inducing dealers to charge a premium on such grades of fibre even above the quoted prices. Reports of the successes of the Indian armed forces helped in arresting the downward trend. Turnover was moderate. The closing undertone was about steady.

Latest available quotations (in rupees) were as follows:

	December-January		
	Rates a quintal	Rates a quintal	Rates a md.
	Mid.	Bot.	Bot.
Selected Assam-			
Agartala	142.00	133.96	50.00
Northern Jute	136.64	128.60	48.00
Western Desal			
Jute	127.26	119.23	44.50
Selected			
Daissee	152.72	144.68	54.00
Assam-Agartala			
Tossa	150.04	142.00	53.00
Mesta :			
Assam Mesta	128.60	120.57	45.00
Selected Daissee			
Murshidabad ~	124.58	116.55	43.50
Bihar Dist.	115.21	104.49	39.00

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Chairman's Statement

Stc Group - MID-YEAR APPRAISAL

The State Trading Corporation of India Ltd. The Projects and Equipment Corporation of India Ltd. The Cashew Corporation of India Ltd. The Handicrafts and Handlooms Exports Corporation of India Ltd. The Motion Pictures Exports Corporation Ltd. The Indian

	Rupees in Crores			
	1970-71	1971	1971-72	1971-72
	Full year	Apr.-Sept.	Budget	Latest Estimate*
Exports	74.1	35.0	94.5	94.9
Imports	154.0	98.6	206.5	248.8
Domestic	5.7	5.6	5.9	11.6
Total Turnover	233.8	139.2	306.9	355.3
Trading Profit	14.6	11.0	15.5	23.0
Less:				
Expenditure	6.4	2.8	6.4	6.7
Interest	(-) 0.2	0.8	0.2	0.4
Depreciation	0.2	0.1	0.1	0.2
Provisions	1.0	0.3	—	0.6
Total cost	7.4	4.0	6.7	7.9
Profit before Tax	7.2	7.0	8.8	15.1
Profit after Tax	2.2	4.5	3.6	8.0
Stocks	35.3	44.7	21.7	32.0
Debtors	25.0	31.7	20.8	28.5
Manpower (Nos.)	2,213	2,219	2,237	2,254

	Rupees in Crores				
	STC	PEC	CCI	HHEC	Total
Exports	71.0	19.4	—	4.5	94.9
Imports	192.5	26.6	29.4	0.3	248.8
Domestic	11.5	—	—	0.1	11.6
Total Turnover	275.0	46.0	29.4	4.9	355.3

We are pleased to announce—for the first time—the results of the STC Group in a consolidated manner. This follows upon the recent major reorganisation in two years in the holding company, effected to properly back the fast expanding activities of the group. Organisationally, STC is developing in three directions: its new subsidiary corporations, now four; a long chain of marketing and services divisions; and an expanding network of offices abroad, from Sydney to New York, now 18; achieved without adding to our numbers or cost significantly.

Mention may also be made of two other significant aspects of our new marketing policy:

—now ranging freely and competitively in the export field; and
—providing a package service to small industries in India through the State Corporations.

Our first half-year accounts, profit and loss and balance-sheet, have been completed, with all provisions made and contingencies allowed for. From

now on we will complete our accounts each quarter—we already declare a dividend quarterly. In between, we will prepare Flash Monthly Accounts by the 10th, necessarily with a degree of approximation, but enough to enable our management to keep closely in touch with performance compared with budget. Each Monthly Account will, however, be properly adjusted and merged with the Flash Account of the following month and thus the quarterly accounts will represent the accurate position.

We have also done a mid-year review of our Performance Budget and prepared the Latest Estimate, which makes an encouraging reading. It looks as if we will meet all our targets, and even improve upon them in some cases. Most encouraging of all, though, is that last year's exceptional decline in profitability has been stemmed and it is once again beginning to look respectable. In the present situation the more profit we make, the more power to the national elbow!

The Latest Estimate shows that, com-

pared with last year, exports this year might be 28% plus; imports 62% plus; total sales 52% up, while the profit before tax may double from Rs. 7.2 crores to Rs.15.1 crores. This is still only a 4% return on turnover—well below the industrial norm of around 10%, and below the 6% we achieved in 1969-70.

Our expenditure is well held at an estimated Rs. 6.7 crores against Rs. 6.4 crores last year despite a 52% increase in turnover. We expect the stocks/turnover ratio to improve from 15% to 9% and the Debtors/turnover ratio from 11% to 8%. Working capital, however, while continuing to decline as a percentage of sales, will in absolute terms, go up, largely on account of the buffer stock operations for vegetable oils. In consequence, we will be paying interest instead of earning it, as in the past.

Our exports would have been still better had it not been for the shortages that are developing in many areas—steel products and engineering, alcohol, cement, molasses and even coins, influenced further by the international monetary uncertainty.



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COMPANY AND PUBLIC NOTICES

THE ALKALI AND CHEMICAL CORPORATION OF INDIA LIMITED

Registered Office :

18 Strand Road, Calcutta 1

The Annual General Meeting of the Company will be held on Tuesday, 28th December 1971 at 3 P.M. at ICI Auditorium, 34, Chowringhee Road, Calcutta 16.

Notice of the Meeting together with the Directors' Report and the Annual Accounts for the year ended 30th September 1971 have already been posted to the Members.

The Register of Members of the Company for Equity Shares will remain closed from the 17th December 1971 to 28th December 1971, both days inclusive.

By Order of the Board
R. K. ARORA
Secretary

Calcutta:
3rd December, 1971.

INDIAN EXPLOSIVES LIMITED

Registered Office
34, Chowringhee
Calcutta-16

ANNOUNCEMENT

THE 18th Annual General Meeting of the Members of the Company will be held on Wednesday, 29th December, 1971 at 12 NOON at the Registered Office of the Company at 34, Chowringhee, Calcutta-16.

Notice of the Meeting together with the Annual Report and Accounts have been posted to the Shareholders direct.

The Register of Members of the Company will remain closed from the 16th December to 29th December, 1971 both days inclusive.

BY ORDER OF THE BOARD,
B. SEN
Secretary

Calcutta
6th December, 1971.

THE BURRAKUR COAL COMPANY LIMITED

NOTICE is hereby given that the Annual General Meeting of THE BURRAKUR COAL COMPANY LIMITED, will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Thursday, the 30th December, 1971, at 3-30 p.m. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 30th June, 1971, and the Balance Sheet as at that date together with the Directors' and Auditors' Reports thereon.
2. To appoint Directors in place of those who retire by rotation.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4. To appoint Mr. M. R. Das, a Director, who vacates his seat at this Meeting and to consider and, if thought fit, to pass the following resolution of which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, the candidate having filed with the Company his consent to act as a Director, if appointed.

"RESOLVED that Mr. M. R. Das be and is hereby appointed a Director of the Company whose period of office shall 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:—

"THAT in conformity with Article 97 of the Articles of Association of the Company and Section 309 of the Companies Act, 1956, authority be and is hereby accorded to the continuance of payment to the Directors of the Company of a Commission (to be divided between them in such manner as they shall from time to

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time determine) of one per cent of the net profits of the Company in each financial year over a period of five years extending upto and including the financial year of the Company ending on 30th June, 1976."

6. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:—

"THAT, pursuant to the provisions of Section 314 of the Companies Act, 1956, the consent of the Company be and is hereby accorded to Bird & Co. (Private) Limited who may be deemed to be holding an office or place of profit under the Company for the consideration payable to them by the Company for the time being Rs. 944/- per month for a period of five years with effect from the 1st December, 1971, for the occupation and use by the Company of office accommodation at the Registered Office at Chartered Bank Buildings, Calcutta, with all existing facilities and benefits attached thereto in the terms of a letter of offer dated the 19th November, 1971 from Bird & Co. (Private) Limited, a copy of which is submitted to this meeting along with a copy of the valuation report of Messrs. Talbot & Co., as referred to therein and initialled by the Chairman hereof for the purposes of identification."

The Registers of Members of the Company will be closed from the 20th December, 1971 to 30th December, 1971, both days inclusive.

By Order of the Board,
K. L. DUA,
Director.

Registered Office:
Chartered Bank Buildings,
Calcutta, 26th November, 1971.

Note : 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.

Explanatory statement relative to items 4, 5 and 6 is being forwarded to the shareholders of the Company.

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India needs power



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Even a decade ago, India was dependent on foreign countries not only for plant and equipment for generation of Power but also for men to install and commission them.

India has since turned the corner; indigenous know-how and technology have been developed at the Heavy Electricals factory at Bhopal.

For the first time in the country, three Hydro Power stations—Odra in Uttar Pradesh, Bassi in Himachal Pradesh and one Power Station of U.B.D.C. in Punjab—have been completely equipped and commissioned with machines supplied by Bhopal factory. The erection and commissioning work has been done by Indian workers and engineers.

Eleven more Hydro Projects—Chibro, Ram ganga, and Khodri in U.P., Koyna in Maharashtra, Ukai in Gujarat, Gumti in Tripura, Sharavati and Kali nadi in Mysore, Sumbal-Sind in Jammu & Kashmir, Dehar and Pong in Punjab, are in different stages of manufacture, erection and commissioning.

On the thermal side, Basin Bridge Thermal Power Station Extension Project of Madras has been commissioned with machines

supplied from Bhopal factory. Machines have also been supplied for Parli in Maharashtra, Santaldih in West Bengal and Chandrapura in Bihar. Other thermal projects on hand are Ukai and New Power Stations in Gujarat, Koradi in Maharashtra, Korda in Madhya Pradesh and Namrup in Assam.

The Bhopal factory is also playing its part in eliminating dependence on imports for Naval Steam Main Turbines required for driving modern warships. India's first such turbine built at Bhopal factory has already been supplied and more will follow for propelling India-built Leander Class frigates.

The Bhopal factory has entered the nuclear power field. Kalpakkam Nuclear Power Station in Madras will be the first Nuclear Power Station in India to be equipped with indigenous turbines being built at the Bhopal factory.

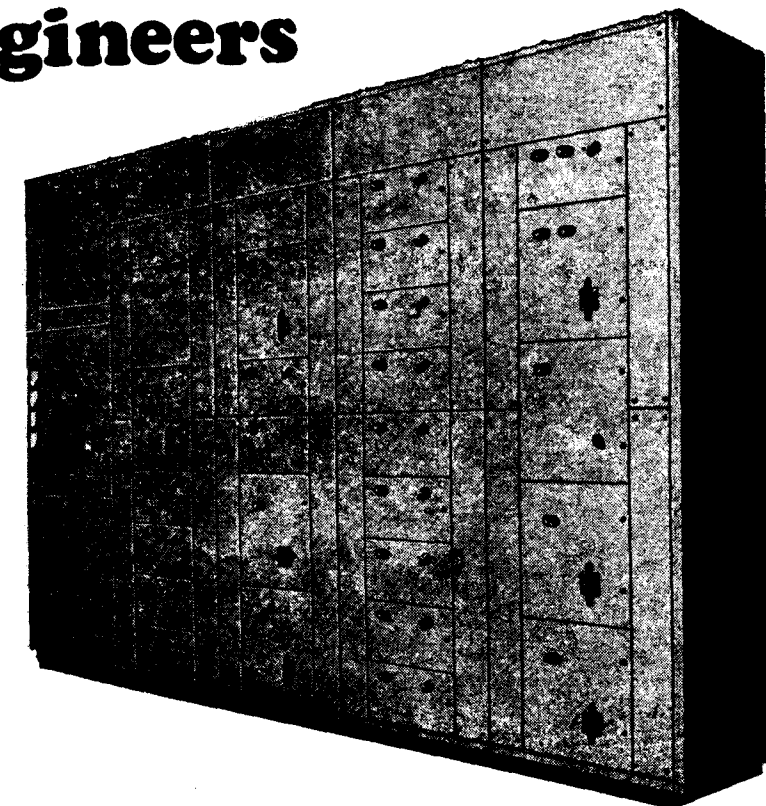
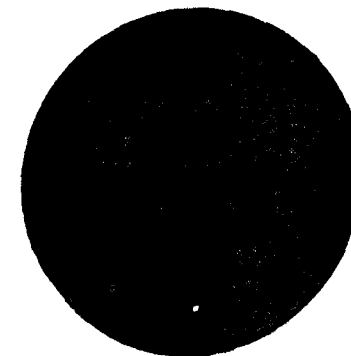
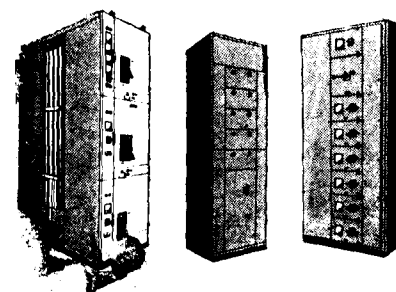
All these developments at Bhopal factory are a symbol of India's achievement in the field of power development through indigenous efforts to meet the evergrowing need of Electric Power.

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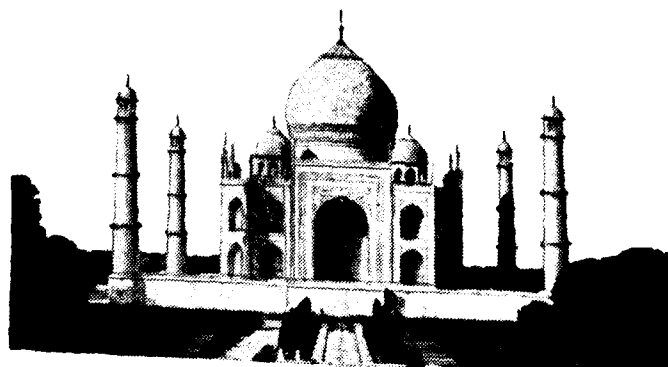
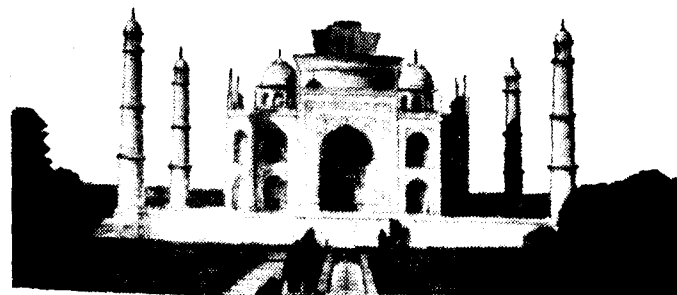
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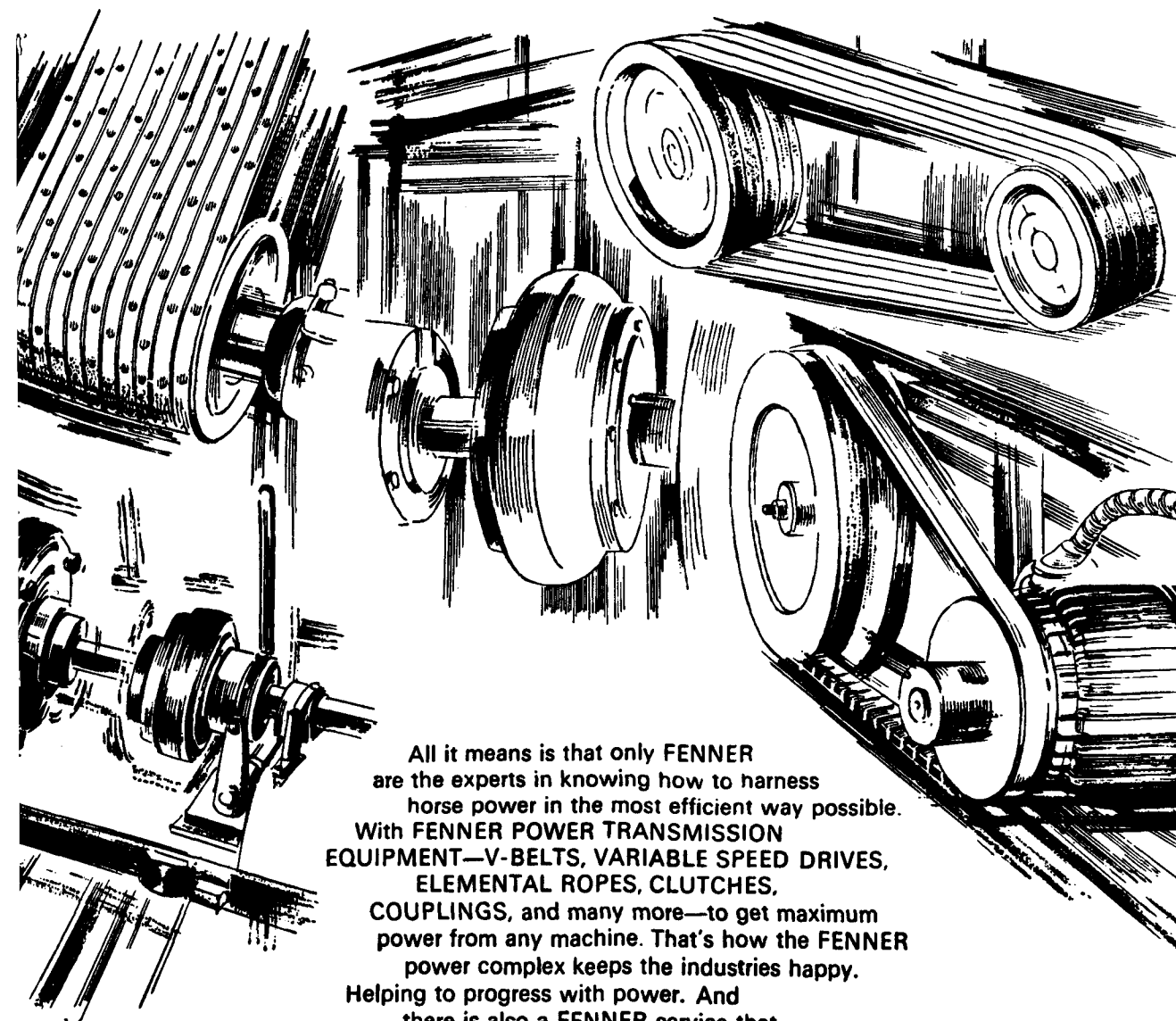
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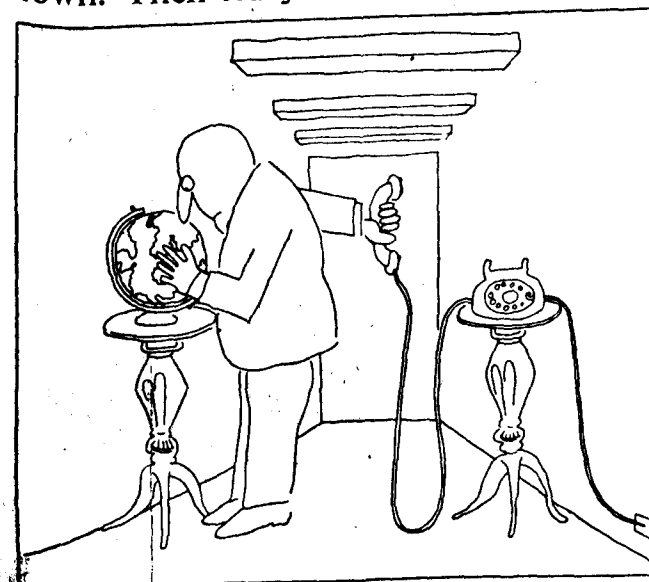
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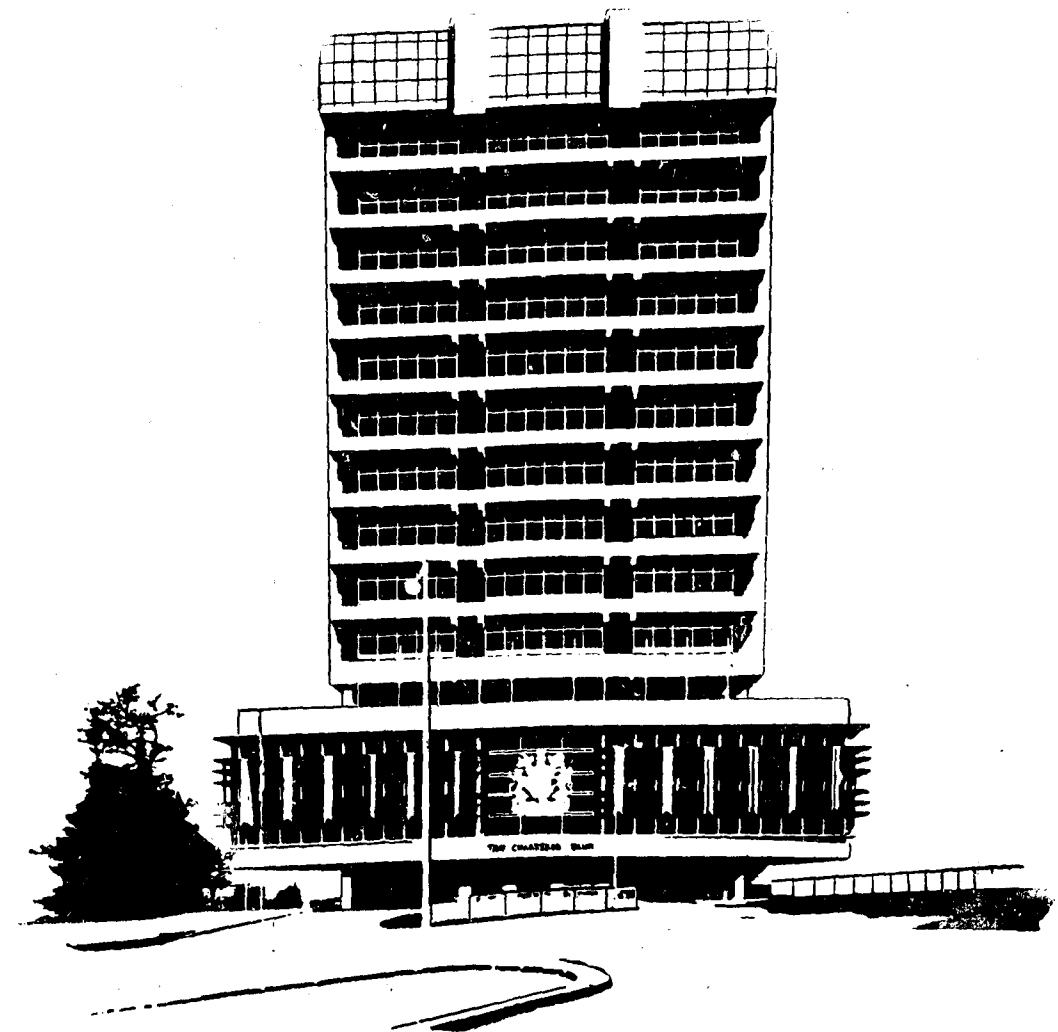
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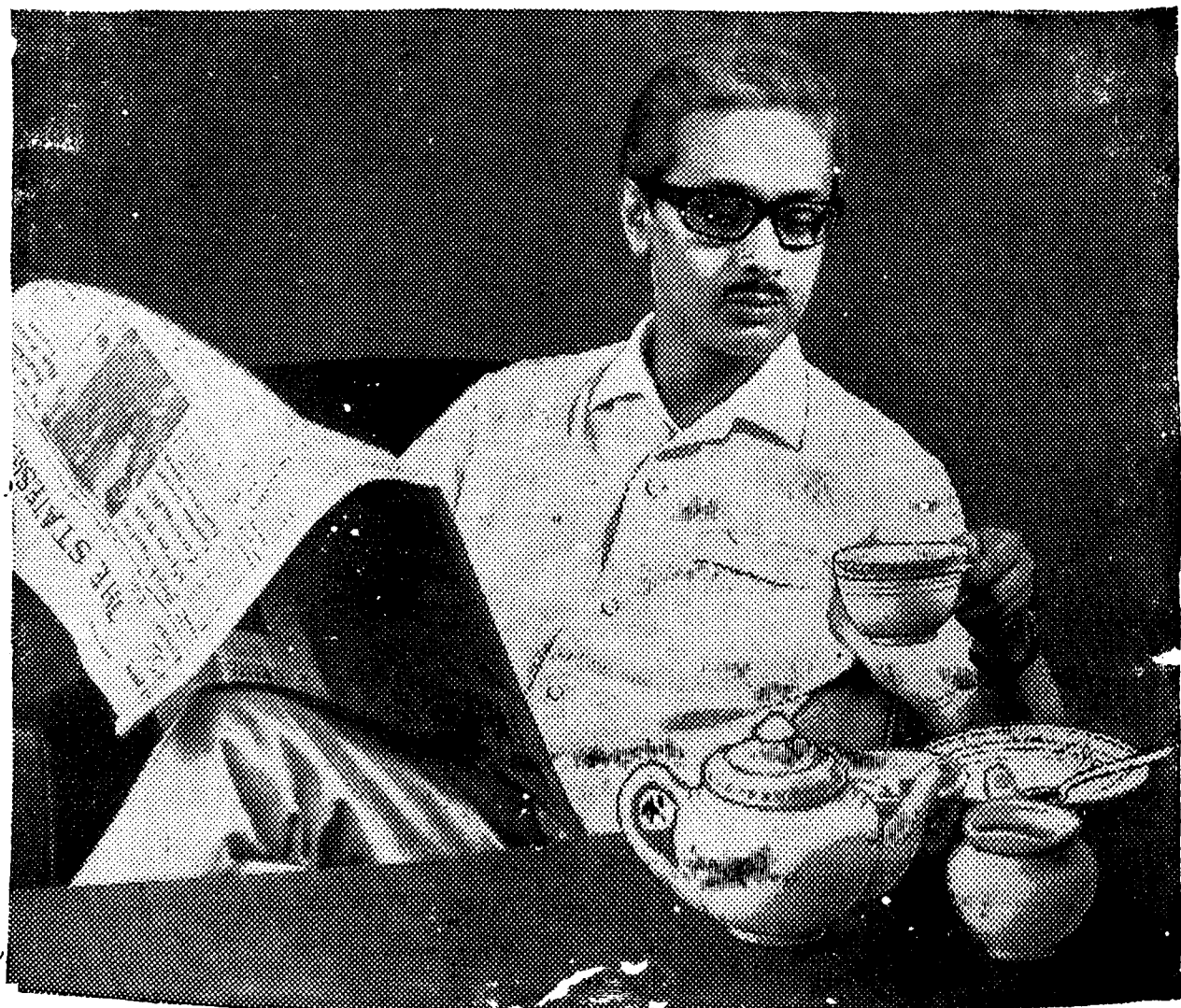
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ditorial

The Agony and the Ecstasy

AS the whole of India is in a state of justifiable euphoria over her recent victory in the two-week-old Indo-Pakistani war, there has not been an adequate stock-taking of the unfinished task that lies ahead. The war, which was thrust on India by the Pakistani marauders, has brought in its wake a lot of avoidable distortions in the economy. The first and foremost task before the nation should be to give industry the much-needed shot in the arm in order to accelerate the tempo of its sluggish economic growth and prepare an ambitious programme for a steady leap forward. The mid-term appraisal of the Fourth Plan has predictably revealed many shortfalls. But now as the nation is passing through a state of emergency, the task of reconstruction needs to be taken up rightaway by mobilising larger resources through savings, economy and taxation. India's defence expenditure has increased by more than four times during the past decade. To the extent that defence expenditure has increased, the resources constraint has apparently become bigger in magnitude. It is already being realised that the reconstruction of the war-damaged economy of Bangladesh will involve a colossal expenditure of Rs. 700 crores during next year. The stoppage of American aid, the huge burden of defence expenditure, the perpetual resources constraint facing the Fourth Plan, the magnitude of relief expenditure for financing the Bangladesh refugees and the resultant back-breaking burden of taxation have all brought in their wake bleak financial prospects indeed.

BUT in the existing state of emergency, the nation needs to take them all in its stride and be prepared to accept the rough with the smooth. The Prime Minister, Mrs. Indira Gandhi, has already exhorted the nation to increase production in both farms and factories. The economic Ministries at the Centre have also appreciated the need to utilise the large idle capacity in industry. It is no wonder, therefore, certain provisions of the licensing policy are being relaxed while some industries are being asked to double their production beyond their licensed capacities. Furthermore, big industrial houses will reportedly be allowed to expand under certain conditions. But in view of the current emergency and the crucial need to increase domestic production, will it not be prudent to pursue a rational policy—shorn of all ideological obsessions—with a view to meeting the defence and development needs of the nation? Since the big industries have the capacity to deliver the goods to the nation in view of their past experience and technical expertise, will it not be wise to suspend the provisions of the Monopolies and Restrictive Trade Practices Act to fulfil India's

current commitments? The task to increase production is now a crucial necessity because the country may have to throw price stability to the winds because of a galloping inflation. Compared with the 5 per cent or 6 per cent rate of growth during the Fourth Plan, the money supply required to match it should be about 9 per cent. In contrast, the current year's increase has exceeded 14 per cent.

FACED with the gigantic tasks of defence and development, the Central Finance Minister, Mr. Y. B. Chavan, has had to approach Parliament at least three times during the current year. Apart from the fresh taxation of Rs. 220 crores levied in the 1971-72 Budget, he was reluctantly compelled to raise Rs. 70 crores through Ordinances in October; and in December he has again put forward fresh proposals for taxation for Rs. 135 crores in a full year. The task facing the Central Finance Minister is apparently unenviable, for none of his predecessors has had to contend with a record volume of deficit, amounting to no less than Rs. 600 crores in a single year, of which relief expenditure for Bangladesh refugees alone would account for as much as Rs. 450 crores or so. If the country did not fortuitously have the cushion of a substantial foodgrains output made possible by five record harvests in a row, the effect of a colossal volume of deficit financing could have played havoc with the economy. However, the pilots of the ship of State are desperately trying to steer it through a rough weather. The suspension of American aid has made them realise the crucial necessity to achieve self-reliance as quickly as possible and launch an intensive campaign of export promotion and import substitution. The maintenance of the rupee-sterling rate and the decision to revalue the rupee by 3 per cent in terms of the devalued dollar are welcome whose impact will be reflected in exports.

CAPITAL'S annual number—in keeping with its usual practice—discusses all these and many more crucial issues facing this country. The Central Minister for Foreign Trade, Mr. L. N. Mishra, discusses how the challenge of exports can be met and Lord Balogh urges India to give up the policy of drift. Mr. Bhaskar Mitter lucidly discusses the problems of modern management and public relations, Mr. Asok Chanda stresses the need for improving Government machinery and Mr. G. M. Laud has referred to the dimensions of the difficult task involved in India's philosophy of industrial growth. These and other articles present a faithful picture of the economy at the crossroads, and the task that lies ahead under the current state of national emergency.

océ spells economy

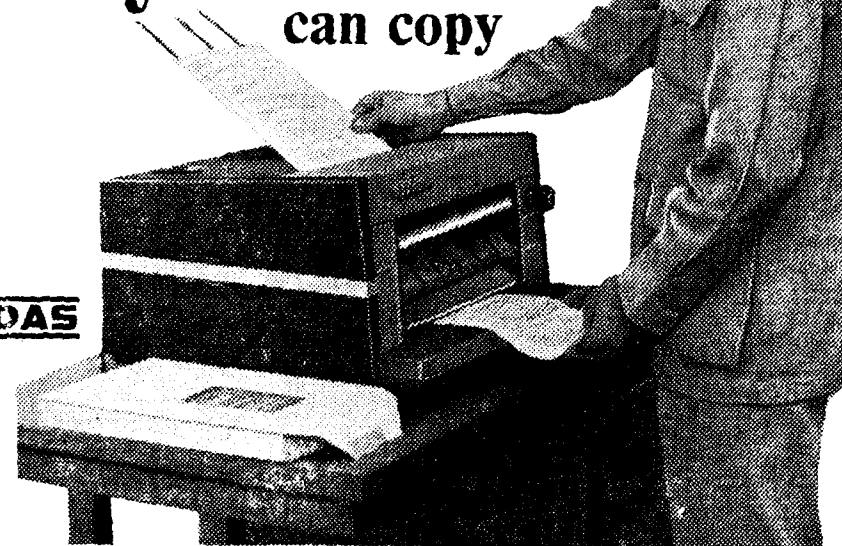
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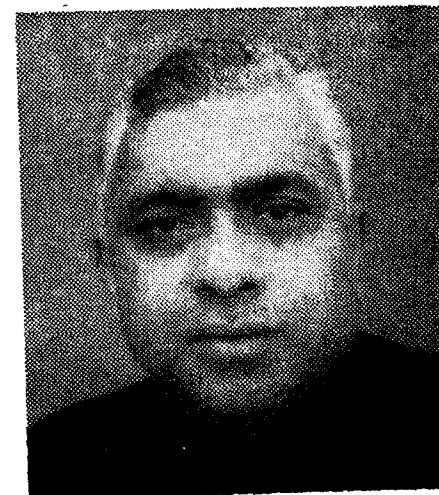
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The Challenge of Exports: How Difficulties Can be Overcome

The Central Minister of Foreign Trade, Mr. L. N. Mishra, has done a lot of useful spade-work for increasing India's exports. He suggests in this article that the task will call for utmost efficiency of trade and industry, cordial labour-management relations, self-denial by the common man and maximum co-operation between the public and private-sector agencies.



WHY export? Why not produce all you need, and be self-contained? These questions surely are entirely in order since the need to export is neither self-evident like the need to grow nor compulsive like the need to eat. Besides, there is a school of thought which does not care to distinguish between self-reliance and self-sufficiency and, therefore, considers the minimisation, if not the total elimination, of foreign trade as a desirable objective or economic policy. Now, it is not as if this has never been tried out before. There, no doubt, are countries which have tried to develop with as little foreign trade as possible and have achieved their objective. But, at what cost in terms of social hardship? And with what results in terms of an inefficient use of resources? Indeed, such an extreme concept of self-sufficiency—or what the economists call "the closed economy"—is only slightly less ludicrous than each one of us or each family growing its own food and making its own house, furniture, clothing, conveyance and so on!

An economy which seeks growth within the straitjacket of such self-denying self-sufficiency must either be prepared to accept a painfully slow rate of growth or to suffer inordinate and unnecessary hardships or probably both. What is worse, the reward, when it comes, would not be worth the labour, in as much as the country would be producing some of the goods it requires at a fantastic cost, which it could as well have imported at a very small fraction of it. The upshot of this argument is that self-reliant growth which is one of our premier economic objectives is not to be confused with self-sufficiency and is, therefore, quite consistent with the growth of foreign trade. For development, we need a lot of capital

goods, intermediates and raw materials which we do not produce, some which we cannot produce and some others which we should not try to produce. These have to be imported now. Those which we should not produce will always have to be imported even after we graduate as a full-fledged industrialised country. In fact, experience shows that barring situations like balance-of-payments

ports is virtually compulsory. Can we do it?

There seems to be no reason why this cannot be done, given the necessary will to do it. After all, India is a vast country with enormous unexploited resources, richly endowed with large reserves of labour, an almost infinite fund of skills which has been accumulated since times immemorial and, above all, a determined effort which has been mounted during the past score of years to industrialise and to catch up with modern times. The rich resources of this country are waiting to be harnessed not merely for increasing the output of goods which we are well fitted to produce but also for securing, through the vehicle of international trade, goods which we cannot or should not produce. This would enable us to increase our share in international trade from a little over 1 per cent at present, and to secure a steady rise in our standards of living.

By

L. N. MISHRA

Central Minister of Foreign Trade

difficulties, the absolute value of imports tends to increase along with the development of an economy.

Planning Commission's View

And exports are the principal means of paying for imports. Hence, it is that in the Fourth Five Year Plan document, the Planning Commission has come to the conclusion that if economic growth is to be achieved at the rate of 5.5 per cent a year during the Fourth Plan and dependence on foreign aid even for achieving our minimum growth objective is to be eliminated by the end of the Fifth Five Year Plan, we must somehow manage to increase exports by 7 per cent a year. This would enable us to earn our keep, i.e., to pay for imports as well as to service our old debts. Thus, given the importance of achieving a reasonable rate of economic growth without having to depend for it upon the pleasure of other countries, however friendly, this order of increase in ex-

Foreign trade not only permits an efficient allocation of resources but also acts as a channel for the transfer of technology. By permitting production on a larger scale than would be possible within the four corners of the home market, it also enables the economies of scale to be reaped and thereby promotes the most efficient use of resources. For an economy of India's size and resources, her ratio of exports to the gross national product is rather on the low side. There is no doubt that this ratio can be stepped up substantially and this would redound to the benefit of the economy. At the present moment, we are perhaps excessively pre-occupied with our domestic problems and, therefore, the utilisation of resources offers scope for improvement

in efficiency. Production for exports would not only permit such resources to be called into play and the national income increased but the additional returns would be in the form of foreign exchange earnings.

At the same time, while export we must, care must be taken to adopt a selective approach in the development of exports. This selectivity in export policy must primarily have two angles; selectivity in the choice of products exports of which are to be encouraged and in the choice of the countries to which they are directed. The choice of the products to be exported must be determined by the long-term comparative advantage of the country—while the choice of the destinations of exports must be based on the application of the cost-benefit criterion. To clarify the latter point, it may be stated that while the cultivation of every single export market calls for a great deal of effort and expenditure, it is quite clear (a) that with a given amount of effort and expenditure one can secure higher returns from one country than another, and (b) by concentrating on a few markets with high potential than by dispersing the efforts and

expenditure thinly over all the markets in the world.

Some Basic Questions

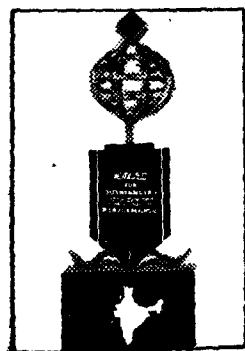
At this stage, some basic questions arise: What should we export? To which countries? How much? At what prices? And, how? The answers to these questions are neither simple nor unique. For example, what one should export would depend both on the production pattern and potential of the exporting country as well as the state of foreign demand. What is more, in a continually changing world, while it may be wise for a particular country to rely heavily on the exports of tea and jute goods at a certain point of time, at another point it may not be so wise, when its productive capability has developed so much that it can lean heavily on the exports of engineering goods and other industrial products.

The scale of export would depend upon the state and extent of demand abroad. Over-exporting can result in serious losses by depressing prices unduly, while under-exporting would mean that one's full export potential

is not being realised. But how to export? The question runs across the whole gamut of economic policies, for it is scarcely possible to conceive of an economic policy which does not affect exports in one way or another. Policies must be devised (i) to develop the production of the item in which the country has long-term comparative advantage and which will enjoy strong demand abroad for a long time; (ii) to build up their production on a sufficiently large scale; (iii) to restrain domestic consumption, if occasionally there is not enough to go round; (iv) to improve efficiency of production to match the competitors; and (v) last, but not least, to create an image and impact on the international market.

To conclude, achievement of the target of an annual growth of 7 per cent in exports will call for all the competitive efficiency and devotion that industry and trade can muster, all the cordiality that labour-management relations can reach, all the self-denial that the common citizen can endure and all the co-ordination and co-operation that can be attained between the public and private-sector agencies.

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WITH the death of Nehru the last of the great charismatic leaders of British India passed away. He left the country in a dangerous situation of paralysis. The ruling Party, Congress, had been formed to get rid of the British. Once that task had been performed and the Princely States integrated into a new Dominion, upon to become a Republic, the raison d'être of the Congress vanished. It contained reactionaries who would make Sir Alec Douglas-Home look progressive; and—all across the rainbow to the Left—Marxists, Stalinists, Trotskyites and Maoists. To expect the spontaneous emergence of a coherent policy from an anchoate conglomerate, was a pipe-dream on an extreme scale. Now Nehru could have enforced a coherent policy on and through the Congress. He might have lost a number of friends and comrades on the way; but he could have given life to a pragmatic but radically progressive social reform. He would, however, have had to fight and enforce it on a large and most articulate part of his party. He could not face this critical decision. Most of India's present problems originate in his aristocratic ambivalence to the mass and his guilt-feelings originating from it. He consciously forced himself to listen to all, respect all, carry all with him and

By
THOMAS BALOGH

He certainly performed miracles in doing so. Unfortunately it meant that he tried to reconcile the irreconcilable. The result was hypocrisy of a new and completely bewildering intensity.

The new Constitution accepted the basically British compromise of 1935. It therefore left the most acutely important sectors of the economy, specially agriculture, under the British created feudal (zamindari or talukdari) system. All this left the country, however, woefully short of that socialist State to which the Congress under Nehru had increasingly committed itself. They did little to alleviate the fate of the actual tiller; indeed it is arguable that under the new conditions they almost certainly aggravated the position of the landless agricultural labourer and very likely even those with some land (up to five acres,

The Outlook for India: Time to Stop the Fatal Drift

Lord Balogh argues in this article that India has not much time to lose in showing progress. But the political obstacles to orderly progress are formidable. The most determined action is urgently needed, based on a clear understanding of the problems ahead.

Short of a Socialist State

No doubt the Congress had accomplished a great deal. The maladministered Princely State disappeared. The land reform at least abolished the British created feudal (zamindari or talukdari) system. All this left the country, however, woefully short of that socialist State to which the Congress under Nehru had increasingly committed itself. They did little to alleviate the fate of the actual tiller; indeed it is arguable that under the new conditions they almost certainly aggravated the position of the landless agricultural labourer and very likely even those with some land (up to five acres,

doing some labouring or not.) Distinguished statistical work tends to indicate that those living below the so-called poverty line (*per caput* a day consumption expenditure of Re. 1—or British NP 7½) have probably increased. This makes sense in all areas where peak-season demand for labour has not increased. The rural and even more the urban advance has been mainly in the upper and middle-income ranges (the half-skilled workers included).

This was the situation when independent India's second Prime Minister suddenly died and the Party bosses, instead of elevating the strong and conservative Finance Minister, Mr. Morarjee Desai, chose Mrs. Indira Gandhi, whose name and birth combined the memory of the two heroes of independence. They thought that a woman in a man's country, especially a woman who had shown no keen interest in the exercise of power and political tactics, would suit their interests even better.

Devastatingly Clever

They little knew. Mrs. Gandhi has shown herself not only devastatingly clever in tactics but also statesmanlike in conception and strategy. The break came over the filling of the Presidency after Dr. Zakir Husain died. She took the political offensive by nationalising great private banks (19th July, 1969), forced the old bosses to oust her from the Congress, and retained the majority at the Centre even if she lost most of the provincial organisations. This was a move which enabled a practical approach to the essential problem of helping the small farmer and industry whom the urban-centred banks had never catered for. She organised conferences with State Chief Ministers in 1969 and 1970, hoping to press them for action on landownership, security of tenure and fair rents. She tried to end the princely privileges. She had no success in these efforts but created the basis for the totally unexpected landslide electoral victory. The Indians in the electoral battle (unlike the British!) did not fall for the blandishments of the Establishment, which asserted that they would take better care of the majority than the progressives. A double-tier demagogue alliance of disparate political cliques at the Centre and the States spiced with greed, corruption and incompetence well displayed in the past and aggravated by amateurishness on vital points, has not been allowed to take

control. The election gave her not merely a workable majority (a number of people near her did not believe that she could sustain the numbers that she held after the split); she obtained the two-thirds majority needed for constitutional change.

She was no less active in strengthening her hand in policy-making. The headship of the civil service was transferred from the Home Office to the Cabinet Secretariat directly under the Prime Minister. The ridiculously small and dilettante Private Secretariat was expanded, and strengthened, and experts drawn in. Its head became one of the ranking Permanent Secretaries. The overwhelming electoral victory was therefore at once a tremendous opportunity and challenge.

So much on the credit side. There is, unfortunately, a dark aspect. The election itself, because of the anachronistic and irrelevant Constitution (probably the most fatal bequest of the British to India) has wrought much havoc. The Dutch auction for favours which seems inescapable at general elections of the Westminster type—in India redoubled or more by the State elections (a great number of which will come within a year and some of which have taken place)—makes sensible policy-making that much more difficult.

The Congress Party has forcibly been made much more homogeneous by the exit of the old politicking bosses. It is still a coalition, however, combining very disparate views. Mrs. Gandhi, though outstanding in stature and image, has had, like the Indian avatar Rama, to accept, indeed woo, the help of many whose sectionalism and greed will prove a heavy burden in exploiting electoral victory for faster and more balanced progress. She will have to make haste quickly if her personal triumph is to lead to solid achievement. If her position is more dominant in fact—if not in sentiment—than her father's ever was, there is now no longer any excuse for not acting.

A Crisis of Credibility

The obvious and increasing gap between promise and performance, between principle and reality, the extension of the crassness of the contrast of opulence and misery into the countryside where it is aggravated by racial-caste oppression, the frustra-

tion and feeling of complete impotence, have produced a terrifying crisis of credibility. It is this which has led in West Bengal to a breakdown of law and order, of a degree equivalent to open civil war. It would be surprising if it did not spread to other areas.

It was the cruellest blow to India and the Government that at this juncture the catastrophe in East Bengal broke on a horrified world. The slaughter was followed by an exodus not paralleled in recent centuries (although the death toll is probably as yet not as high as it was in Indonesia). Like the Chinese incident before, the refugees will once more put an almost unendurable strain on India, however forthcoming the industrialised countries will be with their aid. This strain will be further intensified by the increase in military expenditure due to the East Bengal crisis, which had escalated. The exacerbation of the internal political situation—not least in West Bengal—will also add to the burden. Yet the Prime Minister has not much time to lose in showing progress. The political obstacles to ordered progress thus are formidable. She will have to take on the larger and increasingly prosperous landowners who dominate the countryside and blackmail all political parties, including the new Congress. The looming of State elections in 1972 makes matters far worse.

India even at the end of 1970 had not completely recovered from the grave economic setback it had suffered as a result of the catastrophic series of failing monsoons in the mid-sixties. The index of *per capita* national income was still some 4 per cent below 1964-65. The damage to the all-important rate of domestic savings was worse. Having painfully risen from below 9 per cent in 1960-61 to 12 per cent in 1965-66 it fell to 7.8 per cent and has not reached 10 per cent yet. The fall in the rate of investment was even sharper because of the decline of net foreign aid which, together with domestic savings, maintains it. All this limits the increase in the national income a head. And although the distribution of income as we have said has probably worsened, the proportion of the total in the hands of the "rich" is not sufficient to base a determined attack on the problems of the country.

(a) *Population.* Long-run strategy thus seems to depend on an effective

policy of birth-control. According to preliminary results of the 1971 census, the population at 547 million showed an increase of 2.25 per cent per annum in the last decade. This is 0.30 per cent a year (or more than a seventh) higher than the increase in the previous decade. Given the improved statistics, and the impact of a better preventive health system, this result is objectively not too dispiriting. The birth-control campaign shows impressive absolute achievements—7.3 million sterilisations up to 1969-70 and 3.3 million IUD insertions—but both are falling and, relative to the total of some 140 million women of child-bearing age (soon to reach 200 million), the effort relative to the need is insufficient. Birth-control must continue to have first priority because social progress is made impossible by the pressure of the increase on the land available. Sharply rising land values and the frustration of legislation in favour of tenants clearly prove this deterioration.

The Basic Trend

(b) *Agriculture.* Less than 110 million of the 547 million Indian population live in urban areas. Employment in the "organised" sector is 17 million. This shows the extreme urgency of the rural problem and of agricultural employment and production in particular. Much publicity was given to the "miracle seeds" and the "green revolution" which, it is said, "at a stroke" removed the threat of starvation. In fact, and despite the increase of the area sown to high-yielding seeds to perhaps 30-35 million acres, only a small proportion—9 per cent of the total arable land and 12 per cent or 13 per cent of the grain area—has as yet benefited. The results in wheat are startling: production at 20 million tons doubled in the last decade. Yet (partly because of the tardier revolution in rice) the introduction of the new varieties has not affected the basic trend—it only made good the grievous shortfall in the years of failure of the monsoon. Output figures for the last two years did not reach the target. The *per capita* availability of foodgrain estimate in 1970 was still over 6 per cent below 1965. Some of the fall was due to the heavying of imports how ever (which incidentally should be fully taken into account when discussing aid policy).

There can be no doubt, however, that in certain areas where water control is manageable—Punjab, parts

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U.P. and Rajasthan—the new seeds and the changes in technique and equipment they necessitate, brought about a rural revolution. Large profits there were for those who were in a position to profit. The second outstanding socio-political problem which has arisen is the importing into the countryside of the blatant inequality of the life in towns. For the moment mechanisation—mainly restricted to tractors—does not seem to have put severe pressure on employment; and there is no doubt that tractors by their speed and power promote production. Indeed in some areas employment has increased and wages shot up. But pressure on employment will undoubtedly come if further mechanisation is permitted (e.g., combine harvesters, etcetera). Thus it is urgently necessary to discourage mechanisation by taxation and direct prohibition and to put in hand structural reforms to enable the small farmer and landless labourer to participate in the "revolution." A beginning has been made with the nationalisation of the banking system. Co-operatives are still lagging, and access to essential supplies and know-how is lacking for the small man.

Rural Reorganisation

(c) *The need for rural taxation and reorganisation.* It is equally essential to reorganise the taxation of agricultural income and land and also charge for water for irrigation. From this point of view the holding of the election itself (in contrast to its result) and the coming State elections, mean a sharp setback. It reinforced the influence of the rural élite.

1. Taxation of the larger peasant landowners must be arranged so as to provide the maximum incentive to higher production: land taxes should increase with the size of the holding but be based on average yields an acre by classes of land.

2. Overpumping is now a distinct danger. Ground water levels are rising and water, if it is utilised at all (the access canals are lacking), is more often wasted than not. The establishment of a Central Ground Water Board provides a broad framework for action. The constitutional limitation on Central Government powers in agriculture will certainly have to be revised.

3. Classical forms of primary education are incompatible with rural

development. Modern education should be strongly vocationally based. By training agricultural, education and medical "help" ("orderlies"), the supply of technical know-how to rural areas could be increased without increasing the risk of brain-drain.

4. The institution of a compulsory national service, at any rate for those who benefit from secondary and higher education, for the promotion of rural rehabilitation should be considered. The idea of communal work (*shramdan*) was excellent. It was the hope that it would succeed without the obligatory participation of the privileged that was naïve. The National Service Corps is insignificant and does not command sufficient resources.

5. Rural public works far greater than now contemplated should have direct relevance to those living at or below the poverty line. The vast autoroute investments should come later than access-canals, access-roads, communal buildings, demonstration farms.

6. A beginning must be made with the updating of land registers preparatory both to tax reform and tenant protection. The cumulative land grabbing must be stopped.

Foreign Aid

(d) *Planning of foreign aid.* Development planning should be based on the absorption of the maximum foreign aid available. As long as the present discrepancy between national income levels persists, any endeavour to "free India of dependence on aid" is not merely silly but, because of its implications, also immoral. All international political efforts should be concentrated on increasing aid and on freeing it from political strings. Trade liberalisation is no substitute for aid. It does not increase the investment capacity of the country to anything like the same extent. In the case of primary products, moreover, trade concessions (unless the export is conducted through Public Marketing Boards) raise awkward distributional problems as the growers of cash exports are likely to be relatively prosperous and least worthy of aid. The import of manufactures of less-developed countries on the other hand necessarily arouses antagonism in the developed countries out of all proportion to the good it does to the exporter.

(e) *Industry.* Far more effort must be devoted to fact-finding to be able to plan effectively. The basic strategy must remain the greater participation of the worst-off in employment and income. This can only be accomplished by an indirect approach. A maximum surplus must be secured from large-scale industry and the more comfortably off, and used for labour-intensive public works programmes, especially in the rural sector.

Consequently the present schizophrenic attempt to limit the operational scale and distribute organised industry in penny packets all over the country with disastrous effects on productivity must be stopped. Anti-monopoly drives of this type are *laissez faire* attempts to do the impossible, to secure a "perfect" competition. They are incompatible with effective social reconstruction. Important commissions, for example the Monopolies and Restrictive Trade Practices Commission, admit that the choice of managements in the public sector has not been fortunate, and that that sector cannot stand up to private industry as yet without being subsidised. But in spite of this, a system of monopoly control is being pushed (much resembling British efforts) which is inimical to mass production. Yet large-scale industry is indispensable for efficiency; and without a vigorous drive for efficiency increased investment will prove abortive as it has in railroads and in steel. Financial participation by the Government in large-scale industry, without interference with management, rather than the suppression of large-scale enterprise, should be the proximate aim of industrial policy. Small-scale industries should be supported only if their productivity in terms of capital is not too unfavourable.

The transformation of the ill-conceived Monopolies Commission into an effective Prices and Incomes Board is, in my opinion, an essential prerequisite for progress. In an environment of oligopoly a steadfast pressure on prices is the sole viable means of avoiding excessive profits. This is needed, however, if wage-costs are to be controlled as they necessarily will have to be.

Redistributing Income

(f) *Tax policy.* Taxation—and more especially the elimination of evasion—should be the preferred means for redistributing income. The

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new middle- and lower-middle class must be brought into the orbit of taxation along with prosperous peasants and landowners. Conspicuous consumption has increased and with it the demand to check big business by legislation. Despite the very mediocre results of the policy of imposing ceilings on land holdings, the generalisation of the policy to all wealth is propagated. It is not realised that an attempt to implement it would result in capital flight and an abrupt fall in savings.

Taxes on conspicuous consumption, especially motor-cars, should be materially increased, and a distortion of the investment programme enforced by the growing motorisation of transport avoided. Taxes on wealth and income should, as in France, be based on estimated expenditure.

Given these social advances it is essential to subject wages in the organised sector (e.g., large-scale industry, Government and commerce) to compulsory arbitration with statutory sanctions. It is intolerable that the semi-privileged classes, such as clerks and skilled workers, should exploit their monopoly power to the detriment of the really poor.

(g) *Planning.* At the level of the Centre, the Planning Commission, before its recent reorganisation, seemed to have become frozen in its technocratic projections whose socio-economic feasibility is at best questionable. It was, for instance, unreasonable to hypothesise a marginal savings ratio of 45 per cent. This explains much of the criticism of the latest Five Year Plan. The Planning Commission in any case has been burdened with the unenviable task of reconciling the conflicting claims of the Centre and the States, and yet safeguarding overall efficiency. This would have taxed Hercules.

The Slogan of Decentralisation

Until the election the increasingly difficult problems of Indian development found the organ of the executive weaker and not stronger. This is obvious in the Centre-State relationship. The slogan of decentralisation and devolution is attractive only as long as one severely turns away from contemplating such questions as to who devolves what and on whom? How is the whole to be held together?

The most determined action is bitterly needed, based on a clear understanding of the problems faced. Unfortunately factual knowledge about India is, to say the least, scanty and ambiguous. There are legitimate grounds for disagreement on the most important and basic facts on which policy has to be based. The regrettable tendency to imitate the most affluent societies in spawning universities and institutes devoted to a duplication of esoteric research based on insufficient evidence is only too obvious and is at the moment on the increase.

Mathematical abstractions, based on unrealistic and irrelevant assumptions, seem to be used for policy advice. A vast amount of resources are spent not on obtaining solid facts but in supporting institutes dedicated to spinning complicated theories on the basis of insufficient knowledge. Consequently the manning of the Central Government's planning agencies has become more difficult in this strange new penury amidst plenty. This is the more regrettable as the State agencies and politicians are in no way fit to discharge the onerous task of assigning priorities.

