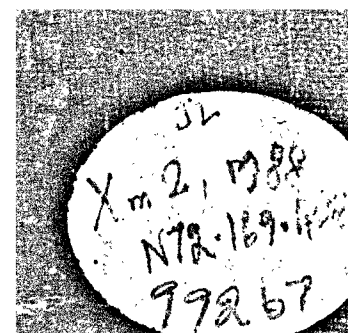




CAPITAL

INDIA'S OLDEST FINANCIAL NEWSPAPER

ECONOMICS
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Retreat on Radicalism?

The Summit: The Next Move

State Trading: Where to Stop?

Reforming the Tax Structure

Controlling Operations of Chit Funds

13th July, 1972

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Retreat on Radicalism?

WHAT emerges out of the discussion that Central Congress leaders had in New Delhi last week on the land ceilings issue is the belated realisation among them that they had perhaps gone too far in the race for radicalism and must now look to the Chief Ministers to help them out of an extremely difficult and awkward situation. Otherwise, there seems to be hardly any justification for calling the Chief Ministers once again to the capital for considering the report of the nine-man panel on land ceilings. The panel was set up by the conference of Congress leaders in May and its report practically endorses the recommendations of the Central Land Reforms Committee on ceilings for different categories of land. Where the panel has gone further than the Committee is in recommending that lands irrigated by private tubewells and pumpsets should also be subjected to the same ceilings law, although with some marginal weightage.

If the discussion in the Congress Working Committee is any indication, it is evident that several Chief Ministers and Central leaders are opposed to even proposals that were once presumed to enjoy their support. For instance, the Haryana Chief Minister, Mr. Bansi Lal, is believed to have expressed himself strongly against the recommendation of the panel that the laws on ceilings should be given retrospective effect from 26th September, 1970—the date on which a conference of Chief Ministers first decided to refer the ceilings issue to the Central Land Reforms Committee. In fact, the C.L.R.C. had also favoured giving retrospective effect to its recommendations from this date and no Chief Minister had earlier opposed this suggestion publicly. That was evidently because few had the courage of conviction to speak out on an issue that had assumed an emotional

overtone in the ruling Party. With radical ideas taking a formal shape, many now feel that they must stem the tide before they are swept off. There is, undoubtedly, a lot of logic in Mr. Bansi Lal's contention that any law should have force only from the date of its enactment. But why was the Haryana Chief Minister fighting shy of giving expression to his views earlier? Was it because he feared he would be branded a "reactionary"? Appearing to make some concession to the radical elements in the Party, the Madhya Pradesh Chief Minister, Mr. P. C. Sethi, is stated to have suggested that the ceilings laws should be given effect from 18th January this year when the Congress election manifesto was released. According to Press reports, this suggestion was favoured by several others. Obviously, whether one goes by the suggestion of Mr. Bansi Lal or Mr. Sethi, the results would be more or less the same—that is, all transfers that have taken place in the last two years will be validated and will thus escape the penal provisions of the new laws.

The intentions were made abundantly clear when the U.P. Chief Minister, Mr. Kamalapati Tripathi, made a fervent plea for validating all "genuine land transfers". He argued that many farmers might have sold some chunks of their land holdings due to financial distress and that such transfers should not be taken into consideration in determining the ceiling. Certainly, Mr. Tripathi has a point but why did he not make it all these months? If the Chief Ministers had come out with their reservations earlier, instead of keeping hypocritical silence, they would have not only been honest to themselves but also to the electorates they represented. It is perhaps because of this large volume of opinion against some of the recommendations of the panel that the Working Com-

HERE IS A BOUQUET FOR ENTREPRENEURS

Special concessions offered by Government for starting or expanding industry in specified backward districts and areas:

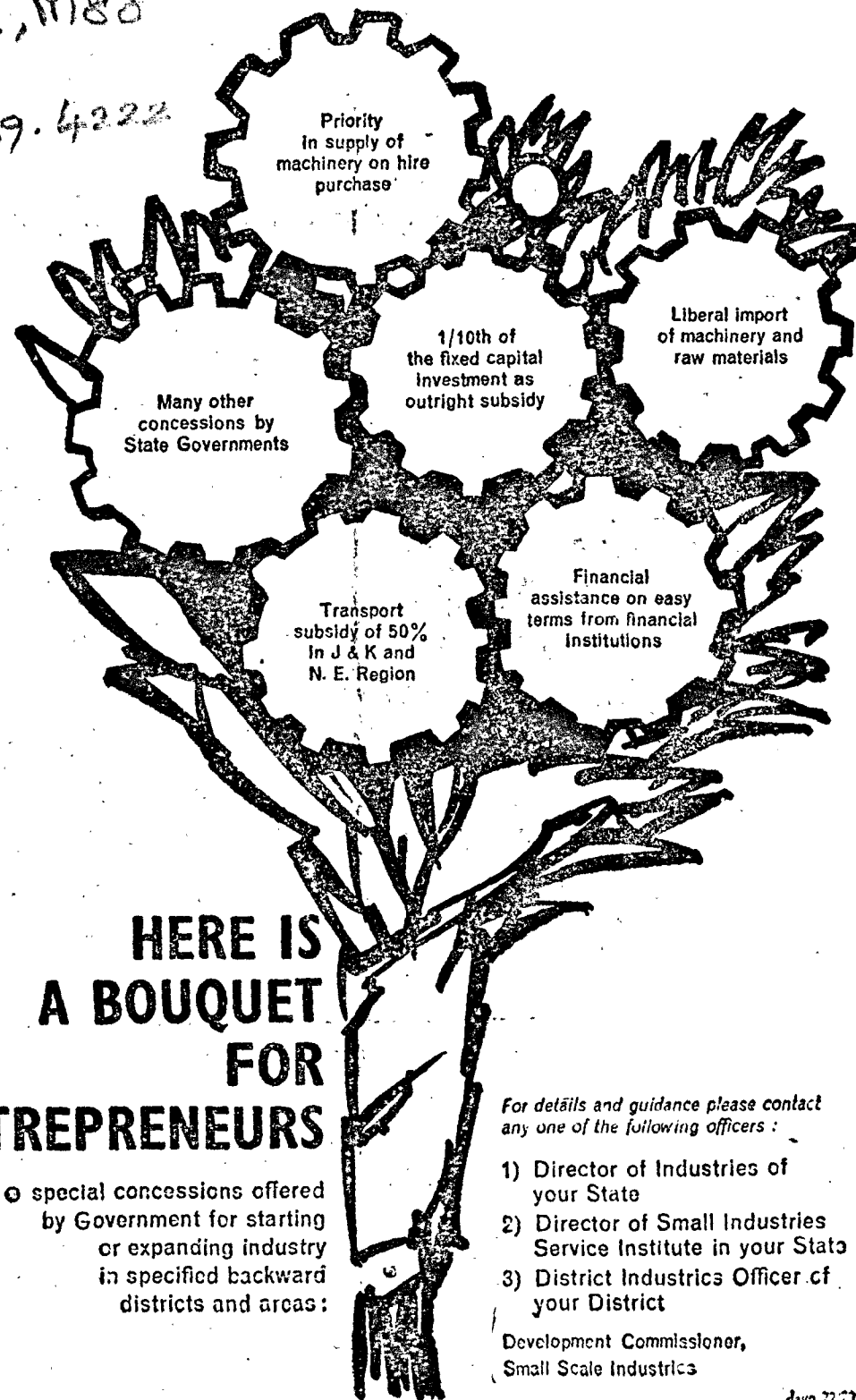
For details and guidance please contact any one of the following officers:

- 1) Director of Industries of your State
- 2) Director of Small Industries Service Institute in your State
- 3) District Industries Officer of your District

Development Commissioner, Small Scale Industries

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mittee decided to call all the other Chief Ministers of Congress-ruled States for a discussion before taking a final decision. This will mean that the two non-Congress Chief Ministers of Tamil Nadu and Kerala will have no say in the matter and the Centre may take a decision on the basis of the consensus among Congress Chief Ministers alone. Tamil Nadu is already sore that its views are not taken into consideration by the Centre in taking decisions on subjects of interest to the States and what is proposed to be done will only add weight to that complaint.

The discussion at the Working Committee last week also provided an insight into the thinking among Central leaders, who had so far preferred to keep mum on this vital issue. It is reported that the Central Finance Minister, Mr. Y. B. Chavan, sought to link the ceilings issue with the question of imposing similar curbs on urban income and pleaded for caution in taking a decision on treating the family as a single unit for purposes of determining the land ceiling. Mr. Chavan is certainly right in pointing out that when the husband and wife in urban areas are not clubbed together for income-tax purposes, they should not be treated as a single unit, along with their children, minor or major, for determining the amount of land they can hold. But where was the wisdom of Mr. Chavan when this question was being discussed earlier at various forums, including Congress Party meetings? In raising the issue now, the Finance Minister certainly gives the impression of finding devices by which he could stall the move for a radical lowering of the land ceilings. It is a pity that prominent people in power should hesitate to speak out and give expression to views that they hold to be right and good for the country.

It is true that if the recommendations of the panel on definition of the family and enforcement of the ceilings laws with retrospective effect are not accepted, there would be considerable watering down of the reform and the number of people that would benefit, as a result, might be substantially lower. According to Mr. K. D. Malaviya, the panel's recommendation for fixing the ceiling at 27 acres for lands with a single crop would mean that there would be nothing left to distribute as surplus in a State like U.P. It is not

known whether Mr. Malaviya speaks on the basis of facts or on his own predilections but one is amused at his assumption that the primary objective of the new ceilings laws should be to rob Peter to pay Paul. If, in the view of the panel, whose radical composition cannot be questioned even by Mr. Malaviya, 27 acres should be the minimum holding in areas where a single crop is cultivated, then the question of distribution of land to others arises only if surpluses are available. It cannot be that for the sake of providing land to the landless and backward classes, the ceiling is further lowered, without any consideration whatsoever to the economic size of a holding in different areas.

On the question of weightage to privately-irrigated lands also, there appears to have been differences of opinion among members of the Congress Working Committee. The Chief Minister of Madhya Pradesh was of the view that the ratio of 1 to 1.15 proposed by the panel for fixing the ceiling of

lands, irrigated by Government and private sources, should be raised from 1 to 1.25. He told the Committee that the total area under irrigation in his State was 7.5 per cent and it was proposed to raise it to 25 per cent in the next two years. He, therefore, wanted a higher weightage to be given to land irrigated by private sources so as to give an incentive to farmers to install more pumpsets. According to the Central Ministry of Agriculture, over Rs. 2,000 crores had been invested by farmers on tubewells and pumpsets in the last 20 years and the programme for extending the area under private irrigation in the Fourth Plan envisages an equally large investment. It is for these reasons that the Agriculture Ministry soft-pedalled on the question of including land with private irrigation in the ceilings law but when it was confronted with stiff opposition from radical elements, it caved in. The entire debate on the ceilings issue thus shows an utter lack of honesty and regard for high principles of public policy.

The Summit : The Next Move

THE signing of the Simla agreement is perhaps a fit occasion even for the prosaic political observers in both countries to allow a little rein to the imagination and take a hopeful peep into the future. This is so because the agreement is nothing but an act of faith. It signifies the determination of the leaders of both countries to end the era of hostility and usher in an era of peace. The few "concessions" that each side has given to the other are no more than gestures of goodwill. The essence of the agreement lies in the future behaviour of both countries and it is by their future acts that the agreement will have to be judged. If the two sides keep the faith they have professed in the Simla accord, the possibilities are great indeed not merely in political and economic terms but also in the sphere of human relations. Poets, artists and writers with all their fertile imagination cannot exhaust the human benefits that can flow in the lives of the nearly 700 million people of the sub-continent, should the latent potentialities of the Simla accord materialise. If, on the other hand, the agreement fails for one reason or the other, or is deliberately subverted for

petty political gains, the human tragedy that could follow would be equally difficult to record.

Simla is far more historic than Tashkent. It opens up vistas hitherto undreamt of. Tashkent was conceived to resolve a stalemate resulting from an indecisive war. It was held virtually under duress, in a third country and with the help of mediators who acted as referees. Its object was no more than to turn an indeterminable war into an uneasy peace. Few indeed expected that peace to last. The Pakistani regime then was a military dictatorship and a colonial power (ruling what is now Bangladesh under the false bogey of a "threat from India"). Both these compulsions made the perpetuation of belligerency towards India inevitable. Pakistan then lived under the illusion of its military invincibility in relation to India. It believed also that at least two of the Big Powers, the U.S.A. and China, would fight its battles with India. All these illusions have been shattered and what is now left is a chastened and truncated Pakistan living under compulsions that are very different from those which

during the last 25 years brought it into a state of permanent confrontation with India. As a result of all these traumatic changes, Pakistan has undergone a psychological revulsion against military rule. For the first time, there is a popularly elected Government which promises to bring prosperity through peace, democracy and socialism. The feudal character of Pakistani society is to be changed.

It would have been foolish on India's part not to recognise the new situation in Pakistan. With half the country gone for ever, even physically it is no longer the same Pakistan which threatened to "conquer" Delhi nor the same Mr. Bhutto who talked of a thousand years' war with India. To refuse to come to an understanding with Pakistan for fear of a future attack from it would be absurd, if not also cowardly. After the crushing defeat it received from India leading to its dismemberment and the capture of about 90,000 of its soldiers who are still in Indian hands, its potential for mischief is small. It would have been equally vain in this age of Big Power politics to expect Mr. Bhutto to feel so demoralised and humiliated as to come to Simla crawling on his knees and fall at Mrs. Gandhi's feet. For India to take such a high and mighty attitude would amount to throwing Pakistan back into the lap of the Big Powers and perpetuate tension on the sub-continent.

All this leads to but one conclusion. India and Pakistan must either choose an honourable peace or an indefinite war. Mrs. Gandhi and Mr. Bhutto have both rightly interpreted the Simla agreement as "a good beginning". They are obviously conscious that both countries have a long way to go. Their first objective is one of turning the wheels of history of the last 25 years. But their long-term objective has to be to reverse the historic trends of the last 700 years during which Hindus and Muslims on the sub-continent have lived in water-tight compartments of their own and, when not actually hostile, have looked at each other with extreme mistrust and suspicion. Such attitudes are totally out of place in the modern world but it needs leaders of courage and vision in both countries to see the need of a new perspective and try to enforce it. Such a gigantic change in human relations cannot be accomplished overnight. It has to be wrought step by step. The initial

steps have necessarily to be small but firm. The Simla agreement is thus a necessary first step and only the future will tell how far Mrs. Gandhi and Mr. Bhutto are able to go along together on the road to peace.

With all its historic value for the sub-continent what happened in Simla cannot claim the virtue of uniqueness; it merely conforms to a well-established international pattern. As the world shrinks with the virtual disappearance of the distances of time and space, the nations of the world are finding it hard to sustain their old feuds with their neighbours. National boundaries are becoming more and more brittle. Nationalism in the classical sense is fighting a losing battle against the sweeping forces of internationalism. What seemed to be impossible in international relations till only a few years ago is fast coming into the realm of probability. The recent summits in Peking and Moscow show how fast mankind is moving from the postwar equations. The emergence of a united Europe as a coun-

ter-poise to the two Big Powers between whom it is hemmed in, now seems a certainty. The countries of south-east Asia are fast submerging their petty squabbles within the common identity of A.S.E.A.N. But the crowning achievement of internationalism in recent years is perhaps the latest announcement from the two Koreas which have declared their intention to reunite without external help.

The peoples of India and Pakistan, together with those of Bangladesh, are chips of the same block. If only they could reunite into some sort of a common market—or even a confederation—they could pull their full weight in the comity of nations, do away with wasteful defence expenditure and speed up the gigantic task of giving their famished peoples two square meals a day. If, on the other hand, they continued to measure their relations in terms of square miles of territory and their respective military prowess, they would be returning to the slavery from which they emerged only 25 years ago.

State Trading : Where to Stop ?

THERE are times in the life of a nation when an idea spreads like forest fire and anybody who is somebody in policy-making swears allegiance to it—some with conviction, some reluctantly because of circumstances and some others purely from the opportunistic point of view. In the past few years, one idea which has found many admirers is State trading. It is the magic wand which can cure all the ills of the earlier trading system. When the State takes over the trade in a particular item, profiteering is supposed to disappear and the commodity concerned is supposed to be made available to its users at reasonable prices and in adequate quantities. There can be no other objectives for State entry into trade nor can any rational man oppose these broad objectives. But the main question is: how often are these objectives realised?

One of the corner-stones of policy of the present Government is to achieve a commanding height for the State in the import and export trade of the country. There is also growing evidence that the State will also like to take over the internal trade in selected commodities. The Cot-

ton Corporation of India, apart from taking over imports, is eventually expected to buy and trade in indigenous cotton too. The State Trading Corporation is already active in the domestic rubber market, when necessary, to ensure a minimum support price to small growers. At the recent meeting of the Consultative Committee attached to the Central Foreign Trade Ministry, Mr. L. N. Mishra, Minister-in-charge, said that the Jute Corporation of India would buy at least 900,000 bales of raw jute in the coming season. He added that private trade in raw jute would be ended in about two years. All this is being done obviously to help small growers of cotton, jute and rubber.

It was also announced at this meeting that the Government had decided to take over the import of dry fruits and canalise the export of coir products. The high profit in the dry fruit trade and the high level of prices at which dry fruits are sold in India were the reasons which had forced the Government's hands to take over this trade. If necessary, a separate Fruit Corporation of India will be formed to look after imports

of dry fruits. At the time of writing, it is not known whether the proposed Fruit Corporation will concern itself only with imports, leaving internal sales to the existing trade channels. If this is to be so, it remains to be seen whether the public at large will get dry fruits at prices cheaper than are existing now. The Government cannot possibly put out of business the thousands of shopkeepers all over the country. This means they will continue to be in this trade. If past experience is any guide, when the Government canalises the import of an item, it does not show any aversion to appropriating to itself the huge profits which the private trade was making before. Therefore, it is still an open question whether the common man will benefit from the State's entry into the dry fruit trade.

As for coir exports, it was stated that the State Trading Corporation has already been asked to prepare itself for the take-over "within the next few weeks." The take-over, it was explained, was intended to improve the competitive position of coir products in world markets, put the industry on a sound and healthy footing and help the small-scale manufacturers of coir products. While Mr. Mishra was announcing the canalisation of coir exports, the Deputy Minister of Foreign Trade, Mr. A. C. George, was telling the Members of Parliament that coir exports had reached an all-time high of Rs. 15 crores in 1971-72. Even so, there obviously is still room to improve the "competitive position of coir products in world markets" and who else can bring this about better than a subsidiary of the S.T.C.?

In an egalitarian society which India is trying to build up, it cannot be denied that State intervention is necessary at times to protect the interests of the weaker sections of society. For instance, assuring a minimum and remunerative price for growers of cash crops is certainly very necessary and State trading in these items has, therefore, to be welcomed from this point of view. But what often happens is that the small grower does not reap the benefit of a remunerative price because the agencies which a State corporation uses to make purchases take a share of the price. The State corporation cannot reach every small grower nor is the latter in a position to approach the State agency everywhere. Similarly, when

it comes to selling an item whose imports are canalised, the State trading channels have not shown any particular inclination to sell those products at prices cheaper than what private trade had been charging before.

In the export field also, while State monopoly in items like iron ore is understandable, exclusive State participation cannot be a panacea for the other items. For instance, the Government is also committed to a take-over of textile exports. Whether the State's entry in the export of these items is necessary is a debatable question. While Government intervention is necessary at

The Sugar Muddle

IT is a pity that whenever New Delhi decides to speak to the sugar industry, it chooses a language of threats. The burden almost always has been that unless the industry does this or that, the Government would come banging down on it and teach it how to behave. This, to be sure, is not the healthiest way to treat an industry as vital as sugar. And it is rather difficult to see what the industry has done to arouse such governmental ire and indignation. Leaving aside a few black sheep who are always there in any industry or trade, sugar manufacturers have, by and large, co-operated with the Government and have exercised considerable self-discipline. But an untenable combination of the Government's wrong policy and non-policy has created a situation which even a most well-behaved industry would find difficult to cope with. Thus, after years of planning, the Government is yet to come out with a long-term policy for, say, even a period of three years or so. The industry has consequently been driven from pillar to post and when the inevitable has happened—sugar prices have risen—the entire blame has been squarely put on millowners. This has been the pattern all through, and this continues to be the pattern even today.

The latest instance of an exercise of this nature has been provided by the speech of the Central Food Minister, Mr. Fakhruddin Ali Ahmed, at the recent annual general meeting of the Indian Sugar Mills Association. Mr. Ahmed has warned the indus-

tries not to raise the free sale sugar price following the reimposition of statutory partial decontrol. The consumer, who expects the price of an essential item like sugar to be reasonably cheap, would greatly welcome the ministerial statement. But the price of sugar—and for that matter of any commodity—cannot be fixed independently of certain basic constraints like supply and demand and cost of production. Possibly, the sugar industry would be the happiest if it could produce enough sugar and sell more and more of it cheaply. After all, no industry likes to have a running feud with either the Government or the consumer, and would be happier if it can raise a reasonable degree of profit through a small margin on a larger turnover. The fact is that with the total production expected barely to touch 3.2 million tonnes in the current year (and with 60 per cent of it being handed over to the Government for distribution under voluntary or legal arrangements), the free sugar supply is bound to fall short of the demand, and even under the most ideal conditions, it is difficult to see how prices can be kept under check.

Additionally, the new levy prices, fixed on a regionwise basis, are such that producers in many States cannot possibly break even with the returns they will get on that part of production which is being taken away by the Government and will be induced to make up the loss through the sale of the residual amount in the free market. The point has been stressed with an unexpected sting by

none other than a Minister of the Maharashtra Government who has described the new policy as "unscientific". The point that Mr. Y. J. Mohite, State Co-operation Minister, has tried to emphasise is that the policy virtually seeks to penalise the States which are producing more sugar because they are more efficient—and this is true.

It is high time, therefore, that New Delhi realised that the threats of nationalisation and of stricter control, which it had hurled at random at the sugar industry, could not after all override the far stronger economic compulsions. What is needed is a long-term rational policy, and Mr. Bansi Dhar, president of the I.S.M.A., has tried precisely to spell out in his speech the essential ingredients it must have. (A fuller version of the speech appeared in last week's issue of *Capital*.) The point he has stressed is that such a policy must embrace all the three sweetening agents sugar, *gur* and *khandsari*. Any policy that deals only with sugar is bound to fail in view of the large diversion of sugarcane to the production of *gur* and *khandsari*. Besides the difficulties it causes to sugar production, such diversion amounts to a large

national wastage as the rate of extraction of available sugar in the case of *gur* and *khandsari* is only about 50 per cent, against well over 90 per cent in a vacuum pan sugar factory. Mr. Dhar has also rightly stressed the importance of building up a buffer stock, of regulating monthly releases in an imaginative way, and of avoiding early and late crushing.

The views expressed by Mr. Dhar are nothing if not sensible, but it would only be fortuitous if they make any impact on New Delhi's thinking on a long-term sugar policy which is supposed to be on the anvil. Whatever lies ahead of the industry, its problems will never be over till its production capacity has been raised. New Delhi has expressed its disapproval of the slow pace of implementation of the licences issued so far. Admittedly, the gap between the licensed and the installed capacity is rather wide at the moment, but with the Government brandishing all sorts of threats, it is not surprising that licensees have tended to develop cold feet. And the situation is unlikely to improve till the future of the industry has been clearly spelt out and the factors that have constrained the implementation of licences have been removed.

Blackmail and Black Money

IT is difficult to agree with the recommendation of the Direct Taxes Enquiry Committee to continue the system of informers in order to check tax evasion. The committee has pointed out that informers constitute "an important link in the intelligence and investigation chain". It says that the system of purchasing information and giving rewards to informers is generally resorted to by all departments and agencies dealing with intelligence work and that the Central Board of Direct Taxes has also been following this practice for some time now. But the committee has not argued convincingly the case for continuing the system. It admits that criticism has been voiced by industrial and commercial organisations against the practice of giving monetary reward on the ground that it tends to encourage blackmailing. It agrees that the system is capable of being misused by blackmailers and that the Income-tax Department is also frequently pestered by informers in possession of no more than

"vague, exaggerated and even cooked-up information". Nevertheless, the committee says that the information supplied by informers has led to the successful detection of concealment in quite a number of cases.

It has not, however, been revealed whether the amounts involved in such cases are really substantial and to what extent the big tax evaders have been caught. The committee argues that in view of the prevailing large-scale tax evasion, it would not be desirable to end the practice of giving monetary inducements. But since it has made a series of other recommendations for eliminating tax evasion like a drastic reduction in the maximum marginal rate of income-tax, the elimination of unnecessary controls, tightening up of tax administration, and an effective check on donations to political parties, is it really necessary to continue the system of tax informers? If these and other recommendations of the committee are strictly enforced,

tax evasion is bound to be reduced substantially without the need to encourage the system of informers.

The committee has made a number of suggestions for strengthening the intelligence wing of the Income-tax Department. Although the wing came into existence only five years ago, it has already many achievements to its credit. Between 1966 and 1969, its four units in Calcutta, Bombay, Madras and Delhi reported 826 cases. These included 150 cases involving concealed income of about Rs. 42 crores and the tax sought to be evaded in each of these cases was in excess of Rs. 10 lakhs. The searches organised by the wing are said to have led to a breakthrough in rackets involving inter-State ramifications. The committee has proposed a reorganisation of the intelligence wing by recruiting competent people who will act as specialists to guide investigation in important businesses and industries like iron and steel, engineering, mines, minerals, textiles, banks, paper, cement, sugar, chemicals and pharmaceuticals, speculation, and import and export trade agencies. These officers are expected to have a thorough knowledge of the working processes, stages of operation, proportions of yields, wastages, by-products, major technical, commercial and administrative difficulties, the peculiar accounting methods pertaining to particular businesses and the special tax dodging devices prevailing therein. If this proposal is effectively carried out, where is the need to continue the system of informers?

The committee has proposed that the provisions of Section 182 of the Indian Penal Code may be invoked in flagrant cases of informers furnishing false information. It has also suggested that the existing rewards should be made more flexible. For instance, there should be no fixed percentage for the payment of rewards. At present the rewards are payable up to 10 per cent of the tax revealed as a result of the information furnished, and interim rewards are also given, pending the disposal of cases in appeal. The committee has recommended that the rules may stipulate that if the information furnished by the informer is correct, and leads to additional tax collection, or is otherwise useful in checking tax evasion, the Commissioner of Income-tax and the Central Board of Direct Taxes may, at their discretion, pay rewards up to Rs. 5,000

and Rs. 25,000, respectively. It has also been suggested that the rewards given to informers should not be liable to tax so that this would not only continue the inducement available to them but also preserve the secrecy of information and anonymity of informers.

If tax evasion is an evil—as undoubtedly it is—it should surely be the patriotic and sacred duty of all honest citizens to expose and eliminate it without expecting any monetary reward. If, however, the Government feels that those who furnish information should be rewarded, it can be done in other ways than by giving them money. A word of praise from the Central Finance Minister, a certificate, or a national award should suffice. This task should be looked up as a kind of service to the nation and not as a money-making profession for some people. The Direct Taxes Committee says that tax evasion has become endemic and that it manifests itself even in quarters where it is least expected. It observes significantly: "In recent years the extent of black money and

tax evasion has assumed such dimensions that no section of the community seems to be immune from their virulent grip. Even an enlightened class like the members of the legal profession does not seem to be free from this malady". The committee quotes the opinion of Mr. M. C. Setalvad who says in his autobiography: "Standards of professional conduct have woefully fallen and tax evasion is freely practised by prominent seniors".

In view of the widespread prevalence of black money, can informers really prove effective in checking tax evasion? On the other hand, there is every possibility of unscrupulous people freely resorting to blackmail as a regular source of earning their livelihood. Informers are obviously motivated not by their anxiety to curb the anti-social practice of tax evasion but solely by the prospect of monetary reward. It seems strange that the Direct Taxes Enquiry Committee should not only recommend the continuance of the system of informers but also suggest that their rewards should be exempt from taxation!

lems of technical, administrative and financial character.

A high-powered body in this context would be of great help. Such high level bodies have been set up in many countries of the world, including the United States, the U.K., Canada and Australia in the recent past. The high powered body will deal with a number of issues including the examination of problems connected with the conservation, control, utilisation and development of water resources. The Central Ministry of Power, which has strongly advocated the high-powered body, also expects it to lay down long-range plans for water resources development as compatible with national plans for overall economic and social development as well as to conduct a periodical review of such plans in view of the changing conditions. The consultative committee of members of Parliament attached to the Central Irrigation Ministry has endorsed the plan for such a high-powered body and the Government would, therefore, be well advised to go ahead with this proposal so that it is constituted as early as possible.

CURRENT COMMENT

WATER RESOURCES

High-powered Body Needed

The recent conference in Srinagar of State Ministers of Power and Electricity has focussed attention on the need to formulate a comprehensive national water resources policy. Dr. K. L. Rao, Central Minister for Irrigation and Power, rightly stressed the need to amend the Constitution to enable the Central Government to treat water as a national asset so that it could undertake the responsibility for executing projects on rivers which are under inter-State dispute. It is a well-known fact that as a result of disputes between States over allocation of waters and their use, several of the important projects are held up. These disputes are before tribunals constituted by the Central Government at the request of the States concerned and, as long as the matter is *sub judice*, it is incumbent on States to maintain the *status quo*. The disputes between Andhra and Mysore and Maharashtra, Mysore and Tamil Nadu, and between Gujarat and Madhya Pradesh are before tribunals for quite some time now.

The surface water resources of India are assessed to be on an average about 1,350 million acre feet. Out of this, there is a large volume of unusable water due to unfavourable topographical features. For example, the Brahmaputra carries 400 million acre feet annually, much of which cannot be used. Ground water too is limited since two-thirds of the country are covered by hard rock. It is likely to be plentiful only in the Indo-Gangetic alluvial plains and in some coastal areas. This also calls for a judicious use of the limited ground water resources. It is only in the last two decades that the process of development of water resources has gained momentum and it is estimated that by the end of 1970-71, 200 million acre feet of surface water and 80 million acre feet of ground water would have been utilised for irrigation. Although the stage of shortage of water on a national scale has not been reached, it would be unwise to be complacent in the matter. The easier projects are all exhausted and new utilisation of waters involves difficult works like construction of high dams, large storage reservoir, and interlinking of rivers which pose complex prob-

TAMIL NADU

S.I.D.C.O.'s Progress

The Tamil Nadu Small Industries Development Corporation Ltd (S.I.D.C.O.) has made a steady progress in diversifying its activities. The first phase of work of the Corporation was to construct work-sheds and allot them to small-scale entrepreneurs on an instalment basis. And now, S.I.D.C.O. is establishing a technical consultancy cell for preparing project reports for new industries, and this is expected to benefit particularly the unemployed engineers willing to set up new industries. The chairman of S.I.D.C.O. is convinced that this step, apart from ensuring the development of backward areas, would help in identifying profitable channels of investment. S.I.D.C.O.'s new service will be particularly useful for inexperienced small-scale entrepreneurs. In the sphere of diversification, S.I.D.C.O. contemplates the bulking of import licences of small industries for securing economies of scale and passing the benefits to entrepreneurs. It will also help entrepreneurs in finding channels of export as well as internal markets. The problems of many small-scale manufacturers not only

relate to the identification of profitable projects but also to the production and sales sides. S.I.D.C.O. has a proposal to establish a P.V.C.-oriented industrial estate near Sahupuram or Tuticorin, a textile industrial estate in Coimbatore and another functionally-oriented industrial estate in Tiruvarur.

PAKISTAN

Summit Pact Welcomed

The Pakistan National Assembly, which met in a special session on Monday to consider the ratification of the Simla agreement, has by and large, welcomed the pact. Only two members, one belonging to Mr. Bhutto's Pakistan People's Party and the other to Jamiat-Ul-Ulema-e-Pakistan who participated in the discussions on the motion, opposed the agreement. On the eve of the special session of the Pakistan National Assembly, the National Awami Party, the Jamiat-Ul-Ulema-e-Pakistan and the Muslim League (Council group) have reportedly announced their decision to support the ratification of the summit agreement with India.

The Congress Working Committee has also hailed the Simla agreement between the Prime Minister, Mrs. Indira Gandhi, and President Bhutto as heralding a new chapter in the relations between the two countries. From the trend of reactions to the joint declaration made by the two Heads of Governments, it is apparent that there has been a general welcome to the decisions reached. As has been pointed out by some of the top leaders on the Indian side, it is difficult to assess the value of the agreement by trying to find out who has gained more. It is not merely a question of profit and loss; the main point to be considered is whether the agreement would result in a durable peace in the sub-continent. If this happens, the Simla summit should be considered a success for both the countries. India being the victor in the recent war with Pakistan had perforce to make certain concessions to President Bhutto and one would have to understand the significance of India's readiness to withdraw from the Pakistani territory in this context. It has never been the intention of India to make a territorial gain and, as such, there was never any move to regularise occupied territory.

MANAGEMENT

Training Programme

A management training programme for the Bank of America on a regional basis was discussed at a recent seminar in Singapore which was attended by the bank's senior executives from major south-east Asian cities. They discussed and analysed the career development and management training needs of the bank's staff in India as well as countries of south-east Asia and then made recommendations on how best to organise a full-scale management training programme on a regional basis. "Although other seminars might be held in the future, significantly, the purpose of this first seminar is to draw up a comprehensive plan to train and develop the future management of the Bank in the area," said Mr. R. J. Gillis, Assistant Vice-president, Operations, who was also the seminar chairman.

INCOME-TAX

Mass Communication Drive

Addressing a function organised by the Income Tax Department in Calcutta a few days ago, Mr. R. D. Shah, chairman, Central Board of Direct Taxes, said that the stage to break the usual "bureaucratic approaches" had come now, so that taxpayers might be interested in the tax collecting people. Mr. Shah said that the Income Tax Department was now trying to find newer approaches to have close liaison with taxpayers with a view to getting rid of the perpetual complications. Certain steps had been taken to remove the difficulties such as the summary assessment, allotment of permanent account numbers and the tightening of the enforcement machinery. Mr. Shah urged the people to realise that taxation was necessary for the prosperity of the country. Earlier, welcoming the guests, Mr. R. N. Bose, Income Tax Commissioner (Central), explained the objectives of the mass communication programme of the I.T.D. and said that tax paying could become easy if there were fair deals on both sides.

JOINT VENTURES

Scope in South-east Asia

Addressing a Press conference in Calcutta a few days ago after the return of the Engineering Association of

India's delegation from a two-week tour of south-east Asia and Japan, Mr. M. K. Jhawar, the Association's president, who led the team, expressed his optimism about the vast potentialities for joint ventures in a number of engineering fields in Malaysia, Singapore, Thailand and Hongkong. In Malaysia, a number of Indo-Malay joint ventures are already operating to the great satisfaction of the Malaysians and their Government. This process should be accelerated. In Malaysia, the emphasis is on labour-intensive industries as great employment opportunities are sought to be created for the population of the country. So is the case with Thailand. However, in Singapore and Hongkong the emphasis is on high technology-oriented industries as the land area is limited and the population is small. The development programmes which these countries have embarked upon make demand for a number of engineering goods and services. Mr. Jhawar pointed out that another avenue for joint co-operation lay in the field of consultancy services which India had developed in many directions.

KOREA

Scope for Joint Ventures

Welcoming the Korean Ambassador and Consul General, Mr. Shinyong Lho, at a reception held recently in his honour, Mr. P. M. Singhvi, honorary Consultant to "Kotra", Government of Korea, stated that the business community in India was taking considerable and sustained interest in promoting economic relations between the two countries. A reference was made by him to the remarkable rate of growth in trade achieved in recent years between India and South Korea. He expressed the hope that a number of Indian industrialists would be able to establish industrial joint ventures in the Republic of Korea the climate for which was very favourable. A number of Indian industrialists had evinced keen interest in setting up in Korea various industries, such as cement plant, rayon staple fibre, filament yarn, pulp and paper, china clay and engineering items and accessories. He made a particular mention of the promising prospects that existed for setting up industrial joint ventures in both the countries based on mutual co-operation and invited Indian industrialists to visit Korea to see things for themselves and avail themselves of the various opportunities.

WAGON-BUILDERS

Worries over Steel Shortage

The wagon building industry is deeply concerned over the recent pronouncements of the Central Railway Minister, holding the industry responsible for the poor outturn of wagons in the country, says a Press release of the Indian Engineering Association issued a few days ago. In fact, for the past few years, the industry has been desperately drawing the attention of the Railway Ministry to its pathetic condition—a condition brought about by lack of adequate orders and for lack of adequate steel to execute even the paltry orders meted out. All its appeals have unfortunately gone unheeded and the industry has been allowed to languish till several firms have been obliged to close down and others are on the verge of liquidation. The Railway Board had all the time been setting out an impressive array of statistics bemoaning the declining traffic and the consequent curtailment of further capital expansion inhibiting the acquisition of more rolling stock. Furthermore, as the Railway Board had convinced itself that it did not need the wagons, it did not shirk from awarding patently un-

remunerative prices which discouraged the wagon-builders from seeking more orders.

While some orders have no doubt been planned on the wagon-builders, it is surprising how the Ministry is choosing to turn a blind eye to the acute scarcity of matching steel which is currently frustrating higher levels of production. In contemplating production of wagons in railway workshops to make good the alleged shortfalls of the established wagon-builders, the Railway Board is now merely adding insult to injury. Given an adequate quantity of matching steel, the industry is fully confident of meeting the full requirement of the Indian railways. If shortage of steel is the basic deterrent, conversion of railway workshops into production units will in no way solve the problem. The Association has urged the Ministry, therefore, to concern itself with a speedy solution to the basic problem of steel scarcity when the industry would assure it of an adequate outturn on its own while the railway workshops can continue to look after maintenance alone, without burdening themselves unnecessarily with additional production responsibilities, now sought

to be thrust on them, says the Press release.

DEVELOPMENT REBATE

A Memorandum

A memorandum jointly submitted by the Andhra Pradesh State Board of the All India Manufacturers' Organisation and the Federation of Andhra Pradesh Chambers of Commerce and Industry to Mr. Y. B. Chavan, Central Finance Minister, a few days ago said that the proposal in the last Central Budget to withdraw the incentive of development rebate for industries was being viewed by the Chamber with apprehension. The development rebate served the useful purpose of making industry provide for its own development. If this system had to go for whatever reason, it would be necessary to include a suitable depreciation allowance, calculated as per replacement value, as otherwise industry would face obsolescence on a large scale, and growth and modernisation would be adversely affected.

MONEY MARKET

Tight Conditions

The short-term money market has remained tight this past week. The call rate initially quoted at 3½ per cent. The banks are apparently preparing themselves to subscribe to new Central loans which are to be floated on 15th July and are conserving their funds for the purpose. Towards the close, the rate has, therefore, gone up to 3¾ per cent. The supply of tea and gunny bills has been moderate. The demand for remittances has been small. The pound-sterling has strengthened somewhat against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 30th June, 1972, shows a rise of Rs. 8.94 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 282.99 crores, compared with the previous week. Their borrowings from the Bank have increased by Rs. 7.72 crores to Rs. 42.11 crores, of which advances against usance bills have amounted to Rs. 1.45 crores, against Rs. 1.65 crores. Balances held abroad by the Reserve Bank in the Banking Department show a drop of Rs. 18.64 crores to Rs. 196.11 crores.

A Ditcher's Diary

POLITICALLY, IT HAS BEEN A rather listless week. Except in Tamil Nadu, State politics has produced little excitement; and even in Tamil Nadu the curious combination of the Congress, Congress (O), C.P.I. and Swatantra may have realised that it did not cover itself with glory by its anti-Government agitation. On the national scene, the listlessness is perhaps natural after the excitement of the Simla summit. Attempts to work up an excess of enthusiasm or indignation over the Simla accord could hardly have much success. The starry-eyed optimists cannot have really believed that the agreement would immediately lead to dramatic changes in Indo-Pakistani relations. Visions of a "momentous transformation" do not seem to have inspired the general public. But talk of an Indian surrender at Simla has not generated much concern either. The Jana Sangh has tried to work up some hysteria, but few except the Party faithfuls have paid much attention. There was some interest in reactions in Pakistan, but these too have been unsensational. It seemed unlikely that Mr. Bhutto would have any difficulty in having the agreement ratified by the National Assembly. Mr. Bhutto himself must have been more concerned over the language riots in Sind. In the post-Simla climate his difficulties at home are viewed in this country with much greater sympathy than before. India has no interest in instability

in Pakistan; and no parallel needs be drawn between the language agitation in former East Pakistan and the move to make Sindhi the official language of Sind. Things have been relatively quiet in Bangladesh; and Dacca is being wise in postponing the war crimes trials. I hope Mr. Bhutto will make things easier by recognising Bangladesh without delay, which could be immediately followed by talks on the proposed trials, the prisoners of war, the Bengalis in Pakistan and the non-Bengalis in Bangladesh. I also hope that Mr. Connally has not advised him to be difficult. Neither in India nor in Pakistan did Mr. Nixon's special emissary say anything that merits much attention. Apparently, the Nixon administration is not yet ready to correct its mistakes in this part of the world; the President probably thinks that his "successes" in Moscow and Peking are good enough to vindicate his foreign policy for purposes of the November election. He has certainly received valuable assistance from Messrs Brezhnev and Chou En-lai; but I am not yet sure that the Vietnamese communists will be equally obliging. We should know from Paris before long.

THE FIFTH ANNIVERSARY OF THE six-day Arab-Israeli war came and went without it seeming particularly worth while to comment on. Five years is a long time these days for

enemies to show no sign at all of wanting to cool the quarrel between them. But apart from that abortive American peace initiative a year or two ago, which I am still not convinced the State Department intended seriously, there has been virtually no attempt to establish a more permanent peace. So war could break out again at any moment, is indeed regarded as inevitable by both sides, and the Suez Canal—India's main stake in the whole sorry business—remains firmly closed. I have been trying to find out something about the Canal, whether or not it is already so full of blown sand that it can ever be cleared again within a reasonable period. But nobody seems quite to know, which I suppose is hardly surprising when even a cursory examination of what is going on there could lead to an artillery duel lasting days, and perhaps worse. The best guess I have heard so far is that it might take about a year to open the Canal to small-scale, shallow-draught traffic, but up to five before the larger tankers could use it again. To build the second Canal that has been projected would take near enough to ten years from the date of starting work. So the bulk of India's international trade looks like having to use the Cape route, or pick its way through the Malacca Straits, for many years yet. Perhaps it is fortunate that the world's oil trade learnt to do without the Suez Canal so rapidly, and probably permanently. A combination of larger tankers and the increased pipeline capacity has really left the Canal redundant to the traffic which once provided its

THE CALCUTTA DINNER

OUR London correspondent writes: "The Calcutta dinner which was held at the 'Cecil' on the 18th, was a great success. About 170 old Ditchers foregathered and the spirit of Job Charnock, if he hovered over the feast, must have rejoiced at seeing such a comprehensive representation of the city which he founded. In Sir Montagu Turner we had a chairman who as usual had spared no pains to do justice to the occasion, and in Mr. Wallis, Mr. E. C. Russell and the committee we had an executive who by their individual exertions had succeeded in bringing together about twice the number who assembled to do honour to the greatest commercial city in Asia last year. The chairman gave the toast of Old Calcutta in an historical and interesting

speech and in referring to the change of capital vented the opinion that Calcutta had nothing to gain from being the chief seat of the Government, but that on the other hand the Government would find that they had lost a good deal by losing touch with Calcutta, an opinion which seemed to find unanimous approval. Among ancient Ditchers one of the most venerable and certainly one of the most lively was Tommy Jones. He bears his eighty-two years with the juvenility of half his years, and his infectious laugh kept us uncommonly merry at the table where I was fortunate enough to be seated. Peter Swan was very diligent in inculcating his X Y theory of Tariff Reform, but I do not think he will set the Thames on fire, whatever he may have done to the Hooghly.

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main source of revenue. But for the more general sea-borne trade, and in this we can now include the rapidly-growing container shipping, the Suez route would still offer opportunities of cost-saving on a large scale. There is no harm in continuing to hope.

I AM WRITING AT LEAST 24 HOURS before the delayed Fischer-Spassky match is due to begin in Reykjavic Iceland, and I shall not be surprised if the schedule is further upset. At one stage, Bobby Fischer's tantrums threatened to wreck all arrangements for what had been billed as the greatest chess event of this century, if not of all time. He haggled over money, fussed over the venue, and insisted on a variety of difficult conditions. After these had been settled and the start of the match fixed for 2nd July, Fischer kept everybody waiting well beyond that date. Could he be lured by more money? Apart from other profits, the winner was in any case going to get £30,000 and the loser £20,000 in prize money. A London banker added another £50,000 to the total. It is not clear whether this did the trick, for there was also a report that Fischer wanted a postponement on medical grounds. Anyway, he did turn up in Reykjavic; and it was then Boris Spassky's turn to be a little difficult. He could hardly be blamed; the reigning world champion had been kept waiting. In any case, he has behaved with much greater dignity than the 29-year old American who is widely believed to be the greatest chess genius of this age. Fischer may well be the greatest chess wonder of all time, but in many respects he is also a cad. He is also a bit of a maniac; talking of the opponents he has beaten he once said: "I like to see 'em squirm." Other masters of the game may be equally aggressive; but there is in them an intellectual sublimation as well. It is this combination of the aggressive and the cerebral that makes chess such a fascinating game. According to one theory, Buddhists invented chess as a substitute for war. But if the game originated in India, it is rather sad that there is no distinguished tradition of chess in this country. Excellence in the game has not always been a Russian monopoly. Persia was once a great centre; and in recent times Grand Masters have belonged to different European nations. Iceland itself has a respectable tradition; and this cannot be because the game prospers only in countries with long polar nights. Havana, with its tropical climate,

was once the world centre. Why then is there no International Master in India, let alone a Grand Master? Edward Lasker, a Grand Master, once wrote a book called *Chess for Fun and Chess for Blood*. With our dedication to peaceful co-existence we may hesitate to play for blood, but in chess there must be a time when the pursuit of fun becomes transformed into a determination to draw the opponent's blood.