In the regional tussle for projects, efficiency goes by the board. In the event—as in Britain—the Central Finance Ministry takes over the job of economic co-ordination, with the inevitable financial bias that is inseparable from its effective functioning.

Mrs. Gandhi and the Outlook

The outlook for India is therefore troubled. India's problems are, in the best possible circumstances, perplexing. The size of the country, the vastness and variety of its population, the torrent of its increase, render solutions complex and difficult to administer. The centrifugal forces of regionalism have undoubtedly suffered a setback in the election; but an insane sort of nationalism is growing in the Right, as is desperate violence on the Left. Both menace rational solutions, especially as such solutions demand time. Only Mrs. Gandhi can stop the fatal drift.

(a) *Administrative reorganisation.* A start has undoubtedly been made. A Planning Ministry has been established. It is not quite clear whether the Economic Department of the Ministry of Finance, a

key portion of the administrative machine, will now come under the Planning Ministry. Nor is the latter's relation to the Planning Commission fully defined. The Minister has become the Vice-Chairman of the Commission (i.e., the administrative head; the Chairman is the Prime Minister); the members have resigned and three new members appointed. It is not clear, however, whether this change means that a new direction in research and action will be followed.

(b) *The Budget.* The Budget also represents a step in the right direction provided it is regarded strictly as a first step only. Taxation has been increased by Rs. 285 crores (£220 million). But direct taxation has not been extended widely; savings exemptions were retained and the anomaly due to the treatment of undivided Hindu farming income remains. Even at Rs. 60,000 annual income (i.e., some 150 times the average or £4,000) the increase in income-tax is only 1.9 per cent. Wealth tax has been doubled at 8 per cent but this only affects people with a fortune of Rs. 15 lakhs (over £100,000), and above. Tobacco, petrol and coarse cloth bear the brunt. It is unlikely therefore that the Prime Minister's

plan for wage restraint will be heeded.

(c) *The Bengal catastrophe.* Public-sector saving was to have been increased from 1 per cent to between 3 per cent and 4 per cent. This will, after the catastrophe in East Bengal, not now be possible. Both revenue and investment expenditure lag badly behind schedule which augurs ill for the immediate future.

Centrifugal Forces

The threat of the various centrifugal forces would in any case have been difficult to contain. Only Mrs. Gandhi can maintain some semblance of a balance; she can only do it if her administrative and planning staff are reorganised and brought to a full pitch of efficiency; and success depends on greatly increased foreign aid. The East Pakistan war might lead to a breakdown of such economic stability as the Indians were able to preserve. Decisive action by the Great Powers, therefore, both on the diplomatic and on the aid level, is essential, and of the utmost urgency if a human catastrophe of an unparalleled magnitude is to be avoided.

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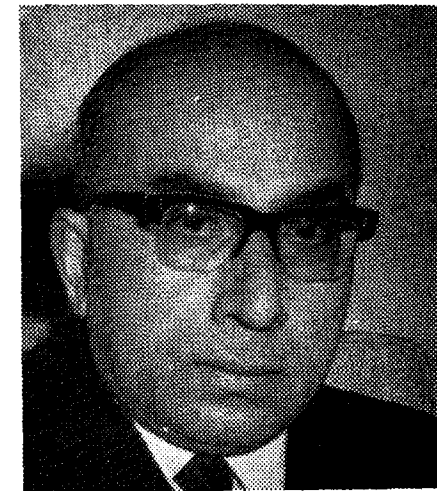
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Modern Management and Public Relations : The Indian Scene

The changing social and economic environment in India has made public relations highly important as a management tool.

But even today, with several notable exceptions, the need for public relations is reiterated without enough effort to understand the implications.



A MEANINGFUL consideration of public relations for a business organisation has to take cognisance of our social and economic environment. It is our changed, and changing, social and economic environment that has made public relations of great importance as a management tool. But even today, with several notable exceptions, the need for public relations is often reiterated without enough effort to understand its rôle and functions. The importance of public relations is not always appreciated even in the U.S.A., where it was evolved, and this was borne out by a survey carried out in that country some time ago.

Competent observers have rightly said that public relations is seen at its best in those organisations where the chief executives appreciate the key rôle that public opinion plays in democracies. They realise that in the society in which they operate good relations with the public stem from a sense of responsibility to the employees, to customers, to suppliers, and to the communities where the business enterprises are located. This conforms to the definition of public relations as 90 per cent doing well and 10 per cent talking about it, than which there has perhaps been no pithier nor a more telling definition.

Judged by this criterion, neither business in the private sector nor the performance of the public enterprises presents an easy job for public relations. Leaving aside public enterprises, it has to be recognised that business today in India has generally a poor reputation. It would be no exaggeration to say that business is frequently criticised in India and is very often held up as a

scapegoat for many of our national ills. Although such criticism is often misplaced, it cannot be said categorically that in every case such criticism is unmerited. There have been some sections of business who have perhaps paid inadequate attention to such things as quality control and fair prices. No one can deny the phenomena in certain areas of black-

ness are a striking evidence of such lapses, and such lapses are not confined to India. As an American public relations authority has put it, "Government restrictions, in the overwhelming number of cases, have been imposed not because of demagogues or yellow journalists, but because business was unable, or did not care for public relations".

Two Broad Objectives

Public relations for business today should have two broad objectives to achieve—to inform public opinion, and to allay suspicions and distrust. Needless to add that these two objectives are interdependent. These tasks are, however, not easy of achievement and call for the most careful thought and planning, and sustained effort. To enable public relations to attempt to achieve these purposes, it is important that it is given its due recognition by management. In other words, public relations should be considered an integral part of management. Public relations, as has been rightly said, is too large a matter to be left in the hands of experts alone. The chief executive and top management of an organisation by virtue of their position and knowledge are ideally suited to put out the company viewpoint and carry out public relations on a wide front. They can also help to win goodwill for their organisation through extra-curricular activities, such as representation on Government committees, trade and professional associations and other public bodies whose activities impinge on the progress and welfare of the people. Similarly, every employee, however humble, has a public relations rôle to play because his conduct and

By
BHASKAR MITTER

President,
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marketing, or tax evasion, of manipulation in foreign exchange and other forms of unsocial activities. A most unfortunate consequence of this is that the entire business community tends to come into disrepute although a very large part of business does not work in any way to the public detriment. In fact, many responsible business enterprises have undertaken, for years, scrupulously fair practices in their own business operations as well as assisted in various measures of public welfare.

With regard to the socially responsible enterprises, public relations can be of immense help in their operations, and conversely, lack of public relations can generate unnecessary misconceptions. Their case with Government and the public can go by default because it is not properly presented to them. Many Government curbs and restrictions on busi-

behaviour helps to create an impression of the organisation he serves.

However, the conduct of public relations in a deliberate, sustained and planned manner, in all its ramifications, is the job of trained specialists. In this context, I should like to mention that when Robert Townsend became the president of Avis Rent-A-Car Corporation, he immediately sacked his public relations personnel, called in ten or so of the top people and told them that they were the public relations department. Townsend said that the principal reason for such sweeping action was that he found his P.R. personnel embarrassingly uninformed about the Company's plans and objectives. This brings me to the important point: the equipment that public relations practitioners need to carry out their duties successfully.

The other day I was looking at a publication which catalogued the qualifications for a public relations man. Glancing at the list of the qualifications it seemed to me that the writer expected a P.R.O. to be a miniature Aristotle in his encyclopaedic knowledge, a Disraeli in diplomacy, and a diminutive Napoleon as a man of action! Such hyperboles are of course quite impractical. But there is no denying the fact that public relations practitioners need a solid background of education, a wide outlook and the ability to view things in depth. I state these seemingly obvious facts because not infrequently public relations practitioners betray the malaise common to all specialists, namely, taking too narrow

a view of their profession. Many of them are too obsessed with the techniques for purveying information instead of concerning themselves with the content of the information to be conveyed. In other words, they consider themselves technicians rather than managers which, indeed, is what they should be.

Manifold Jobs

I do not wish to go into the details of all the manifold jobs that a public relations man has to undertake to counsel management to frame policies and action that would help it to achieve rapport with employees, customers, the Press, Government and the public in general nor into the details of the mechanics they employ to achieve their objectives. These duties are generally summed up under the three-fold function of interpretation of public opinion to management, presentation of the actions and policies of an organisation in the most effective manner to the public, and employee relations calculated to create an understanding of the organisation's aims, policy, and practices among the employees.

Of these, I wish to refer at some length to the first and the most difficult job of public relations practitioners, which is to study and interpret public opinion to management. By public opinion here I include the opinions and attitudes of all the different groups that constitute an organisation's public including, of course, Government. It is needless to say that Press clippings and editorials

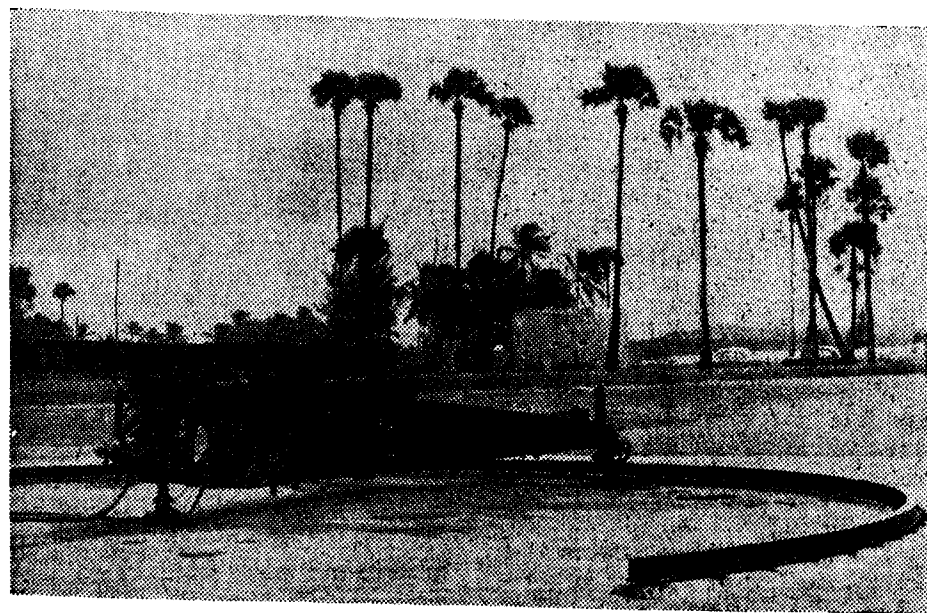
are often not adequate indicators of public opinion and the public relations man has to provide the necessary "feedback" to management. This calls for a sustained and systematic effort to assess the public's political, social and economic attitudes and the changes and shifts in them.

The size and complexity of today's corporate organisations as well as the size of the public have grown so enormously large that an assessment of public views may not at times be possible except through representative sample surveys. Although opinion surveys and research are considered indispensable tools in the effective practice of public relations in the West, I am afraid that, in India, their use is still the exception rather than the rule. This, to my mind, is not a very satisfactory state of affairs. It is only when public relations personnel can correctly represent public opinion to management on the basis of adequate and reliable data that they can fruitfully advise on the likely effects of a company's action and policies on public opinion and suggest suitable lines of action.

Importance of Indian Languages

Finally, I should like to touch upon a matter which I feel has not still received its due recognition either from management or from public relations men in their efforts to interpret public opinion and to project their P.R. message to the public. I am referring to the importance that Indian languages have come to play in the formation of public opinion in our country today. Although English continues to be our "lingua franca" in business, commerce and administration, the vast masses of public can be approached only through the Indian languages. Take, for instance, the literate public and the Press. In 1969, while the English dailies' total circulation was 1.945 million, that of the Indian language dailies was over 4.742 million.

It should also be remembered that the rate of the future growth of the Indian language Press is likely to be greater than that of the English Press to cater to the growing literates, the vast majority of whom will be literates in their mother tongues. It is the same story with radio. I, therefore, feel that in any public relations communications programme today, adequate weightage must be given to Indian languages.



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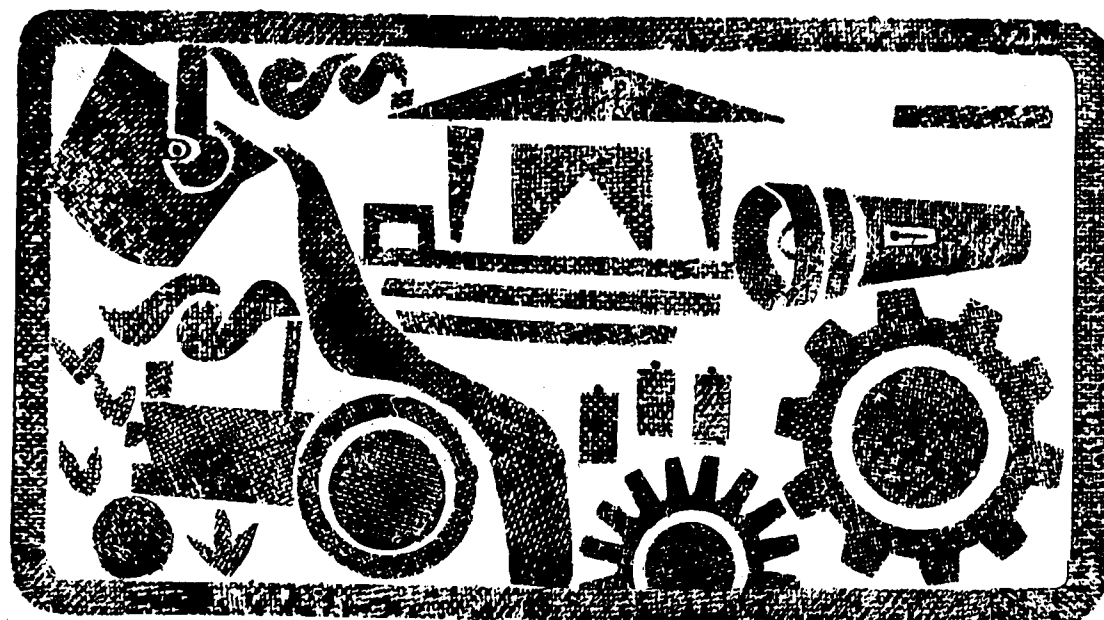
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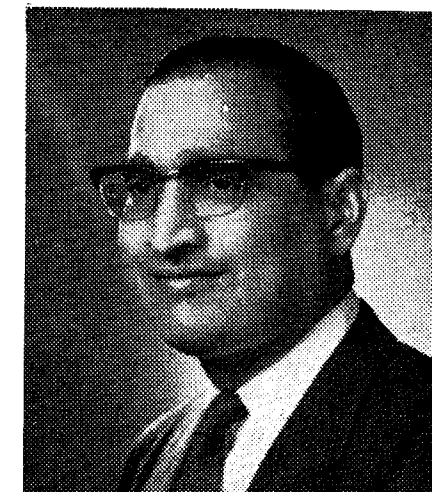
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Providing New Incentives to Private Entrepreneurs

The limitations of the Government's industrial policy have vitiated the country's investment climate and the procedural labyrinth has delayed the implementation of projects.

If the Government removes these obstacles and provides the requisite incentives to private entrepreneurs, industrial growth will be accelerated and it will not be long before the Fourth Plan targets are achieved.



THE word "incentives" has come to acquire a wrong meaning, as if to convey the impression of excessive and unjustified assistance by the State to private enterprise. I would like to stress in the very beginning that incentives mean no more and no less than the provision of reasonable supporting facilities by the State, facilities which the State alone can provide as part of its normal duties. In this view, for instance, the provision of good drinking water or reasonable quality of roads by the State is not a matter of conferring special favours on the citizens. On the same basis activities by the State to promote economic growth are not in any way a special privilege conferred on business or the citizens.

After industry came out of the recession in 1967 it looked as if it was on its way to a new breakthrough. But the rate of growth which was sufficiently accelerated could not go beyond 7 per cent a year and has now actually come down to less than 1 per cent in the first six months of 1971. This setback has evidently given rise to a rethinking and reassessment of industrial policy and programmes. Even the Central Cabinet, it is reported, recently considered this issue in depth, although no remedial measures have yet been taken. What is now called for is a consistent policy programme which would give stimulus to investment activity all round. It is from this point of view that the whole policy complex has to be examined and altered so as to release larger development forces.

Problem More Serious

The problem today is more serious than it was in the recession of 1967. The latter was more of a reaction to

other economic phenomena, particularly the two severe droughts which had crippled agricultural production. Presently, agricultural production has been growing quite rapidly—at about 5 per cent or 6 per cent a year. If in this situation industry finds itself in a deleterious position, it is undoubtedly due to factors peculiar to itself. These factors are mainly two: First, there are sectoral imbalances within industry. Secondly, the policy constraints which regulate industrial growth have become a little too tight

By

S. S. KANORIA

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to allow development to proceed smoothly.

The sectoral imbalances reveal themselves in a number of ways:

1. There are capacity and demand imbalances with regard to certain sections of industry like wagons, castings and forgings, and pipes and tubes. These industries will have to look out for more export orders to get themselves back into shape.

2. There are input imbalances. These are the major limitations to full utilisation of capacity and have been responsible for about two-thirds of the excess capacity. These imbalances only indicate that the Planning Commission has not been an exception to human errors of judgment. When decisions are centralised the

mistakes are generally likely to be more. To promote greater utilisation of capacity it is now necessary to tap all supplementary sources of raw materials, including imports. Steel is the most important raw material in short supply. The public-sector steel plants have been the victim of technological defects and labour unrest. They have to be put back on their feet as soon as possible. This holds true of a number of other units as well.

Labour Unrest

3. Labour unrest has become a normal feature of national life. This is because labour demands have transgressed industrial relations between the employer and the employee, and have assumed a grave political tone. This is particularly true of an important industrial State like West Bengal.

The other part of the problem is that investment is not picking up sufficiently. Both the public and private sectors have been slow in expanding capacity. There may be several reasons for this, including the fact that excess capacity itself acts as a brake on fresh investment.

Corporate expansion is largely financed from retained earnings which have considerably declined in recent years. According to the latest survey made by the Reserve Bank of India, in the case of 1,501 non-Government public limited companies plough back of profits was reduced from Rs. 67.55 crores in 1966-67 to Rs. 38.02 crores in 1967-68. During 1965-68 profits after tax as percentage of net worth stood, on average, at 8.2 a year. To reinforce this source of finance it would be

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desirable to give concessional tax treatment to undistributed profits.

The development rebate has been an important element for inducing investment. It took care, at least partly, of appreciation in the cost of plant and machinery for the purposes of replacement, rehabilitation and modernisation. The notice to withdraw it after 31st May, 1974, has already given a serious setback to industrial growth. The withdrawal of development rebate will affect prices also as the rehabilitation allowance has not been included by the Tariff Commission as a component of cost on the ground that industries are eligible for development rebate. Therefore, development rebate, if at all it has to be discontinued, should be replaced by some other incentive. Mr. Bhoothalingam had recommended a system of increasing the original cost of assets by 20 per cent for the purpose of depreciation.

Inadequacy of Finance

Private industry has suffered to a great extent due to inadequacy of finance, both long-term and short-term. Borrowing from financial institutions like the I.F.C., I.D.B.I., S.F.C.s and the L.I.C. has been made less attractive by the Government's decision to convert loans into equity. The limit of Rs. 50 lakhs of loan above which conversion will be compulsory is too low. An analysis of the loans given by the I.F.C. reveals that nearly 76 per cent of the total amount of loans exceeded Rs. 50 lakhs each. It is, therefore, suggested that the conversion clause may be made applicable at the option of financial institutions only when the loan exceeds Rs. 1 crore. A loanee concern should also be exempt from the conversion clause in special circumstances like establishment of industry in backward regions.

Public investment in shares should be encouraged by tax adjustments and other measures. At present, a certain percentage of contribution to provident fund, life insurance premium and cumulative time deposits in post offices is allowed deduction from total income to encourage savings. It would be worth while to enlarge the scope and extend it also to investment in industrial securities as well as to new ventures by small entrepreneurs. The amount qualifying for reduction in respect of payments under one or more of the

above categories is limited to 30 per cent of the aggregate income or Rs. 15,000, whichever is less. After making the investment in industrial securities eligible for this deduction, the overall limit may still continue at 30 per cent of the total income but without any absolute limit.

The recent measures undertaken by the Reserve Bank of India in respect of advances against shares have tended to discourage public investment in shares. First, advances against shares have become more and more difficult, and secondly, shares have to be transferred to banks if the advance exceeds Rs. 50,000. A way has to be found to secure the Government's objective of preventing speculation without discouraging advances against the security of shares.

Shareholding among the public, which could not be popular due to the element of risk, should be widened by setting up private investment trusts on the pattern of the Unit Trust of India. The units of these trusts should be exempt from income-tax up to a certain limit to put them on par with the units of the U.T.I. The exemption limit of Rs. 3,000 a year for the income from shares, along with income from other investments, is very nominal. In order to give sufficient boost to investment habit the limit should be revised and put on a higher level.

Liberalisation of Licensing Policy

Industrial licensing policy should be liberalised and the procedures considerably streamlined. Licensing should be restricted only to projects which involve an investment of over Rs. 5 crores or which form part of the core sector of industry. What is also important, the philosophy of licensing has to be drastically changed. Instead of being negative in character it should be made constructive. Licensing should facilitate implementation of projects. It should mean package clearance to foreign exchange, foreign collaboration, institutional finance, etcetera, since, as suggested, licensing should be restricted to core projects on which future development depends.

Import licences should also be made more elastic in the interest of national development. For higher industrial growth a larger import of capital goods will be required. The

small-scale sector should also be given larger import licences.

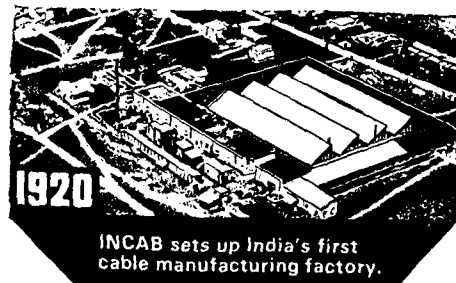
The Monopolies and Restrictive Trade Practices Act requires clarification of certain concepts like dominant undertakings, goods and interconnected undertakings. Moreover, in computing the value of assets, current assets and items such as investments in subsidiaries, investments in shares of interconnected companies, loans, deposits, current accounts and other credit balances in interconnected companies should not be taken into account. Intangible assets, such as promotional or underwriting expenses, assets situate overseas, goodwill, amount due from provident fund trustees shown in the assets side of the account and income-tax payments on the assets side of the account should also not be included in assets.

Removal of Control on Prices

The control on prices should be lifted as these controls affect profitability and, therefore, discourage investment. Price fixation, if at all necessary, should be based on cost accounting principles on the one hand, and economic requirements on the other. It must be such as to cover costs and also provide inducement to expansion. Since costs are not inflexible, the principles on which prices are fixed must themselves allow for an arrangement by which prices are brought in conformity with actual costs.

Wages and salaries form a major part of the cost of production. They have been increased enormously through the recommendations of different wage boards from time to time. Any increase would have been welcomed if it was related with productivity. Unfortunately this has not been the case. It is, therefore, essential on the part of the Government to link wages to productivity.

Industrial development does not take place in vacuum. It has to be properly conditioned and can thrive best when the environment is favourable. The policy limitations which have accumulated beyond reasonable control have vitiated the climate for investment and the procedural labyrinth has delayed the implementation of projects. If the Government removes these obstacles, growth will be accelerated and it will not be long before the Fourth Plan targets are achieved.



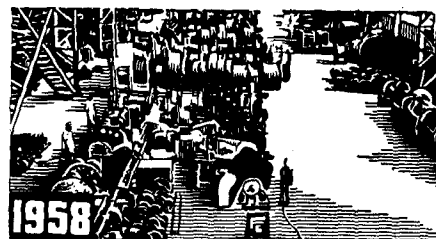
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INCAB sets up India's first cable manufacturing factory.



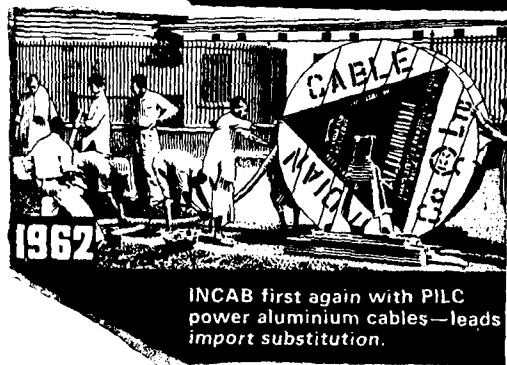
1953

INCAB sets up India's first non-ferrous Rod Rolling Mill



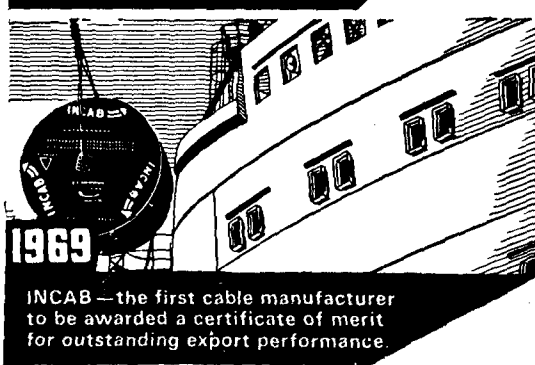
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Factors Retarding India's Industrial Growth

Because of the Government of India's unrealistic policies, the country's industrial growth has suffered a serious setback. The denial of entrepreneurial opportunities to big business houses has created a vacuum which the Government is unable to fill.

THE 'sixties had witnessed the industrial growth moving in the reverse gear; but the rate at which it has slumped during the past one year and a half is a source of anxiety. Attempts to inject optimism about the reversal of the trend have proved abortive because the hopes held out by the Government have not been realised so far and a crisis of confidence has developed. During 1951-60, the rate of growth of industrial production varied between 3 per cent and 11 per cent but slipped back to an annual average of 7.6 per cent in the following eight years. While setting the target of 8 per cent or 10 per cent on an average for the Fourth Plan, the Planning Commission had claimed that the country was poised for a faster growth during the years to come; but in 1969 industrial output showed a rise of barely 7.1 per cent, in the following year the gain was hardly 4.5 per cent, and the current year's production has been rising at an annual rate of hardly 1 per cent.

Instead of analysing the causes of the malaise in depth, the authorities have dismissed them as "casual". The I.D.B.I. has, for instance, discovered "growing prospects for a well-diversified and widely diffused process of industrialisation" on the assumption that "suitable policies to foster the

many-sided growth and the imaginative use of the control apparatus to subserve the major development objective in a positive spirit" would be initiated. However, to provide the cushion against the forecast going wrong, it has referred to the "unknown" variable, international political situation, affecting economic development and the strain on domestic resources caused by the influx of refugees from East Bengal.

Deeper Malaise

The I.D.B.I. has, in its annual report, pinned its hope on "some" speeding up of licensing decisions and "considerable" liberalisation of imports for increasing industrial output and promoting industrial investment. But the malaise is deeper. The

By
G. M. LAUD

casual factors do exist; but they are symptoms of the chronic disease from which this country has suffered for well over three decades. The legacy of the second World War and the aftermath of the partition of the country were developments beyond India's control; but the political anxiety to democratise the traditional society by subordinating the growth effort to it thereafter has been a major contributory factor which has been acquiring new dimensions every year since 1951.

The first half of the 'sixties was notable for two wars, the deaths of two Prime Ministers, the failure of the monsoon and the resultant grave strains on the economy. This was also the period during which democratic socialism was launched, the welfare State stretched its horizon without taking stock of its capacity and resources, and the country's politico-economic machine was geared to the simultaneous promotion of defence, development and social welfare. In the process, the Government was forced to devalue the rupee and suspend quinquennial planning. It, however, ignored the moral.

Instead of staging an orderly retreat in order to reconstruct the economy, the rulers were obliged to compromise with the Left in their struggle for retaining the power to such an extent that the Party itself



was divided and when their leftist postures helped them later to secure a sweeping majority in Parliament in the last general elections, they became committed to them. The political instability at the Centre thus came to an end; but the era of rising expectations was launched. The end-product was the mounting political, economic and social tensions, the Government's efforts to acquire commanding control of the community and its distorted economy, and frustration at all levels.

Three Features

Three features of the current situation, albeit developed over a period, may be mentioned. First, the law and order situation has deteriorated to such an extent that political murders, communal violence, class struggle and anti-social activities have been thriving on the inability of the custodians of law and order to check them. Secondly, the people having lost faith in the purchasing power of the rupee have been indulging in spending spree and living beyond means. Finally, the Government, which has acquired a commanding position in the economy in order to discipline it, is unable to discipline itself. The Central and State Governments incurred in 1970-71 an overall deficit of about Rs. 550 crores and the Reserve Bank of India was obliged to expand its net credit to them from Rs. 13 crores in 1969-70 to Rs. 332 crores. The current year's deficit is likely to exceed the quantum visualised for the whole Fourth Plan period in spite of fresh taxation on account of the influx of refugees from East Bengal.

These are the basic causes which have destroyed the will to work harder and save and encouraged the masses to get something for nothing with the support of the vote that they command. The Government, in turn, has been obliged to woo the under-privileged voter constituting the majority without any regard for the economic consequences. In the process, growth developed by growthmanship has started shrinking and growthmanship has been thriving on the fond belief that socialist democracy will do the trick of fulfilling rising expectations of social justice by offending economic laws.

Against this background needs to be viewed the industrial policy which the Government claims to be helpful to industrial investment. Its laudable objective is to broaden the entrepreneurial base within the compass of a new social order. In actual practice, the company law and the anti-monopoly legislation have been used to disrupt the entrepreneurship currently monopolised by some 120 big business houses and the process of creating new entrepreneurship has been confined to small enterprises. It is an accepted truism that competent and dynamic manage-

ment must go on diversifying its activity and its logical sequence is the inevitable emergence of large enterprises. But the denial of opportunities to them has created a vacuum which the State already overburdened with commitments is unable to fill.

Restraining Factors

The Government has no doubt relaxed its attitude towards monopolies in order to encourage the investment in undeveloped areas. But here again three restraints are in evidence. First, the incentives offered are not commensurate with the disadvantages of setting up a factory in a backward area. Secondly, the image of the private sector has been blurred by unsocial activities, with the result that by and large it is not able to enlist public support. Finally, there is no machinery for a fruitful dialogue between the Government and big business, with the result that even its legitimate demands are not heeded.

Foreign aid and collaboration were important sources of industrial growth till 1968. The net foreign aid, which was at one time at an annual rate of Rs. 450 crores, has

been tapering off. Foreign concerns have now been virtually bracketed with monopolies, restraints have been imposed on their maximum shareholding, the patent law has been made rigid, the scale of royalties has been appreciably lowered, and the Government's policy aims at reducing the foreign influence on the country's industrial growth. It is known, for instance, that foreign collaboration is necessary for manufacturing equipment in higher voltage ranges; but the five years' limit on it nullifies the permission. For the same reason, the country is in an unhappy position of being compelled to import a number of basic materials which it can produce economically.

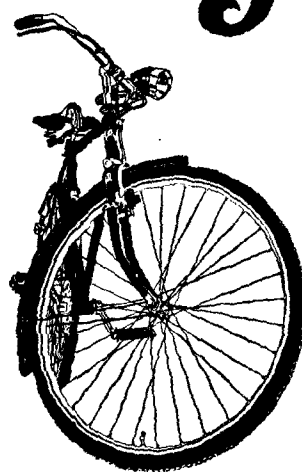
The statistical record claims that the net domestic savings improved from 8.7 per cent of the national income in 1969-70 to 10 per cent; but the bulk of the increase in national income was snatched by the State which is unable to increase its savings. True, the net investment has appreciated in the same period from 9.6 per cent to 11.1 per cent; but here again the bulk of it has gone into agricultural development and in channels other than industries pro-

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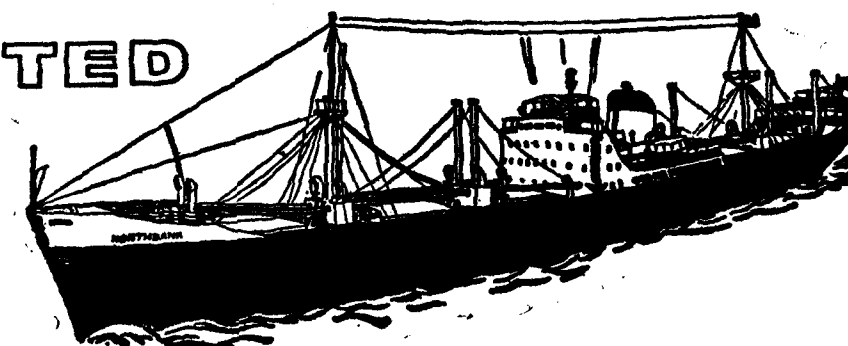
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viding employment opportunities. The industrial investment in the public sector has lagged behind the annual targets, with the result that the first stage of the Bokaro steel plant may not be commissioned till 1973, the petro-chemical projects have been delayed, and progress in fields such as oil exploration is tardy.

In the private-sector industry, the best guess is that its investment was around Rs. 540 crores in the last fiscal year. Although the data for the previous years are not available, the I.D.B.I. opines that this figure does not indicate "a clearly marked up-trend." The Reserve Bank's study claims that the proportion of internal resources of the corporate sector shrank from 55.1 per cent of the total in 1961-62 to 40.2 per cent in 1967-68 and that of the capital market by 2.4 per cent of the total to 10 per cent, the term-lending institutions' share went up by 2.4 per cent and the share of the short-term bank credit in long-term industrial investment was stepped up by 8.3 per cent of the total to 24.3 per cent. The gap of 6.8 per cent in the aggregate resources was bridged by it by resorting to borrowing from the public.

The Profit Squeeze

This trend has gained further momentum in the following three years as far as internal resources and the capital market are concerned. The profit squeeze and the increase in taxation have reduced the capa-

city of the corporate sector to plough back funds, while the rapidly shrinking rôle of the capital market is underlined by the fall in new capital issues from Rs. 81.5 crores during the year ended 30th June, 1970, to Rs. 50.7 crores in the following year. The current index of industrial equities standing at a discount of 10 per cent over the average for 1961-62 has already posted notice that the capital market has moved into State-owned term-lending institutions.

Have the term-lending institutions the needed resources to finance the private sector when they have to respond to the call of the public sector? Their aggregate disbursements reached a new peak of Rs. 148.4 crores; but the bulk of the increase of Rs. 32 crores went to medium-sized industries and the public sector. No doubt their policies and functions have of late become more broad-based, a Reconstruction Finance Corporation has been floated and the I.D.B.I. has assured that there is no constraint on resources; but the Government and the Reserve Bank constituting the major fountains of their resources are toying with the idea of reducing their share by marrying their resources with long-term deposits of commercial banks which have already been fully utilised.

As for bank credit, it is known that organised industry stands virtually last in the queue according to the order of priorities. The Finance Minister has claimed that the share of large industries dropped from 62.9

per cent of the total bank credit at the end of March 1968 to 53.5 per cent in the following three years. The quantitative increase was, however, from Rs. 1,948 crores to Rs. 2,659 crores. In the same period, the financing of public-sector undertakings was wholly transferred to the banks, although the element in the rise is not known. Apart from this, industrial production reported an increase of 20 per cent and the wholesale price index of 12.9 per cent.

Starved of Credit

The fact has, therefore, got to be faced that organised industry is starved of credit and credit limits have not been revised for more than three years in the case of several units. To tide over the credit problem, it has resorted to borrowings from the public of about Rs. 700 crores. Since the bulk of these funds are short-term, it has created a liquidity problem at a time when the financial stringency forcing delayed payments of dues all along the line has already initiated a chain of adverse reactions.

Whether the lag in industrial investment and financial difficulties of industry have proved stronger depressants on industrial growth than the shortage of raw materials is hard to say. The Government says that the latter is a major cause. The inability of the agricultural revolution to embrace agricultural raw materials, such as cotton, jute and oilseeds, has prevented the agro-based consumer industries from using their capacity fully and the growth of consumer goods industries shrank from 10.2 per cent to 6.3 per cent last year. The output of iron and steel dropped to half the capacity and the gap between demand and supply widened to about 3 million tonnes. The shortage in other metals is equally acute and even aluminium has been developing a shortage in spite of the tremendous rise in output. The growth rate for basic industries halved in 1970 to 4.2 per cent and the pace of increase in the production of intermediate products was reduced by a third to 2.7 per cent. The engineering industry was not able to use its capacity beyond anything between 25 per cent and 74 per cent. The construction schedule of a large number of projects has been consequently upset and the inadequate capacity has affected a very large number of industries, such as paper, newsprint, tyres and tubes, cement

and chemicals. The shortages have hit all industries in varying degrees, using metals and chemicals as raw materials.

Shortage of Raw Materials

Promises have been held out since the beginning of 1969 of shortages in domestic supply of raw materials being appreciably reduced through imports. Factually, imports were reduced by Rs. 328 crores in 1969-70 and rose by Rs. 117 crores in the following year. If an allowance were to be made for the rise in import costs and for increased imports of iron and steel and cotton, it would appear that there was hardly any quantitative increase under other heads. The very fact that a third of the construction equipment of the Central Ministry of Irrigation and Power is lying idle for "quite some time" underlines the limitation on higher imports.

Industry is squeezed between irregular supplies of indigenous material of indifferently quality and the rise in the cost of restrained imports arranged through the State sector. The hope was held out that the nationalisation of the import trade would strengthen the country's buying power in overseas markets; but imports have been costlier and the anxiety of the Government monopoly to profiteer in the distribution of imports in order to cover the loss on export has inflated the prices of imported goods further. To make matters worse, the import programme is irregular and the distributive programme is patchy.

Although much has been heard of progressive labour policies overburdening industries with mounting wage costs, industrial peace has proved elusive. Union rivalries and political conflicts have strained industrial relations to such an extent that the Government is obliged to protect its own plants with the aid of reserved police and security forces. Over 19 million mandays were lost last year on account of industrial strife, which the mounting wage costs a unit of production could not avoid. This trend of less work being rewarded by higher emoluments has gained momentum in the current year.

The Government is yet to evolve a stable fuel policy. Enthused by the prospects of sophistication, it encouraged the consumption of power and oil at the cost of coal which re-

mained a depressed industry for decades. But the lack of internal and external resources has affected the oil exploration programme as well as expansion of oil imports and development of hydro-electric power.

The price policy is equally intriguing. Unable to control costs and prices, the Government considers that it must at least check the price rise in respect of essential goods without controlling the cost of their production. The result is an imbalance between prices of different groups of commodities. Machinery, transport equipment and finished products have risen since 1961-62 by 59 per cent, whereas the rise in the indices of other groups varies between 72.5 per cent and 117.8 per cent. During 1963-71, cotton prices jumped up by 130 per cent; but the price index of cotton goods reported a gain of hardly 56 per cent.

Distortion in Price Structure

The distortion in the price structure is being covered periodically by revising the method of computing the indices and advancing the base; but the chronic distortion has not abated. At the same time, some of the Government monopolies have been an exception. Thus, for instance, when the Government's efforts are geared to bring down the prices of drugs, etcetera, and to prevent a rise in a number of finished goods, Hindustan Steel has periodically raised the price of naphthalene by about 300 per cent in 15 months so that its price is now four times the f.o.b. price of imported material of an equivalent quality.

For a variety of reasons stated above, organised industry has remained depressed. The Reserve Bank's preliminary study of corporate dividends for 1970-71 indicates that the proportion of the companies raising or maintaining their dividends has remained unchanged, that of those which reduced their dividends rose from 13 per cent to 16 per cent, and there was a fall from 25 per cent to 21 per cent in the case of companies passing their dividends. It would be interesting to know the final data on the subject. Meanwhile, the equity index is friendless and the I.F.C. has reported a continuous increase in the number of companies turning defaulters.

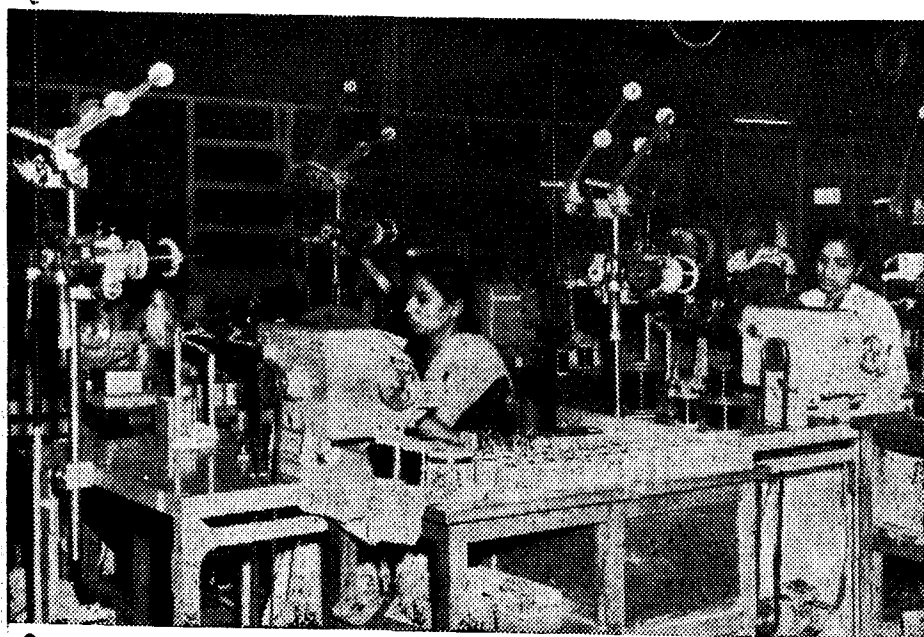
Undaunted by the man-made conditions unfavourable for industrial

development, the Government has been taking over the management of closed units and running them at a loss in the name of avoiding unemployment. What it will do once the assets are worn out and how it will meet its own financial liability as a guarantor to fresh loans remain anybody's guess. Again, while pleading for making the best use of scarce resources, it wants to set up new units when expansion of existing units is more economic or when the combined units in a depressed sector with balancing equipment involving a marginal investment can produce the same product more economically. The licensing system also discourages multiple shift working.

Remedy Not in Sight

Will the hasty retreat of industrial growth be halted? One would hesitate to say yes. Since September last, the Government is no doubt debating the remedial strategy; but political overtones have led to an indecision. At the last meeting of the A.I.C.C., it could not get political sanctions to make "procedural improvements" in its industrial policy and support for "necessary operational changes" to break stagnation in industrial investment. It has, therefore, jumped on the bandwagon of its political followers in order to inflate wage costs. Its own promises to overcome the industrial plight of West Bengal, which is a problem State, have not yet been redeemed. These serve as an unpleasant reminder of the restraints on the State's capacity to operate from a commanding position in the field of industrial investment and development. Entrepreneurs have by and large failed to demonstrate their willingness to operate under the new social order and those, who want to improve their image, have met with a variety of handicaps ranging from shortsighted policies to corruption in administration.

The problems of industrial growth are so complex and the gap in credibility is so wide that even the optimists will be obliged to turn pessimists. The sinews of growth have been destroyed, the desire to revive them is not backed by resources, will and discipline, and the Government is not in a position to abandon the rôle of King Canute for fear of democracy fed on rising expectations being jolted. It would, therefore, be reasonable to expect the industrial society to drift before it is able to stop the rot.



The coil winding section in an electronics factory

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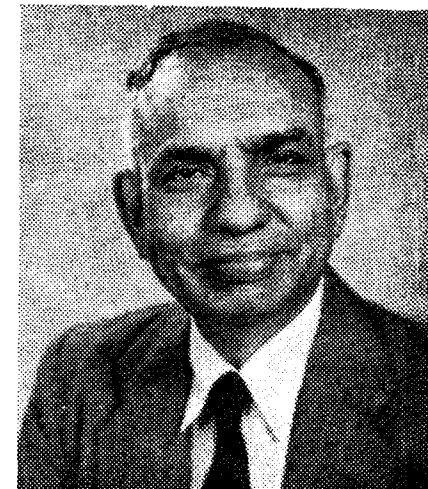
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Need to Ensure the Success of the Fourth Plan

The progress of India's economy will depend on the success of the Fourth Plan. While the shortfall in the country's industrial and agricultural production may not be substantial, the question whether the Plan will achieve its other objectives remains the real problem.



PLANNING as a method and instrument of attaining economic and social goals has become widely acceptable not only in the world of developing countries but also among the developed countries. But there is a difference. In the developing countries too much burden is imposed on the planning organisation; too much is expected of it. The limitations of planning are not fully understood or recognised. Planning in India has thus suffered from what may be called excessive planning; it has been too detailed and comprehensive with controls going down to minor matters, which has resulted not only in waste and delay but often has been self-defeating. Planning can make an assessment of resources both natural and financial, indicate clearly the lines of development, establish priorities of expenditure and investment and make allocations on the basis of priorities and resource availabilities. But the achievement of the goals and targets is not in the hands of the planning body. The responsibility for the implementation lies with the various Ministries and departments. Success depends upon their efficiency and determination in taking steps to ensure the fulfilment of the targets.

Furthermore, the limitations of planning in terms of financial allotments should be clearly understood. Finance is only one part of the resources required for achievement but the non-financial factors and resources are even more important in several sectors of the economy. For example, even in the organised sector, where the other resources in terms of manpower, managerial and technical personnel, etcetera, may be taken for granted, there might be difficulty in the implementation of the schemes of development for it due to lack of

some key resource or other. Lack of know-how or delays in securing technical and scientific collaboration with foreign source may not only delay the fulfilment of targets but may even prevent the targets being achieved at all.

Non-economic Factors

In respect of backward regions, financial resources are not the main determinant of development. Here development depends on non-economic factors such as attitude to work, acceptance of new technology and a desire for increased earnings and prosperity. In a country like India where the tribal people, scheduled

By

P. S. LOKANATHAN

castes and tribes and the people with the poorest incomes number more than 100 million, it would be unrealistic to expect mere development expenditure to produce appropriate results. On the contrary, without a change in the social attitudes of such people to work, development outlays by themselves would have little value. The inhibitions and obstacles, the social stratification, ignorance, prejudice, beliefs and superstitions are too deep to be altered in a period of a few years. This lack of realisation of the basic factors is partly responsible for the disappointment that is generally felt at the poor rate of growth of the economy.

Again, the same lack of appreciation of the basic factors of the rural economy is responsible for the poor

progress attained so far in that sector. To cite an example, the preoccupation with the so-called rural unemployment misses the true nature of the problem that has to be solved. It is not so much unemployment in rural areas as sheer poverty due to the continuance of the old and traditional economy. The rural people are not unemployed in the sense that they were previously employed and later became unemployed. The fact is that they never were employed adequately. The true nature of the problem is (a) how to bring a larger proportion of the rural working force into participation in modern agriculture; (b) how to make them work for longer spells of time; and (c) how to make their work more intensive and more fruitful by training them for work. These objectives can be realised only if efforts are made simultaneously to remove the present social barriers and other bottlenecks. What is to be emphasised is that rural employment has a different definition and that what is required is the creation of a set of conditions which will absorb the surplus labour available in rural areas.

In urban areas, there is undoubtedly the problem of unemployment; in the sense either that there are people willing to work and in search of jobs or that those who were working find themselves without it. Here again, while more investment in industry and other activities is essential, there are other bottlenecks which must be removed before the problem can be tackled. It has now become very clear that there are large numbers of so-called educated men who are just not employable. They do not have the necessary training nor the desire for efficient work. The system of education that makes men more and more unwilling to do

manual work is a handicap for development.

Prospects Not Bright

Irrespective of the performance of the Fourth Plan, even the long-term prospects do not seem to be bright. This is because of several factors, some of which may be indicated here. In the first place, the relation between workers and management in industry or agriculture is steadily deteriorating. For a developing country like India, the real need is hard work and continued emphasis on production. Instead, the emphasis is being shifted more and more to distribution, without ensuring increased production. Secondly, ideological considerations are allowed too much play in planning as well as in implementation. For lack of adequate investment, instead of trying to find out the basic causes and taking proper measures, the blame is laid on the business community, and an excuse is found for increased substitu-

tion of the public sector for the private sector. Thirdly, the Government is blissfully unaware of the real dilemma in the expansion of the public sector. Public-sector enterprises have undoubtedly an important place in the Indian economy, but the Government should frankly recognise that the public-sector enterprise as it is working today is less efficient than the private-sector enterprise because the former carries with it inherent disabilities like constant interference with the management by the Government, too much of the so-called public accountability, irrational procedures in regard to administration of the concerns, etcetera.

Governments all over the world have proved unequal to the task of production. That is why even the socialist countries do not directly seek to control or manage public enterprises: there is now much greater selectivity in industries for nationalisation or Government ownership and management. In India, unfortunately, there is a

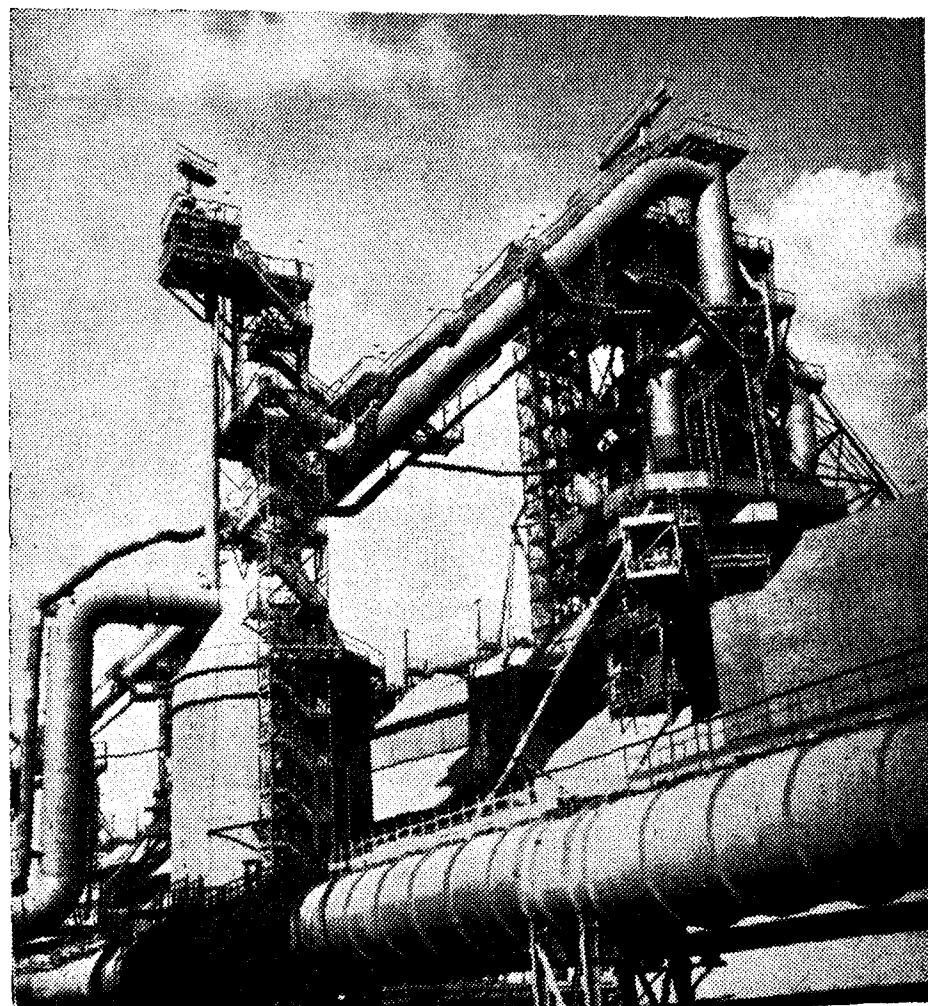
cringing faith in nationalisation. Furthermore, the concept of an autonomous public-sector enterprise accepted in theory is violated in practice. Fourthly, while the Government is doing all it can to raise expectations among the people, it is either blissfully unaware of the difficulties involved in eradicating poverty and of the time element involved in the process or it deliberately chooses to ignore them. The result is that the people are frustrated and disillusioned and are not ready for the privations and sacrifices involved in the process of rapid economic growth.

Finally, the huge inflow of refugees from East Bengal and the diversion of resources to meet their requirements are likely to affect the developmental programmes in two ways: (a) lesser availability of resources for developmental purposes, and more important (b) the inflation arising as a result of this expenditure on refugees, especially through deficit financing.

When the Second Plan was formulated, national income was supposed to be doubled in 20 years. In the Third Plan, the realisation came that that was too optimistic. Successive Plans show that the hopes raised in the country were bound to be unfulfilled. The lack of realism in the country combined with ideological considerations acts as a permanent handicap.

A Practical Document

It is in this context that one has to evaluate the prospects of the Fourth Plan. The Fourth Plan is a practical document setting out the objectives and programmes in a realistic manner. Agricultural production programmes are combined with programmes for development of backward areas and raising the levels of living of the scheduled castes and tribes. The targets of agricultural production are set realistically in the hope that these targets will be met during the Plan period. The estimated foodgrains production of 129 million tons is to be attained by 1973-74. The anticipated production of sugarcane, oilseeds, cotton, tea and tobacco is set at reasonable levels. The first half of the Plan period is now over. It is clear that foodgrains production has been satisfactory, thanks to continuous good



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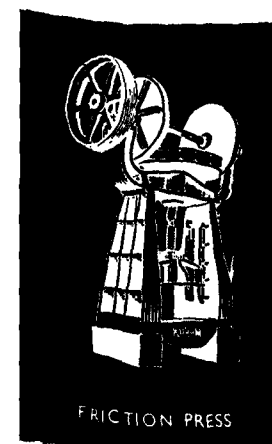
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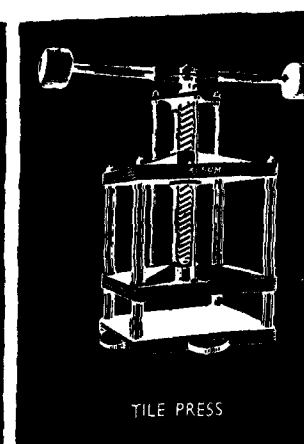
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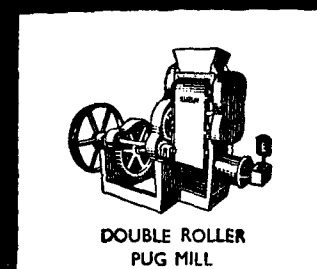
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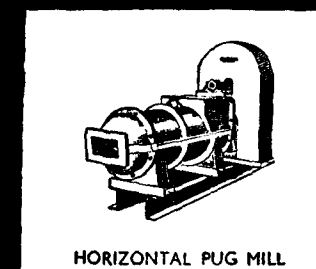
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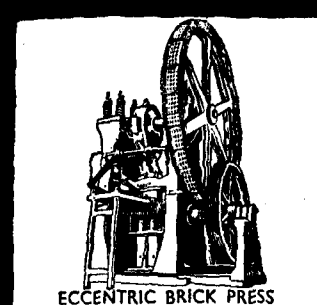
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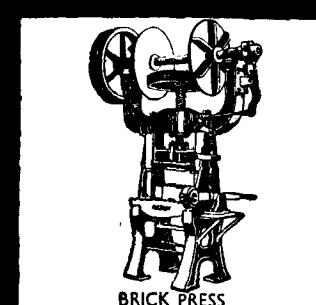
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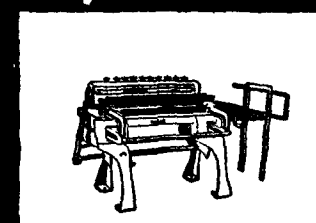
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monsoons and the realistic food and agricultural policies of the Government. There is, however, doubt whether in the remaining years of the Plan the food and agricultural targets will be met. There might be some shortfall on account of floods and droughts in several States in the current year.