IF ANYBODY REQUIRED FURTHER proof after what had happened recently in Stockholm that ecological matters are now firmly established as yet another source of international misunderstanding, then they could have profitably visited London in the last week of June. The subject for discussion there was the conservation of the whale, and I cannot think that the poor animals have much to congratulate themselves on at being the main topic in two successive such ecological wrangles. Their friends turned out to be as emotional as they were ineffective in gaining concessions which would not have been forthcoming anyway for reasons of simple economic self-interest. Their enemies, meaning those countries who are hunting them to the point of extermination, were equally spiteful on the other side, although it struck me that the arguments they used had much more sense in them. For instance, it was perfectly consistent to argue in one breath that whales were not in danger of extinction and in the other that hunting could continue at an agreed rate for a few more years yet.

In my opinion the conservationists came nowhere near meeting this kind of logic, and indeed seemed to boil up with exasperation whenever the economic problem was raised at all. I cannot think that this approach, satisfying as it may be to all lovers of nature's miracles, is going to help the unfortunate whale in any way.

IN HIS "LONDON NOTEBOOK" in the *Statesman*, Mr. James Cowley recently wrote about the trial of Graham Frederick Young, a young man who murdered two of his workmates by dosing their tea or coffee with thallium. There was an uproar after the disclosure that Young had committed both murders after being prematurely released from Broadmoor; he had been sent there when he was just 14 after confessing that he had administered poison to his father, sister and a friend. This is a matter for the British Government and public to worry about. What I find much more interesting is a detail in *The Times* report of the trial. After his release from Broadmoor, Young got a job as an assistant storekeeper in a photographic instrumentation laboratory in Bovingdon; and very soon he was up to his old poisoning tricks again. But when a spate of illnesses followed in the factory, doctors did not suspect poisoning; some of them thought that the illnesses were due to a mysterious virus known to have affected people in the area. It was only after two of Young's victims died that a pathologist suspected thallium poisoning. And—this is the really interesting part—his suspicion was aroused because he had

read Agatha Christie's *The Pale Horse*, a detective novel about a case of thallium poisoning. One effect of this particular poison, as vividly described by Miss Christie, is sudden and drastic loss of hair; the pathologist who suspected thallium poisoning by Young had noted that the victims had lost much of their hair and the rest could be plucked out easily. Is this then a case of nature imitating art? There is nothing to show that Young got his idea from Agatha Christie, or from Ngaio Marsh who presents a case of thallium poisoning in *The Final Curtain*. But doctors and detectives of fiction came brilliantly to the aid of real-life investigation in Bovingdon. Miss Christie may well consider this to be the crowning achievement of her professional career; and both medical men and policemen may now develop greater respect for crime fiction. Police officers may hereafter hesitate to say: "Oh, that sort of thing happens only in detective stories." In Dorothy Sayers's *Strong Poison*, the poison is arsenic and the symptoms are similar to acute gastritis. If gastric discomfort came to be invariably associated with arsenic poisoning, perhaps half the people of Calcutta would be looking for a poisoner in the family or among friends.

DID YOU KNOW THAT A CERTAIN Government department in West Bengal was instructed to destroy all old documents and correspondence going back more than five years, but, of course, after making copies of them first?

THE DITCHER

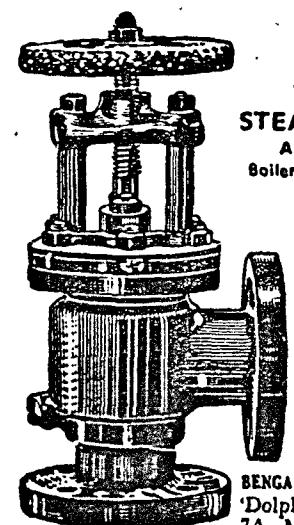
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How Management Can Benefit from a Product Group Type of Set-up

By K. Hartley

Managing Director,
Indian Oxygen Ltd

Departmentation on the basis of product groups is steadily growing popular among larger enterprises which have several lines of products. Indian Oxygen, which until recently had a functional type of organisation, has accordingly switched over to the product group type.

As organisations grow in size and as the number of people to be managed increases, departmentation obviously becomes essential. Since the number of people who can directly be managed is inevitably limited, the size of enterprises would become very restricted were it not for the device of departmentation. Dividing the activities and the employees connected with them into different departments makes it possible to manage effectively the functions to be performed, no

matter what the size of the organisation. The basis for departmentation, however, differs from enterprise to enterprise and different types of departmentation have been adopted by different organisations depending on their requirements and size. The bases for departmentation usually are (a) functions, (b) product groups, (c) territories, (d) time, and (e) numbers. There are of course combinations of these different types and even organisations which are basically of one type adopt other types at various lower levels of the organisation.

The most important of the various types are the functional and the product group. But what are the considerations that impel an organisation to adopt one or other of these types? Each has its own advantages and disadvantages. The most important ad-

vantage of functional departmentation is that it is a logical and time-proved method. Moreover, functional departmentation follows the principle of operational specialisation thereby making for efficiency in the utilisation of manpower. Despite these advantages, in certain situations the claims of other methods are stronger.

Growing Popularity

Departmentation on the basis of product groups is steadily growing more popular in larger enterprises which have several lines of products. Usually product group organisations have originally been through a phase of functional-type organisations and have changed when managerial problems became more complex and when it became necessary to limit the span of management of the chief executive/s. A product group type of organisation allows maximum scope for specialised skills and knowledge and enables profit responsibility to be pinpointed. This also enables top management to assess and evaluate product group managers more effectively.

A case study of Indian Oxygen which until recently had a functional type of organisation and has very recently switched over to the product group type may be of general interest in this connection. Indian Oxygen Ltd (I.O.L.) was incorporated as a private-limited Company in 1935 and was converted into a public-limited Company in 1958. Originally, the Company dealt primarily with the manufacture and sale of industrial and medical gases like oxygen, acetylene and nitrous oxide. The Company also dealt with liquid oxygen explosives—an explosive for removing overburden in open cast mines. Later, the Company started manufacturing electrodes—consumables required for electric welding. At a further subsequent stage, the Company undertook the manufacture of equipment and accessories required for both gas welding and electric welding as well as for medical purposes.

The Original Set-up

Since 1961, a basically functional pattern of organisation structure had been in existence in the Company. In designing the Company organisation structure at that time, certain fundamental principles of organisation were followed such as the Company objectives, the need for an apex, a sound departmentation scheme on the basis of functional specialisation, unity of direction, unity in command and a balanced degree of centralisation and decentralisation. Originally, there were

six functional divisions as follows: (1) engineering, (2) marketing, (3) commercial, (4) finance, (5) personnel, and (6) secretarial. Additionally there was an electrodes and equipment division which was a manufacturing division as well as two product departments—liquid oxygen explosives (L.O.X.) and special projects (dealing with certain specialised activities)—each under the charge of a departmental manager, both reporting to managing director.

There were seven districts and branches which operated the Company's 12 gas factories and which served as the sales outlet points for all the Company's products (except L.O.X. and Special Projects). District or branch managers were responsible functionally to the head of functional divisions at head office for the satisfactory discharge of the relevant functions in their respective areas and were also accountable to managing director for the total performance of their respective district or branch and for the lateral co-ordination of the various functions on a regional basis.

Need for a New Structure

This organisation by and large had served the Company well over the years. Since 1961, however, the Company has grown substantially and its operations have gained in complexity because of the qualitative change in the socio-economic environment which is reflected in Government policies in respect of industrial licensing, concentration of economic power, issues of capital, foreign collaboration—to mention only a few—which have undergone major changes in the recent past, thereby introducing many constraints which had to be taken into account in planning the future development of the Company. The growth in the dimensions of the Company's business and the increasing complexities of its operations called for a greater delegation of profit responsibility and accountability than was envisaged by the Company organisation introduced in 1961. A look at some of the figures relating to the Company's years ended 30th September, 1961, and 30th September, 1971, respectively, gives an indication of the Company's growth.

	(Rs. in crores)	
	1961	1971
(a) Turnover	7.56	20.52
(b) Profit before tax	1.07	2.01
(c) Fixed assets at gross book value (without capital projects in progress)	6.39	16.12

Furthermore, under the functional organisation structure the span of control of the managing director was far too wide. It was felt that the managing director should have more time to devote to matters of major importance for the Company's future. Another consideration was that district or branch managers had, under the functional set-up, multiple accountability which is not normally regarded as a sound organisational practice.

New Organisation

By 1970, it was clearly felt that a stage had been reached in the development of the Company where the need for reorganisation had arisen. Considerable thought was given as to how best the Company's organisational framework could be restructured to attain the objectives mentioned earlier and it was felt that the new organisation should be based on the principles of profit responsible product groups. Ample consideration was given to the fact that the size of an organisation was a very important factor in determining the extent to which a product organisation could be effective without leading itself into an uneconomic one.

Taking all factors into account, it was decided that with effect from 1st April, 1972, the existing functional organisation structure of I.O.L. should be altered and this was done on the following basis:

Trading Divisions	Responsible for
Electrodes and equipment division	Development, production, marketing (excluding sales), accounting, personnel, materials management
Gases division (comprising all the 12 gas factories)	Development, production, marketing, sales, accounting, personnel, materials management
Special products division (comprising liquid oxygen explosives, air separation plant/cryogenic equipment, including plant manufacturing shop and major pipeline installations)	Development, production, marketing, sales, accounting, materials management
Trading Department	
Export department	Marketing, sales
Corporate Divisions	
Finance division	Corporate finance, corporate accounts, taxation, internal audit, company budget and five-year plan, E.D.P., central O and M. financial services to all other divisions or departments
Personnel division	Management staff and management development, industrial relations, training, personnel services to all other divisions or departments
Secretarial division	Company law, legal matters, secretarial matters, insurance, patents and trade marks, central materials management, staff provident fund/executive staff pension fund, general administration, services in all these matters to all other divisions or departments

(i) The heads of the three trading divisions, the export department and the three corporate divisions report direct to managing director.

(ii) Public relations department and Delhi office under public relations officer and Delhi

representative, respectively, continue to operate under managing director.

(iii) Districts or branches now form part of gases division and district or branch managers are now responsible for the total performance of their regions to the head of gases.

Some notable features of the new organisation, which may be of special interest, are mentioned below:

(i) All trading divisions and departments have been made responsible for their respective product-group profitability.

(ii) Products of electrodes and equipment division will be sold through the gases division sales outlet points in the interest of economy. Gases division will obtain the products of electrodes and equipment division for this purpose at agreed discounted prices.

(iii) There will be one integrated sales force to cater for both gases and electrodes and equipment division products, again in the interest of economy, the sales force forming part of gases division.

(iv) All corporate divisions will also function under a strict budgetary control system.

As for the rôle of the corporate functions under the new structure, corporate divisions will formulate corporate policies in their respective functional areas, where necessary in consultation with the heads of other divisions and/or with the approval of managing director. In the interest of uniformity in practice, other divisional heads will be responsible for the implementation of these policies in their respective fields. The two governing principles in

this respect are uniformity and economy. In effecting this reorganisation the management of I.O.L. expects that the new organisation structure will impart to all levels of management in the Company greater resilience in facing the challenges of the 'seventies.

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The Simla Summit : Bangladesh Reacts with Cautious Optimism

(By a Special Correspondent)

Dacca has reason to be satisfied with the outcome of the Simla summit. This is because India had refused to be drawn into any commitment on such issues as are vital to Bangladesh.

SHEIKH Mujibur Rahman is yet to comment on the Simla summit. But the Bangladesh Foreign Minister, Mr. Abdus Samad, has expressed his cautious optimism—a feeling shared by a significant section of the Bangladesh public. Dacca has cause for satisfaction, at any rate no reason to feel let down. On all matters vital to her, India has refused to be drawn into any commitment without her concurrence. It is to be hoped that Simla is just a necessary stopover on the way to a further summit where Bangladesh, armed with Islamabad's recognition, will also take part in the parleys. The one tremendous gain from the Simla cool—Pakistan's abjuring of the use of force and acceptance of bilateral talks as a means of securing an "ironclad" durable peace, as a British weekly calls it—should make the next lap of the journey markedly less bumpy.

Bangladesh approached the summit with an air of cool detachment—as her decision not to sit in as an observer shows—except when nettled on highly charged issues. She expected nothing much to happen. For the simple reason that nothing much could happen with one side of the triangle missing. The Prime Minister, Mrs. Indira Gandhi respects Bangladesh's independent thinking and would not allow any formula, no matter where thought up, to be thrust upon her. All that Mrs. Gandhi looked for was the minimum cordiality to quicken the impulse for making a detente which should be equally in the interest of Dacca. She does not want the present freeze to continue. Nor does Russia who has started soundings in the relevant capitals. Nothing happened in Simla to hinder a thaw; on the contrary, the modest gains should help.

Bangladesh's satisfaction should arise not from the positive but the negative achievements of the Simla negotiations. Both India and Pakistan—once the initial tetchiness was gone—agreed to restrict their accord to matters in which Bangladesh had no direct involvement. Which means the outstanding problems affecting Islamabad and Dacca remain unsolved. What is called for in that thorny area of disagreement is not so much "normalisation of relations" as the building up of a new relationship based on mutuality, right from scratch. It seems that the name Bangladesh is yet to enter Pakistan's vocabulary of politics; President Mr. Bhutto has settled for "Muslim Bengal", a somewhat sectarian compromise and not much of it at that. Sheikh Mujib has said, not without logic, that he is not unduly exercised about Pakistani recognition of an accomplished fact accepted by the greater part of the world. Bangladesh may arguably refuse to regard the prospect of Islamabad's recognition as reason enough to make even the minimal adjustments in her stand. Yet such recognition, which seems a question of time, should remove any remaining uncertainty about Dacca's world standing. That achieved, Bangladesh will pretty well sail into the U.N. As things stand, the odd man out can still be in the way with China doing his dirty work for him. On the other hand, as soon as Islamabad lifts the barriers, goods and goodwill may be expected to flow to Bangladesh from the Islamic lands in West Asia.

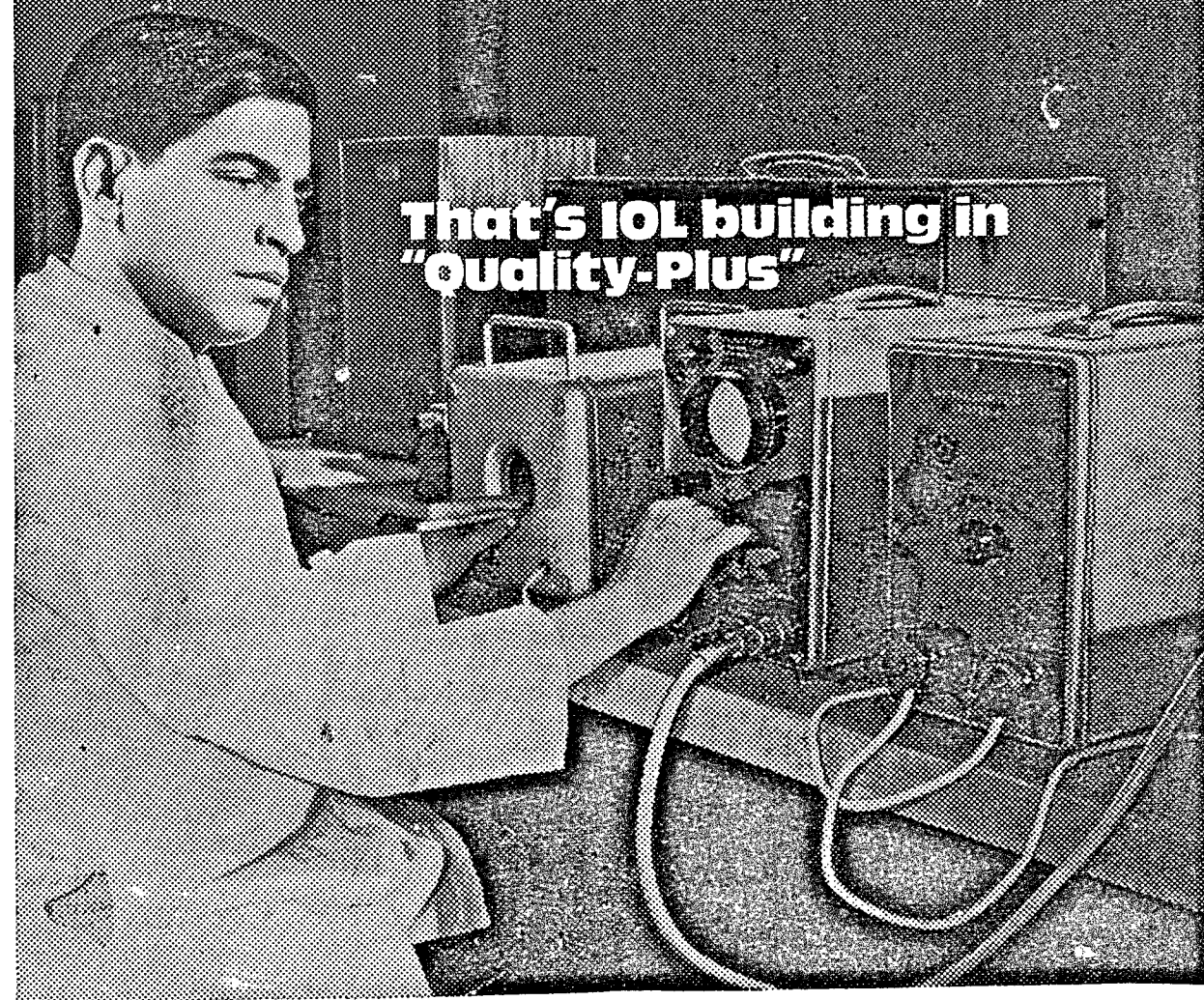
The main sticking point has all along been the fate of the P.O.W.s. Feelings run high. Practically every family in Bangladesh has a nasty taste in its mouth. International legal opinion may be given to hair-splitting on the Geneva Convention and miscellaneous knotty points. But Bangladesh wants a trial of the war criminals and believes that on this question, what she says goes. India agrees. However, difficult as it may seem—more in alluvial Dacca than in rocky Simla—a measure of "dispassionate" rethinking is perhaps

necessary. President Bhutto is on a sticky wicket at home, his delusion of permanence notwithstanding. Tikka Khan, schooled in an abstemious discipline, is a force to reckon with. Mr. Bhutto may or may not terribly mind if a few war criminals are punished but that will not endear him to his army. That Mr. Bhutto left the issue alone for the present shows he is playing it cool. Meanwhile Sir Alec and Mr. Popov have put in a word or two in Dacca in favour of moderation. If Pakistan plays ball on other crucial matters, Bangladesh may conceivably mellow about the trial.

The crucial matters are, of course, the fate of the Bengalis in Pakistan and of the "Bihari" Muslims in Bangladesh. On the first issue, President Bhutto has equivocated more than once and on the second he has tried, not without success, to pull the wool over foreign eyes, including the U.N.'s. Bangladesh wants the 400,000 Bengalis in Pakistan to come home and not merely for the services they can render the infant State. President Bhutto once told the world he would let the Bengalis in his country sail home. But they are still mired in their unhappy exile and President Bhutto says now they had better remain basking in the dubious glory of Pakistani citizenship. No such spirit of resignation marks the President's fustian about the alleged misery of the 1 million or so Bihari Muslims. Even if there be not a murmur of complaint among most of them and even if Sheikh Mujib has taken them in his arms, talks may very well start about the reluctant ones. Mr. Bhutto has so far shown no desire to welcome them, assuming they would wish to go to Pakistan. But it is definitely up to him, this self-styled champion of the oppressed, to set the ball rolling. With the Simla breakthrough, his job should be a jolly sight easier. Behind the scene moves may contribute to getting hurdles out of the way.

One other thing, often forgotten. President Bhutto is continually pressured by the 22 big capitalist families who have their hackles up about writing off their massive investments in Bangladesh. They do not want to give up in a supine fashion. Bangladesh with her commitment to large-scale nationalisation and determination to break with the odorous past will naturally have none of it. President Bhutto would perhaps also like to see a

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division of Pakistan's pre-war liabilities. One takes a dim view of such hopes yielding fruit. As to that bit of rough patch, Simla frankly has not helped any. Meanwhile, Dacca remains true to her friendship with New Delhi. If there is a degree of youthful resentment there about the

lingering miasma of the P.O.W.s or about the gaga stuff turned out by a section of the Indian Press on President Bhutto's pride and joy, few share Maulana Bhasani's Cassandra-like prognosis that the final answer will be hammered out in the battlefield, with China in the thick of it.

Will an Expanded Monopolies Commission Promote Growth with Social Justice?

By M. R. Hazaray

Differences of opinion in the Monopolies Commission have become so frequent that the Government is thinking of expanding it in order to ensure industrial progress. But will an expanded Commission help promote growth with social justice?

TIME and again, the Monopolies Commission is reported to be running into difficulties. The differences of opinion in the Commission are becoming so common today that the Government has thought its expansion inevitable in the interest of industrial progress. A broad-based Monopolies Commission perhaps may be more convenient and accommodative as a broad-based Cabinet for the Government, but that is not the point at issue. The crucial point is what should come first? Growth or social justice? Which of the two should be assigned a primary rôle in the larger national interest. If past experience is any guide, it becomes plain that mere growth, irrespective of the consideration of social justice, has merely brought economic concentration in its wake for the last quarter century or so. Hence it is imperative to put social justice before growth which, in other words, means service before self on the part of the business community just to spur the growth of the economy so far stunted under the dead weight of economic concentration.

The A.I.C.C. Programme Committee, it should be remembered, had outlined the strategy for transformation of the imperialistic economy into a socialistic one by keeping out large businesses in order to protect the small ones through taxation, ceilings, removal of development rebates and finally through public financing. That was as far back as 1948. But unfortunately that

could not take place as business acumen could always get an upper hand over political acumen. The practical-minded business community always remained far aloof from the national ideology although there were a few notable exceptions. However, during the last two decades, under planned economic development of the country, the business community undeservedly got the advantage of an unprecedented capital appreciation, a sort of an unearned economic rent with the result that wealth got accumulated in the hands of a few both in the urban and rural areas.

It is needless to say that the Monopolies and Restrictive Trade Practices Act and the Monopolies Commission are eminently suited to take care of this new problem; for the benefits of capital appreciation must be passed on from a handful of the business community to the community at large in accordance with the Directive Principles of the Constitution. The only answer to oligopolistic trends in the economy, therefore, is to replace private family business with capable professional managers, not drawn from the upper segment of society but specially trained for the purpose, without, however, giving birth to a monolithic bureaucracy which is often inclined to join hands with the private sector through corrupt practices.

It is also worth while to examine closely the behaviour of the private sector. How many units in this sector have reinvested their profits on Research and Development? Out of a total expenditure of Rs. 168.69 crores on R and D in 1970-71, the private sector accounts for a paltry sum of Rs. 6.6 crores and this amount looks even smaller when compared with the huge profits they

have been able to earn. How many of them again have reinvested the profits they make year after year in the core sector in the overall national interest? Is it not a fact that instead they reinvested them on speculative deals of all kinds and blatantly laid the blame for the creeping inflation at the Government's door? On the other hand, almost all of them have taken the opportunity to bask in the sunshine of foreign collaborations, low rates of interests and vied with each other to exploit the protected home market. The investment pattern, tilted at present in favour of production of luxury goods, must be rectified if increasing labour unrest is to be tackled and full utilisation of created capacity is to be fully ensured.

The controversy over the character of the Monopolies Commission—whether it is a quasi-judicial body or an advisory body to the Economic Committee of the Central Cabinet—is also regrettable. The Monopolies Commission's power to change the basic structure of industries is unnecessarily called into question. Section 28 of the Act clearly lays down the guiding principles for the Central Government and the Monopolies Commission in the matter relating to concentration of economic power. These, among other things, are aimed at increasing production through efficient and economic management by encouraging new enterprises, reducing regional imbalances and using material and human resources of the country for the common good.

Even Professor G. C. Allen, in his analysis of the 20 years' working of the Monopolies Commission in the U.K., observes that whether the Monopolies Commission should adopt judicial or administrative processes or any judicious combination thereof is a matter of expediency; but economists have generally grave doubts about the interpretation and analysis of evidence. In 1956, the U.K. established Restrictive Practices Courts and thus transferred the responsibility for irksome decisions in particular cases from the Government to the judiciary. It can in this way interpret the law without regard to the influence exerted by the groups or concerns affected by their decisions. It also obviates the long delays by the Board of Trade. However, some of the judgments of the court may sound odd enough when exposed to an economic analysis.

At present the Monopolies Commission in India consists of three members—Justice A. Alagiri Swamy, Mr. D. Subramaniam and Dr. H. K. Paranjé, an economist. Whether the recomposition of the present Commission would include more jurists, or economists or administrators or more politicians is not known. But it is to be hoped that it would take quick decisions in order to accelerate the pace of industrial progress of the country.

One cannot, however, expect too much from the Monopolies Commission even in a developed country like the U.K. The reasonable achievement of the Monopolies Commission over the last 20 years has been described by Professor Allen in the following words: "Critics of the administrative and judicial machinery

set up in the U.K. to deal with monopoly and restrictive practices should not look in vain search for an ideal world. It is true that so far the activities of the Monopolies Commission and Restrictive Practices have not made British industry as a whole vigorously competitive, nor outstandingly more efficient than in the past. But they have at least succeeded in some degree during the last 20 years in changing the attitude of British business men towards competition and monopoly. They have certainly helped to loosen up a formerly very rigid industrial structure and they have done something towards enabling the enterprising to make their way in markets, once tightly controlled and that is a very reasonable achievement. The change in the attitude of business men is indeed a great achievement."

mand for industrial raw materials and ores.

India's imports continue to be developmental in nature, namely, electrical machinery, transport equipment, chemicals and compounds and iron and steel. India also imports fertilisers, yarn and thread of synthetic fibres. Commodities like iron ore, raw cotton, oilseed cakes and unmanufactured tobacco constitute about three-fourths of India's exports to Japan. Although several new items like iron and steel, engineering goods, fish and cashew kernels have been added to the export schedule, their share in total exports is still insignificant. The future growth of Indian exports to Japan would depend upon the export performance of non-traditional products.

Iron ore is the single largest export item to Japan, making up nearly 45 per cent of India's total exports to that country. India supplies about one-fifth of Japan's total iron ore imports. Under a long-term contract, signed in 1970, India will supply about 61 million tonnes of iron ore from Bailadila alone during a period of ten years. This does not include iron ore exports from Goa, Bellary-Hospet and other areas. However, Australia is offering tough competition due to its lower cost of production and possession of bulk carriers. Australia has entered into 28 long-term contracts with Japan for a total supply of over 357 million tonnes worth of ore to be supplied during 1965-1985. Besides Australia, the Latin American countries like Brazil, Chile and Peru as well as the west African and the east European countries are also striving hard to enter the Japanese iron ore market in a big way. The Indian export marketing strategy, therefore, calls for measures to develop and further mechanise ports, and introduce bulk carriers.

Of India's total exports of raw cotton, Japan takes about 75 per cent. However, India's share of Japan's total import of raw cotton is not sizable. Russia and Nicaragua are the main suppliers. India can explore the possibilities of utilising raw cotton in the country to manufacture mattresses for Japan. This will not only increase the unit value realisation but will also open up new employment opportunities. Japan used to import 300,000 tonnes or 500,000 tonnes of salt from India

Scope for Raising India's Exports to Japan

(By a Special Correspondent)

Japan offers a growing market for India's labour-intensive industries. Success in exports will depend on India's ability to satisfy the exacting requirements of a highly developed economy.

JAPAN today is the third richest country in the world, next only to the U.S.A. and Russia. Its G.N.P. increased from \$37.8 billion in 1959 to \$196 billion in 1970 and it is expected to rise to \$440 billion in 1975. Its foreign trade has also witnessed a spectacular expansion during the last decade, rising from \$8.5 billion in 1960 to \$38.2 billion in 1970. In its rapid growth in sophisticated industrial development, Japan has started experiencing the shortage of labour and increasing labour costs. It offers, therefore, a growing market for India's labour-intensive industries, as the overall increase in the demand for such items is expected to be met by imports.

In India's foreign trade, Japan occupies a very important position. It has emerged as India's major trading partner in the E.C.A.F.E. region, accounting for 31 per cent of India's imports from and 50 per cent of its exports to the area. Japan accounts for 5 per cent of India's global imports and 13 per cent of its total ex-

ports. The expansion of trade between the two countries has been mutually beneficial due to the complementary nature of their economies. This pattern of trade with changes to suit the new requirements of both the countries can be further expanded. India can make a headway into the Japanese market by developing contact with the Japanese trading houses which at present handle nearly 75 per cent of their country's imports and 80 per cent of exports.

The growth of trade between the two countries during the last two decades has been influenced by various factors. Due to the miraculous recovery of its economy, Japan has emerged as one of the major export-oriented industrial world powers. The demand for India's industrial programmes was to some extent met by Japan and the latter, in turn, lifted ores from this country. During the First Plan period, imports were fluctuating, but exports showed a continuous rise. During the Second Plan, the position was reversed, with India's imports rising by 120 per cent and exports by 30 per cent. During the Third Plan, India continued to have an unfavourable balance of trade. The last four years have heralded India's export surplus in relation to Japan mainly due to the increasing Japanese de-

every year but in 1970 it turned to alternative sources. India has lost this market due to the high cost of production.

Engineering goods constitute a small part of India's total exports to Japan. There exists immense scope for increasing engineering exports due to Japan's increasing need for securing labour-intensive items from other countries because of the rising labour costs and shortage of labour in the country. The magnitude of the rise in the wage level in Japan during the last five years is obvious from the fact that while the average annual increase had been 4.6 per cent during 1955-60 and 7.4 per cent during 1960-65, the corresponding figure for 1965-70 was 13.5 per cent. The wage spurt is likely to continue in the future. There is scope for exporting selected components—both as original fittings and replacements—of automobiles, sewing machines, bicycles, electronic equipment, machine tools and industrial machinery. There are bright prospects for industrial tools for use in several engineering industries. India's export performance will depend upon the capacity of its industry to satisfy the exacting requirements of the Japanese market. A rigid process of selectivity in organising supplies to the Japanese market seems to be essential.

In addition to trade, several joint ventures have been set up in this country with Japanese collaboration, covering a wide range of items like vacuum flasks, fountain pens, cables, nylon materials, PVC, electric meters, lamps, dyes, industrial machinery and electronic components. The Japanese assistance is generally confined to the provision of technical know-how. An enduring relationship between the two countries can be developed on the basis of financial participation in joint ventures. At the recent meetings of the Business Co-operation Committee, it was agreed that relations between the two countries should assume the form of industrial partnership. The Japanese participation can be made in such fields as petrochemicals and electronics, the sphere of co-operation extending from simple consumer goods to the sophisticated ones. There is also a definite scope for collaboration in setting up joint ventures in India in export-oriented industries. Trade and development ventures with third countries could be pursued by India and Japan jointly.

A New Chapter in Indo-Pak Relations

(From Our New Delhi Correspondent)

The peoples of both India and Pakistan have greeted the agreement which the Simla summit has produced. The most significant achievement has been the two countries' resolve to settle all their disputes bilaterally.

LIKE the India-Bangladesh agreement which has heralded much goodwill and co-operation, the Simla agreement is also indicating towards a normalisation of India's relations with Pakistan. In India, only the Jana Sangh has characterised the agreement as a "sell out"; all other parties have welcomed it. The demand for summoning Parliament to ratify the agreement is meaningless since, under the Constitution, Parliament does not have to ratify such agreements. It is another matter whether the Government provides time for a debate when Parliament meets for its monsoon session on 31st July. It is not surprising either that the Congress Working Committee has endorsed the agreement and acclaimed it as one heralding a "new era of peace". This was only to be expected. What is important is that the people on the other side of the border have also greeted the agreement.

On India's part, anticipating the Pakistani ratification of the Simla agreement, the Government is considering the release of 3,000 Pakistani prisoners of war who had surrendered to the Indian Army on the western sector. Since Bangladesh's Mukti Bahini was not involved in this surrender, India does not have to seek the approval of that country for the release of these prisoners. And, India's prompt action in releasing them will at least convince Pakistan that India is not standing on prestige or on any "legal fiction" as Pakistan would like to think in regard to the release of the 93,000 prisoners who surrendered on the eastern front. Even in the case of these prisoners, it is only a matter of time before they are released. A high Pakistani official had indicated in Simla that Pakistan had no alternative but to recognise Bangladesh which would automatically solve the prob-

lem of the release of at least the bulk of the prisoners of war. Once the prisoners of war issue is thus over, one of the major irritants between India and Pakistan will be removed.

Then remains the question of Kashmir and the withdrawal of forces from combat positions to either side of a mutually recognised border. This, of course, bristles with difficulties since this is also linked with an overall settlement of the Kashmir question. In fact, if the talks appeared to be failing in Simla a day before the agreement was signed, it was on the issue of an overall settlement of the Kashmir question. How and when the two Heads of Government will solve this question remains to be seen. Suffice it to say that for the present, President Bhutto has signified his concurrence on three broad principles governing Kashmir and, for that matter, any other dispute between the two countries. First, a solution will be found through peaceful means. Secondly, there will be no third-party intervention and, lastly, the two Governments have agreed to find a solution as early as possible.

If all these three principles are adhered to by Pakistan and India, there is no reason why a solution cannot be found. President Bhutto had referred to various alternatives that had been considered during the Bhutto-Swaran Singh talks in 1964, perhaps to suggest that one of them could be reconsidered now. To this India's immediate reaction was that those discussions were held in a different context which did not hold good today. But even this reaction was given two months ago when the Summit conference had not been envisaged. Now that the situation has changed, it should not be surprising if the two Governments got together and went through the various alternatives *de novo*. The coming few months will be crucial for both India and Pakistan since there can be no permanent peace between the two countries until they both have agreed on a practical solution of the Kashmir problem.

SPOTLIGHT ON STATES

Move to Improve Farm Education and Research in Bihar

(By a Special Correspondent)

The Rajendra Agriculture University in Patna has already done some good work in farm research. With the installation of a popular Ministry in the State, it is expected to get more support from the Government than it has received in the past.

AGRICULTURE universities are among the key instruments envisaged for quick extension of improved agricultural practices. The Punjab Agricultural University with its campuses in Ludhiana and Hissar played a major rôle in ushering in the "green revolution" in wheat cultivation in Punjab and Haryana. In western U.P. and Terai, the Pantnagar Agricultural University is performing a similar rôle. The Education Commission had recommended the establishment of at least one agriculture university in each State. The Rajendra Agriculture University was formally inaugurated in December 1970 at the Patna Veterinary College campus. The agriculture university of this backward State of Bihar is often in the news because of lack of proper support from the State Agriculture Department.

Three agriculture colleges located in Sabour, Dholi and Ranchi, the Veterinary College in Kanke, four agricultural research institutes in Patna, Dholi, Sabour and Kanke and the Sugarcane Research Institute in Pusa were transferred to the new University under a Presidential Act (Bihar was under President's Rule) with effect from 1st February, 1971. The cattle farm in Pusa and the animal production research station in Birauli were transferred to the University from May 1971. The Animal Husbandry Department of the State Government, however, retained some facilities like farms, hospitals and some posts and buildings which formed part of the veterinary colleges by transferring them to the Department before the issue of the notification. The Agriculture Department transferred all the research institutes except the Field Experimental Service. But subsequently, by an order issued in June 1971, the State Agriculture Department held

that 13 district farms and the Mithapur research farm had not been transferred to the new University. Except for the two district farms in Chinanki and Bikramganj, which the Department did not want to take back, and the Mithapur research farm which is the main centre for co-ordinated rice and sugarcane research in the Patna region, the rest of the district farms have been taken over by the Directorate of Agriculture. The question of transfer of the Field Experimental Service has not been finally settled.

A master plan for the development of the University has been drawn up in consultation with the I.C.A.R. and the F.A.O./I.B.R.D. The setting up of the Rajendra Agriculture University has been necessitated because the pressure from the agricultural sector in the State for trained graduate manpower to staff the various development programmes and activities and to organise agricultural research and specialised extension work. The reorganisation of Statewide agriculture education and agricultural research within the new University is in part a reflection of these pressures. The predominant agricultural economy of Bihar where 86 per cent of the people are dependent on agriculture requires concentration of effort on practical research and speedy extension of improved seeds and techniques. The research establishments of the State Government had clearly failed in the past in meeting the needs of the State. An I.B.R.D. team had earlier assessed the needs of the State and outlined the development programme of the Rajendra Agriculture University.

The University at present has two faculties—agriculture and veterinary science and animal husbandry. It is proposed to have two additional ones, namely, the faculty of basic science and the faculty of home science (for girls), as early as possible. The University has decided to adopt the "trimester" system both at the undergraduate and post-graduate levels. Curricula are being worked out to make the teaching more field-oriented and job-oriented. Interneeship has

been introduced to give specialised training to graduates in farm management, handling of agricultural machinery, fertiliser promotion, animal and poultry keeping and the like. A "earn while you learn" scheme is also being introduced. The extension training scheme is also being strengthened. Students are being attached to farmers in the extension block for intensive training in farm management. And one of the most important responsibilities of the University is to establish an agricultural research programme in the State and to undertake a large number of research projects. Special attention has been given to field-oriented research on dry land agriculture, horticulture, etcetera.

The rice variety "bala" has been found to be the most outstanding of the upland rice varieties with a maturity period of 90 days which is the same as that of "gora" paddy. Maize culture which matures in about 65 days has been found to be quite promising and may lead to a major breakthrough in maize cultivation. Cotton hybrid-4 was found very promising with a yield potential of 40 quintals a hectare. Soyabean has been successfully grown as a kharif crop in the Chotanagpur uplands. The Russian variety of sunflower has also been found quite promising. Various experiments on important vegetables and fruits are in progress. Multiplication of vegetable seeds has been started. Management of fruit trees for high yields and control of irregular bearing has yielded good results. Two successful hybrids of mango have been evolved. A relatively virus free variety of papaya of good quality and yield has been developed.

Irrigation research is being carried out primarily on frequency and phasing of irrigation water for major crops. A scheme for in-service training for irrigation engineers and agricultural extension officers has been drawn up and is proposed to be implemented in the next financial year. Agricultural extension education is now the responsibility of the University and not of the State Agricultural Department. But progress in this sphere is rather slow because of the alleged non-cooperation of the State secretariat. The new popular Ministry is conscious of the rôle that a good agriculture university can play in revolutionising the economy of this problem State. And there is no doubt that the Rajendra Agriculture University will play an important part in the economic development of Bihar.

Reforming the Tax Structure for Preventing Evasion

By B. S. Kothari

It is apprehended that the Government may accept only those proposals of the Wanchoo Committee which will increase revenue. The pressing problem, however, is not the leakage of revenue through legal loopholes but the unaccounted transactions and black money.

IT is being felt by every section of the public that "black money" has assumed such size and dimension that it is causing great economic and social harm to the country, as the monetary, fiscal and distribution policies of the Government are not able to bring necessary discipline in the economy due to the wide circulation of such money. It is due to the urgency and magnitude of this problem that an interim report was submitted by the Direct Taxes Enquiry Committee towards the end of 1970 recommending some important steps of a radical nature. The said report has not been published or made known to the public. It is understood that the committee had recommended demonetisation of the currency notes. For over the last one and a half years, there have been rumours from time to time that the Government would demonetise the notes of Rs. 10 and above. The Government denied in Parliament any proposal to demonetise although it admitted that the Wanchoo Committee had recommended such a measure. Since the interim report has not been made public as yet, it is thought that the matter of demonetisation is still under the active consideration of the Government.

Demonetisation of currency notes is a very drastic step as it will entail hardship to millions of people and will shake their faith in the currency. It is due to these rumours that there has been such a great rush for gold leading to an all-time high in gold prices. It is doubtful whether demonetisation can bring out any appreciable quantum of black money as such money is not usually kept in cash. It is invested in gold, diamonds, land, buildings, ownership flats, commodities or has been sent outside the country. The recent

raids on the residences and offices of film artistes, producers, and directors have not brought out any worthwhile quantity of cash. This shows that demonetisation will not be a solution to the problem.

The committee has in its final report recommended increasing use of the powers of search and seizures and establishment of a direct taxes settlement tribunal for unearthing black money. The settlement tribunal can prove effective and useful only provided the cases referred to it are decided promptly and fairly. The present machinery for settlement under Section 271(4A) of the Income Tax Act has failed to inspire confidence among taxpayers as the applications made for settlements to the Commissioners of Income-tax were in many cases kept pending for a long period and then summarily rejected. The settlement tribunal can help in inducing people to make disclosures of large amounts of unaccounted money which would otherwise be difficult to unearth. It cannot be denied that the disclosures made under Section 271(4A) have brought forward along with them a mine of information in respect of the *modus operandi* of evasion which helped the Income Tax Department in checking its continued practice. It would, therefore, be advisable to create a machinery for settlement which will bring revenue, reduce litigation and will enable the Department to concentrate on investigation in other suitable cases.

The committee has suggested many measures to check the emergence of black money. The punitive measures alone cannot stop the emergence of black money unless the causes which lead to this evil are also removed. The committee has rightly observed that it would be difficult to resist temptation to evade taxes when the marginal rate of income-tax is as high as 97.75% and the net profit on concealment can be as high as 4,300 per cent of after-tax income. With the additions made to the returned income on account of

disallowances of expenses, statutory or otherwise, or for estimated profit, the tax can conceivably exceed the returned income. Even without such an effective marginal rate of tax, taking income-tax and wealth tax together, tax may exceed 100 per cent of the income. The committee has, therefore, recommended a reduction in tax rates.

Mr. N. A. Palkhivala has said that the high rates can only reduce the gap between the poor and the honest rich, but not between the poor and the dishonest rich. The high rates of taxation has not only eroded the moral fibre but has made the people indifferent to cost consciousness and efficiency and has led to conspicuous consumption. It is, therefore, most desirable that the Government should heed the recommendation of the committee and bring down the rate of income-tax from 97.75 per cent with suitable reduction at the middle and lower levels also. Professor Kaldors and Mr. Boothalingam had both in their reports suggested reduction in rates of taxation but the Government has been too much preoccupied with the thought of increasing the revenue and has never thought seriously of reducing the rates and promoting savings and investments and thus boosting the economy. It is apprehended that the Government may accept only those proposals of the committee which will increase revenue, such as clubbing of income of minors with the parents, irrespective of the source of the income of the minor, higher rates of tax for Hindu undivided families and the minority's recommendation of treating a family as the unit for taxation.

The seminar of economists organised by the Government has suggested that a reduction in rates of taxation will not lead to checking of evasion as evasion is practised at not only the higher level but at all levels. Although it is true that evasion is practised at all levels, there is a difference of degrees and the suggested improvement in administration and the effective utilisation of punitive powers will not make it worth while at the lower levels to risk penalties and prosecution for tax evasion. Tax in a welfare State is bound to be progressive but it should not be made so stiff that it will kill all the initiative and drive of the person concerned.

In its crusade against tax evasion which is morally as well as legally wrong, the Government is serious thinking of bringing in measure

of reforming the very structure of taxation. This will have far-reaching consequences. Some of the proposals which are being contemplated are really very revolutionary and will mean heavier taxation. The Government is thinking seriously of clubbing the income of husband, wife and minor children and making a family as the unit of assessment. This will considerably reduce the savings in the hands of the people and will mean far higher rates of taxation than the present ones. The leakage of revenue through legal loopholes has continued unchecked. Such money cannot be categorised as black money because it is accounted money. It is only a split-up of income and the incidence of tax on the family members due to tax planning is lower. Such money is not doing harm to the economy as black money is doing.

The concept of taxable income has already been enlarged by the recent amendment making the windfall income from lottery, bets, horse races, etcetera, taxable. While there can be no objection in checking the technical loopholes which are not intended, fundamental changes in respect of the of taxation throwing new and substantial burden should not be made

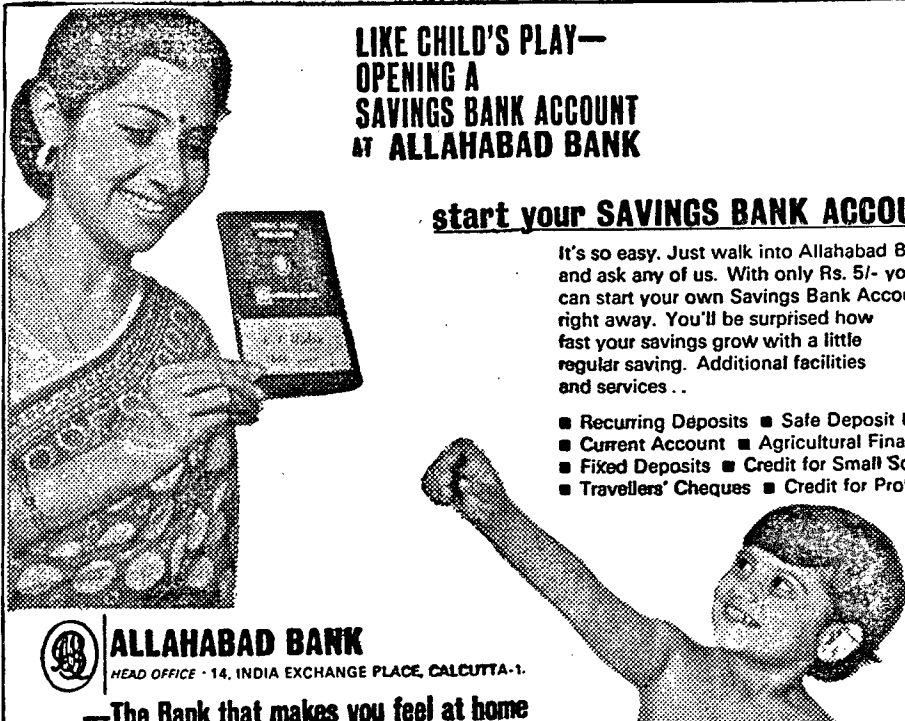
when the rate structure is so high. It is not desirable to confuse tax evasion with tax avoidance. The revenue lost due to legal loopholes is subject to the discipline of the Government's measures. The pressing problem is not the leakage of revenue through legal loopholes but the unaccounted transactions and black money.