The output of foodgrains in 1970-71 has been estimated to be around 108 million tons, an increase of 8.5 per cent over the previous year. If this trend continues, the target of 129 million tons by 1973-74 will be within the reach technically. But basically the problem is "green revolution" in rice production; high-yielding varieties are being introduced but the impact has not been substantial. One may hope that this impact is likely in the course of the next few years. But the situation is disquieting in respect of some other crops, in particular, oilseeds and cotton. There is also the disquieting fact that the dry areas have not yet been brought under improved dry farming techniques. As long as this is so, agricultural production will not reach the maximum possibility.

On the credit side, the increase in the area under high-yielding varieties is satisfactory; about 24 million hectares, which is likely to be reached. The most gratifying feature in the agricultural economy, however, is the increasing use of fertilisers and pesticides. Farmers are quite eager to use fertilisers and more credit facilities are made available to them for this purpose; there is no reason to think that they will suffer for lack of credit. While it is true that the benefits of scientific cultivation and high-yielding varieties have gone presently to the larger farmers, the Fourth Plan has taken definite steps to make available to the small farmers special credit facilities and new knowledge of agricultural practices. With this end in view, a Small Farmers Development Agency has been set up in districts selected especially for this purpose. The Agency is expected to give assistance to small farmers in respect of various services, such as land levelling machinery and marketing. Wherever possible and necessary, the Agency may undertake creation of irrigation facilities and provide grants to enable farmers to get credit. It is, however, too early to say if these proposals will bear

fruit within the remaining period of the Fourth Plan.

While the production of the inputs needed for agriculture is expanding, for example, fertilisers, agricultural machinery and pumping set, the legislation needed to give incentive for work by tenants and small farmers is still slow in coming and it is doubtful whether within the Fourth Plan period the loopholes in the land legislation will be removed and the law properly implemented. From the point of view of agricultural production, both land reforms and agricultural inputs are equally essential. It is all the more disturbing that when agricultural production is showing signs of definite increase, legislation should lag behind.

Slow Progress of Irrigation

Fertiliser use depends on adequate irrigational facilities. The progress of irrigation has been rather slow. The net area sown is at present 103.8 million hectares. Out of this, 82 million hectares can ultimately be irrigated from both surface and

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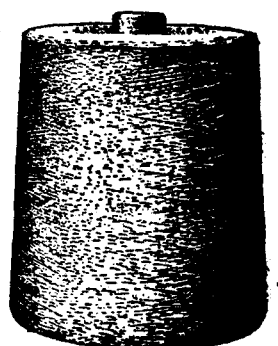
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underground water sources. But as of 1968-69, only 25 million hectares were being irrigated with surface water and 11 million hectares with underground water. The Fourth Plan proposes a considerable outlay for irrigation; Rs. 1,142 crores have been provided for the major and intermediate schemes. For minor schemes, especially for the construction of tubewells and for providing pumpsets, about Rs. 200 crores have been provided. Irrigation being a State subject, its implementation depends not only upon financial resources but upon the efficiency and determination of the State Governments to provide new irrigation facilities. The outlay on irrigation and flood control in the Fourth Plan, which includes provision for rural electrification and flood control, is of the order of Rs. 964 crores. It is, however, doubtful if all the irrigation facilities provided for in the Fourth Plan will actually become available.

Before leaving the subject of agricultural targets, and more especially the food target, one must give credit to the Government for its policies of procurement, buffer stocks and public distribution systems. The availability of buffer stocks today can weather the fluctuations in food output and the country's abject dependence on food imports will no longer continue.

There has been a shortfall already in power generation. The Fourth Plan provides for an outlay of Rs. 2,084 crores of which the States' outlay is Rs. 1,744 crores. It is estimated that a net installed capacity of 22 million kW capacity can be achieved of which 9.2 million kW will be hydro, 11.72 million kW thermal and 980,000 kW nuclear. But the level of utilisation of the available capacity is still very low. The arrangements for transmission and distribution of power are still inadequate. The Fourth Plan has provided for a substantial increase in rural electrification and this is likely to be achieved within the Plan period. But the progress so far indicates that the target of 22 million kW for 1973-74 is unlikely to be reached.

Shortfall in Industrial Production

In respect of industrial production, the Fourth Plan is likely to face a shortfall. The rate of growth of industrial production before the Indo-Chinese war and the Pakistani aggression was substantial but thereafter

fell considerably and it is stagnant for a couple of years now. Increase in industrial output which was 9.6 per cent in 1962-63 was only 9.2 per cent in 1963-64, 8.3 per cent in 1964-65, 4.3 per cent in 1965-66, 1.7 per cent in 1966-67 and 0.3 per cent in 1967-68. This decline is attributable to several reasons of which the most important are the serious dislocation by hostilities in 1965 and the two bad agricultural years, which resulted in considerable decline in savings, investment and purchasing power.

The setback in industrial production during 1970 and part of 1971 is serious. The growth rate was only 4.5 per cent in 1970 over 1969. Between January and June 1971, the increase in the index has been only 1.5 per cent. The shortfall is due to a variety of adverse factors—shortage of key raw materials, such as cotton, oilseeds and basic metals, power and transport bottlenecks, strained industrial relations and a shortfall in the targeted rate of increase in public-sector investments.

Other Inhibitory Factors

It is also due partly to the lack of a proper industrial policy and a number of other inhibitory factors for which the Government is responsible. The rate of investment in the private sector has not been high enough. The National Council of Applied Economic Research recently studied the working of nearly 140 large-sector units which recorded high rates of growth in 1970. The achievement of a rate of growth of 4.5 per cent for the industrial sector as a whole was possible, according to the N.C.A.E.R., only with the rate of growth of these selected industries of over 9 per cent. But the disquieting feature is that most of these units are not contemplating any expansion. They come under the purview of the Monopolies Act in one way or the other. If these units cease to expand rapidly, the other units, existing and new, have to compensate for their stagnation. How far this is possible within the Fourth Plan period is anybody's guess.

In the Fourth Plan there has been an increase in the public-sector outlay but the investment outlay is still unsatisfactory. A bright feature is the rapid increase in industrial output from the small-scale sector. To some extent this compensates for the poor rate of growth of the larger sector. This happy result is due to a combination of a shift in the in-

dustrial policy of the Government and the greater initiative on the part of small industrialists. Under the former, not only were the nationalised banks asked to provide credit for the small-scale sector, but additional items were reserved for that sector. Even so, the industrial targets of the Fourth Plan are not likely to be met. This is due to a number of causes of which the Government's policy not to permit larger industry to expand, the delay in the decision of the Monopolies Commission and the Government's ideological considerations are some.

Performance of the Public Sector

The poor performance of public-sector enterprises is a continuing factor contributing to the reduction of increased industrial output. How bad the situation is can be realised when the Congress Party itself at its Simla session accepted a resolution setting up a panel to ensure better working of public-sector enterprises. This resolution, however useful it may be, is not likely to go to the root of the matter which is the incompetence of the Government enterprise to function efficiently because of the inherent political and other inhibitions. It should be frankly recognised that public-sector enterprises in a parliamentary democracy will not function smoothly and efficiently. As already pointed out, there is, first, the desire of Parliament to interfere too much; secondly, there is the Ministry's interference in the day-to-day administration; thirdly, there are political forces constantly at work, inhibiting the freedom of the management; and finally, the procedures and processes hamper freedom of action. Hence an increase in outlay in the public-sector enterprise is not going to compensate for the decline in investment in the private sector. The Fourth Plan targets in the field of industry are not likely to be reached; the rate of growth of the economy as a whole is not likely to reach the target either.

The most serious factor causing considerable anxiety is the price situation and the possibility of continued inflationary pressure during the remaining period of the Fourth Plan. Since the beginning of the Fourth Plan, prices have been rising. In 1969, the rise was about 4.6 per cent and in 1970 the rise was 6.5 per cent. Even though prices remained stable in the first five months of 1971, between May and September 1971,

the general price index rose by over 5 per cent. The rise was shared by all sections of the economy, although the industrial raw materials group, especially cotton, recorded the highest rate of increase.

This increase in price may partly be attributed to increased money supplies on the one hand and unproductive expenditure on the other. During 1967-68, money supply increased by Rs. 451 crores. The increase accelerated subsequently and the addition to money supply reached a peak of Rs. 751 crores in 1970-71. In that year even in the slack season, there was no contraction in money supply. Except in 1969-70, deficit financing, as measured by the net credit to the Government by the banking section, accounted for a substantial increase in money supply. The situation is worse in 1971-72. Between March and August 1971, money supply increased by Rs. 204 crores. But what is disturbing is the increase in deficit financing during the same period—Rs. 455 crores. The total increase in money supply is less than deficit financing because there has been a decline in bank credit to the commercial section.

Unproductive Expenditure

Already there has been a great increase in non-plan and unproductive expenditure of the Centre and the States. The efforts speedily to collect the tax arrears which amount to a substantial sum may partly be successful but they are not enough to meet the situation. The State Governments have so far shown no interest in mobilising the resources open to them. Thus the financing of the public outlay of the Fourth Plan, without further recourse to deficit financing, would tax the ingenuity of the Finance Minister. In spite of repeated talks of improving the performance of public-sector enterprises, there is no certainty that they will yield any net resources. So the country will have to face quite a difficult situation—rising prices, fall in financial resources available for development, increased dearth allowances leading to further inflation and distortions in the economy. This is the real danger in the Indian economy in the years 1971-73.

Unfortunately there is a planning euphoria now. The threat to the growth of the economy is not sought to be solved by taking proper economic measures—curtail all unpro-

ductive expenditures, and reduce development expenditures wherever possible. Instead, the Central Planning Minister, Mr. C. Subramaniam, suggests an increase in development expenditure on the top of growing unproductive expenditure. Far from being a solution to the problem of high price, this would only aggravate the situation. The Government should recognise that there is no other solution to inflation except by way of matching expenditure with real resources. Failure to recognise this has been the bane of the Indian economy during the last two decades.

The Balance of Payments

During the Fourth Plan, the balance-of-payments position is not likely to improve over what was achieved in 1969 and 1970. The favourable balance in those two years was due to a significant reduction in imports and a substantial rise in exports. But in the coming years, imports have necessarily to increase on account of shortfalls in domestic production while exports may not maintain the projected annual increase of 8 per cent. There has been no real export breakthrough; there is likely to be a shortfall in exports in the coming years.

The need for more exports is urgent in view of the heavy debt services requirements which would amount to Rs. 677 crores in 1980-81. The Government has, therefore, adopted an export-oriented licensing policy as well as an export-oriented import policy. The Government has also decided upon a deliberate policy of promoting necessary investments to increase production capacities for exports. India can also take advantage of the Agreement on the Generalised System of Preferences granted to developing countries by the developed countries. In spite of these advantages, there is no guarantee that exports will increase at an adequate rate. India may become self-sufficient in food during the Fourth Plan period. Anyhow, the position in regard to the balance of trade and balance of payments will continue to cause anxiety.

While the shortfall in the fiscal targets in industry and in parts of the agricultural sector may not be substantial, the question whether the Fourth Plan will succeed in meeting other objectives set forth remains the real problem. As pointed out earlier, the Industrial Policy Resolution was

given a new direction by its emphasis on preference to the small-scale sector, financial and other support to backward regions and help to the weaker sections of society. The shift in policy itself is not wrong, but the results are not likely to be evident in the short period. For example, the inability to mitigate in any significant measure the inequalities in income and wealth or the disparities in development between the backward and developed regions, is a reflection of the dilemma which arises in the present stage of India's development. By restricting the expansion of the modern sector, by checking the growth of the more developed areas, by preventing large industries from expansion, the country could gain some temporary results, but at the cost of real increase in the growth rate. The tendency for new enterprises and investments to gravitate towards the already developed metropolitan areas is a natural one. Efforts should, therefore, be made to redress this balance. But to expect results in a short period of five years or even ten years is asking for the impossible.

An Unrealistic Position

Finally, it would not be wrong to say that the planners and the Government have all through the years taken an unrealistic position in regard to resources and needs. They have not adhered to the policy of living within the country's resources. The fact that India's needs are of a gigantic magnitude and that a large development outlay is needed to raise the levels of living of the people is taken to mean that the country should undertake such high levels of expenditure forgetting its resources and its capabilities. Wisdom lies in matching the two to the extent possible. It also lies in not raising expectations of the people for political reasons. Nor in putting the blame upon certain sections of the community. The real resources can only be increased by more production and, however laudable the objectives of distribution, they cannot be realised without increased production. The priorities in Indian planning, therefore, continue to be increased agricultural output, increased industrial output, increased production for exports, more infra-structure facilities and more training of labour. The other objectives can be realised only to the extent the first set of objectives is realised.

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The Currency Crisis: Its Implications for World Trade

A solution to the international currency crisis seems possible after the recent U.S. decision to devalue the dollar. This article was written a few days before the U.S. Government took the historic decision.



By
GEORGE BARRELL

LAST August, when President Nixon announced his measures to eliminate his country's payments deficit he was not, or so he implied, aiming to kill the spirit of Bretton Woods stone dead. In fact, he specifically demanded that it should be resuscitated as a revised pattern of fixed currency parities which would hereby permit the United States to transform its external situation. Only the relationship between currencies required changing, was the President's explicit message; the spirit of Bretton Woods could, indeed must, be marching on. It was an approach which carried all the marks of being reasonable and constructive. Even the high-handed way in which it was implemented could readily be explained away as being due to the bduracy of others. The United States was claiming the same right as any other country to adjust the parity of its currency, and this appeared to be the only way of doing it. Now the position is not so clear-cut. What the President is seeking, indeed he knows himself, has become obscured by a mass of verbiage and a bewildering patchwork of conflicting interests. The only thing it is now safe to say about the prospects of an agreed, satisfactory and final settlement of the world's currency crisis is that it will take a long time to achieve and must involve considerable changes in the economic pattern the world has become accustomed to since the second World War.

The general impression that all at President Nixon sought was an orderly realignment of parities perturbed throughout the various anxious discussions which immediately followed his announcement. It even provided the main theme for the annual meeting of the International

Monetary Fund last September, and it only gradually lost strength throughout the ensuing weeks when the growing stubbornness of Mr. John B. Connally, U.S. Secretary of Treasury, was being explained in terms of his undoubted talents as a poker player. But now the suspicion has taken root that perhaps President Nixon is no longer looking for a permanent settlement at all; that he is prepared to see the world's main currencies float against the dollar for an indefinite period, or at any rate until he is safely back in the White

House for his second term of office. Kicking foreigners, even when they are poor and under-developed, has proved to be unexpectedly popular in the United States. Unsuspected political mileage has been discovered in a policy of increased trade protection, cuts in foreign aid, and, above all, in throwing the burden of economic adjustment on to the shoulders of others. None of these augurs particularly well for an early settlement of the currency crisis, despite the frequent expressions of optimism from practically every quarter.

Grave Risks

It might fairly be asked whether it really matters. This is more a matter of opinion than would seem likely looked at from India's point of view, and in any case it cannot be answered until time has revealed the full effect a regime of floating exchange rates has on world trade. The prevailing danger is, of course, that a system of

freely-floating rates may never adequately be tested in practice because managed currencies will become the rule, and the United States' swing to protectionism will be emulated by other countries. Thus, although President Nixon may have something to gain by postponing a settlement until after his hoped-for re-election, he could be taking grave risks with his country's interests if he holds out too long. In the meantime, the fact that nobody quite knows what the President wants is seriously complicating the task of those outside Washington who are sincerely searching for a solution. It can be difficult to do business with anybody who refuses to make it clear whether he is interested in a bargain or not.

What Mr. Connally originally stated as being his country's demand was a turn-round in world trade in the United States' favour totalling \$13 billion a year. This would have represented an average revaluation by other countries against the dollar of about 13½ per cent. The United States has also made additional claims, for later settlement, to a revision of trade barriers against her exports, especially to the European Economic Community, and a more equitable sharing of defence burdens. Against this, the Group of Ten has made a counter offer in the range from \$5 billion to \$6 billion, accompanied by a demand for some increase in the official gold price of \$35 an ounce. The I.M.F. has pitched its own recommendations between these two extremes, with a bias towards the American position, as might be expected. Thus the matter would appear to boil down to a straightforward splitting the difference, and indeed this is how it appeared early on in the crisis. Now

the position is not so clear, although obviously if any agreed settlement does materialise, it must be along the lines of a bargain struck somewhere between the two positions. Fortunately, and thanks to policy differences in Washington, it now seems the United States could settle for something less, perhaps a trade turn-round in the region of \$11 billion. That could be the basis of a future compromise.

Ideal Solution

Assuming that a Bretton Woods-type fixed-parity system is to be desired, as distinct from a floating one, then it is not difficult to draw up plans for a possible ideal solution. The United States' current deficit is around \$5 billion a year, and it seems reasonable enough that she should be given the opportunity to transform this into an annual surplus of, say, \$2 billion. Washington is also claiming the right to cover a deficit of \$6 billion on capital and aid accounts, thus making up the \$13 billion. This is far less justifiable. For one thing, the devaluation of the dollar should cut this deficit, partly

by discouraging U.S. private investment abroad and partly by encouraging foreign investment in the United States. For another, there is nothing to suggest that the Americans have a divine right to export capital, much of which goes into buying up foreign industry, irrespective of their domestic circumstances. About the most they can justify is that they be given scope for covering their foreign aid programme when, and if, this is restored, although even that would mean, in effect, that other countries will be financing it while the United States takes the credit. All things considered, it is doubtful whether a trade turn-round of more than \$7 billion to \$8 billion is really called for.

To achieve this, the average revaluation of the other major world currencies would have to be in the region of perhaps 9 per cent. The Japanese can almost certainly be pushed into exceeding this level, possibly by as much as 6 per cent. The West Germans have already reached it, or just about. But for them to go much higher would be an embarrassment at a time when their

economy appears to be moving rapidly into recession. Other currencies, such as the Dutch guilder and the Swiss franc, should about reach the average revaluation, perhaps even exceed it, thus leaving the Italian lira and the Canadian dollar to achieve rather less. The French franc and the pound-sterling remain the two problem currencies, especially the latter. At the moment the franc is being artificially depressed, but the French authorities would almost certainly permit some revaluation in return for the West Germans agreeing to a common Community bargaining position. Particularly would this be true if Washington gave way on the question of raising the price of gold. The pound will probably remain "managed" at a level below its current worth, as the British Government has promised, because the future for the currency is so uncertain in view of reflation internally, and all the external adjustments required to take Britain into the Common Market.

Gold Price

As an ideal solution, this package lacks only a concession from the United States Government to increase the official price of gold, a move which would raise the value of the world's monetary reserves. From then, or so it would seem, things could go on just as before. But this may not be what the world is really seeking; something more permanent is surely required which will permit future adjustments to be made without touching off another crisis such as the one the world is now having to live through. To achieve this, a scheme on the lines of the "Barber Plan", as presented by Britain's Chancellor of the Exchequer at the annual I.M.F. meeting last September, might work the trick. Briefly, what the Barber Plan provides for is the replacement of all reserve currencies, together with national reserves themselves, by an improved form of Special Drawing Rights (S.D.R.s). It is no coincidence that such a plan would relieve Britain of the future problem of the sterling balances, but this is not its only attractive feature. Among the others is the fact that in future it would permit the dollar to be adjusted just like any other currency. With the French apparently more reconciled to the principle of S.D.R.s than they used to be before the crisis, it could well be that something like the Barber Plan will eventually

emerge from the prevailing chaos. In which case Bretton Woods would come back into its own virtually in the shape Lord Keynes originally conceived it, with the S.D.R.s for all practical purposes being an international currency.

One of the more obvious drawbacks of the Barber Plan, of course, is that it would require a high degree of international co-operation to operate it effectively. That is the rub, because if such co-operation were the rule in this life rather than the exception, not only might the current crisis have been avoided in the first place, but there would be none of the present difficulties in finding a way out of the mess. It is only necessary to look at the confusion the crisis has caused in the European Economic Community, where co-operation is implicit in the whole principle of regional grouping, to grasp the point. If the Six cannot agree to a concerted policy, it seems reasonable to ask, how can the Group of Ten be expected to do so, let alone the so-called "Group of 77" as well? This is an unanswerable question, but its existence does mean that an ideal solution to the present crisis is unlikely in the foreseeable future, and indeed might never be achieved at all. This is the great danger with things as they are, and it is probably going to increase with each day that passes before the Americans accept a compromise. An interim arrangement might, therefore, be the best thing to aim at after all.

Saving Face

Luckily there is some evidence that this could be reached without too much trouble, unless, that is, President Nixon is no longer interested in a settlement at all. The proposed "pivotal rates" could be the answer. What these amount to are "temporary" fixed rates pending permanent changes in parities. They have a particular appeal to those European countries which reject floating and yet refuse to agree to permanent revaluations of their currencies. It is not difficult to see that they are mainly a face-saving device, because once fixed, these pivotal rates could last a long time, with the official parities being quietly forgotten. If, as further suggested, the former 1 per cent margins were increased to 3 per cent, there would in fact be a basis for a semi-permanent system, one which could well carry the world through the period to a final settle-

ment, including the demands from the United States for a reduction of trade barriers and a more equitable distribution of defence burdens.

As already pointed out, of course, it is possible that the United States is no longer seriously interested in a permanent settlement at all, that the administration is satisfied that America's best interests are being served by a regime of floating exchange rates coupled with the maintenance of the 10 per cent import surcharge. In that case, the world economy is facing a troubled future, because it cannot be long before other major countries seek protection for themselves. It could be argued that Denmark has already done so, although there are special circumstances to explain its action. In fact, there is probably little to be gained by retaliating against U.S. overseas trade, which anyway generates only 4 per cent of the country's gross national product. Practically all the other members of the Group of Ten would suffer more in a trade war than the United States. However, their strength lies in a different direction, namely, in the size and vulnerability of U.S. private investment abroad. If some way were agreed of taxing this, it would not only help the United States balance its external payments by chocking off fresh investment, it would also mean, in effect, that other countries would be reimbursing themselves for the cost of the American import surcharge. It is unlikely that the administration would enjoy that, or indeed accept it without retaliation. That way are trade wars made.

Retaliation against U.S. private investment is, in theory, available to developing countries, such as India, which are not members of the Group of Ten. But in practice it is not to be recommended, if only because it would mean the end of American foreign aid, assuming that is revived, and probably the operations of the various international aid agencies such as the World Bank. Better the interests of the developing countries be served through the "Group of 77" U.N.C.T.A.D. members, among whom India seems to have established herself as something of a moral leader. It is an entirely valid complaint that the interests of the developing countries have been blatantly ignored both by President Nixon in launching his economic measures, and by the Group of Ten in discussing the remedy. It is further true that they have a vital interest in whatever settlement is

arrived at. For them the 10 per cent import surcharge is not a marginal matter, nor is the possible risk of slower world trade growth caused by the uncertainties of a floating currency regime something to be ignored. These are facts worth emphasising by whatever international means are available.

Stance of Developing Countries

What line the developing countries ought to take in the search for a settlement to the currency crisis is not quite so clear. It has not yet been established that floating rates are going to reduce the growth of world trade, so there is little point in urging a return to a fixed-parity system. Moreover, because few of their currencies are freely convertible anyway, they can seldom claim they are suffering directly as a result of floating rates, except perhaps in terms of administrative inconvenience. Their problem lies almost exclusively in the field of trade, which means the U.S. import surcharge and the risk of retaliatory protectionism. This is something they have every right to fight with all the vigour they can muster, and what it means is that they should throw all their weight behind demands for an early settlement of the crisis. The sooner the world moves back to a system which, like Bretton Woods, can be relied on to promote the steady growth of world trade, the better will the interests of the developing countries be served. On the road back, however, there might be something to be gained from sponsoring the Barber Plan.

Any system based on a wider use of S.D.R.s involves the regular increase in their volume. There is always the possibility that the developed countries can eventually be persuaded to accept some reasonable approximation to the so-called "Stamp Plan", about which little has been heard recently, but which would help the developing countries by channelling the increase in purchasing power to them. The United States professes still to be interested in maintaining multilateral aid. This is one way it could do so without burdening the American taxpayer and with profit to its own balance of payments. Those who are sceptical of such possibilities should take heart. It is not long ago since the ranks of the unthinkable included a devaluation of the United States' dollar, and look what has happened to that.

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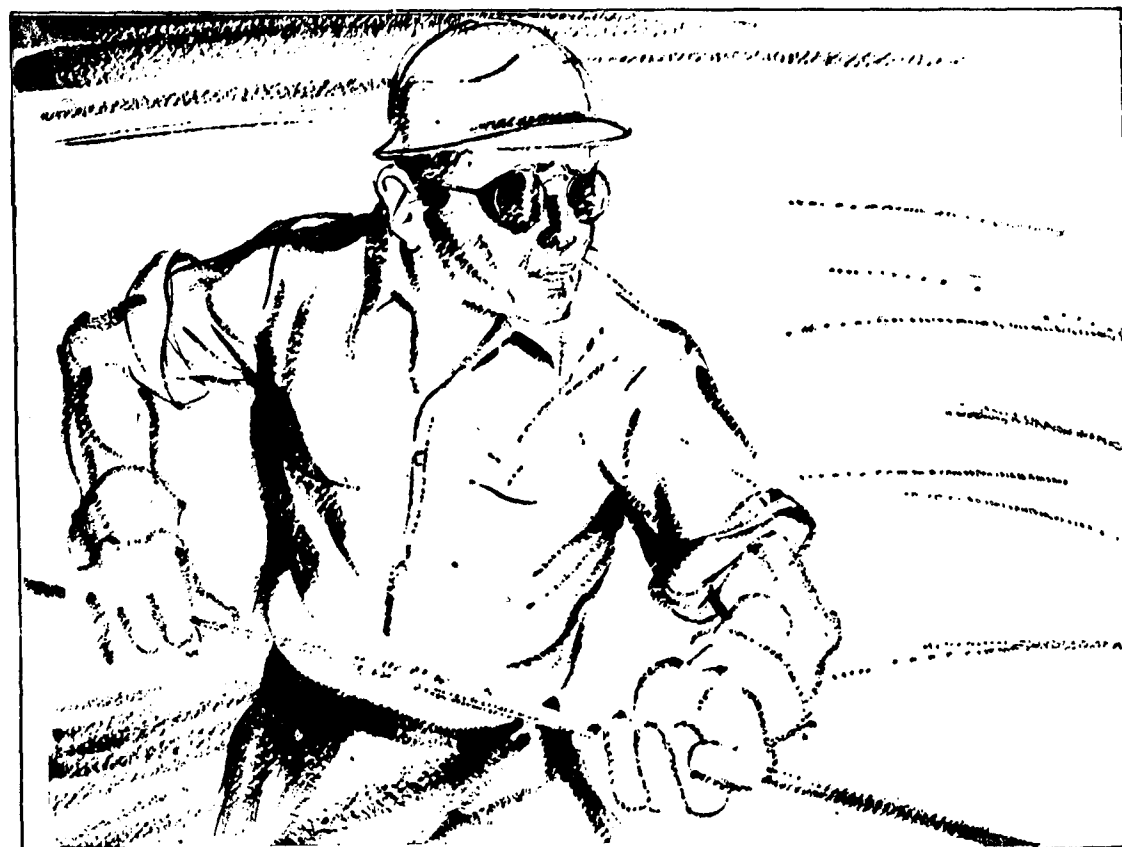
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Government Machinery: The Urgency of a Thorough Overhaul

Much effort has been made in the past to streamline the Government's administrative machinery, but with little success. A thorough overhaul of the machinery is a must if the Prime Minister, Mrs. Indira Gandhi, is to achieve her social and economic objectives.



OVER the years, there have been so many detailed reviews on the structure of the Central secretariat, its command echelons and its staffing arrangements and so little done to make any worthwhile changes that one wonders whether the Government of India would ever have an administrative apparatus purposeful, efficient, quick-moving, and equipped to cope with the changing needs of the community.

Starting with a review by the Llewellyn Smith Committee in 1919, on the eve of transfer of limited power to the elected Ministers in the Provinces, a review by the Wheeler Committee in 1936 when the Provinces had become autonomous and a reappraisal by the Maxwell Committee only a year later, there had been a spate of studies in depth between 1944 and 1946, notably by Sir Eric Coates, Sir Charles Ogilvie and Sir Richard Tottenham. With the introduction of Provincial autonomy the Centre had ceased to be a tribunal of reference and general supervision and its work was also tending to become more and more specialised. The latter two committees thus reassessed the value of the system of drawing officers from the Provinces on short tenures. There was the apprehension that the Provincial Governments would be reluctant to release their best men for Central assignments and this would inevitably result in a deterioration in the quality of the work done in the secretariat. But nonetheless the alternative of constituting a permanent Central service, as in the other countries in the Empire, did not find favour with the committees. They considered that the officers of a Central service would lose touch with life in India nor would they have the background needed for dealing

with many subjects which would continue to be the Centre's responsibility. No amount of study at headquarters could compensate for experience in the field.

Finance and Commerce Pool

Despite this conclusion, the Government decided to constitute a "Finance and Commerce Pool" of officers in 1937 to fill all supervisory

By
ASOK CHANDA

secretariat posts in the two departments. It was becoming increasingly evident that specialisation and continuity needed for formulating economic policies could not be provided by officers obtained from the Provinces on short-term tenures. To equip them suitably, a number of field posts in the Audit, Customs and Income-tax Departments was reserved as training posts for the officers selected from the I.C.S. and other superior Central services to form the pool.

Sir Eric Coates, however, broke new ground in putting forward the idea of restructuring the secretariat on the Whitehall model with assistant principals forming the base of the departmental pyramid. The caretaker Government decided that as further recruitment to the Secretary of States Services was likely to be discontinued, Sir Eric's proposition should be accepted. The machinery of the Government committee, which he headed, was asked in August 1946 to work out in detail the organisation and conditions of the new ser-

vice. But by the time the blueprint was ready, India had become independent and the national Government decided, on the advice of the senior officials, to constitute instead the Indian Administrative Service catering, like the I.C.S., to the needs of both the Provinces and the Centre. Thus the pre-independence phase of reorganisation proved to be no more than a damp squib.

Soon after independence, while the Constitution was in the making, Mr. Jawaharlal Nehru considered that it was imperative to have a special investigation into the working of the Cabinet system and the machinery of the Government. It was realised that the recommendations of the earlier committees, inadequate though they were, had not been implemented in their fulness—a sad illustration of the disinclination of those who had grown up under the old order of things to absorb new ideas or to change established practices. The advent of independence, the evolution of a federal type of parliamentary Constitution, and a shift in emphasis from a "law and order" to a welfare State called for a major overhaul of the machinery of the Government. This comprehensive review was entrusted in 1948 to Sir Gopalaswami Ayyangar, a Minister without portfolio.

Gopalaswami's Recommendations

The recommendations of Sir Gopalaswami, a seasoned administrator-cum-politician, deserve recountal in some detail, more so, as the considerations on which he had based his major recommendations have, whether a trade turn-round of more than \$7 billion to \$8 billion is really called for.

desirable to outline, as an integral part of his assignment, the future structure of the Council of Ministers, defining, at the same time, the responsibilities and status of the three categories of Ministers created earlier.

The rôle of Cabinet Ministers required no redefinition; they were no longer mere departmental chiefs as under the old regime; their responsibilities transcended departmental boundaries into the entire field of Central administration. A Minister of State, he considered, should normally be placed in charge of a department or specified items of work included in the portfolio of a Cabinet Minister, under whose general supervision and guidance he should work. The possibility was not ruled out of his being placed in independent charge of one of the minor Ministries, but this should be the exception rather than the general rule. The rôle envisaged for a Deputy Minister was that of a Parliamentary Secretary in the U.K., dealing mainly with the parliamentary work of the Ministry to which he was attached.

Although the Cabinet, as then constituted, was not unduly large for deliberating on major questions of policy and administration, it was tending to be so, for the expeditious and efficient disposal of the innumerable and complex problems of a modern State. This difficulty should be overcome by the adoption of Government in committees. On the analogy of the pattern evolved in the U.K., the constitution of committees of the Cabinet would be a more appropriate mechanism, both for ensuring co-ordination in particularly well-defined fields of administration, and for ensuring speedy decisions on vital questions of political and economic significance.

Sir Gopalaswami was of the opinion that the mere constitution of the required number of committees of the Cabinet would not fulfil the requirements of co-ordination fully and proposed a more fundamental change in the structure and relations of the Ministries. He suggested that allied departments should be brought together in a relatively small number of stable groups with machinery within the groups for financial and

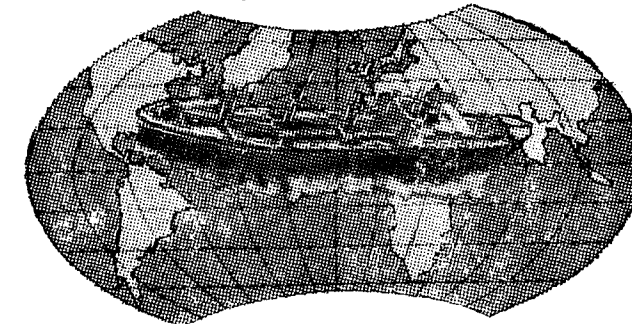
administrative co-ordination and also for bringing about a measure of preliminary integration of policies and plans. In other words, he aimed at organising co-ordination on a decentralised basis. Implicit in this plan was a contraction in the size of the Cabinet to include only Ministers in charge of unified departments and the co-ordinating Ministers of the four Commissions into which the other departments were proposed to be arranged, the Law Minister and perhaps one or two other Ministers.

New Ideas Not Relished

The Prime Minister did not take kindly to the suggestion that the functions and responsibilities of the different categories of Ministers should be rigidly defined or that his discretion to regulate the size and composition of the Council of Ministers should be restricted and in self-interest, the senior officials saw to it that the recommendation for the grouping of Ministries was turned down.

Similarly, Sir Gopalaswami's reaffirmation of the recommendations of

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the earlier reviews that the normal complement of a Minister should be a Secretary at the apex supported by the required number of Deputy and Under Secretaries was discounted. His reiteration that the category of Additional Secretary should be discontinued and a Joint Secretary provided only to a Ministry with a heavy workload, functioning in every way as a Secretary except in name, was also rejected. This again proved that the "inheritors" were no less traditionalists than their precursors in office, equally reluctant to accept new ideas or a new pattern of administration.

Disturbed by the delay in the execution of projects and the large

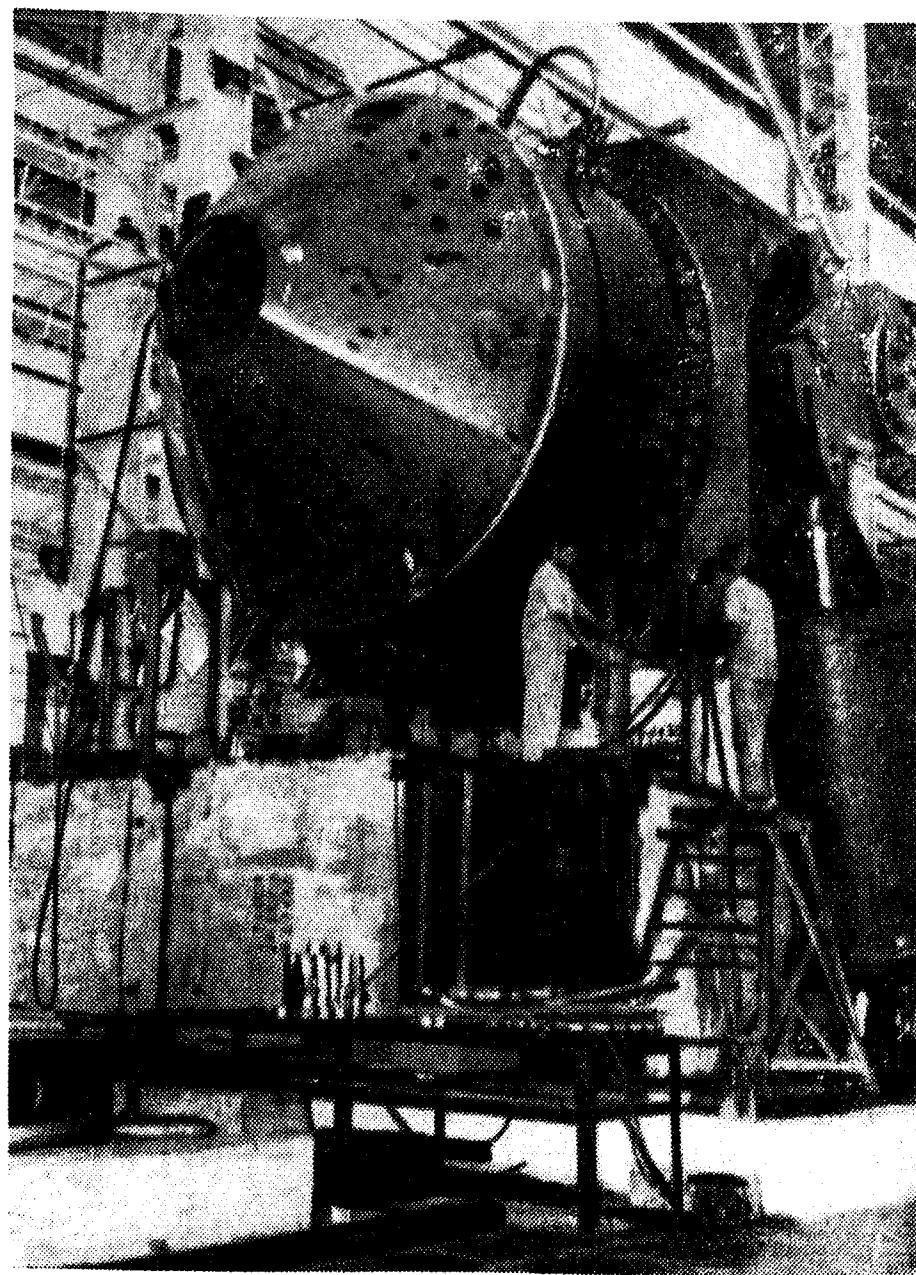
sums of money allotted for various purposes remaining upspent, in January 1954 Mr. Jawaharlal Nehru decided with the fullest support of the Cabinet that the existing administrative set-up and the system of financial control should be urgently reviewed. He stressed the need for adapting "the present administrative apparatus to the tasks it had to undertake now which were no part of the administration previously." He considered that "for the present, one man should be asked to undertake this review" and his choice fell on me.

The first two reports I submitted to the Prime Minister dealt with

"budgetary and financial control" and "decentralisation of authority and functions." I had advocated the acceptance of a wider concept of administrative responsibility less hamstrung by financial interdicts. While the Finance Ministry should continue to exercise its inherent right to review a scheme to ensure that it has no undesirable features, that it conforms to accepted financial principles and is sound and economic in itself and will fulfil the purpose for which it has been conceived, its control should not extend beyond this broad review and encroach upon administrative responsibilities. Once the Finance Ministry had accepted the estimate and obtained parliamentary appropriations, the administrative Ministry concerned should have unhampered authority for executing the project and be fully accountable for its performance. I also considered that a redistribution of financial authority by itself would not achieve much, unless the administrative Ministry, on its turn, was required to make suitable delegation of authority to all executive levels commensurate with their responsibilities and functions. This alone would encourage initiative and remove the feeling of frustration which dispirited the field officers.

Convulsion in the Finance Ministry

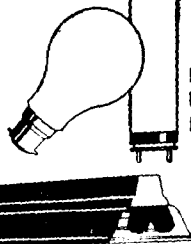
These two reports caused a convulsion in the Finance Ministry and an irate Finance Minister demanded, under the threat of resignation, that my special duty should be terminated forthwith and that even my appointment as Comptroller and Auditor General of India for which the President himself had handed over to me my warrant of appointment should be revoked. Needless to say, Mr. Nehru refused to be coerced and made it clear that he would much rather lose his Finance Minister than interrupt the study he had ordered. The Finance Minister reneged on his demands and withdrew his resignation. Naturally, this episode sent the relations between the Finance Minister and the Auditor General (when I assumed this office later) into a tailspin but that is another matter. The Finance Minister's reaction to the reports was a clear pointer that no one in authority was prepared to accept rationalisation if it involved a surrender of even a modicum of power and authority. It is this attitude which has scuttled time and again many worthwhile reforms.



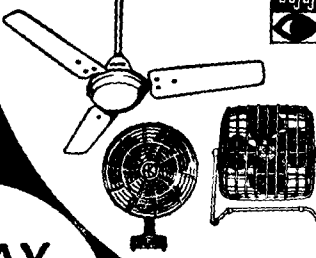
A butterfly valve for a hydro-electric project



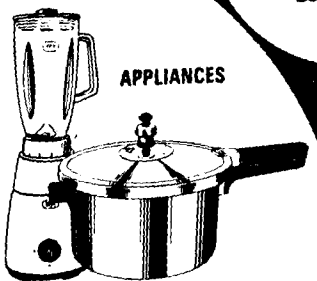
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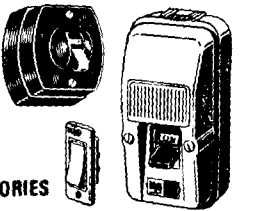
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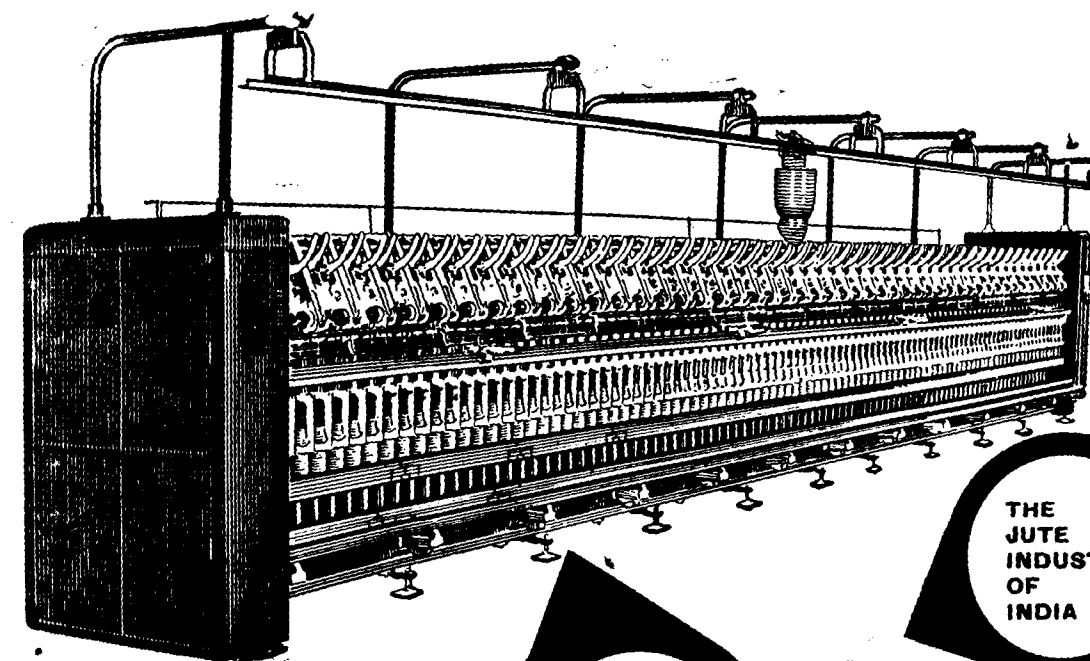


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I submitted several other reports, including one on the services and another on the secretariat. Needless to say, they too shared the fate of the earlier reports. The recommendations were either shelved or whittled down beyond recognition. I picked up the threads once again in November 1955. After several discussions with the Prime Minister, and at his instance, I drafted a resolution constituting a small committee of review out with limited terms of reference confined to an examination of the structure of the services and the secretariat, the two vital components of the administrative apparatus.

The proposal was frowned upon by Pandit Gobind Ballabh Pant, then Home Minister, who made the strange suggestion to me that we two could sit down together to evolve a plan for reshaping the Ministries and reorganising the services. In retrospect, I feel that I should have welcomed the suggestion. Having the imprimatur of the Home Minister and a stalwart in the Cabinet the conclusions we reached would have been implemented and something worth while achieved. That was the end of another chapter.

When the matter was agitated later both in the Press and Parliament, Mr. Gulzarilal Nanda, then Home Minister, stalled the proposal by stating that an Administrative Reforms Department was being set up in his Ministry to take up preparatory work. The question of constituting a commission could be considered later. This broadly is the background to the Administrative Reforms Commission.

Deviation from Principle

The expectation that the Government was serious about giving a new look and purpose to the administration received a jolt when the composition and the terms of reference to the Commission were announced. First, the Government of India had deviated from the principle, hitherto followed in common with all other Governments, of making such a commission of enquiry broadbased with people with contrasting backgrounds in its composition. This, it is believed, makes for a comprehensive study and examination from differing points of view, ensuring the reconciliation and a synthesis of different experiences and outlooks in

the conclusions reached. This makes the recommendations realistic and generally acceptable as meeting the needs of the community. Many believed that its political composition (all its members were M.P.s) militated against its making far-reaching, yet practical and original, recommendations. Their apprehensions came largely true.

Secondly, the terms of reference of the Commission were made so far ranging, which it had itself further enlarged to bring in related issues, that no commission however distinguished whether composed of "all-rounders" or experts or a combination could cope with completely and adequately and in reasonable time. Because of these inherent lacunae, the reports submitted by the Commission did not measure up to its status or the requirements of the study undertaken. The need remains, therefore, for taking another look at the structure of the secretariat and the services.

It has now become the invariable practice, at every reconstitution of the Government, to rearrange the portfolios of Ministers and their departmental charges giving the impression that this is done to suit the immediate convenience of political appointments contemplated. One would have expected experienced senior civil servants to advise against the avoidable division of Ministries but unfortunately they not only acquiesce but encourage the creation of new Ministries and departments as it increases opportunities for their advancement. The beneficiaries of this "reorganisation" or should one say, "disorganisation" are not only the politicians but also the services.

The specious argument is put forward that with growing complexity of the business of the Government and its ever widening scope, it is necessary to create more Ministries and to lighten the burden of others to make them manageable. Manageability is a nebulous criterion; it cannot be measured by applying any known yardstick. What an able Minister, willing also to delegate authority to his junior colleagues, can manage with ease is beyond the capability of another less endowed. Breaking up of existing Ministries creates complicated and time-consuming problems of co-ordination, as in the process inter-dependent and inter-related functions get separated and dispersed in a number of Ministries.

Instead of accelerating the disposal of official business, the constitution of the so-called manageable charges has slowed down and even confused the decision-making process.

It is in this context that the recommendations of Sir Gopalaswami to bring together allied functions of the Government by arranging them in four "co-ordinated divisions" of social services, transport, commerce and industry and food and agriculture become important. The Administrative Reforms Commission has also made a half-hearted reiteration of this principle of consolidation but it has not gone as far as Sir Gopalaswami nor has it produced sustained logic to support its conclusions.

Consolidation Needed

Mr. Jawaharlal Nehru had repeatedly stressed the need for reorganising the administration on a "war footing". Yet he did nothing to reshape the Cabinet to conform to the concept of a war Cabinet. In the interests of effective co-ordination and quick decisions, it is imperative to constitute a smaller Cabinet comprising the conventional portfolios of External Affairs, Home, Defence, Finance and Law, and integrated portfolios of Commerce and Industry, Communication, Social Service and Food and Agriculture, each with clearly distinguishable departments in charge of Ministers of State supported by Deputy Ministers. Ministries such as Industrial Development and Internal Trade, Foreign Trade and Supply cannot function in isolation and should be brought together under the unified control of a single Minister—an "overlord" in a sense. Similarly, Railways, Transport and Shipping, Communication and Civil Aviation should constitute another portfolio. The functions of the Ministries such as Education, Health and Labour, which are subjects in the State list, should be abated, and a portfolio of social services instituted. Food and Agriculture also in the State list should, however, continue as an entity for the time being but it should interest itself largely in research and co-ordination. In view of the growing importance of science and technology in industrial and economic growth a full-fledged Ministry of Technology should be constituted as a Cabinet charge.

These changes should make for a more harmonious relationship between

the Centre and the States and take the sting out of the demand for a redefinition of Centre-State relations. Similarly, if the State undertakings dispersed in several Ministries were to be brought together and placed under an autonomous development board working in close collaboration with the Planning Commission and made accountable to the Prime Minister, assisted by a Minister of State, uniformity in employment and procurement policies could be ensured and a national organisation built up for industrial research and designs. The independent status of the board would remove the *raison d'être* for Ministries like Steel, Civil Aviation, Mines, Metals and so on. The residual work could easily be entrusted to one or more of the Ministries or their subordinate Directorates-General. I had made such a proposal to Mr. Jawaharlal Nehru in January 1960 and he was prepared to go along. But once again the intransigence of power-hungry Ministers and senior officials came in the way of its acceptance.

Another Salutory Principle

Another salutory principle is that a Cabinet Minister should have a single Secretary as his official counterpart. Although no other arrangement could be conducive to efficiency and economy, this principle has been completely discarded. In pre-independence days each department had a Secretary supported by the required number of Deputy Secretaries and Under Secretaries. A Joint Secretary, who was regarded as a junior Secretary and functioned as such, was provided only to the odd department which had become too heavy for a single Secretary to manage. In consequence, the number of Joint Secretaries in the Government of India was smaller than the number of Secretaries. I recall the convulsion it created in the Finance Department when the wartime Supply Department, which fulfilled the functions of more than half a dozen Ministries of today, demanded four posts of Joint Secretaries. But today the Finance Ministry itself has 22 Joint Secretaries; in addition, several others enjoy this status *ex-officio*.

Were the portfolios to be reconstituted on the lines suggested, each Cabinet Minister would have a single Secretary and each Minister of State

in charge of a department comprised therein an Additional Secretary. The category of Joint Secretary should be trimmed and the category of Deputy Secretary suitably enlarged with greater responsibility. This category should form the backbone of the Ministry. The middle layer is competent and dedicated yet feel frustrated. In the interests of efficiency, it should be encouraged to act with initiative and responsibility.

There is also the need for readjusting the pay and status of the secretariat officers. The Central secretariat continues to provide the plums of office both in terms of pay and places in the order of precedence. A Deputy Secretary draws Rs. 300 a month (any I.C.S. officer draws Rs. 400) in addition to the pay his confreres in district assignment receive. Yet, in the present political instability and deteriorating law and order situation and even otherwise, because of responsibilities which a welfare State imposes, a district officer has to have a presence of mind and ability to take initiative and quick decisions and act in difficult situations with firmness yet sympathetic understanding. No one would suggest even remotely that a Deputy Secretary, one of a legion, has authority and responsibility comparable to those in charge of districts. Unless the undue pretensions built around the secretariat posts are demolished and a new equation is established between these and district posts, it will not be possible to deploy even a few outstanding officers in the field and keep them reasonably contented. Yet, they are needed most in field assignments to build up the infra-structure of an efficient administration.

Policy and Execution

Lastly, there is the need to distinguish between policy and execution. An important line of enquiry, the Fulton Committee, for example, suggested, was the desirability of "hiving off" of more and more departmental activities to non-departmental organisations. The inspiration for this suggestion came from the committee's study of the structure of the Swedish administrative system. The "hiving off" principle is sound and would speed up policy-making in departments, making them small and compact unburdened with minor day-to-day responsibilities. The suc-

cess of large-scale "hiving off" depends on the agencies being made wholly independent. Otherwise, the process will add to rather than decrease work in the Ministries and what is worse make decision-making dilatory and confused.

But the Administrative Reforms Commission has gone the other way and has recommended that non-secretariat organisations engaged primarily in planning, implementation, co-ordination and review of programmes should be integrated with the secretariat of the concerned Ministries. The heads of the integrated organisations should function as the principal advisers to the Government in their respective areas and have status appropriate to the nature of their duties and responsibilities. Obviously, the dichotomy inherent in this plan will not be conducive to harmony, nor will it streamline the secretariat and limit it to its proper function of assisting in policy formulation and it will detract from the inherent authority of the permanent Secretary. It is these irrational recommendations running counter to the experience and trends elsewhere that makes another review inescapable.

It is well known that the Prime Minister, Mrs. Indira Gandhi, is impatient with the frustratingly slow movement of the machinery of the Government. She is particularly disturbed (so was her father before her) by the glacial pace of projects and the shortfalls in expenditure year after year. She sent for the Secretaries collectively and admonished them to develop greater initiative and responsibility. But the malady is deep seated and cannot be cured by mere exhortations; a drastic treatment is needed. Anxious as Mrs. Gandhi is to redeem her pledge of *garibi hatao*, she has necessarily to ordain a thorough overhaul and remodelling of the machinery of the Government to equip it to implement the social and economic changes she seeks. The political changes inherent in the process may be difficult to make in their entirety. But a great deal will be achieved if the administrative changes needed are taken in hand. It is only to be expected that on the besetting problem of the refugee is out of the way, Mrs. Gandhi will organise a quick and purposeful enquiry and, what is more, see to it that its recommendations are implemented with faith and in fullness.

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The Corporation is today anxious to devise ways and means to accelerate its pace towards achieving the goal of developing business to the best advantage of the community. Effective mobilisation of people's savings is its aim. It conducts its business in a spirit of trusteeship with the full realisation that the money belongs to the policyholders. It is this concern which has prompted it to turn to mass concept from class concept in underwriting lives. The L.I.C. plays a vital rôle in the

life of every citizen, its funds being very much in the world around him. In every area of its operation, its constant aim is to provide for security and happiness for people all over the country. The Corporation has two-fold immediate objectives before it. It has been striving to reach the masses with its message on the one hand and on the other canalising its funds into the country's development programmes, and at the same time guaranteeing the security of the policyholders' money.

By achieving a record 25.8 per cent increase in new business in 1970-71 over the previous year's figures and issuing over a million policies to persons who were insuring for the first time, the Corporation has not

By

T. A. PAI

Chairman,

Life Insurance Corporation of India

only set up a new record but also achieved a major breakthrough in the development of life insurance in the country. While in 1970-71, the Corporation has recorded a business of Rs. 1,303 crores, its performance in the first half of the year is very encouraging and is indicative of the efforts made by all the zones of the Corporation to spread the message of insurance. As for the completed business over the corresponding period of 1969-70, the central zone has made remarkable progress having registered a rise of 79 per cent. The southern zone follows with 43.1 per cent. The western zone is ahead of its earlier performance by 39.4 per cent with the northern and eastern zones coming next with 37.9 per cent and 24 per cent, respectively. It is partly because of this new leap forward that the L.I.C. has managed to bring down its renewal expense ratio from 16.15 per cent to 14.65 per cent.