The most important problem facing the country is the boosting of the economy. The Government should, therefore, accept the recommendations of the Wanchoo Committee and establish a national development fund for encouraging voluntary savings for taxpayers other than companies and a reconstruction and stabilisation reserve fund for promoting expansion and development of companies and grant rebate for increased productivity and for increasing employment. The Government should also immediately announce the appointment of a Committee of Experts as suggested by the Wanchoo Committee to enquire into the utility of all existing controls, licensing and permit systems and suggest elimination of such of these as are no longer considered necessary.

There cannot be any valid objection in bringing discipline to commercial

and industrial working by introducing compulsory maintenance of accounts, compulsory audit and a uniform accounting year as suggested by the committee. To reduce social tension, it is desirable that ostentatious expenditure on consumption should be curtailed which is at present mostly being made out of black money. There is no need for this purpose to introduce the expenditure tax; the same purpose can be achieved by introducing a provision in the Income Tax Act itself enabling the income-tax authorities to tax the unexplained expenditure.

The working of the Income Tax Department also needs to be streamlined. Too much time of the assessing officer is lost in completing the small cases with the result that the Income Tax Officer has no time to go in depth in cases where he ought to devote time and correlate the cross-information obtained from various sources. It is necessary to inspire confidence among the small tax payers so that persons having small marginal income who are at present afraid of coming forward would feel proud in paying taxes by becoming assessee.



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Should the Operations of Chit Funds be Controlled by a Central Law ?

(By a Special Correspondent)

Suitable provisions should be made to the effect that nobody other than a licensed body corporate should be allowed to conduct chit fund business. The Central Government should, therefore, consider enacting a uniform law for the entire country to control the activities of chit funds.

[N recent months there has been a spate of advertisements issued by various chit fund companies soliciting deposits and chit subscriptions from the members of the public. It is understood that they have been able to attract a very large number of subscribers,

particularly those in the middle and lower-income groups. Some serious allegations about their working are also in the air. It is in this context that a review of their working appears to be called for. A "chit fund" or "chitty" is a co-operative form of undertaking and has been in operation from time immemorial in the southern parts of India, more particularly in Kerala and Tamil Nadu. It provides services to its members, to investors (for the fruitful employment of their savings) and to borrowers (as a cheap source of financial assistance for the redemption of the existing debt or for the employment of funds in more profitable avenues such as financing purchase of houses and other properties).

In a chitty, a number of persons must agree to contribute a certain sum of money for a certain instalment and each instalment's collections would be disbursed to a particular member to be determined either by drawing lots or by auction. For the smooth functioning of the scheme, the chit subscribers must elect a member as a leader. The leader commonly known as foreman will be charged with the task of collecting subscriptions and disbursing prize money after deducting reasonable charges for the services rendered.

Thus, to establish a chit fund, a number of people must agree to trust the foreman with a fixed number of periodical deposits commonly known as subscriptions. The total sum of collections on each occasion is to be advanced to the prize-winning member against the security acceptable to the foreman. Such an advance is automatically amortised through the usual subscriptions, as a member, irrespective of whether he wins a prize or not, is required to pay the periodical subscriptions regularly as provided in the original deed of agreement.

When there are several persons desirous of securing a loan on a particular

occasion and an auction is held, a large number of members who may not be in need of the loan for the present may also bid in order to prevent the actual borrower from securing the loan at too low a rate of discount. The result of the auction is the declaration of the prize to the successful bidder. The person who offers to bid the highest amount (i.e., the discount) gets the prize. There is also a system of side auction whereby the foreman has the option of taking up the prize money himself and then relending the money to any member of the chit fund at a higher rate of interest or discount. The foreman is fully liable for recovery of the side chit.

As adequate or proper security is generally obtained before disbursing the prize money and as the dues from the prized subscribers comprising future subscriptions are payable within prescribed dates (in default of which they have to pay penal interest), the foreman should not normally experience any undue difficulties in realising the subscriptions. In an ideal chit no money should remain with the foreman as he is expected to disburse the periodical collections to a winning member on each occasion.

With the popularity of "chit fund", which started its march as a village co-operative form of financial transaction, it soon broke its village boundaries and started playing its rôle in larger arenas. By this time various self-styled chit organisers or foremen also appeared in the scene which included individuals, firms and bodies corporate. They started enrolling chit subscribers over a wide range through their numerous branch offices. To provide an wider appeal to the largest cross-section of society, they started chit schemes of various durations and denominations.

Attracted by the lucrative means of making money, there have been large-scale intrusions of unscrupulous persons too in the business of chit fund in the recent past. These persons employ various nefarious means to make money for their kith and kin and dupe the members of general public. Very often they do not serve proper notices to the subscribers in respect of the date, time and venue of drawing lots or holding auctions. Moreover the foreman devices such methods that most of the prizes are drawn, at the

initial stages, only by his relatives and friends at the cost of other subscribers. It has also been reported that on many occasions after paying the prizes to his own men, the foreman disappears to the dismay of a large number of general subscribers.

Yet another method of duping the public is to bungle with the security offered by the subscribers. Under the chit agreement, a foreman is to pay the prize amount to a subscriber only when the subscriber can offer a security acceptable to him. In case a prize is drawn by a person who is not his own man, the foreman generally makes several flimsy objections about the security offered by him. As a result the person concerned is bound to go in for side auctions and get the amount of the prize at a much higher rate of discount than was originally fixed by auction or by lot, as the case may be. There is also a wide range of allegations that foremen very often divert the fund so collected in various businesses conducted by them and any loss in such businesses brings in misfortunes, not for the foremen but for the general members.

The Banking Commission, which recently studied and reported on various aspects of banking operations and the activities of the non-banking financial intermediaries in the country, has also pointed out various irregularities observed in the working of the chit funds. It has, therefore, suggested that a unified code should be made for the operation and conduct of the chit fund business all over the country. It is, therefore, suggested that for the smooth functioning of the chit funds, suitable provisions should be made to the effect that nobody other than a licensed body corporate should be allowed to conduct chit fund business in the country.

There should also be a separate legislation covering chit fund business under which the chit funds should be licensed. In such circumstances, those companies will be under the effective surveillance of two authorities, viz., the Registrar of Companies under the Companies Act, and the Registrar of chits under the chit legislation. Moreover, to plug the diversion of funds to other businesses, it may be specifically provided by legislation that chit assets can be utilised only for meeting chit liabilities and that a separate set of accounts should

be maintained for chit business if the company engages itself in any other business.

At present, there are separate chit fund legislation only in the States of Kerala, Tamil Nadu and Mysore and the Union Territories of Delhi and Pondicherry. Since these State Acts are operative only within their own boundaries, certain chit funds have found it convenient to extend their tentacles to other States so as to avoid the restrictions imposed by these State enactments. Moreover, there are wide disparities among these State laws. A uniform law for the entire country is, therefore, the need of the day.

It is understood from a recent judgment of the Madras High Court that the chit transactions fall in the Concurrent List of the Constitution of India and as such, both the Central and State Governments can enact laws to regulate the chit business. One, therefore, can only hope that some urgent steps would be taken by the Central Government to enact such a

law so that the unwary public can be saved from the mischievous dealings of the so-called chit funds.

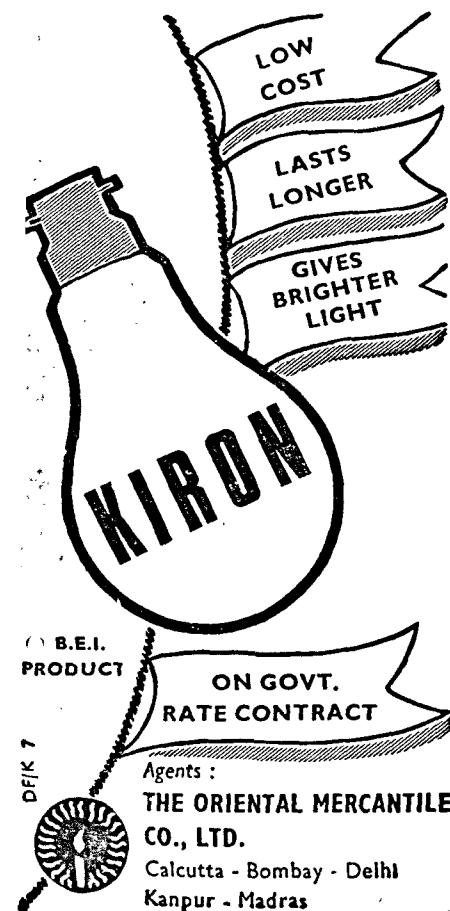
PEOPLE AND PERSONALITIES

Mr. H. P. Bhagat of Carew and Co. Ltd and Mr. D. B. Sethi of Harbertsons Ltd have been elected chairman and deputy chairman, respectively, of the Wine Spirit and Beer Association of India for the year 1972-73.

Dr. B. V. Bhoota has been elected president of the All-India Manufacturers' Organisation for the current year.

Mr. M. L. Apte and Mr. Pradeep Narang have been elected president and vice-president, respectively, of the Indian Sugar Mills Association for the year 1972.

Mr. S. K. Jhunjhunwala of Shalimar Rope Works Ltd and Mr. Sudhir Jalan of W. H. Harton and Co. Ltd have been elected president and vice-president, respectively, of the Indian Rope Manufacturers Association for the year 1972.



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AM/HBG-71

Training in Tourism : Role of the New Institute

(By a Special Correspondent)

The Government of India's decision to set up an Institute of Tourism is welcome. If the new Institute plays its rôle well, it will help the country to promote tourism in a big way.

THE Department of Tourism of the Government of India is planning to set up an Institute of Tourism. The details of the scheme are not yet available. But it is understood that the Institute will provide training in all aspects of the tourist industry on a regular basis. It is stated that the Institute will cover the needs of the various segments of the travel trade, such as hotels, travel agents, airlines, transport operators, guides, Government tourist organisations and other bodies. Its activities will include research in several problems of tourism. Its services will also be available for consultation. The Department of Tourism has been promised assistance from the International Labour Organisation and the United Nations for setting up the Institute.

The decision to establish the Institute is another indication of the eagerness of the Government of India to promote tourism in a systematic way. Many developed and developing countries are deriving substantial benefits from tourism which has now emerged as the world's largest and fastest growing industry. But India has not yet been able to attract tourists on a large scale. Only 300,995 tourists came to India in 1971, compared with 280,281 in 1970, an increase of 7.2 per cent. It is true that last year the flow of tourist traffic to this country was affected by

the Indo-Pakistani conflict. But even after allowing for this factor, it cannot be said that India is doing all that it should to maximise the earnings of foreign exchange from tourism. In this context, it will be worth while to consider to what extent the proposed Institute will help to give a boost to the promotion of tourism.

The main work of the Institute will be to provide training facilities to the personnel serving the tourist industry. At present such training is being given by the Department of Tourism by organising courses of three months' duration for tourist guides and refresher courses for approved guides and information assistants through its field offices. Language courses in French, German and Japanese are organised at the Indian Institute of Mass Communications, New Delhi, and the Max Muller Bhavan, Poona. Training courses are also provided by the Tata Training Centre, Poona, and the Administrative Staff College of India in Hyderabad. Besides, officers of the Central and State Tourist Departments avail themselves of the facilities provided by the International Centre of Tourist Studies in Turin, Italy, and by the United Nations' agencies. The Government of India perhaps feels that, in addition to these facilities, it is necessary to set up an institute so that proper training can be given on various aspects of tourism.

It is said that the Institute will also conduct research on tourism. But no amount of research studies will be of use to develop tourism unless the Government improves the infrastruc-

ture and provides foreign visitors with the basic amenities to make their stay comfortable. Therefore, the Government should see to it that the funds allotted for tourism are effectively spent and not frittered away on what is considered to be research work. For example, a survey was conducted by the Tourist Department in 1971 among the passengers transitting Palam airport in order to ascertain the reasons why a number of foreigners were bypassing India. The survey revealed that 68.4 per cent of the persons interviewed stated that they had no time to visit India during their current trips, 6 per cent had visited India previously, and 5.1 per cent were not interested. Do not such surveys seem superfluous and superficial? If tourists bypass India, it is obvious that either they have no time or not interested to visit this country. Was a survey required to prove this? It is hoped that the proposed Institute will study problems in depth and not try to establish facts which are already well known.

The Department of Tourism is also considering a proposal to introduce fellowships for a doctoral thesis in tourism at an Indian university. If this scheme proves useful, it will be extended to other universities in the country. In some European countries tourism is taught as a special subject in the universities. For example, the Zagreb University in Yugoslavia has set up a separate department to study tourism. In India also, it may be worth while to teach tourism in the universities. But, perhaps, this may be done with better results at a later stage when there is a real boom in India's tourist traffic and the universities are also better equipped to handle this new responsibility efficiently. Meanwhile, the Government would do well to start the Institute of Tourism at an early date and ensure that it does some useful work.

It is not known where the Institute is going to be set up. Darjeeling will be an ideal place to locate it. Darjeeling is a tourist centre of international fame. But unfortunately, in recent years, it has not been able to attract an increasing number of tourists due to various reasons. The Government of West Bengal should give proper attention to the improvement of the tourist facilities in Darjeeling, especially in regard to accommodation, transport, electricity and water supply. The State Government should also urge New Delhi to locate the Institute in Darjeeling. This will help to give a boost to tourism in the eastern region whose tremendous potential has received inadequate attention till now.

CAPITAL, 13th JULY, 1972

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Prospect of More Unit Trust Investment in Equities Cheers Operators

TRADING on the stock markets this past week has continued to be characterised by restricted turnover and narrow fluctuations. With the pace-setter Dalal Street remaining unofficially closed till the last day of the week, the markets elsewhere have also preferred to mark time. While caution has been the keynote of trading, the general tone has been quietly steady. Net changes over the week have been small and they show a mixed pattern but gains have outnumbered the losses. While it is the scarcity of offerings which has contributed to the improved tone, selective support has also been in evidence. Perhaps the most important factor contributing to the improved sentiment is the general feeling that the recent Indo-Pakistani agreement will pave the way to peace and friendship between the two countries which in course of time will make possible a substantial cut in defence expenditure and enable them to devote much greater attention to programmes of economic development. The stock markets, however, have not allowed themselves to be carried away by the Simla accord as they do not expect any spectacular results in the very near future.

The week's corporate news has been quite encouraging. Tensile Steel, Tata Yodogawa, Kumardhubi Engineering, Binani Metals, Transformer and Switchgear, Tubes and Malleables, Velimalai and the Unit Trust of India—all these have had good news for their respective shareholders in one form or the other. The increase in the Unit Trust's income despite substantially lower sales of units during the year ended June 1972 reflects largely the improved performance of the corporate sector during the year. And the stock markets have reason to feel pleased with the statement of the Unit Trust chairman, Dr. James Raj, that the Trust will be steadily stepping up its investment in equity shares raising its proportion from the present level of 44 per cent to 60 per cent over the next five years. The markets will thus be assured of larger institutional support in future.

Sentiment has also been aided by the marked improvement in the outlook for *kharif crops* following the rapid and encouraging progress of the

south-west monsoon. Some of the more recent official statements have been helpful from the viewpoint of the stock markets. There have been hints that the joint sector concept envisages a more liberal approach towards units coming up under the purview of State Governments. The Central Minister for Company Affairs, Mr. K. V. Raghunath Reddy, has hinted at several "meaningful changes" in the company law. Although trading sentiment has improved a little, the market is undecided about its next major move. This is because it has still to reckon with a number of uncertainties in regard to the Cabinet reshuffle and the Government's new industrial policy expected to be announced shortly. The markets may like to mark time until these uncertainties are cleared.

Gilt-edged securities have remained dull this past week and the volume of turnover has been restricted. The 3 per cent Conversion loan 1986 is quoted at Rs. 59.95. The State Government loans have received selective support. Turnover has remained restricted.

The Calcutta stock market has been quietly steady this past week. But turnover has remained restricted because operators are reluctant to extend their commitments in view of various uncertainties. The signing of the Simla summit agreement, the prospect of resuming U.S. aid to India and the West Bengal Government's effort to revive industrial activity have improved the outlook for the stock market. Among engineering shares, Kumardhubi, Escorts and Guest Keen Williams have improved. Among jute shares, Bally, Birla and Kinnison have been better. Among coal shares, Pench Valley and West Bengal have been transacted. Among paper shares, Ballarpur and Orient have been firm. Among miscellaneous shares, G.E.C., Mohan Meakin Breweries, Union Carbide, India Steamship, Metal Box and Electric Construction have been supported. Among tea shares, Sarugaon and Ranicherra have been transacted.

Trading on the Bombay Stock Exchange has remained unofficially suspended for yet another week because

of the strike by the employees of stockbrokers. Very little activity has been reported in *kerb* and the general tone appears to be steady. The 26-day strike—perhaps the longest in the history of the Bombay Stock Exchange—has been called off at the intervention of Maharashtra's Labour Minister, Mr. N. M. Tidke.

The Madras stock market has remained quiet this past week. Among planting shares, Consolidated Coffee and Sheveroy have met with business. Nelliampathy and Midland have attracted enquiries. Cochin Malabar and Be Be Rubber have, however, met with business at lower rates. Textile shares have shown little change, although investment support has been meagre. Madura, Travancore Rayon and South India Viscose have been done. Loyal Textile and Anglo-French

COMPANY REPORTS

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

Balmer Lawrie
Bengal Paper
Binny
Blue Star
Chemopulp Tissues
Coimbatore Fertilisers
Coromandel Fertilisers
Gujarat Steel Tubes
Hind Rectifiers
Indian Hotels
Indian Oxygen
Indo-Burma Petroleum
Lakshmi Mills
Ledo Tea
Macneill and Barry
Madras Aluminium
McDowell
Mettur Chemical
N.S.E.
Ramnarayan Mills
Seshasayee Industries
S.L.M.-Maneklal
Soom Tea
South India Shipping
South India Viscose
Standard Batteries
State Bank
Straw Products
Tensile Steel
Travancore Cements
Unit Trust
United Bank
Vaikundam Rubber

have met with some buying enquiries. In the sugar section, Deccan and E.I.D. have shown a small decline. Cauvery Sugar and Travancore Sugar have met with some buying enquiries. In the miscellaneous section, Binny have shown minor variations while Kothari (Madras) has declined. Ashok Leyland have been steady while Seshasayee Paper have received some buying enquiries. Bank shares have remained mostly dull. Some business has been done in Indian Bank while Indian Overseas have attracted sellers.

CLEARED SECURITIES IN CALCUTTA

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

Birla Jute 25/80—26/50—25/70—26/40—
(22/00)

Burrakur Coal 6/00—6/00—6/00—6/00—
(37/40)
Dunlop India 30/80—31/10—30/80—31/00—
(37/40)
Guest, Keen, Williams 35/20—35/75—35/05—
—35/65—(39/55)
Hindustan Motors 9/30—9/30—9/05—9/25—
(10/55)
Indian Aluminium 34/15—34/65—34/10—
34/40—(38/60)
Indian Cable 23/30—23/80—23/15—23/70—
(21/35)
Indian Copper 2/83—2/95—2/83—2/91—
(3/83)
Indian Iron 8/50—8/55—8/15—8/35—(10/60)
J. K. Cotton 7/00—7/10—7/00—7/10
Jaipur Udyog 8/10—8/15—8/10—8/15—
(8/90)
Jayashree Tea & Industries 16/31—16/50—
16/25—16/50—(16/56)
Kesoram Industries 19/00—19/45—19/00—
19/40—(14/80)
Orissa Cement 19/80—19/95—19/65—19/80—
(16/00)
Orient Paper 35/25—36/15—35/25—36/00—
(34/90)
Rohtas Industries 4/45—4/50—4/40—4/45—
(5/35)
Textile Machinery 10/15—10/20—10/15—
10/20—(10/20)

Unit Trust of India Raises the Dividend Again

THE Unit Trust of India has raised its dividend for the year ended June 1972 from 8 per cent to 8.25 per cent. It is for the fourth year in succession that the distribution is being stepped up. The proposed increase in dividend is part of the Trust's three-pronged drive to make units attractive and reverse the tide of declining sales which has been in evidence over the past two years. Aggregate sales of units which had touched a high of Rs. 22.83 crores in 1969-70 dropped to Rs. 18 crores in 1970-71 and still further to Rs. 15 crores last year. Applications for units declined from 61,500 in 1970-71 to 58,558 in 1971-72.

Despite the decline in sales from Rs. 18 crores to Rs. 15 crores, the Trust's aggregate income increased during the year from Rs. 8.41 crores to Rs. 9.62 crores. After the allocation of this income between the initial capital contributors and the unitholders and allowing for expenses chargeable to unit capital in accordance with the provisions of the U.T.I. Act, the net income allocated to unitholders amounted to Rs. 8.72 crores, against Rs. 7.58 crores in the previous year. Apart from the inducement of a higher dividend, the Trust has announced a cut in the

margin between the sale and repurchase prices of units from 4 per cent to 3 per cent (from 40 paise to 30 paise) and reduced the special offer price for the month of July to Rs. 10.45, against Rs. 10.60 for July 1971. These measures are aimed at boosting the sale of units. An important factor behind the decline in sales of units over the past two years is that investment in units of the U.T.I. no longer enjoys any special tax relief; the tax exemption in respect of income up to Rs. 1,000 from investment in units was abolished under the Finance Act, 1970. The tax exemption limit has been raised from Rs. 1,000 to Rs. 3,000 but now income from other specified categories of investment, such as dividends and interest on bank deposits, have been clubbed together with income from units.

The increase in the Trust's income, despite a decline in aggregate sales of units, has been attributed to the higher income from the underwriting business and enhanced profits from sales of investments. The Trust repurchased during 1971-72 units of the value of Rs. 2.59 crores, against Rs. 3.19 crores in the preceding year. At the end of June 1972, units sold and outstanding with the public

amounted to Rs. 104.65 crores, with the number of unitholders totalling over 425,000. The total amount re-invested under the reinvestment plan was Rs. 69.30 lakhs by 18,000 unitholders, against Rs. 50.44 lakhs by 15,700 unitholders in 1970-71. Sales of units under the children's gift plan were Rs. 46.28 lakhs, against Rs. 56.32 lakhs in 1970-71.

The U.T.I. chairman, Mr. James S. Raj, has indicated that in order to augment income, the trustees have decided gradually to increase the proportion of Trust's investments in equities. In the next five years, this proportion is expected to rise from the present level of 44 per cent to 55 per cent or 60 per cent. At present investment in debentures represents nearly 43 per cent of the overall investment and preference shares account for another 13 per cent. The Trust will also be taking a more lively interest in buying and selling securities in the market to raise its income. The chairman has visualised better prospects for the Trust as investment opportunities continue to increase and the private corporate sector will keep growing over the year, the expanding rôle of the public sector notwithstanding.

STRAW PRODUCTS

Another Prosperous Year

ADDRESSING the annual general meeting of the Straw Products Ltd recently, the chairman, Mr. Hari Shankar Singhania, said that the Company had marked another year of successful operation in 1971. (A fuller version of the speech was published in last week's issue of *Capital*.) Sales and other income have reached a record figure of Rs. 9.09 crores—an increase of 18.41 per cent over the 1970 level. Pre-tax profits are higher at Rs. 1.36 crores. The gross block stood at Rs. 14.10 crores at the end of the year, showing an increase of Rs. 4.55 crores over the previous year. The Company's production was higher at 36,380 tonnes, against 34,626 tonnes. A taxable dividend of 13 per cent, against 12 per cent, has been proposed.

The chairman said that the increase in production of paper mills was mainly contributed by the output of the M.G. paper machine which was commissioned towards the end of 1970. He referred to the Government levy and other servicing charges which are rising steadily. Wages and salaries and costs of various materials and

services have also risen substantially. Inevitably, there was a considerable increase in the cost of production which was only partially met by the increase in the price of paper. There had been considerable delay in delivery of the indigenous equipment for the third paper machine from Utkal Machinery Ltd. Efforts are being made to ensure that the third paper machine is commissioned during the third quarter of this year which will add an annual manufacturing capacity of 7,500 tonnes of M.F. tissues and specialties to the range of the Company's products. Orders for plant and machinery to manufacture 4,500 tonnes of coated paper have already been placed on an indigenous machinery manufacturer. Negotiations are going on with financial institutions for loan and the Government has been requested to issue the requisite capital goods import licence. The Company has adopted progressive labour relation policies and consistently endeavoured to improve the service conditions of all employees.

BENGAL PAPER

Scarcity of Raw Materials

AT the annual general meeting of the Bengal Paper Mill Company Ltd held recently in Calcutta, the chairman, Mr. N. D. Bangur, said that the Company's production for the year 1971 was 38,208 tonnes, against 40,251 tonnes. (A fuller version of his speech was published in last week's issue of *Capital*.) The chairman said that the decrease in production had been due to reasons beyond the management's control. The Company's sales realisation was Rs. 9.18 crores—almost the same as in the previous year. "SSS" map litho printing, which is the Company's special variety of paper, has gained much popularity and the demand for it is increasing steadily. Mr. Bangur said that the supply position of raw materials was far from satisfactory. The scarcity of bamboo, the essential raw material, is causing great concern. The State Government should find out an immediate solution for easing the shortage. The situation is particularly crucial for West Bengal since raw materials from neighbouring States are not allowed to move freely into this State. The introduction of the "pre-payment freight scheme" is another unhealthy move retarding the growth of the paper industry.

The Government of India has granted an industrial licence to the Company for increasing its production capacity by 15,000 tonnes a year. The

Company's foreign exchange requirement of Rs. 87.50 lakhs has also been approved. Arrangements for the installation of a new paper and board machine purchased from an indigenous source are in progress and it is hoped that it will be commissioned by September this year.

INDO-BURMA PETROLEUM

All-round Progress

IN his chairman's speech at the annual general meeting of the Indo-Burma Petroleum Company Ltd held recently, Mr. Kamaljit Singh, said that the Company had continued to make all-round progress during 1971. (A fuller version of Mr. Singh's speech was published in last week's issue of *Capital*.) Mr. Singh said that the association of the Company with the Indian Oil Corporation commencing from January 1970 had helped improve the working results. The Company's sales have increased from 279,000 tonnes in 1970 to 371,000 tonnes in 1971. The profit, before tax, has improved substantially from Rs. 53.77 lakhs to Rs. 74.66 lakhs. A total dividend of 18 per cent, against 17 per cent, has been recommended for 1971. As compared with 1970, sales of automotive fuels have risen by 39 per cent, and sales of all products by 32.8 per cent. A turnover of Rs. 31.5 crores has been achieved. Besides consolidation and progress in the oil trade, the Company has also made plans for development in other fields. The Company has entered into a technical collaboration agreement with a Belgian firm in March 1972 for the manufacture of sophisticated bottle filling equipment used in the aerated water,

soft drink and beer industries. The Company's retail outlets have been renovated in 1971.

GUJARAT STEEL TUBES

Setback Suffered

GUJARAT Steel Tubes has suffered a setback in its working for the 15-month period ended March 1972. With the change in the accounting period, the results are not strictly comparable with those of the previous year. But the decline in margins indicates the deterioration in performance. Sales during the 15-month period (1971-72) are placed at Rs. 5.67 crores, against Rs. 4.59 crores during the previous 12 months of 1970. But the gross profit is appreciably lower at Rs. 58.61 lakhs, against Rs. 83.94 lakhs in 1970. After providing Rs. 19.57 lakhs (against Rs. 12.60 lakhs) for depreciation, Rs. 1 lakh (against Rs. 3.70 lakhs) for development rebate reserve and Rs. 15 lakhs (against Rs. 35.32 lakhs) for taxation, the net profit amounts to Rs. 23.04 lakhs, against Rs. 32.32 lakhs. The dividend proposed at Rs. 12.50 a share for the 15-month period, against Rs. 10 a share paid for 1970, will absorb Rs. 15 lakhs.

The setback in working is attributed to labour trouble and the shortage of raw materials. The Company's plant could not work to the rated capacity due to the acute shortage of imported steel in the earlier part of 1971 and the working during the latter part was adversely affected by labour trouble. The steep rise in the prices of rolled steel strips and zinc

MACNEILL AND BARRY : PROFIT RISES

THE pre-tax profit of Macneill and Barry Ltd has amounted to Rs. 26.45 lakhs for the year ended December 1971, against one of Rs. 19.27 lakhs in the previous year, after providing Rs. 10.55 lakhs (against Rs. 11.25 lakhs) for depreciation. After providing for a dividend on the preference share capital and other required appropriations, the balance available is such that the directors are unable to recommend a dividend on the ordinary share capital. A sum of Rs. 2.99 lakhs has been transferred from excess provision for the capital gains tax in respect of

previous years. Important allocations include 10.48 lakhs (against Rs. 10 lakhs) for taxation, Rs. 12.57 lakhs (against Rs. 3.31 lakhs) for capital reserve, Rs. 96,400 (against Rs. 33,600) for development rebate reserve and Rs. 8,700 (against Rs. 33,600) for development allowance reserve. After making other adjustments there remains a balance of Rs. 10,434 which is proposed to be carried forward, against Rs. 19,835 brought in. Sales have amounted to Rs. 14.12 crores (against Rs. 14.52 crores).

affected the Company's profitability and exports.

INDIAN HOTELS

Profit Declines

INDIAN Hotels Company has reported an increase of 13.5 per cent in its turnover during the year ended March 1972—from Rs. 2.71 crores to Rs. 3.08 crores. And this increase has been achieved despite a loss of business of over Rs. 10 lakhs on account of the Indo-Pak conflict which seriously affected the flow of foreign tourists, and because of a number of rooms remaining out of commission under the renovation programme. The gross profit, however, is slightly lower at Rs. 30 lakhs, against Rs. 30.43 lakhs in the preceding year. This is attributable to heavy interest and other charges incurred on the programme of expansion and renovation; interest charges alone demanded about Rs. 7 lakhs more at Rs. 19.52 lakhs. As forecast in the prospectus, the equity dividend is being skipped.

After providing Rs. 20.54 lakhs (against Rs. 18.13 lakhs) for depreciation, Rs. 2.92 lakhs (against Rs. 3.12 lakhs) for development rebate reserve, and Rs. 2.80 lakhs (against Rs. 4.50 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 3.74 lakhs, against Rs. 4.68 lakhs in the preceding year. The entire net profit has been transferred to general reserve out of which the preference dividend absorbing Rs. 3.73 lakhs (against Rs. 63,250) will be paid. The Company's gross block has increased over the year from Rs. 3.98 crores to Rs. 6.97 crores, reflecting the progress of the renovation and expansion programme. The programme of development of a chain of hotels in collaboration with local associates is getting into its stride. The management has decided to add a beach hotel in Goa to the prospective chain of hotels. This hotel is expected to be opened in the winter of 1973-74. The proposal for a large hotel in Delhi is still at the discussion stage. The Taj Intercontinental is scheduled to be opened this month. This will help improve the Company's profitability.

TENSILE STEEL

Results Impress

TENSILE Steel has turned out excellent results for the year ended March 1972, with production, sales

and profits setting new records. The equity dividend has been raised from 12 per cent to 15 per cent. With the improved availability of indigenous as well as imported raw materials, the Company was able fully to utilise its installed capacity during the year. Production increased from 8,241 tonnes in 1970-71 to 10,320 tonnes in 1971-72 and the volume of sales was higher at 10,926 tonnes, against 7,777 tonnes. The Company's turnover has risen by about 50 per cent from Rs. 2.04 crores to Rs. 3.07 crores and so has the gross profit from Rs. 39.43 lakhs to Rs. 58.67 lakhs.

After providing Rs. 11.13 lakhs (against Rs. 6.07 lakhs) for depreciation, Rs. 9.80 lakhs (against Rs. 51,000) for development rebate reserve and Rs. 15 lakhs (against nil) for taxation, the net profit for 1971-72 amounts to Rs. 24.75 lakhs, against Rs. 32.85 lakhs in the preceding year. The surplus of Rs. 24.70 lakhs (against Rs. 16.84 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 6.75 lakhs (against Rs. 5.40 lakhs) will be paid. The diversification project for the manufacture of fine wires (plain and galvanised) has been substantially completed; commercial production has already commenced. The expansion project also has made considerable headway. Facilities for the manufacture of 2,500 tonnes a year of primary products of the Company have been installed during the year.

CHEMOPULP TISSUES

Allotment of Shares

CHEMOPULP Tissues Ltd has approved the allotment of 120,000 shares to the applicants on the following basis: 100 per cent of the shares to all the applicants up to 350 shares; 350 shares each to the applicants for 400 to 500 shares; 400 shares each to applicants for 550 to 1,000 shares; 450 shares each to the applicants for 1,100 shares to 2,000 shares; and 550 shares each to the applicants for 2,050 shares and above.

BALMER LAWRIE

Loss Incurred

IN their latest report for the year ended December 1971, the directors of Balmer Lawrie and Co. Ltd

say that the Company suffered heavy losses during the year on account of the setback in its tea warehousing activities. There was also a sharp decline in the turnover of the tea buying department arising from the strike in the warehouses leading to the cancellation of several contracts. Another adverse factor was the full impact of the loss of several remunerative agencies. The Company has incurred a loss of Rs. 20.58 lakhs against a pre-tax profit of Rs. 23.64 lakhs, after providing Rs. 3.6 lakhs (against Rs. 4.15 lakhs) for depreciation. In view of the Company's losses, the board has not recommended the payment of any dividend. After transferring Rs. 18,800 (against Rs. 16,452) to development rebate reserve, the loss for the year is Rs. 20.77 lakhs which is proposed to be transferred to general reserve. Sales declined from Rs. 6.91 crores to 4.77 crores. The Company purchased 15,000 ordinary shares of the Bengal Flour Mills Co. Ltd from the Life Insurance Corporation of India for Rs. 5.03 lakhs. Subsequently these shares were sold at the best available price of Rs. 2.63 lakhs which resulted in a loss of Rs. 2.40 lakhs.

INDIAN OXYGEN

Supply of Liquid Oxygen

THE Hawker Siddeley Harrier, the world's first operational vertical take off and landing (V.T.O.L.) jet, is currently in India on a demonstration programme. The demonstration flight in India would not have been possible but for the special arrangement made by Indian Oxygen to supply liquid breathing oxygen that is specially needed for the aircraft. Every Harrier aircraft carries a five litre L.O.X. container which is usually filled on the airfield by specialised ground equipment. But as this is not available in India, arrangements have been made to fill this container from I.O.L.'s establishments with the help of specially prepared equipment.

UNITED BANK

Rural Campaign

UNITED Bank of India recently undertook an intensive rural publicity campaign in 24 Parganas (south) with the object of educating people in the use of banking facilities and encouraging growth of savings. In course of the campaign the audio-visual unit

of the bank moved from village to village in order to explain the banking facilities to people who were denied these before. The publicity unit organises exhibitions at *hats*, distributes leaflets and informative folders, plays on a recorded programme of songs and drama on the theme of savings and initiates group discussions. A series of group meetings with cross-sections of the people in rural areas has also been arranged. U.B.I.'s commitment and involvement in the economy of the district is steadily growing. The bank has at present 19 branches in 24 Parganas (south). Out of these, 11 branches were opened after bank nationalisation in July 1969. Of the 19 branches three are at urban centres, eight at semi-urban centres and the rest at rural centres.

MADRAS ALUMINIUM

Stress on Expansion

THE chairman of Madras Aluminium Co. Ltd, Mr. R. Venkateswamy, told the shareholders at the annual general meeting that it had been the policy of the Company to plough back its profits after paying reasonable dividends. The ploughed back profits have been utilised to increase the Company's productive capacity. The chairman said that the Company had made strong representations to the Government of India to reconsider its decision and allow the Company more remunerative prices. It is stated that the prices of all raw materials like calcined petroleum coke and pitch caustic soda have gone up considerably. The cost of raising steam is higher to the Company when compared with other aluminium producers, because it uses a costly fuel like furnace oil. The chairman said that technical innovation and increased production with diversification alone could improve the working of the Company in the coming years. In view of this the directors have been going ahead with the expansion programme.

SOUTH INDIA VISCOSE

Expansion Plan

AT the annual general meeting of South India Viscose Ltd, the Chairman said that the Company had obtained a letter of intent for installing a polynosic staple fibre plant. Orders for the plant and machinery

required for this expansion are expected to be placed shortly. One significant feature is that most of the equipment will be indigenously procured or fabricated with the drawings provided by the collaborators. The plant will replace substantially the import of Egyptian cotton. It is also pointed out that the capacity of the pulp plant is only 60 tons a day which does not make it an economic unit. So the Company has made an application to the Government of India to increase its capacity. As the future of man-made fibre is bright, the need for encouragement and assistance from the Government has been emphasised by the chairman. It is felt that the working of the Company will be encouraging in future years, and the expansion programmes will be carried out by maximising the utilisation of indigenous equipment and with minimum borrowings.

SOOM TEA

A Bad Year

THE Soom Tea Co. Ltd has incurred a loss of Rs. 92,413 for 1971, against a profit of Rs. 44,211 in the previous year, after providing Rs. 1.10 lakhs (against Rs. 92,981) for depreciation and Rs. 8,400 (against Rs. 600) for development rebate reserve. In view of the poor performance, the ordinary dividend has been skipped. The Company had paid a taxable ordinary dividend of 5 per cent in the previous year. The total crop has amounted

to 151,859 kilograms (against 152,922 kilograms) and the average sale price has declined from Rs. 14.56 to Rs. 13.29 a kilogram. The 1972 crop is estimated at 155,000 kilograms at a cost of Rs. 12.95 a kilogram.

LEDO TEA

Better Results

IN their latest report for 1971, the directors of Ledo Tea Company Ltd say that trading results show an improvement, compared with those of the previous year, and this is attributable to an increased crop and also a better sale price obtained for the garden's produce. The Company has made a pre-tax profit of Rs. 2.53 lakhs, against one of Rs. 1.86 lakhs, after providing Rs. 1.92 lakhs (against Rs. 1.47 lakhs) for depreciation. The taxable ordinary dividend of 10 per cent has been maintained, absorbing Rs. 65,000. This offers a yield of 11 per cent at the present price of Rs. 9.12 a share of Rs. 10 each. Allocations include Rs. 1.65 lakhs (against Rs. 1.15 lakhs) for taxation, Rs. 7,000 (against Rs. 6,500) for development allowance reserve, Rs. 9,000 (against Rs. 3,000) for development rebate reserve and Rs. 70,000 (against Rs. 55,000) for revenue reserve. The total crop harvested was 436,051 kilograms (against 523,000 kilograms) and the average price realised was Rs. 5.93 (against Rs. 5.30) a kilogram. The 1972 crop is estimated at 430,000 kilograms at an outlay of Rs. 27.78 lakhs.

BINNY : PROSPECTS IMPROVE

THE performance of Binny Ltd for the year ended December 1971 has worried its shareholders. The heavy loss in working, including the brought-forward deficit, has to be wiped out before the Company can resume the payment of dividend. The passing of even the preference dividend for the year 1971 reflects how difficult has been the Company's working. One encouraging feature is that the Company's performance has since improved. At its annual general meeting, the chairman, Mr. N. S. Bhat, told the shareholders that the Company made an encouraging start in 1972. The improvement

in its working, which was visible during the last quarter of 1971, has been maintained so far during the current year. One big advantage has been the reasonable price level of cotton. Mr. Bhat expects that the results for 1972 will be satisfactory provided all the units of the Company work uninterruptedly and provided no additional levies are imposed. On the question of paying dividend on ordinary shares it is pointed out that this can be considered only after the carried-forward deficit has been wiped out and the Company's obligations under the debenture trust deeds have been met.

STANDARD BATTERIES

Sales and Profit Rise

STANDARD Batteries has reported improved results for the year ended June 1971. Sales have risen from Rs. 5.41 crores to Rs. 6.41 crores and the gross profit has gone up from Rs. 25.63 lakhs to Rs. 29.45 lakhs. The dividend has been maintained at 10 per cent. After providing Rs. 16.64 lakhs (against Rs. 18.11 lakhs) for depreciation, Rs. 2.14 lakhs (against Rs. 4.68 lakhs) for development rebate reserve and Rs. 6.50 lakhs (against Rs. 1.50 lakhs) for taxation and after making certain adjustments, a sum of Rs. 2.25 lakhs has been transferred to general reserve. The proposed dividend will claim Rs. 8.20 lakhs and will be paid out of general reserve.

STATE BANK

New Local Head Offices

THE State Bank of India will be serving the people of Bihar and Madhya Pradesh better by meeting their growing banking needs more promptly. This will be possible through the establishment of two new local head offices, one in Patna and the other in Bhopal. The former has been inaugurated by Mr. Kedar Pandey, Chief Minister of Bihar, on 1st July, and the latter will be inaugurated by Mr. P. C. Sethi, Chief Minister of Madhya Pradesh, later this month. This is part of the bank's programme to decentralise its administration progressively, and thus be able to give closer attention to local economic problems.

Under the direct authority of each local head office, all types of banking services will be made available to the people of the region served by it. This, it is hoped, will contribute towards quickening the pace of progress of that region, especially by encouraging and promoting the growth of small-scale industries, agriculture and small business.

BLUE STAR

Export Award Won Again

BLUE Star Ltd has won, for the second successive year, the Engineering Export Promotion Council's award for outstanding export performance during 1970-71 for airconditioning and refrigeration equipment. The Company is stepping up its export

drive during the current year in the markets of Africa, the Middle East and south-east Asia, where Blue Star products traditionally face fierce competition from those manufactured in the U.S.A., Japan and Europe.

HIND RECTIFIERS

Shareholders Rewarded

HIND Rectifiers has raised the dividend for the year ended March 1972 from 8 per cent to 12 per cent. This follows an impressive improvement in the Company's performance during the year. Sales have gone up by about 90 per cent from Rs. 1.14 crores to Rs. 2.15 crores and the gross profit has shot up from a mere Rs. 6.23 lakhs to Rs. 25.93 lakhs. The ratio of profit to sales has improved from around 5.5 per cent to 12 per cent. After providing Rs. 4.39 lakhs (against Rs. 3.84 lakhs) for depreciation, Rs. 1.26 lakhs (against Rs. 29,636) for development rebate reserve and Rs. 12.25 lakhs (against Rs. 1.74 lakhs) for taxation and after some adjustments, the surplus of Rs. 7.69 lakhs has been transferred to general reserve out of which the proposed dividend amounting to Rs. 3.60 lakhs (against Rs. 2.40 lakhs) will be paid.

S.L.M.-MANEKLAL

Better Results

S.L.M.-MANEKLAL has reported considerably improved results for the year ended March 1972 and the dividend has been maintained at 15 per cent on the increased capital resulting from a one-for-five bonus issue. Sales at Rs. 2.45 crores show an increase of 14.4 per cent over the 1970-71 figure of Rs. 2.14 crores and the gross profit is up by 15.5 per cent from Rs. 55.12 lakhs to Rs. 63.68 lakhs. After providing Rs. 18.72 lakhs (against Rs. 16.36 lakhs) for depreciation, Rs. 2.92 lakhs (against Rs. 2.19 lakhs) for development rebate reserve and Rs. 24.50 lakhs (against Rs. 20.40 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 17.54 lakhs, against Rs. 16.17 lakhs in the preceding year. After adjustments, the surplus of Rs. 16.93 lakhs (against Rs. 16.75 lakhs) has been transferred to general reserve out of which the proposed dividend will be paid.

The current year holds out the promise of further improvement in the Company's performance, with sales estimated to rise to around Rs. 3.25

crores. Sales in the first three months (April to June) are placed at Rs. 55 lakhs, against Rs. 33 lakhs in the same period last year. The Company proposes to spend about Rs. 25 lakhs on its various expansion plans. The prototype of Kautex-Blow moulding machine has been prepared and is under testing. Commercial production of this machine is expected to start shortly. An industrial licence for the manufacture of plastic injection moulding machines has been received. A technical collaboration agreement with Toshiba of Japan is under consideration of the Government. The manufacture of compressors for railways in collaboration with Brown Boveri will start by the end of this year. A combined compressor-cum-vacuum pump has been developed for printing machines.

SESHASAYEE INDUSTRIES

Prospects Improve

THE chairman of Seshasayee Industries Ltd, Mr. S. Narayanaswamy, told the shareholders at the annual general meeting that he was aware of the disappointment caused to the shareholders by the working results of the Company for 1971. The Company's working was badly affected by a prolonged spell of labour unrest that preceded the strike. The Company was able to achieve the anticipated increase in production only in the last month of the year. The chairman referred to the past working of the Company, mentioning the many difficulties through which it had been passing. The chairman was, however, optimistic about the Company's outlook for the current year. It is stated that production and sales during the first five months of the current year are encouraging. The production was to the tune of Rs. 99 lakhs and sales amounted to Rs. 92 lakhs. Of this, about 20 per cent represents new products. This compares favourably with the sales figure of Rs. 1.58 crores for the whole of the previous year. The production during the remaining seven months of the year is expected to amount to Rs. 140 lakhs.

LAKSHMI MILLS

Dividend Cut

DUE to a decline in profit for the year ended March 1972, the directors of Lakshmi Mills Company Ltd have recommended a lower dividend of 10 per cent, against 12 per cent paid

for the previous year. The gross profit, before depreciation, amounts to Rs. 75.57 lakhs (against Rs. 83.78 lakhs). Provision for depreciation amounts to Rs. 40.16 lakhs (against Rs. 30.31 lakhs). Development rebate accounts for Rs. 10.45 lakhs (against Rs. 8.92 lakhs). Provision for taxation is smaller at Rs. 11 lakhs (against Rs. 21 lakhs). Transfer to general reserve is Rs. 11.27 lakhs (against Rs. 13.70 lakhs). A sum of Rs. 5 lakhs (same) is transferred to debenture redemption reserve. The dividend will be paid out of general reserve. Sales for the year amounted to Rs. 14.27 crores (against Rs. 13.21 crores).

COROMANDEL FERTILISERS

Steady Progress

THE chairman of Coromandel Fertilisers Ltd, Dr. Bharat Ram, gave a comprehensive review of the opera-

tions of the Company at its annual general meeting. The marked improvement in the profitability of the Company, according to the chairman, reflects its steady and progressive growth during the last four years. Many of the inhibiting factors affecting production have been considerably minimised. What is more, capacity utilisation has been steadily improving and the management is finding ways and means to achieve higher targets. Although the Company's products have been well received in all the major States in the country, the shortage of wagons affected the timely movement of goods. In the circumstances only 55 per cent of the Company's products could be moved by uncovered wagons.

Commenting on two significant and interrelated factors—profitability and price reduction—the chairman noted that the Company faced its own problems, besides extraneous factors. It is

noted that in the first two operating years, production was seriously hampered by unstable power and interrupted water supply. Sales were low due to excessive imports and also due to difficulties in getting a sophisticated product accepted. Dr. Ram referred to the fact that the Company primarily produced phosphatic fertilisers, while the Indian market had been used to a nitrogenous mixture or straight nitrogen like urea. As for expansion, it is said that the preliminary negotiations on the technical and financial aspects of the phase of expansion were deferred in the light of the ammonia plant's performance last year. The directors felt that the expansion plan required to be reassessed and revised. Fresh technical studies on the ammonia, phosphoric and sulphuric acid plants are under way.

N.S.E.

Results Improve

THE working results of New Standard Engineering Co. for the year ended March 1972 show a fair improvement over the previous year's performance. Sales have increased from Rs. 4.15 crores to Rs. 4.89 crores and the gross profit from Rs. 37.49 lakhs to Rs. 42.07 lakhs. The dividend has been kept at 11 per cent. After providing Rs. 16.94 lakhs (against Rs. 15.84 lakhs) for depreciation, Rs. 2.44 lakhs (against Rs. 57,000) for development rebate reserve and Rs. 5.15 lakhs (against Rs. 3.50 lakhs) for taxation and after some adjustments, the surplus of Rs. 19.07 lakhs (against Rs. 17 lakhs) has been transferred to general reserve. The equity and preference dividends absorbing Rs. 11.91 lakhs will be paid out of general reserve. The Company continued to book business at a satisfactory rate and it had orders of over Rs. 5 crores in hand. During the year, the Company's exports amounted to over Rs. 60 lakhs.

SOUTH INDIA SHIPPING

Profit Declines

THE working of South India Shipping Corporation Ltd for the year ended December 1971 has resulted in a lower profit of Rs. 176.97 lakhs, after providing depreciation of Rs. 120.40 lakhs. This compares with the previous year's profit of Rs. 218.61 lakhs, after providing depreciation of Rs. 113.80 lakhs. Adding to the year's profit a sum of Rs. 6.38 lakhs, being

OPPORTUNITIES FOR OVERSEAS CONTRACTS

INTERESTING international bid invitations from the developing countries of Asia and Africa have been received in the Directorate of Exhibitions and Commercial Publicity, Ministry of Foreign Trade, during the week ended 24th June, 1972. The names of the tender inviting authorities with respective commodities and closing dates are given below.

Algeria: Algeria State Enterprise for Construction Material, Algiers; equipment for brick-cum-tile work; 30th July, 1972; Ministry of Information and Culture, Algiers; wood work machine and accessories; 15th July, 1972. **Algerian Television Radio Diffusion Organisation,** Algiers; photographic, sound and film equipment; 31st July, 1972. **Burma:** Ministry of Defence, Rangoon; pile driving machine; 18th July, 1972. **Myamma Bawdwin Corporation,** Rangoon; spares for vehicles; 15th July, 1972. **Greece:** Ministry of National Economy, Athens; construction of ground water development project; 17th July, 1972. **Hongkong:** The Government Supplies Department, Hongkong; surgical dressings; 28th July, 1972; Controller of Stores, Hongkong; cotton drawn sheets; 28th July, 1972; unbleached calico; 4th August, 1972. **Libya:** Electricity Board, Tripoli; wooden poles; closing date not indicated. **Malawi:** The Government Medical Stores,

Blantyre; surgical dressings; 27th July, 1972. **Malaysia:** Pengraph Parit dan Taliayer Negari, Ipoh; lifting mechanism, 10th July, 1972. **Ministry of Health, Petaling Jaya;** laboratory apparatus; 25th July, 1972. **Syrian Arab Republic:** The Housing Corporation, Damascus; financing and constructing housing units; 31st August, 1972. **Thailand:** The Metropolitan Electricity Authority, Bangkok; distribution substation; 30th August, 1972. **Electricity Generating Authority of Thailand,** Bangkok; main control board equipment; 28th August, 1972. **Turkey:** P.T.T. Genel Mudurluga, Ankara; function generators; 17th July, 1972. **Karayolli Mudurluga,** Ankara; machine tools; 17th July, 1972. **Azot Sanayil T.A.S.,** Ankara; nitrogen compressor; 18th September, 1972. **Basbakanlik,** Ankara; printing plant equipment; 29th July, 1972. **Devlet Su Isleri Genel Mudurluga,** Ankara; fuel dispensing pump; 31st July, 1972; photographic supplies; 1st August, 1972; radio spares; 2nd August, 1972; extensometer; 4th August, 1972; electric motors; 7th August, 1972; cable; 9th August, 1972; thermograph; 10th August, 1972; tungsten carbide insert; 11th August, 1972. **Uganda:** Ministry of Agriculture, Kampala; construction materials; 15th July, 1972. **Zambia:** Central Supply and Tender Board, Lusaka; duct, plating thick wall; 21st July, 1972; dog licence badges, vaccines and sera; 28th July, 1972.

receipts relating to prior years and provisions no longer required, there is a total of Rs. 183.35 lakhs. After deducting from this a sum of Rs. 1.96 lakhs, being prior years' expenses written off and after transferring Rs. 110 lakhs (against Rs. 111.50 lakhs) to development rebate reserve, there is a profit balance of Rs. 71.39 lakhs. With Rs. 44,179 brought forward, there is a total available surplus of Rs. 71.83 lakhs. Out of this, the interim dividend of 10 per cent absorbed Rs. 10 lakhs. A sum of Rs. 61.50 lakhs (against Rs. 105 lakhs) is transferred to general reserve. The balance of Rs. 33,090 is being carried forward.

The interim dividend was paid on the then existing paid-up capital of Rs. 1 crore. Subsequently, the paid-up capital of the Company was raised from Rs. 1 crore to Rs. 2 crores as at 31st December, 1971, by converting the 50 per cent partly paid shares into fully paid shares, for which purpose a sum of Rs. 1 crore was transferred from general reserve to the share capital account. The directors have now recommended a final dividend of 10 per cent on the increased equity capital of Rs. 2 crores. This will be paid out of general reserve absorbing Rs. 20 lakhs. There is no income-tax liability for the Company in respect of its profit for the year.

TRAVANCORE CEMENTS

Sales Up but Profit Down

TRAVANCORE Cements Ltd has maintained the equity dividend of 6 per cent for the year ended December 1971, although the profit is lower at Rs. 7.07 lakhs, after providing depreciation of Rs. 2.46 lakhs. This compares with the previous year's profit of Rs. 8.40 lakhs, after providing depreciation of Rs. 2.72 lakhs. Adding to the year's profit a sum of Rs. 27,253 brought forward, and Rs. 7,444 being excess provision, there is a total surplus of Rs. 7.42 lakhs. Out of this, the dividend claims Rs. 3 lakhs. A sum of Rs. 7,186 (against Rs. 6,684) is transferred to rehabilitation reserve. Provision for taxation amounts to Rs. 3.75 lakhs (against Rs. 4.20 lakhs). The balance of Rs. 59,556 is being carried forward. Sales amounted to Rs. 111.38 lakhs (against Rs. 107.39 lakhs).

VAIKUNDAM RUBBER

Same Dividend

THE directors of Vaikundam Rubber Co. Ltd have maintained the total equity dividend at 15 per cent for the year ended December 1971. The profit

for the year amounts to Rs. 5.65 lakhs, after providing depreciation of Rs. 49,704 and taxation of Rs. 2.20 lakhs. This compares with the previous year's profit of Rs. 4.99 lakhs, after providing depreciation of Rs. 37,713 and taxation of Rs. 2.27 lakhs. Adding to the year's profit of Rs. 5.65 lakhs a sum of Rs. 34,279 being excess tax provision, there is a total surplus of Rs. 5.99 lakhs. Out of this the interim dividend of 7½ per cent absorbed Rs. 1.85 lakhs and the proposed final dividend of 7.5 per cent claims Rs. 1.85 lakhs. A sum of Rs. 24,881 (against nil) is transferred to gratuity reserve. Capital reserve gets Rs. 1.18 lakhs (against Rs. 4,942) and general reserve Rs. 87,102 (against Rs. 1.42 lakhs).

McDOWELL

Dividend Maintained

THE directors of McDowell and Co. Ltd have maintained the equity dividend at 7½ per cent for the year ended December 1971. The profit for the year is Rs. 9.19 lakhs, after providing Rs. 11.78 lakhs for depreciation and Rs. 12.19 lakhs for taxation. This compares with the previous year's profit of Rs. 10.56 lakhs, after providing Rs. 12.12 lakhs for depreciation and Rs. 6.40 lakhs for taxation. Adding to the year's profit a sum of Rs. 1.66 lakhs, being refund of tax and excess tax provision and also after making small adjustments in regard to unclaimed dividends and doubtful debts, there is a total surplus of Rs. 10.87 lakhs. Out of this, Rs. 41,400 (against Rs. 3.45 lakhs) is provided for development rebate. General reserve gets Rs. 10.14 lakhs (against Rs. 6.71 lakhs). The interim preference dividend absorbed Rs. 15,600 and the final preference dividend accounts for Rs. 15,600. The equity dividend will be paid out of general reserve.

METTUR CHEMICAL

Dividend Raised

THE directors of Mettur Chemical and Industrial Corporation Ltd have recommended a higher dividend of 12.5 per cent on ordinary shares for the year ended March 1972, against 12 per cent paid for the previous year. According to the preliminary figures available, total sales for the year have moved up to Rs. 799.00 lakhs (against Rs. 759.33 lakhs). The profit, before depreciation, amounts to Rs. 157.49 lakhs (against Rs. 112.76 lakhs). Out of this, provision for depreciation amounts to Rs. 60.75 lakhs (against

Rs. 61 lakhs). Managerial remuneration accounted for Rs. 1.07 lakhs (against Rs. 1.06 lakhs). There is a net profit of Rs. 95.67 lakhs (against Rs. 50.70 lakhs). There is a total available surplus of Rs. 113.01 lakhs which includes the brought-forward sum of Rs. 17,585, Rs. 10 lakhs being development rebate written back and Rs. 7.16 lakhs being refund of income-tax. Out of the total surplus of Rs. 113.01 lakhs, the directors have transferred Rs. 45.50 lakhs (against Rs. 25 lakhs) to development rebate reserve and Rs. 5 lakhs (same) to gratuity reserve. Provision for taxation amounts to Rs. 25 lakhs (against nil). Donations amounted to Rs. 82,625. The preference dividend absorbs Rs. 4.35 lakhs and the equity dividend claims Rs. 31.25 lakhs (against Rs. 30 lakhs). The balance remuneration to ex-managing agents for the year ended March 1970 amounted to Rs. 77,966. The balance of Rs. 30,785 is being carried forward.

COIMBATORE FERTILISERS

Loss Incurred Again

THE working of Coimbatore Pioneer Fertilisers Ltd for the year ended March 1972 has resulted in a loss of Rs. 3.05 lakhs, after providing depreciation of Rs. 3.09 lakhs. This compares with the previous year's loss of Rs. 3.69 lakhs, after providing depreciation of Rs. 4.06 lakhs. Adding to the year's loss of Rs. 3.05 lakhs the brought-forward loss of Rs. 23.81 lakhs, there is a total deficit of Rs. 26.86 lakhs which is being carried forward. Total sales for the year amounted to Rs. 58.48 lakhs (against Rs. 54.31 lakhs).

RAMNARAYAN MILLS

Sales and Profit Down

THE working of Sri Ramnarayan Mills Ltd for the year ended December 1971, has resulted in a smaller profit of Rs. 2 lakhs, after providing Rs. 6.60 lakhs for depreciation and Rs. 82,215 for development rebate reserve. This compares with the previous year's profit of Rs. 6.05 lakhs, after providing Rs. 8.19 lakhs for depreciation and Rs. 2.72 lakhs for development rebate reserve. Sales of cotton and yarn amounted to Rs. 84.03 lakhs (against Rs. 95.81 lakhs). Adding to the year's profit a sum of Rs. 1.30 lakhs, there is a total surplus of Rs. 3.31 lakhs. Out of this, provision for taxation is Rs. 90,588 (against Rs. 3.09 lakhs). Taxes for prior years written off amount to Rs. 40,033. The equity dividend of 10 per cent claims Rs. 2 lakhs.

COMMODITIES

Jute Mills Suffer Production Losses Due to Irregular Power Supply

POWER supplies would return to normal within a week, said Mr. Abdul Ghani Khan Choudhury, West Bengal Minister for Irrigation and Power, in the State Assembly on Friday last. Supplies had already started improving since that day, Mr. Choudhury added. After a review of the situation by the Minister for Irrigation and Power and Mr. Zainal Abedin, Minister for Public Undertakings, with representatives of the four power-generating organisations, the C.E.S.C., S.E.B., D.V.C. and the D.P.L., at a conference in Calcutta earlier that day, there emerged a consensus that with the gradual improvement in power generation, there would be no need for any further load-shedding on a drastic scale. It was decided at the meeting to set up a small cell comprising experts from the four generating organisations to check readings of power production and distribution from different sources. As for the D.P.L., it was stated that its output had risen to 85 megawatts by Friday. By the next week, the output would rise further to some 105 megawatts. For the Greater Calcutta industrial area, about 560 megawatts of energy was needed daily. Of this the C.E.S.C. produced some 290 megawatts, S.E.B. 170 megawatts while the balance was supplied by the D.V.C. and the D.P.L.

An I.J.M.A. Press note, issued in Calcutta earlier during the week, complained that the power supply position in West Bengal jute mills had suffered a sharp setback after recording a modest improvement between the third and fourth weeks of June. Mills were thereafter being frequently subjected to unannounced power-cuts of varying duration at all hours of the day. On three days alone—30th June, 1st and 3rd July—eight to 15 mills, representing on average 17 per cent of the industry's productive capacity, had to be kept idle for nine hours a day, resulting in a loss of production to the tune of 775 tonnes. Between 5th June and 3rd July, jute mills lost about 9,000 tonnes in output worth about Rs. 3.50 crores.

Unless electricity distributing agencies enforced a measure of discipline in their regulation of power, the note

stated, the industry would continue to incur production losses, disproportionate to the actual shut-down of power. This was attributed to the fact that although restriction on power supply might be enforced for a specified number of hours in a particular area, in practice it invariably affected the operation of two consecutive shifts, throwing the production programmes of both shifts out of gear. The Press note said that sometimes mill managements might not be able to get the workers back to duty for a subsequent shift once a majority of them had been laid off and had left the mill compound. Furthermore, on many occasions after the power-cut was officially withdrawn, mills had to go without power much longer than the announced duration due to the failure of the various sub-stations of the C.E.S.C. and the W.B.S.E.B. to instruct the mills promptly to switch on. The I.J.M.A. said that in order to inform the workers in time, it was imperative that mills should receive proper notice from the power-supply organisations about the approximate time of the commencement of load-shedding and its duration.

Jute Mill Agencies

Jute mills agencies should be allowed to operate in the raw jute market simultaneously with the Jute Corporation of India, observed Mr. S. N. Mundra, chairman of the Jute Mills Agencies Association, in Calcutta on Friday last. Speaking at the annual general meeting of the Association, Mr. Mundra held that "this will be advantageous both to growers and the jute mills industry." Jute mills agencies were not middlemen, for they bought raw jute for direct consumption by the mills, he added. Over the years, the agencies had been successful in supplying jute to mills according to the requisite standards and effecting regular deliveries in spite of erratic market fluctuations. Citing the price trend during previous years, he showed that prices last season had ruled much higher than the official support levels. While the minimum support price for raw jute in 1965-66 was Rs. 30 a maund, f.o.r. Calcutta ready, basis Assam Bottoms, the average market price was Rs. 54.66.

Against the official support price of Rs. 40 in 1968-69, the average market price was Rs. 68.39. The average price in the market last season was Rs. 53.79, against the official support price of Rs. 42.50. Mr. Mundra also mentioned that raw jute grading was a vital job in which the experience of the agencies should not be ignored or underestimated. They were in a position to maintain timely and uninterrupted supply of fibre to the industry.

Mr. Mundra appealed to the authorities to offer scope to the agencies to function in the interest of the industry with which the fate of growers was indissolubly interlinked. He foresaw a severe shortage of fibre in the current season and said that imports on a large scale would be indispensable to meet the industry's requirements of 7.6 million bales. Commenting on the setting up of the Jute Corporation of India, which was to take over the entire trade in raw jute in stages, Mr. Mundra said that "no one could question the wisdom of a policy aimed at ensuring fair prices to growers for their produce." But the vital issue, according to Mr. Mundra, was "whether centralised buying of raw jute would help growers in obtaining better prices for their produce or not."

Meanwhile, Mr. D. L. Mehta of Thomas Duff and Co. (I) Private Ltd and Mr. M. C. Goenka of Hukumchand Jute Mills Co. Ltd have been elected chairman and vice-chairman of the Jute Mills Agencies Association for 1972-73.

Bearishness in Gunnies

With hessian and sacking reacting on a broad front, the Calcutta gunny market ruled exceptionally bearish on the report that a major portion of the bulk Sudanese tender on an extended delivery schedule had gone in favour of Bangladesh. Besides, the current stalemate over Indo-Sudanese balance of payments position also ruled out the prospect of Calcutta being able to benefit to any worthwhile extent even though a larger share had come to it. It was reported that the Bangladesh Jute Mills Association quotations were about Rs. 10 lower over Calcutta's in respect of 100 yards of 40in. 10oz. hessian and Rs. 25 less for 100 bags of B Twills. The report that Bangladesh jute mills had been rapidly returning to normal operation induced caution in Clive Row. Overseas buyers had started awaiting offers from Bangladesh before tapping the Calcutta market. Export deals were also affected due to the flotation of the pound-ster-

ling. Although the Reserve Bank of India had allowed dealings in forward sterling, shippers were cautious in extending their commitments due to the erratic movement in international currency parities. The fresh threat to overside loading, posed by the reported decision of bargemen at Calcutta port to strike from 16th July in an effort to enforce the implementation of the Wage Board award, induced caution among shippers. Unless the dispute was solved amicably, standstill conditions might develop in shipments from the port, affecting exports. The alarming projections, reportedly made by the industry-Government joint trade team after a tour of the major world markets, had caused concern among industry and trade. It had held that it would be impossible to arrest the shift from jute goods to substitutes in the U.S.A. unless gunny prices were reduced substantially. But with an increase in the official support levels for raw jute and rise in wage bills, production costs had soared. Frequent load-shedding has also caused an indirect spurt to production costs. Industry and trade circles believe that they still could make a desperate bid to retrieve the lost ground had the authorities reinforced their move by abolishing the export duties which posed a heavy burden. These factors produced an adverse impact on market sentiment. Even the issue of the D.G.S.D. order on mills preempting a monthly quota of 12,500 tonnes of Standard B Twills till the end of year for meeting the packaging requirements of the F.C.I. and the fertiliser units failed to prop up the sagging morale. With the onset of the monsoon, the internal demand for jute goods slackened appreciably while industrial consumers also showed a lack of interest,

awaiting a decline in prices to more realistic levels. Turnover was also restricted due to the reluctance of either side to reduce their commitments in view of various inhibiting factors. Turnover was small. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	July	Aug.	Sept.	Oct.-Dec.
40in. 7½oz.	81.00	79.00	78.00	77.00
40in. 8oz.	88.00	—	—	—
40in. 10oz.	102.50	101.50	100.50	99.00
B Twills	265.50	266.00	268.00	270.00
Heavy Cees	267.00	267.00	269.00	270.00
Cornsacks	—	—	—	—
A Twills (U.S.)	337.00	338.00	339.00	340.00
Liverpools	318.00	318.00	318.00	318.00

Small Turnover in Fibre

The alternate spells of sunshine and comfortable showers in the interior growing areas produced a bearish impact on raw jute prices in Calcutta and the agencies. Industry and trade circles hoped that the seasonal crop might not be as bad as it had been projected earlier, for desperate efforts were being made by farmers to tune up the plants by the adoption of agronomic aids. Upcountry arrivals improved somewhat but the holders of the new crop were reserved in their offerings. Larger new crop arrivals induced the holders of the old crop to turn keen sellers of their seasonal residues at some discounts over the preceding week's levels. Mills, however, continued to be extremely selective in their offtake, absorbing only small lots at quoted prices. Around mid-week, fibre prices tended to react further in Calcutta due to the lack of interest from the industry. But the downward drift was arrested on higher advices from the upcountry agencies where prices still ruled much above Calcutta parity levels. Turnover was small. The closing undertone was cautious.

Latest available quotations (in rupees) were as follows:

	Old crop July		New crop Aug.-Sept.	
	Mid.	Bot.	Mid.	Bot.
Selected Assam-				
Agartala	178.17	164.77	176.83	163.43
Northern Jute	172.81	159.41	171.47	158.07
Western Desal				
Jute	163.43	150.04	162.09	148.70
Selected				
Daissee	194.24	180.85	187.55	174.15
Assam-Agartala				
Tossa	191.57	178.17	184.87	171.47
Mesta :				
Assam Mesta	159.41	148.70	160.75	150.04
Selected Daissee				
Murshidabad	155.40	144.68	155.40	144.68
Bihar Dist.	139.32	128.60	140.66	129.94

COMPANY AND PUBLIC NOTICES

STATE BANK OF INDIA

NOTICE

NOTICE is hereby given that the Principal Register and the Branch Registers of the State Bank of India will be closed for transfer of shares from Monday, the 31st July 1972 to Monday, the 14th August 1972, both days inclusive.

R. K. TALWAR,
Chairman

Patna, 1st July 1972
10th Asar, 1894 (S)

DIVIDENDS DECLARED OR PROPOSED

Britannia Biscuit Co. Ltd—12 p.c.
(f) (0), subject to tax

Hindusthan Gas and Industries Ltd
—Re 1 per share (0), subject to tax

Metal Box Co. of India Ltd—6 p.c.
(f) (0), subject to tax

Octavius Steel & Co. Ltd—8 p.c. (0),
subject to tax

McLeod & Co. Ltd—Nil

Great Pyramid Investment Co. Ltd—
Nil

TEA

Good Demand

A Special Correspondent writes: The offerings at last week's tea auction in Calcutta met with a good demand. The plainer varieties in all categories were readily absorbed at around the previous week's levels. Orthodox teas came to an irregular market, with the tippy varieties being further discounted by the buyers. There seems to be virtually no demand for the "blanketed" tippy grades and the teas which were selling last year at between Rs. 80 and Rs. 100 are now realising about Rs. 30 lower. The highest price so far this season has been Rs. 71.70 in the previous week's sale whereas a similar tea last week sold at Rs. 45. The flavour Darjeeling teas once again sold well. The medium and better C.T.C. varieties were cheaper by up to 50 paise. A few selected best liquoring C.T.C.s, however, sold well.

CAPITAL, 13th JULY, 1972

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields. Fuller details of shares quoted at the Calcutta, Bombay and Madras Stock Exchanges and of the accounts of companies are published in the final week's issue of "Capital" every month.

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

CLEARED SECURITIES

10	Birla Jute	9	11	26.10	4.2
10	Burrakur Coal	12	5	6.00	8.3
10	Dunlop India	20	20	31.00	6.5
10	G. K. W.	16	20	35.50	5.6
10	Hind Motors	Nil	Nil	9.10	...
10	Howrah Jute	Nil	Nil	7.81	...
10	Ind Aluminium	14	17	34.30	4.9
10	Indian Cable	2½	15	23.40	6.4
2 sh.	Indian Copper	11.1	...	2.91	6.9
10	Indian Iron	6	6	8.40	7.1
10	J. K. Cotton	Nil	...	7.10	...
10	Jaipur Udyog	10	5	8.40	6.0
10	Jayshree Tea	11	...	16.31	6.7
10	Kesoram Ind	10	5	19.25	2.6
10	National Rubber	Nil	...	7.81	...
10	Orient Paper	10	11½	35.85	3.2
10	Orissa Cement	12½	...	19.75	6.3
10	Rohtas Ind.	Nil	Nil	4.45	...
10	Texmaco	Nil	...	10.15	...

COAL

10	Amalgamated	10	10	9.69	10.3
100	Bengal	12	...	64.50	18.6
10	Bengal-Nagpur	2½	...	8.06	3.1
10	Borra	12½	...	8.00	15.6
10	Karanpura	20	10	9.06	11.0
10	Katras Jherriah	10	...	9.06	11.0
10	New Beerbhoom	16	10	6.87	14.5
10	North West	2½	...	9.50	2.6
10	Pench Valley	10	10	9.75	10.3
10	Raneegunge	10	7½	10.12	7.4
10	Rewa	20	20	22.00	9.1
10	S Karanpura	20	20	10.31	19.4
10	W Bangal	8½	8½	6.69	12.7

COTTON

10	Basanti	Nil	...	2.75	...
10	Bharat Com	12	12	15.87	7.6
10	Bowreah	12½	...	12.31	10.2
5	Cawnpore	Nil	...	2.72	...
10	Dunbar	Nil	...	9.12	...
10	Elgin	6	...	6.31	9.5

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

ENGINEERING

10	Braithwaite	...	...	4.50	...
10	Biecco Lawrie	Nil	Nil	10.12	...
10	Bridge & Roof	2½	...	35.19	0.7
100	Burn & Co.	Nil	...	72.75	...
10	Cal Steel	5	...	7.87	6.4
10	Hind Wire	10	10	14.37	7.0
10	Ind St. Wagon	Nil	...	4.62	...
10	Industrial Cont	...	...	11.00	...
10	Jay Eng.	8	10	13.12	7.6
10	Jessop & Co.	Nil	...	4.19	...
10	J. K. Steel	Nil	3	9.37	3.2
3	Kumardhubi	Nil	...	4.69	...
2	Marshall	Nil	...	1.15	...
10	Sen-Raleigh	Nil	...	6.12	...
10	Simon-Carves	15	...	15.00	10.0
10	Wellman Incan.	10	Nil	8.25	...

JUTE

10	Agarpara	5	5	8.31	6.0
100	Anglo-India	5	7½	115.00	6.5
100	Auckland	Nil	Nil	90.50	...
10	Bally	10	10	13.50	7.4
£5	Barnagore	Nil	Nil	73.00	...
10	Budge-Budge	12	6	7.25	8.3
10	Champdany	5	Nil	15.25	...
10	Chitavalsah	Nil	...	11.25	...
100	Dalhousie	Nil	Nil	99.00	...
10	Fort William	Nil	Nil	14.00	...
10	Ganges	7½	7½	7.50	10.0
100	Hastings	2½	1	102.50	1.0
12½	India	4.8	8	10.50	9.5
100	Kamarhatty	Nil	...	105.00	...
100	Kanknarrah	Nil	...	44.00	...
100	Kinnison	Nil	Nil	45.00	...
10	National	Nil	...	9.94	...
10	Nellimarla	Nil	...	8.06	...
10	New Central	Nil	...	5.40	...
10	Northbrook	Nil	Nil	18.00	...
100	Union	Nil	Nil	55.00	...
1	Waverley	Nil	...	3.75	...

CEMENT AND LIME

10	Asoka	6	Nil	4.62	...
10	Bisra Stone	15	15	12.75	11.8
10	Dalmia	12½	...	12.37	10.1
10	Karanpura Dev.	5	5	10.12	4.9
10	Kumardhubi Fire	20	20	18.45	10.8
10	Orissa Minerals	5	12½	9.62	13.0
5	Sone Valley	Nil	...	1.62	...

Established 1851

WESTERN ASSURANCE COMPANY

(The Liability of Members is Limited)
(Incorporated in Canada)

FIRE—MARINE—ACCIDENT—MOTOR CAR
WORKMEN'S COMPENSATION

Branch Office for India:
CHARTERED BANK BUILDINGS
1, INDIA EXCHANGE PLACE,
CALCUTTA - 1.

CAPITAL, 13th JULY, 1972

Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %	Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Price		
	1970	1971				1970	1971				
CHEMICAL				8-7-72	MISCELLANEOUS (Contd.)				8-7-72		
10	Alkali & Chem.	15	17½	25.00	7.0	100	Rallis India	13	...	170.00	7.6
10	Cal. Chemical	9	9	11.25	8.0	10	Reckitt & Col.	14	11	14.81	7.4
100	Bengal Chem.	Nil	Nil	35.00	...	10	Philips India	20	24	48.75	4.9
10	Chem. & Fibres	27½	...	30.37	9.1	10	Sendra Invest	7	7	4.75	14.7
10	Indian Explosives	15	15	22.81	6.6	10	Schrader Scovil	25	25	32.25	7.8
100	Phosphate	5	7	111.00	6.3	10	Shalimar Wires	10	10	11.62	8.6
5	Smith Stanistreet	10	...	4.12	6.5	10	Shaw Wallace	18	...	31.12	5.8
ELECTRIC						10	Stewards & Lloy.	10	...	14.25	7.0
100	Agra	10	10	140.00	7.1	10	Universal Cables	10	...	20.56	4.9
10	Bareilly	10	6	13.56	4.4	10	Union Carbide	15	17½	33.05	5.3
10	Bhagalpur	12	10	8.50	11.7	10	Universal Elec.	7½	...	19.75	3.8
£1	Calcutta	13	13	12.50	18.7	10	Usha Martin	15	...	27.50	5.6
10	Dishergarh	9	9	10.00	9.0	1	Walford Trans.	Nil	...	0.75	...
						10	Williamson Magor	10	...	9.87	10.1
						10	Woolcombers	7½	...	15.44	4.9
MISCELLANEOUS						PAPER					
10	Aluminium Corpn.	Nil	...	9.62	...	10	Ballarpur	15	12½	24.00	5.2
10	Angelo Bros	...	...	5.69	...	10	Bengal	10	10	17.69	5.7
10	Asso. Battery	20	20	34.37	5.8	10	India Paper	Nil	Nil	5.69	...
5	Avery India	20	20	12.75	7.8	10	Seshasayee	...	12	12.50	9.6
100	Balmer Lawrie	8	...	73.00	11.0	10	Sirpur	3	...	10.87	2.8
10	Brit. Biscuit	22	16	27.37	5.8	10	Straw. Pro.	12	...	16.19	7.4
5	B. I. C.	7½	...	6.12	6.1	10	Titaghur	2½	4	8.87	4.5
10	British Paints	12½	...	19.81	6.3	10	Tribeni Tissues	11½	...	17.75	6.5
10	Brook Bond	20	20	26.50	7.5						
10	Bararee Coke	15	15	9.00	16.7	SUGAR					
100	Duncan Bros	12	12	124.00	9.7	2½	Balrampur	10	...	2.94	8.5
10	Electric Cons.	20	...	11.87	16.8	10	Carew	Nil	...	6.00	...
10	Eng. Electric	10	...	25.50	3.9	10	Cawnpore	Nil	Nil	3.06	...
100	Fort Gloster	7½	7½	222.00	3.4	10	Champarun	Nil	Nil	10.44	...
10	Garuda Invest.	10	...	6.75	14.8	10	Durbhanga	Nil	...	3.87	...
10	G. E. C.	27½	31½	24.25	13.0	10	Ramnugger	6	...	4.25	14.1
10	Gillanders	10	12	9.06	13.2	10	Raza	Nil	Nil	1.50	...
10	Godfrey Phill.	57½	...	55.00	10.5	10	S. K. Gyan.	Nil	...	6.06	...
10	Goodyear	47½	...	48.75	9.7	10	U. Provinces	5	...	5.50	9.1
10	Gramophone Co.	15	17½	24.00	7.3						
10	Hind. Alumini	12½	...	21.12	5.9	TEA					
10	India Tobacco	13½	14	17.12	8.2	10	Asambrook	12½	...	7.94	15.7
10	Inchek Tyre	Nil	Nil	7.50	...	100	Banarhat	16	...	75.00	21.3
10	India Carbon	16	18	32.12	5.6	10	Betjan	10	...	10.31	9.7
10	Indian Oxygen	14	14	24.37	5.7	100	Birpara	11	...	73.50	15.0
10	Indian Wood	9	10	9.25	10.8	10	Bishnauth	...	...	7.00	...
10	J. K. Synth.	15	...	48.12	3.1	10	Dimakusi	15	...	15.62	9.6
100	Jardine Hend.	Nil	Nil	37.50	...	10	Dhelakhath	5	...	8.25	6.1
100	Lawrence Invest	Nil	...	40.50	...	10	Dhunseri	12½	12½	9.69	12.9
100	Macneill	5	...	41.25	12.1	10	Dibrugarh	30	...	21.00	14.3
10	Martin Burn.	10	10	7.81	12.8	10	Gohpur	5	Nil	10.06	5.0
10	Metal Box	6	8	15.56	5.1	10	Huldibari	5	...	7.06	7.1
5	Mohan Meakin	12	10	9.87	5.1	10	Hasimara	Nil	...	6.19	...
10	N. I. Cable	10	8	10.62	7.5	10	Jutlibari	10	...	11.00	9.1
10	Nat. Pipes	4	Nil	6.19	...	10	Teloijan	4	...	3.44	11.6
10	Nat. Rolling	2½	Nil	4.94	...	10	Tengpani	12½	...	30.06	4.2
10	Nat. Tobacco	10	...	13.40	7.5	10	Tirrihannah	40	...	43.00	9.3
10	Ondal Invest.	10	10	14.10	7.1						
10	Phillips Carbon	15	12	16.25	7.4						

CAPITAL, 13th JULY, 1972

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)				Week Ended		
				30-6-72	23-6-72	2-7-71
Liabilities—						
Notes in Banking Dept. ...				45,67,46	58,51,35	27,33,00
Notes in Circulation ...				48,60,37,20	49,05,89,87	44,49,22
Total Notes Issued ...				49,06,04,66	49,64,41,22	44,76,82,22
Assets—						
A. Gold Coin and Bullion ...				1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...				2,21,65,38	2,21,65,38	2,53,42,00
Total of A ...				4,04,18,49	4,04,18,49	4,35,95,11
B. Rupee Coin ...				27,57,46	25,94,53	37,93,52
Rupee Securities ...				44,74,28,71	45,34,28,20	40,02,93,59
Total ...				49,06,04,66	49,64,41,22	44,76,82,22
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 Fund (Long Term Operations) ...				1,90,00,00	1,90,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund ...				39,00,00	39,00,00	39,00,00
National Industrial Credit Fund (Long Term Operations) ...				1,35,00,00	1,35,00,00	1,35,00,00
Deposits—						
(a) 1. Central Govt. ...				66,71,85	54,97,12	64,44,00
2. State Govts. ...				7,60,97	11,42,13	6,87,34
(b) Banks—						
(i) Scheduled Banks ...				2,82,98,80	2,74,04,60	2,08,32,44
(ii) State Co-operative Banks ...				16,96,96	11,32,55	16,35,51
(iii) Non Scheduled State Co-operative Banks ...				99,77	93,10	83,62
(iv) Other Banks ...				77,04	50,75	46,60
(c) Others ...				97,76,20	99,13,38	1,58,88,54
Bills Payable ...				54,46,83	71,66,69	51,74,24
Other Liabilities ...				4,91,82,08	4,56,64,86	1,51,20,80
Total ...				15,39,10,50	14,99,65,18	11,78,13,09
Assets—						
Notes ...				45,67,46	58,51,35	27,33,00
Rupee Coin ...				2,78	4,17	2,27
Small Coin ...				2,10	2,58	3,19
Bills Purchased and Discounted:—						
(a) Internal ...				10,75,19	9,77,37	9,98,41
(b) External ...				...	...	...
(c) Govt. Treasury Bills ...				3,20,61,19	3,18,46,65	5,06,37
Balances held abroad ...				1,96,10,77	2,14,74,87	1,16,38,68
Investments ...				44,81,18,04	4,12,33,04	2,36,58,98
Loans and Advances to:—						
(i) Central Government ...				38,01,00	34,03,00	82,39,51
(ii) State Governments ...				...	...	...
Loans and Advances to:—						
(i) Scheduled Banks ...				42,10,79	34,39,00	2,77,87,88
(ii) State Co-operative Banks ...				1,69,53,47	1,61,17,49	2,04,25,23
(iii) Others ...				7,50,22	5,86,22	6,15,35
Loans, Advances and Investments from						
National Agricultural Credit Fund (Long Term Operations) ...				...	...	...
(a) Loans and Advances to:—						
(i) State Govts. ...				53,05,83	53,05,83	42,03,55
(ii) State Co-operative Banks ...				20,70,01	20,90,10	24,30,56
(iii) Central Land Mortgage Banks ...				5,00,00	5,00,00	...
(iv) Agricultural Refinance Corpn. ...				...	...	...
(b) Investment in Central Land Mortgage Bank Debentures ...				10,60,77	10,60,77	10,14,98
Loans and Advances to State Co-operative Banks ...				25,28,43	25,35,58	13,64,25
Loans, Advances and Investments from						
National Industrial Credit (Long Term Operation) Fund ...				78,38,68	78,38,68	55,04,21
the Development Bank ...				...	...	...
Other Assets ...				67,53,77	56,08,48	66,86,70
Total				15,39,10,50	14,99,65,18	11,78,13,09

CAPITAL, 13th JULY, 1972

SCHEDULED BANKS

	(In lakh of Rupees)	Week Ended					
	30-6-72	23-6-72	2-7-71				
(i) Demand Liabilities—							
(a) Demand Deposits:							
(1) From Banks	...	2,50,94	2,09,87				
(2) From others	...	33,39,00	32,72,07				
(b) Borrowing from Banks	...	84,22	88,66				
(c) Others	...	2,51,29	2,10,41				
			1,86,65				
(ii) Time Liabilities—							
(a) Time Deposits:							
(1) From Banks	...	1,90,77	1,70,86				
(2) From others	...	43,33,19	43,15,81				
(b) Borrowing from Banks	...	12,32	12,61				
(c) Others	...	48,56	49,12				
			42,89				
(iii) Borrowing from State Bank—							
(a) Demand Liabilities				...	20,81	27,04	26,30
(b) Time Liabilities				...	83,11	79,85	75,10
(iv) Borrowing from Reserve Bank				...	2,48,62	2,55,02	5,10,42
(v) Cash				...	2,09,23	1,97,93	1,85,33
(vi) Balances with Reserve Bank				...	2,54,43	2,45,05	2,19,33
(vii) Balances with other banks in current account				...	1,45,09	1,01,10	81,27
(viii) Money at call and short notice				...	1,19,85	1,26,11	89,36
(ix) Investments in Central and State Govt. Securities				...	17,31,57	17,37,67	14,54,09
(x) (a) Loans, Cash Credits and Overdrafts				...	44,89,24	44,65,05	39,42,04
(b) Due from banks				...	4,35,17	4,33,99	4,22,91
(xi) Inland Bills purchased and discounted				...	8,22,36	7,99,22	8,06,89
(xii) Foreign bills purchased and discounted				...	2,08,73	2,12,02	2,01,34
(xiii) Total of X, XI and XII				...	59,55,50	59,10,28	53,73,18

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
	Rs.		JUTE		26-6-72	8-7-72	
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	86/00†	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	1927	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
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00†	1st July 1st Jan.	1-7-86
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
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	Karakhal 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	300/00 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	Parna Electric Supply Co. Ltd.	1949	93/00†	31st May 30th Nov.	1-12-73
1,00,00,000	50,50,000	6½	Rohitas 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

†Nominal

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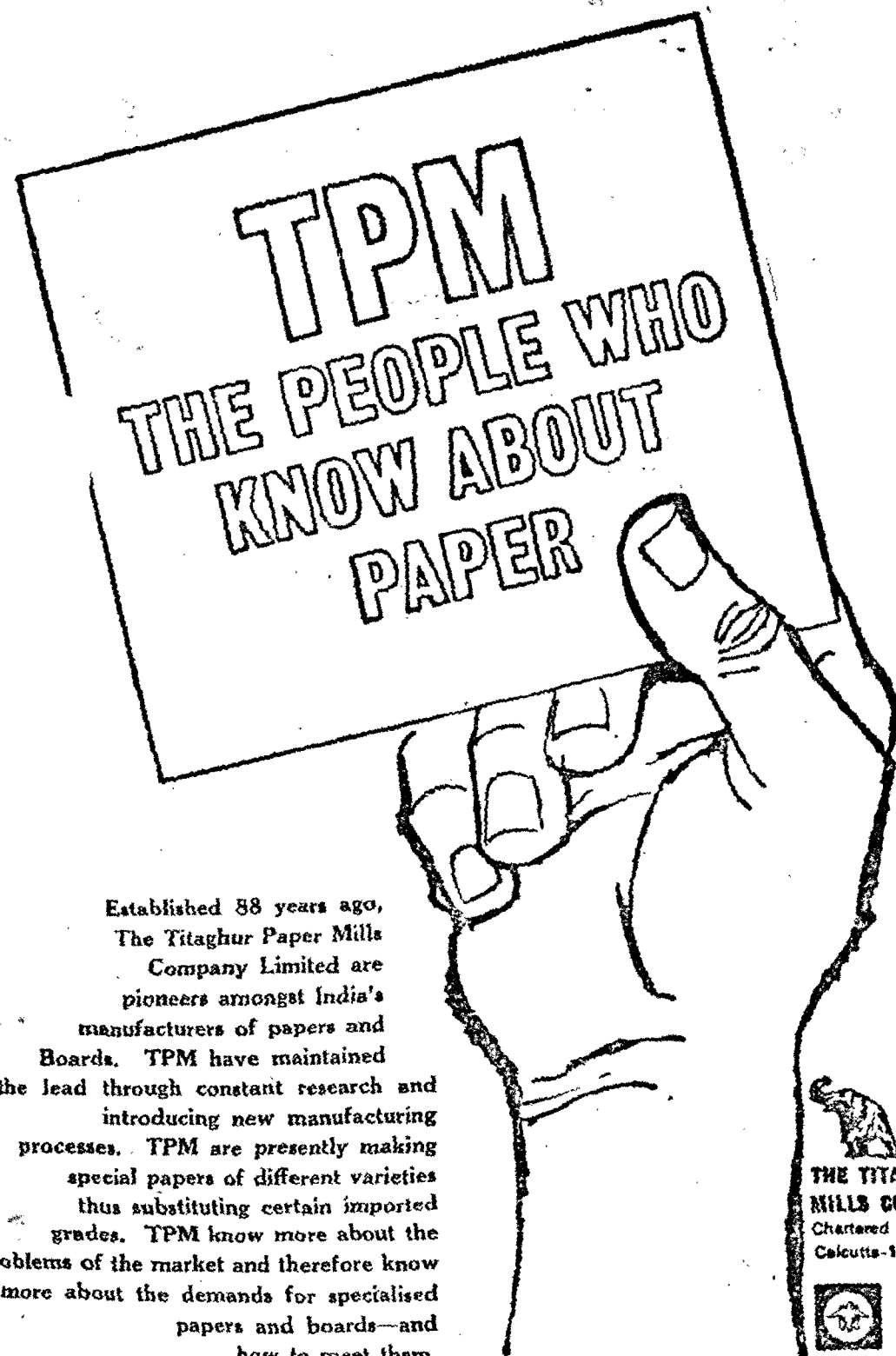


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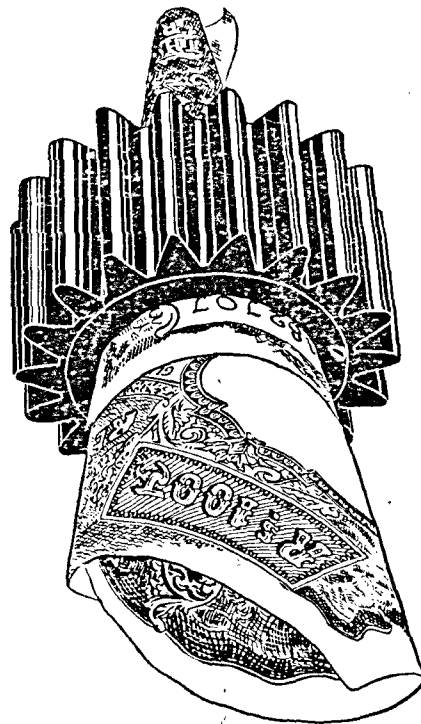
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INDIA'S OLDEST FINANCIAL NEWSPAPER

ECONOMICS
INDUSTRY
MANAGEMENT
PUBLIC AFFAIRS

Banks: The Challenging Task
The Mini Cabinet Reshuffle
Raising Exports to the E.E.C.
Take-over of Sick Textile Mills
Role of the E.C.G.C. in Export Credit

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Banks: The Challenging Task

THE country's 14 nationalised banks celebrated the third anniversary of their nationalisation with a great fanfare during the past week. The occasion did provide them an opportunity to indulge in a bit of heart-searching about what success they have achieved during the three years of nationalisation and the directions in which they have failed and why. During the third anniversary celebrations, the nationalised banks have undoubtedly appreciated that theirs is not a primrose path for easy success or glory. It goes without saying that before nationalisation, commercial banks in this country had shown a deep attachment to the moneylenders' approach towards creditworthiness with the result that bank lending was mainly confined to certain restricted, conventional channels. It is no wonder, therefore, that banks were unable to take a broader view of their operations. The Government's current anti-poverty campaign undoubtedly gives a very significant rôle to commercial banks, with the emphasis now being placed on the priority sectors which banks are supposed to finance in a big way so that the objective of growth with social justice may be achieved quickly.