Major Credit Institution

The Corporation also seeks to establish itself as a major national credit institution providing funds in varied nation-building activities and in particular in the development of agriculture by investing liberally in the development of infrastructure facilities. The L.I.C. is expected to

serve certain social objectives of the country. In this, the Corporation plays a vital rôle in making finance available for various developmental activities. In its efforts to extend the mass base for life insurance in the country, the Corporation has formulated a variety of schemes which make provision for linking up other forms of savings like bank deposits with insurance protection. The *raison d'être* for such schemes is that they help the saver to combine the benefits of routine savings with a protection against the hazards of premature death. The scheme of "unit linked insurance" recently inaugurated by the Unit Trust of India in collaboration with the L.I.C. provides an insurance cover linked to a specific rate of subscriptions to units, offering an additional benefit to subscribers at a cost which is reasonable.

New Schemes

Among many other new schemes, the Corporation is contemplating a scheme of insuring the expenditure on inputs for raising high-yielding varieties of cotton in certain selected areas of Gujarat from the next year. The scheme is being worked out in collaboration with the Gujarat Fertiliser Corporation and the Indian Cotton Mills Federation. The L.I.C. has also taken a bold decision to do away with the "overloading" on premiums, which had been in vogue for decades in the case of policies taken by people employed in so-called hazardous occupations. The Corporation has thus made insurance protection available, at the same cost as for others, to persons who had hitherto been subject to a penal surcharge.

Unprecedented steps have been introduced by the Corporation





A worker operating a lathe machine

the current year to popularise the message of insurance on an accelerated pace. The centenary policy, for instance, was finalised during the year and introduced with effect from 1st May, 1971, for meeting the needs of the people who do not have a stable income or whose income fluctuates due to the vagaries of nature, e.g., the agriculturists. The main feature of this policy is that if a default occurs in the payment of premium not more than once in any block of three years subsequent to the first two years, the policy would not lapse. Such a plan should take care of the needs of the rural population and also of the different sections of the community even in the urban areas.

Reduced Premium Rates

Premium rates in respect of (i) mortgage redemption, (ii) temporary

assurance, (iii) two-year temporary assurance, and (iv) convertible term assurance plans were substantially reduced with effect from 1st March, 1971. These rates were reduced also for (i) one-year renewable group term assurance plan, and (ii) level group term assurance plan with effect from 1st June, 1971. With a view to ensuring efficiency in rendering service to policyholders and effecting economy in administration, more servicing and routine functions are being transferred to branches in a phased programme. These functions include underwriting of all non-medical proposals, sanction of first policy loans up to Rs. 3,000, effecting revivals under non-medical plans and servicing of certain salary savings scheme policies at the branch level. The decisions of the Central Cabinet on the recommendations of the Administrative Reforms Commission on Life

Insurance administration with regard to phased decentralisation are under examination by a high level committee appointed by the board of the Corporation. With a widening area of activity becoming accessible to its message and service, the L.I.C., with the help of a livewire network of more than 730 offices, seeks to establish itself as a very competent marketing organisation for all parts of the country.

The L.I.C. assists in the development of the infrastructure and takes care to ensure proper utilisation and safety of the funds and that the money goes for the particular purpose for which it has been lent. All over the country now, water supply schemes assisted by the L.I.C. are receiving public attention and the L.I.C. would certainly try to make an effort to see that it makes a major contribution towards providing protected water supply and drainage schemes for the people of this country and the spread of electricity to every village. Several municipalities and zilla parishads all over the country have been taking advantage of the Corporation's investments. In fact, but for the financial help received from the Corporation, many of the projects in rural and semi-rural areas would not have been completed—at any rate so soon. In Kerala, the percentage of urban population covered by water supply schemes has exceeded 90 because of the L.I.C.'s financial assistance. A significant investment in Rajasthan, which is traditionally a water famine area, has helped many a home to get drinking water supply. A very large number of local bodies have utilised the funds from the L.I.C. for their sewage and underground drainage schemes, thus providing better sanitation and healthier environments.

Pattern of Investment

The total book value of the investments of the Corporation as on 31st March, 1971, was Rs. 1,717.59 crores, thereby recording an improvement of Rs. 188.98 crores over the figures for 1969-70. Of this, the total book value of the investments pertaining to life and general business was Rs. 1,700.30 crores and Rs. 17.29 crores, respectively. Of the total investments of the life department, 74.8 per cent was in the public sector, 9.9 per cent in the co-operative sector, 0.3 per cent in the joint sector and 15 per cent in the private sector. The investment reserve account amounted to

Rs. 31.23 crores. The Corporation agreed, during the year, to underwrite 92 new issues to the extent of an aggregate amount of Rs. 51.08 crores. While safeguarding the interests of the policyholders, the Corporation has continued to play its rôle in the social and economic development of the country. With this end in view, substantial amounts have been lent for housing, water works and drainage, co-operative sugar factories, industrial estates, State Electricity Boards, etcetera. In fact, the entire pattern of the Corporation's investment is undergoing a slow but definite change, with a view to meeting the needs of the common man. The approach has been to weave these funds into the very infrastructure of the economy in the interest of the country in general and the policyholders in particular.

The investments of the Corporation in the first half of the current year also show a very healthy trend and continue to aim at improving the living standard of the common man generating a new surge of industrial activity in different regions. While loans to municipalities and zilla parishads for water supply and drainage schemes totalled Rs. 5.68 crores from April 1971 to September 1971, State Electricity Boards received Rs. 3 crores for the same purpose. Investments in Central and State Government securities amounted to Rs. 50.75 crores and Rs. 42.26 crores, respectively. Investments in approved securities other than shares were for Rs. 12.56 crores during the period of six months, i.e., from April 1971 to September 1971. During the same period an amount of Rs. 13 crores was advanced to apex co-operative housing finance societies, and co-operative sugar factories received an amount of Rs. 80 lakhs. A sum of Rs. 6.53 crores was advanced in the private sector during the same period.

Housing Schemes

The Corporation is anxious to better the lot of the down-trodden and with this end in view an amount of Rs. 10 crores, out of a target of Rs. 75 crores for housing for the current year, has been earmarked as loan to the Andhra Pradesh Scheduled Castes and Tribes Co-operative Housing Federation. These low cost houses, expected to be built at a rate of 75,000 houses a year, are aimed at specifically aiding the low-wage earner. Out of the Corporation's total investments, over Rs.

300 crores stand advanced for meeting the acute housing shortage in the country under several L.I.C. schemes. The Corporation is also trying to build townships in several places, including Borivli in Bombay (where over 3,500 flats are under construction), Hyderabad, Bangalore, Lucknow, Poona and Calcutta with the active help of the State Governments.

The Corporation's "Own Your Home" scheme which was earlier operative in 159 centres in the country was extended to all places where it has either a branch or a sub-office with effect from 2nd February, 1971. It is in operation now in 424 centres, inclusive of a few centres where the Corporation does not have any office. During the year, 1,202 loans amounting to Rs. 371.62 lakhs were sanctioned to policyholders for construction or purchase of houses. So far 7,233 loans amounting to Rs. 20.86 crores have been sanctioned by the Corporation under this scheme. Likewise, the Corporation's Mortgage Scheme for construction of houses operative in only 57 centres was extended to all the 424 centres where the "Own Your Home" scheme is in force. During the year, 349 loans amounting to Rs. 186.82 lakhs were sanctioned. So far, in all, 3,394 loans amounting to Rs. 22.88 crores have been sanctioned under this scheme.

House-building Activity

The Corporation, being an insurer, has a vested interest in the healthy lives of the citizens. With a view to accelerating the pace of house building activity in the country, it is moving in this direction with co-ordinated efforts for building cheaper and good houses. In collaboration with the National Buildings Organisation of the Central Ministry of Housing, the Corporation recently sponsored a seminar in Bombay to evolve a national policy on housing by discussing ways and means to economise on the cost of construction of houses in the country.

By diversifying its investments, the Corporation has volunteered to take upon itself this responsibility and, as a result, is trying to plough back the policyholders' savings through these investments for raising their living standards. By its large investments in housing projects, the L.I.C. is not only providing one of the dire needs of life and living but is also helping the policyholders against inflation, as the

houses owned by its policyholders with the financial assistance of the Corporation will prove a hedge against inflation. The Corporation is not oblivious either of its obligation to the policyholders in the matter of improving its services to them. Efforts are constantly being made by the personnel engaged in its various offices and also by its enlightened agency force to see that claims are settled promptly and loans, when required, are made available to the policyholders in good time. The L.I.C. is endeavouring to move towards a complaintless administration.

The Corporation has made a mark as a dependable organisation fulfilling its objectives and providing social security to an increasing number of people. Over the years since nationalisation, about 10 per cent of the families have been brought into its fold. The Corporation is well set to approach the remaining 90 per cent of families with its well-knit field organisation which certainly will show dedication and courage of concretions in this national effort. Through its varied activities the Corporation is envisaging a time when every eligible person will enjoy the benefits of life insurance cover.

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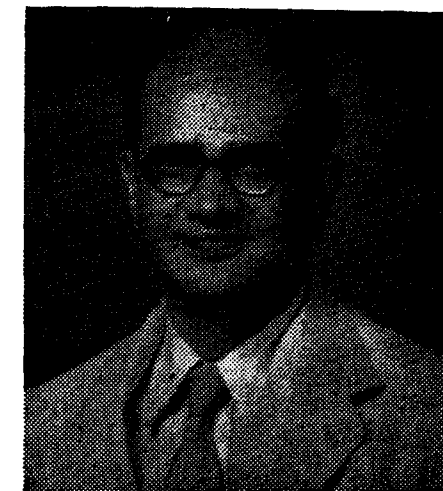
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Unit Trust's Role in Sustaining the Capital Market

Although the Unit Trust of India came into being only in 1964, it now occupies an important place in the country's capital market. Given the basic requirement of a climate conducive to savings and investment, there is every reason to hope that it will prove itself to be an effective institutional medium for mobilising savings and canalising them into the corporate sector.



AMONG the many financial institutions which constitute India's capital market, the Unit Trust of India holds a position of special interest. It is a comparatively young institution, having come into being in 1964 but it has already begun to play an important part in pooling the community's savings and channelling them into the corporate investments. Its share of the underwriting business has also reached significant proportions. It may accordingly be of some interest to review the working of this institution in its rôle as a provider of capital to the corporate sector. In an evaluation of its performance, it must, however, be remembered that a span of seven years is too short a period to make a proper assessment, more so because the Unit Trust of India represents a unique experiment in the task of mobilisation of savings, especially of the small and medium-income groups of the community. For a fuller appreciation of the Trust's rôle in the capital market, it is necessary to know the essential features of its operations, in as far as these have a bearing upon its investment activity.

Basic Objective

The basic objective of the Unit Trust is to provide a medium whereby savers from the relatively small and medium-income groups can obtain the benefits of equity investment with the inherent risks in such investments considerably reduced, if not eliminated. The Unit Trust of India was established under an Act of Parliament in February 1964 and commenced active operations from July of the same year. It is in the public sector, its initial capital of Rs. 5 crores having been contributed by the Reserve Bank of India (Rs. 2.5 crores), the Life Insurance Corpora-

tion (Rs. 75 lakhs), the State Bank of India and its subsidiaries (Rs. 75 lakhs) and other scheduled banks and other financial institutions (Rs. 1 crore). By virtue of their contributions to the initial capital, these institutions are also represented on the Board of Trustees which manages the Trust. Consistent with its basic objective, the Trust does not advance loans, and it is required under the statute that all its operations should

By
R. S. BHATT
Chairman,
Unit Trust of India

be conducted on purely business considerations and solely in the interests of unit-holders.

Units are being sold by the Trust under the Unit Scheme 1964, which it formulated before the commencement of sales of units in July 1964. In pursuance of the aim of the Unit Scheme 1964, namely, to provide unit-holders safety of capital, regular income and capital growth over a period of time, the investment portfolio with respect to the funds mobilised under the scheme has to be a balanced one, that is, consisting of suitable securities of various types—fixed as well as variable income-bearing securities. Furthermore, with a view to ensuring adequate spread of investments of these funds over a large number of securities, the Trust has also placed before itself two guidelines. First, with the exception of certain types of debentures, investments in the securities of a company should not exceed 5 per cent of the funds of the Unit Scheme 1964 or 15

per cent of the outstanding securities of that company, whichever is lower. Secondly, investments in the initial issues of capital of new industrial undertakings should not exceed 5 per cent of the funds of the Unit Scheme 1964.

Satisfactory Performance

I may now turn to the performance of the Trust by way of mobilisation of funds, before discussing its rôle as an institutional investor in the capital market. Gross sales of units since the inception of the Trust are given below (by face value of units):

TABLE 1

Year ended June	Rs. in crores	
1964-65	...	19.14
1965-66	...	2.15
1966-67	...	9.24
1967-68	...	15.34
1968-69	...	17.16
1969-70	...	22.85
1970-71	...	17.99
Total	...	105.85

It will be seen from the above, that up to 30th June, 1971, the Trust has sold units amounting to about Rs. 104 crores. Allowing for repurchases (i.e., units offered by unit-holders back to the Trust for repurchase) of the order of about Rs. 12 crores during the same period, the net amount of savings mobilised amounted to over Rs. 92 crores. Adding to this sum the initial capital subscribed by the contributing institutions referred to at the outset, reserves, etcetera, total resources of the Trust were around Rs. 107 crores as on 30th June, 1971.

By and large, the record of the Trust, so far, in its incipient years,

in regard to mobilisation of savings, should be considered satisfactory. The economy, it will be recalled, had to pass through severe stresses and strains in the years 1964-65 and 1965-66, which had also witnessed the raising of Bank rate twice, followed by a general hardening of the interest rate structure. Considering also the fact that the concept of "unit" investment is somewhat novel, which needs to be propagated widely, the Trust's performance is by no means insignificant.

Fillip to Capital Market

The Trust's advent in the capital market as an institutional investor in 1964 came at a time when the market conditions were extremely depressed. By then, the earlier boom phase which had characterised the market since 1958 had ended with the Chinese aggression in the later half of 1962. The heavy dose of taxation that followed, and the tighter monetary conditions which emerged, served to accentuate the downward trend. Investor confidence was at a low ebb and the new issue market was devoid of investor support. Even well-established com-

panies found it necessary to resort to institutional underwriting for their issues. In these difficult conditions, the establishment of the Industrial Development Bank of India and the Unit Trust gave new hopes to industry and the capital market.

Despite some occasional improvement, for instance, in February 1968 following a favourable Budget, conditions in the capital market up to 1968 remained, by and large, stagnant. Towards the close of 1969, there was some improvement in the investment climate, which was further assisted by the tax concessions in the Budget for 1970-71. Encouraging corporate reports coupled with shortages of floating stocks of sound equities also imparted strength to the stock markets. This again proved short-lived and from about the close of 1970, conditions in the capital market turned sluggish. The stock markets too evinced a distinctly bearish tone, share prices registering, generally, a downward trend. The figure of aggregate capital raised (excluding loans and bonus issues) from the market, which was as high as Rs. 110 crores in 1962, came down to Rs. 36 crores in 1966 and, although it re-

covered to some extent to Rs. 71 crores in 1967, slipped back to Rs. 47 crores in 1968. It recovered to Rs. 61 crores in 1969. For the subsequent periods, according to unofficial figures, capital raised in 1970 amounted to Rs. 56 crores and to only Rs. 35 crores in the first nine months of 1971. As for trends in stock market prices, the position as reflected in the indices may be seen in Table 2.

Emergence of Bullish Phase

The sharp rise in indices in 1968-69, particularly in the index of ordinary shares, reflected the emergence of the bullish phase from the beginning of 1969, which led to an unhealthy spurt in share prices. As a consequence, forward trading in shares was banned from 28th June, 1969. From about the beginning of 1971, the firm undertone in equities gave place to a relatively easy trend which became pronounced after April. Several factors contributed to the emergence of the bearish trend; these included the credit squeeze imposed by the Reserve Bank of India and the consequent rise in the cost of credit, increase in Bank rate in January

1971, issue of guidelines by the Government to financial institutions concerning conversion of a part of loan finance into equities and developments in Bangladesh and consequent fears of a fresh armed conflict with Pakistan.

TABLE 2

Last week of year	Debentures	Preference shares	Ordinary shares
1964-65	95.0	100.4	81.6
1965-66	93.1	90.9	75.9
1966-67	91.8	88.6	81.1
1967-68	91.7	85.7	77.5
1968-69	93.4	87.1	87.9
1969-70	93.6	88.1	96.4
1970-71	93.2	85.9	100.1
1971-72 (16th October, 1971)	92.8	82.6	91.2

(R.B.I. indices. Base: 1961-62=100)

It might be valid to guess that the Trust's investment activities are likely to have played a significant rôle, at any rate, qualitatively, in sustaining the market even if the figures of its investments alone might not reflect this fully. The Trust's investment activity takes two forms: first, day-to-day purchases from the stock markets and second, underwriting. In view of the requirements of the Unit Scheme 1964, discussed earlier, it is but natural that a substantial part of the investible funds should be deployed to purchases of existing shares and securities of well-established companies, that is, purchases from the market. Even so, to the extent such purchases by the Trust released funds for investment in new issues and other corporate investment by entrepreneurs and other investors, the Unit Trust's operations would have assisted the capital market. As for underwriting, it may perhaps be explained that the Trust's underwriting, which is limited to mainly debentures and preference issues by existing companies, is in the nature of firm commitments to invest up to the amounts underwritten.

Total Investments

As of 30th June, 1971, the Trust's total investments amounted to Rs. 105.13 crores, of which Rs. 39.66 crores (37.7 per cent) were in ordinary shares, Rs. 13.08 crores (12.4 per cent) in preference shares, and Rs. 40.89 crores (38.9 per cent) in debentures of industrial concerns. The balance of Rs. 11.50 crores (11 per cent) was in bonds of public corporations, advance deposits in respect of purchase of debentures, application money, call deposits with banks,

TABLE 3

STATEMENT SHOWING INDUSTRYWISE INVESTMENTS OF THE TRUST AS ON 30TH JUNE, 1970 AND 30TH JUNE, 1971 (Rs. in Lakhs)

Industry	Total investments		Percentage of total	
	30.6.70	30.6.71	30.6.70	30.6.71
Aluminium (basic and foundries)	586.84	603.23	7.28	6.44
Banks and investments	410.82	419.09	5.09	4.48
Cement	649.17	697.53	8.05	7.45
Chemicals and pharmaceuticals	515.81	653.06	6.40	6.97
Coal	50.54	50.29	0.63	0.54
Electricity generation and supply	960.22	1,141.92	11.91	12.20
Engineering	1,200.05	1,338.00	14.88	14.29
Glass and potteries	18.06	19.30	0.22	0.21
Iron and steel (basic and foundries)	323.74	683.60	4.01	7.30
Paper and paper products	203.65	253.04	2.52	2.70
Plantations (tea, coffee and rubber)	76.43	88.44	0.95	0.94
Rubber and rubber manufactures	145.14	149.58	1.80	1.60
Shipping	85.64	159.13	1.06	1.70
Sugar	131.71	139.99	1.63	1.49
Textiles (cotton, jute, rayon and pulp, woollen, etcetera)	1,197.38	1,362.83	14.85	14.56
Transport equipment	608.18	654.30	7.54	6.99
Miscellaneous	901.69	949.00	11.18	10.14
Total	8,065.07	9,362.33	100.00	100.00

etcetera. An industrywise classification of the investments is set out in Table 3.

The amounts underwritten by the Trust during the last six years were:

TABLE 4

Year	(Rs. in crores)
1964-65	7.08
1965-66	2.36
1966-67	3.94
1967-68	7.56
1968-69	8.78
1969-70	9.69
1970-71	3.05

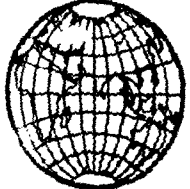
Inherent Limitations

In judging the rôle of the Unit Trust from the foregoing figures, one should, however, remember its inherent limitations. The obligations laid upon it by the requirements of the Unit Scheme 1964 preclude the Trust from making larger investments in issues of new companies in view of the greater risks and the waiting period involved. Thanks to the "balanced" portfolio it had built up, the Trust was able to pay a dividend of 6.1 per cent to the unit-holders in the first year itself and raise it to 7 per cent in the subsequent year, at which level it had been maintained in 1966-67 and 1967-68. For the years 1968-69 and 1969-70, the Trust made an income distribution to unit-holders at the rate of 7.1 per cent and 7.2 per cent, respectively. For the year 1970-71, the rate of dis-

tribution was stepped up to 8 per cent.

Furthermore, the Unit Trust is a new type of institution concerned with the mobilisation of savings from the wider sections of the community. From the resources point of view, therefore, its rôle is obviously dependent upon the success attending its efforts to mobilise savings. This is bound to take some time, having regard to the problems involved in explaining the somewhat sophisticated nature of the working of the Unit Trust and its working across the length and breadth of this country to a population which is illiterate or semi-illiterate.

Given the basic requirement of a climate conducive to savings and industrial investment and growth in the economy, there is every reason to look forward to increasing mobilisation of savings by the Unit Trust. For its own part, the Trust, as part of its efforts to garner increasingly larger volume of savings, has initiated new savings plans to suit the varied preference of savers, large or small. The record of the growth of the Unit Trust movement in several leading countries abroad has proved its immense potentialities as an institutional medium for garnering savings and channelling these into corporate investments. Granting the differing conditions prevalent in India, there is scope for sustained growth of the Unit Trust to greater dimensions, and thus, enabling it to play an increasingly important rôle among the institutions in the country's capital market.



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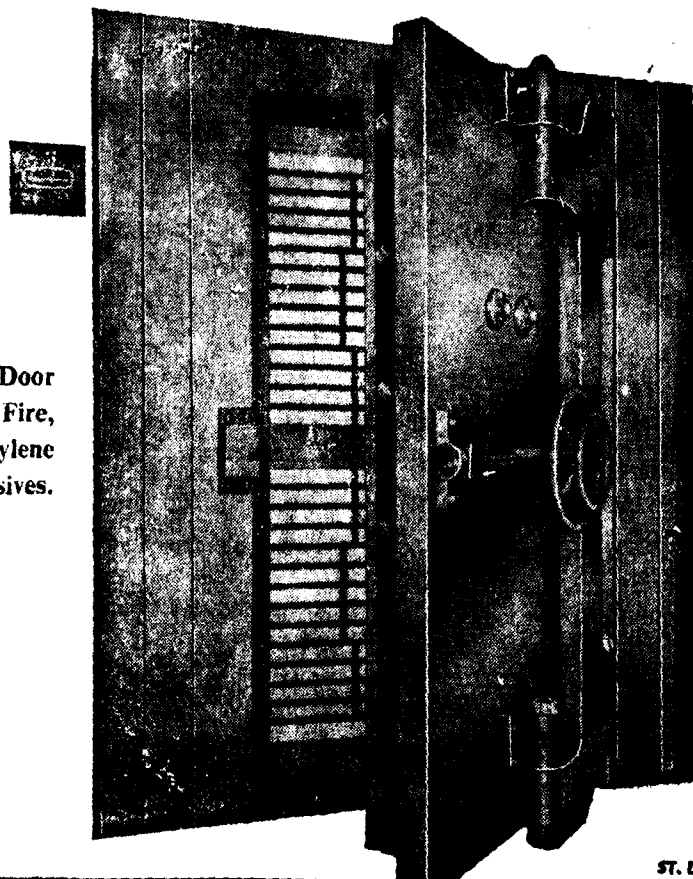
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Making Stock Exchanges More Useful for Promoting Economic Growth

It is a pity that despite their usefulness, the stock exchanges are generally looked upon as a speculators' paradise.

It is necessary to regulate their working so that they can play an increasingly useful rôle in promoting the country's economic growth.

THE cult of equity suffered a serious setback with the imposition of the ban on forward trading in shares in June 1969. But it was given a fresh lease of life by the incentives which were given by the 1970-71 Central Budget presented by the Prime Minister, Mrs. Indira Gandhi. The revival, however, was short-lived, for the 1971-72 Budget presented by Mr. Y. B. Chavan, Central Finance Minister, not only withdrew the earlier incentives but also levied a stiff dose of taxation. The cult of equity has been at a steady discount since then due to the emergence of several other unfavourable factors. Experience shows that the stock exchange, which is largely responsible for maintaining the cult of equity in good trim, has had to face unwarranted criticism during recent years. The attacks on the stock exchange stem from gross misconception about its rôle in the national economy. It must be remembered that by providing a ready market for Government securities, shares, debentures and various other bonds—public as well as private—the stock exchange plays

a vital rôle in production. It induces the investment of savings in production through the medium of various securities. It is common experience that the people are prone to savings if it proves to be more rewarding than spending.

The function of the stock exchange is to demonstrate that savings invested in securities and shares are remunerative. It is true that all securities and shares are not equally remunerative, but by providing a ready market the stock exchange offers a handy yardstick to discriminate between different categories of securities and shares. In the absence of such a ready market, securities and shares would have lost their main attraction which is liquidity. It is no use mistaking that investment in shares and securities has grown over the years for the people consider them as good as cash because of their liquidity as provided by the stock exchange. Under the circumstances, the stock

By

B. B. GHOSH

Executive Director,
Calcutta Stock Exchange

market must be regarded as a very strong catalytic agent for mobilising savings for investment in production. By attracting savings for investment in shares and securities, the stock exchange performs the social service of preventing the dissipation of savings in hoarding and other anti-social purposes.

Misconceived Belief

One is, therefore, entitled to ask the question why then is the stock exchange misconceived as a speculators' paradise, if not a gambling den, by a large number of people—informed as well as uninformed. The answer is not difficult. Among the critics there are broadly two groups—one category of people are doctrine-motivated so they are not prepared to admit their mistake and learn the truth in spite of knowing that what they believe and say is not right. These people are obviously very difficult to convince. About the others, most have been misled because they see the distortions in stock market activity rather than the genuine purposes of the institution. It is not



denied that the image of a stock exchange has sometimes been marred by orgies of speculation but there is no sense in condemning such a useful institution if its real character is blackened by abusive practices.

If a good institution is abused the remedy does not lie in its abolition, which would be a quack prescription; it would be like a surgeon chopping the head off if he were to find it difficult to cure a headache. Let it be frankly understood that the stock exchange like any other market has to live with a certain degree of speculation, which is inevitable in any human institution if it has to be dynamic. Speculation as such is unexceptionable if it is based on cool-headed calculations. Such speculation will do more good than harm to the nation's economy. It is, therefore, the duty of those who control affairs to ensure that the working of a stock exchange is regulated in such a way that speculation is confined within reasonable limits. To do so is not beyond human competence.

It is, therefore, clear that the stock exchange is a useful institution if it is properly run. Its utility in the Indian economy, which is growing, is all the more greater for it helps attract savings to be used for capital formation. There is a large section of stakeless radicals who are not prepared to tolerate the existence of the stock exchange on doctrinaire grounds. Even they cannot say that savings and capital are not necessary for India's economic growth. The plain fact is that capital for economic uses is largely channelled through the medium of the stock exchange. As well known, the corporate form enterprise is the general medium through which the economic growth

of this country is developed. The corporate bodies raise a large proportion of their capital through the help of the stock exchange. It is common-sense to understand that this method of capital raising is a must in an economy which provides for private enterprise.

A Handy Market

Although India has a mixed economy, the importance of raising capital through the medium of the stock exchange cannot be exaggerated. The Government, for example, has to borrow large sums of money from the public; such borrowing is facilitated because the stock exchange provides a ready market for the sale of Government loans and bonds issued by Government and semi-Government bodies. As far as private enterprises are concerned, they generally get their funds from the public through the sale of shares, and such sales are facilitated by the stock exchange which provides a handy market for equity, preference shares and debentures of industrial concerns.

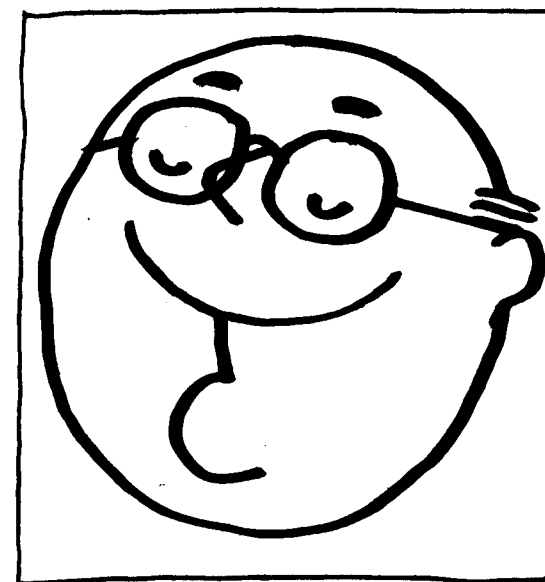
The stock exchange is, therefore, necessary for both the public and private sectors. To deny the need for a stock exchange on the plea of visualising the advent of full State socialism, with regimentation of land, labour, capital and organisation, is puerile at the present stage. On the contrary, the Government is loudly thinking in terms of experimenting with a joint sector, comprising both public and private enterprises. In such an eventuality, the stock exchange would be necessary to help raise resources.

This is not to imply that the working of stock exchanges leaves no room for improvement. With increased emphasis being given on the social objectives of economic enterprises, the rôle of the stock exchange has become more comprehensive. It is time its organisation was geared so that it could perform such a bigger rôle. The Government is keen on preventing the concentration of economic power which implies the broadening of shareholding of corporate bodies. Such broad-based shareholdings mean that a large number of people with small incomes

are to be attracted to place their savings in various securities of both the public and private sectors. Unfortunately, investment in securities and shares is still endowed with mysticism as far as the rank and file of the population are concerned. But the habit of investment has got to be developed among the industrial proletariat as well as the rural population who are riding a crest of unprecedented prosperity. Not only are the general people ignorant of investment in securities and shares; they do not even know how and where to buy or sell securities and shares.

Educating the Public

To attract the rank and file for broad-based shareholdings, the stock exchange has to launch a vigorous educational programme. An energetic programme has to be launched to acquaint the public with the merit of investment in securities and shares, in comparison with alternative investments. The demerit of hoarding in precious metals as well as com-



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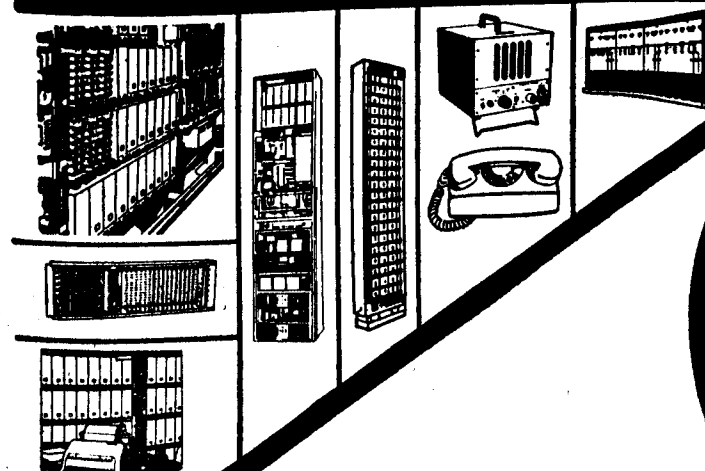
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modities has to be made clear. The people must be made to learn how, when and where to buy public as well as private securities. Co-ordinated action by all the stock exchanges is called for in this respect. In view of the urgency of the task, it is time stock exchanges formulated a common programme to bring home to the public the advantages of investment in shares and securities. Considering the huge expenditure which would be involved in such educational programmes, the Government might be persuaded to consider subsidising such schemes.

The mere efforts of the stock exchange will not fully succeed in popularising the cult of equity. There have been certain unfavourable developments during recent times, which have gone a long way towards weaning away investors from equity. It has to be remembered that investment decisions of investors are influenced by various considerations. Among them, two factors are prominent. The first is the expected return on equity. Secondly, the growth prospect of a share. These two considerations largely depend upon those who manage and control a company. Recently, the management and control of a number of companies have changed hands in a surreptitious and unfair way. The *modus operandi* of such take-overs has been that the new management has succeeded in buying the majority shareholdings at a price which is considerably higher than the market value, without providing an opportunity to the minority shareholders to sell their shares to the new management. The minority shareholders have had, therefore, no opportunity to decide whether they would like to remain with the new management or dispose of their holdings.

Danger Signal Hoisted

These take-overs are, therefore, fundamentally wrong for they amount to betraying the minority shareholders. The danger signal of such unfair take-overs has been hoisted in Calcutta where talk of further take-overs is circulating. If these take-overs are not forthwith regulated, the capital market will have suffered a very serious setback. Nobody will care to buy shares unless he is given an assurance that the management and control of a company will remain as it is or the shareholders will be given an opportunity to sell their shares in

case the management and control of the company change. The need for prompt action in this matter is highlighted by the fact that at this time of national crisis it is most reprehensible to indulge in unfair take-overs. It is the Government which is competent to come to the rescue of the minority shareholders by initiating necessary moves to stop the evil practice of indulging in unfair take-overs which provide no protection to the minority shareholders. It will be recalled that the presidents of the stock exchanges have condemned take-overs which do not protect the interests of minority shareholders, and that they have urged the Government to take quick action to eliminate the unfair practice. Unfortunately, nothing has been done so far. It may be pointed out that it would take time to apply the remedy through legislation. Hence the Government may as well consider taking interim measures to prevent further unfair take-overs.

The recent legislation, providing for Government take-overs in case of mismanagement of companies, has led to a mixed reception. Judging by recent experience, the move has a strong point in so far as it may greatly help discipline the management of companies. It is well known that mismanagement of companies has lately multiplied. Companies engaged in manufacturing and selling items like paper, cement and jute, are not hesitating in showing losses on one plea or another but it is widely known that these items are not only in short supply but they are also commanding unofficial premia in the market. Such mismanagement certainly strikes at the fundamental root of investment confidence. Hence the recent legislation, enabling the Government to take over mismanaged companies, cannot but be regarded as a blessing as far as the shareholders are concerned.

There has been another development which is of considerable importance to investment confidence. This is in connection with the compensation which is paid by the Government in case of nationalisation. The practice hitherto is to pay compensation to the company which is nationalised, and not to the shareholders. This practice has been possibly evolved due to the belief that the money which is pooled through the medium of shares, should not be allowed to be dissipated; so the com-

pensation which is the "pooled money" of the shareholders should be conserved in the company which is nationalised. Such an assumption is right, subject to the fulfilment of one basic condition. It is that the management of a company will regard the shareholders' money as a sacred trust and will not indulge in merrily dissipating the funds to suit vested interests. Instances are not rare where nationalised companies have used the compensation money in their own ways which have not contributed to the welfare of the shareholders. In case the compensation money is passed on to the shareholders, there is inordinate delay.

Payment of Compensation

In sum, the shareholders of nationalised companies have not benefited from the compensation money. It is wrong to think that the compensation money, if directly paid to the shareholders concerned, will not be conserved and ploughed back in fresh investments. As a matter of fact, the shareholders of nationalised companies, who are used to investing in industries, are expected to shift their funds derived from the compensation money into fresh investments either in the public or the private sector. The payment of compensation money directly to the shareholders of nationalised companies will tend to reinforce confidence by greatly neutralising the adverse effect which may follow from nationalisation.

Hence co-ordinated efforts by the Government, stock exchanges and industrialists are called for in order to inspire confidence in investments. It is time the management of industry realised the social objectives of business. It is not possible to obtain funds from the public for industrial growth for all time to come unless enterprises are so well managed that due returns are possible to pay on funds which have been saved by the public at a sacrifice, and are placed in industry with trust and confidence. It has to be remembered that the present policy is to break the concentration of wealth in a few hands; the gross national product will be equitably distributed among a larger section of the people. This means that funds for productive purposes are to be obtained from the masses who need to be impressed of the bliss of savings and investment.

Creating New Job Opportunities to Reduce Unemployment

Since neither the population trend nor the rate of economic growth is still going in India's favour, the unemployment problem will remain with her at least for the next two decades. The utmost that she can hope for is some sort of an equilibrium between additions to the labour force and new jobs created.



THE most formidable problem in India today is the problem of unemployment. Over the past two decades, this has assumed very serious proportions. Although no precise data are available, most estimates place the figure of unemployment today at anywhere between 16 million and 20 million. The widely differing estimates made by different authorities led the Planning Commission to set up in 1968 a committee of experts (popularly known as the Dantwala Committee) to enquire into the data and methodology hitherto in use and in particular to advise on the method that should be adopted to compute and analyse unemployment. The report submitted by this Committee early in 1970 was a disappointing document. On the plea that the data and methodology used so far were inadequate, the Committee jumped to the conclusion that unemployment was much less than what was commonly believed.

Actual Experience

This statement of the Committee was very much at variance with actual experience. Simply because the character of the economy, of the labour force and of unemployment and employment was too heterogeneous to justify aggregation into single dimensional magnitudes, it did not follow, as the Committee had averred, that (a) unemployment was on the decrease and (b) estimates of unemployment in the terminal year of a Plan period were meaningless exercises. The fact is that unemployment is not on the decrease. Fairly accurate information is available of both additional employment generated and the yearly additions to the labour force. The former has invariably lagged behind the latter. In other words, the backlog of unem-

ployment at the end of each Plan period has been a little more than what it was at the beginning. This is so patent that even the President of India, Mr. V. V. Giri, has been drawing pointed attention to the increasing magnitude of unemployment in the country. A serious feature of India's unemployment problem is that it has engulfed the entire economy, from high-level manpower to the lowest (unskilled) strata of job-seekers. Unemployment among qualified engineers and metallurgists has already assumed serious proportions. According to a projection made by the Institute of Applied Manpower

from 416,000 in January 1970 to 492,000 in January 1971.

TABLE 2

JOB-SEEKERS ON THE LIVE REGISTERS OF EMPLOYMENT EXCHANGES (In million)

On 31st December, 1966	3.01
On 31st December, 1969	3.43
On 31st December, 1970	4.07
On 31st July, 1971	4.71

Source: *Annual and Quarterly Reports of the Directorate General of Employment and Training*, New Delhi.

A Partial View

As everyone knows, the data furnished by employment exchanges give only a partial view of the nature and extent of unemployment. While the figures include some already employed (seeking assistance for better jobs), they exclude, many times more, persons who do not care to register themselves mainly because they have little faith in the efficacy of the employment exchange machinery. Even so, the monthly average of unemployed added to the live registers was 33,000 in 1969, 50,000 in 1970 and 100,000 in 1971. On 31st July, 1971, West Bengal, with 786,000 unemploy-

TABLE 1
ESTIMATES OF UNEMPLOYMENT (1951-69)

	First Plan (1951-56)	Second Plan (1956-61)	Third Plan (1961-66)	Annual Plans (1966-69)
Backlog of unemployment at the beginning of ...	3.3	5.3	7.1	9.6
Additions to the labour force ...	9.0	11.8	17.0	14.0
Additional employment likely to have been generated during ...	7.0	10.0	14.5	11.0
Backlog of unemployment at the end of ...	5.3	7.1	9.6	12.6

Source: *Reserve Bank of India Bulletin*, December 1969.

ed, led all the States; Tamil Nadu and Uttar Pradesh stood second and third, with 455,000 and 446,000 unemployed, respectively.

The future outlook is even more alarming. Between 1960 and 1970, India's working population increased by 42.4 million. It has been estimated that there would be an addition of 29 million between 1970 and 1975 and of another 34.3 million between 1975 and 1980. A staggering prospect indeed!

TABLE 3

INDIA'S WORKING POPULATION (1960-80)
(AGES 15 AND ABOVE)
(In million)

Year	Rural	Urban	Total	Quinquennial increase
1960	145.1	24.4	169.5	—
1965	159.4	29.1	188.5	19.0
1970	177.2	34.7	211.9	23.4
1975	199.2	41.7	240.9	29.0
1980	244.9	50.3	295.2	34.3

Source: Quarterly Economic Report of the Indian Institute of Public Opinion, New Delhi, April-June 1971

Let the pattern of employment in India today be now considered. As will be seen from Table 4 on this page, outside agriculture, it is the "services sector" that absorbs the maximum number. This only reveals the weakness of the Indian economy, viz., how slender the country's productive base still is. According to estimates made by the Indian Institute of Public Opinion, New Delhi, out of India's 212 million working population in 1970, only about 17 million were employed in the "organised" sector. In other words, even after two decades of planning, the dependence of job-seekers on the farm-rural sectors continues to be heavy. As for the future, even if the rates of economic growth envisaged in the Fourth and Fifth Five Year Plans are achieved, by 1980 there will be not only no reduction in unemployment but a backlog of conceivably 30 million unemployed.

Two Important Points

What then should be done? It appears that, at long last, the Government has realised the gravity of the situation. A Rs. 50-crore-a-year crash employment programme was

announced some time ago to give employment to over 5 million persons in rural areas. In a series of recommendations, the Planning Commission has stressed the need for promot-

TABLE 4
EMPLOYMENT PATTERN IN THE NON-
AGRICULTURAL SECTOR
(In million)

	Employment in March	
	1966	1969
Plantations, livestock, forestry, fishing, etcetera	1.13	1.07
Mining and quarrying	0.67	0.60
Manufacturing	4.53	4.53
Construction	1.02	0.94
Electricity, gas, water and sanitary services	0.34	0.41
Trade and Commerce	0.49	0.55
Transport, storage and communications	2.21	2.27
Services	5.80	6.26
Total:	16.19	16.63

N.B. These figures cover all public-sector establishments and all non-agricultural establishments in the private sector employing ten or more workers.

Source: Fourth Five Year Plan, New Delhi (1970)

ing medium and small-scale industries, adoption of appropriate labour-intensive technology and giving preference to such labour-intensive schemes as roads, minor irrigation, soil conservation, rural electrification, housing and urban development. While all these are welcome, there are two points which need to be stressed. First, schemes should be selected in terms of their productive worth: "otherwise the money pumped into the economy in the name of fighting unemployment may actually result in runaway inflation, creating new problems. Secondly, the Government must shed its antipathy towards the private sector in general and the big business houses in particular. The restrictive policies now being pursued have inhibited investment and growth, with the result that new employment is not being generated adequately.

What is particularly necessary in the short period is concentration of effort and resources on projects which can provide the maximum number of jobs. Under this category would fall investment in housing and accelerated road building all over the

country and expansion of primary education. Besides creating a much needed infrastructure for the growth of the economy, each crore of rupees invested in road building creates as many as 12,000 jobs plus an additional 4,000 jobs in the operation of road transport. Investment in housing also creates a large number of jobs—both in actual construction and in the fillip it gives to supporting industries. As for expansion of primary education, this can offer a million jobs or more a year to the educated unemployed, at least for the next five years.

Selective Mechanisation

In a recent report on the World Employment Programme, the International Labour Organisation has argued in favour of integration of employment creation with economic development through the maximum productive use of available labour. This has been assailed in some quarters as a return to antiquated methods of production. There is some misconception on this point. A number of highly developed countries (e.g., Japan) have efficient, relatively labour-intensive, small-sector units which have been effectively dovetailed into more capital-intensive industries and projects. There is no reason why the same cannot be done in a developing country like India. What is wanted is "selective mechanisation" and the identification of areas and sectors where relatively labour-intensive methods of production will not result in a permanent drag on the economy.

The outlook for the immediate future is, however, not at all rosy. Two of the basic causes of unemployment in developing countries like India are population explosion and a relatively low rate of economic growth. Not only has the rate of growth of population not come down in India, but the curve is moving upwards. As for economic growth, the rate has definitely gone down since the end of the Third Plan. As matters stand at present, the projected growth rate of 5.5 per cent a year during the Fourth Plan period is also not likely to materialise. As such, the unemployment problem will remain with this country at least for the next two decades. The utmost that India can hope for is some sort of an equilibrium between additions to the labour force and new jobs created.

How Banks Can Create More Employment Opportunities

The commercial banks, particularly those in the eastern region, should not only encourage self-employment but also create new jobs by establishing subsidiary companies.

The programme may appear unorthodox, but then the banks are now considered development-cum-welfare agencies.



IN order to create employment and encourage self-employment, the banks have in recent days adopted a variety of methods. Some of these are: the simplification of the procedure for appraisal, the decentralisation of decision-making powers, flexibility in approach concerning security, margin, equity, greater importance to viability of projects, ability of entrepreneurs, marketability of goods and services produced, marginal preference in the cost of credit assistance, and technical and managerial counselling. Judged by results, it appears that the banks will have to do very much more. There may be genuine constraints in this regard like the insufficiency of the right type of personnel within the banks, reorientation of the staff and the inadequacy of organisation. Even without these difficulties, the introduction of innovations by itself could not bring about a significant change. There are other difficulties like the lack of motivation on the part of technically qualified persons to go in for self-employment, or their relative inexperience in preparation of project reports, lack of information which they may need, or shortage of raw materials or other infrastructure facilities.

Carrying Jobs to the People

Notwithstanding all the difficulties that present themselves before the banks, particularly in the eastern zone, the banks have to create jobs and carry jobs to the people. That will have to be attempted in various ways. These include: (a) Encouraging in all possible ways technically qualified, experienced people and others with education under discipline, to go in for self-employment. Such a scheme of finance will have to provide for a formula,

built in in the scheme for finance, which will create necessary equity capital for the entrepreneur.

(b) Diversifying the activities of the banks through using a reasonable part of their resources in establishing (i) subsidiary companies to carry jobs to the people through setting up small-scale and household industries in every community, including the congested city areas. Factories capable of absorbing, say, 50 local people each, could be set up in every one-fourth square mile, particularly

By

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in the disturbed areas of Greater Calcutta. These could be divided into sub-units to be leased on the "leave and licence basis" on the lines of equipment leasing. Such small subsidiaries can also be transformed into real co-operatives of the workers, by selling out the shares to the workers over a period of time; (ii) subsidiaries for taking over existing closed factories in the small-scale sector for leasing out to workers; and (iii) highly profitable labour-intensive large-scale industries on a bank's own account through wholly owned subsidiary companies to create employment and incidentally to augment its income. Maybe, in due course, investment in large subsidiaries, if desired, could be released to the market at a good premium, retaining the minimum necessary to ensure good management, for starting new ones. Or, the banks could, if permitted, establish their own unit

trusts for the purpose of disinvestment and/or act in association with the Unit Trust of India.

An Example

For assisting the banks in scheme (a), retired experienced engineers can be empanelled, who could act as consultants, friends, philosophers and guides. The need for creating equity in favour of the entrepreneur would be seen from an example given below: A person and his scheme is selected. The bank lends him, say, Rs. 1 lakh. The scheme is estimated, say, to take two years to break even. The cash loss during these years be assumed to be Rs. 10,000. The interest at, say, 10 per cent, added in two years would amount to Rs. 20,000, so that the balance in the account becomes Rs. 1,20,000 at the end of two years. If maintenance is allowed at the rate of Rs. 2,000 a year that will add another Rs. 4,000. So the account will show a debit balance of Rs. 1,24,000 at the end of two years. On the asset side, let it be assumed that a sum of Rs. 75,000 has been used for capital assets and the balance of Rs. 25,000 has been used as working capital. Depreciation at 10 per cent will reduce the block assets to Rs. 60,000. Together with the balance of working capital fund of Rs. 15,000 (Rs. 25,000 - Rs. 10,000 cash loss) the value of assets will be Rs. 75,000, as against a debit balance of Rs. 1,24,000, a deficit of above 40 per cent.

This presents a situation of which the banks cannot afford to be afraid of, and it has to be reckoned with. Otherwise, the entrepreneur is certain to be considerably discouraged, as also the banks. One of the solutions would be to allow a rebate of nine-tenth of the interest charged

for good performance and repayment in time, with a profit sharing clause. The rebate is to be credited to the capital account of the entrepreneur. If this system can be adopted, then the debit balance at the end of two years would be reduced by a credit of, say, Rs. 18,000 in the capital account. Such rebate may continue for, say, three years in the minimum. As profit is made and retained, the equity capital will grow to provide safety to the account. The burden on the credit guarantee scheme will be much less. The most outstanding gain will be that these entrepreneurs will be conditioned to be "good for commitment". If job seekers can be converted into entrepreneurs, that is worth the rebate a hundred times.

One or more wholly-owned subsidiary companies are to be established in each of the eastern States for servicing Lead Districts and other important areas, including metropolitan towns like Calcutta and suburbs—if necessary with one or more banks participating in each subsidiary. The board of directors of the companies could be formed either (i) with the directors of the bank or some of the directors of the bank in each case, with or without outside participation (where more than one bank participates some of the directors of each bank will form the board, with or without outsiders); or (ii) with all outsiders nominated by the bank/banks.

Function of Subsidiaries

Each subsidiary will have its own board, managing director and other senior staff, but would have joint ancillary staff, office equipment, as was the case under the managing agency system, except where a wholly independent set-up or a sub set-up is essential. The function of the subsidiaries will, among others, be (i) to study the nature of work opportunity needed in each location, and to assist the population capable of working with their own hands; (ii) formulate tentative exploratory schemes based on such a study and a study of products which are being imported into the area from elsewhere in the country or outside as finished salable goods, intermediaries and components; (iii) create liaison with the market and specific users of intermediaries or components; (iv) on finalisation of the project establish small but economic industrial units with general purpose machines as far

as possible, or a set of machines, for the whole or part of the work being installed in one room duly protected in isolation (sub-units); (each of the sub-units mentioned in this paragraph would be offered to be leased to a potential entrepreneur. Maybe, two entrepreneurs at the most. Such entrepreneurs are to work the machines themselves, and avail themselves of the assistance of others thereafter.) (v) where small tools or very small machines are to be set up, a number of machines may be set up in a shed and machines leased; (vi) establish warehouses for raw materials/stores and finished goods in each location or area as would be economic; and (vii) establish services mentioned later in the note.

The arrangement will be in the nature of leave and licence to begin with, to be followed by a regular lease depending on the performance. The entrepreneur should initially provide his own working capital required for raw materials, stores, power charges and the like and his own marketing arrangement. Finished products will be eligible for advance by the branch or the extension counter of the bank against the warehousing receipt, at the discretion of the bank. In special cases, raw materials and stores could be issued on trust receipt. (i) Service charge, equal to what would be the interest on the cost of installation and depreciation, will be paid by the lessee. (ii) Interest on loan against finished products, raw materials, etcetera, will be charged separately.

In the beginning and in suitable cases service charge referred to in (i) above may be remitted by way of rebate of nine-tenth, if the lessee's performance so warrants. Such rebate may be considered every six months and credited to the "capital account" of the lessee till he has established a reasonable performance and income. Such "capital accounts" will be available to protect the company against loss, through breach of terms, damage to installations, loss on advance against finished products, raw materials, etcetera. A profit participation clause will be incorporated in the agreement. If a lessee wants to withdraw from the arrangement, he can withdraw the capital account, less what would have been payable to the company had he borrowed the entire cost of the business at the usual rate of interest after allowing for the assets left behind and accepted by the bank.

The company will, however, keep in view: (i) assisting in obtaining orders in bulk from various large-scale organisations; (ii) maintaining raw materials/stores in stock for sale and establishing the following services: (a) managerial and technical; (b) book-keeping; (c) clerical; (d) storage; (e) buying intelligence; (f) selling intelligence; (g) legal advice; (h) transportation of goods; (i) bulk purchase and sale of power at cost; (j) bulk purchase of major raw materials; (k) telephone service; (l) water supply; (m) sanitary arrangement; (n) general security; and (o) collective insurance. Where stoppage of work in one sub-unit could cause suffering to other units or detract from their economic feasibility of the unit, the company would be free to cancel the "licence" and put the sub-unit to use in the manner it thinks fit.

Mode of Financing

The holding company (banks) will provide the finance to the subsidiary partly as share capital—the balance as loan; loans will carry the usual interest, subject to such rebate as may be agreed upon between the bank or banks and the company. The companies would consider purchasing closed small suitable industrial units with a view to leasing out on a "leave and licence" basis to the ex-workers of the company or new entrepreneurs jointly or on a joint stock or co-operative basis. The company could have its own industrial estates of the usual kind. Where a lessee has proved his ability his proposal for starting a project on his own as a lessee of an industrial estate will be favourably considered by the company for obtaining bank finance directly or on its guarantee.

For experienced entrepreneurs the company may consider installing complete industrial units on lease to be operated on a co-operative basis, with workers as members and lessees (leave and licence) for groups of machines. If established industrial units form equipment leasing subsidiary companies to function on a leave and licence basis, the bank will consider liberal finance for such projects. Small-scale industries can sponsor equipment leasing schemes on a leave and licence basis for balancing equipment expansion, etcetera.

Thousands of new schemes proposed by thousands in isolation cause serious strain vis-à-vis appraisal, uti-

lisation, control and supervision and the installations have very little resale value after litigation. Under this plan (i) the efficiency will be higher and the time lag reduced. (ii) New entrepreneurs will be fitted in and will participate in a planned growth of small-scale industrial effort instead of fitting the bank to thousands of new entrepreneurs. (iii) Advising and supervision will be more fruitful and made easy. (iv) Any failure will not cause total loss.

The Case of Agriculturists

Similarly, in the case of the agriculturist with small land or no land, finance will have to take care of the past debts, bare living cost and the need for lifting the operation to a higher technological level. The direct cost of financing agricultural account covering an acre or two could be 8 per cent on the loans, by way of the staff salary cost for appraisal, supervision of use and recovery of loans. On the top of it, there will be other expenses too. These, the banks will bear in any case. Even then it will be seen that the initial impact of the load of interest on the account can be extraordinarily heavy, in terms of its impact on the enthusiasm and money, to the borrower, because the benefit of capital input and application of better technology may not accrue to him forthwith, as fully as it is necessary till some time has elapsed. There could be bad years also.

The formula of rebate for good performance and timely payment should apply in this field also. More so, because the single basic problem in the field of agricultural finance is the apprehended absence of the urge to repay the crop loan and instalments of capital loans, and in time. A system of heavy rebate—nine-tenth of the interest charged to the borrower—should instil in the borrower the habit of repayment. If one can hope to achieve this, the investment in agriculture through rebate would be extraordinarily worth while. Before this system of rebate is introduced, the fate of the co-operative system has to be thought of and necessary adjustments made. In the case of co-operatives, where most of the funds come at 4 per cent from the Reserve Bank of India, the rebate burden would be less strenuous, if structural changes are effected suitably or primaries are linked to the nationalised banks. In the case of "Rebate accounts", very close supervision is essential, and it will also cost a lot.

Assuming that a bank provides, say, Rs. 10 crores for building up entrepreneurs in this way, the loss a year on this category would be of the order of, say, Rs. 1 crore. The question is: can the banks bear it? The answer is, "no, not under the present circumstances". The next question is: cannot society expect the banks to do something for the less fortunate ones, particularly the youngmen with reasonably good potentiality for entrepreneurship and the poor agriculturists? If so, the conclusion would be that it has to be done by the banks, and the solution of the difficulties arising out of the impact of such a proposition on the profits and reserves of the banks will have to be found. In this solution, everyone of the beneficiaries need to contribute.

Who Are to Contribute?

In the field of banking, the groups that should contribute are (a) borrowers, (b) traders, (c) those served otherwise, (d) depositors, (e) the Government, and (f) workers. (a) First to contribute should be the traditional users of credit (borrowers). Their contribution can be by way of a commitment charge of, say, $\frac{1}{2}$ per cent or 1 per cent for the credit limit obtained, to be directly transferred to internal reserve—preferably not taxed—so that the risk element is taken care of, although not of the "rebate" as such. (b) Next to contribute should be the trading community, which is enjoying the banks' services without fully paying for the same. Charges for every transaction in the bank will have to be cost-based. In this respect, one has to consider whether the counting of cash and the trouble involved in that should be related to the minimum balance maintained in the deposit accounts. Although it is not easy to adopt such a policy, the banks should think of refusing to deal with anyone who does not maintain an account and should refuse to handle any transaction that is not reflected in his Pass Book. Till there is a formal decision to that effect, workers in the banks can bear this in mind, to prevent undue advantage being taken of the banks and to ensure that everyone pays his tax.

(c) The next contributor should be the depositor. The banks are not investment companies as such, but are "depositories". Deposits are not investments with the banks like equity or debentures. Everyone who

deposits cash or cheque in the bank to avail himself of the banking services, must pay for the service that is being rendered to him. The reward should be commensurate with the risk and liquidity of the deposit assets. In the U.K., over 50 per cent of the deposits carry no interest. The average charge per such deposit account, according to the P.I.B. Commission report, is nearly £3 a year. On the top of it, every other service rendered is charged for appropriately.

Apart from such charges to chequing accounts, the maximum rate of interest that should be paid on a term deposit for a reasonably long period—non-withdrawable prematurely, nor available for overdraft arrangement—is 1 per cent or $\frac{1}{2}$ per cent less than Bank rate and yield on Government securities of the

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same maturity. The interest paid to depositors, in India, is unduly high in as much as depositors take no risk as to the safety or liquidity of funds. Till then, people will not seek to lend to the Government and take due risk in investments, which alone can add to the production and employment in the country. On the other hand, the purchasing power that is made available through interest on bank deposits in 20 million accounts, aggregating Rs. 250 crores, on a rough estimate, will be so reduced that the pressure on goods would be substantially lower, thereby assisting in a decline in prices, more so because other interest income will also slide down.

Reducing Interest Burden

(d) The introduction of two types of savings accounts—one bearing a higher rate of interest but with rigid restrictions concerning withdrawals, etcetera, and the other with a low rate of interest but with liberal withdrawal facilities and the use of cheques—can reduce the interest burden and the incidence of servicing cost of such accounts, resulting in considerable economy to the banks. (e) The next contributor should be those who avail themselves of other services from the banks. The charges to them should be cost-based. The entire staff cost is recovered from service charges in the U.K. and around 60 per cent is recovered in the U.S.A. through service charges. It costs the banks in India, including the cost of personnel, premises and all that, Rs. 10 or so an hour a head of worker in the clerical grade. The per hour personnel cost of rendering services would come to Rs. 52 or more for one unit of four members of clerical staff, one officer and two sub-staff, which is the average staffing pattern in the banks.

(f) The Government is a big contributor, expecting only 5½ per cent

on its investment for which it has borrowed at 5½ per cent. For strengthening the banks, in addition to waiving the income-tax on the commitment charge mentioned earlier, 2½ per cent of the advances in aggregate should be allowed, in a phased manner, to be transferred to internal reserve, without payment of taxes. These suggestions are there as otherwise the realisable value of the assets will not be in excess of the book value of bank assets. (g) If need be, a deferred absorption system for the branch expansion cost may have to be adopted, which will make the posterity a contributor.

(h) It has been mentioned earlier that the banks must diversify to create jobs and improve operating surplus. Currently, the banks are not making more than 0.17 per cent on their deposits. That also at a very high level of utilisation of resources and at a high rate of interest on loans and investments. If the banks have to maintain their expansion, both territorial and functional, they will not be able to make a reasonably safe operational surplus until the work load and the work system are fully rationalised, both by improving upon the systems and by a wide use of machine. The profitability of the banks to the nation, qualitatively or in money terms, will not go up, not to speak of reaching a stage of profits, after tax, forming at least 1 per cent of deposits which is a must, after meeting the social obligations. If the banks are to employ 10 per cent of their resources in establishing industries of their own, they will have to provide the equities of the subsidiaries without income and make provisions to cover the loss during the gestation period. The inherent risk is there in such projects. The financial institutions and the banks are the repository of the risk any way. Rather the risk will be minimised by assuming direct responsibility. Direct responsibility will

significantly reduce various uncertainties and shorten the period of implementation. The I.R.C.I. and other financial institutions would prefer to participate more readily in the risks in such a situation.

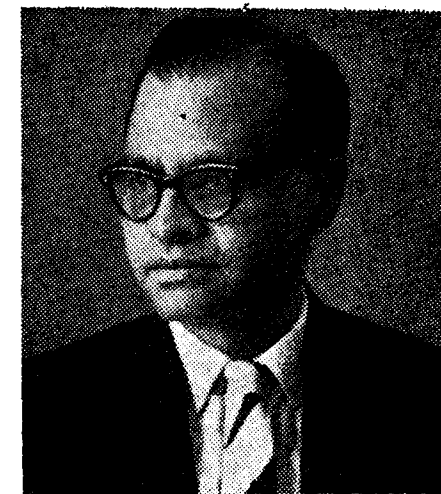
How Workers Can Contribute

(i) The workers can contribute by cutting down the unit cost of operation through economy on (a) what is classified as other expenses like electric bill, papers consumed and telephone bill and (b) by more efficient use of their labour. By simplifying the system of work through the adoption of a better system, by being ready to render services ahead of time, latest at 9.59 a.m., by being "just" about individual output and job, by cutting down overtime and by making a vigorous attempt at deposit growth, the unit cost can be brought down by 50 per cent within a short period of time without causing any pecuniary loss to anyone of the bank workers. Incidentally, that would create more jobs within the banks. If the unit cost can be reduced by half, it should be easy to bear the strain, without any adverse effect on the profits, reserves and expansion, of (i) creating a large number of entrepreneurs on the lines proposed, (ii) establishing small-scale industries through subsidiaries to take the jobs to the people, and (iii) setting up large-scale labour-intensive industries through subsidiaries. The banks have the money, resources and expertise and they must do it.

Such a project for carrying jobs to the eligible persons will require considerable efforts to change their approach to life and to train them for the job. Bank workers will have to contribute in a big way in such programmes. It will need a lot of courage to face the crowd of unemployed people and bank workers will have to develop such courage. The schemes outlined here appear to be rather unorthodox. But the concept of bank as equivalent to a development cum-welfare agency has already been accepted. In this context, particularly in the eastern region, the development agency will have to be aggressive in its functioning. The gravity of the problems facing the region requires drastic solution and a multipronged attack. While all efforts will be continued to be made to render direct assistance to new entrepreneurs, who come to the bank, jobs will have to be created and taken to the people, who need them so badly.

Need for National Priorities for Proper Environmental Planning

Environmental planning may not appear to be a serious problem in India yet, but it would be unwise to ignore its implications. The newly set-up apex body through the National Committee for Science and Technology may indeed take up the work of co-ordinating the programmes in this field.



By

V. S. BHATIA

A Consensus

Elsewhere, a consensus has been reached on a few important points: First, improvement of environment cannot be done without costs, and means have to be found to meet the expenses if any project is accepted to be socially worth while; costs can be incurred through capital or maintenance operations, and these must get reflected in the finished product cost and price. Shareholders of companies, Government or private entrepreneurs must accept this extra charge. Secondly, the need for national priorities must be recognised. Anti-pollution measures cannot be left to a few enlightened industrialists who might be environment-conscious, leaving others to add their mite of pollutants. Thirdly, emphasis must be given from the stage of siting of industrial projects to preventing risks of pollution of one sort or another, as problems must be foreseen and analysed in advance. Pollution control is an important aspect of investment inputs. Fourthly, Governments must use industry's knowledge and, in turn, industry, the public and Governments must organise an approach through practical norms for adoption to achieve agreed social objectives. Fifthly, developments on environment, like those on new technology, have international attributes and

CONTROL of environment has become a major problem in industrialised economies as population explosion and shortage of food (and water) are in developing and underdeveloped countries. Rising living standards demand industrial growth, and industry breeds pollutants. All growth industries such as automobiles, agricultural processing and chemicals are pollution-oriented. No reversion of the trend is likely, and the world is, therefore, stuck with the problem.

In the West, young people are getting increasingly sensitive to environment. They react strongly against foul air and smoggy living. This was brought out forcefully by a young taxi driver in New York, who, having grown up in the city, decided to run away to the Canadian open land for fear of pollution. It is difficult to convince New Yorkers that the intensity of carbon monoxide pollution in Calcutta equals New York's, despite far fewer automobiles, and that in Delhi a single power station adds daily to the air over 100 tonnes sulphur dioxide and related impurities.

A Problem with Industry

Pollution is as old as the proverbial hills and is related to the disposal of waste materials which must ever remain a problem with industry. Until a broad-based new technology, specifically related to pollution and control of environment, arises, there will always be a problem on how to get rid of obnoxious solid, liquids and gases. National economies were once based exclusively on natural products, e.g., paper, wood and leather, and their rejects were destroyed through natural processes of bacterial action. With the discovery of new materials through science and technology, the

established birth and destruction cycle of products is distorted, although there is the positive contribution of better, newer and cheaper products for industry and the common man. For example, the ultimate disposal of used plastics poses a serious problem in the U.S.A., as some of these cannot be thrown away or destroyed through incineration for

fear of putting harmful gases into the atmosphere.

Like jazzy bushshirts and pop music, the thinking and experience of western economies will soon have a response in India. Easy communications, a common language and world-wide literature will see to it. As India is still at the threshold of large-scale industrialisation, a discussion of the subject is very topical. Anti-pollution measures are no longer mere vote-catching devices. Sophisticated economies, particularly of the U.S.A. and Japan, have accepted the reality of environmental pollution through certain types of industry and have also accepted the need for every new project, service and product to be evaluated against this background. Professional associations are charged with a continuous study of the problems. The possible hazards to health of discoveries from new technology now receive as much weightage as the improved economic value of the product through end-point applications.

Any sharp change in the attitude to polluter versus non-polluter industrial and consumerwares will immediately influence the total demand

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mutual consultation between different Governments is beneficial. This assumes some focal advisory point.

It is noted that, during 1970, the six countries of the European Common Market adopted uniform standards for automobile emissions. Sweden reduced the allowable lead content of gasoline by 17 per cent, and Norway and Japan also cut the limits down. Japan aims at reducing the lead content to zero by 1974. In the United Kingdom, the Government has created a special environment Minister with stiff penalties threatening offenders. The experience of the London smog 20 years ago is remembered when 4,000 people lost their lives through environment pollution. A specialist, high-level committee for the purpose operates in France. A groundwork for international collaboration thus exists in Europe.

Sources of Pollution

Oil, cellulose and the chemical industries are recognised to be important sources of pollution, and individual industries have accepted the need for counter-measures. Taking the oil industry as an example, the American Petroleum Institute estimates that the cost of air and water conservation was over 2,000 million dollars during the five years ended 1970 in the U.S.A., and the expenditure on specific anti-pollution measures more than doubled from \$271.4 million in 1966 to \$599.5 million in

1970. The 1970 figure is believed to be about 5 per cent of the estimated total 1970 capital investment by oil firms. One paper mill in the U.S.A. budgeted a special expenditure of 36 million dollars to meet an anti-pollution programme spread over a period.

Industry, both large and small scale, has grown in India in a somewhat haphazard manner. There are historical reasons for it. With a few exceptions, deliberate planning in respect of environment, as the term is understood today, is absent. There has been basic concern about the quantum of industrial growth and it was not possible to give sufficient weightage to the problem of environment, although it must be said to the credit of some of the post-independence chemical and pharmaceutical units that the factor of pollution in relation to effluents was taken care of.

India is now well set to build a network of plants, including the petro-chemical industry, and it is about time that the subject received its due attention. Hitherto the authorities have shut their eyes to the offenders—factories and municipalities. Among cities, Calcutta would perhaps claim the leadership in air pollution. Its residents have often complained about the choking night air every winter, and about four years ago it was estimated that 6,000 factories, 300,000 automobiles and over a million open air domestic cooking ovens, abetted by obsolete

plant and equipment using improper fuel, added five tonnes or more of harmful solids to the air daily. Chemical complexes in the Bombay area are of recent growth, and have already aroused adverse comments about the effect of inadequate planning in the Chembur-Trombay region where residential and industrial areas are mixed. The petro-chemical industries, including fertilisers, spew out by product gases. It is alleged that the value of property in this area has fallen because of the disadvantages associated with unattractive environment.

The following is an extract from an angry housewife's letter to a leading Bombay newspaper: "The polluted air in this region frequently forces people to remain indoors with their doors and windows closed. Children are quite often discouraged to play in the open. Sick and old people find that they can improve in their health only when they moved to unpolluted regions. Morning walkers feel that there is no point in having a morning stroll when the very air which they breathe is polluted. Painting and white-washing in this region do not last for more than a year. Overhead tanks and window grills quickly get corroded. Cars parked in the open get a thick layer of chemical dust overnight. The value of property which in other regions within five years has gone up nearly by 50 per cent has gone down here. A number of trees get defoliated frequently and a good number of them have died prematurely. While pollution has affected the health of the people, as yet no scientific study has been undertaken to estimate the resultant damage to health and hygiene."

Adequate Measures

The need for a continuous growth of the chemical industry is not questioned as this is the "mother" for other essential growth-industries like plastics, pharmaceuticals, dyes and agricultural inputs. The chemical industries earn over Rs. 60 crores or Rs. 70 crores of foreign exchange annually, and have a potential for fast development. Even today, the Indian chemical industry ranks fourth among the top manufacturing industries with a share of about 8 per cent in the total national industrial capital and yields an output of Rs. 800 crores annually. There is no case to abjure progress and go back to the past for fear of pollution. However, the basic problems can be overcome

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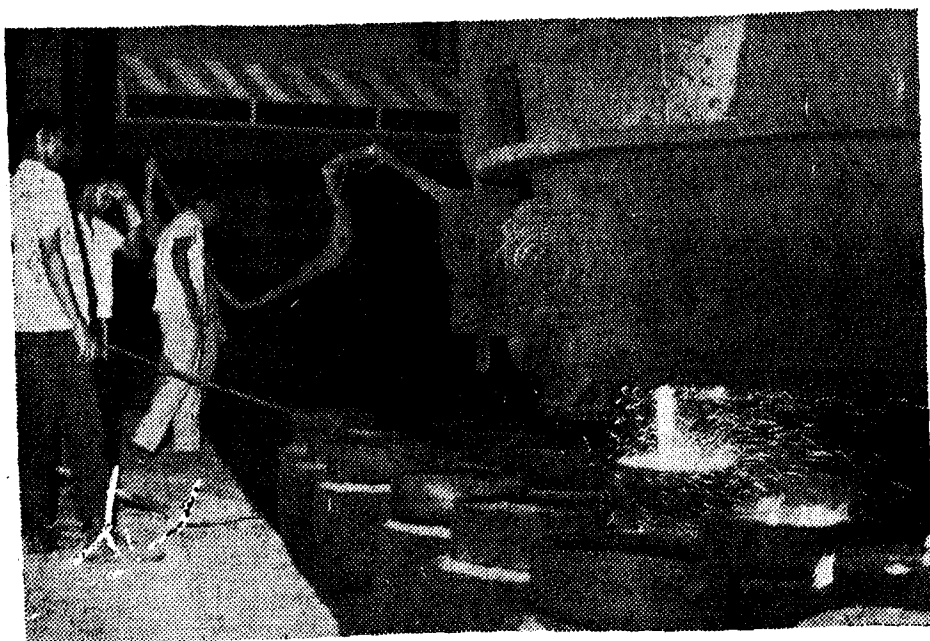
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by providing adequate measures of pollution control. Technologically, Indian output is as modern as anywhere else, and new developments in sophisticated economies are rapidly absorbed by the Indian system notwithstanding any temporary hurdles. In this perspective, India's progress is assured, but it is important that other broad features of the international scene are also digested well in time so that industrial programmes do not get stymied for social reasons.

India has firmly accepted the gospel of industrialisation in as many locations as possible and in the widest product range. The primary objective may be employment generation, but it is also important to remember the "fall-out" effect from any failure to manage environment. The weightage for employment potential must be high, but any short-term measures can lead to building up tension for the future through adverse influences on the quality of life in industrialised communities.

In developed economies the problem is how to reorient the existing state of affairs, but here policy-making must proceed in a more fundamental key. Abundant data on the sub-

ject are now available, and international experience can help in analysis. The primary responsibility for an orderly attack must rest with the planners in India who will have to start a new approach in relation to environment, and contend with yet another important entity in the overall planning methodology. Fortunately, the same sciences which give rise to problems are there to help in solving them. What chemical processes discard, chemistry can also render harmless with the aid of new technology and in collaboration with other sciences.

A Broad Theme

Research is an essential part of planning, and the phrase R and D no longer applies to technology alone. The effort must comprise industrial management in much wider areas. Management of environment must be related to the broad theme of industry and human welfare. It would be wise to assume that the subject will gather importance in India's socialised economy. The Government has recently constituted an apex body through the National Committee for Science and Technology. Although

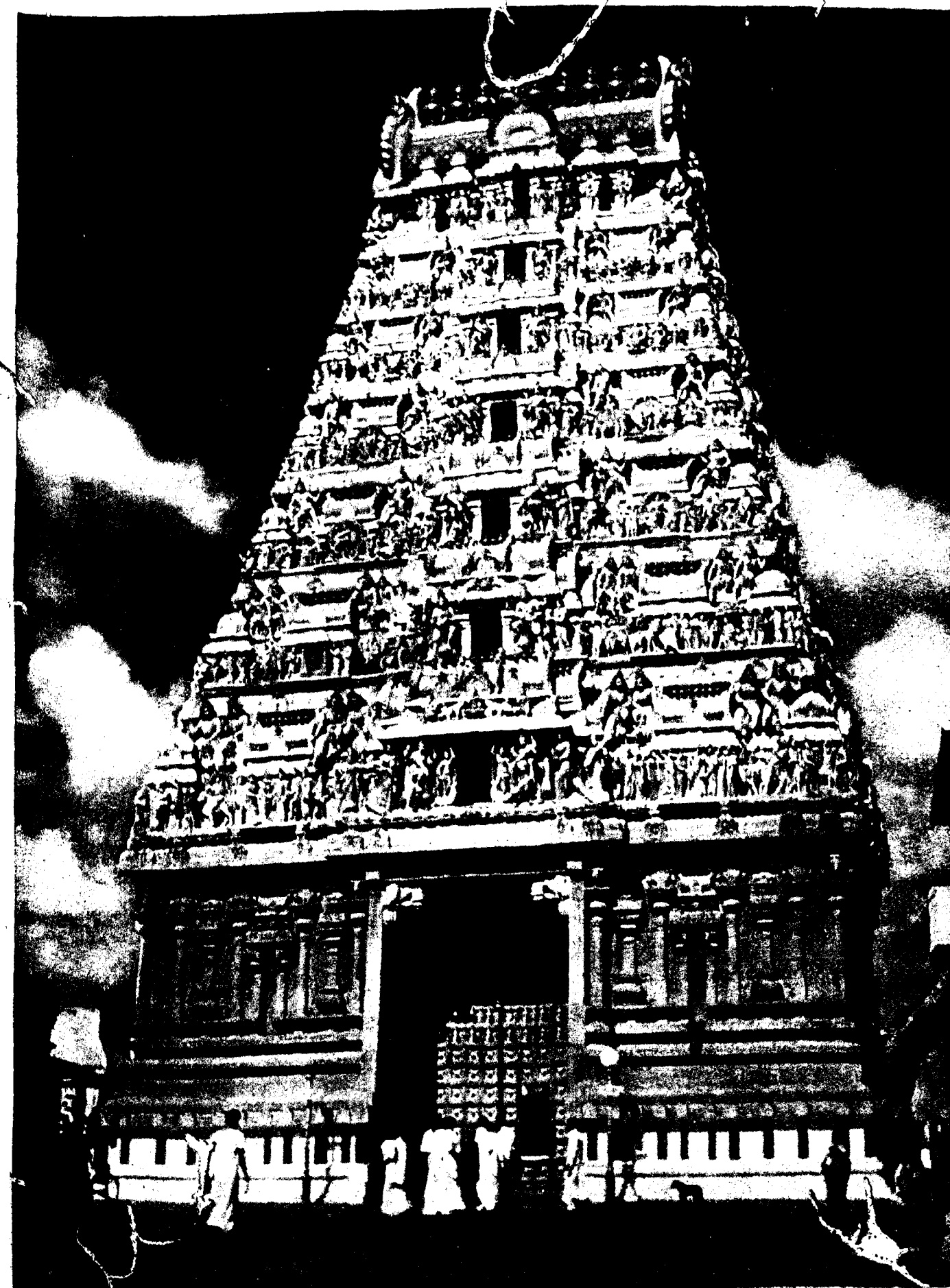
its primary objective is to draw up a plan for development, suggest measures for correcting imbalances and fix priorities for national technical endeavour, the functions might well embrace the aspects of pollution. Composed as it is of senior scientists the various disciplines represented or it can have a vital bearing on industrial growth.

A point of co-ordination of all matters relating to pollution might well be established within the working of N.C.S.T. to give the desired impetus and keep the problems in full perspective in relation to the rôle of the Central Ministry of Industrial Development, the Indian Standards Institution, the laboratories of C.S.I.R., the export promotion agencies, etcetera. The Indian industry itself will expect condensed service for aiming at safe and realistic standards and general guidance on the subject. A central clearing house for the purpose will have to be established. Environmental pollution may not appear to be a serious problem on the Indian industrial landscape, but it would be unwise to ignore the implications, and wise to initiate a scientific outlook before the shadows lengthen.

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The Bengali Middle Class : Crisis of Values

The Bengali middle class, once the most articulate in the country, has lost its voice and its moral content is totally missing. Although no product of the Bengali middle class can still believe that there is no future for it, it is time that an effort was made to rediscover its values.

THE Bengali middle class, mainly composed of Bengali Hindus who took to English education before the Muslims could forget the loss of their Indian Empire to the British, has lost the dominance it secured during British rule. The Moguls received not a little assistance and co-operation from the Hindus; but the marriage was between one feudal class and another. The British created what would perhaps today be called a meritocracy. This class, which did not exclude landowning classes and products of Permanent Settlement but gladly received sons of teachers and similar functionaries in the Hindu society of the day, played a dual, if seemingly mutually exclusive, rôle. It sustained British rule; it also sowed the seeds of Indian nationalism. The Bengali's part in British administration began to disappear as the capital of the country was transferred from Calcutta to New Delhi and as other parts of India began to learn English and create their own middle classes. The commercial importance of Calcutta remained; and the Bengalis were still the main compradors. As Indian nationalism, mainly under Tilak and then Gandhi (both from the west coast), showed signs of eventual victory and the British steadily lost their affection for the Bengali, the Bengali middle class found itself neither here nor there. With political and commercial leadership passing to Bombay and the administration gone to New Delhi, Calcutta was virtually orphan-

ed, a condition worsened by Partition and the recent influx of refugees from Bangladesh. Still and all, it may be too early to sign the death certificate of the Bengali middle class which has lost most of its glory and power but not all of its pride.

The pride, on occasion overbearing and offensive, was not entirely without a certain basis. The foundations of British rule were going to be very different from all that had gone before; and there never were enough Britons in India to rule this country. Commerce needed similar indigenous assistance and co-operation. Some nine hundred years of Muslim rule, when religious tolerance was at best intermittent, had left a trail of bitterness; and the Bengali Hindu middle class saw in British rule not only many financial opportunities but also educational and other possibilities.

By

NIRANJAN MAJUMDER

There seemed nothing terribly unpatriotic about it all; and as English education began to make its impact, there was a general repudiation of the immediate past; the distant past, then in decay, seemed distinctly repugnant. Hindu orthodoxy appeared as disagreeable as Muslim orthodoxy; and the British dispensation of things, both political and commercial, was undoubtedly an improvement in many ways. The revolution against alien rule was to come many decades later.

The Arrangement

The arrangement between the Bengali Hindu middle class and the British rulers suited both parties. It was a privileged class which enjoyed its privileges. The British found in the Bengali not merely passive loyalty but an active enthusiasm for English education. When the East India Company was replaced by direct rule by the Crown, some of the uglier aspects of the British commercial community were less offensive. Although some of the hard core of mercantilists did not enjoy the introduction of English education, for it might give the "natives" dangerous ideas about freedom, the Bengali middle class was all for British liberalism, although in 1857 Britain was not a particularly liberal country. The die had, however, been cast;



the English educated Bengali was supreme in the administration and had a sizable share of the country's commerce; he did not have to look back for a long long time.

There was, however, another kind of looking back. The Hindu began to rediscover himself and was quietly rejecting some British claims to inherent superiority, especially in the field of culture. The British steadily increased the area of Indian participation in the administration; but the concessions were always limited and tardy. In spite of sundry rude things said about the incorrigible venality of the Hindu character, many Bengalis imbibed a good deal of Victorian morality, such as it was with all its hypocrisies, and brought to the tone of Indian life certain ethical values which were useful to both British administration and British commerce. The Bengali middle class imposed these values on its own members, sometimes with unusual severity, and this earned considerable respect from the ruling foreigners.

It is quite impossible to date the beginning of the decline of the class. It must have been a long and mainly imperceptible process, except in retrospect. Undoubtedly the middle class began to lose its authority for an assortment of extraneous circumstances some of which are identifiable and others not; but the beginning of the decay must have been within. Facts like a Bengali presiding over the first session of the Indian National Congress (W. C. Bannerjee) and the expulsion of another Bengali from the same office (Sutikta Bose) about half a century later span a period of rise and fall, in politics and commerce, which have always had a great deal in common, which the Bengalis need

ratus that could neither boast of efficiency or of a very clean record. Moreover, even the little will that there was among some to act was sapped by the conflicting political pulls and pressures.

The failure of the Congress Party to arrest the decline of West Bengal and to provide a clean and efficient administration gradually led to the loss of its influence and the growth in the influence of the Opposition parties. In 1967, the Congress Party lost its majority in the State Assembly for the first time and a coalition of Opposition parties formed the Ministry. But the Opposition parties were united in nothing else than in their opposition to the Congress and confronted with the tasks of administration they began to fall apart. The complete disintegration of the United Front would probably have occurred in 1967 itself had it not been for the rather inept handling of the situation by the Governor, advised no doubt by the Centre. However, the inevitable disintegration did take place in 1969 when, despite its huge majority in the House, the United Front split into a number of groups and the Chief Minister, unable to pull on with his Deputy Chief, resigned. The failure of the established left movement had another important consequence—the extreme fringe of the left split away from the Marxist Communists and the Naxalite movement was born.

The Process of Fragmentation

The process of fragmentation of political parties has since then continued. The Congress Party has split on an all-India scale as well as in each State. The two Parties that have emerged—the Congress (R) and the Congress (O)—are not very homogeneous either. The other political parties in the State are also rent by factionalism if they have not formally split. What is more important, the credibility and respect of these parties even among their own following are fast disappearing, with the result that a kind of anarchy has been developing.

The main casualty in this situation has been law and order. The sense of insecurity has in turn contributed to a slowing down of the growth of the State and thus a vicious cycle has been created. Without an improvement in the law and order situation the climate for investment cannot improve, and industrial and agricul-

tural growth cannot take place which means unemployment increases and social tensions grow and this naturally has its impact on the law and order situation making it worse and worse.

It is not surprising that there are people who have very nearly written off West Bengal. They are thinking in terms of putting the State in quarantine lest the infection that has set in here spreads to other parts of India. But quite obviously West Bengal is too vital a limb of the Indian body politic to be chopped off without fatal consequences for the body as a whole. The realisation has thus dawned, belatedly, that an all out effort must be made to save the State. This is indeed a welcome development and it is important to see that what may well prove to be the last chance for the State is not lost. The success of the effort can only be ensured, however, if the mistakes of the past are avoided and the lessons of history are learnt.

Remedial Measures

The first thing that needs to be realised is that a chronic ailment cannot be cured overnight. The search for short-cuts and stunts which may appear to have the promise of quick success must be abandoned. Long-term planning and thinking are needed for the situation that has developed. The process must be initiated at the Central level because that is the one level where there is still some semblance of stability and order left. The Central Government should immediately set up a West Bengal cell, with which the best intellectual resources of the State should be associated. Academicians leading an ivory-tower existence in the artificial atmosphere of New Delhi will not be able to get very far; indeed they may well administer the coup de grace to the ailing body politic of West Bengal.

One of the first priorities that this cell must fix for itself is the working out of a policy for the revival of agriculture and for the type of reform that is necessary in the land system. In respect of industry, the Centre must get rid of all inhibitions and permit the establishment of all industries that promote growth. This needs a simultaneous promotion of large-scale and small-scale industry. The packet of incentives that has been announced recently is good as far as it goes but it has to be realised that the main problem in West

Bengal has been the failure of the implementing machinery and it is, therefore, not enough to announce a good scheme but also to create guarantees that it will be executed.

Blood Transfusion

While a considerable step-up in investment is necessary, a good part of which must come from the private sector, it is necessary for the Centre to realise that a massive blood transfusion in the shape of heavy public-sector investment is necessary to save the life of the patient. In this respect, there should be no delay in sanctioning both the fertiliser project and the petro-chemical complex for the Haldia region. To counteract the effects of the coal and steel price equalisation which have had an adverse impact on the development of West Bengal, consideration should be given to the supply at subsidised rates of cement, cotton and other raw materials for West Bengal's industries. The private entrepreneurs must also adopt a bolder attitude towards West Bengal.

The process of toning up the administration has yet to be initiated in right earnest. The little that has been done up to now is open to various interpretations. Inefficiency, corruption and political bias are not failings that were confined to the lower echelons of the administration. There is little evidence that the Centre is as determined to act in removing the black sheep at the higher levels as it has been at the lower. Without such a thorough cleansing the administration will not be able to establish its credibility and revive popular confidence in its efficiency and impartiality. And as long as the people do not completely abandon all hopes of reviving the democratic set-up in West Bengal, the dialogue with political parties must also continue.

A thorough reform of the educational system is necessary. It is perhaps necessary in India as a whole but in West Bengal, where the system has completely collapsed, the reform is even more urgent. Finally, a carefully worked out programme of mass communications must be devised to clear misconceptions, to rouse a sense of responsibility, to develop the will to build, to construct, to revive the State of West Bengal. Law and order? Law and order will emerge as the natural byproduct of all the various steps outlined above.

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study—if nobody else will, except Foundation scholars who usually know all the facts but not always their significance.

Unlike Co-religionists

The point perhaps needs to be made immediately that the Hindu middle class Bengali was never quite the creature as his co-religionists in the rest of the country; and this the British never fully realised except that Kipling and some others had created the cult that the Bengali *babu* was trying to be too much like an Englishman. This impertinence had to be scotched. The fact is that the true Bengali *babu* never tried to be an Englishman whom he never truly aped; he only wanted to remain himself with certain veneers of the imported civilisation; he never considered it his own. There is a perfectly good book to be written on the rapport the British and the Bengali Hindu might have reached if each had a little better understanding of the other before it was too late and a political confrontation, at a completely different level, became inevitable.

Neither for the first time nor for the last, the British missed their bus. Free India would have been an entirely different proposition if the British had seen in time that in the English educated Bengali middle class they had their best ally to evolve, jointly, a polity born of intelligent consultation and not of massive agitation created by people asked to boycott their schools and courts. Good-bye to education and civilised behaviour, that was; but the British have only themselves to thank for this transformation of the demand for greater Indian participation in the administration. Literate memorials to the Government of the day made little impression; pressure had to come and Gandhi brought it after he had suffered much thoughtless humiliation in the hands of the British. In spite of the great moderation shown by Jawaharlal Nehru and some others the recipients of power in 1947 were a very different lot from those who had first thought of getting more authority from the British. Sir Surendranath Banerjee clearly said that he wanted self-government not for the masses but for those Indians who knew their Shakespeare and the rules of the House of Commons. It was not very democratic, perhaps, but transfer of power might have been a less bloody

and cleaner operation than it was in 1947.

The Indian challenge and the British response were never in step, perhaps inevitably. The worst sufferers were the British and the Bengalis. The administration rapidly went out of the hands of the Bengali salariat; and the few Bengalis who had ventured into business found themselves outdone by first the British and then by entrepreneurs from Rajasthan and Gujarat. Something within the Bengali had been eating away his character and frustration soon led to the terrorism which turned the British almost completely away from the Bengali. The rest of the Indian people had little affection for him anyway. His decline was only a matter of time. In the years since independence the process has been accelerated. Neither in politics nor in commerce nor in the administration is the Bengali any longer one to reckon with. In all three he was once supreme; and even in the world of culture many Bengali claims today seem pathetically exaggerated. This downfall cannot be attributed only to the malevolence of other people.

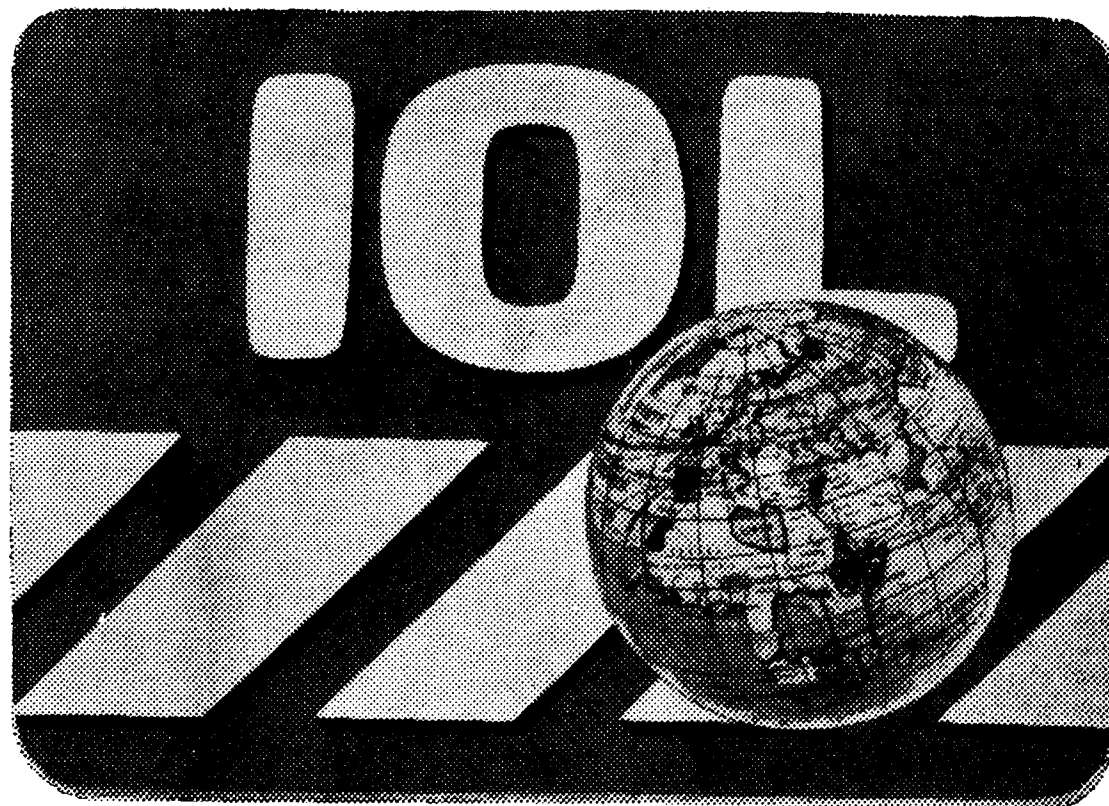
Of malevolence there has certainly been a fair amount, first from the British but later also from fellow countrymen. The point to note may be that the kind of nationalism first thought of by enlightened, meaning English educated, Bengalis took a very different turn under Mahatma Gandhi, whom the Nehrus, father and son, followed with rather feeble reservations. The rest of India can well claim that Bengal's identification with the national struggle for freedom was never complete. At one end some Bengalis found in terrorism the answer to foreign rule; many of them were later to turn to communism, perhaps aided and abetted by Sir John Anderson. The fact yet remains that Indian nationalism, as "activised" and transformed by Gandhi and his followers, became something different from what the Bengalis, rarely united, had conceived. One school frankly thought that Gandhism was too "soft" to British "repression"; and another did not mind saying that the boycott of schools and law courts could only lead to illiteracy and national anarchy. The Bengali middle class fell for the Gandhian idea. A few, however, saw that both commercial predominance and political leadership were moving out of Bengal. There was little they could do to

stem the trend, which was no conspiracy between the British and the non-Bengali business men to "crush Bengal"; but a chain of circumstances saw to it that a lot of wealth produced in Bengal found its way not only to Britain but also to Madras and Bombay. Steady impoverishment of the State, since truncated beyond repair, was still the result. The process has almost certainly been accelerated since 1947; Bengal today gets less from the foreign exchange it earns for the whole country than it did before freedom. That much of the recent discrimination is inspired by the thought that the "backward" States must be helped is of less relevance, disregarded by successive Finance Commissions, than that West Bengal too needed some help to sustain itself.

Rediscovery of Values

The truth is that the Bengali middle class, once the most articulate in the country, has lost its voice. Political and economic realities apart, which probably could not have been averted, the voice may have lost its moral tonality. West Bengal's divisions today are nothing new; there will assuredly be differences in Bangladesh too; they are a part of the Bengali character, Hindu or Muslim. Subhas Bose and J. M. Sen Gupta were not great friends. But when it came to a challenge to non-Bengali authoritarianism, Bengal spoke with a certain authority. It had ceased to be economic or political authority; but there was a certain moral tenor to it. The Bengali middle class Hindu today is not heard at all because its moral content is totally missing. The pity is the greater because in selling his soul he has not enriched himself or made himself more powerful. No product of the Bengali Hindu middle class can still believe that there is no future for it; its not so ancient past had a certain solid basis, not wholly economic nor political nor literary, but something beyond; something on which the British Government of India could depend and the present Government of India is the poorer without. But then the Bengali Hindu must himself rediscover his values which may not be immediately marketable but may make him a better man. The point has been made before that the Bengali Hindu made himself, in the last century, a better man by importing a lot of foreign ideas; simultaneously he rediscovered himself. A similar exercise may be the need again today.

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Spate of Labour Legislation Worries Industry

The States have of late shown a tendency to legislate in their own way on industrial matters, even where there should be some uniformity. But the best way to protect the interests of labour is to encourage the growth of strong representative unions and a proper grievance redressing system and not the enactment of further litigation-oriented legislation.

FOR a long time employers in India have complained about the extent and prolixity of labour legislation in the country and have attributed industrial disharmony at least in part to the litigation-oriented legislation on labour matters. Apart from this, another tendency appears to be growing—different States, in their solicitude for industrial labour, intend to legislate in their own way on labour matters, even where there should be some uniformity.

At the 17th session of the Indian Labour Conference a salutary principle was agreed upon, viz., that "the legislative and administrative policies of the Central and State Governments, and the policies of the employers' and workers' organisations should not run counter to the broad lines of policy that may, from time to time, be adopted by the Indian Labour Conference after full tripartite discussions." The Conference also agreed that "proposals involving any new major point of policy or principle should generally be undertaken after consulting the Indian

Labour Conference or the Standing Labour Committee."

A Marked Departure

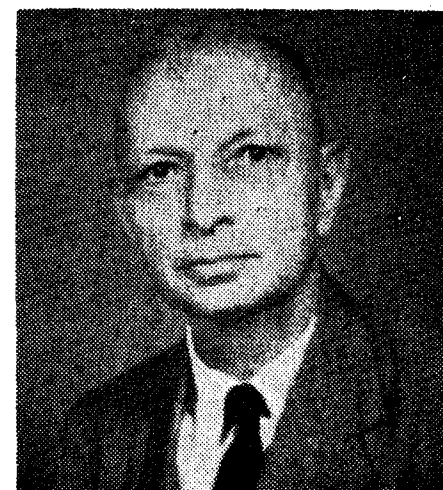
In view of this it is surprising that the Labour Ministers of the States at the conference held on 24th and 25th August, 1971, recommended that the minimum bonus be statutorily raised from 4 per cent to 8½ per cent, and that the provident fund under the Employees' Provident Fund Act should be increased where it is 6½ per cent to 8 per cent and where it is at present 8 per cent to 10 per cent, without giving any thought to the capacity of industries to bear the burden and without consulting the interests concerned. Moreover, some of the State Governments, in their anxiety to appease industrial labour, want to initiate measures by way of Ordinances or legislation without prior consultation with the I.L.C. or its Standing Labour Committee, and

By

M. R. MEHER

in some cases even without eliciting views of the concerned interests. If the States undertake labour legislation in their own way without such consultations, there would not only be conflicting enactments and industrial relations policies but a chaotic situation would also result. Furthermore, on certain matters it is definitely desirable that there should be Central legislation applicable all over India.

In a way the Centre is to blame for the States' demand for autonomy. In the sphere of planning and industrial licensing, for example, the Centre's policy has too long been influenced by doctrinaire considerations which have hindered industrial development in the States. The industrial policy of the Centre has been influenced too much by the bogey of big business and the concentration of economic power, even though the greatest concentration of economic power has been in the public sector, the performance of which has been far below expectations and a source of concern to the public and various parliamentary committees. It is, therefore, not surprising that the States want not only a greater voice in matters like industrial develop-



ment and planning, but also want to exercise their power to legislate according to their own views on labour, which is a concurrent subject. But there has to be some uniformity on important matters of principle, and the following examples show the undesirability of the States undertaking labour legislation according to their own views.

Half-baked Ordinances

The United Front Ministry in West Bengal, in its anxiety to please labour, hustled through a half-baked Ordinance on gratuity. It also wanted to issue an Ordinance to require industrial units to give 60 days' notice of closure, but before the Ordinance could be issued the Ministry resigned and the legislation proposed by it was issued as a Presidential enactment. On a matter like gratuity, it is necessary to have Central legislation. This was recognised at the recent tripartite Indian Labour Conference held on 22nd and 23rd October. But what is relevant to the present argument is that the hastily made Ordinance on gratuity had to undergo several modifications before it could be enacted as a President's Act. The Kerala Government had also issued an Ordinance on gratuity. An Ordinance can only be issued when there is an emergency and when Parliament or the State legislature, as the case may be, is not in session. It is difficult to see how provision for gratuity, which industrial tribunals have been awarding for many years in industries according to their capacity to pay, could be a matter of emergency justifying an Ordinance.

As for the West Bengal Ordinance, the following modifications had to be

made in the Presidential enactment replacing the Ordinance, to make the provisions workable and reasonable. The operation of the enactment in respect of shops and establishments had to be confined to establishments employing ten or more persons. The benefit of gratuity had to be restricted to employees drawing pay up to Rs. 750 a month. The age of superannuation had to be fixed. It was necessary to disentitle to gratuity employees dismissed for gross misconduct. As for the President's Act requiring 60 days' notice of closure, it does not make any exception in cases where the closure is due to circumstances beyond the control of the employer. No employer wants to close his undertaking. He has to pay compensation to workers under the Industrial Disputes Act. While in very rare cases closures may arise from questionable motives, mostly they are forced on employers for factors beyond their control, such as shortage of raw materials, inadequate orders, losses and serious labour agitation leading to violence. Any employer in West Bengal would have taken personal risk to give such notice, and instead of the notice period being used for putting in sincere efforts to tide over the difficult situation, militant workers might have used it to indulge in violence and sabotage.

At the Indian Labour Conference held on 22nd and 23rd October, some

unions even pressed for Central legislation requiring 90 days' notice of closure. The employers were opposed to the proposal. They were agreeable to the formation of a screening committee to go into cases of closure. A suggestion was made by one of the union representatives for having tripartite watchdog committees in major industries to prevent closures. These are better suggestions than the proposal to have an all-India Act along the lines of the West Bengal Act requiring 60 days' notice in all cases of closures. It may be mentioned here that the Supreme Court has laid down in some cases that the fundamental right under the Constitution to carry on business includes the right to close the business.

Unreasonable Restriction

An Act of the legislature to compel an employer to carry on a business for 60 days, when it may not be possible to do so for reasons beyond his control, and providing a substantive sentence of imprisonment for breach of the requirement of notice may be open to attack in legal proceedings as an unreasonable restriction on the right of business. The conduct of labour in resorting to violence, illegal strikes, etcetera, often made it difficult for the employer in West Bengal to carry on business. It was, therefore, necessary to protect him from such labour

tactics which could jeopardise the continuance of industrial activity.

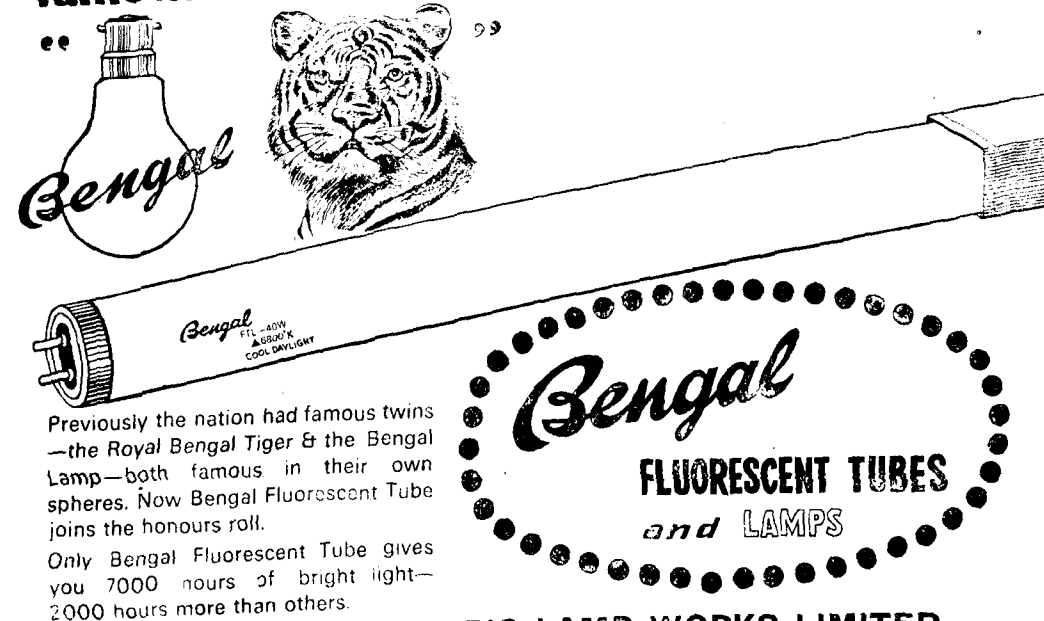
To come now to the Maharashtra Bill on unfair labour practices which has been passed by the State legislature—the Bill has not been assented to by the President till this writing—and a similar Bill by the Andhra Pradesh Government, introduced some time in 1969, which has not yet been passed by the legislature. The Bills meticulously define in detail unfair labour practices by employers and employees and seek to provide remedy for them. These Bills follow the lines of the recommendations of a committee appointed by the Government of Maharashtra. The National Labour Commission strongly recommended that there should be a shift from Government intervention in industrial relations to collective bargaining; yet surprisingly, and without going deep into the question, it recommended legislation along the lines proposed by the Maharashtra Committee on Unfair Labour Practices. Time alone will show whether the two Bills, when they become Acts, will promote harmonious relations in industry or will lead to more unnecessary litigations.

The Centre has not yet undertaken any such legislation. The existing legislation laying down penalties for illegal strikes has not been effective in preventing or discouraging such strikes, and whether the proposed legislation will be effective to prevent unfair labour practices, such as illegal strikes and go-slows, remains to be seen. Furthermore, unions can avoid penalties for unfair labour practices by disclaiming responsibility and saying that the acts were not authorised by the union but were of the so-called "action committees" or of individual employees. The Bills permit individual employees to institute proceedings for alleged unfair labour practices. This may not advance collective bargaining and may lead to frivolous complaints by individuals to harass employers. Except in cases like wrongful dismissals or discharge, the right to institute proceedings for unfair labour practices should have been given only to employers and unions.

Duplication in Legislation

The list of unfair labour practices by employers includes dismissing an employee by way of victimisation, or not in good faith, implicating an employee by false evidence or for patently false reasons or on trumped

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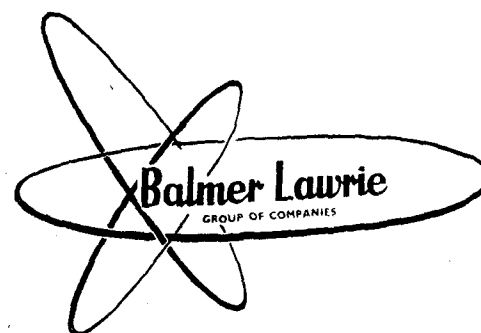
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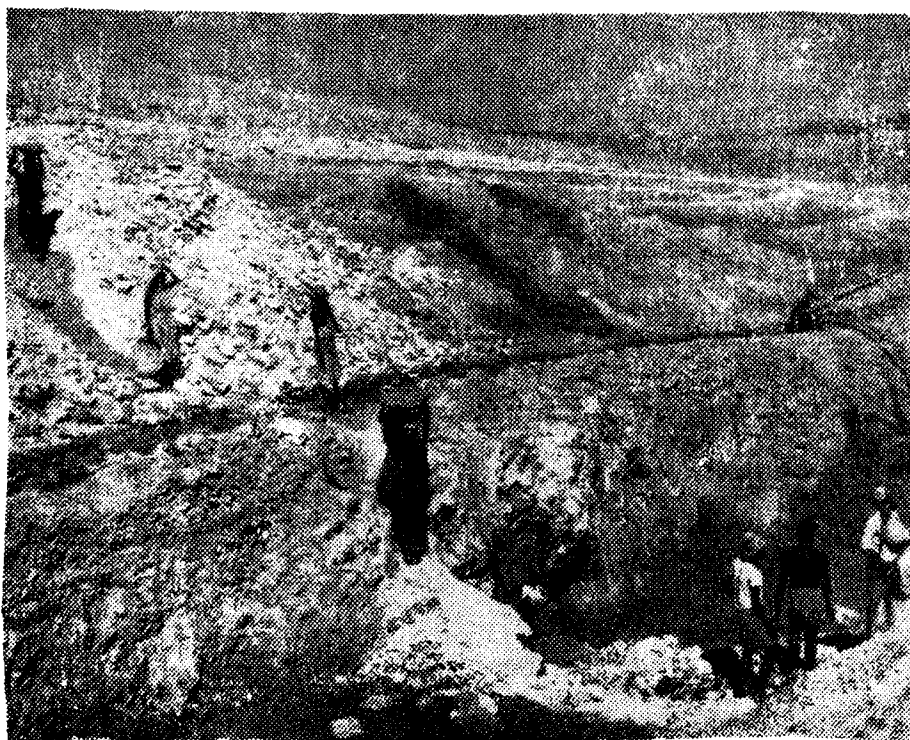
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up allegations or for patently false reasons or in utter disregard of the principles of natural justice. On all these matters, the existing law and a series of decisions of the Supreme Court provide ample remedies, and it is, therefore, difficult to see why there has to be duplication in legislation. Again while every conceivable unfair labour practice by employers is included in the Bills, unfair labour practices like sit-down and stay-in strikes and the so-called work-to-rule, which is an insidious form of go-slow, are not included.

Among the unfair labour practices listed is "to refuse to bargain in good faith with the other party." This is copied from American legislation. American writers admit that this provision has served little purpose and has been productive of unnecessary legislation. To give an example, if a union makes a fantastic or frivolous demand, a demand which it knows cannot be met, is the employer to be hauled up if he refuses to concede the demand, unless he makes a show of going through the formality of bargaining or arguing with the union officials that the demand cannot be met? Good faith cannot be created by

legislation. It is not to be supposed that unions are interested in making demands on the employer but not interested in talking with or bargaining with the management and so the law should make it obligatory to bargain in good faith. The best remedy for unfair labour practices is to encourage the growth of strong representative unions and a proper grievance redressing procedure, and not more legislation which may promote further litigation.

Confusion over Definition

Again it is difficult to see the desirability of making offences cognisable as the Maharashtra Bill has done. In industrial matters the police should not intervene except to preserve law and order. The finding of an unfair labour practice by the authority under the Bill would be subject to revision in a writ proceeding before the High Court or a special appeal to the Supreme Court, and it is not advisable to treat such offences as cognisable and allow the police the power of arresting without warrant before the dispute is finally decided by the higher courts. The Maharashtra committee in its report has admitted that unfair

labour practices are difficult to define and what may be unfair in one set of circumstances may not be so in another set of circumstances. This is by itself a good reason for not attempting to legislate on unfair labour practices in the manner proposed in the Maharashtra and Andhra Pradesh Bills.

Another objectionable feature in the Bills is that investigating officers are permitted to enquire into unfair labour practices *suo motu* even though there may be no complaint by any worker or union. Such a provision is quite unnecessary and may lead to harassment of employers. The existing code of discipline already lays down unfair practices and provides for implementation committees for necessary action against employers and unions. There is need for more voluntarism and less legislation on industrial relations. At the recent informal conference called by the Central Minister of State for Labour, Mr. R. K. Khadilkar, labour leaders unanimously favoured minimum Government intervention in industrial relations. That is another good reason for not attempting to legislate on unfair labour practices.

They saved the ancient banyan tree and now their daring knows no bounds

'Let it stand,' someone said of the banyan tree as the site was being cleared for the Hindustan Lever Research Centre, at Andheri.

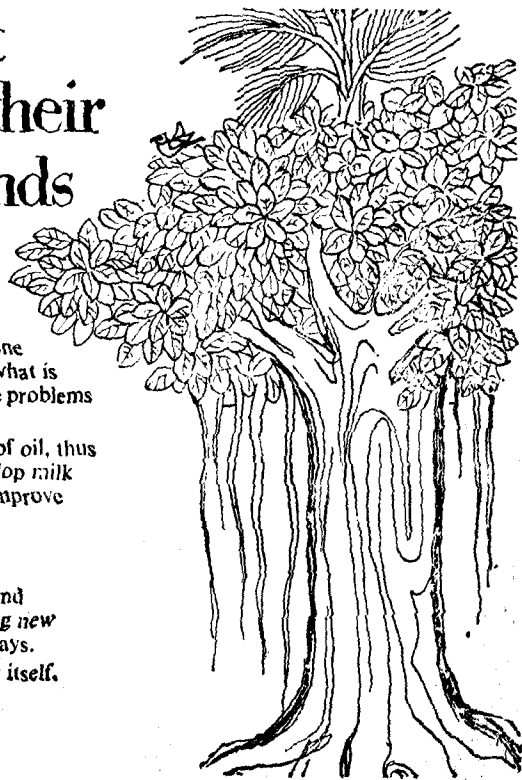
So the tree still stands — and it stands for quite a lot. For one thing, the tree signifies that we can't easily get away from what is home-grown. Appropriately, therefore, the Centre will tackle problems rooted in India — the kind that can only be solved here:

Can we discover and exploit hitherto unused local sources of oil, thus cutting imports and saving foreign exchange? Can we develop milk foods that are ideally suited to Indian needs? How can we improve the nutritive value of protein-poor foods? Can we develop processes for the preservation of Indian type food dishes?

Research on all this can only begin at home. It has, at the Hindustan Lever Research Centre in Andheri. The sweep and thrust of the studies are daring. The scientists are producing new devices for old, making traditional things happen in new ways. They have, of course, left the banyan tree alone to grow by itself.

Hindustan Lever

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Averting a Socio-economic Crisis Through a Rational Agricultural Policy

If the authorities are keen on averting a socio-economic crisis, they should think afresh about the land use problem and work out a new land-man ratio.

This would require two things: first, a manifold increase in productivity of all crops and, secondly, accent on technology that would make even small farms viable.