In the days following nationalisation, the Government's emphasis on combining welfare banking with commercial banking did create a lot of confusion because the Custodians of nationalised banks were urged to provide liberal credit facilities to such priority sectors as agriculture, small industry and exports. Furthermore, in order to create fresh employment opportunities in the economy, artisans, technicians and other categories of self-employed people were to be provided with liberal bank finance so that they could stand on their own feet without looking for jobs elsewhere. It goes without saying that the emphasis on welfare

banking made many Custodians, who are bred in conventional banking principles, feel rather sceptical about the ultimate outcome of the effort. The nationalised banks have admittedly achieved some breakthrough in providing more credit facilities to the priority sectors, in opening new branches in unbanked centres, especially in the rural areas, in ensuring a higher deposit growth and finally in giving a radical reorientation to the country's banking structure in many significant directions. But the task ahead bristles with tremendous difficulties, which can only be solved with a purposeful direction of policies. The Central Finance Minister, Mr. Y. B. Chavan, has done well to point out recently that banks need not be charitable institutions and should, in fact, continue to be commercial organisations. But as commercial organisations, they too have their social responsibilities. Mr. Chavan has also said that the major task for banks following nationalisation is to see to it that the benefits extended by them reach the common man.

Admittedly, it will tax the ingenuity of the Custodians of nationalised banks as to how to maintain, or even improve upon, the profitability of their banks while, at the same time, discharging their welfare obligations. But as the banks were celebrating the third anniversary of their nationalisation, they could have the smug satisfaction that in the sphere of deposit mobilisation, credit allocation and branch expansion, the worst fears of the critics have been belied and that they could be reasonably proud over their achievements during the short period. In fact, branch expansion of banks during the three years of nationalisation has been most remarkable. In the 'sixties, the Reserve Bank tried to introduce an element of compulsion on commercial banks to open bran-

ches in the semi-urban and rural areas through its branch licensing policies. During the three years of nationalisation, banks have branched out in a break-neck speed and have also been successful in giving a rural bias to their branch expansion programme. Between June 1969 and December 1971, the number of offices of commercial banks increased by 4,701 or about 56 per cent. The most striking fact is that the share of rural branches in the country's commercial banking system increased from 22.42 per cent in June 1969 to 37.65 per cent at the end of December 1971. The nationalised banks have also achieved some progress in implementing the lead bank scheme under which they were allotted districts in various States. The scheme was prepared in such a manner that they could take greater interest in the development of backward districts on which they were required to undertake socio-economic surveys on their own. Although some of the reports compiled so far have fallen pathetically short of expectations, it has got to be realised that they had to undertake the task literally from scratch since no ready-made socio-economic surveys were available which could give them a helpful guidance about how they could play a useful rôle in developing the districts.

In a relatively short period of three years, banks have also done some good work in providing credit to the priority sectors. There has been a five-fold increase in the number of agricultural credit accounts from about 139,000 to 652,000. Furthermore, advances of nationalised banks to small-scale industries have increased from Rs. 148 crores to Rs. 263 crores and the number of credit accounts has more than doubled from 36,000 to about 75,000. Their advances to retail trade similarly increased from Rs. 19 crores to Rs. 59 crores, professional and self-employed people from Rs. 33 lakhs to Rs. 10 crores and to road transport operators from Rs. 7 crores in June 1969—immediately before nationalisation—to Rs. 38 crores in December 1971.

True, banks can undoubtedly play a more significant rôle in providing more credit facilities to the priority sectors now that they are flush with funds. As it is, their deposits are swelling week after week while the demand for funds from industry remains slack for the simple reason that the country is now passing

through a phase of acute industrial stagnation, with the growth rate last year estimated at no more than 3.4 per cent. During the week ended 14th July, 1972, aggregate deposits of scheduled commercial banks have increased by Rs. 85.84 crores to Rs. 7,683.25 crores, thus crossing the Rs. 7,600-crore mark. In the current slack season, deposits have, in fact, increased by as much as Rs. 476.21 crores, compared with the rise of Rs. 308.81 crores during the same period

of the 1971 slack season. As the banks have a comfortable resources position, it should be the task of the Central Finance Ministry and the Reserve Bank to give them the necessary guidelines as to how they can utilise their surplus resources more profitably. But until the tempo of economic growth picks up, what else can the banks do but to lend more to the neglected sectors, regardless of the contribution of such activities to their overall profitability?

The Mini Cabinet Reshuffle

THE Prime Minister, Mrs. Indira Gandhi, has at long last announced certain changes in the Central Cabinet. From the nature of the very marginal alterations she has made, it can be safely assumed that there is bound to be a bigger reorganisation at a not-too-distant future. Mr. D. P. Dhar, who was heading the Foreign Policy Planning Committee, has now become the new Central Minister for Planning in the place of Mr. C. Subramaniam, who has been shifted to the Ministry of Industrial Development. The other major change relates to the Railway Ministry which is entrusted to Mr. T. A. Pai, a Member of the Rajya Sabha from Mysore. It is perhaps a matter of coincidence that he has succeeded another leader from Mysore as the Railway Minister. Mr. I. K. Gujral, Minister of State for Works and Housing, is shifted to the Ministry of Information and Broadcasting, a portfolio he held a few years ago. A minor change that has been effected is that of Mr. Jagannath Pahadia who has now been attached to the Ministry of Communications as a Deputy Minister. Formerly, he was in the Ministry of Agriculture.

Even a casual look at the changes will reveal that there is nothing startling about the reshuffle. But there are certain vital questions which still remain unanswered. It is not clear as to why Mr. K. Hanumanthaiya has been eased out of the Cabinet. He was inducted into the Cabinet less than two years ago and ever since he became the Railway Minister he had been doing his best to tone up the entire railway system. Mr. Hanumanthaiya was at one time chairman of the Administrative Reforms Commission and in that capacity, he had made several recommendations concerning the function-

ing of various Ministries. Obviously, in a task like this, he has had to face stiff resistance and in the process he has antagonised quite a few persons in top positions. But being an outspoken man who does not believe in niceties, he was not able to survive the pressures that were brought to bear on the Prime Minister against him. This is not to say that Mr. Hanumanthaiya was the best Railway Minister the country ever had. He proved tactless which ultimately led to his exit. The manner in which he dispensed with the services of Mr. B. C. Ganguli, former chairman of the Railway Board, did not enhance the prestige of the Minister. Reports have it that the Prime Minister too was very unhappy about the treatment meted out to a senior officer of the Government known for his efficiency and honesty but she wanted to drive home the point that in a parliamentary democracy, the Ministers are supreme and their decisions are final.

It is now to be seen whether Mr. Pai would do better. Ever since he resigned as chairman of the Life Insurance Corporation to contest for the Rajya Sabha from Mysore, it was known that he would join the Council of Ministers. But it was thought that he would be given a portfolio for which he was suited. Mr. Pai has been connected with banking and insurance for well over 25 years and it was even said that he would be asked to head the Department of Banking in the Ministry of Finance as an independent Minister or under the overall supervision of Mr. Y. B. Chavan. This did not happen and this could be due to certain other political reasons. Mr. Pai will have a tough time in the new Ministry. The railways are the country's biggest public undertaking and if he could improve their effi-

ciency without impairing their profitability, he would have rendered a signal service.

But what is surprising is the manner in which Mr. C. Subramaniam has been shifted from the Ministry of Planning. He was the person who has formulated certain basic ideas about the Fifth Plan and he has done considerable spadework in preparing the approach to the Plan. The Fourth Plan too has been recast largely following his efforts and, today, he finds himself heading another Ministry. Mr. D. P. Dhar who succeeds him, it is said, is not new to planning as he was dealing with this portfolio in his home State of Kashmir. But the problems connected with planning are certainly different at the Centre and in the States and it is to be seen how far he will succeed where stalwarts like Mr. Asoka Mehta have not succeeded. The Yojana Bhavan is nothing more than a departmental office with all the restraints of red tape and it would indeed be difficult, if not impossible, to put life into the whole structure. A Minister for Planning needs, besides ideas, a capacity to take with him persons of varying temperaments and promote a team spirit of an enduring nature. Mr. Dhar is known to be a man of many parts and that might make things a little easier for him.

It was expected that besides the changes in the Council of Ministers, there would be a reorganisation of Ministries on a rational basis. The A.R.C. had made a number of suggestions in this regard but no action has been taken so far. Mr. C. Subramaniam, who is shifting to the Ministry of Industrial Development, will also look after the Department of Science and Technology which he was handling as the Planning Minister. It is not clear as to why he is still continuing to hold charge of this Department unless it be to bring better co-ordination between science and industry. A better arrangement would perhaps have been to create a separate Ministry of Science and Technology. At present, the Prime Minister is in charge of atomic energy, space research and electronics. All these subjects could have been brought together and placed under a full-fledged Cabinet Minister. The Prime Minister is also in charge of Home Affairs and Information and Broadcasting and is thus saddled with quite a large number of portfolios. This runs counter to the many proposals made by the

A.R.C. on the functioning of Government. There is no indication as to when a serious attempt would be made to reorganise the various Ministries.

Mr. H. R. Gokhale, Central Law Minister, is also in charge of Petro-

Raising Exports to the E.E.C.

THE efforts India has been making for the past several years to get a dialogue started on a comprehensive trade agreement with the European Economic Community before its enlargement appear to have at last borne some fruit. Nearly two years after an *aide mémoire* was presented to the Community, the European Economic Commission has stated that talks could begin now for the conclusion of a long-term and comprehensive trade agreement covering a wide range of products between India and the E.E.C. The Commission's decision, however, to be approved by the Council of Ministers, but this is considered a formality. The negotiations for arriving at an acceptable commercial co-operation agreement between India and the E.E.C. will still be arduous and time-consuming, but to the extent the Commission's decision shows a shift in its stand, it is welcome. Informed sources in Delhi have already described the Commission's announcement as "an important breakthrough" in India's relationship with the E.E.C.

India has been seeking a comprehensive and long-term trade agreement with the E.E.C. for several reasons. First, for the past few years, she has been having a continuous adverse trade balance with the E.E.C., her exports being roughly half of what she has been importing from the Community members. Secondly, her present arrangement with the E.E.C. covers only a limited number of products. And even in relation to some of these commodities, the E.E.C. has not been taking a helpful attitude. For instance, on carpet-backing cloth, a main item of Indian exports, the present agreement provides that the Community will not object to the ceiling mentioned in the agreement being exceeded in case of additional demand in the Community market. However, despite proven demand in many member-States, imports of carpet-backing cloth from India have not been allowed to increase beyond the ceiling.

leum and Chemicals, although the two portfolios are poles apart. The Department of Company Affairs continues to be independent, although it could have been attached more appropriately either to the Ministry of Industrial Development or the Ministry of Law.

India has also a legitimate complaint that the problems she would face following the enlargement of the Community by Britain's entry have not been fully appreciated. There is an assumption that the Generalised Scheme of Preferences (G.S.P.) of the E.E.C. would take care of most of India's problems and, therefore, it is not necessary to worry about India's problems. This assumption is incorrect since the product coverage as well as the nature of the E.E.C.'s offer under the G.S.P. is different from the import regime in the U.K. under which most of Indian goods have preferential and unrestricted duty-free entry. Even comparing only the G.S.P. schemes announced by the U.K. and the E.E.C., India would be sharing with other developing countries preferences, which she currently enjoys in the U.K. market, on her export trade of about Rs. 53 crores (based on the export figures for 1967-78). As against this, the E.E.C.'s offers under the G.S.P. provide for preferences for India's exports of a value of Rs. 24 crores only. India had, therefore, taken the stand that it was important that both the E.E.C. and the U.K. should find solutions to India's problems before enlargement of the Community takes place, and not thereafter.

In the *aide mémoire* submitted to the E.E.C. in September 1970, India has outlined the broad objectives of a commercial co-operation agreement between her and the E.E.C. The overall objective will be to increase the trade exchanges between India and the E.E.C., so as to create an adequate trade surplus for India to enable her to rectify the present imbalance in trade exchanges, to repay her debt liabilities and to maintain a rising level of imports from the E.E.C. In order to achieve this objective, India had suggested the improvement of the G.S.P. offer by the E.E.C. so as to include all items of export interest to this country. Special assistance to sensitive sectors like cotton textiles, jute goods and coir goods, relaxation in out-dated non-tariff barriers to

permit enlargement of Indian exports, technical assistance for product adaptation and export promotion of Indian goods, untangling of financial aid and co-operation in third countries are some of the

The Narmada Accord

THE accord reached by the four western States on sharing the waters of the Narmada river undoubtedly marks a good beginning in settling other river disputes that have unfortunately held up several important irrigation projects and generated unnecessary inter-State bitterness and animosity. The Narmada accord is not complete but the decision of the Chief Ministers of the four concerned States—Gujarat, Madhya Pradesh, Maharashtra and Rajasthan—to abide by the verdict of the Prime Minister, Mrs. Indira Gandhi, on the major points of dispute augurs well for the future. It is not known whether the accord is the outcome of the persuasive charm of Mrs. Gandhi or of the threat that the Centre has recently been holding of "nationalising" all major rivers. Whatever may be the case, the accord must be welcomed by all.

The Narmada dispute arose over 12 years ago when all these four States were under Congress rule. Hence, it is wrong to assume that a single party rule has facilitated the accord that had eluded the Chief Ministers all these years. The fact is that all the four States and more especially Gujarat and Madhya Pradesh, which get a larger share of the river waters, have lately grown impatient with the legal process of settling the dispute. The tribunal to hear the dispute was set up over three years ago and it is plain for everyone to see that it has not made much of a progress even in collecting the necessary data and framing the issues involved in the dispute. At this rate, the concerned States will be constrained to sleep over their development projects, in the field of irrigation and power generation, for years, thereby denying to their people the fruits of settlement through co-operation and understanding. It is this awareness that has helped to bring the four Chief Ministers of western India together to find a settlement of the Narmada dispute.

It must be noted here that a similar accord has already been

other elements suggested to achieve the overall objective of better trade exchanges. If there is a spirit of co-operation, it should not prove difficult for India and the E.E.C. to reach an agreement on the above lines.

reached in regard to the Cauvery waters by the three southern States of Tamil Nadu, Mysore and Kerala. Accordingly, Tamil Nadu has withdrawn its case on this issue in the Supreme Court and the three States have agreed to settle the dispute concerning the sharing of the Cauvery waters through negotiations. The fact that the Chief Ministers involved in this dispute belong to three different parties should give lie to the line advanced by some that a single party rule is essential for resolving disputes of this kind. What is more important is the recognition that disputes concerning the assets of the nation cannot be resolved through recourse to law courts.

The basic accord on the Narmada allocates 250,000 acre-feet of water to Maharashtra and 500,000 acre-feet to Rajasthan, out of the 28 million acre-feet of water that is available from the Narmada for about nine months in a year. The allocation of the remaining 27.25 million acre-feet of water between Gujarat and Madhya Pradesh will be done on the basis of the formula to be recommended by the Prime Minister. Mrs. Gandhi will also give her verdict on what should be the height of the Navagam dam in Gujarat. The power potential of the river is so tremendous that engineers believe that 32 dams could be constructed on the Narmada to benefit all the four States in the region. As a token of their earnestness, the four Chief Ministers have agreed to the proposal of the Central Minister for Irrigation and Power, Dr. K. L. Rao, that they should begin work on one of the Narmada projects on 15th August this year.

What is now needed is quick follow-up action to translate the newfound goodwill among the Chief Ministers into concrete benefits for the people of their States. The agreement, signed by them recently, itself concedes that co-ordinated development of the Narmada basin

"will result in irrigating millions of acres, the development of hydro-power in a region dominated by thermal and nuclear power, excellent waterways for navigation cutting across the country and accelerated development of rich mineral resources available in the basin and the vicinity." The entire development of the river, which can provide excellent waterways across the country and its mineral resources is estimated to cost Rs. 1,200 crores.

The Fourth Plan has made provision for comprehensive river basin planning. For integrated development of water and land resources, master plans have to be prepared for long-term development of irrigation in each river basin, including inter-State rivers. The Fourth Plan document says that in preparing these plans, the optimum economical development of a river basin has to be kept in view, covering various aspects such as irrigation, flood control, navigation and soil conservation. The development of ground-water resources would also need to be co-ordinated. Differences could arise among the concerned States in drawing up such programmes. For instance, work may have to be executed in one State for the benefit of the other. These plans will have to be co-ordinated and included in the Central sector so that the States could concentrate on projects which are of exclusive benefit to them. This would again mean that the Centre should take a greater initiative in the matter and set up agencies with representation for States for drawing up river basin programmes and implementing them. Otherwise, the execution of the programmes may get delayed due to differences at lower levels.

Cauvery and Narmada have shown the way. Other inter-State river disputes such as the disputes on the sharing of the waters of the Krishna and the Godavari in the south and of some rivers between Madhya Pradesh and U.P. in the north could also be settled the same way. If the States involved in these disputes do not take advantage of the present mood for compromise and settle their differences, then they may find that they have been left behind in the race for development, for those States that are able to settle their river water disputes will definitely receive higher priority in the alloca-

tion of Central resources for the integrated development of their river basins.

A word must be said to the credit of the Central Minister for Irrigation and Power, Dr. K. L. Rao, whose quiet diplomacy and objective presentation of the issues involved in the Narmada dispute have been largely responsible for the accord of last week. If the politicians in power

Inflation: Impact on the Pound

THE floating of the pound did one good thing for the British (or most of those who are concerned with economic affairs): it compelled them to look earnestly at the past effects and future tendencies of their inflation. Other nations can relate the particular problem of Britain and the pound to the general problem of currencies, and consider whether any monetary system can be permanently stable while nations' inflation rates diverge. The pound was formally devalued in November 1967 (in a flexible system it would probably have been devalued years earlier) because British costs and prices had risen more than major competitors'. It was informally devalued in June 1972 because all the corrective effect of the formal devaluation had been lost through further above-average inflation. If the pound was overvalued in mid-November 1967, it was overvalued in mid-June 1972. The official argument that only "speculative pressures" unfixed the pound from "realistic" rates was nonsense; and the official argument that reserves were massive and could have supported the pound if the authorities had been willing to use them ignored the intrinsic weakness of reserves of which a large part represented short-term deposits.

In Britain, the Chancellor of the Exchequer, Mr. Anthony Barber, was commended for not futilely resisting the pressures, but significantly little was said about his "redemption of a pledge" (in his Budget speech last March) that the economy would not be "distorted" for the sake of "unrealistic exchange rates". It might be supposed—and evidently Mr. Barber hoped—that business men, assured that "unrealistic" rates would not be maintained by the kind of deflation that would make them "realistic", would contemplate continuous growth of the economy. In fact they were forced to recognise that continuous

leave the follow-up work to be done purely on techno-economic considerations, then they would have done well not only for themselves but also for the people they claim to represent in Parliament and State legislatures. It is time they realised that the people are not interested in agitations over river waters but in development that will raise the standard of living, if not theirs, at least of their progeny.

above-average inflation implied continuous sinking of the pound, which the world would not tolerate. It is widely believed in Britain that the Government's idea of a "realistic" rate is the "pre-Nixon" rate of about \$2.40 (the allusion is, of course, to "the Nixon bombshell" last August) instead of the "Smithsonian" rate of about \$2.60 (fixed in the Smithsonian Agreement last December), rates against most other currencies—particularly the European Community's—being adjusted accordingly. A suggested procedure is to let the markets establish a true level without official interference, then intervene to stabilise that level for an experimental period before officially refixing the rates. But the procedure for refixing the rates is obviously less important than the implication of refixing them—that they must be adapted to the inflation that has already occurred, not left free to adapt to whatever inflation may occur in future.

So Mr. Barber's concept of "continuous growth" facilitated by "flexible exchange rates" is an illusion. A Government pledged to reduce the rise in prices "at a stroke" (those famous words that Prime Minister Edward Heath must curse himself for uttering in 1970) tried to subdue inflation by words and moral pressures; without practical restraint on either incomes or the money supply, it allowed inflation to accelerate. Alarmed by the growth of unemployment and the stagnation of industrial investment, it put economic expansion at the top of its priorities; yet when the pound collapsed the level of unemployment (though declining) was still abnormally high, industrial investment was still stagnant, and there was little evidence of economic expansion generally. It may be deduced that the floating of the pound was intended not simply to avert conventional restraints on the economy but also to inject addi-

tional growth factors into it. Stimulating exports and suppressing imports, by adjusting the pound, would not only improve the fast-deteriorating balance of payments but also increase demand, abroad and at home, for British industry's products.

Yet the central problem is inescapable. Inflation, although somewhat moderated (more by the Confederation of British Industry than by the Government) was too fast in mid-1972; the decline in the exchange value of the pound—raising the cost of imports—and the intended application of value-added tax—raising the cost of living—would accelerate it. As the pound could not be allowed to decline indefinitely, inflation had to be checked. The problem is social/political rather than merely economic. Most of the people whose assets appreciate, or whose incomes rise more than the average, may be unaware that inflation is redistributing wealth in their favour; but they are aware that—despite the rising cost of living—they are becoming more affluent. People who have borrowed for long periods may not calculate that the real value of their repayments is diminished by inflation; but they experience the lightening of their burden. Such favoured groups cannot be dedicated to oppose inflation; and they are typically more influential than the underprivileged. Their resentment against such policies as are deemed necessary to control inflation can be very damaging politically. And even the underprivileged (who equally have votes) become resentful if deflationary policies deprive them of employment.

The significance of this social/political factor is in the difficulty of adjusting a country—any country—whose inflation is out of line. The question why Britain's inflation is specially prominent is very important to Britain and the pound; but more important to the world generally is the question whether any monetary system can be stable while inflation generally is much faster than it was a decade or two ago, and uneven, and difficult to regulate by acceptable methods. The problem of unstable currencies is aggravated—but not caused—by the huge increase in the quantity of funds that can be transferred internationally. Whatever Mr. Heath and Mr. Barber may profess to believe, a massive flow of these funds is rather an effect than a cause of weakness or strength of a currency.

CURRENT COMMENT

STATE LOANS

Good Response Assured

Soon after the Central Government has raised from the market the first instalment of its loans, the States are preparing to go ahead with their public borrowing programme for the current year. Fifteen State Governments are expected to announce their loan programmes in the last week of August and come to the market with their issues on 4th September. The loans are likely to be on a cash-cum-conversion basis with a rate of interest of 5.75 per cent and a maturity period of 12 years. In view of the easy financial position of the main institutional buyers, they are assured of a good response.

Meanwhile, the first tranche of the Central Government's borrowing for the current financial year, consisting of three new loans, which were put on sale on 15th July, was promptly oversubscribed the same day. This was expected as most of the institutional buyers are known to have a comfortable margin of investible resources. Cash payment accounted for Rs. 149.70 crores and conversion of two earlier loans for Rs. 236.91 crores, making a total of Rs. 386.61 crores. The issues put on sale were 4½ per cent loan 1979, 5 per cent loan 1983 and 5½ per cent loan 2002. The second tranche is likely to be floated towards the end of 1972. In the last Central Budget, a provision was made for gross borrowing of Rs. 515 crores during the current year. That means unless New Delhi decides to raise the amount of borrowing, the second tranche will have to be limited to raising about Rs. 130 crores, including 10 per cent oversubscription. Two earlier loans for an outstanding amount of Rs. 45.38 crores are to mature later this year. In view of all this, there is a section of opinion which feels that the resources of institutional buyers being what they are, a larger market borrowing scheme could be supported without much difficulty.

TAMIL NADU

Technical Training Scheme

Technical education in Tamil Nadu may receive a fresh impetus soon as the State Government is going ahead with its scheme to

modernise it. According to the scheme, it is proposed to open a technical training programme in Ennore, taking advantage of the offer made by the industrial house of Kothari, out of the Kothari Charitable Trust. The main object of reorganising technical education is to make products readily employable in industry. In other words, the present official thinking underlines the importance of bringing about a closer co-ordination between technical education and industry. It is obvious that the narrowing of the gap between education and industry will improve industrial efficiency, while producing a salutary effect in the field of employment in general. A committee appointed by the Central Government is already studying ways and means of reorganising technical education in the State. It is interesting to note that the State Government has a proposal to start a petro-chemical technician course shortly, with the assistance of the Madras Refineries Ltd. Production-oriented training to labour should, in course of time, increase the tempo of industrial development in Tamil Nadu.

FLOUR MILLS

Acute Shortage of Wheat

The flour mills in West Bengal fear that they will have to close down if wheat supplies do not improve in the next few days. In a Press note issued by the Calcutta Flour Mills Association (C.F.M.A.), it is pointed out that while there is a huge backlog of wheat to the extent of 75,000 tonnes to be delivered by the Food Corporation of India to the flour mills for most of which financial arrangements have already been made, and another 50,000 tonnes of wheat is due against the current month's quota, the mills are on the verge of closure as the F.C.I. has practically no wheat stocks and its godowns are empty. The monthly requirement of wheat by the flour mills is around 45,000 tonnes, but during the last few months, the supply has been very irregular. For some time past, the Food Corporation of India, Food and Supplies Department of the Government of West Bengal and the C.F.M.A. have been working out emergency programmes to maintain immediate supply but the result has not been encouraging at all and the mills have had to sus-

pend production intermittently. It is apprehended that the supply of wheat to flour mills will remain irregular for quite some time and the situation is unlikely to improve before November.

SHAREHOLDERS

Protection of Interest

In its memorandum submitted to Mr. K. V. Raghunatha Reddy, Central Minister for Company Affairs, the National Forum of Shareholders, Calcutta, suggested certain important amendments to the Companies Act with a view to redressing the grievances of shareholders. The memorandum says that of late, it has been noticed that various industries are being nationalised. The compensation by the Government is paid to the companies concerned, with the welcome exception in regard to insurance companies where the compensation has been made payable directly to shareholders. Company managements, as happened in the case of the nationalised banks, do not refund the amount of compensation to shareholders and use them in their own concerns. To mitigate this difficulty permanently, it should be provided in the Companies Act that in case where a company has been nationalised, the compensation received by the company would be refunded proportionately to those shareholders who would like to have the same refunded. The management should not have any right to delay the payment of compensation allocable to such shareholders. On the question of return on investment, the memorandum says that it has often been found that no dividends are at all recommended by company directors even when there are profits and reserves. The law should provide that where a company has profits and reserves of more than 10 per cent of its share capital, it shall be necessary for such a company to declare dividend at least to the extent of 6 per cent of its share capital.

MILK SUPPLY

Gradual Deterioration

In a statement released to the Press a few days ago, Mr. B. S. Kothari, president, Consumer's Association of India, has expressed concern at the gradual deterioration in the working of the Haringhata milk depots. He has pointed out that the system of open delivery of milk from the milk

depots is a source of serious malpractices. First, the supply is never given for the full bottle on the ground of handling loss, although it is understood that in respect of such open supplies adequate provision is made for the same. Secondly, the quality of the milk is very much below standard and the possibility of it being mixed with water during transit or at the depots cannot be brushed aside. Since the system of open supply has been continuing for some time, Mr. Kothari feels that by now the Government should take effective steps to put a stop to this practice.

FERTILISER

High Costs

The cost of fertilisers to the manufacturer has gone up since 1967 by about Rs. 232 a tonne of urea, according to an article published in the latest issue of *Fertiliser News*. On the other hand, the controlled price a tonne of urea was Rs. 840 on 1st April, 1967, which was raised by Rs. 20 in 1968 and by Rs. 83 in 1969. Subsequently, there has been a reduction of Rs. 20 in 1971 and an increase of Rs. 36 from 30th March, 1972, i.e., a net increase of Rs. 119 a tonne. The effect of these various factors is that the cost of production and distribution to the primary producer has gone up by about Rs. 113. This is the quantum of the additional burden that he has to carry. In a normal competitive market, this distortion would have been taken care of by the regulatory forces of supply and demand. This mechanism is not operating in the country in the case of fertilisers for which price is statutorily controlled by the Government because of its laudable desire to prevent an increase in the price of this essential commodity to the farmer. But the result is that the manufacturer is being squeezed by the upward push in costs without being able to adjust his selling price. Under such circumstances, a way has to be found to make the operations of the manufacturer viable.

FOREIGN TRADE

Structural Changes

Addressing the seventh session of the diploma programme in international trade at the Indian Institute of Foreign Trade in New Delhi a few days ago, Mr. L. N. Mishra, Central Minister for Foreign Trade, said that he had decided to introduce structural changes in the country's foreign trade policy with a view to achieving the national objectives. He

was happy to say that India's commercial relationship with the socialist countries of Europe generally and with Russia in particular had not only expanded considerably but was also assuming new dimensions in industrial and technological co-operation. The Indian commercial community should now gear itself and take active steps to secure for the country's manufactured goods a legitimate share of these markets. The socialist countries of Europe have stood by India in times of her need and the Indian Government was keen on encouraging expansion of commercial and economic relations with them. India's State trading organisations had been appropriately advised about it.

I.L.O.

Bangladesh: New Member

The People's Republic of Bangladesh was elected on 22nd June, 1972, to membership in the International Labour Organisation by the International Labour Conference meeting in Geneva. Bangladesh is a member of the World Health Organisation, the United Nations Conference on Trade and Development and the International Monetary Fund, but not of the United Nations itself, and for this reason its application for I.L.O. membership required a decision by the International Labour Conference. The I.L.O. now has 123 member States.

WANCHOO COMMITTEE

Gujarat Chamber's Views

The Gujarat Chamber of Commerce and Industry, Ahmedabad, in a memorandum submitted to Mr. Y. B. Chavan, Central Finance Minister, a few days ago, embodying its views on the major recommendations of the Wanchoo Committee has emphasised that high rates of taxation constitute the foremost reason for tax evasion. "Confiscatory" rates of taxation kill a person's initiative and reduce his capacity to save and invest. It is stressed that the tax system should be viewed in the context of economic and social environment of the country and as such there is a great deal to be said for keeping the rates of taxation low not only to give a much-needed boost to the economy but also to reduce tax payers' temptation to circumvent tax laws. When the experiment of reduction in tax rates has proved by and large successful in countries like

Germany, Japan and the U.S.A., it is urged that the Government of India should take a bold decision in the matter and give a fair trial to the proposal of the Wanchoo Committee for a reduction in tax rates. The Chamber also feels that there seems to be no rationale behind the dissenting note given by some members of the committee for clubbing the income of husband, wife and minor children.

EXPORTS

New Trends

In a survey of India's exports for 1970-71, released some time ago, the World Trade Department of the Indian Chamber of Commerce has highlighted some significant developments in the country's export trade in the last fiscal year. The survey points out that in 1970-71, the export of sugar, including sugar preparations and honey, more than trebled at Rs. 29.5 crores compared with Rs. 8.94 crores in the preceding year. The export of meat and meat preparations more than doubled from Rs. 1.43 crores in 1969-70 to Rs. 3.05 crores in 1970-71. The increase was mainly in fresh, chilled or frozen meat. India's total exports of food products and live animals were valued at Rs. 41.27 crores against Rs. 34.56 crores in 1969-70. The export of rails, and railway tract construction materials of iron and steel reached a record level of Rs. 6.52 crores. The export of rails alone was valued at Rs. 5.38 crores. Burma, Argentina, Iran and Egypt were the main buyers. India also exported feature films to about 80 countries valued at Rs. 5.32 crores. The U.K. was the largest importer, her share being Rs. 1.9 crores.

RURAL ROADS

Importance Stressed

As 75 per cent of Asia's population lives in rural areas, direct and immediate economic considerations need not be the foremost factors in determining rural road requirements, a United Nations study suggests. In proposing greater emphasis on rural roads, a preliminary report prepared for a meeting of the United Nations Economic Commission for Asia and the Far East (E.C.A.F.E.) which opened in Bangkok on 16th May cites the need for more attention to overall human aspects. For example, rural road development could help reduce the current migra-

tion from farms to cities, the report indicates, since greater accessibility of rural areas should encourage the spread of industry, facilitate the provision of education, health services and security and "provide mobility for people, products and natural resources". The paper expresses belief that the classic method used for the economic evaluation of road projects by aid-giving financial agencies, based almost entirely on the cost benefit ratio, is "somewhat inadequate for planning rural roads". "The rôle of rural roads in rural development needs to be gauged as something much more than just savings in time and in operational expenses of the existing, generated and induced traffic," the report says. India, among other countries, affords a good example of the benefits of rural roads. A 12-foot tarred-road has made it possible for cash to enter the village of Wazipur daily through the sale of vegetables, whereas previously the village obtained cash from the outside only twice a year at harvest time. The vegetables there now provide substantially larger returns an acre and the volume of milk sold to neighbouring towns has been increased.

U.S.A.

Study of Labour Scene

Three Indian trade union leaders ending a month-long cross-country

tour of the United States are amazed at the general zeal of workers and management for raising the standard of living and for continued application of more refined production techniques. The Indian visitors stressed the willingness of American workers to increase the *per capita* production by the use of automation.

"The workers do not resent automation in the United States as much as workers do in India," said Mr. Damodar Pandey, general secretary, Bokaro Steel Workers Union. The visitors have talked with officials of the A.F.L.-C.I.O. and representatives of labour and management in the metal and mining industries. They visited steel mills, metal working plants, mines and a variety of fabricating companies in a programme conducted and arranged by the U.S. State and Labour Departments. The visitors had a number of discussions with people of middle-age in the middle-income group. They agreed that there was often close co-operation between workers and management to improve the lot of all.

WORLD BANK

Study on Tourism

Developing countries face a number of important issues in promoting the

tourism industry as part of their economic growth efforts, according to a sector working paper just published by the World Bank. The World Bank Group—which includes the Bank, the International Development Association and the International Finance Corporation—has been directly financing tourism projects for only five years. During that period the Group has assisted 13 projects with financing totalling almost \$80 million. And, through intermediary institutions, it has provided an additional \$32 million for 79 tourism projects. The sector paper describes the growth of tourism throughout the world, the various factors which have affected this growth, and the prospects for developing countries to benefit more fully from tourism. It outlines the World Bank Group's rôle in encouraging the establishment and extension of the tourism industry in developing countries as well as indicating its future plans in this sector. In the 1972-76 period, the Group expects to more than triple the number of its tourism projects with a fourfold increase in financing. The sector paper consists of five main sections: a review of the sector, World Bank Group operations in tourism, other external financial and technical assistance, future Bank Group operations, and data tables.

MONEY MARKET

Easier Trend

The short-term money market has remained extremely easy this past week. The call rate initially quoted at 3 per cent but it has later come down to 2½ per cent. Towards the close, the market has closed squarish. The demand for remittances has been small. The supply of both tea and gunny bills has also been small. The pound-sterling has remained steady against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 14th July, 1972, shows a rise of Rs. 2.97 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 301.43 crores, compared with the previous week. Their borrowings from the Bank have declined by Rs. 1.90 crores to Rs. 2.10 crores, of which advances against usance bills amounted to Rs. 40 lakhs, against the same. Balances held abroad by the Reserve Bank in the Banking Department show a drop of Rs. 13.10 crores to Rs. 173.96 crores.

A Ditcher's Diary

I THOUGHT THAT PEOPLE HAD ceased to bother about the Nuclear Non-proliferation Treaty. But apparently the Americans and the Russians are still worried over the possibility of a further spread of nuclear weapons. After the Super-Power camaraderie recently displayed in Moscow, the United Nations Associations of the two countries have published a policy "exchange" on the problem of "safeguarding the atom". They seem to fear that countries like Israel and India could be a threat to peace because of their potential for making the bomb. This implies that the atom is fully safeguarded in the vast numbers of fully operational nuclear and thermonuclear weapons in the American and Russian arsenals, which could destroy the world at a moment's notice, and what needs to be safeguarded is the plutonium that is being produced as a by-product of a research reactor at Trombay. This hypocrisy is sickening. I think that India's bomb-making potential is exaggerated both in official claims in this country and in non-official estimates abroad. But, even assuming that India has a credible potential, I cannot quite see it presenting any kind of threat to the world. New Delhi's repeated declarations may not be regarded as a sufficient guarantee, but the direction of the Indian atomic programme should be clear to all with some idea of the work being done. Yet the Super-

Powers refuse to be fully reassured unless India signs the N.P.T. I do not belong to the "bomb lobby"; an Indian nuclear weapons programme can serve no purpose in the foreseeable future. But I see absolutely no reason why India should surrender her option. This is not so much because of the unforeseeable needs of unforeseen circumstance as because of the unequal, indeed unethical, nature of the treaty. It is plainly immoral of the Super-Powers to preach what they will not practise. If it is undesirable for India to make the bomb, it is also undesirable for America or Russia to possess it. Much fuss was recently made over the French nuclear tests in the Pacific; but much more radioactivity was released in the atmosphere by the U.S.A., Russia and Britain before they signed the partial test ban treaty than can be done by France and China for a long time to come.

ONE IMPORTANT ITEM IN THE CODE OF behaviour for English gentlemen, or so the story goes, is that the pressure for change should be resisted as long as possible, then yielded to graciously and in a manner calculated to give an impression of unbounded generosity. That way ensures the best of all worlds. I do not know if there is any truth in this, although it sounds a sensible enough philosophy to me. But anybody interested in such things

could do worse than study the recent decision of the London Stock Exchange to admit women to full membership. This exclusion had been a grievance with Britain's feminists for years, and not without good reason. From small beginnings—women admitted to stockbrokers' offices and to the floors of provincial exchanges—the attack on London has been built up gradually since the second World War. By 1967, when the women were last excluded by a full vote of male members, the question had become inflated to the proportions of a minor national scandal. The yellow Press splashed the news, and even *The Times* expressed itself mildly displeased at such evidence of continuing exclusiveness in the country's economic life. But the Council of the London Stock Exchange managed to declare itself in favour, although reputedly on the principle that the best way to ensure a prospective club member is blackballed is to propose him yourself. And now the citadel itself has surrendered in that inimitable way which permits everybody to join in celebrating the victory. Just like conceding India her freedom all over again, you might say. But seriously, it all seems to have worked out very well, and as a method of handling human problems one must admire it. The women have got their way, as inevitably they must some day, and nobody is resentful about it, at any rate not in public. Perhaps one thing that has helped is the prospect of rapid expansion in the future. As a German banker pointed out the other day, in an enlarged European Community the London Stock Exchange will be easily the largest and most important. It already

IMPROVEMENT OF CALCUTTA

A CORRESPONDENT writes in Current Coin: The first scheme of the Improvement Trust has been hailed with delight except by those most concerned, namely, the inhabitants of the houses that are to be wiped out. It is a matter for great satisfaction that the Trust has at last a definite plan before it, and is about to start with the pickaxe and shovel. At the same time, there may be a certain amount of danger in making a scheme for a single small area; presumably the Trust has formulated a scheme for the whole of the condemned area and considers it wisest to deal it out piecemeal to the public; this method

may have advantages, but if public opinion should veto any of the small schemes, it might be found that the general scheme was thereby spoilt. It is somewhat surprising that in the first scheme just published, nothing is said as to how the people dispossessed of their homes are to find fresh ones. It is certainly right and also politic that the Trust should influence such people in the choice of a new locality in which to settle. In the present instance, if the people are allowed to turn to the districts around that which they are leaving, no great improvement will be made by the scheme.

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IT HAS SUDDENLY BECOME VERY fashionable to talk about chess. I find the spread of the fashion in Calcutta absolutely fascinating. Not that the game was unknown in this part of the world before the Spassky-Fischer sensation. In the old days it used to be a principal diversion to spice the abundant leisure of the landed gentry. Not that the game is particularly lively in outward expression; but people with nearly interminable time on their hands found it useful to keep themselves occupied after a fashion. Times have changed and leisure is scarce. But considerable idleness is still enforced by physical infirmity or involuntary unemployment. So chess has continued to be played by many old people who have retired from work and by some young people who are unable to find any work. And, of course, there have always been some people seriously interested in acquiring professional excellence in the game. But the situation now is altogether different. Pompous intellectuals who have hitherto looked upon all games, whether indoor or outdoor, as slightly vulgar are busy explaining the challenge of chess in highly esoteric terms. Several of my friends have bought chess boards during the past fortnight. I do not know whether they have learnt to play the game, but some pretend to be following the Reykjavic moves on their newly-acquired boards. I must confess that I have also been bitten by the bug; when the morning paper comes, I now let the sports page take precedence over the front-page headlines. But what explains this craze? After all, a world championship chess match is not being played for the first time. One explanation, I think, is the drama attending the Reykjavic event; and many people must have been impressed by the big money involved. Bobby Fischer's tantrums, no less than his dazzling play, have naturally heightened the drama; and the way the contest has occasionally been presented as a cold war event has created further excitement. A friend of mine maintains that all this was secretly agreed upon at the Moscow summit; he says that President Nixon and Mr. Brezhnev decided that a highly publicised contest in chess would be symbolic of peaceful competition in place of any military confrontation. In fact,

he suspects that it was also secretly decided who should win the match, indeed who should win which game.

ON A READING OF THE FACTS WHICH foreign newspapers have been publishing about Calcutta recently, it would seem that in terms of population, including that of Greater Calcutta, we are now the largest city in the world. Bigger even than Tokyo, New York or London. This is unlikely to come as a great surprise to the average claustrophobic ditcher, who will doubtless remark that whatever the number of people here the simple fact is that there are too many. Besides, nobody really knows what our population is, and there is no justification for quoting a straight 16 million even as a rough guess. All that it is safe to say is, to paraphrase I forget who, it has increased, is increasing, and ought to be diminished. However, policies for reducing the growth of population in cities are notoriously inclined to dismal failure, and that is not only true of India. About the only exception to this rule seems to be London, where after more than a decade of trying to stop the numbers growing, it has suddenly been realised they have actually fallen. A cause for rejoicing and congratulation all round, you might suppose. Not a bit of it. In fact, the news has touched off something of a panic, and the successful policies have been put sharply into reverse. It has now been decided that office accommodation in London is to be more than doubled in the next ten years or so with the deliberate intention of attracting more people back to the metropolis. Perverse, no doubt; but the change of heart is being justified on the grounds that

London could soon become like New York, where the flight of population to the suburbs and beyond has left the city with impossible financial problems. I suppose the fact has to be faced that in the world as we know it cities are just bound to go on growing, whatever the consequences.

I AM GLAD THAT THE WEST BENGAL Government's reported plan for a national theatre on the Calcutta Maidan has not been hailed with universal rejoicing. There has been quite sharp criticism in at least two leading newspapers, and I hope that this will induce some rethinking in official circles. I am not sure that Calcutta needs a national theatre; if the old theatres in the city's northern part or the newly-improvised ones in the south are inadequate, surely Rabindra Sadan could be made available for all deserving performances. The elegant and spacious theatre which was recently built on what was once Theatre Road may be exclusive, or its rental prohibitive for many theatrical groups, but Rabindra Sadan could certainly accommodate more performances for a reasonable fee. In any case, the main point is not that another "national theatre" is unnecessary, but that the Maidan is not the place for it even if it is necessary. Much of the Maidan has already disappeared under temporary and permanent structures; violation of another five acres opposite the Indian Museum would be a gross violence not only to aesthetic sense but also to such vestigial breathing space that this overcrowded city still contains. Curzon Park, once popular because of its proximity to the Esplanade

tram depot, disappeared long ago; the enlarged depot also ate into the green expanse to the south. This may have been a necessity, but surely the Hawkers' Corner should not have been allowed to perpetuate itself as Maidan Market. Further north, the sprawling exhibition structures are not only an eyesore; they are also a source of considerable aural torture. The triangle around St. Paul's Cathedral is now permanently lost; and what has filled the open space is no architectural delight. Not that the area near the river has fared much better. It was once a pleasure to drive along Lower Circular Road, skirt round the Race Course, cross the tram line near the Kidderpore bridge, and then go straight towards the river, with a vast open expanse on one's right. But a large many uninspiring buildings, presumably officers' quarters, have disfigured this open space. A national theatre opposite the Museum would be a major piece of folly. Soon after taking over as the State's Chief Minister, Mr. Siddhartha Sankar Ray promised that Calcutta would be turned into a city of gardens and parks. New parks may be too much to ask for; but let us be spared the few we have.

AS BANKS ARE FLUSH WITH FUNDS in the current slack season, a Custodian has confided to me that he is seriously thinking of putting up a hoarding on Chowringhee with the following words: "Neither a borrower nor a lender be, but if you must be a borrower or a lender, be a borrower for God's sake. Nationalised banks do take good care of you."

THE DITCHER

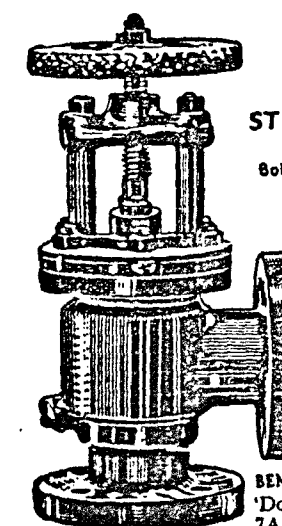
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How Management Personnel Can Participate in West Bengal's Economic Revival

(By a Special Correspondent)

Fresh thinking is needed to develop a method of perspective planning for West Bengal through the association of experienced management personnel. On the part of managers themselves, the development of a suitable machinery for rendering coherent advice is needed.

AFTER four years of non-growth, the economy of West Bengal is showing signs of revival. Whether the tempo will be maintained over a long enough period remains to be seen, but even the most carping pessimist will admit a hope and a potential for progress. Is there any scope for trained management in the process of economic and social revival? There are signs of participation by intellectuals, academicians, and business men in a debate on what is to be done, and how. During the last three or four months there has been a surfeit of ideas. Not all of them are easily convertible to practical achievement, but this could be said of the economic scene all over the country. There is no disagreement on the desire for achieving a better economic situation, but when seen in some depth a number of weaknesses strike an observer. An important doubt which West Bengal has to contend with is on the interface of the State and the country as a whole. When the economy of West Bengal was stagnating, other States were going ahead, and developments now in West Bengal in economic affairs cannot be divorced from the all-India context of the total economic picture on products and services. Any major decision based on a wrong premise can play havoc with the State's plans for immediate and long-term future, for if plans do not catch fire as projected, the loss of morale resulting from disillusionment will inhibit future progress. It is, therefore, important to set practical targets and avoid generalised forecasts which become difficult to translate into reality, even with the best will and effort.

Management people all over the world emphasise the distinction be-

tween potential, forecasts, and targets when directing business effort on short and long-term goals. It is desirable to follow the same precept when looking at the growth plans in West Bengal. Planning contains an element of intelligent crystal-gazing with accompanying hazards. When future projections are also riddled with political imponderables, the job becomes complex. No wonder, therefore, that the Government of India has been emphasising decentralised planning through the creation of State Planning Boards. Decentralisation of planning has become a popular concept in Delhi, but the success of any ideas will depend on effective systems to collect reliable data for accepted plans and their implementation through the State agencies who must bear the primary responsibility.

New Methodology Needed

Viewed from New Delhi, a question which arises immediately is whether the overall expertise available to the West Bengal Government is adequate, both in quality and quantity, to meet the objectives. The creation of a Planning Board with multiple sub-agencies on the pattern of the Indian Planning Commission can be expensive, when almost all States are running deficit Budgets. The States must, therefore, adopt and adapt some new methodology to assist policy-makers in arriving at practical plans that can be geared through common objectives to the all-India perspective.

According to a recent Press report, some members of the West Bengal Planning Board have been discussing a few aspects informally with non-Government experts. It is noted that not only production, but the marketing of industrial output from West Bengal received attention. This is a healthy awareness in that it breaks away from the obsession with production alone without regard to the marketability of goods. Long-term economic viability of industry, old or new, is much more important than

any spot euphoria generated by instant improvement through the rehabilitation of existing capacity.

A planner's requirements today are economic and statistical data relating to demand, consumption trends, imports or exports, production capability, and overall marketing potential of available goods and services. All these aspects cannot be integrated without contributions from a number of disciplines, with appropriate experience and background. It requires new thinking to develop a method for perspective planning through association of experienced management personnel. Without this association it might be difficult to arrive at an articulate plan that would carry conviction from all standpoints, and pass muster with the Planning Commission who will have such plans from all States.

Availability of Personnel

The availability of qualified personnel would pose no problem. From what is seen in Delhi at various seminars and symposia some of the trained executives in the private sector seem to be itching for contributing constructively to the endeavour, both in States and at the Centre. What probably stands in the way is an allergy of Government organisations to seek advice and act on it. On the part of managers themselves, the development of a suitable machinery for rendering coherent and specific advice on problems is needed.

Dealing with the first aspect of Government machinery, the muscles of bureaucracy are not easily flexed to respond to advice from any outside body—even a sister department within the Government, and left to themselves any bureaucratic structure would like to be self-contained. It is unthinkable that in addition to the day-to-day problems, it could undertake specialist work outside its routine norms. However, to be effective, any organisation must be able to depart from normal practices and take account of all moving economic factors bearing on the environment. It is here that trained and experienced managers can help. Such manpower is spread very thinly in Government departments but can be had in well-established organisations who have been building up appropriate executive talent for many years. Unfortunately, the leading organisations are those who are currently compelled to operate in the

(Continued on page 145)

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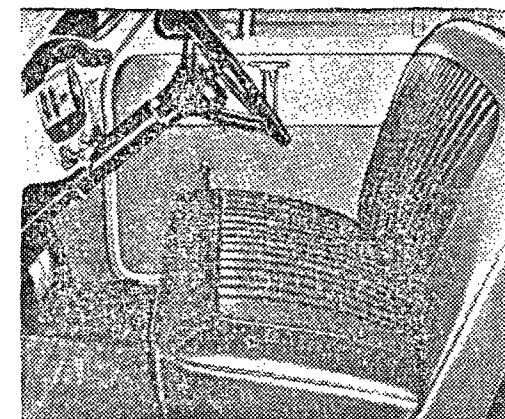
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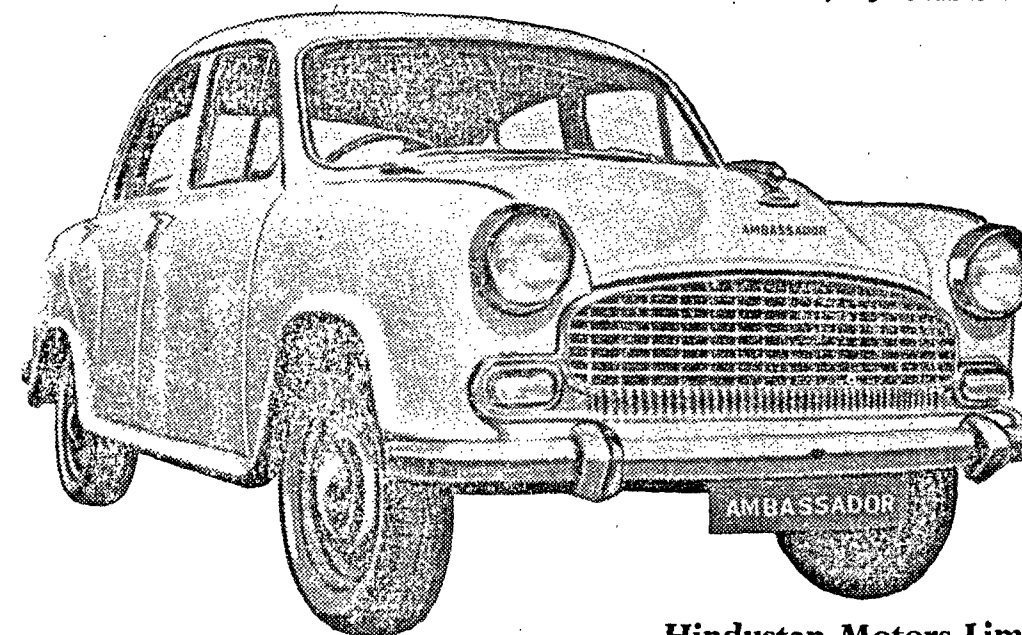
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West Bengal : Ensuring Co-ordination for Achieving Economic Revival

(By a Special Correspondent)

The Government of West Bengal is making serious efforts to achieve the State's economic revival. But what is of utmost importance is to ensure proper co-ordination between the different development agencies.

THE Government of West Bengal deserves to be complimented on taking up in right earnest several measures for speeding up the State's economic progress. But one wonders whether proper efforts are being made to ensure effective co-ordination among the different development agencies in order to secure the best results. For instance, are the Planning Board and the Department of Commerce and Industries working together in close co-operation? Doubt arises in this regard because of the manner in which committees and working groups have been set up to deal with the various problems of planning. The Commerce and Industries Department has constituted four "high-powered committees". These are the Industrial Planning Committee, Resources Committee for Money and Materials, Industrial Capacity Utilisation Committee and the Power Review Committee. It would be interesting to analyse briefly the objectives, composition and functions of these committees.

The Industrial Planning Committee has been entrusted with a wide variety of functions. These are: (i) to prepare a master plan for development of industries in the State of West Bengal indicating different types of industries and projects, by development of which the targets for creating employment opportunities for 1 million people in the industries sector by 1976-77 can be achieved; (ii) to assess the amount of investment required for creating direct employment of 1 million people in the industries section; (iii) to suggest the distribution of the projects mentioned in (i) above among the different districts of the State having regard to the feasibility of implementing such

projects in such districts; and (iv) to suggest development of infrastructure necessary to be built up in the different districts for such projects as may be selected for them with particular reference to the requirement of following; namely, acquisition and development of land; water supply, power supply, roads and transport; telephone; wireless and teleprinter service, post offices and railway lines and sidings.

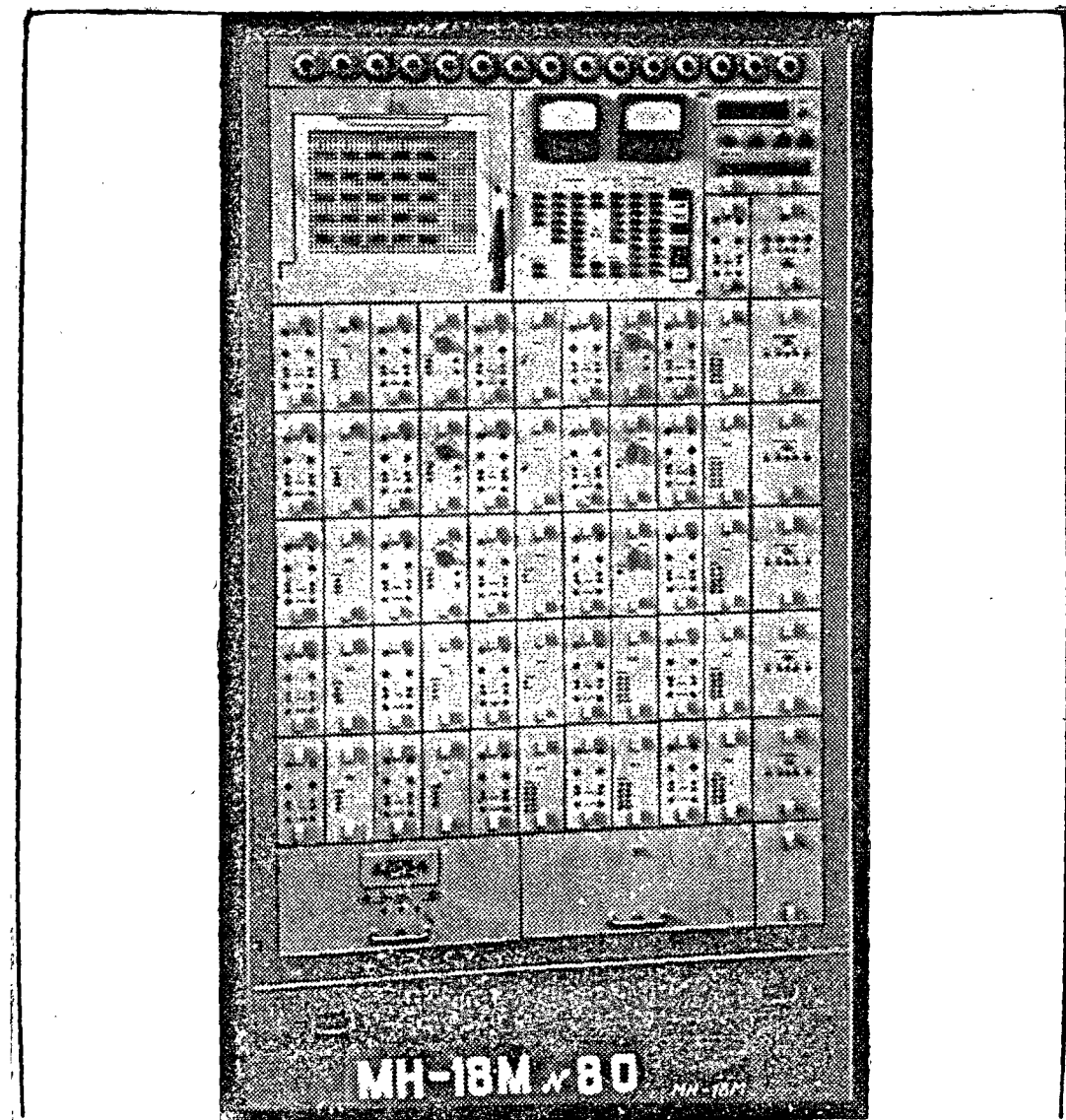
The Chief Secretary is the chairman of this committee and its other members are the representatives of the Planning Board, Development and Planning Department, Indian Investment Centre, Calcutta, Industrial Development Bank of India, chambers of commerce, and the United Bank of India. No doubt, the committee has been well constituted. But can it do the job within two months, which is the time allotted to it? Perhaps, it would have been better if the committee had not been saddled with the responsibility of suggesting how to build up infrastructure in the districts in such a detailed manner. Moreover, one fails to understand why the Chief Secretary who is heavily burdened with his day-to-day work should be made the chairman of the committee.

The functions of the Resources Committee for Money and Materials are: to determine resources available with the State Government; to indicate the probable contributions by the public financial institutions, nationalised banks and the State Bank of India for development of industries and for direct employment of 1 million people in the industries sector by 1976-77; to indicate the pattern of assistance referred to above that may be available if the industries are developed in the public sector, joint sector, and the private sector; to assess the impact of the existing terms of credit facilities and the financial assistance by the public financial institutions, nationalised banks and the State Bank of India on the growth of new indus-

tries in West Bengal and to suggest relaxation of the credit terms required for attaining the targets of creating new employment opportunities for 1 million people in the industries sector by 1976-77; to recommend the pattern of financing of industrial projects by the State Government, public financing institutions, nationalised banks, West Bengal Financial Corporation, and the State Bank of India in relation to the object of creating employment for 1 million people; and to determine the availability of raw materials in West Bengal in particular and the country as a whole and the quantity of such raw materials required to be imported for the target growth of new industries by 1976-77 in the State.

For this committee also, the terms have been prescribed too widely inhibiting it to do its job quickly. It would have been better if this committee was asked to deal only with financial resources and not with raw materials. How can the committee be expected to determine the availability of raw materials not only in West Bengal but in the country as a whole? and how can it indicate the quantity of such materials required to be imported for the target growth of new industries by 1976-77? There are various types of raw materials, indigenous and imported, and it is not clear at all as to how this question is going to be tackled. The chairman of this committee is Mr. B. K. Dutt, Custodian of the United Bank of India, and its other members include representatives of the State Planning Board, West Bengal Finance Department, chambers of commerce and financial institutions like the I.C.I.C.I., I.F.C., and the L.I.C.

The functions of the Industrial Utilisation Committee are to make a survey of the existing industries relating to capacities installed, capital invested and employment generated; to determine the installed capacities lying idle at present and new employment that would be generated if all the installed capacities could be operated in full; to find out the reasons for the existing installed capacities lying idle and the proportion of underutilisation of the installed capacities; to suggest the measures required to be taken to step up production according to the installed capacities; and to ascertain how far the existing industries can expand their capacities and to indicate the requirements of funds, raw



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materials, power, etcetera, for the expansion programme and the additional employment opportunities likely to be created in such expansion.

This committee is headed by the Secretary to the Department of Commerce and Industries and its other members include representatives of the Planning Board, State Electricity Board, West Bengal Financial Corporation and the Industrial Reconstruction Corporation. Is this committee really necessary since it is well known that underutilisation is caused by several factors like scarcity of raw materials, power, wagons, orders and finance as well as mismanagement and labour unrest? Idle capacity prevails mainly in the engineering industry. The two Engineering Associations in Calcutta have enough data about the idle capacity. The Government could have ascertained all the facts from the Associations concerned without setting up a separate committee.

The Power Review Committee is headed by the Power Commissioner and includes representatives of the Electricity Board, Planning Board, Calcutta Electric Supply Corporation, Damodar Valley Corporation and chambers of commerce. This committee has been asked to determine precisely the present availability of power, to assess the additional demand for power, to suggest the additional generation of power to meet the demand by 1976-77; to estimate the requirements of funds for generating more power, to indicate the requirements of steel, cement, plant and machinery for the power plants and the transmission line; and to assess the prospects of immediate import of plant and machinery for expediting the implementation of the power programme. This committee should also have been asked to go into the causes of the present crisis. Unless these are ascertained, it is not possible to plan realistically for the future.

Power shortage has been crippling industrial production in West Bengal for nearly two years now; but no one seems to know why this is persisting for so long and so acutely. All sorts of reasons are given, such as faulty maintenance, labour indiscipline and lack of co-operation from neighbouring States, and there have been hints also of sabotage. Is it not necessary to get at the real truth? Moreover, what about the rates at which electricity is to be provided to

consumers? How do these rates in West Bengal compare with those in other States? The committee could have been asked to look into these aspects also.

It is relevant to recall in this connection that a few months ago, the Government had set up two important committees—one to study the prospects for a petrochemical industry and the other to examine the scope for developing the electronics industry in the State. It is not known when these committees are likely to complete their report. Meanwhile, the State Planning Board has constituted a large number of working groups to deal with various aspects of planning. Each working group is to set up many task forces and each of the latter will also form several cells to study the problems in depth. The Planning Board maintains that there is no conflict between its work and that

of the Department of Industries. It is pointed out that all the data collected by the committees set up by the Department of Industries will be used by the Planning Board. This does not necessarily mean that there will be effective co-ordination.

Unless the West Bengal Cabinet has clear ideas about planning and gives proper guidelines to the Planning Board, there is the danger of valuable time and even resources being dissipated. The members of the State Planning Board are, no doubt, persons who are eminent in their respective fields. But many of them lack practical experience in regard to planning as well as industry and trade. The Chief Minister, Mr. Siddhartha Sankar Ray, should, therefore, take a personal interest in the work of the Planning Board and see to it that it is able effectively to fulfil the objectives with which it has been set up.

Tackling the Problem of Multiplicity of Unions in an Industrial Unit

By M. R. Meher

Three central trade union organisations have suggested a formula for tackling the problem of multiplicity of unions in an industrial unit. A decision on this matter is expected to be taken when the Central Government brings a comprehensive legislation on industrial relations.

AT a seminar on multiplicity of unions and its effects on industrial relations and productivity held recently in Bangalore, all the participants were agreed that multiplicity of unions had a deleterious effect on industrial relations and productivity. The President, Mr. V. V. Giri, who inaugurated the seminar, warned that inter-union rivalries would cut at the root of the movement and expressed his faith in "one union in one industry".

Mr. Giri's suggestion was that the Chief Labour Commissioner be first authorised to scrutinise the *bona fide* membership of the unions in industries, with the respective representatives of trade unions assisting him in the task. The genuine membership of the different unions should then be listed in a register. Thereafter the unions should agree to have, under

the supervision of the Chief Labour Commissioner or a person authorised by him, a secret ballot on the basis of proportional representation by single transferable vote, for election of a new representative body which could negotiate with the employers on behalf of the workers on basic issues like wages, bonus, and conditions of service.

In the States, the Labour Commissioners should be authorised to take action along these lines. Mr. Giri added that if his suggestions were accepted, other conditions would have to be fulfilled to promote the cause of one union in one industry. He suggested that a minimum percentage of a union, say, about 10 of the total strength of the workers in a plant, should be insisted on. That would incidentally help workers to form a union at the plant level.

In this connection, it may be mentioned that the Central Minister of Labour, Mr. R. K. Khadiolkar, had, at the informal conference with trade union leaders in May 1971, appealed to them to find a solution to the problem of multiplicity of unions and trade union rivalry, and to evolve an agreed formula for determining the bargaining agent for the workers, who

could enter into agreement with the employer on behalf of all the workers in the industry or establishment. At this conference there was a consensus that multiplicity of unions was not desirable and hampered collective bargaining. There was, however, difference of opinion as to the method of determining the bargaining agent, whether by the system of verification of membership or by secret ballot. The Minister asked the unions to consider the matter further and give concrete shape to the proposals for eliminating inter-union rivalry as also on the machinery for settlement of disputes.

After this, a working party consisting of representatives of the I.N.T.U.C., A.I.T.U.C. and H.M.S. was formed to go into these questions. After several meetings, these representatives came to a tentative agreement on the formula for determining the recognised union for the workers in an industry or establishment. The formula was that where more than one union claimed to be the majority union, the question was to be decided by an independent Government authority by verification of membership. Where the verification showed that the difference was marginal, there would be a secret ballot of all workers for determining the representative union. Where the lead of the majority union over its rival or rivals was only marginal, it would associate them also in the negotiations for collective agreements with the employers.

It was further agreed that no category or craft union should be given recognition. The agreement was to be finalised at another meeting after consulting the executive bodies of the three organisations, but it was not finalised because of difference of opinion between the three organisations on the application of the formula to those States which have already a statutory provision for selecting the representative union in industry by the system of verification of membership. It is understood the Central Government would be bringing a comprehensive legislation on industrial relations, including this subject, after taking into consideration the above-mentioned discussions between the three central trade union organisations, the recommendations of the National Labour Commission and the views expressed at the recent State Labour Ministers' conference.

The formula tentatively hammered out by the three organisations, referred to above, appears more workable and is to be preferred to the proposal made

out by the President. It is calculated to reduce inter-union rivalry and the multiplicity of unions. It would also invest the recognised union with greater responsibility. Where the lead of the recognised union over its rival or rivals is marginal, only the recognised unit would associate the other union or unions in bargaining negotiations with the management, but the bargaining agent will be the recognised union. On the other hand, Mr. Giri's proposal may not lead to harmony when a body representing all unions is made the bargaining agent. There would be every possibility that while some union representatives may take a responsible attitude, others would be intransigent in extravagant demands on the management to outwit their rivals and sustain their hold on the workers. In such a body the minority unions would, in effect, have a veto. On the other hand, if decisions are to be taken by the majority, there would be trouble. This arrange-

ment would leave the problem multiplicity of unions and inter-union rivalry as it is.

As for the proposal of the three central trade union organisations that craft and category unions should not be recognised, it may be noted that the National Labour Commission also has recommended that they should be discouraged. The recent Act passed by the Maharashtra legislature, Recognition of Trade Unions and Unfair Labour Practices Act 1971, which has received the assent of the President makes provision for the method of selecting the bargaining agent in undertakings to which the State Industrial Relations Act does not apply. It does not recognise craft or category unions for the purpose of bargaining with the management. But it allows unrecognised unions to discuss with the management grievances of their members regarding termination of service, discharge, removal, etcetera.

Role of the E.C.G.C. in Export Credit Insurance

(By a Special Correspondent)

India has made a sound institutional arrangement for export credit insurance. The Export Credit and Guarantee Corporation, which is in charge of these operations, has introduced many new forms of credit insurance in the last few years.

INDIA is one among those 38 countries of the world where a sound institutional arrangement for export credit insurance has been set up. The Government of India introduced the scheme of export credit insurance to afford protection against risks of foreign trade. On the recommendations of the Export Credit Guarantee Committee (1956) and

following this scheme, the Export Risks Insurance Corporation (E.R.I.C.) was set up on 30th July, 1957. Later on, in the light of the recommendations of a study group (1962), the Government transformed the E.R.I.C. into the Export Credit and Guarantee Corporation (E.C.G.C.) on 15th January, 1964.

The Corporation "serves a two-fold purpose of promoting exports by protecting exporters against payment risks and by facilitating financing of exports." A number of commercial and political risks of payment are insured and the advances of financing agencies are guaranteed by the Corporation. Immediately after the es-

TABLE I
FUNCTIONING OF THE E.C.G.C., 1968-70
(Rs. in crores)

	Years		
	1968	1969	1970
Risk value on policies	71.5	100.8	110.3
Risk value on guarantees	108.8	166.5	207.9
Total risk value	180.3	267.3	318.2
No. of policies issued during	1,353	1,537	1,774
No. of policies in force at the end	2,277	2,834	3,361
No. of shipment policies and guarantees issued during	2,234	2,976	3,532
No. of shipment policies in force at the end	2,277	2,834	3,361
No. of guarantees in force at the end	823	1,578	1,326

establishment of the E.C.G.C., two guarantee schemes, viz., the post-shipment export credit guarantee scheme and the export finance guarantee scheme were introduced. In 1966, export production finance guarantee and, in 1967, the export performance guarantee scheme were also started. Now the Corporation also covers the payment risks in invisible exports (such as consultancy and professional services) and construction works contracts.

Besides introducing new forms of credit insurance, the E.C.G.C. has also liberalised the terms of credit. "The percentage of loss covered under policies was 80 for commercial risks and 85 for political risks, when they were introduced in 1957. It was raised to 90 for both the types of risks in 1969." The finance made available by banks on the strength of the E.C.G.C.'s guarantees has recorded a good rise from Rs. 3.9 crores in 1963 to Rs. 20.6 crores in 1970. The Corporation offers to make good a major portion of any loss that a financing agency, such as banks, may suffer in respect of pre-shipment and post-shipment credits extended to exporters. As Mr. R. V. Vardachary, chairman of the E.C.G.C. and the managing director of the State Bank of India, has said, the E.C.G.C. "views the transaction not from the safety angle alone but from the export promotion angle as well."

To broaden the scope of Indian exports, especially non-traditional ones, the E.C.G.C., has been playing an important rôle. The Corporation, which works on a "no profit no loss" basis under the Government's directive, has introduced rationalised premium rates. As a result, the premium income on account of policies in 1966 was Rs. 14.90 lakhs for a total risk value of Rs. 35.47 crores, against Rs. 18.14 lakhs (2.2 per cent more over 1966) in 1967, although the risk value covered was Rs. 55.47 crores (56 per cent more over the preceding year). (Data for other years are given in Table 1.) The total amount of claims paid in 1970 was Rs. 10.97 lakhs, against Rs. 9.47 lakhs in 1969. Of this amount, Rs. 4.16 lakhs were due to exchange transfer delays and Rs. 1.81 lakhs were paid under the backing credit guarantees. During 1970, recoveries amounted to Rs. 4.10 lakhs, against Rs. 3.37 lakhs in 1969. Thus, the net value of claims paid during 1970 was Rs. 6.87 lakhs. No claim admitted during 1970 remained unpaid as in December 1970.

Mini Reshuffle of the Central Cabinet

(From Our New Delhi Correspondent)

The mini reshuffle of the Central Cabinet gives the impression that the Prime Minister has postponed major changes to a future date. The reorganisation of the economic Ministries will probably have to wait until then.

THE mini reshuffle of the Central Cabinet is now over. After many existing and prospective Ministers were kept in tenterhooks for over a month—at least by newspaper reports—the Prime Minister, Mrs. Indira Gandhi, has confined the changes in her Cabinet to just three at the senior level and two at the lower level. The only two new entrants are Mr. D. P. Dhar as Planning Minister, and Mr. T. A. Pai as Minister for Railways. Mr. C. Subramaniam's walkover from Planning to the Industrial Development Ministry is only consequential in as much as he has only changed his portfolio. These changes were also consequential to the exit of Mr. K. Hanumanthaiya and Mr. Moinul Haque Choudhury from the Cabinet. It was generally known that Mrs. Gandhi would keep the strength of her Cabinet to the minimum, not more than 15 in any case. For the present, at any rate, the strength remains at 13. For Mrs. Gandhi, this is not an "unlucky" number. She does not believe in auspicious days or timings. Had it been so, she would not have chosen a Saturday for the announcement of the changes. At the lower level the only two changes are the transfers of Mr. I. K. Gujral from Housing to Information and Broadcasting and of Mr. Jagannath Pahadia from Agriculture to Communications.

The sum total of all the changes is that Mrs. Gandhi has just trimmed up the Cabinet before the opening of the monsoon session of Parliament on 31st July. Even here there have been no new appointments at the Cabinet level to fill the vacuum created by Mr. Siddhartha Sankar Ray, who shifted to West Bengal as Chief Minister, and two Ministers of State, Mr. P. C. Sethi and Mr. Ghanshyam-

das Oza, who have become Chief Ministers of Madhya Pradesh and Gujarat, respectively. While Mrs. Nandini Satpaty's place as Minister of State for Information has been taken by Mr. Gujral, there is no replacement for Mr. Gujral in the Housing Ministry.

The mini reshuffle gives the impression that Mrs. Gandhi has postponed a major reshuffle of the Cabinet to a future date, probably after the monsoon session of Parliament. This is expected to affect some senior Cabinet Ministers and possibly a reorganisation of the economic Ministries. There has been no promotions either of Ministers of State to the Cabinet level or of Deputy Ministers to the level of Ministers of State. Some of the Ministers, notably Mr. L. N. Mshra and Mr. I. K. Gujral, had met the Prime Minister before the reshuffle. This gave the impression that either they were being promoted or they were being shifted to some other Ministry. Of them, only Mr. Gujral has found a change.

Looking back on Mr. Subramaniam's transfer from Planning to Industrial Development, it appears that Mr. Mishra's discussions were connected with Mr. Subramaniam's own ideas about industrial development. Reports have been current in the capital that while agreeing to take over Industrial Development, Mr. Subramaniam wanted jute, textiles and sugar to be added to his Ministry so that there could be a co-ordinated approach to industrial development. Of these, jute and textiles are with the Foreign Trade Ministry while sugar is with the Food and Agriculture Ministry. Presumably the talks Mrs. Gandhi had with Mr. Mishra were connected with Mr. Subramaniam's demand for the inclusion of jute and textiles under the Industrial Development Ministry. While Mr. Mishra, according to reports, was himself angling for a promotion, he could not have entertained the idea of his powers in the Foreign Trade Ministry being chopped.

SPOTLIGHT ON STATES

Andhra Pradesh : Need for a Rational Rice Procurement Policy

The difference between the Food Corporation of India's procurement price for rice and the price at which millers are selling it in the open markets is too wide in Andhra Pradesh. This anomaly should be rectified through a rational procurement policy.

SPURRED by the "green revolution", both farmers and the State Governments have been making combined efforts to increase farm production, improve quality and ensure equitable distribution. What are the limitations for a State to achieve these objectives? There are many angles to the rice production in Andhra Pradesh and its distribution. It will be interesting to examine the general policy pursued by the Andhra Pradesh Government on this matter. It will also be interesting to examine how the activity of the Food Corporation of India has been influencing not only the price of rice but also its storage, maintenance of quality and general distribution.

The report that 18,000 tonnes of boiled rice is lying with millers in Andhra Pradesh for the last one year without being distributed or sold has caused some concern. It is obvious that keeping boiled rice in godowns for such a long time results not only in shortages but also causes a serious deterioration in the quality. According to the millers, these stock should be removed quickly, as otherwise they are likely to be damaged. Both the State Government and the Centre should see to it that those stocks are distributed forthwith before much damage or deterioration is caused. More so, because the price of rice in Andhra Pradesh is going up. Boiled rice is not generally consumed in Andhra Pradesh where people prefer raw rice. Therefore, the emphasis on disposing of boiled rice quickly is quite clear. An investigation should be made into the causes that kept as much as 18,000 tonnes of boiled rice lying in the storage for an inordinately long time and steps taken to prevent similar occurrences in future. The Chief Minister of Andhra Pradesh has rightly said that the disposal of the stocks of boiled rice is to be treated as a national issue.

normal red-tape and delays associated with Government machinery prove costly, especially when matters connected with the storage of food articles, are involved.

The present prices of rice in Andhra Pradesh are considered the highest in recent years. It is important to examine why prices have gone up and why production and distribution could not be geared up further. According to the State Government's present policy, procurement is made by it through rice millers on the basis of a levy system. Millers in Krishna and Godavari districts have to surrender 75 per cent of their turnover at a fixed price while in the rest of the State the proportion is 50 per cent.

There is an obvious lack of logic in the procurement policy now followed by the Government in the Delta area and the rest of the State. It is clear that the procurement prices, which are out of tune with the open market prices, have caused the latter to rise further. The present price in the market is about Rs. 55 a bag of 75 kilograms, but the procurement price in the Delta area is about Rs. 38 a bag of 75 kilograms of paddy. The loss, which is incurred by the millers because of their having to surrender 75 per cent of their turnover at the fixed price, is perhaps expected to be made up by selling the balance of 25 per cent of their stocks at a high price in the local markets. The glaring gap between the procurement price of the F.C.I. and the price at which millers are selling rice in the open market needs to be reduced considerably by the adoption of a more rational policy.

It may be worth while to review the prices at which the Food Corporation of India procures rice from millers and the prices at which the State Government purchases rice from the Corporation. There is much difference between these two prices which is

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again due to the incapacity of the State Government to buy rice direct from millers due to the lack of storage capacity. It appears that the State

Government's rice policy calls for a re-examination with a view to maintaining its price at a reasonable level and ensuring equitable distribution.

Farmers' Agitation in Tamil Nadu : Lessons for the Congress and the D.M.K.

(By a Special Correspondent)

The farmers' agitation in Tamil Nadu has served a lesson to the Congress Party which should now realise that politics in the State is somewhat different from that in other areas. At the same time, it is necessary for the D.M.K. Government to improve its image in the State.

THE revolt raised by the ruling Congress against the D.M.K. Government in Tamil Nadu has almost died a natural death. The eagerness with which the Congress Party tried to enter the fray and take advantage of an agitation raised by farmers against increased power tariffs in the State only showed that it is bent on bringing about the downfall of the only non-Congress Government in the country. Only last month, the coalition Government in Orissa was eased out by the clever manoeuvres of the Congress Party which did not have any strength in the State Assembly. By a studious process of defections arranged by the Congress Party which is by now a well-known story, the Swatantra Party was split and the Utkal Congress *en masse* joined the ruling Congress. Mrs. Nandini Satpathi, a Central Minister, became the Chief Minister of the State. One more State in the country came under Central administration as it were.

A similar game was played in Tamil Nadu too. The D.M.K. Government raised the power tariffs in the State on a direction given by the Central Finance Ministry as part of a programme to raise additional resources and as a means to tap rural wealth. But the farmers were in no mood to pay, although such an increase was quietly accepted by the agriculturists in other States. Several protests were made by the farmers' organisations in the State, but the Chief Minister, Mr. M. Karunanidhi, was not prepared to concede the demand of farmers. There is no doubt that the Chief Minister was talking from a position of strength. Nor did Mr. Karunanidhi imagine

that the protest made by farmers would ever attain political tones. It was here that he made the mistake and if he had persisted in observing an obstinate policy, it would certainly have resulted in his Party being thrown out of power. Such was the intensity of the agitation against him and his Party and Government.

The first to take advantage of the agitation was the C.P.I., now a close ally of the ruling Congress. But when it appeared to the Congress Party that the entire political advantage would accrue to the Communist Party of India, it too entered the scene and actively supported the agitation against the D.M.K. Government. In the process, the merits of the case were completely forgotten. When the farmers' organisation announced they would observe a *bandh*, all the political parties opposed to the D.M.K. gave their support. The D.M.K. Government was not slow to act and police repression was let loose in the State to suppress the *bandh*. As a result, more than 15 persons were killed and over a hundred were injured. The Congress Party at the Centre considered the political situation in Tamil Nadu and expressed horror at the excesses committed by the police. According to it, at least 48 persons were killed and scores of others injured. Several hundred Congressmen were put in jails and their houses raided by the police. It was also said that the Congress workers were the main target of attack. A three-man delegation of Congress M.P.s was sent to Tamil Nadu to make an on-the-spot study of the situation.

The D.M.K. Government regarded this as an intervention by the Congress Party in its affairs with a view to discrediting the Government. Mr. Karunanidhi wrote a long letter to the Prime Minister, Mrs. Indira Gandhi, explaining the genesis of the trouble and pointed out that the power tariffs were raised only at the behest of the Centre. It was, therefore, unfortunate that her Party men

should have supported an agitation which was started by vested landed interests. There is much sense in what the Chief Minister has said and, naturally, it became a little difficult for Mrs. Gandhi to come out openly in support of what her Party men did in Tamil Nadu.

However, at her Press conference, when this question was raised, the Prime Minister made it clear that the opposition of the Congress was not to the rise in the rates, but to the manner in which the D.M.K. Government had handled the situation. And, yet, when a D.M.K. Minister, Mr. K. Rajaram, met her the following day for a discussion of the situation in the State, Mrs. Gandhi did not say a word to him about how the situation was handled by the Government. Mr. Rajaram said that the Prime Minister gave him a patient hearing and to him it appeared she was quite convinced that the agitation was politically motivated. And, now, the Chief Minister held talks with the representatives of farmers in the State and an agreement has been reached. All those who were arrested were released. As part of the agreement, the State Government has brought down the power tariff and farmers in turn have given up the demand for a judicial enquiry into police firings. It is not very relevant, however, whether the power rates have been reduced or not but what is more important is that a rapport has been established between the Chief Minister and the aggrieved party. This should have been done much earlier for this would have prevented all the sound and fury that took place in the State. But this has served a lesson to the Congress Party which has now realised that politics in Tamil Nadu is somewhat different from other States.

All this goes to prove there are no short-cuts to power. Perhaps the ruling Congress will have to wait for some time more before it can prove its *bona fides* in Tamil Nadu. Meanwhile, it is necessary for the D.M.K. Government too to improve its image in the State. There is talk of widespread corruption at all levels and if this is true, it will prove disastrous for the Party. The record of the State Government has been none too bright and unless it takes progressive steps to improve efficiency all round and initiate measures which really serve the common man, a day might come when the people will stage a revolt against the Government and unseat the D.M.K.

INDUSTRY

State Take-over of Sick Textile Mills : Need for Modernisation

(By a Special Correspondent)

The National Textile Corporation was created with the specific purpose of reopening and rehabilitating sick textile mills. But there should be no hesitation on the part of the Government in granting the Corporation more money to modernise the mills.

A PUBLIC-SECTOR undertaking which has done somewhat well—and that too in a very short period of four years—is the National Textile Corporation, formed in 1968 to run and supervise mills whose management had been taken over by the Government. As of date, the number of mills whose management had been taken over either because of closure or sickness is 50, and the Corporation has recommended that the management of seven more mills might be taken over. In addition, six more cases are presently being investigated. Management of 50 mills—17 directly and the remaining through authorised controllers—is no easy job, particularly considering the fact that all these mills are ailing ones. The Corporation's chairman-cum-managing director, Mr. K. K. Dhar, announced at a Press conference last week that out of 26 mills, which had been under Government management for over a year, 24 had made gross profits. This is not a bad record at all because most of these mills have a backlog of problems.

The Corporation's performance has to be considered sympathetically because it was created with the specific purpose of reopening and rehabilitating sick textile mills. If the 50-odd mills had been allowed to be closed, over 100,000 workers would have been without jobs. Apart from the employment aspect, the 50 mills account for about 10 per cent of the total spindlage in the country and 15 per cent of the loomage. Cotton yarn and cloth output from these mills, when in full production, would be worth about Rs. 175 crores a year, yielding the Government about Rs. 20 crores annually by way of excise and sales taxes. This level of production would have been lost to the country had these mills been allowed to remain closed.

It goes without saying that almost all the mills taken over by the Government need considerable repairs and replacement of machinery if they are to be worked to their full capacity. This is a task the Corporation has taken up in earnest. It contributes 51 per cent of the monies needed for modernisation, and programmes for modernisation have been prepared in respect of 33 of the 50 mills. The estimated outlay for this purpose is Rs. 14.5 crores. Since the Corporation has been allotted only Rs. 17.5 crores for modernisation of the mills, this total Plan provision is expected to be consumed within the current financial year. It has, therefore, asked the Government that the Plan provision of Rs. 17.5 crores should be increased to Rs. 34.5 crores. As there is very little likelihood of the mills being returned to the original managements after they are put in proper shape using public funds, there should be no hesitation in granting the Corporation more money to modernise the mills. Having taken over the management, it will be in the Government's own interest to run them on modern lines.

The Corporation's activities have also helped the Government in increasing the availability of controlled varieties of cloth consumed by the common man. During June 1971 to May 1972, the mills under Government management produced 94.3 million square metres of controlled varieties of cloth. Although a retail network is yet to be organised to sell this output, the Government-managed mills have so far opened 33 retail shops in predominantly rural areas. It is interesting to note that for the period ended March 1972, the mills had earned export orders worth about Rs. 4.5 crores. Some of the Government-managed mills have been exporting about 40 per cent to 45 per cent of their production. The mills have also taken some share (the extent is not known) of the Russian cotton for conversion and re-export to the Soviet Union.

Although the take-over of the management of the sick units have

not been as much influenced by ideological considerations as in the case of other industries, control over 50 textiles mills and possibly more in the near future, gives the Government a clear entry into this oldest industry. As things stand today, it is highly improbable that these mills will ever be returned to the original owners. In other words, one can safely presume that 10 per cent to 15 per cent of the capacity in the industry has already passed into Government hands.

(Continued from page 136)

limbo of economic activity for consideration of politics. It is a fact of history that about 90 per cent of trained managers are to be found in the top industrial houses contributing, probably less than 3 per cent of production or turnover, calculated on an all-India basis. Unless there is an evening out of talent there is no escape from taking help where available.

Economic Consultants

An alternative which is being tried by some other States, including Maharashtra, is the engagement of economic consultants for specific jobs to identify through detailed investigation, and recommend certain lines of action to the State Government whose ultimate responsibility it is to co-ordinate and plan their affairs. In either case the bureaucratic machinery must accept the rôle of experienced managers to render competent advice, without affecting the prestige or responsibilities of the various departments within the State Government.

A few weeks ago, the Chief Minister of West Bengal, Mr. S. S. Ray, stated that a number of offers had been conveyed to him from high-paid executives who were willing to work for promotion of the Government's projects. Without attempting to underplay the significance of such offers it may be pointed out that even competent individuals need organisation of supporting management to have an impact on the economy, and leaders without organisation are as much handicapped as organisations without effective leadership. The problem of imparting managerial expertise to the organs of Government is thus not easy, and a solution must be found through a combination of alternatives. Let West Bengal take a lead and establish a "joint sector" through modern consultative machinery, instead of the worn-out method of committees, panels, and sub-committees consisting of part-time officials and non-officials.

Has There Been a Slow-down in Bank Advances to Small-scale Units ?

(By a Special Correspondent)

The number of small-scale industrial units being financed by banks is on the increase. But in terms of unitwise and accountwise advances, the flow of funds to the small-scale sector seems to be slowing down.

IN his inaugural address at the annual session of the Indian National Committee of the International Chamber of Commerce in Bombay on 21st April, 1972, Mr. S. Jagannathan, Governor, Reserve Bank of India, has said: "For the industrial sector, we have now a large number of special institutions providing medium and long-term loans, underwriting facilities, credit guarantees, export guarantees, export finance and even equity participation. These facilities have come to be utilised more and more by enterprises of all sizes; even so much scope still exists for enlarging the small and medium industries' recourse to industrial finance".

Contrary to this statement, the Reserve Bank's survey conducted by 21 universities and premier research academic institutions for the Banking Commission has reported that the small-scale industries could not fully utilise their productive capacities and increase their level of production, even after bank nationalisation, on account of paucity of funds and lack of insti-

tutional credits. This contradiction has been further substantiated by the statistics available on the bank's advances to small-scale industrial units.

A glance at Table I reveals that although the number of industrial (small-scale) units being financed by banks is on the increase, that has not kept pace with the increase noticed in the year following bank nationalisation. While 31,473 new units were financed with the additional help of Rs. 128.45 crores in 1970, only 23,075 units with extra Rs. 83.81 crores of finance were assisted by the banks in 1971. The average amount a unit was Rs. 52,000 in June 1969; that fell to Rs. 48,000 in June 1970 and to Rs. 46,000 in June 1971.

Banks, on their part, feel complacent about the figure of increased advances to small-scale industrial units, but it is the amount a unit as well as the amount an account that shows that the tempo of providing adequate finance to new industrial units has not been maintained by the banks in the recent past. It is, however, heartening to find that a committee constituted in April 1971 by the Reserve Bank to study the problem of payment of bills by large and medium industries to small enterprises in respect of supplies

made to them and to work out suitable arrangements so as to ensure a speedy settlement of claims has since finalised its report and has made a number of useful and practical suggestions.

The committee observed that payments to small-scale industries did not form any significant proportion of the total expenditure of the big companies. A large number of reporting small-scale units have complained that there was undue delay in inspection of goods which has caused delay in the payment of bills. Another factor causing delay in payments was that not enough care was taken by supplies in submission of relevant documents such as invoice and bills. A third factor was the lack of adequate budgetary provision in respect of payment to small-scale industries by State Governments and public-sector undertakings. The committee has also mentioned that the impact of the delayed payments was particularly large on small-scale industries because either they had a slender capital base which weakened their bargaining position or they did not have comfortable sundry credit position.