REVOLUTIONS of tomorrow may be engineered in the farms and not factories. Land in the developing countries has to produce not only food and raw materials but also jobs. Agricultural experts concentrate on the first part of the problem and ignore the second. The result is that they create a picture of plenty and starvation side by side. One is told of superabundance of food in the country. In the same breath, one is also told of acute starvation and of people living on roots and grass.

This situation clearly cannot be allowed to exist for long without leading to a revolution. Industrial expansion has to abide by certain unalterable laws of investment and returns. It cannot absorb all the surplus manpower which is thrown back upon the land to fend for itself. There is enough food for those who have the means to support themselves. But what about the rest

whose number keeps on multiplying year after year? The authorities and the agricultural experts have to realise that the answer to their problems has to be found more in the farms than in the factories.

Limited Experience

Prompted by the limited experience of Punjab, many economists and farm specialists are making the forecast that large-scale mechanised farming automatically sets in motion a process of growth which creates enough jobs for all. In fact, it leads to an acute labour shortage, they contend. But they seem to be looking at the country's problem on a very limited scale, in terms of both time and space. In the first place, not more than 60 million to 70 million acres of about 330 million acres of farm land in the country is capable of producing the kind of self-generating growth these experts have in mind. Secondly, even in these fertile regions, they are talking from the experience of barely four or five years. Already it is being conceded that much of the affluence or prosperity of the pea-

By

M. B. LAL

santry attributed to the "green revolution" is illusory even in the fertile tracts. In this connection, the Rs. 37-lakh study sponsored by the United Nations on the economic and social impact of the "green revolution" all over the world is very timely.

A recent study in Haryana, where like Punjab food production has nearly doubled in about five years, shows that 83 per cent of the landowners are below the subsistence level or just make it. The condition of the landless would be much worse. The picture is not much different in Punjab. Another study on drought conditions in Haryana shows that per capita incomes in some dry pockets in a drought were as low as Rs. 100 in a year, compared with Rs. 400 in the wet areas. A more recent survey in two dry districts of Andhra draws an even more harrowing picture. People were said to be living on nothing but roots and grass.

What is the answer to these problems of food and jobs? The two



most common solutions ignore the fast changing realities of the day politically, economically and technologically. One solution that is suggested often is that commune or the collective farm of the Chinese style is the best answer to India's problems. All land would then belong to communes and each commune would be responsible for feeding and clothing all its members and for giving them jobs. The other solution suggested, particularly in the fertile regions like Punjab, is to encourage highly mechanised private farms of between 30 acres and 60 acres each. They recognise that under this system the land will not assume direct responsibility for employing all the people who expect to be fed from it. But, they add, it would generate enough wealth and economic activity gainfully to employ all available hands.

Unrealistic Systems

Both these systems seem unrealistic because they ignore the compulsions of the new "land-man ratio" that must emerge in the age of the population explosion in which the people live today. The question that cannot be skirted for long by any ideological considerations is that one acre of land in most of the developing countries of overpopulated Asia — if not elsewhere too — should be able to support many times more people than it does today.

That the capacity of land to support human life is grossly underrated and underutilised can be shown by some telling figures. There are areas where one acre of land costs as much as Rs. 80,000. This is believed to be the case in the Bassein taluka of Maharashtra. Here a farmer can earn as much as Rs. 12,000

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to Rs. 15,000 from one acre of land and cannot really marshal more land. On the other hand, there are areas where the price is as low as Rs. 200 an acre or less and about 100 acres of such land may be barely sufficient to support one family.

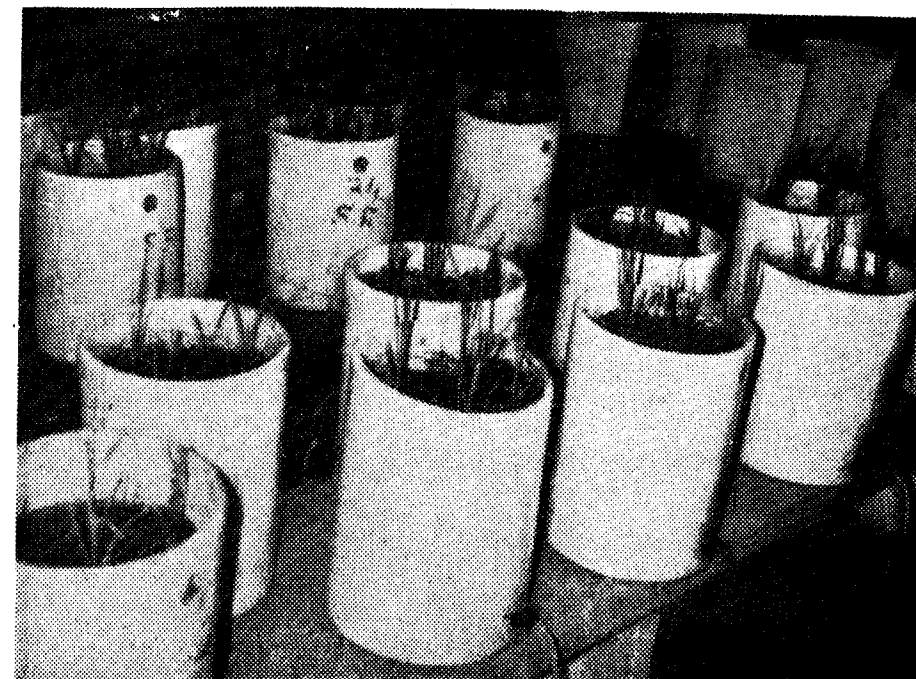
All research so far has been directed at the concept of "viable farm holdings" under the prevalent methods of farming. Thus even in the most fertile areas of the country, it is by and large considered impossible to have a "viable" farm of less than 5 acres. Even this is considered to be merely a theoretical possibility as a large number of 5-acre farmowners are said to be selling off their holdings finding them insupportable. In practice, it is only the owner of a minimum of 10 acres of fertile land who is believed to be able to support his family on it.

Experts' Concept

Experts in agricultural universities have gone a step further in this direction. Their studies show that the optimum per acre productivity can be achieved only on farms of between 30 acres and 60 acres. From this many of them conclude that any attempts to lower land ceilings would hit production and retard progress. Their concept of an ideal farm is that of a mini-estate complete with a city house and a country house for the owner, a car, at least one tractor, a powerful tubewell and a vast array of agricultural machinery to be operated with the help of a few farm hands.

There would be nothing very wrong with this concept of agriculture if the pressure of population on land not only for food but also for jobs was not as great as it is today. In the present context, however, this idealistic scheme of things evolved by experts seems impossible to achieve. The landless and the labourers would not stand idly while the landed gentry sport their styles and vie with the urban rich in luxurious living. For them it would then be not a mere question of jealousy but one of survival.

There will, no doubt, be jobs for a large number in the various agencies engaged in meeting the needs of the new rich farmer. They would be employed in workshops, mandis, road building, bus services, entertainment facilities, factories, house building, irrigation and in a variety of other ways. But, in the first place,



Pot culture experiments on rice

all this would still leave a very large number unemployed. And, secondly, the wages they would receive would bear no relation to the income of the landowning classes. Such disparities may be understandable in the cities where the means of production are far too complicated and gigantic to be too widely diffused; but in the traditionally simple rural society, where differences between the small farmer and the landless have never been very wide, the masses may not accept the new change.

The most important factor perhaps which makes the situation potentially explosive in the countryside is that of caste. The new emerging pattern of land ownership suggests that in most States, the ownership of the larger farms vests in a few select caste groups. In Punjab and Haryana, for instance, it is the Jats who dominate. This makes organisation of rebellious bodies among farmers as easy as it is among disgruntled workers in factories. It is for this reason that the communists and socialists in India who swear by secular principles are busy whipping up caste sentiments among the underprivileged castes in the rural areas. These include not only the *harijans* but a large number of other caste groups who constitute the bulk of the have-nots in rural society. The communists of all shades seem convinced that a class revolution in India, if and when it comes, will essentially be a caste revolution. The caste system, which

in ancient times was perhaps conceived to keep every social group in its own place in the economic strata, has thus provided within itself an inbuilt mechanism of revolt.

Egalitarian Structure Needed

Administrators, economists, social reformers and farm experts in India cannot, therefore, escape the responsibility of guiding the rural society into a more rational and egalitarian structure. This has been attempted with considerable success in Japan and Taiwan. It may be possible for India to improve upon the performance of these countries. There it has been proved convincingly that much higher yields and standards of living are possible with farm holdings of barely about 1 acre each. In the U.S.A., where land is not much of a problem and farmers are often paid large amounts for keeping their lands fallow, yields in numerous non-cereal crops, such as tomatoes, are several times more than the best achieved in India. Any number of examples can be produced to show that India's concepts of per acre productivity are comparatively primitive.

In the field of dairy farming, for instance, new experiments have shown that the traditional concept of one acre of land supporting two heads of cattle has become somewhat outdated, although India's most modern dairy institutes adhere to it. It is now possible to maintain eight

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or ten high-yielding cows on an acre of land growing on it high yielding grasses that have been recently evolved. This should not only reduce the pressure of cattle on land but should also help to bring down the cost of milk. India has perhaps the world's highest priced milk economy and the masses in this country are completely deprived of this essential and valuable source of protein and vitamins.

India has by now become notorious for her poor yields in sugarcane both in tonnage and the sucrose content. Hardly anything substantial has been done to grow new varieties which could make the sugar economy comparable with other countries like Cuba or Indonesia. The situation continues to be equally pitiable in cotton, oilseeds, rubber, jute, pulses, rice and a host of other crops. The fact seems to be that India has not yet mentally prepared herself to the new challenge that the glaring inequities of the land-man ratio in the country present.

Importance of Dry Farming

Achieving the maximum productivity in India's known crops is only part of the job. Much has already been written about the importance of developing dry farming to its full potential. Its importance can never be overemphasised. What needs to be said at the same time is that dry farming should also mark a breakthrough in trying to grow things which have never or seldom been grown on a commercial scale. The full potential of the flora and fauna of the drier regions for food and industry must be explored.

The biggest problems that the small farmers will face will be those of the organisation of marketing and the supply of inputs. It is here that the banks, the co-operative movement, the private sector and the Government can play an important part. Foolproof arrangements have to be devised to ensure the farmer against wide fluctuations in the prices of his products. It can be done in a variety of ways, such as crop insurance, assured procurement prices, co-operative marketing facilities, bank credits to prevent distress sales, buffer stock operations in most commodities prone to price fluctuations and, finally, export guarantee schemes.

This would involve a close liaison between the Ministries of Agricul-

ture and Foreign Trade. Market information will have to be collected on a global scale. Production plans of various commodities will have to be worked out for the whole nation with a precision that would literally cover almost every small farm. The main objective would be to obtain for the farmer the highest profits for his produce in the Indian and foreign markets. This may mean that even within his small holding each farmer will grow a variety of crops. He will have four to five crops a year and in each season he may grow more than one commodity. Thus vegetables, legumes, cash commodities, fruit and a variety of other items may be grown side by side to derive the maximum benefit from each holding. Such a programme would also involve not only research but also education on a massive scale for farm extension workers and farmers.

The magnitude of the land use problem becomes obvious by a mere glance at statistics. Of the nearly 100 million families (with a population of about 600 million), 70 million families are engaged in agriculture but only about 20 million own land. And of these not more than 5 million holdings can be described as viable. Thus 65 million farming families are even today living below the subsistence level.

Picture Twenty Years Hence

If one looks at the picture 20 years hence, the problem threatens to assume more staggering proportions. There would then be a population of about 950 million to 1,000 million, or a minimum of 160 million families. If the number of viable farming families then continues to be around 5 million as today, the whole social fabric would be blown to winds by the forces of rebellion. It is equally obvious that within the next 20 years, even if India develops at the fastest possible rate, industry and other non-agricultural sectors, which now employ about 25 million families, would not be able to absorb more than 50 or 60 million. The remaining over 100 million families will have to be directly dependent on agriculture for a living some 20 years hence.

At the end of about 20 or 30 years India can expect to attain a self-generating economy which should be able to absorb all further increases

in population in industry and other non-agricultural sectors. Later on it may also be possible to further accelerate the job potential in industry so that it can absorb even a larger proportion of the population and relieve the burden on agriculture. This means that for a very long time to come the country will have to be prepared to absorb a minimum of about 100 million families directly in agriculture. If these families are to be kept contented, viable farm units will have to be created to provide the minimum needs of all of them. The ideal situation would perhaps be one in which at least half that number is provided with independent holdings and the other half is accommodated as farm labour on a good living wage with their rights and privileges assured under a law which can be rigorously enforced.

Elimination of Hired Labour

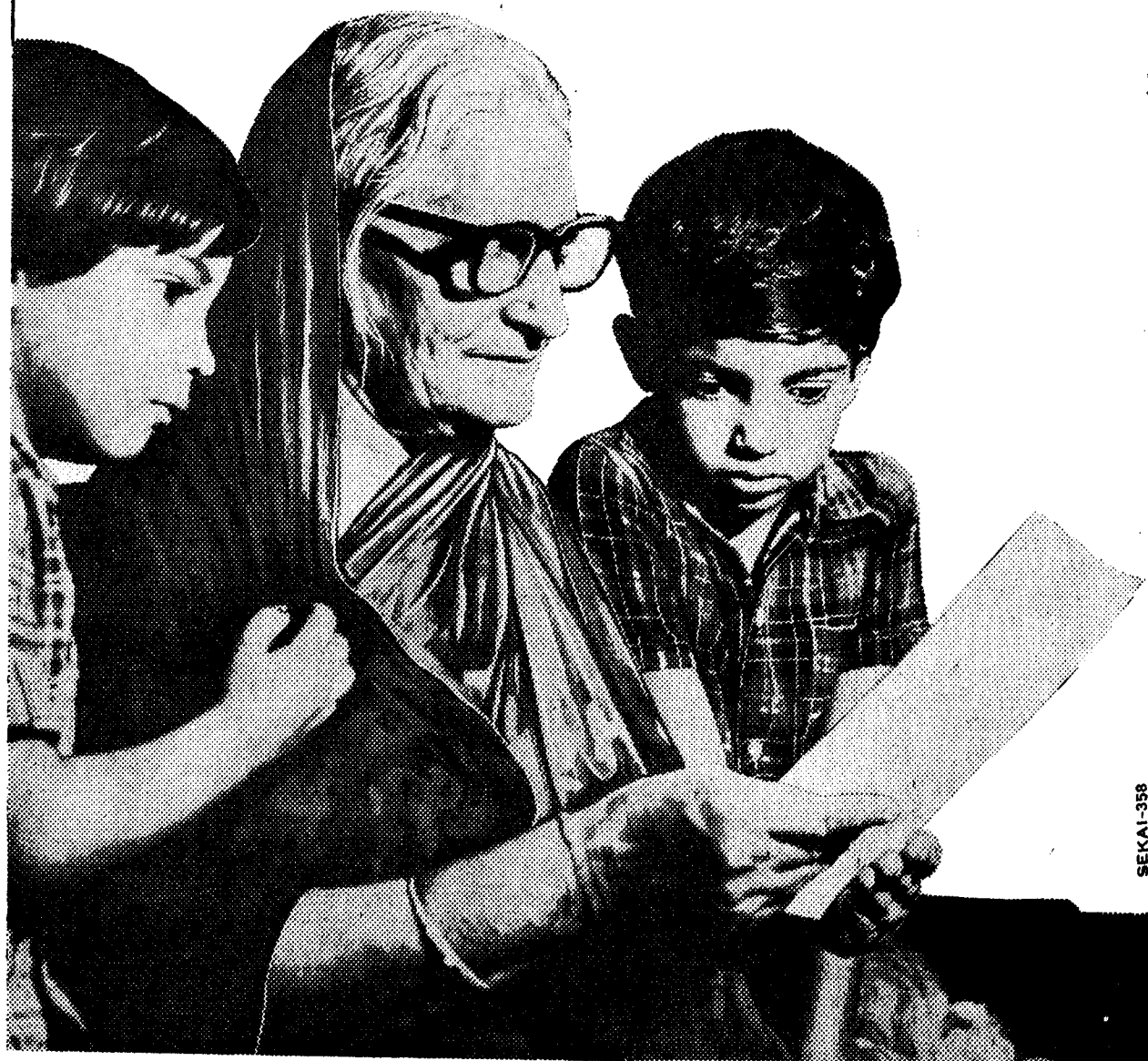
It has to be remembered that for a long time a farming family of five or six will not consist of one full-time worker but two or three. This implies that the labour needed for each viable holding will be available most of the time within the family unit and will not have to be hired from outside. At peak periods two or three families could pool their resources and help each other in such operations as sowing and harvesting. The need for labour, therefore, will not be very large if most of the holdings are small and manageable within the family.

If the authorities and farm experts are keen on averting socio-economic chaos, they will have to think afresh about the land use problem and determine a new land-man ratio which would provide satisfaction to the largest number of people in the country. This would necessarily require two things: a manifold increase in productivity of not only cereals but all crops, and, secondly, accent on technology that would make very small farms viable. The Chinese solution of collective farming would never succeed because it would immediately bureaucratised the land and, instead of increasing the per acre yields, bring them down. A careful study of the realities would show that the land is capable of giving its best through small single-family units, provided the proper technology is developed which would mark an improvement upon the experience of Japan and Taiwan.

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Tax Assessment and Administration: The Credibility Gap

It is true that some taxpayers take undue advantage of the confidence reposed in them. But a very large proportion of them will abide by the tax laws if assessments are made promptly and equitably.

An unfair assessment induces the belief in an honest taxpayer that he has been unfairly treated.



A MAJOR malady affecting the Central tax administration may be termed "the credibility gap". There is an unfortunate lack of trust and confidence between the taxpayer and the tax collector, between the tax collector and the tax auditor and between the tax administrator and the tax legislator. Because of this state of mutual suspicion and distrust, the spirit of give and take so necessary for fair and expeditious assessment is lacking. As a result, arrears of assessments are piling, completed assessments are being opened and reopened, the number of appeals and counter-appeals is mounting and petty refund claims are inordinately delayed. In short, the tax administration, in spite of its apparent activity, seems to be coming to a standstill.

To safeguard his position, the tax collector errs in favour of revenue, knowing full well that having regard to a judicious and fair interpretation he should act otherwise. Errors of omission and commission cannot be entirely ruled out, particularly in junior and inexperienced tax collectors, and the law provides adequate remedies for rectification and correction thereof. It is, therefore, unwise and improper to find faults with petty or routine mistakes, thereby delaying the process of assessment and recovery.

Higher Echelons

The higher echelons of the tax administration are manned by a band

The Finance Act of 1965 inserted Section 85A in the Income Tax Act, 1961. The declared aim of this provision was to simplify calculation of tax on inter-corporate dividends. The official Explanatory Memorandum which was circulated with the Finance Bill clearly stated: "The tax payable on inter-corporate dividends will be the same as before", namely, 25 per cent or 15 per cent, as the case may be. The Explanatory Memorandum accompanying the Finance Bill of 1966 reiterated the position in the following words: "It is proposed to continue the existing rates of income-tax on inter-corporate dividends, these being (a) 15 per cent of the amount of dividends received by a foreign company from an Indian company in which the public are not substantially interested and which is mainly engaged in any of the specified priority industries and (b) 25 per cent of all other inter-corporate dividends".

Undue Advantage

While it is undeniable that some taxpayers take, and will continue to take, undue advantage of the confidence reposed in them, the fact remains that trust begets trust and that a very large proportion of the taxpayers will abide by the tax laws and rules if assessments are prompt, judicious and equitable. A harsh and unfair assessment induces the belief in an honest taxpayer that he has been unfairly treated and puts a premium on dishonesty; a rigid approach and a literal interpretation which sticks to the form and ignores the substance of the transaction alienate the loyalty of an honest taxpayer.

Likewise, undue and unjustified criticism of a tax collector's actions and orders destroys his initiative and integrity, leading to unfair and halt-

of dedicated workers, industrious, intelligent and honest. But the situation becomes disappointing and frustrating when, pursuant to flimsy audit and legal objections, uncertainty and indecision pervade even the talented top levels. The image of the tax administrator gets tarnished abroad if advance rulings given to foreign investors are not adhered to and pronouncements made from the highest quarters are forgotten. It is not the intention to burden this article with numerous cases corroborating this, but a few recent instances which have upset overseas investors may be briefly mentioned.

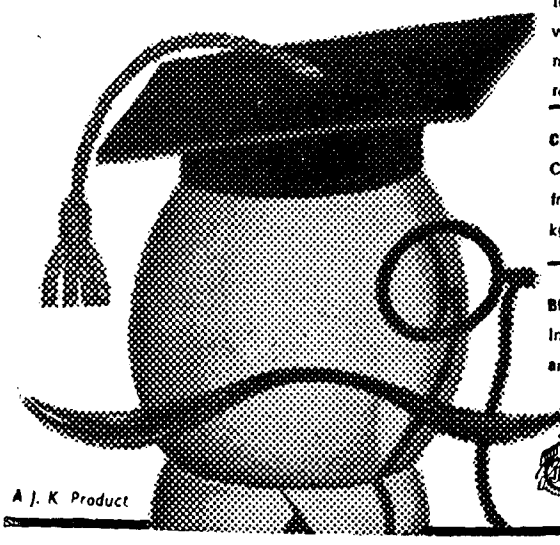
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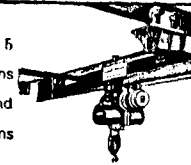
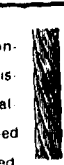
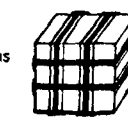
KAILASH KHANNA

Clear Intention

The intention was clear and beyond doubt. For the assessment years in question, dividends received by a foreign company from an Indian company were to be taxed at the rate of 15 per cent or 25 per cent as applicable and the assessments of foreign investing companies were made accordingly. After the lapse of some years, following trivial audit notes, the assessments are now being reopened on the ground that the provisions of Section 85A, as drafted and enacted, do not lend support to the declared objective. Consequently, additional tax is being assessed and demanded from a number of foreign investors. The matter was raised at

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a meeting of the Central Direct Taxes Advisory Committee when it was apparently conceded that the correct rates of tax chargeable were 15 per cent and 25 per cent. Yet, completed assessments are being reopened and fresh assessments sought to be made at higher average rates of tax, contrary to accepted decisions. Nothing can be more harassing and exasperating for an honest taxpayer.

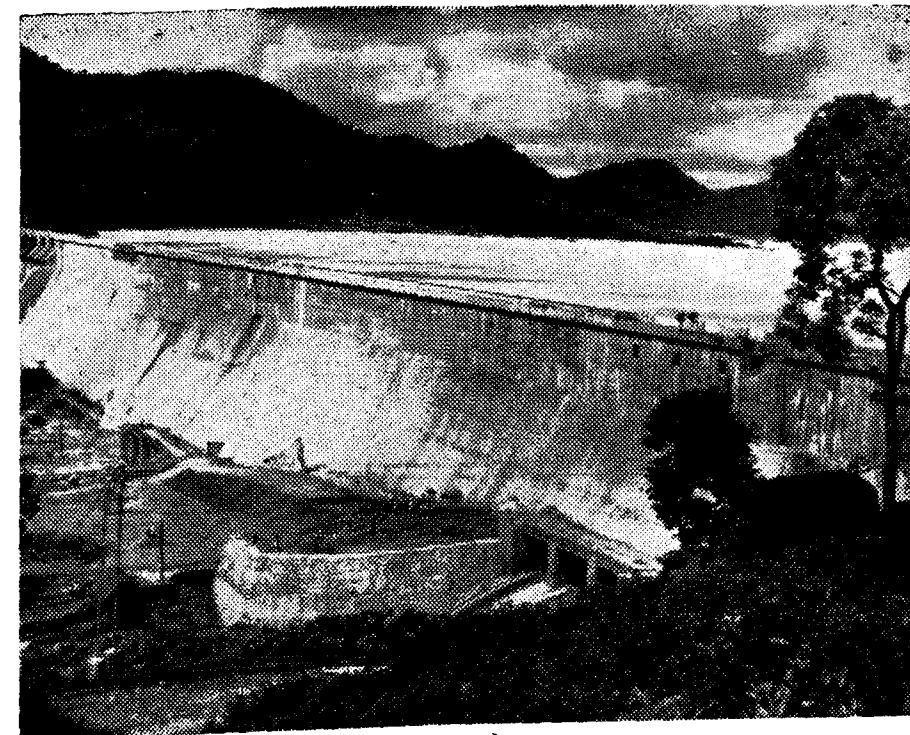
Technical Objection

Another example, following a dubious technical objection by the tax auditor, is the reported decision of the tax authorities to treat Indian subsidiaries of foreign public companies as "closely-held" companies for a number of assessment years, notwithstanding clear and unambiguous declarations to the contrary. Assessments of Indian public companies in which the majority of the equity is held by foreign public companies are being reopened with a view to charging a higher rate of tax on the reasoning that such companies are not companies in which the public are substantially interested within the meaning of Section 2(18) (b) of the Income Tax Act, 1961. It may be recalled that, a decade ago, when dealing with the Bill which sought to amend the Income Tax Act, the Select Committee made a modification to Section 2(18) (b) of the Income Tax Act, the effect of which, according to the Select Committee, was that, foreign companies would come within the meaning of companies in which the public were substantially interested.

Unintended Hardship

In the Finance Bill of 1966, with a view to simplification, it was initially proposed to replace the words "is not a private company" by the words "is a public company". But on reconsideration, the proposal was dropped and the intended substitution was abandoned. The abandonment was explained in the official Explanatory Note in these words: "This drafting change would have had the unintended effect of preventing Indian subsidiaries of foreign companies from qualifying as companies in which the public are substantially interested. The proposed amendment is meant to obviate this unintended hardship".

The explanation is clear as daylight. Yet the tax collectors, appa-



A view of a river valley project

rently on the basis of instructions, make assessments in disregard of clear intentions and confusion gets worse confounded. The adverse effect of such unfortunate directives on the tax collector's and taxpayer's loyalty and confidence needs no elaboration. The damage is greater when the assessee involved are large foreign corporate investors who strictly abide by law and who rightly expect full compliance with advance rulings and expressly stated objectives.

capital base the aforesaid appropriations. Representations to the effect that the action was unjustified in law were of no avail. Fortunately for the taxpayers, the Supreme Court of India has given an early and favourable decision. So the process of rectification and revision will start all over again and reopened assessments will be restored to the original position causing considerable waste of time and talent of the tax administration.

Unnecessary Harassment

Recently, unnecessary harassment and hardship has been caused to a large number of corporate taxpayers whose surtax assessments were reopened because of an erroneous interpretation of the provisions of the Surtax Rules relating to the computation of capital base. These assessments which had been correctly made included in the computation of capital the appropriations made at a meeting of the directors of a company or at the annual general meeting held after the first day of the relevant accounting year. Following an extremely doubtful ruling, the tax authorities doubted their own sound judgment and reversed the earlier decision, with a directive to the tax collectors to reopen all assessments so as to exclude from the

As long as tax administration remains susceptible to shallow criticism and sound decisions are reversed or not implemented, the disposal of assessments and collection of taxes will remain tardy. In the interest of equity and fair play and speed in tax assessment and recovery, it is imperative that quick and firm decisions are made by the tax administrators. Furthermore, a ruling having been once given should be respected by all concerned and strictly followed. Only when this healthy state of administration is developed can one expect better tax assessment, recovery and collection. It is to be hoped that with an experienced and enlightened chairman now at the helm of the Central Board of Direct Taxes, a bold, realistic and pragmatic approach will soon be brought to the solution of tax problems.

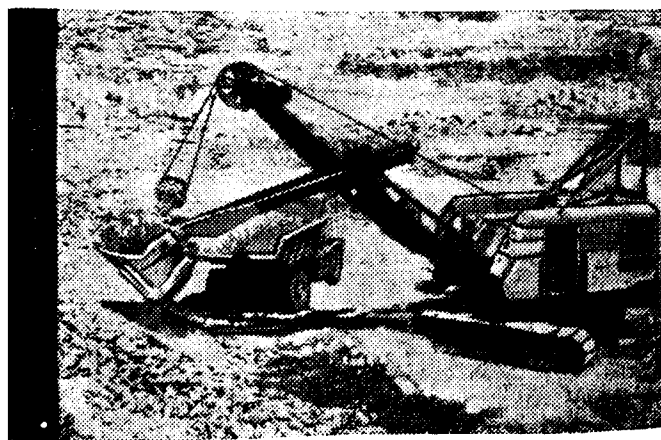
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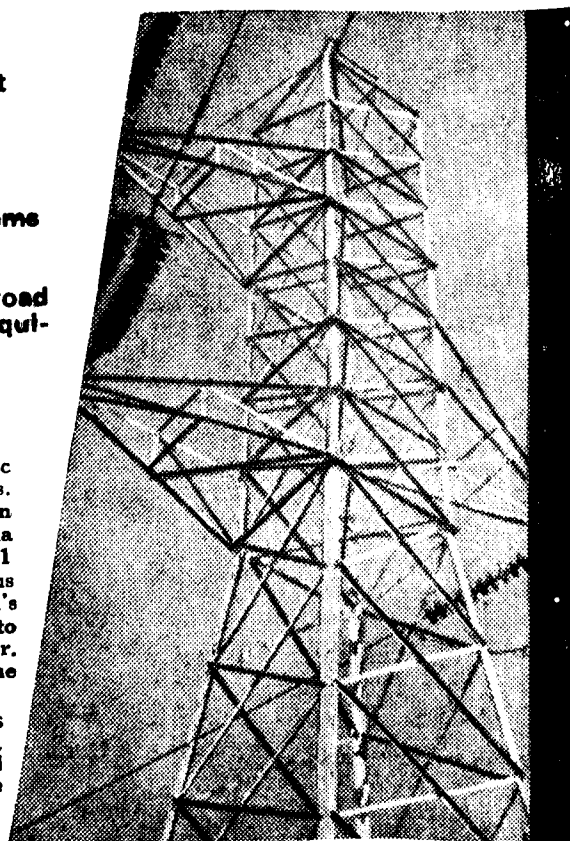
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Trading with E.E.C.: Need to change the Composition of India's Exports

IT is over ten years since India first asked the European Economic Community for tariff concessions, in an attempt both to cushion the shock of Britain's entry into the E.E.C. and to correct a severe imbalance in her trade with the Six. In the intervening period, her exports to the Common Market countries have risen from \$143 million to \$191 million as Table 1 shows.

The rise in India's exports can hardly be regarded as significant; closer analysis may even reveal the increase to be due largely to higher export prices, although, given the relative stagnation in commodity prices, this is not very likely. The substantial decline in India's trade deficit, therefore, is due more to a lower level of imports than increased exports.

What is the explanation for India's poor export performance in a market which has been growing rapidly? The answer given by India's trade officials is a very simple one: the Community is a highly

By

MALCOLM SUBHAN

protected market. Tariffs on jute goods, for example, are around 20 per cent, on cotton cloth about 15 per cent. In addition, there are various non-tariff barriers, of which quotas are the most evident and important. As the officials will point out, India's attempts to dent the E.E.C.'s trade barriers have yielded few results. As early as 1963, the Six suspended at zero their tariff on tea and a number of other products of export interest to India. Since then they have given India relatively large quotas under the long-term arrangement on cotton textiles and much smaller ones for her jute goods. These are tariff quotas, unlike the quotas for handicrafts and handloom fabrics which are duty free.

The greater part of India's exports to the European Common

Market countries consists of primary products, the demand

for which is declining.

India should, therefore, lay

greater stress on the export of manufactured items for which these countries offer a good market.

How valid is the Indian explanation? One way to test it would be to look at the export performance of other developing countries, as Table 2 will show.

From Table 2, it would seem that, by and large, India's export performance was no worse than that of most of the countries mentioned in it. Pakistan, for example, did just as badly or well as India, while the Mexicans did considerably

worse. This would suggest that protectionism is indeed the most important obstacle facing all exporters to the Community—until one looks at the figures for Senegal. As an associated State, this African country enjoys duty-free entry for virtually all its products and a Community preference for the others; and yet Senegal did worse than virtually every other country shown in the table. The explanation lies, of course, in the composition of the exports of the developing countries. If India (and Pakistan) have done relatively badly, it is because the greater part of their exports consists of primary products. The demand for many of them is slowly declining and their prices are stagnating in the long term. Senegal's exports, for example, consist largely of groundnuts and groundnut oil, and while the Senegalese enjoy a slight tariff preference (6 per cent), the E.E.C. put an end some years ago to the price stabilisation system operated by the French.

Stiffest Obstacles

The importance of having the right products to sell is borne out by the experience of Hongkong and, to a lesser degree, Israel. Hongkong's exporters, together with the Japanese, face the stiffest obstacles in their trade with the E.E.C.; many of the quantitative restrictions applied by the Six relate exclusively to products from these countries. If their exports are booming, it is because of their composition. (Japan's exports to the E.E.C. rose from \$257 million in 1962 to \$986 million in 1970.) Manufactures account for most of the exports of both countries; and as both must import all the raw materials used in their factories, they are continually looking for manufactures with a high percentage of value added. There are little profits to be made from importing raw cotton in order to export gray cloth; both countries, therefore, are switching over from cotton to man-made fibres, where the proportion of value added is substantially higher. (According to a study by the General Agreement on Tariffs and Trade (G.A.T.T.) on Japanese industry and foreign trade, the value added for each employee in synthetic fibres was 364, against only 41 in the case of cotton fabrics, the base being 100 for all manufacturing industries).

The composition of India's exports, on the other hand, contains few manufactured products with the ex-

TABLE 1
INDIA'S TRADE WITH THE E.E.C., 1962 AND 1967-71

	1962	1967	1968	1969	1970	1971
						(first six months)
Exports	143	144	168	196	191	104
Imports	299	358	302	277	282	148
Balance	-156	-214	-134	-81	-91	-44

Source: Statistical Office of the European Communities.

TABLE 2
E.E.C.: IMPORTS FROM SELECTED DEVELOPING COUNTRIES, 1962 AND 1967-71

		(In million dollars)					
		1962	1967	1968	1969	1970	1971
Pakistan	...	81	100	116	122	115	59
People's Republic of China	...	89	223	226	268	255	125
Hongkong	...	49	131	153	225	275	153
Israel	...	72	125	159	186	194	147
Egypt	...	93	89	98	133	173	86
Senegal	...	131	120	106	97	110	51
Mexico	...	140	173	156	178	121	63
India	...	143	144	168	196	191	104

Source: Statistical Office of the European Communities

ception of cotton and jute textiles, two groups of items for which supply exceeds demand. What is even more regrettable is that the composition has remained largely unchanged in the last ten years. In recent years, the two-way trade in diamonds (principally with Belgium) has increased to the point where it is among the largest items in the Indo-E.E.C. trade, but the limits to expansion probably have now been reached. The conclusion is clear enough: in today's world virtually the only developing countries that can see their exports rise by leaps and bounds are those with oilfields. Libya's exports to the E.E.C. rose from \$11 million in 1961 to \$1,787 million in 1970; even Nigeria's exports rose from \$174 million in 1965 to \$500 million in 1970. The others will have to begin transforming their raw materials at home—or see their share in world trade decline even further.

The great fuss that trade officials from India (and other developing countries) are making in various international forums and in bilateral negotiations over tariffs and quanti-

tative restrictions are largely irrelevant in today's situation. A 23 per cent tariff on many jute and coir products is manifestly unjust, especially when the tariff on motor-cars, for example, is only 10 per cent. But the plain truth is that for years the bulk of India's jute exports to the E.E.C., being made up of sacks and sacking, had entered duty free as it was invariably intended for re-export. One reason why the Six are so reluctant to modify the jute agreement with India is that the quota for exports of carpet-backing cloth to the Benelux countries has not been filled. Obviously duty-free, quota-free entry for jute goods will result in a rise in Indian (and Pakistani) exports to the E.E.C. market—but for how long? The European jute industry has been fighting for the continuation of both tariffs and quotas—because it is moving out of jute—but wants to defend itself against Indian and Pakistani exports while it carries out its reconversion.

One reason why trade officials (whether Indian or any other) con-

tinue to preoccupy themselves with tariffs and formal trade arrangements is because it is the only approach to international trade they know. As tariffs are imposed by Governments, their removal obviously must be the subject of negotiations between officials. Unfortunately, the latter have come to have an exaggerated notion of their own importance—and to imagine that once they have concluded a trade agreement trade flows will automatically rise. What they forget is that in the end it is the possibility of making a profit which makes world trade go round. (The communist countries account for a very small proportion of world trade.) During the recent session of the Indo-Belgian Joint Commission, officials from the two countries spent long hours discussing the ways and means of promoting joint ventures. But the discussion was in a total vacuum, neither side apparently realising that where a private firm sees a chance to make money it will jump in feet first. It certainly is significant that the two Asian countries with a rapidly expanding export trade are never heard in either U.N.C.T.A.D. or G.A.T.T.; they are South Korea and Taiwan.

Generalised Preferences

It is not enough, therefore, that trade officials be aggressive in negotiations; unless traders are equally aggressive the most comprehensive trade agreement will not result in larger trade flows. The truth of this has been strikingly demonstrated in the last few months with the introduction by the E.E.C. of its scheme of generalised preferences. Within two months of the inauguration of the scheme, Hongkong exporters had filled their quotas for a dozen or so items; during the same time the majority of developing countries had not even got around to printing the forms needed to meet the certificate of origin requirements.

Exporting is a difficult and nerve-wrecking business; it can also be an unprofitable business, simply because of the high cost of breaking into a new market, for example. The Indian Government has wisely sought technical aid from the industrialised countries in the field of export promotion and product development. But this aid will not by itself sell goods—any more than duty-free entry will. Only self-interest on the part of exporters and importers can be counted on to supply the motive force.

How to Measure the Effectiveness of Advertising

Management is showing increasing concern about the cost-benefit of advertising. Advertising will, therefore, have to prove its contribution to the total marketing effort. Or else expenditure on this account will run the risk of being set arbitrarily.



HOW much is advertising worth? Can we measure its effectiveness? These are the questions that are being asked all over the world and certainly by management in India. In the face of mounting advertising costs, on the one hand, and a squeeze on profitability, on the other, top managements are more and more concerned about the cost-benefit of advertising in the operation of a business. This concern is understandable as advertising is one of the few, if not the only, items of expenditure in a company's balance-sheet that cannot be measured in terms of its specific contribution towards a company's sales or profitability. When a sales manager wants to add to his staff, or a works manager wishes to buy machinery, he can project with reasonable certainty the additional sales or production, and correlate the extra expenditure with the resulting revenue. An advertising manager, ideally, should also be able to do this, but in most cases he cannot.

This apparent lack of accountability of advertising is increasingly becoming untenable today. Hard pressed with the escalating cost of raw materials, salaries and wages, and strangled by higher overheads and taxes, managements of companies are finding it extremely difficult to approve any expenditure that is not likely to bring additional profit. Advertising, will, therefore, need to prove its contribution to the total marketing effort like any other allocation of corporate resources. Or else advertising expenditure will run the risk of being set arbitrarily or even slashed drastically. The techniques of advertising measurement have admittedly not fully developed and are yet a highly controversial matter. Few experts are agreed on how advertising actually works or how its effectiveness

can be precisely measured. But surely, in spite of the conflicting theories, it is possible to introduce a greater sense of realism in the setting of advertising objectives and goals so that its evaluation is not subject to the caprice of individual opinion.

The principle of management by objectives provides a useful starting point. In any investment planning, there is a statement of investment objectives spelt out in details together

By
SANAT LAHIRI

with a statement of the nature and size of the returns expected from the investment. Advertising being a marketing investment, advertising objectives can be put down in a similar manner, clearly indicating the results expected from the campaign.

What is Advertising?

The value of advertising cannot be determined unless the rôle and function of advertising are understood; the "accountability" of advertising, in most cases, arises from a lack of appreciation of what advertising can or cannot do. Advertising should be viewed as part of the total marketing effort of a company. The glib answer to the question, "why do companies advertise?" is, "to sell products". But in recent times, an increasing number of advertising practitioners are frankly admitting that advertising cannot actually sell products. Supporting this view, the Association of National Advertisers, U.S.A., defined advertising as "mass, paid communication, the ultimate

purpose of which is to impart information, develop attitude and induce action beneficial to the advertiser" (which may lead to the sale of a product or service). Advertising, the Association emphasised, was only one in a series of tools in the "marketing-communications mix", the other tools being person-to-person-selling, retailer recommendation, publicity, special promotions, etcetera. Obviously, the job of advertising is to perform certain aspects of the communications job with greater speed, volume and economy that can be done by any other means. This pragmatic approach to advertising is fundamental and must be accepted before any plan for measurement can be formulated.

Next, it is necessary to define advertising objectives and goals. To measure results, it is even more necessary to distinguish between advertising objectives and advertising goals. Objective is a broad aim; goal is a specific and quantified task. The one is not measurable, the other is. Often advertising objectives in marketing plans are vaguely worded in general terms, such as "to increase sales profits", "to expand our share of market" or "to maintain a favourable attitude towards our company among the trade and consuming public". Evaluation is not possible in these cases simply because there are no definite criteria for evaluation.

The examples cited relate to total marketing objectives and not to advertising tasks. Marketing objectives can be stated in terms of sales or market shares; advertising objectives only in terms of communication. Advertising gives added value to brands by appealing to the consumer's reasoning, senses and emotions; but as mentioned earlier,

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it cannot effect *direct* sales. The ideal advertising goal not only makes its point in terms which may be used as a yardstick for performance evaluation but can also be stated as "a specific communication task to be accomplished among a defined audience to a given degree in a given period of time."

Examples of quantifiable advertising goals would be "to ensure that the advertising message that brand 'X' gives more shaves than any other because it has . . . properties is made known to 10 million people of the target audience.", "to increase awareness by 10 per cent among the target group of the following: the brand name and the knowledge that the cleaning action of this brand is greater than any other washing powder because it contains more powerful bleaches" or "to communicate to all existing purchasers of the brand that it has improved because the product is now sealed in a new airtight container to maintain freshness and aroma."

The Basic Approach

To arrive at such specific goals, it is of course first necessary to identify the market and the target group in geographical, and, as far as possible,

in socio-economic terms as well as determine what message and media will be suitable to persuade the potential buyer. Then, from the total marketing mix, the particular communication tasks will have to be separated to form the advertising objectives. These should be translated into specific goals and stated in quantitative terms so that measurement of achievement is possible.

Secondly, when the goals have been thrashed out, they should be written down and agreed upon by all parties involved in making decisions on the advertising or responsible for implementing the communication function. This not only helps in the creation of advertising but also cuts down waste as everyone has the same agreed goals in mind and acts with a common purpose, instead of pulling in different directions. Once this basic approach is determined, plans should be drawn up to reach the goals. And giving a price tag to each task necessary to achieve the goal according to its priority rating, a detailed cost analysis of the entire operation should then be made and the advertising budget prepared. Then the creative and media plans should be worked out.

The campaign which is then developed should be pre-tested to evaluate

whether or not the advertising is likely to communicate the given goals. Bench marks can be set at this stage to establish brand position prior to advertising; and after the campaign has run, a further study can be made to assess the change and generally the extent to which the advertising has achieved the goals. This is a continuous process, the successes and failures of one campaign helping to improve the next one.

Limits of Measurement

While pre and post tests have been suggested, it needs to be stressed that the range of measurements or types of evaluation are not unlimited. Here it needs to be emphasised once again that it is not possible to measure the precise correlation of advertising and sales, for advertising rarely contributes to sales in such a direct way that can be assessed in quantitative terms.

As has been discussed earlier, advertising rarely works in isolation; distribution, price, packaging, promotions and many other factors are also instrumental in producing sales. To predict the sales effectiveness of advertising *alone* would mean isolating the partial effect that advertising has on sales from the multiple and interrelated effect of all the other elements in the marketing mix. Not only would such an attempt require a great deal of time and money, it is also extremely doubtful whether a reasonably precise prediction could ever be achieved. Mathematical models such as have been developed to describe the relationships between advertising and sales or profit are purely of academic significance, not having been yet tested empirically or put into practice. At the moment, there is no entirely acceptable method of measuring advertising effectiveness precisely or directly in terms of sales.

Neither is it possible to predict reliably the marginal impact of advertising on sales; the effect of advertising is rarely so clearcut that a non-purchaser immediately becomes a new purchaser of the brand as a result of advertising exposure alone, except in the case of a new or improved product, or when a promotional offer is made. Again it is difficult to divorce advertising effect from the effect of product usage or the consumer's attitude to the product, formed either by physical per-



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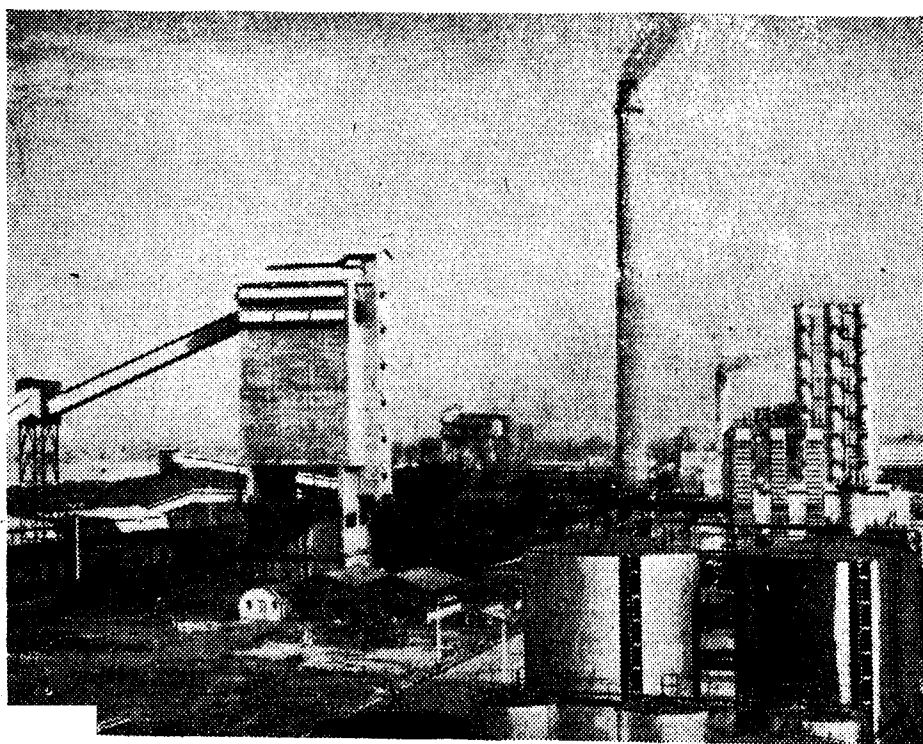
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A view of the Durgapur coke oven plant

formance or emotional satisfaction derived from it. In other words, the effect of the advertising on the decision to re-purchase a brand cannot be separated by research from the effect of previous experience of the brand on the purchase decision, nor can it be predicted.

It is clear that the consumer's involvement in advertising communication is relatively low in most cases. He generally has stable attitudes which are amenable to change over time but not generally to overnight change. This poses obvious problems for meaningful quantification as one study may show little and many studies may be too expensive. More importantly, there are the unpredictable competitive factors that change the market environment in which the ad. has to work and thus render it impossible to predict the specific effect of the advertising.

Finally, advertising is a complex blend of sensuous, rational and emotional elements. With the relationships between them as important as elements themselves, testing the ele-

ments in isolation cannot give a true picture of the totality of advertising. The quantitative factors are likely to elude mathematical precision.

Essential Guidelines

These realities of advertising measurement have to be recognised and accepted before any plans for evaluation can be formulated. Within limits, measurement and evaluation are *certainly* possible. And the effort has to be made. To do so the following guidelines are essential: First, the definition of advertising as "mass, paid communication, the ultimate purpose of which is to impart information, develop attitude and induce action . . ." has to be accepted. In short, it must be recognised that advertising performs a *communication task*, not a direct sales rôle. Secondly, it is necessary to separate an advertising objective from total marketing objectives.

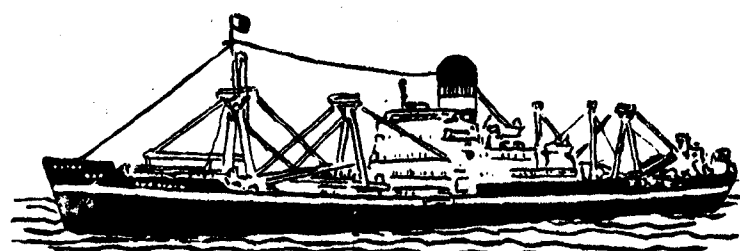
Thirdly, a clearcut distinction should be made between advertising objectives and advertising goals: an

objective is a broad general aim, while a goal is a specific, pinpointed task. It is necessary to accept the following definition of an advertising goal: "a specific communication task to be accomplished among a defined audience to a given degree in a given period of time". Fourthly, the basis of setting a goal should be a close and correct knowledge of the market and potential of the brand/product, and not unrealistic expectation.

Fifthly, advertising goals and tasks should be agreed upon by everyone directly concerned on the advertiser's and the advertising agency's sides, and put down in writing. Sixthly, bench marks and methods of measurement should be a part of the plan, and not left for a later date. Finally, it should be remembered by everyone dealing with advertising that experience and commonsense should never be sacrificed at the altar of techniques and jargon. One should never be "blinded by science" nor "killed by techniques" in dealing with advertising research! Skills and techniques should be harnessed to serve the needs of advertising men, and not the other way around.

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Role of Monetary Policy in Developing Countries

In a developing economy, the monetary policy can help promote economic stability only in a limited way. Here in India, the Reserve Bank often uses it in controlling inflation as well as in allocating resources to different sectors of the economy.

Restricted Rôle

In the developing countries of Africa and Asia, it is recognised that

By

A. RAMAN

the monetary policy has a restricted rôle in achieving economic stability. Yet in recent years, it is being seriously used in order to achieve this objective. One of the factors responsible for the use of the monetary policy is that central banks have come into existence in many of these countries, replacing the old Currency Boards. For example, in the Federation of Rhodesia and Nyasaland, a central bank replacing the old Currency Board came into existence in 1965. In Burma, the central bank, the Union Bank of Burma, is functioning since 1952; and the Bank, through its policy, strives to achieve (1) monetary stability, (2) the stability of the kyat in relation to foreign currencies, and (3) the development of the productive resources of the country and a rising level of real income. The Bank of Ceylon, which is 21 years old, makes use of central banking policies for stabilising domestic

monetary values, preserving the value of the rupee for current international transactions, promoting and maintaining a high level of production, employment and real income in Ceylon and encouraging and promoting the full development of the productive resources of the country.

The objectives of central banking policy in the Philippines are (1) maintaining monetary stability, (2) preserving the international value of the peso and its convertibility into other currencies, and (3) promoting a rising level of production, employment and real income. In South Korea, "promoting the achievement and maintenance of domestic monetary stability, furthering the orderly economic progress and the development of the fullest and most efficient utilisation of the nation's resources

by promoting the liquidity, solvency and efficient functioning of the nation's banking system and administering the nation's international monetary reserves in the main interests of achieving and maintaining an orderly pattern of international trade and exchange relationships" are the objectives of the monetary management. It is thus clear that in the developing economies, central banks are expected to achieve useful and important objectives.

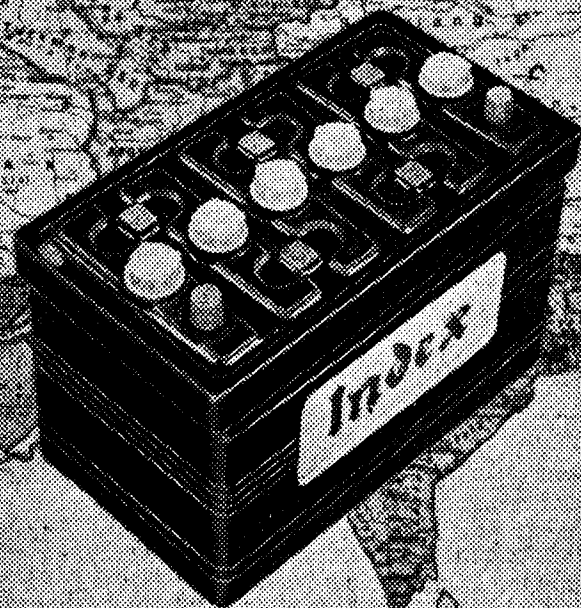
Experience of Some Countries

In general, however, the monetary policy or central banking in the countries mentioned above has had only a limited rôle and efficacy. In Burma the monetary policy, which has been used for controlling bank credit as well as for enabling the utilisation of bank credit for productive purposes and reducing the cost of borrowing, is successful in achieving economic stability only when a sound fiscal and commercial policy is pursued by the Government. In Ceylon, the limited efficacy of the monetary policy in achieving stability will be evident from the following observations made in one of the annual reports of the Bank of Ceylon: "... through its control of money, the central bank can assist but by no means ensure the achievement of internal and external price stability, the promotion and maintenance of a high level of production, employment and real income, and the encouragement and promotion of the productive resources of Ceylon. A monetary system that is stable and at the same time responsive to the needs of a growing economy is a necessary but not a sufficient condition of orderly economic development". In South Korea, inflation has been the result of excessive Government spending and deficit financing; and monetary policy has not been successful in controlling inflation.

What is the rôle of the monetary policy in a developing economy? It is said that the process of growth has to be controlled and in this, the monetary policy has a place. But the question arises as to whether the Government does not have a battery of powers of direct regulation. If the Government has such powers, what is the part to be played by the monetary policy? Does not money accommodate itself to changes rather than influence the changes? No doubt, money accommodates itself to changes rather than influence the changes.

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Still, the fact that the monetary policy has a place in the economy of a country cannot be disputed.

The functions and objectives of the monetary policy are more or less similar in the developed and developing countries. However, the central bank of a developing country has a special responsibility. It has to provide sufficient funds to the Government for the purpose of development; and this may take the form of either loans or advances or deficit financing. When deficit financing is undertaken, there may be an expansion of money supply and bank credit. This leads to the problem of inflation; and hence, the credit policy should be one which aims at preventing the use of bank credit for speculation and other undesirable purposes. But, at the same time, sufficient credit should be made available for meeting the genuine requirements of agriculture, commerce and industry and other productive enterprises.

The Case of India

Doubts have been expressed in respect of the effectiveness of the monetary policy in India. It is sometimes pointed out that, in a country like India, the monetary policy does not have an important rôle to play. Money can be a pace-setter only when there is unemployment with a stock of idle capital. In India, there is unemployment on a large scale, but there is no idle capital. Also, additional employment does not result in sufficient increases in the production of food and other essential articles. It is also stated that a policy of cheap money may not encourage capital saving techniques. As a matter of fact, low interest rates would result in the use of capital rather than its saving. It is also possible that speculative investment activities would get a stimulus because of low rates of interest.

Besides, the scope for the effectiveness of the monetary policy in India gets reduced. This is because of certain other reasons. Inflation in India is the result of excessive money supply and shortages of goods. The enormous increase in public expenditure is, in fact, one of the factors contributing to the inflationary tendencies. Apart from the expendi-

ture on various schemes of development, the outlay on the non-plan items has also shown a tendency to increase tremendously. Mention may also be made of the heavy public borrowing schemes of the Central and the various State Governments and the overdrafts of the State Governments.