The committee's recommendations, if implemented, are definitely going to remove the financial strains experienced by small-scale industrial units. With a view to helping a unit tide over its financial difficulties, the State Bank of India has also opened a management consultancy service at some of its offices. This should prove to be an important step in the direction of improving the lot of small-scale industries. It is reported that some of the units experiencing difficulties do not refer their problems to management consultancy service centres spread over the country for the fear of high administrative charges asked for by these centres. But this fear is baseless because it would never be proper to postpone remedial measures. Small-scale entrepreneurs should realise the fact that prevention is always better than cure.

PEOPLE AND PERSONALITIES

Mr. James R. Sankey has been elected vice-president of Goodyear International Corporation, succeeding Mr. Marshall F. Gillespie.

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produce the Praga Gambin Milling Machine; Escofier & Co., also of France, for the Thread Rolling Machines; George Fisher of Switzerland for Copying Lathes; Kearney & Trecker CVA and Pratt & Co., both of the U.K., to produce drill chucks and lathe chucks respectively. Incidentally, we are the largest producers of lathe and drill chucks in the country. It is not surprising therefore that Praga (a public sector undertaking) is in the best-selling forefront at home and is finding ready and willing markets abroad. Our associates are world famous and their names speak for themselves. Need we say more?



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TABLE I

SCHEDULED COMMERCIAL BANKS' ADVANCES TO SMALL-SCALE INDUSTRIES

	No. of units	No. of accounts	Amount (Rs. crores)	Amount a unit (Rs. thousands)	Amount an account (Rs. thousands)
June 1969	54,775	81,706	285.60	52	35
June 1970	86,248	1,28,947	414.05	48	32
June 1971	1,09,323	n.a.	497.86	46	n.a.
Increase in 1970	31,473	47,241	128.45		
Increase in 1971	23,075	n.a.	83.81		

n.a. = not available

New West Bengal Tax on Entertainments Will Hit Hotels

(By a Special Correspondent)

The West Bengal Government seems to think that it is only the affluent people who will be affected by its new levy on entertainments. But Calcutta's hotel industry fears that the impost will hit it hard.

THE implications of the West Bengal Entertainments and Luxuries (Hotel and Restaurants) Tax Act, 1972, do not seem to have been properly appreciated by the State Government. It has been assumed by the Government and the State Assembly that since the taxes under this Act have to be paid only by the affluent people, there cannot be any objection to its provisions. But Calcutta's hotel industry fears that the Act will hit it hard. If it does, it will ultimately affect the common man also. The hotel industry in Calcutta has passed through a difficult phase in the last few years because of the deterioration in law and order and the sharp fall in tourist traffic. The industry has been looking forward to improving its prospects after the formation of a stable Ministry in the State. But the Entertainments and Luxuries Tax Act is likely to affect the industry's prospects. The Act applies to the whole

of West Bengal. But, in the first instance, it will apply only to Calcutta.

The statement of objects and reasons of the Act says that there is scope for augmentation of revenue by the levy of taxes on luxuries and entertainments provided by hotels and restaurants. But no estimate is given of what is likely to be the revenue from this source. The Government seems to think that the hotels and restaurants can easily absorb the new levies. How far is this assumption justified? Under the Act, "entertainment" means any exhibition, performance, amusement, game, sports, cabaret, dance or floor show and includes performance by any singer, musician or bandsman provided in any hotel or restaurant; and "luxury" means provisions for air-conditioning through air-conditioner or central air-conditioning or any other mechanical means provided in any of the rooms, or in any part of a building which constitutes a hotel or restaurant. A restaurant is said to include also an eating-house. The mode of taxation is laid down under Sections 3 and 4 of the Act as follows:

Section 3 says: An entertainment tax shall be payable by every person who is admitted into or enters any place, within either a hotel or restaurant, which is provided with luxury, where an entertainment is provided, and such tax shall be calculated at the rate of 10 per centum of the hotel sum paid or payable by such person for all the services including food and drink supplied to him and also including any fee for admission into such place of entertainment: provided that where payment is charged for admission to the place of entertainment, the entertainment tax under this Section shall, in no case, be less than 25 per centum of such payment for admission to the place of entertainment.

Section 4 says: There shall be charged, levied and paid to the State

Government a luxury tax by the proprietor of every hotel and restaurant in which there is provision for luxury and such tax shall be calculated at the rate of an annual sum of Rs. 100 for every ten square metres or part thereof in respect of so much of the floor area of the hotel which is provided with luxury.

The Act provides for a fine not exceeding Rs. 500 on any person who fails to pay the entertainment tax or the luxury tax within the prescribed period. If the offence is a continuing one, there will be a further fine not exceeding Rs. 5 for every day during which the offence continues. The Act is causing concern to the hotel industry of Calcutta because of the possibility of some of its business being diverted to clubs. Cabaret shows are not really as popular as the Government appears to think. If the hotels stop this form of entertainment, it will result in unemployment of dancers, singers, musicians, bandsmen and other connected with it.

It is also pointed out that the Government is already charging a high excise literage fee on the sale of liquor. So, an additional 10 per cent tax on the sale of liquor is considered unfair. Swimming pools do not bring revenue but hotels have to keep them to maintain international standards. The Act has brought swimming pools also within "entertainment". The hotel industry has sought clarification as to whether the luxury tax will apply to guest rooms and function rooms which are not occupied and whether piped music will come in the category of entertainment.

The Government of India has been urging hotels to aircondition their rooms and provide all modern facilities with a view to attracting more tourists. Even one-star hotels are required to aircondition at least 10 per cent of their rooms. This emphasis on airconditioning is understandable in view of Calcutta's humid climate. The Central Government has also been persuading the State Governments to lower the electricity charges for hotels and restaurants so that they can offer better service to the tourists. Against this background, will the Entertainments and Luxuries Act help the hotel industry in West Bengal to flourish and expand, which is necessary in the interest of creating more employment as well as promoting tourism?

Has the Importance of Black Money Been Overplayed ?

By P. Chattopadhyay

It is possible that the importance of black money has been overplayed. Perhaps the Income Tax Act could be better patterned if the suspicion of the existence of black money and tax evasion were disregarded, and instead good faith was made the basis of assessment.

IN many ways, the search for black money has become highly philosophical. Metaphorically, it has indeed become a search for something in a dark room with eyes blindfolded. For some time past, discussion on black money has engaged all sections of the thinking public in this country. Recently, the Wanchoo Committee Report also threw some arguments on either side of the subject. What impresses one most is that analysts have many a time attempted to measure the extent of black money in some exact terms. The committee observes that black money is found widely used for conducting concealed business transactions, smuggling gold and luxury articles, purchasing illegal quotas and licences at premiums, financing secret commissions, giving donations to political parties, acquiring assets in benami names, etcetera.

Behind the vulgar display of wealth which is evidenced by ostentatious living and lavish expenditure on weddings, festivals, etcetera, is this scourge of black money (Cf. Direct Taxes Inquiry Committee *Final Report*, page 167). On the other hand, Dr. D. K. Rangnekar in his Minute of Dissent has given an estimated order of Rs. 1,150 crores of tax-evaded income in 1961-62. His estimate of black income for 1965-66 is of the order of Rs. 2,350 crores as against Rs. 1,216 crores mentioned in the Wanchoo Committee Report. There are of course points to be mentioned in favour of such analyses. It is, however, necessary to stress here that one may raise suspicion that not all this so-called black money or tax-evaded income is really black or tax-evaded. In many cases, even the U-sector consumption is financed by tax exempted income accumulated over long years for specific

purposes. The genuine leakages in the act of "pump-priming" should not be couched in such harsh languages as black money or tax-evaded income. While tax research on the lines suggested by the committee may indeed go a long way in tracking down the flow of incomes in different directions it is necessary that the Government approached the matter with an open mind and give the assessee the benefit of doubt.

While there is little reason to let the tax dodgers go scot free, it is possible that the discussion on the subject has been overmade and the importance of black money overplayed. At least, such assertions as "the magnitude of 'black money' is large and rigged deals are growing in volume and complexity at an alarming rate" are on insufficient basis. Indirect evidence such as conspicuous consumption is, however, a clue that makes one suspect the existence of black money but it fails to give an idea of the magnitude of "black money" in the country. Perhaps, the Income Tax Act could be better patterned if the suspicion of the existence of black money and tax evasion were disregarded and, instead good faith was made the basis. The important point is

that if the extent of black money available in the country could be measured accurately, black money would cease to be black!

Tax evasion and the penal measures provided for in the Income Tax Act smack of distrust of the authorities of the body of assessee. Apart from other factors, suspicion and distrust also create an administrative burden on the authorities, in so far as the assessee are themselves required to prove the *bona fides* of their cases with vouchers, documents, etcetera. There have been instances when legitimate expenditure has been disallowed by the Income Tax Officers in accordance with the discretion allowed to them under the Act. The case laws on the subject have gained a lot in volume. The provision for summary assessment is, therefore, a step in the right direction, albeit a rather belated action. It is necessary that such summary assessments should be extended to all classes of assessee, including companies, subject to acceptable authentication of the tax returns or such other checks and balances deemed appropriate. In many cases, tax evasion takes place not because of a lack of desire on the part of the assessee to pay tax but because of the paraphernalia attending on the assessment and payment of direct taxes. The bother of it all must have been experienced by almost all assessee of different categories in some form or other.

It has been mentioned by some analysts that undisclosed income or black money may arise from income arising from illegal sources and in-

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1, INDIA EXCHANGE PLACE,
CALCUTTA - 1.

come arising from legal sources. The key point is disclosure of income from any source. The disclosure of all incomes earned and expenditure directly incidental to the earning of these incomes should go hand in hand and should be found simultaneously acceptable, one corresponding to the other, at least for certain classes of assessee where incurring expenditure is a precondition for earning such income. If only the disclosure of income is accepted but not the other part, the assessee is unnecessarily subjected to all kinds of harassment. The motivation to disclose income only in part and lower than that actually arising during a previous year can be substantially linked with the irritation resulting from disallowing expenditure which has been incurred in the process of earning income and the pervading suspicion in which the assessee is held.

High rates of income-tax act as a damper against the earning of income above a certain range. This has been generally applicable in all cases of income from business, profession or

vocation. Income from certain sources arises only when an assessee has already reached a certain stratum of income, depending on the position that he occupies either in business or in other works of life, including teachers in universities or people in the professions such as law and medicine. The damper caused by high rates adversely affects the quality of services ultimately rendered by such people when the best persons in the line decline to render certain services because they have no motivation to earn more. The second best or even the not-so-good only are available for the purpose. This kind of a situation is fairly common in the professions, including the legal profession, the medical profession and even the consultancy profession.

In such situations, it is necessary for the authorities to consider whether for the sake of improving the qualities of services ultimately received by different sections of society tax rates should be reduced or not. Secondly, when such people earn their income

against the damper of a high rate of tax, it may so happen that they spend the money in a way that would not be in the best interest of society. U-sector consumption owes a good deal to this. It is, therefore, necessary that in the light of the expansion in the tertiary sector during the era under planning, tax rates should be considerably reduced for certain classes of assessee to encourage better quality of services to be rendered by people who have already reached a status of success and are already on a high-income bracket. It is possible to think of certain incentives that may be granted by the Board of Direct Taxes to people who disclose their income to the maximum in conditions where they had opportunities to hide a portion of such income to avoid the high rates of taxes at higher income levels.

Contrary to a widespread belief that tax evasion takes place on a large scale, it is necessary to take into account the fact that many people pay taxes much higher than they should, in view of the procedural matters attending on the claims for deductions or rebates or incentives provided for in the Income Tax Act. As a matter of fact, most people, whose only source of income is salary, pay taxes higher than they should because of these difficulties and also because of their desire to avoid the tentacles of the Income Tax Department in the context of grant of such reliefs or rebates. Even copies of returns forms are not available easily.

A close look at the revenue coming to the Central exchequer on account of income-tax every year *vis-à-vis* the provisions therefor in the Budgets would reveal that there is in fact realisation in excess of the Budget figures. The cost of collection of such tax is of course a different matter. From the point of view of the assessee, a consciousness has been growing on a wide scale that income-tax should be paid from incomes generated under different sources. However, where the basis of assessment is income accrual and not actual receipt, it spells disaster to even otherwise flourishing concerns which have to pay advance tax on the basis of accrual and have to wait much longer for realisation of the income due. There is no provision in the Act for the redress of hardships of such assessee, even in cases where their entire income arises from the export of goods and services.

INVESTMENT

Take-over Fears Depress Share Prices

THE stock markets have developed pronounced weakness this past week. With fresh support virtually absent and selling persistent and quite heavy at times, equity prices have suffered an all-round decline. Losses have not only been widespread but also heavy in many counters, both cleared as well as non-cleared. Few shares have been able to wind up the week with plus signs. This week's downswing has carried the market to a new low for the year. That the markets should have dived below the earlier mid-March low after a very sizable recovery is considered to have important implications, according to many analysts. The markets' recent overall behaviour shows a marked deterioration in sentiment. Apart from the continuing stagnation in the economy, it is the uncertainties created by the craze for take-over of industrial units that has seriously undermined investors' confidence.

No less disturbing is the uncertainty about compensation in the event of eventual nationalisation. The quantum of compensation indicated in the General Insurance Business Nationalisation Bill has caused considerable disappointment among investors. They are naturally wondering about the future of management of private-sector concerns. Investors seem little impressed by the Government's assurance that the take-over will improve Indian Iron's fortunes as the State-run units are not faring well. The Government has still to establish reputation for efficient management of undertakings under its control. Fears of nationalisation of electricity companies and reports suggesting the possible take-over of Hindustan Aluminium, Sirpur Paper and Sirsilk have made investors nervous. It may be mentioned here that the Delegated Legislation Committee of the U.P. Vidhan Sabha has strongly recommended the take-over of Hindustan Aluminium and in Andhra Pradesh the State Government has been urged to take over the management of Sirsilk and Sirpur Paper as these units have been incurring losses.

The general trading sentiment being very much unsettled, the markets have taken no notice of good corporate news and of the announcement of a rise in steel prices for selected categories. The increase in prices falls far short of steel producers' demands and it is the public-sector units which stand to gain the most. The engineering industry seems greatly worried over the escalation in costs of production which apart from undermining the industry's competitive position in international markets will add to domestic inflationary pressures. The stock market's reaction to the changes in the Central Cabinet has been quite mild. New Ministers have been selected to man Planning, Railways and Industrial Development. The stock markets seem to approve of Mrs. Gandhi's choice but in their present mood, they are unlikely to take any big risks merely on the hope that things will soon change for the better. The downward drift may continue till there are some positive signs of a favourable shift in the Government's policies and the economy starts picking up.

Gilt-edged securities have remained quiet this past week and the volume of turnover has been restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support but turnover has remained restricted.

Prices in the Calcutta stock market have shown a dull trend this past week. This is because the market has received a severe jolt due to the dramatic management take-over of the Indian Iron and Steel Company. Operators are apprehensive of the State take-over of the management of such key industries as cement, sugar, textile, paper, automobile and electric power. Among engineering shares, Guest Keen Williams, Bihar Alloy, Simon-Carves, Escorts and Kumardhubi Engineering have been quiet. Among jute shares, New Central and Kelvin have declined. Among coal shares, Western Bengal and Bengal have been transacted. Among paper shares, Straw Products,

Ballarpur, Orient and Sirpur have been easier. Among miscellaneous shares, Goodyear India, Hindustan Aluminium, G.E.C. and Woolcomers of India have retreated. Among tea shares, Assam Brook and Dhelakhat have been transacted.

With fresh support conspicuous by its absence and sellers dominating the scene almost throughout the week, Dalal Street has retreated sharply and struck a new low for the year. Both cleared and non-cleared securities have come under pressure and popular counters being easier to sell have been the worst sufferers. Good corporate news and the steel price hike have had little effect on sentiment which has been extremely unsettled mainly by take-over fears and partly by the likelihood of far-reaching changes in the Companies Act. The declaration of *benami* shares is proposed to be made obligatory. Investors' confidence has sunk to a very low level at a time when the economy requires a big increase in investment to accelerate the pace of industrial growth. Steels, cotton textiles, rayons, engineering, cement, paper and chemicals—all sections have followed a similar pattern and have registered substantial declines. Shares which have suffered the worst include Indian Iron, Tata Steel, Motor Industries, Hindustan Motors,

COMPANY REPORTS

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

B.I.G.I.
Central Bank
Colour-Chem
Delhi Cloth
Duncan Brothers
E.I.D.-Parry
Gwalior Rayon
Hindustan Ferodo
Indian Bank
International Tractor
McLeod
Metal Box
Ramakrishna Mills
T.E.L.C.O.
Vegetable Products
Vickers Sperry



SERVICE WORLD-WIDE





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undertakes banking transactions of all kinds through its net-work of branches and correspondents located in all main financial centres of the world.

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THE HONGKONG AND SHANGHAI BANKING CORPORATION
(Incorporated in Hongkong)

MERCANTILE BANK LIMITED
(Incorporated in England)

THE BRITISH BANK OF THE MIDDLE EAST
(Incorporated in England)

Associated Bank
Bank of Iran and the Middle East.

Ahmedabad Electricity, Sirpur Paper, Century Enka, National Rayon, Century Mills, Hindustan Aluminium, Indian Dyestuff, Synthetics and Chemicals, Polyolefins, Gujarat Fertilisers, West Coast Paper and Ceat Tyres. Tata Oil, Bayer (India), Hindustan Lever and South India Viscose have been among the steady features.

Prices in the Madras stock market have moved within narrow limits due to the lack of sustained investment enquiries. As a result, turnover has remained restricted. In the planting section, rubber shares have been subdued with Be Be Rubber and Gokak remaining quiet. Cochin Malabar, Manjushree, Nelliampathy and Nonsuch Tea have, however, received investment enquiries. In the textile section, South India Viscose have met with selling pressure while Venkateswara Mills and Mettur Beard-sell have been traded. Sugar shares have been featureless. Deccan have remained dull while E.I.D. have met with some business. In the miscellaneous section, Mettur Chemical and Aluminium Industries have received investment enquiries. India Cement and S.P.I.C. have remained steady. Among bank shares, Indian Bank have risen on dividend announcement. Indian Overseas Bank have also met with support.

Metal Box Earns More : Dividend Raised

THE chairman of the Metal Box Company of India Ltd, Mr. Bhaskar Mitter, said in his statement that the Company's sales had increased by 7.6 per cent to Rs. 36.4 crores during the past year. (A fuller version of Mr. Mitter's speech was published in last week's issue of *Capital*.) Excluding the effect of excise duty and price increase arising from three changes in tinsplate prices, the real increase in sales was 3.5 per cent. The chairman said that the further investments made in capital, technology, managerial resources and productivity measures had made this growth possible despite heavy odds. The addition of more sophisticated equipment will add to the Company's ability to supply high quality paper packages and laminated products. The profit, before tax, is Rs. 185 lakhs or 9.6 per cent more than that of the previous year. The directors have proposed a dividend, includ-

ing the interim, of 9 per cent, against 8 per cent.

The Company's finances have been greatly stretched. Arrangements have been concluded with the I.C.I.C.I. for a foreign exchange loan of Rs. 18 lakhs and discussions are continuing for a further loan of Rs. 21 lakhs. The chairman regretted that there had been a deterioration in law and order in and around Madras city, seriously disrupting industrial production. The long-term agreements with the workers in Calcutta are under negotiation. Productivity bonus schemes have been introduced for the first time at the paper units in Bombay and Cochin. As for tinsplate packaging the chairman said that the Government should play a more dynamic role in its capacity as the largest producer of tinsplate in the country. He said that the Hindustan Steel, along with other

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 26/00—26/10—25/45—25/55—(22/75)
Dunlop India 31/20—31/20—30/50—30/70—(36/80)
Guest, Keen, Williams 36/80—37/50—36/20—36/60—(38/70)
Hindustan Motors 8/45—8/60—7/70—7/90—(10/75)
Howrah Jute 7/50—7/50—7/50—7/50—(7/00)
Indian Aluminium 33/85—34/20—33/30—33/60—(37/80)
Indian Cable 23/65—23/85—23/10—23/35—(21/75)
Indian Copper 2/80—2/86—2/80—2/86—(3/85)
Indian Iron 6/95—7/20—6/60—6/90—(10/55)
I. K. Cotton 7/55—7/55—7/35—7/40—(7/85)
Jaipur Udyog 8/00—8/10—7/94—8/00—(9/10)
Jayashree Tea & Industries 16/06—16/12—15/81—15/81—(16/62)
Kesoram Industries 19/75—20/15—19/55—19/75—(14/60)
Orient Paper 35/50—35/60—34/65—34/80—(33/80)
Orissa Cement 19/40—19/40—18/60—18/80—(15/85)
Rohitas Industries 4/40—4/40—4/00—4/40—(5/10)
Textile Machinery 9/50—9/60—9/50—9/60—(10/10)

tinsplate producers, should give top priority to producing lighter substance material and nitrogenised steel, double reduced plate and tin free steel. The Company's operations suffered due to a serious accident at the Rourkela steel plant and also due to the recent war with Pakistan. The chairman said that unless Rourkela made a substantial improvement in its performance, tinsplate would remain either scarce or too costly.

T.E.L.C.O.

All-round Progress

MR. J. R. D. Tata, chairman, Tata Engineering and Locomotive Company Ltd, said in his statement that the Company had continued to make good progress during the past year. (A fuller version of Mr. Tata's speech was published in last week's issue of *Capital*.) Mr. Tata said that production in excess of the rated capacity and the highest turnover on record has been achieved in spite of many difficulties, including irregular supplies, labour indiscipline and shortage of power. Production is marginally higher at 25,075 vehicles, while the production and sale of spare parts have risen by 30 per cent over the previous year. The chairman mentioned the "continuing inflation in costs" which has prevented the ratio of profit to turnover from improving. The Government of India has approved the Company's expansion project. The chairman has expressed his dismay over the conditions the Government has chosen to impose on the issue of a licence. Subject to clarification of some points, the conditions are acceptable to the Company and the chairman hopes that an industrial licence will be issued to the Company in due course. On the completion of this programme, the Company will have powerful centres of production in both Jamshedpur and Poona, equipped with the most modern plant and machinery. T.E.L.C.O. will spend on the Jamshedpur unit some Rs. 25 crores on expansion, improvements and replacements. On the completion of the expansion programme the country will have a unique engineering complex.

VICKERS SPERRY

Dividend Raised Again

VICKERS Sperry has turned out substantially improved results for the year ended March 1972 and

the dividend, raised last year from a maiden 10 per cent to 11 per cent, is being further stepped up to 15 per cent. Sales at Rs. 1.92 crores show an increase of 51 per cent over the previous year's figure of Rs. 1.27 crores and the gross profit has increased by 54 per cent from Rs. 41.93 lakhs to Rs. 64.60 lakhs. After providing Rs. 15.68 lakhs (against Rs. 12.87 lakhs) for depreciation, Rs. 3.83 lakhs (against Rs. 4.30 lakhs) for development rebate reserve and Rs. 31 lakhs (against Rs. 11.75 lakhs) for taxation and after making some adjustments, the surplus of Rs. 13.03 lakhs (against Rs. 12.44 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 7.62 lakhs will be paid.

GWALIOR RAYON

Margins Squeezed

THE Gwalior Rayon Silk Manufacturing (Weaving) Company has suffered a setback in its working for the year ended March 1972. Even so, the dividend has been raised from 18 per cent to 19 per cent (from Rs. 1.80 to Rs. 1.90 a share). Despite an increase of about 6.3 per cent in sales from Rs. 59.93 crores to Rs. 63.71 crores, the gross profit has declined sharply by 22.3 per cent from Rs. 10.83 crores to Rs. 8.41 crores, bringing down the ratio of profit to sales from 18 per cent to 13.2 per cent. Profits have been adversely affected by certain extraordinary factors. The Company had to write off as much as Rs. 1.28 crores being the aggregate value of industrial plantation in Nilambur following the take-over of private forests by the Kerala Government. It had also to put up with heavy loss in production resulting from a 72-day strike at the pulp plant. The pulp production declined sharply from 64,120 tonnes in 1970-71 to 42,493 tonnes in 1971-72. The production of staple fibre was only 59,231 tonnes due to the shortage of pulp. The Company also experienced difficulties in obtaining the required quantities of caustic soda and had to make purchases from the open market at higher prices. Margins were further squeezed by the all-round rise in costs.

After providing Rs. 178.27 lakhs (against Rs. 201 lakhs) for depreciation, Rs. 19.98 lakhs (against Rs. 15.06 lakhs) for development rebate reserve and Rs. 392 lakhs (against

Rs. 484 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 250.76 lakhs, against Rs. 382.46 lakhs for the preceding year. A sum of Rs. 20 lakhs (against Rs. 15 lakhs) has been transferred to preference share redemption reserve and Rs. 230.76 lakhs (against Rs. 352.46 lakhs) to general reserve. In the previous year, a sum of Rs. 15 lakhs had been transferred to contingencies reserve. The equity dividend absorbing Rs. 125.40 lakhs (against Rs. 118.80 lakhs) and the preference dividend of Rs. 31.52 lakhs (same) will be paid out of general reserve.

The long-awaited C.O.B. licence for the pulp plant was issued to the Company in February 1972 and the production of rayon grade pulp commenced in May by commissioning one digester. The complete plant is expected to be ready by March 1973. The work on the caustic soda project in Nagda is progressing quite satisfactorily and the factory is expected to be ready for trial runs by October 1972. The Company's application for an industrial licence for setting up a plant for the manufacture of paper and caustic soda in Mysore has been referred to the Monopolies Commission. Its application for setting up a staple fibre plant in Harihar is still pending with the Government.

DUNCAN BROTHERS : DIVIDEND MAINTAINED

IF the profit of Duncan Brothers and Co. Ltd for the year ended December 1971 has declined, it is mainly due to the fact that the National Textiles Share Company, Ethiopia, has gone into liquidation; its assets are not sufficient to cover most of its liabilities, including the amount advanced by Duncan Brothers which has now been written off as bad debt. Increased shipments during 1971 by the Company's tea export department to overseas markets resulted in earnings being approximately 38 per cent more than in the previous year. The Company's tea warehouse department was hard pressed during the year to meet the storage requirement due to the unprecedented floods resulting in the dislocation of rail and road communications. Exports of jute goods fetched Rs. 10.29 crores in 1971, against Rs. 13.15 crores in 1970.

INTERNATIONAL TRACTOR

Good Results

INTERNATIONAL Tractor Company of India has turned out substantially improved results for the year ended March 1972, although margins have been under pressure. Turnover has risen by 51 per cent from Rs. 13.71 crores to Rs. 20.76 crores and the gross profit has gone up by 27.6 per cent from Rs. 121.59 lakhs to Rs. 155.20 lakhs. The dividend has been kept unchanged at 10 per cent. After providing Rs. 91.57 lakhs (against Rs. 78.05 lakhs) for depreciation and Rs. 23 lakhs (against Rs. 34 lakhs) for development rebate reserve, there is a net profit of Rs. 40.63 lakhs, against Rs. 9.54 lakhs in the preceding year. The Company has no tax liability. After adjustments the disposable surplus of Rs. 40.63 lakhs (against Rs. 24.77 lakhs) has been transferred to general reserve out of which the equity and preference dividends amounting to Rs. 30.18 lakhs will be paid. The Company produced a little over 9,000 tractors last year but the capacity is now geared to produce 12,000 tractors during the current year. The Company has started the manufacture of a new tractor with more sophisticated features and expects to market 3,000 such tractors in the current year.

HINDUSTAN FERODO

Sales Up but Profit Down

HINDUSTAN Ferodo has maintained the dividend for the year ended March 1972 at 23 per cent, made up of 13 per cent final and 10 per cent interim. The preliminary figures released by the Company along with the announcement of the final dividend show that while sales are better at Rs. 6.93 crores, against Rs. 6.78 crores in the preceding year, the gross profit has declined from Rs. 1.69 crores to Rs. 1.57 crores. After providing Rs. 23.73 lakhs (against Rs. 22.68 lakhs) for depreciation, Rs. 1.63 lakhs (against Rs. 1.08 lakhs) for development rebate reserve and Rs. 82.35 lakhs (against Rs. 77.12 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 49.55 lakhs, against Rs. 68.10 lakhs in the preceding year. With a write-back from previous excess provisions for taxation amounting to Rs. 14.84 lakhs, the surplus of Rs. 64.39 lakhs (against Rs. 68.10 lakhs) has been transferred to general reserve. The total dividend distribution amounting to Rs. 57.08 lakhs (same) will be made out of general reserve. The directors state that they find it difficult to comment on the prospects for the current year with any certainty due to rising costs and material procurement problems. Strenuous efforts are being made to overcome these problems and some improvement is expected.

COLOUR-CHEM : BONUS ISSUE PROPOSED

THE directors of Colour-Chem have maintained the dividend for the year ended March 1972 at 12 per cent and, in addition, recommended the issue of bonus shares on a one-for-four basis on a date to be fixed after the receipt of the approval of the Controller of Capital Issues. The previous bonus issue was made by the Company in 1969 in the proportion of four shares for every seven shares held. The preliminary statement from the Company on its working results for 1971-72 shows an all-round improvement over the previous year's performance. Production, sales and profit—all are higher than in 1970-71; only margins have been under some pressure.

The value of production increased only modestly from Rs. 9.20 crores

INDIAN BANK

Performance Highlighted

IN celebrating the third anniversary of nationalisation of banks, the Calcutta main office of Indian Bank has highlighted its performance. It has been financing exports of tea, jute goods, textiles and other engineering goods. Also, it has been helping small-scale industrialists, professionals, technocrats and students.

CENTRAL BANK

Remarkable Progress

SINCE the nationalisation of banks, Central Bank of India has made remarkable progress in all departments of its activities, particularly in the direction of assistance to the priority sectors. Its advances to the priority sectors now exceed Rs. 117 crores out of which advances to agriculture account for over Rs. 41 crores, spread over 78,000 accounts. Advances to small-scale industries amount to over Rs. 40 crores, spread over 8,800 accounts, while advances to self-employed persons are over Rs. 1.35 crores, spread over 4,900 accounts. Advances to retail and small business amount to over Rs. 5 crores, spread over 3,900 accounts. Total deposits exceed Rs. 700 crores and total advances exceed Rs. 480 crores.

The bank's branches are as many as 1,048 out of which 300 are in rural areas, 390 in semi-urban areas and 357 in urban areas.

E.I.D.-PARRY

Profit Earned

IF the results of E.I.D.-Parry Ltd for the half year ended March 1972 are any guide, it must be said that the Company has turned the corner. The profit, before depreciation, amounts to Rs. 111.22 lakhs, against the loss of Rs. 19.02 lakhs in the corresponding period of the previous year. Provision for depreciation amounts to Rs. 63.28 lakhs (against Rs. 62.72 lakhs). Sales were higher at Rs. 45.79 crores (against Rs. 38.55 crores). There was an improvement in the working of the merchanting division with a rise in sales. The performance of the pottery and fertiliser division was also encouraging. The sugar mill in Nellikuppam contributed substantially to the profit, thanks to the higher sugar prices in the open market. The amount of sugarcane crushed was 226,000 tonnes (against 235,000 tonnes) and sugar production was lower at 18,884 tonnes (against 19,713 tonnes). The sugar recovery declined to 8.35 per cent (against 8.38 per cent). The loss brought forward from the previous year is Rs. 173.08 lakhs.

VEGETABLE PRODUCTS

Sales and Profit Decline

THE profit of Vegetable Products Ltd for the year ended December 1971 has declined. The *vanaspati* unit of the Company is still facing serious selling competition. Moreover, the increase in costs of tin containers, chemical and other stores has affected the Company's trading results. The profit has fallen from Rs. 7.81 lakhs to Rs. 5.07 lakhs, after providing Rs. 1.67 lakhs (against Rs. 1.97 lakhs) for depreciation and Rs. 300 (against Rs. 32,039) for development rebate reserve. A taxable ordinary dividend of Rs. 10 a share has been declared, absorbing Rs. 1.50 lakhs. General reserve is allocated Rs. 1.70 lakhs (against Rs. 2.30 lakhs) and taxation Rs. 2.80 lakhs (against Rs. 5.53 lakhs). After making other adjustments, a sum of Rs. 633 is carried forward, against Rs. 6,316 brought in. Sales declined from Rs. 5.26 crores to Rs. 4.85 crores.

McLEOD

A Bad Year

McLEOD and Co. Ltd shows disappointing results for the year ended December 1970. The Company has incurred a loss of Rs. 1.25 lakhs, against a loss of Rs. 8,352 in the previous year, after providing Rs. 74,001 (against Rs. 86,602) for depreciation. The dividend has been skipped. A sum of Rs. 9.71 lakhs has been written back from provision for taxation no longer required. General reserve is allocated Rs. 8.33 lakhs (against nil). After making other adjustments, there remains a balance of Rs. 59,173 which is carried forward, against Rs. 46,689 brought in. Sales declined sharply from Rs. 2.63 crores to Rs. 25.73 lakhs.

DELHI CLOTH

Desk Calculators

THE Delhi Cloth and General Mills will be coming out shortly with a range of electronic desk calculators, including sophisticated scientific calculators and programmable machines. The Company has been granted a licence to manufacture 2,000 calculators a year. Designed and produced by the Company's young engineers, the first model is expected to be in the market by about the middle of September. The Company's factory is located in Najafgarh, near Delhi.

B.I.G.I.

Better Results

BRITISH India General Insurance has reported improved results for 1971. The net premium income is only a shade higher at Rs. 4.62 crores, against Rs. 4.58 crores, but the pre-tax profit has risen sharply from Rs. 5.80 lakhs to Rs. 11.39 lakhs, after providing Rs. 13.20 lakhs (against Rs. 6.35 lakhs) for taxation. A sum of Rs. 10.50 lakhs (against Rs. 5 lakhs) has been transferred to general reserve and Rs. 1 lakh (same) to gratuity reserve. The unchanged equity dividend of 20 per cent (Rs. 2 a share) absorbing Rs. 4 lakhs will be paid out of general reserve. The Company has received Rs. 9.16 lakhs on 7th April, 1972, by way of management compensation for the period from 14th May, 1971 to 29th February, 1972. The Company will get Rs. 37.50 lakhs as compensation for distribution to the shareholders. The total assets of the Company at the end of 1971 were valued at Rs. 6.84 crores, against Rs. 6.20 crores a year earlier.

RAMAKRISHNA MILLS

Profit Declines

THE working of Sri Ramakrishna Mills (Coimbatore) Ltd for the year ended March 1972 has resulted in a profit of Rs. 7.47 lakhs, after providing depreciation of Rs. 3.88 lakhs. This compares with the previous year's profit of Rs. 17.40 lakhs, after providing depreciation of Rs. 4.59 lakhs. Total sales of finished goods amounted to Rs. 181.30 lakhs (against Rs. 191.66 lakhs). Adding to the year's profit a sum of Rs. 12,589 brought forward, there is a total surplus of Rs. 7.60

lakhs. Out of this, balance bonus provision amounts to Rs. 1.27 lakhs. Donations accounted for Rs. 49,900. Development rebate gets Rs. 19,200 (against Rs. 37,000) and gratuity reserve Rs. 1 lakh (against Rs. 2.51 lakhs). Provision for taxation amounts to Rs. 2.10 lakhs (against Rs. 10.30 lakhs). The balance of Rs. 2.53 lakhs is transferred to general reserve. The proposed dividend of 10 per cent (against 15 per cent) will be paid from general reserve. But the dividend of 10 per cent is on the increased capital, including the bonus issue made in February 1972 in the ratio of five for three.

OPPORTUNITIES FOR OVERSEAS CONTRACTS

INTERESTING international bid invitations have been received in the Directorate of Exhibitions and Commercial Publicity, Ministry of Foreign Trade, during the week ended 15th July, 1972. The names of the tender inviting authorities with respective commodities and closing dates are given below.

Arab Republic of Egypt: Societe des Sueresie et de Distillerie Egypte, Cairo; trailer; 22nd August, 1972; steam reducing stations; 18th August, 1972; filter or hydrocyclone; 26th August, 1972. **Burma:** Textile Industries Corporation, Rangoon; sewing cotton in hanks, etcetera; 10th August, 1972. **Inland Water Transport Corporation, Rangoon;** electrical equipment; 22nd August, 1972. **Electric Power Corporation, Rangoon;** switch, fuses and time switches; 29th August, 1972; track type tractor with accessories; 21st August, 1972; electric meters; 22nd August, 1972. **Ministry of Defence, Rangoon;** storing tanks and piping fittings; 15th August, 1972. **Myanma Bawdwin Corporation, Rangoon;** conductors and accessories, etcetera; switch-gears, isolating links, transformers, insulators, etcetera; 5th August, 1972. **Myanma Oil Corporation, Rangoon;** empty tins; 14th August, 1972. **Canada:** British Columbia Hydro and Power Authority, Vancouver; electric generating set; 15th August, 1972; static excitation systems; 22nd August, 1972. **Indonesia:** Ministry of Public Works and Electric Power, Djakarta; dredgers, equipment, attachments, etcetera; 28th

September, 1972. **The Government Estate Enterprise, Delhi:** electrical equipment; 28th August, 1972. **Kenya:** Ministry of Education, Nairobi; equipment for educational institutions; 16th October, 1972. **East African Railways Corporation, Nairobi;** permanent way materials; 11th August, 1972. **Malaysia:** National Electricity Board, Kuala Lumpur; Themengor Hydro-Electric Project; prequalification notice. **Republic of Korea:** Office of Supply, Seoul; stereoplotter; 11th August, 1972; pumping stations; 10th October, 1972. **Sudan:** Sudan Railways, Atbara; hard foundry coke; 6th August, 1972. **Tanzania:** The East African Railways Corporation, Dar-es-Salaam; permanent way materials; 6th August, 1972. **Thailand:** Metropolitan Electricity Authority, Bangkok; electrical items; 5th September, 1972. **Department of Aviation, Bangkok;** spring sleeve; 23rd August, 1972; pig iron; 7th August, 1972. **State Railway of Thailand, Bangkok;** electrical equipment; 9th August, 1972; transformer arc welder; 7th August, 1972. **Tunisia:** Pharmacie Centrale de Tunisie, Tunis; chemicals; 15th August, 1972. **Turkey:** Turkiye Elektrik Kurumu, Ankara; disconnection switches; 22nd August, 1972. **Uganda:** Ministry of Agriculture, Kampala; motor-vehicles; 15th August, 1972; telephone equipment; 17th August, 1972. **East African Posts and Telecommunications, Kampala;** copper wire; advance intimation. **Zambia:** Central Supply and Tender Board, Lusaka; hospital equipment and sundries; 25th August, 1972.

Determined Efforts by India and Bangladesh Will Change the Image of Jute

INDIA'S gains in jute goods exports during 1971 had masked what she had lost, observed Mr. L. N. Mishra, Central Minister for Foreign Trade, in his speech while inaugurating the annual general meeting of the Calcutta Jute Fabrics Shippers Association in Calcutta last Saturday. Due to his unavoidable absence, his speech was read by Mr. S. N. Chakravartee, Jute Commissioner. The Minister had no doubt that the "determined efforts by India and Bangladesh will bring about a welcome change in jute's image in the world market during the 'seventies.'" But he urged the industry and the trade to bear in mind that today the competition is not between India and Bangladesh but between jute and synthetics and that both the countries had to fight it jointly. Continued high prices and supply-shortages, said Mr. Mishra, had displaced jute from many areas where it had been well established over the years, resulting in an overall contraction of its share in the world markets. Taking additional advantage of the disruption of the long supply line to the principal markets by factors like the protracted strike by longshoremen in the U.S.A., synthetic producers

consolidated their grip on the home market by redoubled efforts.

Mr. Mishra referred to the findings of the recent five-man jute delegation, led by Mr. Y. T. Shah, Additional Secretary to the Central Foreign Trade Ministry, to North America, the U.K. and western Europe and said that jute goods had lost a much larger parcel of the market in the U.S.A. where synthetic products were in such a keen demand that their supplies had to be rationed. In western Europe and the U.K., a number of jute spinners and weavers had switched over to synthetics and the trend was picking up momentum. In carpet-backing cloth, jute had lost its share of use in both primary and secondary backings in the U.S.A. While its share had slumped to 49.3 per cent in the former during the first quarter of 1972, its future was also threatened in respect of secondary backings, although it had still been maintaining its grip on 65 per cent of the use.

The Minister said that tufted carpet production in the U.S.A. had steadily been rising, showing a growth rate of some 12.5 per cent. The price

disparity between hessian and synthetic substitutes was so large in the U.S. market that it was difficult to bridge. In this context, Mr. Mishra affirmed that the problem "remains one of price and it is becoming increasingly clear that our future efforts will have to be concentrated more and more on this aspect, besides product-development so that jute can compete with synthetics on equal terms." He also underlined the need for taking adequate and timely steps for maintaining regular supplies of jute goods. He made a passing reference to the constraints on production, like intermittent power-shedding and assured the industry that both the Central and the State Governments had been seized of the issue and were taking necessary steps to minimise the incidence of such power-cuts.

With raw jute supply outlook being what it was and the changed position of the fibre in the world market, the Minister referred to the new problems which had come up on the production front. Preliminary reports on crop prospects indicated the inescapable need for some jute and mesta imports during the current season. He assured his audience that the situation was kept under close watch and that appropriate steps would be taken when ultimate crop prospects became clearer. Mr. Mishra further held that if jute were to maintain a competitive edge over synthetic, India must step up the acre-yield of fibre substantially, in-

directly helping to improve the return to the grower.

A Small Market

Earlier, Mr. Madhav Lal Mehta, chairman, Calcutta Jute Fabrics Shippers Association, referred to the current decline in production and exports of jute goods and said that actual exports in June last were about 50,900 tonnes, against the monthly average of about 75,000 tonnes during the preceding half-year. Although the country's exchange earnings from exports of jute products touched a peak of Rs. 270 crores for the fiscal year 1971-72, he said that one should not overlook the fact that there was an inescapable shrinkage in the world market for jute and jute goods, for in the absence of supplies from Bangladesh, India could not fill the void even to a reasonable extent. He believed that the market thus lost would be difficult to recoup.

The chairman still believed, however, that jute continued to be the preferred medium in packaging and industrial use. It was only in specific and limited markets that synthetics performed better and prices of jute goods had little relevance. In other areas, he continued, it is the high price level, the extreme movement of prices and the instability of supplies which preclude the greater usage of jute. Since price would be the decisive factor in the areas "much will depend on our ability to reduce the prices of jute goods to such a level where they can compete with synthetics".

I.J.M.A. Statistics

I.J.M.A. statements of production and despatches show that working at the maximum level for 2,432 hours in the last season, against 2,248 hours in 1970-71, and consuming 6,641 million bales of fibre, against 5,728 million bales, mills reporting to the Association raised their overall output by 158,900 tonnes over the previous season's level to 1,138 million tonnes. Hessian production showed an increase of only 14,600 tonnes to 331,000 tonnes, due to its falling demand in the U.S.A., sacking by 54,200 tonnes to 498,800 tonnes, carpet-backing cloth by 67,500 tonnes to 218,500 tonnes and other goods by 22,600 tonnes to 89,400 tonnes. With exports absorbing 77,800 tonnes more of jute products over the 1970-71 level to 656,300 tonnes, and the internal offtake registering a satisfactory increase of 33,700 tonnes to 491,500 tonnes, the total offtake for

1971-72 was 1,148 million tonnes, against 1,036 million tonnes in the preceding season. While carpet-backing cloth shipments rose by 37,900 tonnes to 210,500 tonnes, and sacking by 35,500 tonnes to 130,700 tonnes, hessian still continued to account for the maximum export consumption at 274,800 tonnes, against 282,900 tonnes.

Bearishness in Gunnies

With the emergence of some buying interest at the dips touched during the earlier bearish phase gunny prices hardened on a broad front in Calcutta during the past week. The elimination of weak bulls and the clearance of a sizable market load also paved the way for curing the technical imbalance. Both holders and mills turned reserved, refusing to book ready and near-delivery business except at a premium over the quoted prices. Rising prices and reports of some hessian business from the U.S.A., besides scattered enquiries from Russia, some African and east European countries and Chile and brisk buying against the recent Sudanese cotton packs tender induced shorts and shippers to enter the market for covering their immediate and near-term open positions. Fresh and genuine turnover was far from market expectations. The wide price fluctuations were ascribed mainly to a shortage of the floating stocks and a fresh bout of speculative activities. The closing undertone was very firm.