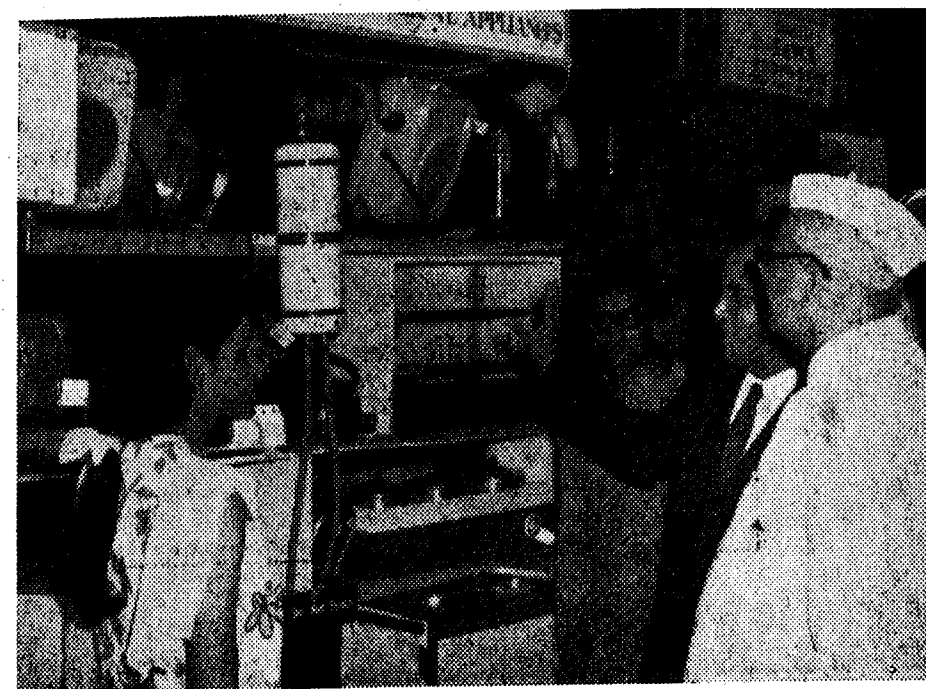
A Definite Place

Unless public expenditure is reduced, the problem of inflation will remain elusive. But, unfortunately, in a democratic set-up, the possibilities of curtailing public expenditure are rather limited. Moreover, the Indian economy is subject, as a result of planning, to various types of control, such as import control, licensing control, capital issues control and the raw material control; and the authorities making use of these controls naturally influence economic decisions. The question, therefore, arises as to whether the Reserve Bank of India can follow an independent monetary policy, as the scope for taking decisions has become very much restricted.

In spite of the truth contained in the arguments mentioned above, one cannot dispute the point that the monetary policy has a place, even

though it may not be of much help, in achieving economic stability because of certain reasons. First, the quantum of bank finance provided to the different sectors of economic activity is increasing and the central bank, through its policy, has to control it. This is due to the rapid branch expansion programme of the commercial banks. For example, the number of branches of the Indian banks went up from 7,044 in June 1968 to 11,554 in June 1971. Bank branches are particularly increasing in the rural and semi-urban centres. The number of rural branches went up from 1,832 in June 1969 to 3,062 in June 1970 and to 4,998 in May 1971.

When bank branches lend money to a greater extent, it becomes necessary for the Reserve Bank to make use of the monetary policy for controlling credit. Although the policies of the Reserve Bank may not help in preventing the inflationary situation from getting worse. It is also correct to emphasise that the positive aspect of the monetary policy, viz., the provision of credit to the different sectors of economic activity, has a place, although one cannot dispute the fact that unproductive consumption is also financed with the help of the funds provided at cheap rates by the banking system.



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THE 14 major commercial banks in India were nationalised in order to serve the credit needs of all productive sectors, especially those of small-scale industries, agriculture, exports, budding entrepreneurs and the weaker sections of society. Some banks have accordingly announced schemes to help small traders like artisans, carpenters, electricians, hairdressers and interior decorators, as well as professional groups like doctors, lawyers and teachers. They have introduced schemes to assist transport operators for the purchase of vehicles and to promote exports by assisting and guiding new entrepreneurs and keeping them in close touch with all stages of export business—from production base at home to marketing potentiality abroad. They are now extending "educational loans" to enable meritorious but needy students to carry on studies here and abroad.

Neglected Sections of Society

All these schemes are supposed to help in the advancement of the hitherto neglected sections of society and add to the number of persons deriving benefits from banks. These schemes imply that there will be a sizable increase in deposits which in its turn depends on the expansion of branches, particularly in areas where there are no banks or the existing banking facilities are inadequate. The object of this paper is to evaluate the progress made by the nationalised banks in these directions since June 1969.

Between June 1969 and May 1971, which roughly corresponds to two

By
S. C. SRIVASTAVA

years of nationalisation, credit (both direct and indirect) to farmers increased from Rs. 188 crores to Rs. 379 crores. There has been an improvement in the ratio of loans extended to agriculture to total bank credit from 5.4 per cent at the end of June 1969 to 8.4 per cent at the end of May 1971. (See table 1 on this page.) Credit to agriculture, both direct and indirect, at this rate should assume a proportion of Rs. 431.2 crores by the end of December 1971.

No data on the extent of finance sanctioned to small farmers have been

15

Progress of Nationalised Banks : The Hurdles to be Overcome

A review of the working of the nationalised banks will show that they have made impressive progress in some areas. But many important problems like the slow rate of growth in deposits compared with credit expansion are yet to be solved.

released so far. The State Bank of India has, however, claimed that a sizable portion of its farm loans has gone to farmers with less than five acres of land. 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 industrial units increased from Rs. 276 crores to Rs. 394 crores, representing an increase of Rs. 5.36 crores a month. The share of this sector in total advances increased from 8.3 per cent to 11.2 per cent. Loans to small industries at this rate are likely to go up to Rs. 431.52 crores by the end of December 1971. These two categories of priority advances accounted for 19.6 per cent of total bank advances in March 1971, as against 13.7 per cent in June 1969.

Advances to road transport operators increased from Rs. 6.7 crores to Rs. 37.09 crores, to retailers from Rs. 19.22 crores to Rs. 74.45 crores, to professionals and self-employed persons from Rs. 33 lakhs to Rs. 7.6

crores and to meritorious students from Rs. 44 lakhs to Rs. 3.47 crores during the period under review. Advances to these groups at this rate should go up to Rs. 56.29 crores, Rs. 118.85 crores, Rs. 12.4 crores and Rs. 5.51 crores, respectively, by the end of December 1971. Total advances made by the State Bank and its subsidiaries and the 14 major commercial banks to agriculture, small-scale industries and other hitherto neglected sectors of society have increased from Rs. 490.69 crores to Rs. 895.61 crores. As a proportion of aggregate advances of all public-sector banks, advances to the hitherto neglected sectors increased from 14.5 per cent at the end of June 1969 to 22.8 per cent at the end of May 1971.

TABLE 1

ADVANCES TO PRIORITY SECTORS
(PERCENTAGE TO TOTAL CREDIT)

Sector	June 1969	May 1971
Agriculture ...	5.4	8.4
Small-scale industry ...	8.3	11.2
Road transport operators ...	0.2	1.0
Retail trade and small business ...	0.6	1.9
Professional and self-employed persons ...	—	0.2
Education ...	—	0.1
Total ...	14.5	22.8

New Loaning Policies

The loaning policies of the banks have undergone a change. Out of total bank advances of Rs. 4,283.97 crores, secured advances outstanding as in October 1970 accounted for Rs. 3,707.78 crores and clean advances Rs. 338.2 crores. Clean advances have increased ten times from Rs. 55.75 crores to Rs. 576.19 crores, which form 13.45 per cent of the total bank credit. Although clean advances fluctuated with busy and slack seasons, their overall percentage in the total bank credit was satisfactory. (See table 2). The nature of security has also changed. Total advances against food articles, including foodgrains, sugar and gur and vegetable oils, have increased. Sugar and gur were given higher advances compared with foodgrains and vegetable oils. Advances against industrial raw materials, including groundnuts, oilseeds, cotton and kapas and raw jute, have registered a very minor increase.

Advances against other securities, such as tea, cotton textiles, jute tex-

TABLE 2
NATURE OF SECURITY

Item	Variations (In Rs. crores)				Outstanding as on 30th October, 1970 (Rs. crores)	Variations (in percentages) during		
	1968-69 busy season (25th October to 25th April)	1969 slack season (25th April to 31st October)	1969-70 busy season (31st October to 24th April)	1970 slack season (24th April to 30th October)		1969 slack season (25th April to 31st October)	1969-70 busy season (31st October to 24th April)	1970 slack season (24th April to 30th October)
Food articles	120.47	-76.00	83.49	-109.90	251.87	-21.5	30.7	-30.4
Industrial raw materials	94.77	-123.69	93.94	-83.93	135.17	-49.7	75.1	38.3
Other securities	122.96	192.68	291.55	463.15	3,320.74	8.1	11.4	16.2
Total secured advances	338.20	-7.01	468.98	269.32	3,707.78	-0.2	15.8	7.8
Clean advances	55.75	25.20	74.37	19.03	576.19	5.5	15.4	3.4
Total bank credit	393.95	18.19	543.35	288.35	4,283.97	0.5	15.7	7.2

Source: *Economic Survey, 1970-71.*

TABLE 3
BRANCH EXPANSION

	June 1969	May 1971
Bank Offices	8,262	11,845
Rural	1,832	4,193
Semi-urban	3,322	3,995
Urban	1,447	1,740
Metropolitan centres	1,661	1,912

TABLE 4
OTHER SELECTED DATA FOR SCHEDULED COMMERCIAL BANKS

	June 1968	June 1971
No. of Offices	7,044	11,554
Aggregate deposits (in Rs. crores)	3,969.1	6,189.9
Deposits as percentage of national income	14.1	18.0
Total bank credit (in Rs. crores)	3,102.9	4,775.8
Credit-deposit ratio	78.2	77.2
Investment in Government and other approved securities	1,160.7	1,798.9
Investment deposit ratio	29.2	29.1
Cash in hand and balance with the Reserve Bank	269.5	393.5
Cash deposit ratio	6.8	6.4

tiles, iron and steel and engineering products, chemicals, dyes, paints and drugs, assets of industrial concerns and shares of joint stock companies, have shown significant increases from Rs. 122.96 crores to Rs. 3,320.74 crores. Iron and steel and engineering products had the largest share, i.e., Rs. 668.96 crores. They were followed by cotton textiles, assets of industrial concerns, and chemicals, dyes, paints, drugs and pharmaceuticals which together received advances of Rs.

728.07 crores in 1970, as against Rs. 53.5 crores in 1969. Advances against shares of joint stock companies rose 28 times in 1970 compared with 1969.

Conditions of Success

The extent to which the new policy of diversification of bank credit can be carried out largely depends on two considerations. First, the success of public-sector banks in mobilising additional deposits and secondly, the promptness with which the new clientele honours its obligations. The growth in bank deposits was not significant compared with the expansion of credit. During the period June 1968 to June 1971, the aggregate deposit of all scheduled commercial banks increased from Rs. 3,969.1 crores to Rs. 6,189.9 crores, showing a rise of 56 per cent, whereas advances increased by Rs. 54 crores to Rs. 4,776 crores during the two years ended May 1971. The credit-deposit ratio has declined by 1 per cent from 78.2 per cent in 1968 to 77.2 per cent in June 1971 (Table 4.) Commercial bank deposits as a proportion of national income had improved from 14.1 per cent in June 1969 to 18 per cent at the end of May 1971. This is, however, not at all impressive when it is observed that in Japan, the U.S.A., and Canada deposits as a proportion of national income are 84 per cent, 56 per cent, and 49 per cent, respectively.

Deposits an office in banked areas were the highest in metropolitan centres and the lowest in rural centres. Still, deposits an office in unbanked centres are satisfactory due to some reasons. First, these were the neglected and untouched areas. Secondly, the banking habit is yet to develop in these areas. Thirdly, in

unbanked areas, the percentage of literate persons is low.

A Statewise analysis of the distribution of offices of commercial banks and population an office indicates that banking facilities are not evenly spread. Of the total deposits and credit at the end of March 1971, the three industrially advanced States together accounted for 49 per cent of deposits and 58 per cent of credit. The share of Maharashtra increased by 29 per cent and 30 per cent, respectively, that of West Bengal by 14 per cent and 18 per cent, and of Tamil Nadu by 6 per cent and 10 per cent. The investment-deposit ratio and cash-deposit ratio have not shown any improvement after nationalisation. Investments in Government and other approved securities have increased from Rs. 1,160.7 crores in June 1968 to Rs. 1,798.9 crores in June 1971.

Expansion of Branches

About 4,171 new branches were opened between June 1969 and May 1971. (See table 3). The total number of branches opened by the 14 nationalised banks were 2,555. Of the total bank offices, as many as 2,366 and 673 new offices were opened in rural and semi-urban centres, respectively, while 293 and 251 branches were opened in urban and metropolitan centres, respectively. After nationalisation, branches have been opened at a speed of 150 offices a month, i.e., five new offices every day. The monthly average of bank offices opened during the nine years prior to nationalisation hovered around 30 only.

The population coverage a bank office of the scheduled commercial banks declined from 65,000 to 46,000 at the end of May 1971. This is, however, still very high compared

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TABLE 5
WORKING RESULTS OF MAJOR SCHEDULED COMMERCIAL BANKS HAVING ASSETS
OVER RS. 20 CRORES

	State Bank group	National- ised banks	Other major banks	Total
(In Rs. crores)				
Gross income*				
1968	103.41	194.42	46.05	343.88
1969	118.12	217.58	50.60	386.30
1970	144.94	266.65	60.31	471.90
Total expenditure				
1968	97.39	185.95	43.89	327.23
1969	111.75	209.18	47.98	368.91
1970	139.01	253.31	56.91	449.23
Net profits				
1968	6.02	8.47	2.16	16.65
1969	6.37	8.48	2.62	17.47
1970	5.93	13.34	3.40	22.67
Working funds**				
1968	1,564.46	2,960.14	623.99	5,148.59
1969	1,890.12	3,407.98	699.42	5,997.52
1970	2,208.78	4,027.90	840.39	7,077.07

Notes: * Total of the income of the profit and loss account.
** Balance-sheet total less contra items.

with 4,000 a bank office in Britain, 7,000 in the U.S.A., 15,000 in Japan and 11,000 in Iran. The tendency of public-sector banks in opening new branches seems to have leaned heavily in favour of developed States. For example, States like Maharashtra, Tamil Nadu, Uttar Pradesh, Mysore and Gujarat attracted more than 50 per cent of the total branches. The number of bank offices in relation to population is yet very low in States like Bihar, Orissa, Assam, Nagaland, Uttar Pradesh and Mysore and in some Union Territories. The Union Territories of Delhi and Goa have received greater attention than other Centrally administered areas. Among the Union Territories, Delhi has

attracted nearly 50 per cent of new branches.

The combined working result of the major scheduled commercial banks having deposits of over Rs. 20 crores revealed a gross income of Rs. 471.90 crores in 1970, compared with Rs. 386.30 crores in 1969, or a rise of 22.2 per cent. The rise in 1969 over 1968 (Rs. 343.88 crores) was 12.3 per cent. The nationalised banks have earned the highest gross income. The net profit at Rs. 22.67 crores in 1970 rose by 29.8 per cent over the 1969 profit of Rs. 17.47 crores. The relative increase in 1969 over 1968 was 5 per cent only.

The total expenditure at Rs. 449.23 crores in 1970 had shown a rise of 21.8 per cent over the 1969 figure of Rs. 368.91 crores. The total expenditure in 1969 over 1968 was higher by 12.7 per cent. Although the expenditure on interest on deposits and borrowings, salaries, allowances, etcetera, recorded a remarkable increase in almost every major commercial bank, the effect of it *vis-a-vis* the income of the nationalised banks was marginally lower compared with the State Bank group. The total expenditure expressed as a percentage of gross income stood at 95 in 1970 in the case of nationalised banks while in the case of the State Bank group it was 95.9. But compared with 95.6 per cent in 1968, the ratio was lower in the case of nationalised banks and higher compared with 94.2 per cent for the State Bank group. On the basis of this ratio, the performance of the rest of the scheduled commercial banks was also encouraging.

Working Funds

The total working funds of the scheduled commercial banks were Rs. 7,077.07 crores in 1970 which were higher by 18 per cent over 1969. In 1969, the rise was 16.5 per cent over 1968. Working funds of the nationalised banks at Rs. 4,027.90 crores in 1970 were higher by 18.2 per cent over 1969 and in 1969 they were higher by 15.1 per cent over the previous year. The increases in working funds of the State Bank group and the rest of the major scheduled commercial banks were 16.9 per cent and 20.2 per cent, respectively, in 1970, as against 20.8 per cent and 12.1 per cent in 1969. The ratio of the net profit to gross income of the nationalised banks was 5 per cent in 1970 which showed a rise of 1.1 per cent over 1969.

The nationalised banks have many achievements to their credit. But there remain many problems to be solved. They have yet to become a reliable ally of the most needy in the urban as well as rural areas. In respect of deposits, they are nowhere near banks in Japan, the U.S.A., and Canada. Another disappointing feature is that the number of people served by a branch is very large. There still exists considerable unevenness in banking facilities available in various parts of the country. The nationalised banks have not made any significant contribution to the solution of the unemployment problem.

Bangladesh After Liberation : The Task Ahead

It is as much in India's interest
to consolidate her
international leverage by
strengthening her friendship
with Bangladesh as it is in the
interest of the new born nation to
ensure speedy reconstruction by
maintaining close ties with
India. But both will have
to guard against complications
arising from genuine
misunderstanding.

MRS. Indira Gandhi had warned the nation that December 1971 would be a dark month. Dark it certainly was, for no sane nation can take a cheerful view of a war and the suffering it inflicts. India does not gloat over the suffering inflicted on Pakistan; nor can she forget the thousands of her own soldiers killed or injured in the war. The civilian population, too, had to share the strains of war. Some were killed in Pakistani air attacks; and the nation as a whole bore a grave stress. And the long-term economic strains will continue to be felt in the new year; assistance to Bangladesh will be a further burden.

It would be salutary to bear these facts in mind to guard against too euphoric a vision of the momentous change brought about in the "dark December". When the blackout was lifted, many people may have seen a symbolic significance in the re-lighted scene. But only the extraordinarily naïve can forget the price which was paid in the war and which must now be paid to build upon the peace won. Happily, however, such naïveté is not widely shared. The people, as a whole have shown a maturity of outlook that could be an important source of national strength.

Vindication of a Principle

After this cautionary note, however, it should be permissible to take

By

A SPECIAL CORRESPONDENT

some pride in what has been achieved. It is, of course, the people of Bangladesh who have the first claim to glory. The war was only the culmination of the struggle they had waged against the Pakistani military machine. But India, too, has reason to be gratified, not merely because her forces fought so well. She has helped in the vindication of a principle, in the fulfilment of a nation's dream; and the help has been decisive. In the process she has won the hearts of more than 70 million people.

A variety of gloomy predictions were belied by the events of the

war has made all such noises altogether irrelevant.

A Basic Change

The fact is that a basic change has taken place in the power structure on this subcontinent, and the change is irreversible. It must also be recognised that this change cannot but have certain wider implications. This obviously is what has upset Washington and Peking most. They were clearly hoping to arrive at a settlement by which Chinese hegemony over south and south-east Asia would be fully recognised in exchange for certain residual American commitments and interests in the region being respected by the Chinese. Any such arrangement presupposed the maintenance of an artificial balance of power between India and Pakistan. But the balance has been destroyed; if a new balance were to be established now, it must reflect the superiority that is India's due not merely because of the size of her territory and population but also because of the basic stability of her political, social and economic system.

This is inescapable regardless of whether Bangladesh remains as friendly towards India as she is now. But it is as much in India's interest to consolidate her international leverage by preserving and strengthening this friendship as it is in the interest of Bangladesh to ensure national security and speedy reconstruction by maintaining the close ties with India which have been forged since last March. Both Governments recognise this; but both will have to guard against diversionary and possibly disruptive pressures as well as complications arising from genuine misunderstanding.

Disruptive Pressure

There will be no dearth of people to lecture on the danger of Indian domination of Bangladesh. Pakistan has predictably been harping on this theme ever since it realised that its own domination was coming to an inglorious end; and China has seen in the sacrifice heroically undergone by the people of Bangladesh nothing more than a symptom of Indian "expansionism". There may be some people in Bangladesh also to support this theme; those who shied away from the freedom struggle, either out of fear or because of perverse political prejudice, may not hesitate to disrupt the new pattern by raising the bogey of Indian domination, and the cue may be readily taken by surviv-

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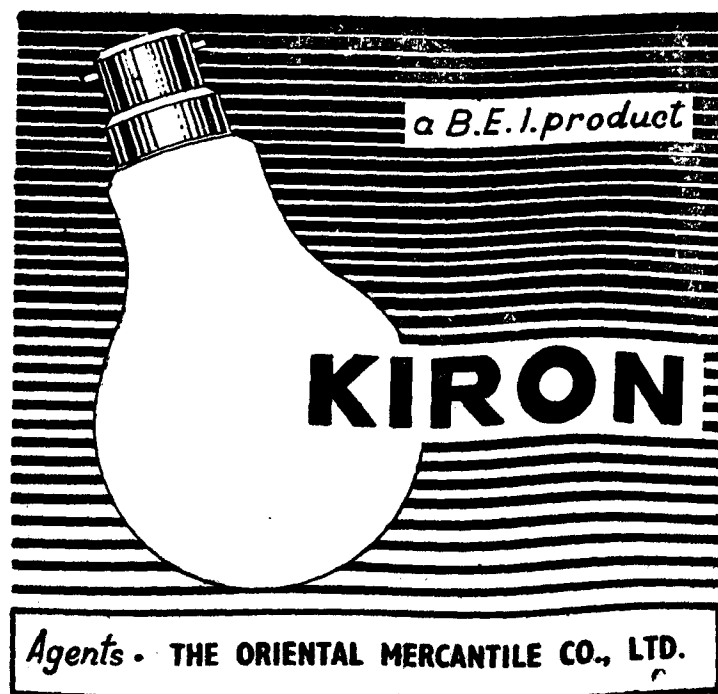


A happy farmer and his bumper crop

ing communal elements. In fact, there may also be some Indians who will resent the new arrangement because it does no good to their narrow sectarian interests.

Primarily, it will be the task of the Bangladesh Government and its political infrastructure to counter such propaganda and firmly check any disruptive pressure that may develop from within the country.

But Indians in general must realise that suspicion and distrust may also grow from genuine misunderstanding. Mrs. Gandhi has made it clear that India will not get involved in the affairs of Bangladesh except at the request of the Bangladesh Government; but Indians as a whole will have to prove by their conduct that they do not want to promote their own interests in any way in Bangladesh.



Ideally, India should have nothing to do with what happens in Bangladesh; but the situation does not permit such an ideal course. In the initial stages, Bangladesh will need not only massive economic and technical aid but also a variety of expertise in planning, administration and other essential fields. Politically, geographically and emotionally, India is the most important source of such aid; and until Bangladesh receives wider international recognition India will remain virtually the only source of aid. India's capacity for assistance is limited; her internal demands are vast and pressing. Yet assistance on a substantial scale will inevitably have to flow from India; and it is important to ensure that this assistance itself does not become a source of misunderstanding.

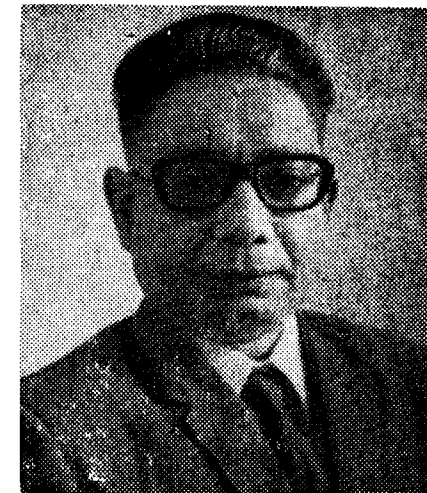
Hazards of Involvement

Direct involvement should be limited both in scale and in time. Bangladesh may need the services of a variety of Indian technical personnel, perhaps also some administrative, planning and other experts. But they should have advisory rôles for strictly limited periods; in some cases, Indian expertise may have to be closely associated with the execution of specific projects; but the impression must be avoided at all costs that Indians are running or helping to run the Bangladesh administration. Much will depend on how individual Indians present in Bangladesh conduct themselves in the course of their daily business.

That New Delhi is aware of the hazards of unnecessary, perhaps even of necessary, involvement is clear from a series of precautionary steps already taken. A committee, for example, has been set up to prevent unauthorised contacts with the Bangladesh Government; it has also been made clear that all trade with Bangladesh must be conducted through Government channels. There is, therefore, no warrant for excessive fear of relations being immediately complicated by meddling individuals or groups. But both the Indian and Bangladesh Governments will have to maintain constant vigilance to remove potential sources of misunderstanding; and the peoples of both countries will have constantly to remember that they have much to lose by undermining the friendship which now binds the two sovereign countries together.

Making Jute Goods Competitive against Synthetic Substitutes

The jute industry's battle against synthetic substitutes is going to be a great deal tougher in the years ahead. To sharpen the industry's competitive edge, the Government ought to assist it in all possible ways, the most important being the immediate abolition of export duties on jute goods.



JUTE as a topic can hardly be exciting to Calcuttans. The Second City is, after all, a jute city. Students of India's economic history certainly know this much. One also hears of a "jute Press", an expression which is complimentary neither to the Indian Press nor to its owners. Unfortunately, the jute trade commodities do not demonstrably enter into a citizen's daily life. They do not hit the eyes because the standard jute products are mostly flat with no aesthetic appeal. The mention of jute readily brings to mind the picture of a gunny bag or sack filled with such daily necessities as rice, wheat, flour, sugar and green vegetables, all stacked on giant lorries hurtling up and down the city's highways. Truckloads of raw jute bales are also a common sight in certain parts of Calcutta. Otherwise, opportunities for contact with jute are rare. The younger generations, those born after independence, do, therefore, know little about the jute industry. There are other reasons for the relative obscurity of jute in the thinking of the present-day educated classes. Industry in West Bengal, originally based on the primary agricultural products, has been diversified under the Five Year Plans. Besides, the jute industry does not these days offer many white-collar jobs which are coming mostly from the new industries.

Oldest Industry

Today's "young hopeful" should, all the same, reserve some reverence due to the oldest organised industry of the country. The parental prestige apart, the jute industry can claim consideration for having helped the industrialisation of north-eastern India, both directly and indirectly. Where would Calcutta be without

its port, its Electric Supply Corporation, its Improvement Trust, its various transport services? All these facilities—clubbed under the generic name of "infrastructure"—came along with the increasing commercial importance of Calcutta as the city expanded with an almost phenomenal rapidity in the first quarter of the present century, on the wealth flowing from the diverse activities of a prosperous export industry.

The affluence of jute is history now largely because the hairy jute

By
M. C. MUKHERJI

sacking, as a Scotsman once said, "has lost its sex appeal". Dame jute is receiving various beauty treatments in the hands of expert dressers and make-up men, aiming to burst out in more glamorous forms to solicit new customers, but as far as the industry is concerned, the decorative and furnishing fabrics made from jute are as yet nowhere near replacing the coarse, bedraggled and sturdy "war horse" of heavy-duty packaging.

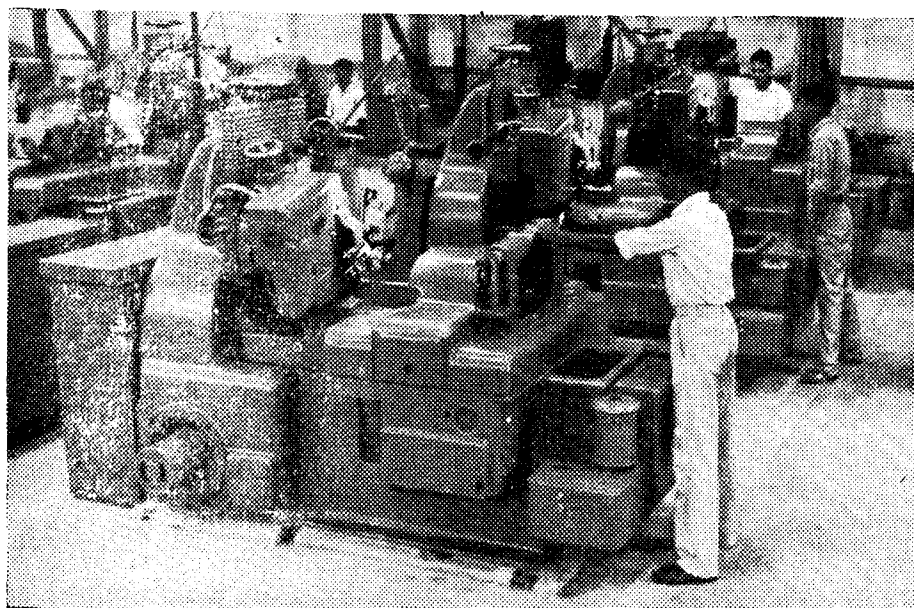
In spite of a considerable thinning of the industry's size and the decline in exports, its contributions to the economy remain, even to this day, staggering. For one thing—the much-needed foreign exchange—the largest contribution of about Rs. 250 crores a year from any single commodity comes from jute goods. The industry in its 72 operating units directly employs some 230,000 workers and its annual wage bill is Rs. 52 crores. Nearly 4 million farm families produce raw jute in India and their

total income from this cash crop comes to a little over Rs. 200 crores a year. The value of the industry's annual production is Rs. 360 crores. The marketing of raw jute and jute goods, or rather the services called for in this connection, is employing thousands of functionaries, such as village merchants, upcountry stockists, raw jute brokers, jute balers, gunny brokers, traders and shippers. Indirectly, the jute mill industry provides employment in various secondary and tertiary industries. These are the people engaged in banking and insurance, power generation, coal mining, the heavy engineering industry, and numerous small-scale establishments making jute mill stores and spares.

Major Beneficiaries

Among the major beneficiaries are the electricity generating and distributing agencies, Calcutta port, and the various municipalities. Jute mills consume power worth about Rs. 8 crores a year. Valued, nearly a third of Calcutta port's export cargoes is manufactured jute. The contribution to the Exchequer is also sizable—Rs. 60 crores a year. This revenue comes from sales, purchase, entry, import, export, and income-taxes, as well as excise and electricity duties. Can anybody still doubt that jute is truly a national industry and that the responsibilities it shoulders stretch well beyond the confines of the industry itself?

Jute is very much in the news today: which is, however, least surprising. Going over the history of the industry since 1855 when the first jute spinning mill was set up, one will see that the industry—its growth and development—has always been a prolific source of news. But if jute



The gear grinding section in a machine tools factory

is hitting the headlines now, it is mostly for the wrong reasons, it is because the industry has been passing from one crisis to another.

The genesis of the many current ills of the jute industry goes back to the convulsions of the Partition in

1947 which created conditions for the emergence of a formidable rival jute industry in East Bengal. The history of the past 24 years is largely a history of struggles to overcome the new challenges. A raw jute shortage of crisis proportions, which afflicted the industry for many years, has been to

an extent overcome by increasing indigenous production from only 1.6 million bales in 1947-48 to an average of 6.5 million bales. Unit yield and quality, however, remain intractable problems. The gap between actual requirement of high grade fibre and its availability is widening as the industry's production is moving into higher quality ranges.

Two Helpful Factors

Two factors helped the jute industry across the border to establish its ascendancy in world markets. To begin with, plentiful jute supplies endowed that industry with an in-built advantage. This was reinforced by giving a direct export subsidy in the form of free foreign exchange vouchers. The kind of challenge that the Pakistani industry posed was price competition, which, for the time being at least, is out of the way on account of the tragic developments in Bangladesh. This has, however, helped to accentuate the other more serious challenge, namely, the product competition from synthetics. This is a long-term threat to the future of jute itself. The shortfall in jute goods supply due to the stop-

page of exports from East Bengal would hasten the switch to synthetics. With the production of synthetics increasing in volume, prices of heavy-gauge polyethylene and woven high-density polypropylene are falling spectacularly. All areas of jute use—from the woolpack in Australia to the container for asbestos in Canada—are, in varying degrees, encountering competition from synthetics. In the tufted carpet sector, which is the jute industry's most important growth market, synthetic backings have already displaced jute backings by approximately 35 per cent. How important carpet-backing exports are to the Indian industry will be readily seen from the fact that this product alone accounted for over Rs. 100 crores out of the total of Rs. 210 crores earned from all jute products in foreign exchange during 1969.

The Government must find ways of assisting the industry to re-equip and extend its research and development facilities; but actions on these lines can be meaningful only if the industry can be helped to become competitive. The Government's greatest contribution to this end

would seem to be to remove the export duties immediately and reintroduce the Tax Credit (Export) Certificates Scheme. There can be no reason why India should not, as a purely short-term measure, subsidise her jute industry if Pakistan can, since the former has more economic viability than the latter. The jute industry in India is the most ideally placed to earn the largest amount of foreign exchange in the quickest possible time and at the minimum cost. It has vast resources of equipment, manpower and expertise. Among Indian industries, it has the best international trading connections, and its raw material is principally indigenously based. The industry has demonstrated more than once its tremendous inner strength, organising ability and resilience.

A Five-year Recovery Plan

Nobody expects miracles. Nevertheless, given the minimum facilities, freedom from the nagging fear of jute shortage, and the assurance of a consistent Government policy, the jute industry is more than capable of achieving its objectives. The situa-

tion demands that the Government draw up a five-year recovery plan for the jute industry with clear-cut objectives and methodology. The plan may spell out what the targets of production and exports should be, the markets for export, the raw jute availability and, above all, the incentives that the Government would be prepared to give to achieve these targets.

To conclude, a reiteration of the magnitude of the national stakes involved in the Indian jute industry seems proper. With the lot of this industry is tied the lot of 230,000 jute mill workers, 4 million farm families, thousands of traders and merchants, and thousands of others engaged in secondary and tertiary employment. With the future of this industry, again, is tied the future of the investments of thousands of shareholders, the future of some Rs. 360 crores worth of national output, the fate of nearly a fifth of the country's exports, foreign exchange earnings of Rs. 250 crores, and an aggregate revenue of roughly Rs. 60 crores collected by the Central and State Governments as taxes and duties.

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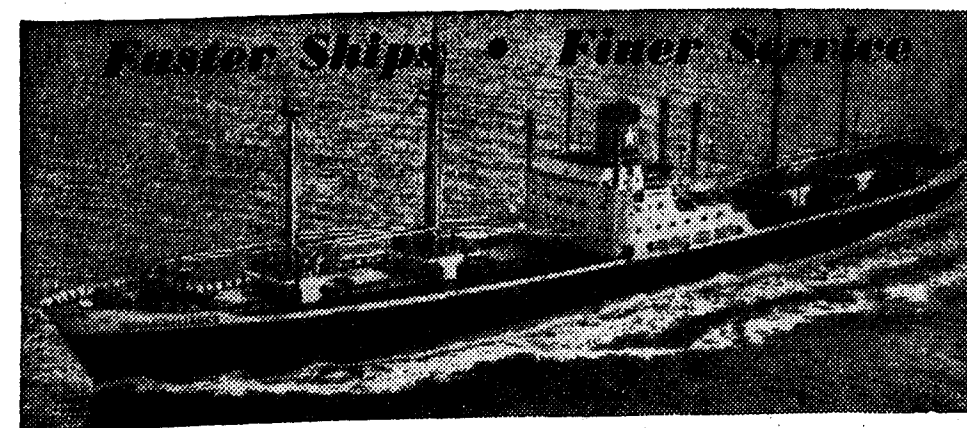
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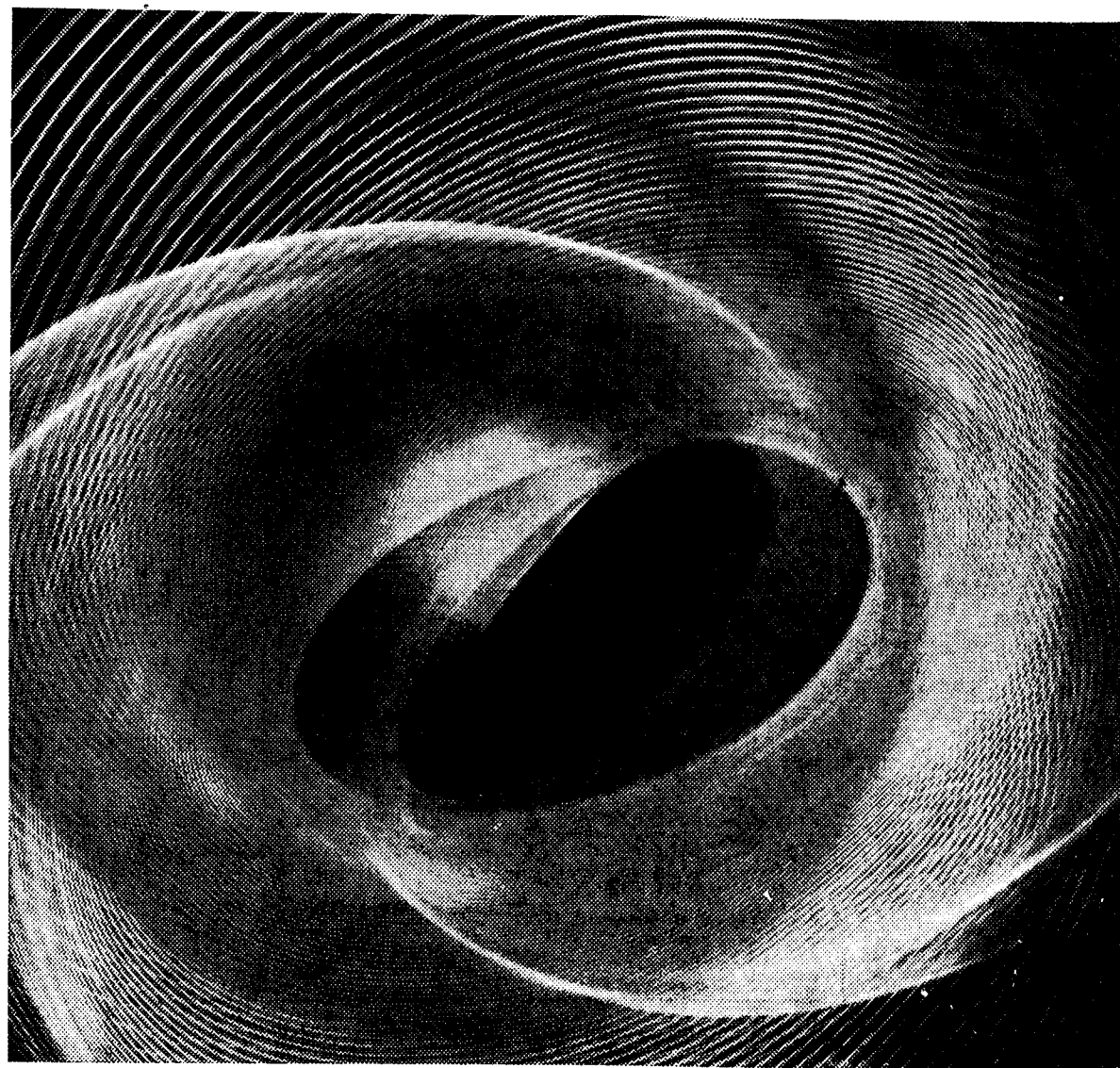
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Symbol of Industrial Vitality

THE Indian cotton mill industry has just completed one more year of stress and strain. In fact, 1971 has been one of the most difficult years in the long history of this pioneer industry. There was an acute shortage of cotton, resulting in a phenomenal rise in prices of this raw material which accounts for nearly half the cost of producing cloth and 70 per cent of that of yarn. Wages and other elements of cost also increased, because of the persisting general inflation in the country. Production of cloth and yarn registered a fall. Exports, too, dropped. The prices realised by the mills on their manufactured goods, although higher than in the previous year, continued to be unremunerative. As a result of further erosion in the buying power of the rupee, there was consumer resistance to higher prices of cloth and yarn and the mills were unable to pass on to consumers the full incidence of cost inflation. The net result was a shrinkage in the already low profit margin of the industry. These in brief were the main features of the cotton mill industry in the second year of the 'seventies.

Trend of Production

The latest data available at the time of writing cover only the first

By

A SPECIAL CORRESPONDENT

ten months of 1971. These show that, during January-October 1971, yarn production dropped by 10.50 per cent and cloth production in the mill sector by 6.60 per cent, as compared with the same period of 1970. The actual figures are:

Period	Production	
	Yarn (in million kilograms)	Cloth (in million metres)
January-October		
1971	723	3,247
1970	807	3,477
1969	788	3,474

It will be noted that even as compared with 1969, production of both yarn and cloth in 1971 was lower. On the basis of figures for the first ten months, the production for the whole of 1971 may now be estimated. It works out to 869 million kilograms of yarn and 3,897 million metres of

Cotton Mills: Another Year of Stress and Strain

The year 1971 has been one of the most difficult periods for the cotton mill industry. But there have been some encouraging developments which should, in course of time, help the industry to overcome the stress and strain.

cloth, as against an actual of 965 million kilograms and 4,157 million metres in the previous year. Yarn production was the lowest since 1967 when it amounted to 896 million kilograms. Mill cloth production was the lowest for the past 20 years, the production in 1951 being 3,727 million metres.

Statistics of cloth production on handlooms and powerlooms (which form the decentralised sector) are lagging far behind, March 1971 being the latest month for which figures are available and even these are only provisional. But a rough estimate can be made taking the shares of the mill sector and the decentralised sector in the total cloth production to be 53 per cent and 47 per cent, respectively. On this basis, cloth production in the decentralised sector must have been of the order of 3,460 million metres, as compared with 3,692 million metres in 1970. The fall in cloth production in this sector was lower than in the mill sector, obviously because exports of yarn in 1971 slumped, making available more yarn for domestic consumption.

Total cloth production in both the sectors in 1971, as estimated here, works out to 7,357 million metres, as against the actual of 7,849 million metres in 1970 and the peak of 7,896 million metres touched in 1968.

Cotton Shortage

The chief reason for the drop in production was shortage of cotton following the failure of the domestic crop for the third year in succession. The other factors that told on production were the stringent credit squeeze, higher interest charges, disturbed labour conditions and power cuts in some parts of the country.

According to trade estimates (which include the notional figure of 270,000 bales of loose cotton consumed in the non-mill sector), the crop in the 1970-71 season was 5.47 million bales of 180 kilograms each, as against 5.92 million bales in 1969-70, 6.12 million bales in 1968-69 and 6.28 million bales in 1967-68. Such a low crop, coming as it did on top of a poor carry-over, resulted in a spectacular rise in cotton prices. Within a short period of four months from October 1970 to January 1971, the prices jumped up by 50 per cent to 80 per cent. The Government tried to narrow the gap by arranging for larger imports to the tune of 1 million bales. But there was a time-lag in actual arrivals. When these gathered momentum and so also the movement of the domestic crop, prices receded to some extent in February to May, but they again went up thereafter. Some idea of the trend of cotton prices will be available from the official index number of wholesale prices (1961-62 equals 100).

Fiscal year	Raw cotton	Cotton manufactures
1962-63	104	103
1967-68	142	126
1968-69	155	129
1969-70	171	134
1970-71	209	146
September 1970	183	142
January 1971	253	157
May 1971	220	159
September 1971	249	161

An interesting point that emerges from the aforesaid figures is that, whereas the cotton price index rose by 66 points during the 12 months ended September 1971, the cotton manufactures price index advanced by only 19 points. On the basis that cotton accounts for half the cost of producing cloth, there should have

	No. of mills closed*	Spindles affected (in millions)	Looms affected (in '000)	Workers involved (in '000)
31st March, 1970	64	1.34	17	60
30th June, 1970	68	1.49	19	68
31st December, 1970	69	1.50	17	75
30th June, 1971	88	2.03	24	96
30th September, 1971	82	1.80	20	89

* Including 16 mills (affecting 11,000 workers) recommended for scrapping and seven mills (involving 7,000 workers) the licences of which have been cancelled.

been a rise of at least 33 points in the cotton manufactures price index to cover the increase in cotton prices. If the rise in the other cost elements is taken into account, the increase in the manufactures price index should have been even more. The fact is that, due to consumer resistance, the mills had to absorb a part of the increase in production costs and suffer a drastic contraction in their profit margin. When the financial results of mills for 1971 come to be published, one will get a precise idea of the extent to which the industry was hit by the unprecedented cost inflation.

Mill Closures

The decline in profitability, coupled with the tight-fisted monetary policy pursued by the Reserve Bank of India, led to an increase in mill closures, as can be seen from the table on this page. The slight decline in the number of closed mills in the third quarter of

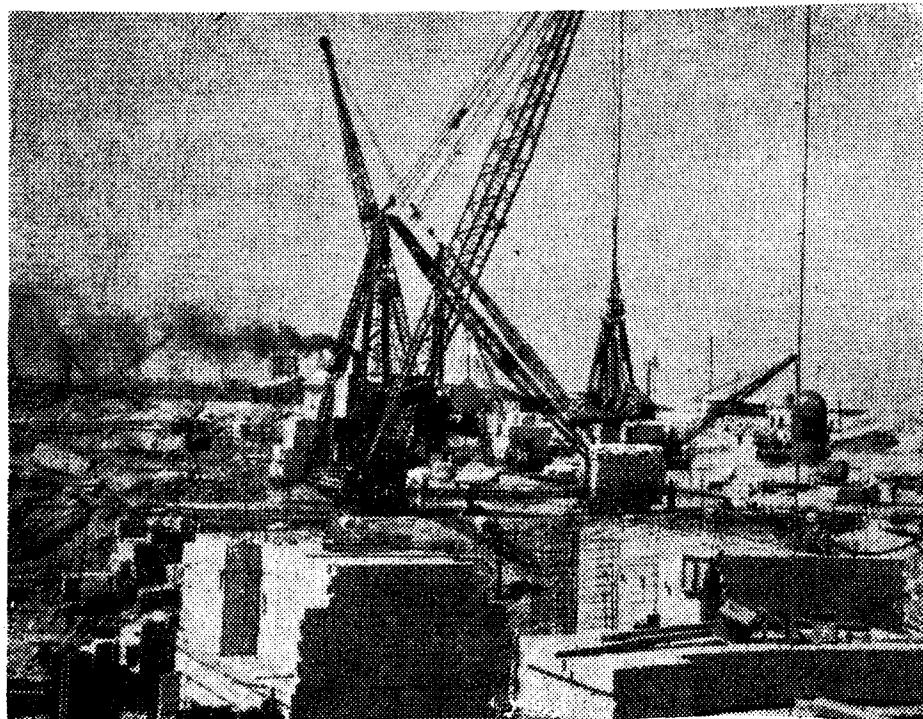
1971 was the result of the Government taking over some of the closed mills as unemployment relief projects and not due to any significant improvement in the cloth and yarn markets. Apart from mill closures as noted above, cotton shortage and want of working capital led to a large underutilisation of installed capacity. On average, only a little over 13 million spindles were worked during I and II shifts, the portion of underutilisation not covered by the closed mills being over 2 million spindles. Loomage utilisation, too, was low, being in the neighbourhood of 165,000 (out of a total 208,000) in the first two shifts. Many mills in India work third shift also, but the utilisation of capacity in that shift is low even in normal times, being of the order of 64 per cent for spindles and 38 per cent for looms.

Hit by the unprecedented cost inflation, Indian cotton textiles could not compete effectively in the world

markets. Cloth exports during the first ten months of 1971 receded by 20 million square metres to 312 million metres over the same period of 1970. Yarn exports, which were buoyant last year, slumped from 26.43 million kilograms to 9.23 million kilograms. The value of exports of all cotton manufactures was down by 11.7 per cent at Rs. 83.10 crores, as compared with Rs. 94.30 crores in the same period of 1970. Thus, the year under review witnessed a reversal of the steady upward trend in exports of cotton textiles experienced since 1967.

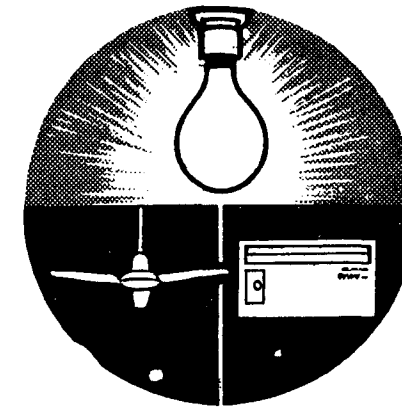
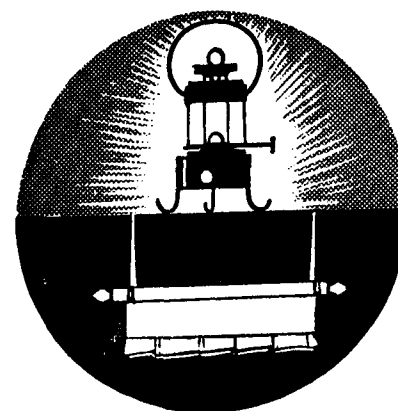
A major factor that influences the fortunes of Indian cotton textile industry is the size of its cotton crop. It is rather risky at this stage to prognosticate on this factor for the coming year. The crop in Gujarat (western India) is still susceptible to the influence of the weather, while that in most parts of south India is in an early stage. Nevertheless, the crop progress reports so far point to a 10 per cent improvement over the 1970-71 low outturn of 5.2 million bales. The Government also does not wish to take any chances and intends keeping up almost the same level of imports as in the 1970-71 season. Thus, the cotton supply situation in 1972 promises to be better than in 1971 and it is, therefore, reasonable to view the industry's prospects with modest optimism. An imponderable factor, however, is the political situation.

Of the 1 million bales of cotton to be imported, 300,000 bales were supposed to come from the U.S.A., of which at least 200,000 bales would be under P.L. 480. Now that the U.S.A. has suspended the pipeline economic aid to India, the fate of the P.L. 480 consignments is uncertain. This quantity may have to be made up by imports from elsewhere. Will this be possible, especially in view of the increase in the pressure on India's slender foreign exchange resources following the war? Then, there is the need for clothing the people of Bangladesh. Their requirements may be anything between 500 million and 600 million metres in 1972, even after taking into account their domestic cloth production. Thus, it looks as though cost inflation will continue and the decline in cotton prices witnessed in recent weeks will turn out to be only a passing phase.



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For the long term, the outlook for Indian textiles depends, to a considerable extent, on how soon and how effectively the low productivity of cotton farms is eradicated. The yield an acre of cotton in India averages (taking the five years ended 1969-70) around 120 lbs, as against 259 lbs in Pakistan, 261 lbs in China, 481 lbs in the U.S.A., 624 lbs in Mexico, 603 lbs in Egypt, 722 lbs in Russia and the world average of 308 lbs. Both the Government and the mill industry are seized of the problem and are trying to impart to the farmers the technique of improved methods of cultivation. The task is a stupendous one. India is a vast country and cotton is being cultivated almost all over the country. Agriculture is a State subject and it is the State Governments that have to see to the implementation of the development programmes, even though they may be drawn up and financed by the Central Government. This sometimes leads to delays and weakening of the drive for more production. Another handicap is that only about 18 per cent of the 20 million acres under cotton are irrigated and the remaining area has to depend upon the monsoons the vagaries of which are

quite unpredictable. That apart, as cotton is being grown on small farms by millions of growers, it is not easy to reach them. Not all of them can afford to possess the implements for modern methods of cultivation.

New High-yielding Varieties

Efforts are, however, being made to overcome these handicaps. State Governments are being persuaded to pay more attention to cotton growing. Tractors are being made available to farmers on hire and spraying of the crops with pesticides to minimise the menace of pests is being done on a collective basis by the official agencies. Credit facilities to the farmers are being expanded through the nationalised banks. Fertiliser depots are being located in the rural areas, so that soil nutrition may be within the easy reach of farmers. The agricultural scientists have been successful in evolving new high-yielding varieties of cotton. Production of seeds of these improved varieties for spreading their cultivation on a commercial scale takes time, but a beginning has been

made. Meanwhile, some more new staples of cotton, suited especially to dry farming, are in the offing. The scientists are also trying out new methods of improving the productivity of lands dependent upon rains and not irrigated. More importantly, it is being increasingly realised in the country that self-sufficiency in foodgrains alone will not suffice and that the "green revolution" must soon envelop important non-food crops as well, if the economy is to move forward and become self-reliant.

All these are encouraging developments and justify the hope that the cotton textile industry's main bottleneck to progress will be decisively broken in the not too distant future. India has all the potentials to be the top producer of cotton textiles in the world—raw materials, trained labour, experienced management, a large growing domestic market ideal for cotton manufactures and an engineering industry that can supply most of the capital goods needed for modernising the mills. Their realisation is only a question of time.

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THERE are some in this country who seem to feel that the cotton mill industry is producing too many varieties of cloth and that, if their number were reduced, it would bring down the cost of production and serve the interests of the masses better. How far is this impression correct? Let the question of serving the masses be taken first. This is very important, because the civilian consumption of cloth in the country is not met wholly by the mill industry, but only partly.

In 1970, the total cloth production in India was 7,850 million metres. Of these, the share of the mill sector was only 4,157 million metres or 53 per cent, the balance of 3,693 million metres or 47 per cent being accounted for by the handlooms and powerlooms. Almost the whole of the production in the non-mill sector is consumed in the country; exports of handloom and powerloom cloth are negligible, being in the neighbourhood of 27 million metres in 1970. Of the mill cloth production, 403 million metres were exported last year. Another 50 million or 60 million metres were taken up by Defence and consumers of industrial fabrics. This left about 3,697 million metres for civilian consumption, a quantity almost equal to the cloth production on handlooms and powerlooms, collectively known as the decentralis-

By

A SPECIAL CORRESPONDENT

ed sector. It is common knowledge that the bulk of the cloth production in the decentralised sector is consumed in the rural and semi-urban centres. Conversely, the bulk of the mill cloth production is consumed in cities and towns where the consumers are choosy and want a large variety for making their selection.

Futility of Restriction

Even if this point is disputed, the fact remains that mill cloth production forms only half of the cloth consumed in the country. Any restriction on the freedom of mills to produce the varieties of cloth which the consumers want will *ipso facto* cover only half of them and, perhaps, the bulk of them do not belong to that strata which the advocates of this control have in mind. Another

17

Should Cotton Textile Mills Produce Fewer Varieties of Cloth?

The argument that restrictions

on the number of varieties

which the cotton mills

produce will bring down prices

is ill-conceived.

If cloth prices are to come

down, the problems of cost

elements should be tackled,

and not the industry's

production patterns.

point that needs to be borne in mind in this context is that certain varieties of cloth popular among the masses, such as coloured *sarees*, some types of *dhoties* and towels, are reserved for the decentralised sector and the mills are not free to manufacture them. Even of the permitted varieties of *dhoties*, the mills can produce only up to a specified quota.

Besides, the mill industry has to devote a part of its cloth production to price-controlled cloth, the specifications and prices of which are prescribed by the Government. Following the unprecedented cost inflation in the past two years and the Government's persistent refusal since May 1968 to permit a suitable increase in the ex-mill prices of this cloth so as to cover the rise in costs, most mills found the payment of prescribed

penalty more economical than the manufacture of controlled cloth. Consequently, controlled cloth production dropped sharply in the closing months of 1970 and the opening months of 1971. But the position has changed since 1st June, 1971, when a new scheme of controlled cloth production was brought into force. Under this scheme, 100 million metres were manufactured in the first quarter and 120 million metres in the second quarter. This cloth is being sold to consumers at May 1968 prices and the mills manufacturing it are given a small subsidy, at 50 paise a metre in June-October 1971 and 35 paise a metre in November 1971-January 1972. The entire cost of this arrangement is being borne by the industry. As things stand at the time of writing, it seems that the industry will be under compulsion to produce controlled cloth at an annual average of 500 million metres, if not more. All this cloth is meant for the weaker sections of the community.

Reduction in Varieties?

So much for the question of serving the masses. Now to take the argument that a reduction in the number of varieties manufactured by the mills will lead to a fall in production costs. There is little substance in it. If there was any, the mills themselves would have readily adopted this method in these days of high costs and poor profits. It is, of course, possible to lower the production cost, to some extent, if certain varieties of cloth are mass-produced on high-speed new automatic looms that are in operation in the developed countries of Europe and America. But these looms are sophisticated labour-saving devices, requiring enormous capital outlay. Starved as it is of profits and savings, the Indian cotton mill industry cannot afford to go in for such equipment. Nor will labour agree to their introduction, what with the rising level of unemployment in the country. In any case, the advocates of a reduction in the number of varieties of cloth will be the last to agree to the introduction of such capital-intensive labour-saving weaving machinery in the textile mills.

The Indian cotton mill industry is said to be manufacturing 6,000 constructions. The number may look large, but it is a reflection of the vast and varying types of the domestic and export markets to which the industry has to cater. One should

remember that the Indian society is not a monolithic and closed one, given to a uniform mode of dress. It is an open society of diverse sartorial habits, and fashions vary from region to region, religion to religion, not to mention castes, communities and class. The industry has to produce what the consumers want and desire. And that is what it has been doing.

Competition between All Sectors

One of the criticisms against the cotton textile industry used to be that it produced cloth that suited it and tried to thrust it on the consumers. This is no longer true; over the years, the industry has become increasingly consumer-oriented, by

diversifying its production both qualitywise and varietywise. The Indian cloth market today is a highly competitive one; there is inter-mill competition, inter-handloom competition, inter-powerloom competition and competition among the producers in all the three sectors. Then, there is competition between the fabrics made out of cotton, rayon, staple fibre, synthetics and their blends. This is healthy competition, providing the consumer with a wide choice of producers, fibres and varieties. Any limitation on this freedom will not benefit either the consumer or the producer.

Limitation of sorts of cloth produced by the mill industry has been tried before but the experiment proved

a failure. There is the well-known scheme of "standard cloth" which was in vogue during the second World War and the early postwar years. Under this scheme, certain popular sorts were produced according to specifications laid down by the Government for consumption by the masses. This was done because of the shortage of cloth that prevailed then. There was rationing of cloth in big cities and towns and large queues were not uncommon. But consumers soon became tired of standard cloth varieties and longed for a change, with a wide choice of sorts to satisfy their requirements. The demand for standard cloth shrank with the passage of time and, in the early 'fifties, stocks of this cloth accumulated so heavily with mills and ration shops that the scheme had to be scrapped. This was at a time when production of fabrics of man-made fibres was limited and the synthetics had not made their appearance in the country. But today there is no shortage of cloth in the country and no queues for cloth; man-made fibre fabrics are available in a sizable quantity and greater variety. From less than 300 million metres in 1951, man-made fibre fabrics production has gone up to over 900 million metres. With additional capacity scheduled to be created, the production of these fabrics will go up even further in the coming years. If in these circumstances, the consumer's choice of cotton textiles were artificially restricted, he might well turn to man-made fibre fabrics. The result would be a grave setback to both the producers and spinners of cotton.

Another Sad Experience

To recall another instance of unsatisfactory experience of restrictions on varieties of mill-made cloth. When statutory controls on production and prices were introduced in October 1964, restrictions were placed on constructional particulars of *dhoties* and *sarees* by specifying widths, count, reed and picks. A set of 119 constructions was specified for the manufacture of *dhoties* and *sarees*. The authorities, however, soon found it necessary to give exemption from this set of particulars on a number of occasions. The K. K. Shah Committee (1966) which went into this question observed that, although the schedule was introduced with the object of limiting the number of varieties of *dhoties* and *sarees*, the producers had to be granted deviations from the standard construction in as many as 286 cases and there



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was very little justification for the retention of this restriction. The committee, therefore, recommended for removal of such restrictions and this recommendation was accepted by the Government. Furthermore, past experience provides ample evidence that any attempt to restrict the number of varieties would create artificial scarcity in particular types of cloth which in turn will lead to black marketing and other malpractices.

Such artificial restrictions, instead of reducing the cost of production, may actually lead to a cost hike, because they will stand in the way of optimum utilisation of equipment and available raw materials. Shortage of cotton in recent years has compelled mills to adjust their pattern of production to the varying qualities of cotton available, having in view as far as possible the consumer's performance. The mills have also been trying to minimise the impact of cost inflation on consumers by making adjustments in the reed and picks, with due regard for quality. The type of restraints sought to be imposed on the sorts to be manufactured by the mills will interfere with the scope for such flexibility in

production and adversely affect their working.

Problems of Mills and Consumers

Some mills catering to the requirements of specific types of consumers in a particular locality may have difficulties in conforming to the limitations on the varieties to be manufactured by the industry. They will be confronted with the problem of disposing of the sorts not favoured in their customary markets and may have to suffer losses for no fault of theirs. Consumers in those markets will also suffer due to scarcity of varieties to which they are accustomed and may have to pay needlessly high prices. Similarly, there may be other mills the equipment of which are not suited to manufacturing qualities specified by the authorities. They will be subjected to unnecessary rigidity in production controls and prevented from optimum utilisation of their capacity. It is such difficulties that will call for a large number of exemptions from controls, as had happened in the past.

Then, there is also another point to be borne in mind. If, for ins-

tance, the number of processings particular varieties of cloth undergo to enhance the consumer appeal were to be reduced in the name of economy, the producers of the processing materials would be hit, resulting in unemployment among the workers engaged by them. The loss to the national economy may be much more than the possible saving in the manufacturing cost of cloth.

The cost of production of cloth is determined primarily by the cost of raw material and labour, depreciation, interest charges, etcetera. It is common knowledge that, in recent years, there has been an all-round sharp increase in these cost elements. On top of this, the taxation on cloth has also gone up sizably and now stands at a level which is too high for a basic necessity of life. If cloth prices are to go down, it is these basic factors that should be tackled and not the industry's production patterns. No mill would needlessly increase the varieties of cloth manufactured by it. If it does, it will not remain in business for long. The suggestion for imposing varietal restrictions on the textile industry is thus ill-conceived and deserves to be rejected.

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Sugar: Need for a Long-term Policy to Increase Production

The policy of sugar decontrol should not be treated as a short-term expediency. It should be continued on a long-term basis to ensure a steady rise in production.

EVENTS on the sugar front have moved rather briskly during the season 1970-71. Beginning with partial decontrol, sugar was completely decontrolled towards the end of the crushing period in May 1971. A free sugar economy thus came into being again after a long gap of eight years. Earlier, it was during 1961-62 that the Government had decontrolled sugar, under an entirely different set of circumstances. With heavy production in 1960-61, the industry was left with an unmanageable and burdensome carry-over stock of 1.26 million tonnes. The Government then felt that if the policy of rigid control was continued, the carry-over stocks would only continue to grow with serious repercussions on future crushing by factories. Therefore, to get rid of the burdensome carry-over stocks, the Government was compelled to decontrol sugar then.

Partial Decontrol

After a lapse of eight years, the Government has again decontrolled sugar. To make a proper assessment of the situation, it will be desirable

to go back to the season 1966-67, when there was a sudden transition from an era of plenty and surplus to that of acute shortage of sugar following a sharp decline in output from 3.53 million tonnes achieved in the 1965-66 season to about 2.16 million tonnes. The Government then realised that the policy of rigid controls was not in the larger interest as it had affected the sugar output adversely and introduced the policy of partial decontrol which since then was continued till the major part of the 1970-71 season. Under this policy, the Government permitted free sale of sugar in the open market to a limited extent varying between 30 per cent and 40 per cent and the balance was requisitioned by it as "levy sugar" at fixed control rates.

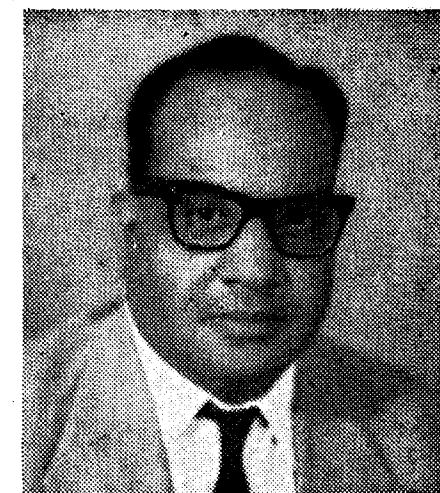
The control price for levy sugar was determined by the Government based on cost schedules recommended by expert bodies, like the Sen Commission and the Tariff Commission, on the basis of the average zonal sugar recovery percentage and the duration of the season, the two

By
J. S. MEHTA

main determinants of costs. Initially, at the beginning of the season, a provisional levy price was fixed having regard to the estimates of sugar recovery and duration and towards the end of the season, final prices were determined and announced.

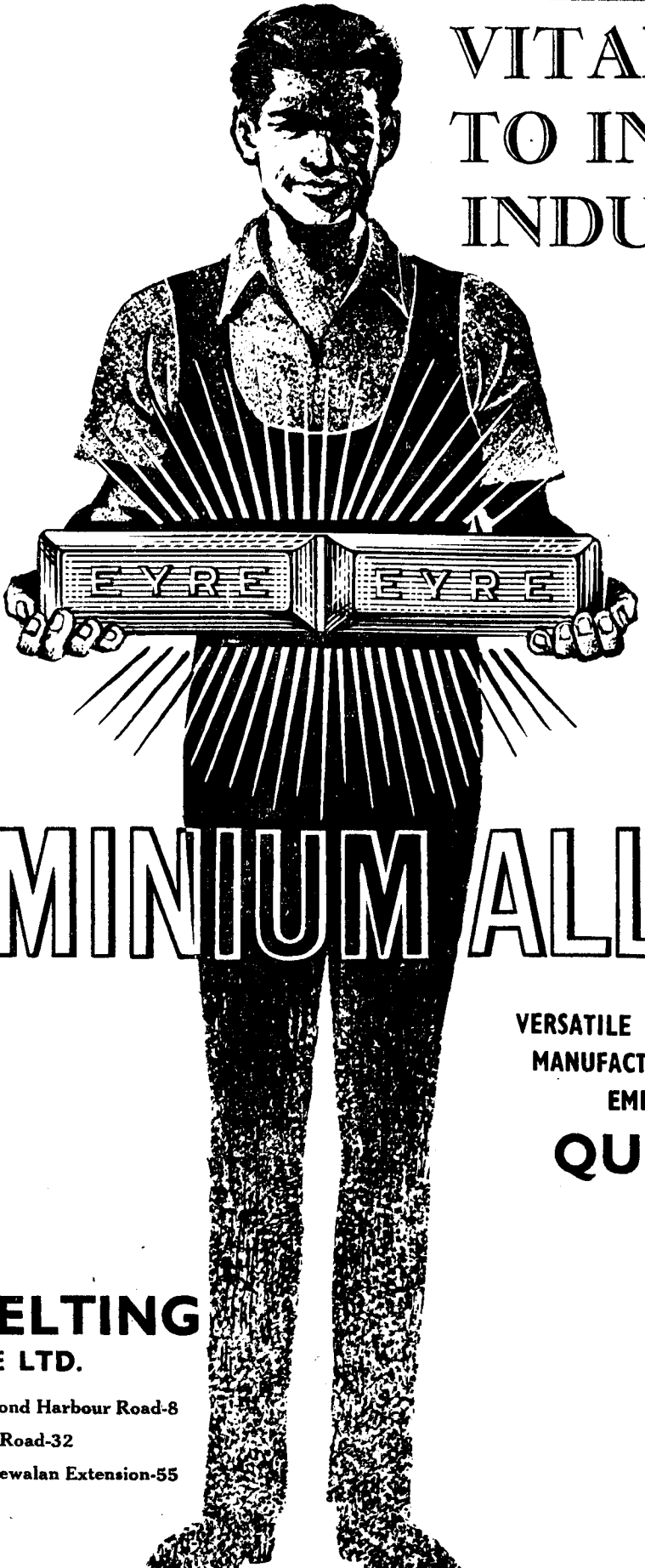
TABLE I
SUGAR PRODUCTION

State	1969-70 (in 000 tonnes)	1970-71 (in 000 tonnes)	Increase (+) or decrease (-) in sugar production compared with 1969-70 in per cent
Uttar Pradesh	1,622.9	1,299.4	- 19.9
Bihar	331.8	292.8	- 11.8
Assam	10.4	7.5	- 27.9
West Bengal	14.0	7.7	- 45.0
Haryana	97.0	82.8	- 14.6
Punjab	69.1	48.1	- 30.4
Orissa	17.2	7.6	- 55.8
Rajasthan	19.8	13.3	- 32.8
Madhya Pradesh	37.3	37.8	+ 1.3
Maharashtra	1,043.1	1,054.9	+ 1.1
Gujarat	98.7	83.9	- 15.0
Pondicherry	14.5	17.8	+ 22.7
Tamil Nadu	289.5	299.0	+ 3.3
Kerala	21.5	15.9	- 26.1
Mysore	240.0	204.7	- 14.7
Andhra Pradesh	334.9	267.2	- 20.2
	4,261.7	3,740.4	- 12.2



ed having regard to the actual figures of recovery and duration and the cost escalations.

During the 1969-70 and 1970-71 seasons, the Government, however, made a very significant departure from its aforesaid established policy of announcing the sugar prices in two stages. The provisional price fixed for 1969-70 season was never revised and the entire sugar was released and delivered at these provisional prices which were found to be highly uneconomical having regard to the actual working results of the factories. As a consequence, many sugar factories suffered very heavy losses. During the 1970-71 season, the situation was even worse. For, the Government did not even determine the provisional rates and continued the provisional rates fixed for 1969-70 season for all the regions which were again found to be highly unrea-



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TABLE 2
STATEWISE FIGURES OF NEW CAPACITY AND EXPANSIONS DURING
1969-70 AND 1970-71

(In 000,000 tonnes)

State	Capacity in 1968-69	1969-70		Total	1970-71		Total*
		New	Expan- sion		New	Expan- sion	
Andhra Pradesh	2.40	—	0.43	2.83	—	0.09	2.92
Assam	0.05	—	—	0.05	—	—	0.05
Bihar	3.27	0.10	0.02	3.39	—	—	3.39
Gujarat	1.03	—	—	1.03	0.36	—	1.39
Haryana	0.58	—	0.03	0.61	—	—	0.61
Kerala	0.22	—	—	0.22	—	—	0.22
Madhya Pradesh	0.30	—	—	0.30	—	—	0.30
Maharashtra	7.50	0.88	0.28	8.66	0.44	0.54	9.64
Mysore	1.85	—	0.33	2.18	0.19	0.16	2.53
Orissa	0.12	—	—	0.12	—	—	0.12
Punjab	0.54	—	0.01	0.55	—	—	0.55
Pondicherry	0.15	—	0.04	0.19	—	—	0.19
Rajasthan	0.13	0.09	—	0.22	—	—	0.22
Tamil Nadu	2.60	—	0.13	2.73	—	0.17	2.90
Uttar Pradesh	12.14	—	0.19	12.33	—	—	12.33
West Bengal	0.15	—	—	0.15	—	—	0.15
Total	33.03	1.07	1.46	35.56	0.99	0.96	37.51

* Estimated

listic and did not bear any relationship with the actual costs of various regions. Despite persistent representations by the industry, the Government did not offer any relief whatsoever. Out of sheer desperation, sugar factories had to seek legal remedies. In all such cases, the High Courts, having been fully satisfied, permitted the mills to sell their levy sugar at prices much higher than those fixed by the Government.

An Easy Recourse

Yet, the Government did not concede any increase in levy prices. Instead, it took an easy recourse to decontrol sugar to get rid of the difficult situation created by its own unrealistic policies. Apparently, the Government's decision to decontrol sugar as an alternative to allowing price increases in levy sugar, which was overdue, came somewhat as a surprise to the industry. The production trend was not very satisfactory. Initially, sugar production for 1970-71 was estimated at 4 million tonnes. However, with the progress of the season, the trends were firmly established, and by May, it became clear that actual output would fall short of the estimate and the production may not even exceed 3.8 million tonnes. The main reason for this was a sudden rise in jaggery prices and consequent diversion of cane to jaggery manufacture, while the sugar factories were completely incapacitated to offer competitive cane prices in view of a highly uneconomic price structure saddled on them. The free sugar prices too were ruling at un-

economical levels. In fact, with heavy pressure of stocks, in certain regions for quite long periods, the free sugar prices were even lower than those of levy sugar. That being the situation, the sugar factories could ill-afford paying competitive prices and there was considerable diversion of cane to jaggery manufacture towards the end of the season, thereby adversely affecting the sugar output.

Table 1 gives the Statewise figures of output during 1969-70 and 1970-

71. As will be seen, the drop in production during the 1970-71 season has been shared by almost all the regions although in varying degrees.

Larger Capacity

It will be pertinent to point out here that sugar output during 1970-71 declined despite the fact that there was larger capacity to operate. The total effective installed capacity had gone up from 3.55 million tonnes during 1969-70 to 3.75 million tonnes during 1970-71. Besides, six sugar factories which had a trial run in 1969-70 had operated fully in 1970-71. Table 2 gives the Statewise figures of installed capacity with a break-up of new units and expansions during the 1969-70 and 1970-71 seasons.

In sharp contrast to declining output, the consumption of sugar has been picking up. The average monthly consumption during the period from October 1970 to May 1971 was of the order of 320,000 tonnes, as against 265,000 tonnes during the corresponding period of 1969-70, reflecting an increase of 55,000 tonnes a month. The apprehensions of the supply position getting tight is thus very much there. Indeed, following decontrol of sugar, there has been a sharper rise in the internal offtake. Table 3 gives the comparative figures of consumption



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during the period prior to decontrol and thereafter.

TABLE 3
CONSUMPTION OF SUGAR

	Prior to decontrol (in 000,000 tonnes)	After decontrol (in 000,000 tonnes)
October	3.59	June 3.25
November	3.21	July 3.81
December	3.10	August 4.26
January	2.78	September 4.25
February	2.79	
March	3.25	Average 3.70
April	3.36	
May	3.35	
Average	3.20	

The average monthly offtake thus registered a further increase of 50,000 tonnes following decontrol of sugar.

Rise in Consumption

The comparative figures of opening stock, production, consumption, etcetera, for the seasons 1969-70 and 1970-71 are given in Table 4.

It will be seen from the table that consumption of sugar in the country is rising at a rapid pace. Besides, the country has an annual export quota of 350,000 tonnes. Adequate stocks have also to be built up to provide for buffer stocks. All these factors clearly underline the need for maximisation of sugar output. But maximisation of production, as has been amply established in the past, can only be achieved under the policy of decontrol. Controls by their very nature are restrictive and rigid in application and tend to retard sugar output. Decontrol has already been introduced by the Government, but what is of utmost significance and importance is that this policy should not be treated as a short-term expediency but should be continued on a long-term basis.

The policy of decontrol on a long-term basis can alone provide the much-needed stability to the industry and ensure a steadily rising trend in sugar output so essential to meet the increasing sugar requirements for domestic consumption as well as for exports. Any policy at best can prove efficacious over a period of time and only a long-term stable policy can be in the ultimate interest of all concerned.

To provide the much-needed continuity to the policy of decontrol, a realistic procedure for monthly sugar release is very essential. Monthly sugar releases must be made on a rational basis. In fact, announcing the Government's decision to decontrol sugar in Parliament on 25th May, 1971, the Central Food Minister, Mr. Fakhruddin Ali Ahmed, observed that "release of sugar from factories for sale to wholesalers will, however, continue to be regulated in order to maintain reasonable and stable prices in the market and to ensure availability of adequate supplies throughout the year. By a process of judicious releases it will also be ensured that there are always adequate reserve stocks of sugar in the country to meet future contingencies. The Government hope that these steps will help in removing the present strain in the distribution system and enable the consumer to get his requirements at competitive prices throughout the country. Further, in order to protect the interests of sugar cane growers, control over minimum prices of sugar cane to be paid to the growers will continue and minimum prices will be fixed for each crop season, as in the past."

Planning the Releases

However, the policy of releases actually pursued by the Government does not show any regard for the proposed objectives. Actually, the Government made excessive releases

in the first few months after decontrol in its anxiety to flood the market. Besides, it imposed various restrictions on sales and despatches by the factories. As a result, quite considerable quantities of sugar were put into the pipeline leading to speculative activities at the consuming end. This is hardly desirable. For, the Government can regulate sugar supplies only as long as stocks are available with the factories. This is a very vital factor and has to be given due consideration. Thus, while in the earlier months the Government released excessive quantities, it was compelled to restrict releases to the actual demand later on as the supply position tightened. Monthly sugar releases from May 1971 onwards are given in Table 5.

TABLE 5

1971	(In 000,000 tonnes)	% variations
May	4.50	—
June	4.50	Nil
July	4.00	-11
August	4.25	+6
September	5.00	+18
October	3.50	-30
November	3.25	-7

Such abrupt changes in the quantum of releases are not desirable as they only give rise to speculative activities and violent price changes. Therefore, in the larger interest of the community, frequent changes in monthly sugar releases have to be avoided and a stable sugar release policy should be pursued.

As stated earlier, maximisation of sugar output is a must and adequate steps should be taken for achieving the same. While during the current 1971-72 season sugar production, according to initial estimates, is likely to be lower than the preceding season's level, during the season 1972-73 it is expected that with the Government pursuing realistic policies, it should be possible to achieve a much higher level of output to meet the increasing domestic requirements and export commitments. For, in all the regions, sugar factories during the current season are paying cane prices higher than the statutory minimum price fixed for them. It is expected that the higher cane prices paid during the current season will reflect on cane sowings and cane acreage and consequently its output will go up substantially during the next 1972-73 season. Although the Government has an

TABLE 4
OPENING STOCK, PRODUCTION, CONSUMPTION, ETCETERA, IN 1969-70 AND 1970-71

	(In million tonnes)		
	1969-70	1970-71	% variations
Opening stock as on 1st October	1.30	2.08	+60
Production during the season	4.26	3.74	-12.2
Total available supply	5.56	5.82	+4.5
Offtake for			
(a) Internal consumption	3.27	4.02	
(b) Exports	0.21	0.39	
Total	3.48	4.41	+26.7
Closing stock on 30th September, 1971	2.08	1.41	-32.2

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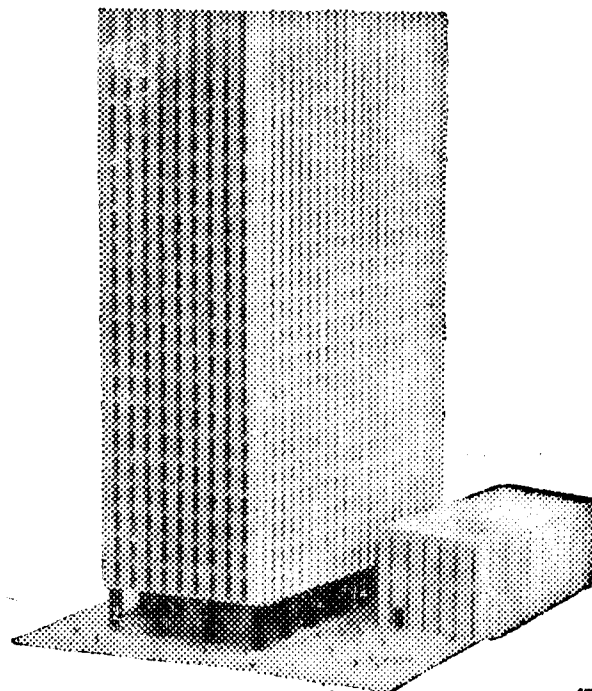
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nounced certain reliefs in the form of rebate in excise duty on production in excess of 80 per cent of the output achieved during the preceding season, these concessions by themselves are not sufficient to enable sugar factories to maintain higher cane payments. Factories are making higher cane payments in the expectation that they would be able to recoup the extra cost so incurred by higher open market realisations. It has to be appreciated that with the payment of higher cane prices to the growers the price of sugar will also rule higher.

New Distribution Arrangement

• With such divergent trends being in evidence in the production and consumption of sugar, the industry realised that the prices may tend to harden. Additionally, there was the factor of higher cane prices which the factories were expecting to pay to reverse the declining trend in cane acreage and to prevent diversion of sugarcane to gur and khandsari. It was, therefore, considered necessary to devise a method of distribution of sugar to domestic consumers at lower prices. In view of the policy of decontrol, this could be achieved only on a voluntary basis. The industry, therefore, initiated discussions with the State Governments for an arrangement whereby they would distribute sugar to ration-card holders through fair price shops while the producers would undertake to supply agreed quantities to them for that purpose at fixed prices. The scheme has already come into operation in Maharashtra and Tamil Nadu, and is to be put through throughout the country, unless it has been done already. The industry and the Government have to be congratulated on their foresight and the timely action taken by them in this respect. For, with all the merits of the policy of decontrol, it cannot be denied that during a period of shortage, the prices may tend to rise and thus affect the consumers. Therefore, a mechanism has to be evolved to arrange supplies to domestic consumers at a reasonable rates. It appears that voluntary supplies of agreed quantities of sugar by the industry at fixed prices provide such a mechanism. And the policy of decontrol backed with such a mechanism should provide a long-term policy for this industry.

Provision of adequate transport is the essential precondition for the success of the policy of decontrol.

Unfortunately, the availability of transport has been very irregular and erratic and in certain regions on the North-Eastern Railways, it has been almost non-existent. Even road transport has not been available due to floods and unforeseen developments. It is, therefore, necessary, especially when the stocks are low, that whatever quotas the Government releases are actually despatched. For this, it is essential that sugar movement should be accorded a higher priority.

The need for adequate availability of bank finance to sugar factories to enable them to continue their operations smoothly needs no emphasis. Banks are maintaining margins on sugar at varying rates and mostly it is as high as 20 per cent. Besides, they value sugar at a notional rate. As a result, the availability of finance to mills gets seriously reduced, thereby affecting their working and cane payment. The most important feature to be reckoned with, in a seasonal agro-based industry like sugar, is that while the factories have to make payments for cane which accounts for as much as 70 per cent of the total cost within a fortnight from the date of purchase, the sugar produced is disposed of over a much longer period of 14 months to 15 months. That being the situation, during the crushing season, the financial requirement of sugar factories goes up sharply. The financial needs of the sugar industry in fact represent the nature of a curve rising sharply and consistently during the crushing season and gradually falling thereafter. Unfortunately, this very basic feature has not been given due recognition in the past and the working of the industry has suffered.

Besides, the sugar factories have been subjected to uninformed criticism particularly on the question of cane price arrears. It is appreciated that regular cane payments during the seasons 1969-70 and 1970-71 were affected. However, before blaming the industry, one has also to go into the cause thereof. It is regretted that the genuine difficulties of the industry have not been generally appreciated and no remedial measures taken. While on the one hand the price structure allowed by the Government to the industry was highly uneconomical which did not even cover the cost, on the other the nationalised commercial banks refused to provide sufficient credit. There was a resource gap of as much as Rs. 200 crores between the finance required

by the industry and that actually provided by the nationalised commercial banks. With such a wide resource gap, factories were really rendered helpless in the matter. With the prices of sugar tending towards economic levels and with its faster offtake following decontrol, factories have been able to clear a large chunk of cane arrears. During the period from 15th May, 1971, to 30th September, 1971, sugar factories have paid about Rs. 56 crores towards cane price and by now a very negligible amount remains outstanding. This establishes beyond doubt the factories' anxiety to clear cane payments; what had stood in their way were factors beyond their control.

Realistic Policies

It is hoped that past experience will give sufficient insight into the industry's genuine difficulties and that realistic policies would be pursued to avoid recurrence of such eventualities. It is felt that there should be a provision for automatic escalation in the cash credit limits of sugar factories, particularly during seasons of higher output. Furthermore, banks should uniformly maintain the margin at a reasonable rate of 10 per cent and value sugar at the prevailing market rates. It should be realised that providing adequate finance for sugar factories amounts, in fact, to financing agriculture which has been accorded the highest priority for the purpose of bank finance. With the larger interests of millions of cane growers involved, it is a matter of serious regret that the financial requirements of the country's second largest industry have remained unattended.

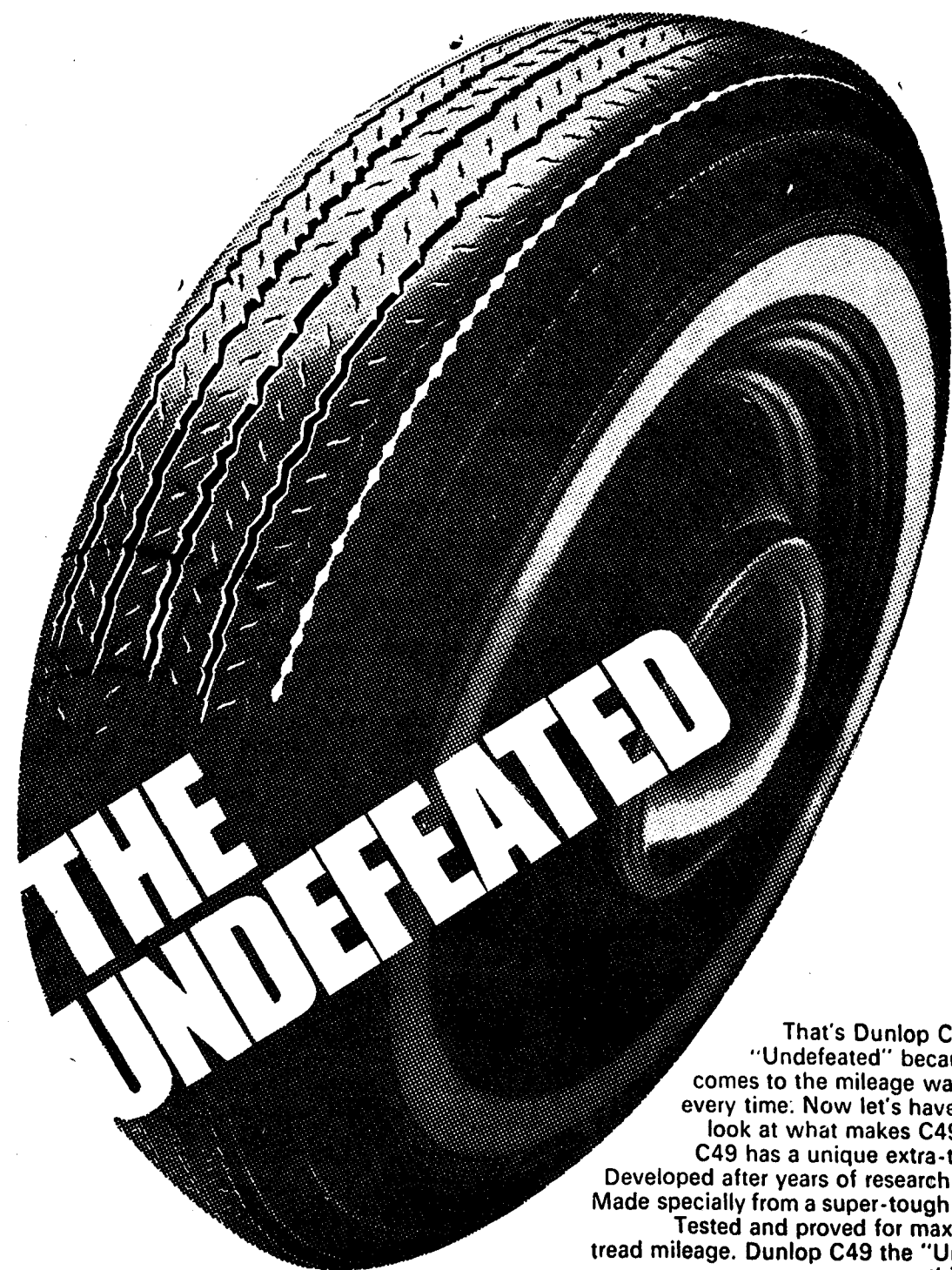
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THE performance of the stock markets this year was in sharp and disappointing contrast with their showing during 1969 and 1970. The spirit of adventure which had enabled them to scale successively higher levels in the past two years was conspicuous by its absence and the markets were rather obliged to beat an ignominious retreat not so much because of a worsening of the political and economic situation in the country as because of their past over-indulgence and the exhaustion which inevitably and predictably flowed from it. Not only did the keen demand for industrial equities, which was in evidence in the past, almost completely evaporate but there was a perceptible flight of funds from equities to other forms of investment where returns were higher. The new issue market continued to receive support but this was for reasons which were far removed from the usual investment concepts of a steady return on the funds invested and gradual capital appreciation over a period of years. New floatations were not many but most of them got an enthusiastic reception.

With their poise and self-confidence visibly shaken, first by their exces-

By

A SPECIAL CORRESPONDENT

sive gratification and then by a plethora of political and economic pronouncements and rumours, the stock markets entered 1971 with a faltering step and remained in an indecisive mood for full five months till the presentation of the Central Budget on 28th May. Initially, there was a mild recovery in prices from their December 1970 low levels which was brought about mainly by the encouraging tenor of corporate news and buying partly in the nature of short-covering and partly as bargain-hunting. But before equities could make any worthwhile advance, they were pushed back by the surprise announcement by the Reserve Bank of India of an increase of 1 per cent in Bank rate. More damage was done, however, by the fear that the hike in Bank rate might be followed by other punitive measures to arrest the rise in the price level, such as a call-back of advances against shares. Prices, therefore, rapidly declined and were sent back to their Novem-

Factors Causing a Crisis of Confidence in the Stock Market

The stock market in India
has been passing
through a persistent bear phase
during the greater part of the year.

A large number of
adverse developments have
combined to bring about the
crisis of confidence among
investors and operators.

ber 1970 low levels and in some cases even lower.

Erratic Fluctuations

The stock markets spent the whole month of February in a state of high nervous tension which produced erratic fluctuations in share prices. The Prime Minister, Mrs. Indira Gandhi's statement that her Government was not against the private sector which, in fact, was welcomed to contribute to increasing industrial output and the election manifesto of the ruling Congress watering down radicalism and denying that the Party had intentions of doing away with the institution of private property, were both well received. But the markets became upset later over the deterioration in Indo-Pakistani relations following the hijacking of an Indian plane to Lahore and its eventual destruction.

It was not until the middle of March, therefore, that the markets could recover from the shocks they had received earlier during the year. And in this they were assisted mainly by the landslide victory won by the ruling Congress in the mid-term elections. The success of the Congress (R) at the polls which, in fact, was the success of the policies followed by its leader, Mrs. Indira Gandhi, was widely acclaimed by both the supporters and the critics of the Party, as it was rightly thought that having secured an absolute mandate from the country, the Government would stop pursuing a policy of drift in political and economic matters, rely less for support on political and religious extremists and take quick measures to implement its promised programme for urgent economic development and social reform. As for the stock markets, they looked forward to a strong and stable Government at the Centre adopting a realistic economic policy conducive to increased agricultural and industrial production.

Pleasant Surprises

To the stock markets which had felt relieved at the outcome of the general elections that had remained uncertain almost till the end, the interim Railway Budget and the General Budget brought pleasant surprises. The former disclosed a deficit much less than was feared; the latter revealed a gap between resources and expenditure not significantly wider than the one accounted for in the 1970-71 Budget. There were talks, no doubt, that the Central Finance Minister might propose a stiff dose of taxation when he presented the Budget proper in May but this caused only a mild flutter among the stock market doves. Similarly, the possible implications, as far as the national economy was concerned, of the rising flood of Bangladesh refugees into India were conveniently ignored, nor did the deterioration in relations between India and Pakistan cause any serious apprehensions. The upsurge in share prices, therefore, continued and by the middle of April the equity index was once again back to the year's high level. With no major developments taking place, prices remained at the peak till about the middle of May showing only some minor fluctuations mainly on technical considerations.

"After Christmas comes the reckoning", it is said, and the markets

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For the first time in the country, three Hydro Power stations — Obra in Uttar Pradesh, Bassi in Himachal Pradesh and one Power Station of U.B.D.C. in Punjab — have been completely equipped and commissioned with machines supplied by Bhopal factory. The erection and commissioning work has been done by Indian workers and engineers.

Eleven more Hydro Projects — Chibro, Ram ganga, and Khodri in U.P., Koyna in Maharashtra, Ukai in Gujarat, Gumti in Tripura, Sharavati and Kali nadi in Mysore, Sumbal-Sind in Jammu & Kashmir, Dehar and Pong in Punjab, are in different stages of manufacture, erection and commissioning.

On the thermal side, Basin Bridge Thermal Power Station Extension Project of Madras has been

commissioned with machines supplied from Bhopal factory. Machines have also been supplied for Parli in Maharashtra, Santaldih in West Bengal and Chandrapura in Bihar. Other thermal projects on hand are Ukai and New Power Stations in Gujarat, Koradi in Maharashtra, Korba in Madhya Pradesh and Namrup in Assam.

The Bhopal factory is also playing its part in eliminating dependence on imports for Naval Steam Main Turbines required for driving modern warships. India's first such turbine built at Bhopal factory has already been supplied and more will follow for propelling India-built Leander Class frigates.

The Bhopal factory has entered the nuclear power field. Kalpakkam Nuclear Power Station in Madras will be the first Nuclear Power Station in India to be equipped with indigenous turbines being built at the Bhopal factory.

All these developments at Bhopal factory are a symbol of India's achievement in the field of power development through indigenous efforts to meet the evergrowing need of Electric Power.

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SUPPLEMENT TO "CAPITAL", 30th DECEMBER, 1971

had a taste of this during the latter half of May when they were shaken from their complacency. The first stunning blow was received in the form of an Ordinance nationalising all the general insurance companies. Although under its ten point programme the ruling Congress was firmly committed to a take-over of the general insurance business, few had expected the Government to act so swiftly or to redeem its pledge in so unusual a manner. The psychological impact of the Government move which brought back to the stock markets memories of the days following the nationalisation of the major commercial banks in July 1969, was all the more severe as it came just before the Budget. Fears of an increase in freight rates and passenger fares and a big dose of taxation to raise the needed finance for an enlarged Fourth Plan were revived and prices were marked down sharply.

The markets, however, soon recovered their poise and approached the Budget with a hopeful heart. The modest rise in freight rates and passenger fares enforced by the Railway Budget and the Central Finance Minister's observations in his pre-Budget *Economic Survey*, more particularly his accent on the need to step up the rate of economic growth and development, gave rise to the hope that the Budget would not only spare the corporate sector and the investor from further punishment but might even provide some incentives to industry to step up production and speedily implement its expansion and development projects. So fondly were these hopes cherished at equities, particularly the speculative leaders, continued to receive buying support in the pre-Budget unofficial dealings till the moment the actual budgetary proposals began to be "bashed" on the teleprinters and announced on the radio.

Disappointing Budget

Unfortunately, the availability of transport has been very irregular and erratic and in certain regions on the North-Eastern Railways, it has been almost non-existent. Even road transport has not been available due to floods and unforeseen developments. It is, therefore, necessary, especially when the stocks are low, that whatever quotas the Government releases are actually despatched. For this, it is essential that sugar movement should be accorded a higher priority.

cent of the capital, the list of priority industries was shortened and the special tax concession enjoyed by such industries was cut down from 8 per cent to 5 per cent, it was decided to discontinue the development rebate from 1974-75 and to exclude debentures and long-term loans from the capital base for calculating the limit of 6 per cent of capital for tax exemption to new industrial undertakings and to impose a ceiling of Rs. 5,000 a month on the remuneration of company employees which would be deductible in the computation of company profits. As far as the individual was concerned, the surcharge on incomes in excess of Rs. 15,000 a year was raised from 10 per cent to 15 per cent, the rate of tax on wealth over Rs. 15 lakhs was doubled from 4 per cent to 8 per cent and shares forming part of an initial issue of equity capital made after 31st May, 1971, were excluded from the exemption limit of Rs. 1.50 lakhs allowed for wealth-tax purposes. The additional burden was not heavy, but it was its possible long-term impact on capital formation and industrial development that really disturbed the markets.

An "intermediate rally" materialised in the markets during the second week of August and remained in force till the third week of September. Although, technically, it was due to short-covering by the bears and fresh support by the bulls as share prices had declined sufficiently on persistent selling since the Budget, the apparent driving force was provided to equities by the signing of a 20-year treaty by India and Russia in the name of "peace, friendship and co-operation." This restored the markets' political nerve which earlier was shattered by Pakistan's war postures.

Adverse Developments

Having remained in force for nearly six weeks, the rally in share prices began to peter out in the third week of September under the impact of many adverse reports and developments. The first of these reports was that the Central Finance Minister had proposed a virtual ceiling on dividends and the setting up of an industrial reorganisation commission to recommend steps to split up the existing large business houses. This was followed by reports of deliberations at the A.I.C.C. session in Simla which clearly showed that under pressure from Party members, the Govern-

ment had effected a complete *volte face* and had given up the idea of watering down the earlier policy of curbing the growth of large industrial houses even though it was convinced that the theme of concentration of economic power was being overplayed quite a bit. There were minor irritants too, like the militant attitude taken by textile workers of Bombay and Ahmedabad on the yearly bonus issue and the threat of a Statewide strike by the leftist trade unions in West Bengal, which hastened the fall of equities from their high perches made during August and September.

Although declining share prices was a feature common to all the stock markets, the extent of the damage suffered by equities varied from centre to centre and from sector to sector. Losses were heaviest in Bombay, Ahmedabad and, to certain extent, Delhi, where speculative activity is always more than elsewhere. Calcutta, on the other hand, demonstrated a remarkable resistance to the chilly political atmosphere, continued violence and the deteriorating industrial activity in the State, probably because it had, by now, learnt to live with the situation. The general inclination was, no doubt, to sell and stay liquid but there was no panic and, what is more important, investors appeared to be keen to support worthwhile new issues. In Madras, too, there was little evidence of any sizable disinvestment on account of the bleak outlook for equities.

Fewer Equities Make Advance

In the preceding year almost all sectors of the market had participated in the advance. Last year only a very few among them could keep their heads above water. These were cables and wires, jutes and teas. Cable shares benefited from the turn in the tide of fortune of the cable industry following the finalisation of the Fourth Plan and larger expenditure on electricity generation and distribution. Many companies came out of the red, or hoped to do so before long, and Indian Cable, the leader, trebled the dividend. The rise in prices of jute and tea shares, which afforded an opportunity to disinvest to those who had been holding them for long, was due partly to the plight of the jute and tea industries of Pakistan because of the Bangladesh events and partly to the tussle between big holders of some of these shares to secure a firmer hold on the

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Another feature common to all the major stock exchanges of the country was the marked decline in the volume of business. Some people blamed it on the suspension of forward trading while others held the Central Finance Minister, Mr. Y. B. Chavan's Budget proposals responsible for this sorry state of affairs. Both these allegations are partly true but the main culprit seems to be the continuing flight of funds from equities to other forms of investments, especially deposits with companies, where the return is decidedly higher. Even at the current low level of prices industrial equities yield, on average, a little more than 6 per cent a year. As against this, a person who keeps his savings as a deposit with companies is paid anything from 7.5 per cent to 15 per cent or even 18 per cent a year, depending on the reputation of the company and the duration of the deposit. True, interest earned on such deposits does not enjoy the exemption from income-tax available for dividend income up to a maximum of Rs. 3,000. But this fact does not enter the calculations of a

small investor who is concerned in these days of inflation only with maximising the return on his capital.

In contrast to the stock markets the capital market was in a better form. No doubt new issues during the year were fewer than in the last but these evoked a good response and many were substantially oversubscribed, notwithstanding the fact that those made after 31st May would not qualify for exemption from wealth-tax. But the overwhelming success of some of these new issues did not lie so much in the keenness of the genuine investor as in staggering. The stock market stag is a speculator who applies for a new issue in the hope of being able to sell what has been allotted to him at a premium immediately. Frequently the stag first sells a certain number of shares when they are being quoted at substantial premiums if the issue is expected to be heavily oversubscribed and then sends in a large enough application to secure at least the required number of shares which, when allotted to him, he delivers against his sales. This does not mean that the success of the issues was due entirely to stagging and that there was no demand

from investors. There certainly was or else the issues would not have been commanding fancy premiums. But going by their past experience and fearing that they would not succeed in getting the desired number of shares in direct allotment many investors bought their requirements at a premium in unofficial deals thus creating a demand that pushed up the premium further and helped none but the speculator.

Bear Phase Persists

The downtrend in share price which commenced in the first week of October 1970 thus persists. Lately the equity index has gone below its August 1971 low point signifying thereby that the bear phase is still on. How long prices will keep on declining is indeed very difficult to predict and all that one can do is to take stock of the situation and enumerate the problems and difficulties faced by the stock markets.

Since the mid-term elections in which the ruling Party emerged victorious with a two-thirds majority in the Lok Sabha, the internal political situation has distinctly

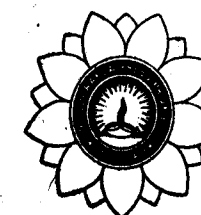
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improved. The tendency of the States to try to dictate terms to the Centre has been really checked and even in West Bengal an improvement in the law and order position has been seen in late. The steadily worsening relations between India and Pakistan, which eventually led to a full-scale war between the two countries, continued to weigh heavily on stock market sentiment.

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the Bangladesh refugees whose number has now swollen to almost 10 million, but no indications are available when such assistance would actually be forthcoming. Meanwhile, the U.S. Senate has virtually killed the more than two-and-a-half decade old U.S. foreign aid programme. This has caused serious concern to all the developing nations, not excluding India, which are largely dependent on American assistance for the execution of their development programmes. Unless substantial foreign assistance is received to meet the expenditure on refugee relief, the current financial year is going to end with the biggest budgetary deficit since independence.

Upsetting Factors

But what is really upsetting is the persistent downtrend in industrial production. The Central Finance Minister himself has gone on record to say that while the small-scale sector had been doing well, the performance of organised industry was causing anxiety. This is natural enough because, as against a rate of growth of 7 per cent achieved in 1969-

70, industrial production increased by only 3.7 per cent in 1970-71 and there has been a further slowing down during the first six months of the current year. There have been many factors responsible for this state of affairs.

Recently, the Central Finance Ministry is reported to have expressed concern over the developments in the stock markets and has, through a communication addressed to all stock exchanges, asked for the reasons for the recent steep fall in prices. This is a welcome development because it shows that the Finance Ministry recognises the importance of stock exchanges in the structure of economy. Some may be prone to blame the Finance Ministry itself—because of the 1971-72 Budget—as being principally responsible for the present crisis of confidence in the stock markets. But one must in all fairness admit that not only one but a large number of factors have combined to bring about the erosion in share values. Unless all these are carefully analysed and the necessary corrective actions taken, full confidence will never return to the stock markets.

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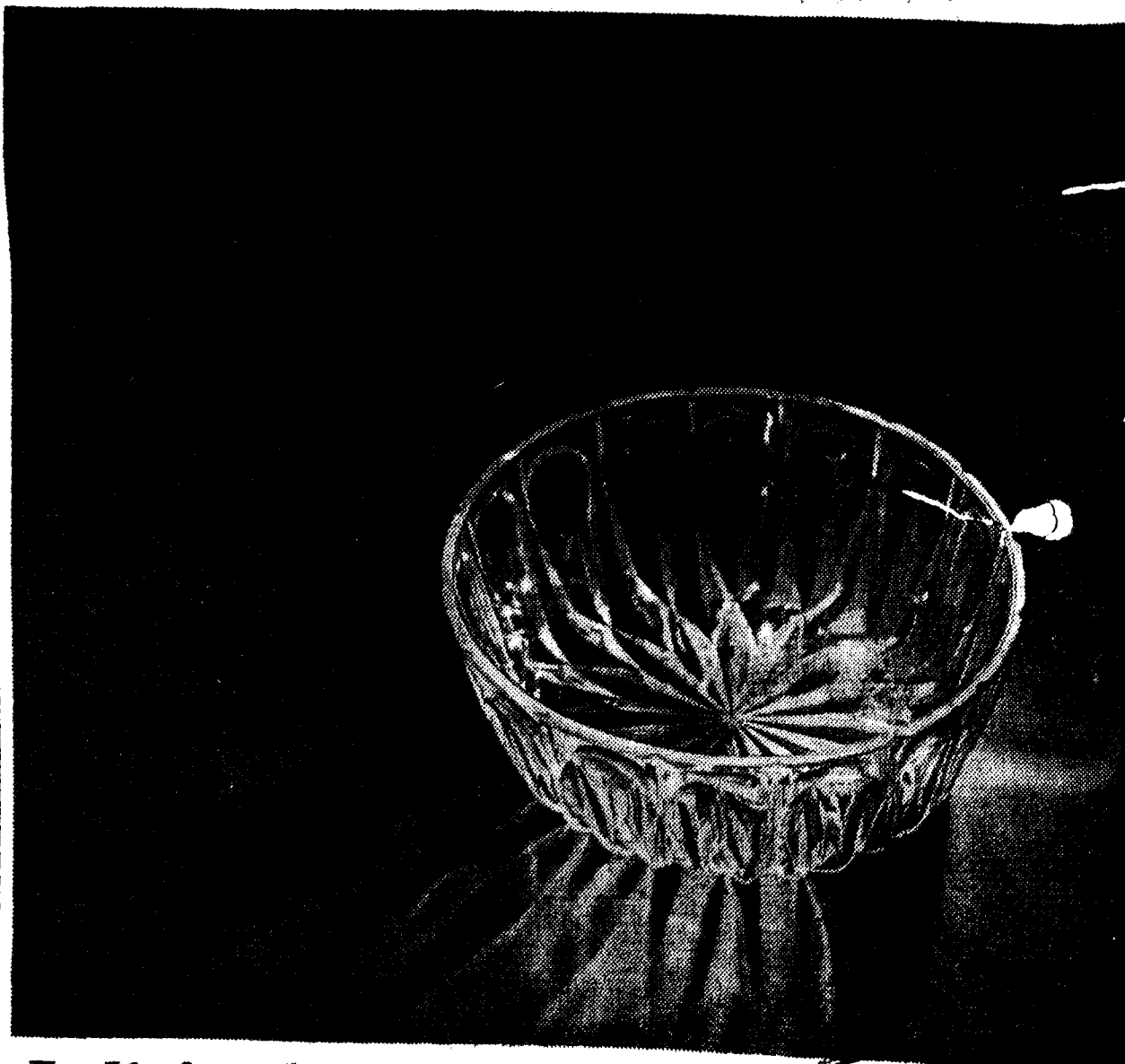
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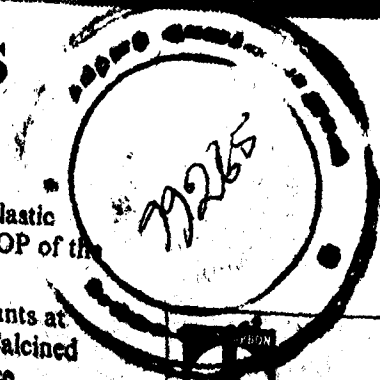


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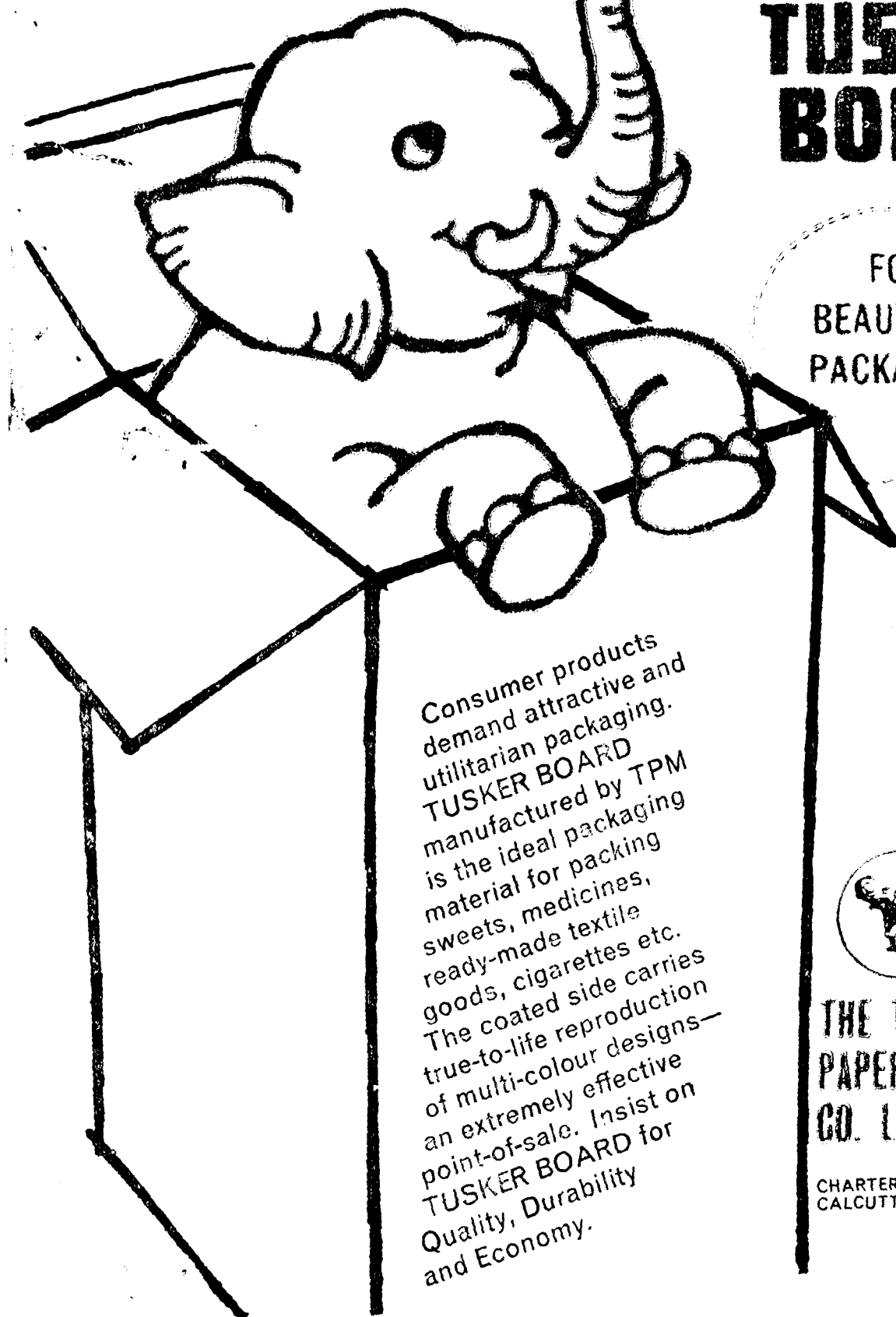


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