Latest available quotations (in rupees) were as follows:

	July	Aug.	Sept.	Oct.-Dec.
40in. 7½oz.	82.00	80.50	79.50	78.00
40in. 8oz.	89.50	—	—	—
40in. 10oz.	103.00	103.00	102.00	100.00
B Twills	264.50	266.50	268.50	271.00
Heavy Cees	266.00	267.50	269.50	271.00
Cornsacks	—	—	—	—
A Twills (U.S.)	340.00	340.00	341.00	343.00
Liverpools	320.00	320.00	321.00	322.00

Fibre Firm

The raw jute market ruled exceptionally firm during the past week on sustained support from mills and mill agents to selected grade fibre both in the Cossipore market and in the up-country agencies. Upcountry arrivals, hovering around 35,000 maunds of new crop a day, were considered much below normal for this time of the season. The weather was not congenial in all areas. The expectations aroused by the emergence of the J.C.I. in the upcountry markets to conduct price support operations induced ulti-

mate growers not to rush to the markets with their fibre. The raw jute statement of the I.J.M.A. for June showed that mills closed the season with an overall stock of some 1.25 million bales of fibre, which was about adequate for meeting their requirements for a little over three months at the June-level of offtake. Turnover was small. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Old crop 15 days Rates a quintal Mid.	Rates a Bot.	New crop Aug.-Sept. Rates a quintal Mid.	Rates a Bot.
Selected Assam-				
Agartala	179.51	166.11	176.83	163.43
Northern Jute	174.15	160.75	171.47	158.07
Western Desai				
Jute	164.77	151.38	162.09	148.70
Selected				
Daissee	192.90	179.51	187.55	174.15
Assam-Agartala				
Tossa	190.23	176.83	184.87	171.47
Mesta :				
Assam Mesta	160.75	150.04	160.75	150.04
Selected Daissee				
Murshidabad	155.40	144.68	155.40	144.68
Bihar Dist.	137.98	127.26	140.66	129.94

LEATHER

Export Prospects

The outlook for leather exports from India appears to be encouraging. According to Mr. A. Nagappa Chettiar, chairman of the Leather Export Promotion Council, the leather markets in Europe and the U.S.A. are now showing greater interest in Indian sheep and goat skins. He has expressed his opinion against any steps to restrict the export of semi-finished leather, as this will affect the growing market for Indian goods. Mr. Chettiar says that Indian exporters have done a good job by achieving the export target for the coming year in the current year itself. Unfortunately, the export of leather is now being restricted. It has been pointed out that such restrictions had in the past spoiled the good export market established for Indian reptile skins, resulting in a substantial decline in exports from Rs. 3.5 crores to Rs. 35 lakhs during the last three years. Mr. Chettiar has rightly cautioned against any hasty steps in restricting the export of leather as he does not want E.I. tanned skins to suffer the setback which Indian reptile skins did.

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 June 1972. As compared with May, the June index for

Food shows a rise of 12 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 482, 704 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 6 points during June 1972.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		June 1971	July 1971	Aug. 1971	Sept. 1971	Oct. 1971	Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972
Food ...	53.6	901	914	924	933	945	948	948	935	929	929	934	943	955
Fuel and Lighting ...	4.4	412	412	412	412	447	447	447	447	447	447	482	482	482
Clothing ...	12.4	693	693	704	704	704	704	704	704	704	704	704	704	704
Miscellaneous ...	29.6	400	400	401	401	401	401	401	401	401	402	402	402	402
Combined Index ...	100.0	705	712	719	724	732	734	734	727	724	724	728	733	739

Compiled and constructed by the Statistical Department of "Capital".

THE TATA IRON AND STEEL COMPANY LIMITED

CHAIRMAN'S STATEMENT

The following is the statement of Mr. J. R. D. Tata, Chairman of the Tata Iron and Steel Company Limited, for the year 1971-72.

25 Years of Independence

I have for some years given up the practice of inflicting upon the shareholders at the beginning of my annual statement and earlier, of my speeches at shareholders' meetings, a review of events and developments of general interest to the economy of the country but not directly concerned with our affairs, as I found that these were amply discussed by the Chairmen of most other joint stock companies, large and small, and because, in any case, the views of spokesmen of the private sector seemed to make no impact whatever in official circles. If I make a brief exception this year, it is because it marks the significant completion of the 25th year of India's Independence.

2. Tragically, these twenty-five years began and ended not only with a major political transformation of our sub-Continent, but with great human upheavals, including war, which on both occasions compelled some ten million people to flee in terror from their homes to seek refuge in another land, and brought death to thousands and misery to millions. The recent Agreement signed at Simla by our Prime Minister and the President of Pakistan gives hope that this grievous chapter in the relations between our two countries is now closed forever, and that peace, growing understanding and cooperation will henceforth replace the conflict and confrontation which for twenty-five years caused so much suffering to so many on both sides.

3. In this last of the twenty-five years India bore a burden of refugee relief of a magnitude that no country in the world had ever been called upon to bear; it helped in the liberation of a nation of over 70 million people; it fought a victorious war—mercifully a short one; it bore with remarkable equanimity and success the

severe blows which these events inflicted upon its economy; it emerged as a major factor in the Asian power balance, and achieved, under Indira Gandhi, a degree of political integration and stability equalled only by that achieved under Jawaharlal Nehru in the early years of our Independence.

4. It is only right that on such an important occasion we should briefly take stock of our achievements as well as of our failures during these twenty-five momentous years.

Achievements and

5. Politically, we have emerged from our many trials and tribulations as one of the most stable developing countries in the world, confounding in the process the many in India and abroad who feared, or hoped, that we could not survive as a united and politically strong nation.

6. Militarily, we have achieved a capability in manpower, equipment and expertise of a high order and certainly adequate to our defence needs against all but great powers, as well as a capacity for large-scale production of sophisticated military hardware without parallel in developing countries.

7. Economically, we have more than doubled our foodgrains production, more than trebled our industrial production, increased by 25% our real per capita income which had actually fallen in the first fifty years of the century and increased the life-span of our people from 31 to 52 years and their literacy rate from 16.6% to over 29%.

. . . . Failures

8. We may derive some satisfaction from these significant achievements, but we cannot overlook the fact that with all the growth and sophistication of our industrial apparatus, we are still, today a small industrial power

with about one per cent of the world's steel output, one half per cent of the world's exports, and producing in one year no more than what Japan produces in one month; nor the fact that the one per cent annual increase in our per capita income is only one-fourth of the target we set before us when we started planning in 1951; that the great majority of our people continue to live in deep poverty and distress; that unemployment or under-employment continues to rise each year and that, despite the expenditure of some sixty-five thousand crores on development during these 25 years, the standard of living of the bulk of our people continues to be amongst the lowest in the world.

9. Last, but by no means least, we have failed to make any real dent in the rate of growth of our population which, in these brief 25 years alone, has increased by a staggering 200 million, almost the total population of the United States, Western Europe or Soviet Russia.

10. Looking ahead, however, there is no reason to be disheartened or pessimistic about the next 25 years. We now have a versatile industrial base capable of rapid expansion, wide-ranging skills and managerial expertise, a basically sound economy which demonstrated its resilience by the manner in which it absorbed the severe shocks of the past year, and, equally important, we now have a united Government under strong and bold leadership. With such a combination of favourable factors, we undoubtedly have the capability of achieving much faster progress than in the past.

11. While the recent realisation that economic growth, to be meaningful, must make the masses of our people its main beneficiaries, is to be welcomed, I am sorry to say that there is still no sign of any realisation in official circles that the industrial and fiscal policies prevailing today contain major deterrents to rapid industrial growth which alone can provide the financial and material resources to pay for the mass employment and welfare

schemes of any anti-poverty programme.

Concentration of Economic Power

12. Government are still obsessed with the largely mythical bogey of concentration of economic power in private hands which protagonists of the extreme Left have so assiduously and successfully propagated for years. Not content with abolishing the managing agency system, Government have followed the general policy of denying to most individual companies, including small ones which previously were grouped under managing agency firms, opportunities of contributing further to the country's industrial growth. No distinction has been made between companies or groups with an impeccable record of efficiency and integrity and those known for serious malpractices. Because the so-called 'larger houses' represented the largest, most resourceful and most efficient part of the Private Sector, the shrinkage of fresh industrial investment caused by such a policy has resulted in a significant fall in the rate of industrial growth during the past two years. There is now, however, a hopeful indication of a renewed willingness to make use of the material and managerial resources of some of the larger houses in the development of the country's economy, as evidenced by licences or letters of intent recently granted to some of our own sister companies.

13. I believe there has been a real confusion of thought in regard to the true nature and extent of the economic power about which so much fear and suspicion, genuine or politically convenient, has been expressed. With every aspect of large-scale industrial activity almost totally controlled by Government through an all-embracing panoply of controls and regulations, to which is now added a measure of managerial control by Government's monopolistic lending institutions, it is clear that no real economic power is any longer wielded by industrial management, if by 'economic power' is meant the power to make one's own economic decisions. Deprived of the right to decide what and how much to produce, what prices to charge, how much to borrow, what shares to issue and at what price, what wages and bonus to pay, what executives to employ and what salaries to pay them and, in some cases, what dividends to distribute, directors and

top management from the Chairman down have hardly any economic power in our country. Taking my own case, I doubt that there is anywhere in the world outside India any industrial executive in charge of a major enterprise with less real power than I have. In fact, no Government in the world has taken greater precautions to ensure that real economic power is concentrated in their own hands.

14. The confusion, I think, lay in the fact that while Government's restrictive measures have been directed mainly at curbing or destroying managerial freedom, initiative and policy-making powers, thus nullifying the principal advantages of private enterprise management, the real and justifiable target of criticism was, or should have been, the illegitimate accumulation of wealth, particularly in the form of tax-evaded funds in India and abroad and its use for anti-social purposes, including bribery and corruption. I submit that the right policy for a socialist Government such as ours, armed with the immense powers that it has, should be, on the one hand, to take every possible step to curb the acquisition and anti-social use of illegitimate funds and to punish those guilty and, on the other, to release for nation-building purposes all the resources, energies and dedication of those in the private sector whose past record has shown them to be worthy of the nation's trust.

15. I still hope, admittedly somewhat against hope, that this is the policy which Government will one day adopt as being the only one capable of harnessing all available resources to the common effort of achieving maximum growth with maximum social justice.

A Disappointing Year

16. Coming to our own affairs, the results of the year under review were disappointing, as they indeed must continue to be so long as our output remains more or less constant, and, at the same time, the unrelenting rise in cost due to the general and continuous inflation in the country, totally beyond the control of management, is not offset by an increase in prices or savings in costs or a combination of both.

17. Under Indian conditions, and particularly in an ageing plant such

as ours producing at near maximum, the scope for reducing costs through higher production or greater efficiency is extremely small. Excluding the unlikely possibility of a major technical break-through in the world steel industry which would enable steel to be made much more cheaply, there seems to be no escape from a continuous rise in the cost of producing steel in India, as elsewhere, so long as inflationary forces continue to prevail. Consequently, I can see, over the years, no alternative to a slow but continuous increase in steel prices generally corresponding to that of other industrial products if the health and productivity of this most vital of all industries is to be preserved. That is hardly the case today, if by a healthy and productive plant we mean one maintained at a peak of efficiency by continuously replacing worn out or obsolete parts and incorporating improvements in equipment, processes and techniques as they become available.

18. All this costs far more money than available from allocations to depreciation, in view of the enormous increase in the cost of new equipment over the historical cost of the equipment it replaces. In a sound enterprise, the additional funds required must come mainly from retained earnings, temporarily supplemented in times of peak expenditure by borrowings. In our case, because of inadequate steel prices, there have been for many years hardly any extra earnings left to plough back into the plant. The development rebate has materially helped to narrow the gap in resources. Its impending abolition will now leave depreciation allocations as virtually the only source of replacement finance unless more reasonable prices are allowed to the industry.

Steel Prices

19. One must surely hope and believe that sooner or later Government will come to realise that the policy they have been following of squeezing more and more out of the steel consumer in the form of excise duties, while maintaining prices to the producers at a level which is not only substantially lower than in other countries but leaves no margin for essential maintenance, let alone expansion, is a self-defeating one which in the long run can only result in dwindling production and rising costs.

20. Iron and steel are basic raw materials to all industries and there can be no justification for Government to enforce uneconomically low prices on producers of steel in both the Public and the Private Sectors, jeopardising their efficiency and health in the process, while extracting an additional 40% from the consumer in the form of excise duties.

21. I am sorry that we have failed upto now in our repeated efforts to convince Government of the unsoundness as well as the unfairness of their steel pricing policies. The situation is now reaching a critical stage. Steel prices allowed to the producers, as distinct from those charged to consumers, were last increased in January 1970, by an average of Rs. 71 per tonne on our product-mix. Since then, further increases in costs beyond the control of management have been of the order of Rs. 113 per tonne.

22. We, along with the Public Sector, are continuing our efforts to convince Government of the urgent necessity of an upward revision in steel prices allowed to the producers. If they are anxious to hold the price line for the benefit of steel consumers, the increase to producers could be offset by a corresponding reduction in the excessively heavy excise duties. We can only hope that Government will decide, without delay, to place this most basic of all industries on a strong and safe footing.

Production

23. On the production side, I believe that we have at last reached the stage where we may now expect some real progress from the number of steps we have taken in the past year or two to re-establish full production, including those to increase coke, sinter and pellet availability. We, therefore, hope to do better in the current year, but only in 1973-74 can we expect to reach or approach the rated capacity which we last achieved in 1967-68.

24. Our life is not being made easier by constant interruptions in power supply which play havoc with the operations of continuous process plants. We calculate that directly or indirectly due to such interruptions and shortages during the past year, the Company has lost over 20,000 tonnes of steel.

25. The continuing shortage of wagons is another difficulty which is ever with us, causing not only a certain amount of dislocation but also the need for carrying larger inventories, which in turn involve higher interest charges.

Need for Replacements

26. Even if, as I hope will happen one day, all such problems are overcome, we must, as I said last year, face in the long term the inevitable consequences of the increasing age of our plant, about half of which dates back to the early 1920s and is therefore about fifty years old. We have in the past been able to maintain its productivity, although at an increasing cost each year. But this cannot be done for ever. Any major scheme of modernisation or expansion is a long-drawn affair in a steel plant, which takes five years to mature fully. A decision on a long-term programme of action, involving major schemes of replacement, cannot be delayed much longer if production is not to fall once again. We are, however, faced with the basic problem that, owing to inadequate steel prices, the resources available to us are wholly inadequate for the task.

Holding Company

27. In this context, a coming event of great potential importance to your Company is Government's proposal to create a Holding Company to co-ordinate, control and generally supervise the functions and development of the steel, coking coal and refractories industries of the country.

28. The basic objectives of securing a more rapid and rational growth of the steel industry, of increasing its efficiency by integrated planning and supervision and ensuring that its full requirements in raw materials, fuel, power, replacements and other inputs are met, are to be welcomed.

29. Whether, however, these objectives can best be achieved by concentrating power functions and authority in a Holding Company, superimposed on, or replacing, the existing decision-making machinery of Government, or whether they are more likely thereby to be frustrated through the complications and delays that such a scheme might add to the present highly cumbersome and time-consuming machinery,

is something which only experience will tell.

30. Your Company will, I hope, be represented on the Board of the Holding Company and I can assure Government that, within that Board and outside it, we shall do everything in our power to help in making the working of the Holding Company a success, in our own interests as well as those of the industry as a whole.

Expansion

31. One of the prime tasks of the Holding Company, as it is today that of the Steel Ministry, is to plan and assist the further growth of the steel industry. References have been made from time to time in the Press to the possibility of an expansion of our own plant at Jamshedpur. I had myself in a previous Statement to the shareholders pointed out that the infrastructure and organisation existing at Jamshedpur could support a considerably larger capacity than the present two million tonnes. If it were proved that additional capacity can be created at Jamshedpur quicker and more cheaply, and operated with greater efficiency than on an entirely new site, and if Government were to require that this be done in the national interest, obviously we should be prepared to respond. In fact, we would have little choice in the matter.

32. There is as yet no specific expansion project for Jamshedpur within our Company or, to the best of my knowledge, within the Steel Ministry. All I can say at this stage is that we are engaged in a detailed study of the possibility of formulating a viable project. I can assure you that any scheme that emanates from us will not overlook the interests of the shareholders.

33. The most important aspect of any possible scheme of expansion of capacity at Jamshedpur is the question of how it could be financed and its impact on the shareholders' interests. The capital cost of a major expansion programme would be so large that, with the monopoly of investible and lendable capital which Government have created for themselves, Government funds in one form or another or Government-guaranteed funds would be virtually the sole source of finance for the project. These

would be subject to convertibility rights in accordance with the guidelines recently issued by Government to their financial institutions and now in force.

Joint Sector

34. Considering that, directly or indirectly, Government already control 40% of the voting rights in the Company, it is clear that any appreciable increase in their shareholdings would automatically convert the Steel Company into a "Government company" as defined in the Companies Act, and into a Joint Sector company under any possible definition of the Joint Sector about which we hear so much today. In fact, with Government as the Company's largest shareholder, with the right to have three representatives on the Board, with veto powers in the hands of Government or of the financial institutions, and with production, sales and prices wholly controlled by Government, the Steel Company is for all practical purposes already in the Joint Sector.

35. This situation, which has gradually crept upon us over a period of years, whereby the control of the Steel Company has virtually passed into Government hands, is one which need not arouse excessive concern or despondency amongst shareholders. The very fact that Government have already such a large stake in our Company—a stake which in a major expansion, would become a majority of ownership—should normally ensure a greater interest in its welfare than if they had no investment in it at all.

36. I realise that this may not be an argument that will greatly impress shareholders who are well aware of the step-motherly treatment in the matter of steel prices which Government have meted out not only to the Private Sector of the industry but also to Public Sector plants which, as a result, have operated continuously at a loss. In this business, however, one must take a long-term view and I cannot but believe that the time will come when Government will realise the imperative need, through a fair and rational price policy, of safeguarding the health and economic viability of the country's most vital industry.

37. Recent amendments to the Constitution and the use sought to be made of it to justify a scheme of

compensation to the shareholders of the nationalised general insurance industry, which can only be characterised as confiscatory, would seem to confirm the extremely low value attached to shareholders' legitimate rights and interests by those in power. Shareholders may, therefore, feel some doubt as regards the treatment this Sector may now expect in our country. I believe, however, that it cannot be the real intention of our Government to cause heavy and unjustified loss to those who, over the years, have done so much to build up India's industrial and commercial base, as the Bill for nationalisation of general insurance would seem to indicate, and that the Bill which is now before a Select Committee will be favourably amended. If, on the other hand, the Bill were to go through in its present form, there could be no other interpretation of it than as part of a deliberate programme of extinction by expropriation of private ownership in business and industry. The events of the next few months will clearly show what will be in store for us. Until then, I prefer to believe that private enterprise of the right type, managed with honesty and social consciousness, either by itself or in association with Government, has a large and growing role to play in promoting the economic progress of the country and in serving the interests of its people.

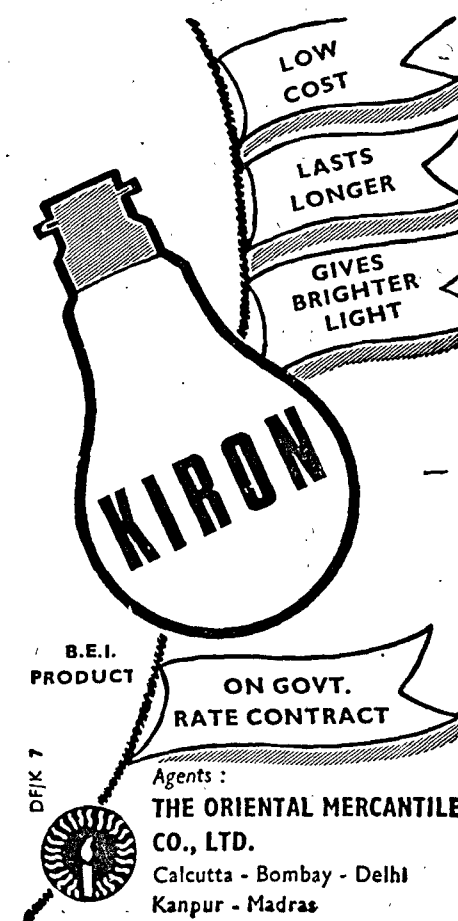
Jamshedpur Land Tenure

38. The shareholders were informed in previous Directors' Reports and Chairman's Statements of the Bihar Government's persistent attempts to treat the Company's rights over the land, acquired many years ago under the Land Acquisition Act for the purpose of establishing a steel plant and allied industries at Jamshedpur, as zamindari rights, and to amend the Bihar Land Reforms Act of 1950 so as to bring our lands under the purview of that Act.

39. As mentioned in the Directors' Report, the Bihar Land Reforms (Amendment) Bill, 1972, has been passed by the Bihar Legislature and will become law when it receives the Presidents assent. The main object of the Bill is to delete from the Act the amendment introduced in 1961 which expressly provided that the Act would not apply to lands acquired for industrial

purposes like those held by our Company. The most objectionable feature of the Bill is that it seeks to give retrospective effect to the amendment. Under the retroactive provision of the Bill, the Company's lands may be deemed to have vested in the State from 1956, when the Bihar Land Reforms Act, 1950 was sought to be made applicable to them by a Notification.

40. It is for the first time in the history of India that lands used for admittedly industrial purposes have been sought to be acquired by the State under agrarian reform law. Again, our plethora of laws affords no parallel to the Bihar Bill, which gives retrospective effect for as many as 16 years in supersession of the earlier law which had expressly declared that the agrarian law could not and did not apply to the lands of the Company. Where the legislature intends to bring about a certain change and the law is found to have missed fire, subsequent validating laws have been passed with retrospective effect, but there has never been a case like the present one where



**"You don't look as if you've spent
a long hard day at the office,"
said my wife.**



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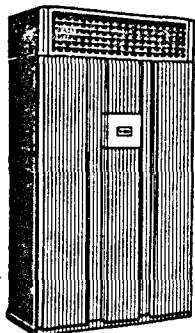
Understandable. A working woman would know better but the housewife seems to take it for granted that a day in the office ought to make a wreck of any man. Obviously, nobody's told her about highly productive modern offices and Blue Star Packaged Climate Systems!

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legislative intention, specifically expressed in the earlier law, has been reversed with so many year's retrospective effect. A measure such as this would serve as a disastrous precedent and have grave consequences on legislative practices and the rule of law.

41. While I have, in this Statement, been critical of certain policies of Government, it is with pleasure and gratitude that I acknowledge the assistance and cooperation we received throughout the past year from Government in the Steel Ministry which was most helpful in tackling some of our current problems and difficulties.

42. A reference has been made in the Directors' Report to the death of Sir Jehangir Ghandy last April. I would like to add my personal tribute to this esteemed colleague and friend of mine with whom I had been closely associated for 45 years in the work of your Company. We propose to perpetuate his memory by naming after him the fine new hospital building that is under construction next to the Company's old Main Hospital. I am sure the shareholders will wholeheartedly endorse this proposal.

Labour Relations

43. I am glad to be able to report that relations between management and labour at Jamshedpur and elsewhere and with their accredited Unions remained excellent throughout the year. Great credit is due to both the Tata Workers' Union and the management at Jamshedpur for this continuing state of cooperation and cordiality. On behalf of the Board and the shareholders, I take this opportunity of expressing to both our sincere thanks for their cooperation. The relationship established and maintained year after year at Jamshedpur has been a model for the whole country and shows that, with goodwill, sincerity and dedicated effort, there is no reason why conflict and work stoppages resulting in a grievous loss of production should prevail in our country, as it does in so much of Indian industry at so great a cost to the country.

J. R. D. TATA
Chairman.

Bombay, 4th July, 1972.

CAPITAL, 27th JULY, 1972

COMPANY AND PUBLIC NOTICES

JAY SHREE TEA & INDUSTRIES LIMITED

Notice to the Shareholders

NOTICE is hereby given that the Twentysixth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 15th September, 1972 at 3.30 P.M. at "Industry House", 10, Camac Street, Calcutta-17, the Registered Office of the Company and its agenda has been/will be circulated to all members of the Company in time along with the relevant explanatory statement thereon.

The Equity and Preference Shares transfer registers will remain closed from 1.9.72 to 15.9.72 (both days inclusive) for the purpose of payment of dividends.

By Order of the Board,
for JAY SHREE TEA & INDUSTRIES
LIMITED.
B. C. BIYANI,
President.

REGISTERED OFFICE:
"INDUSTRY HOUSE"
10, Camac Street, Calcutta-17.
Dated, the 10th July, 1972.

DUNCAN BROTHERS & CO., LTD.

(Notice under Rule 40 of the Monopolies & Restrictive Trade Practices Rules, 1970)

IT is notified for public information that Duncan Brothers & Co., Ltd. intends to invest out of its funds for the purchase of fully paid Ordinary Shares in Asian Cables Corporation Ltd. and an application under Section 23(4) of the M.R.T.P. Act, 1969 has been made to the Central Government in compliance with the provisions of the said Act.

Any person interested in the matter may make representation to the Secretary, Government of India, Department of Company Affairs, New Delhi, within a fortnight of publication of his Notice stating the nature of his interest in the proposal.

DUNCAN BROTHERS & CO., LTD.
(B. VENKATARATNAM)
Secretary

Calcutta,
Dated the 20th July, 1972.

CAPITAL, 27th JULY, 1972

THE BORREA COAL COMPANY LTD.

NOTICE is hereby given that the Annual General Meeting of the Borrea Coal Company Limited will be held at the Registered Office of the Company, Chartered Bank Buildings, Calcutta, on Thursday, the 24th August, 1972 at 4 p.m. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st December, 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. G. C. De, a Director, who vacates his seat at this Meeting and to consider, 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 Companies Act, 1956, the candidate having filed with the Company his consent to act as a Director, if appointed.

"Resolved that Mr. G. C. De 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 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) Ltd., 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. 236/- 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 purpose of identification."

The Registers of Members of the Company will be closed from the 14th August, 1972 to the 24th August, 1972, both days inclusive.

By Order of the Board
K. L. DUA
Director

Registered Office:
Chartered Bank Buildings,
21st. July, 1972.

Notes: (1) A Member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. The proxy need not be a Member of the Company. A blank form of proxy is enclosed. It should reach the Company not later than forty-eight hours before the Annual General Meeting.

(2) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is being sent to the Shareholders separately.

COMPANY MEETINGS AND DIVIDENDS DECLARED OR PROPOSED

Name of Company	Date	Hours — I.S.T.
The Borrea Coal Co. Ltd.	24-8-72	4 P.M.
Jay Shree Tea & Industries Ltd.	15-9-72	3-30 P.M.

English Electric Co. of India Ltd—18 p.c. (0), subject to tax

Jay Shree Tea & Industries Ltd—Rs. 1.40 per share (0), including a bonus dividend of 30 P per share, for the 15-month period ended March 1972

STOCK PRICES AND YIELDS

CAPITAL, 27th JULY, 1972

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.					Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %			
Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %			1970	1971	24-7-72			
CLEARED SECURITIES					ENGINEERING						
10	Birla Jute	9	11	25.50	4.3	10	Braithwaite	...	...	4.53	...
10	Burrakur Coal	12	5	6.00	8.3	10	Biecco Lawrie	Nil	Nil	10.12	...
10	Dunlop India	20	20	30.80	6.5	10	Bridge & Roof	2½	...	35.19	0.7
10	G. K. W.	16	20	36.55	5.5	100	Burn & Co.	Nil	...	73.00	...
10	Hind Motors	Nil	Nil	8.10	...	10	Cal Steel	5	...	8.37	6.0
10	Howrah Jute	Nil	Nil	7.50	...	10	Hind Wire	10	10	14.69	6.8
10	Ind Aluminium	14	17	33.55	5.1	10	Ind St. Wagon	Nil	...	4.75	...
10	Indian Cable	2½	15	23.50	6.4	10	Industrial Cont	...	...	11.00	...
2 sh.	Indian Copper	11.1	...	2.80	7.1	10	Jay Eng.	8	10	13.31	7.5
10	Indian Iron	6	6	6.90	8.7	10	Jessop & Co.	Nil	...	4.25	...
10	J. K. Cotton	Nil	...	7.50	...	10	J. K. Steel	Nil	3	9.50	3.2
10	Jaipur Udyog	10	5	8.00	6.3	3	Kumardhubi	Nil	...	4.87	...
10	Jayshree Tea	11	...	15.87	6.9	2	Marshall	Nil	...	1.06	...
10	Kesoram Ind	10	5	20.00	2.5	10	Sen-Raleigh	Nil	...	6.12	...
10	National Rubber	Nil	...	7.81	...	10	Simon-Carves	15	...	14.25	10.5
10	Orient Paper	10	11½	34.85	3.3	10	Wellman Incan.	10	Nil	9.19	...
10	Orissa Cement	12½	...	18.80	6.6	JUTE					
10	Rohtas Ind.	Nil	Nil	4.20	...	10	Agarpara	5	5	7.87	6.4
10	Texmaco	Nil	...	9.60	...	100	Anglo-India	5	7½	115.00	6.5
COAL						100	Auckland	Nil	Nil	71.00	...
10	Amalgamated	10	10	9.69	10.3	10	Bally	10	10	13.44	7.4
100	Bengal	12	...	51.00	23.5	£5	Barnagore	Nil	Nil	73.00	...
10	Bengal-Nagpur	2½	...	5.25	4.8	10	Budge-Budge	12	6	7.06	8.5
10	Borra	12½	...	8.00	15.6	10	Champdany	5	Nil	15.25	...
10	Karanpura	20	10	9.06	11.0	10	Chitavalsah	Nil	...	11.25	...
10	Katras Jheriah	10	...	9.06	11.0	100	Dalhousie	Nil	Nil	99.00	...
10	New Beerbhoom	16	10	6.87	14.5	10	Fort William	Nil	Nil	14.00	...
10	North West	2½	...	5.25	4.8	10	Ganges	7½	7½	7.47	10.0
10	Pench Valley	10	10	9.75	10.3	100	Hastings	2½	1	102.00	1.0
10	Raneegunge	10	7½	10.06	7.5	12½	India	4.8	8	10.12	9.9
10	Rewa	20	20	22.00	9.1	100	Kamarhatti	Nil	...	102.00	...
10	S Karanpura	20	20	10.25	19.5	100	Kanknarrah	Nil	...	44.00	...
10	W Bangal	8½	8½	6.66	12.8	100	Kinnison	Nil	Nil	45.00	...
COTTON						10	National	Nil	...	9.00	...
10	Basanti	Nil	...	2.75	...	10	Nellimarla	Nil	...	8.25	...
10	Bharat Com	12	12	16.62	7.2	10	New Central	Nil	...	4.50	...
10	Bowreah	12½	...	12.31	10.0	10	Northbrook	Nil	Nil	16.25	...
5	Cawnpore	Nil	...	2.69	...	100	Union	Nil	Nil	56.00	...
10	Dunbar	Nil	...	10.06	...	1	Waverley	Nil	...	3.75	...
10	Elgin	6	...	6.35	9.4	CEMENT AND LIME					
						10	Asoka	6	Nil	4.62	...
						10	Bisra Stone	15	15	12.75	11.8
						10	Dalmia	12½	...	11.94	10.5
						10	Karanpura Dev.	5	5	9.75	5.1
						10	Kumardhubi Fire	20	20	18.45	10.8
						10	Orissa Minerals	5	12½	9.62	13.0
						5	Sone Valley	Nil	...	1.69	...

CAPITAL

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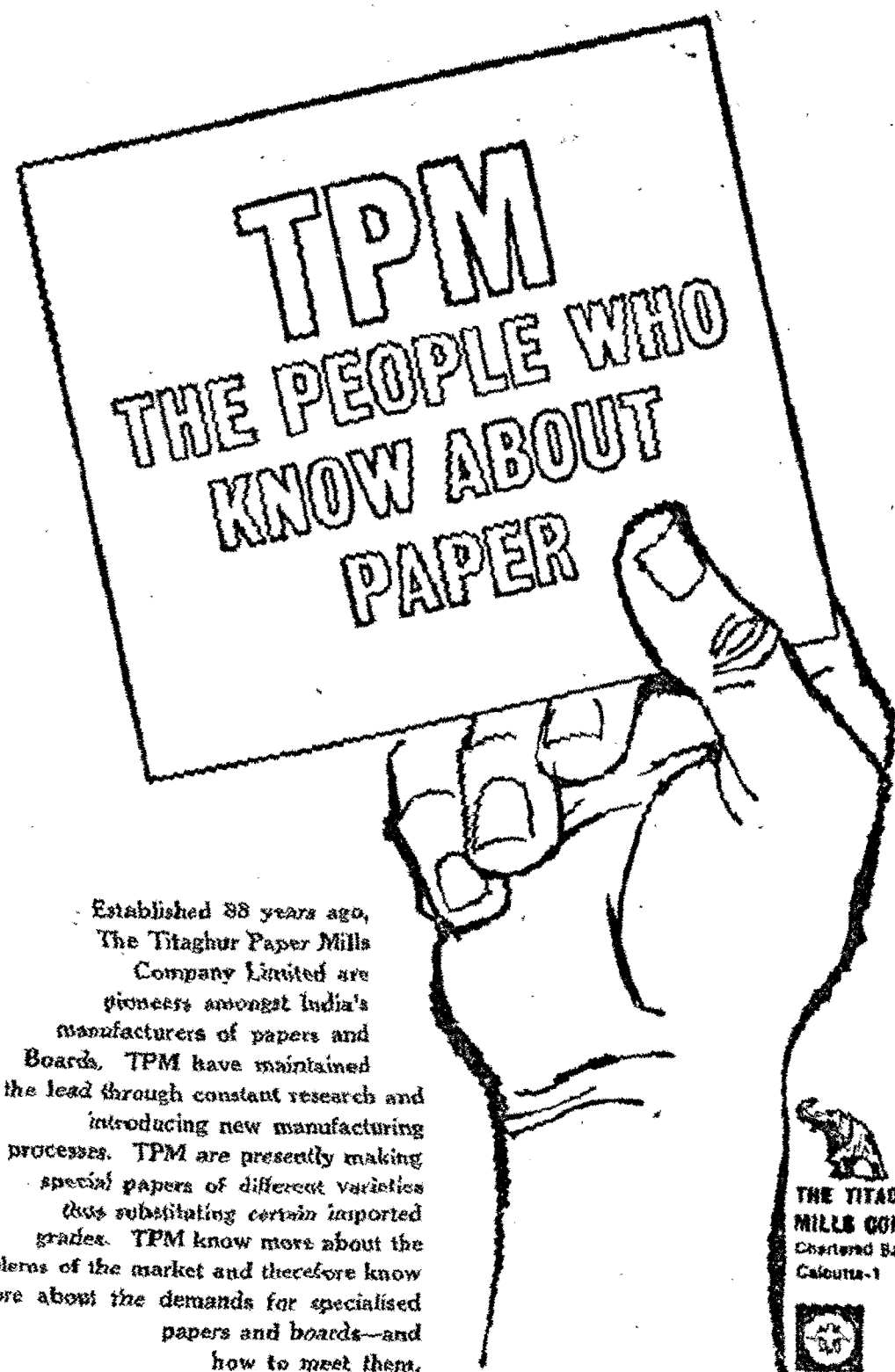
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Incorporating the Indian Financial Review
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Calcutta, 17th August, 1972
Vol. CLXIX-4227

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The Freedom Jubilee

INDIA has just celebrated the twenty-fifth anniversary of her independence with due pomp and pageantry. As she looks back to the twenty-five years of her freedom, she can legitimately take pride of her achievements despite the stresses and strains that have apparently hindered her progress. But there is no denying that India's democracy has shown enough resilience in the face of numerous trials and tribulations which have proved to be positive hindrances in laying the foundations of a secular, socialist State. It is a tribute to the people of India that they have faced the future with courage and hope and have not allowed their faith in democracy to suffer despite occasional challenges from both within and without. In spite of the differences of language, religion, caste and creed, the people of this country have fought the four external aggressions from Pakistan and another from China like one man. They have also vindicated their firm faith in democracy and adult franchise in the course of five general elections when the triumph of democracy was established time and again. Twenty-five years is too short a period to judge the performance of a nation in the making, more so for a country like India which inherited a lot of legacies after the dawn of independence on 15th August, 1947.

As the nation looks back to the 25 years consisting of triumphs as well as turmoils, it has indeed good reason to feel gratified over the results it has achieved during the period. The nation is apparently pursuing a vigorous, independent foreign policy based on the well-considered principles of non-alignment. The military establishment could not extend its sway over the civil administration, as it so frequently happened in many of the underdeveloped countries despite the opportunities that cropped

up during the past twenty-five years of freedom. Although the nation doggedly adhered to its democratic way of life and its firm faith in a secular society, communal tensions and widespread defections had created difficult situations when it appeared that democracy was being tested through the touchstone of adversities. But the nation has overcome them all and has triumphantly kept the flag of freedom flying. The creation of Bangladesh and Pakistan drastically cut to size have only proved India's ability to take difficult political problems in her stride and maintain a power balance in the sub-continent to her advantage. Admittedly, the Prime Minister, Mrs. Indira Gandhi, has faced ordeals which none of her predecessors had to encounter in the twenty-five years of freedom. The massive majority that the ruling Party now enjoys in Parliament and the image that it has built up among the comity of nations after the historic war with Pakistan is a tribute to Mrs. Gandhi's ability to lead the nation through numerous stresses and strains.

There is also good reason to take pride over the country's achievements in the economic sphere despite the ostensible signs of frustration and failure in some directions. During the twenty-five years of freedom, there has been a doubling of the national income to Rs. 32,000 crores at current prices, in spite of the population growing from 330 million at the time of independence to 547 million now. Besides, in the last two decades, industrial production has more than doubled. The country has achieved what is popularly known as the "green revolution", and foodgrain production has been steadily rising, although there has been a marginal decline of 2 million tonnes or so in the 1971-72 output from 108 million tonnes in the pre-

ious year. Despite the sombre and sorrowful backdrop of a severe drought in as many as 13 States, late rains have restored the confidence that the country will be in a position to take the widespread drought situation in its stride. In the wake of the suspension of U.S. aid, India has also done well to launch an intensive programme for achieving self-reliance as quickly as possible. The anxiety and anguish that the suspension of U.S. foreign aid had created has given place to one of confidence now, and it looks as if that the country will continue its relentless campaign to achieve import substitution and export promotion.

True, the suspension of U.S. foreign aid has not created any insuperable difficulty, even temporarily, in the nation's march towards progress. As it is, India has a foreign exchange reserve of \$1,100 million and the last Paris meeting of the Aid-India Club had pledged project assistance of \$550 million and non-project aid of \$700 million. Although exports are estimated to have increased by only 2.1 per cent despite the Central Minister of Foreign Trade, Mr. L. N. Mishra's claim that they have risen by over 5 per cent if the trade with Bangladesh is included, and although industrial production is unlikely to rise by more than 3.4 per cent in 1971-72, there is good reason to feel that the economic situation is none too bad. If past experience is any guide, the country will be able to absorb the temporary shocks and show enough resilience to take the rough with the smooth. The sluggish industrial growth rate, slight fall in foodgrain production and even the steady rise in the price level should not cause so much anxiety as to thwart the country's effort for building a better future for itself.

It is true that the Government's economic policies have created a lot of misgivings in the minds of private entrepreneurs. The recent amendments to the Constitution, the introduction of the Companies Amendment Bill in the Lok Sabha a few days ago and the takeover of a number of industries after paying only a nominal compensation have made the private sector apprehensive about the Government's next move in its bid to encroach on its legitimate preserves. But as the Industrial Policy Resolution is now being revised, investors do feel that new opportunities will be created for the joint sector where professional management will

and fresh fields and pastures new. But despite the progress that India has achieved during the last twenty-five years of freedom, she will be committing a capital blunder if she entertains any complacency over her performance in various fields. It should rather be the duty of every citizen to mobilise fresh energies with a view to implementing the nation's social priorities.

Independence is certainly not an end in itself, but only a means to an end. As the Fifth Plan outlay is likely to be double the amount of the Fourth Plan and the growth rate is to be further accelerated to 6.5 per cent or 7 per cent in keeping with the Government's anti-poverty campaign, the nation will have to rededicate itself to the larger task ahead. So this is not the time to rest on one's

More Sting in the Companies Act

THE long-awaited Companies (Amendment) Bill has been introduced in Parliament. With the massive majority the ruling Party enjoys, it will not be difficult for the measure to be pushed through in both Houses. Since the current session is anyhow to end in another two weeks, it is quite possible that the final passage will have to be done only during the winter session of Parliament. It is yet to be seen how far the Government will be receptive to suggestions made by the Opposition parties, but considering the mood of the ruling Party, it could be safely asserted that all the amendments proposed would be pursued to their logical conclusion.

Mr. K. V. Raghunatha Reddy, Central Minister for Company Affairs, is the brain behind the entire scheme which is "intended to meet cases of abuse or distortion by the company system". The preamble to the statement of objects and reasons of the Bill has cited the report of the Jenkins Committee in the United Kingdom which said that the "company law is not a field of legislation in which finality is to be expected as the law has to be applied to a growing and changing subject matter and also to the growing uses of the company system as an instrument of business and finance and the possibilities of abuse inherent in that system". The basic assumption thus is that big business interests

have been abusing the whole system much to their advantage and to the detriment of public welfare. The same theme dominates the Monopolies and Restrictive Trade Practices Act also and a Government wedded to the so-called socialistic ideals cannot understandably tolerate this.

The philosophy behind the measure now introduced in the Lok Sabha is that it represents an instrument for the remedial measures that were under contemplation as a result of a comprehensive review of the working of the Companies Act of 1956 in the light of the recommendations of the Administrative Reforms Commission and its concerned working group and in the light of various suggestions received by the Government from diverse quarters from time to time. The A.R.C. has certainly come in handy for the Minister, although it is a well-known fact that several of its studied reports have been thrown into the waste-paper basket as of no consequence.

One of the "unhealthy" phenomena which has appeared in the corporate sector during recent times, according to the Minister, is a trend towards the take over of well-established companies by individuals or groups or combines. The provision of Section 372 of the Companies Act, 1956, or Section 23 of

the M.R.T.P. Act, 1969, is not regarded as quite adequate to regulate the take over of companies. According to the Government, such take overs are often unfair to the non-controlling shareholders, particularly financial institutions, who are kept in the dark while secret negotiations are entered into by third parties with the controlling shareholders in getting a better price for their shareholdings. The non-controlling shareholders are thus constrained to continue with their shares in the company while its control passes into "undesirable" hands. The present Bill seeks to provide safeguards against such take overs.

The most important provision of the measure is thus the new Sections 108A to 108G in the Companies Act which require the Government's concurrence before companies can be taken over either in one transaction or in a series of transactions resulting in the acquisition of shareholding in the aggregate of over 25 per cent by a group or combine having the common intention of acquiring control over the company concerned. This restriction will apply to companies having a total paid-up capital of not less than Rs. 25 lakhs and private companies which are subsidiaries of public companies. The Bill provides for the transfer of shares by every body corporate or bodies corporate under the same management, whether holding singly or in the aggregate 10 per cent or more of the nominal value of the equity share capital of a company.

But where the shares proposed to be transferred are held in a company engaged in an industry covered by the Industrial Policy Resolution, such shares shall, if so directed by the Central Government, be transferred to the Central Government or to such corporation owned or controlled by that Government as may be specified in the direction. Restrictions are also being placed on the transfer of shares in a foreign body corporate having an established place of business in India in cases where the shares proposed to be transferred constitute 10 per cent or more of the nominal capital of the foreign company concerned.

Again, Section 408 of the Companies Act, according to the Minister, was intended as a corrective against oppression and mismanagement in a company but it has not proved effective as the directors appointed by the Government do not have an effective voice in the

management. The proposed amendment, therefore, seeks to rectify this position in the interest of the company and in public interest by empowering the Government to appoint more than two persons as Government directors. The Government has also discovered some other practices which are injurious or undesirable and these are sought to be checked by a number of provisions. One of these is failure to enlist shares with all the stock exchanges mentioned in a prospectus. While legislating on this point, it is proposed to make an incidental amendment to the Securities Contracts Act, 1956. Other practices that the Government intends to curb include invitation of deposits from the public by non-banking companies; *benami* holding of shares; continuation of the same auditors for a company for an indefinite period giving rise to complaints of monopoly of audit work; use of reserve funds by way of dividends to the detriment of the company's interest; non-availability of liquid funds for payment of dividends by the management; and use of unclaimed dividends by management.

The Bill also seeks to amend the concept of the expression "under the same management". In view of the abolition of the system of management of companies by managing agents and secretaries and treasurers, the definition of this expression has been changed so that control by groups in alternative forms or by alternative methods calculated to cause injury to public interest may be avoided. The proposed amend-

ment will, it is claimed, also help the proper implementation of the concept of inter-connected undertakings within the meaning of Section 2(g) of the M.R.T.P. Act. Therefore, an incidental amendment to that Act is also proposed. The Bill also makes it compulsory for large companies to have secretarial assistance. This is expected to encourage the growth of the profession of company secretaries, to which the Government is committed.

An important proposal in the Bill is to put foreign companies of which not less than 50 per cent of the share capital is held by one or more citizens of India or by one or more bodies corporate incorporated in India on par with Indian companies for the purpose of compliance with such of the provisions of the Act as may be prescribed in that behalf. Provisions relating to the inspection of books of accounts of companies and investigation into the affairs of companies will apply to a foreign company having an established business in India. This is supposed to meet the demand that there should be more effective control over the working of foreign companies in India. The amending Bill, Mr. Reddy claimed, will streamline, for a more effective regulation of the working of companies and preventing unhealthy practices, several of the existing provisions relating to inspection, cost of audit, sole selling agency, appointment or reappointment of managing or wholetime directors and the fixing of their remuneration and of contracts in which directors are interested.

The New Food Strategy

THE crash food production programme, formulated by the Central Ministry of Agriculture to meet the crisis on the food front, seeks to augment the output in the current year by nearly 16 million tonnes. At one time, it was officially stated that an additional production of this order would be necessary to make good the loss in *kharif* production. But after the recent rains all over northern India, hopes of retrieving a large part of the *kharif* crop have arisen in *Krishi Bhavan* and the loss may be reduced to a much lower figure than the first estimate of about 15 million tonnes. To some extent, the variation in estimates

cannot be helped because these are not made on any scientific basis. They are more in the nature of guesses which depend very much on the psychology of a given moment. When the dry spell continued unabated, the States were gripped by scare and began dishing out exaggerated estimates of the damage to crops in their areas so as to register well in advance with the Centre their claims for drought relief. With the arrival of rains, the sense of panic has disappeared and a more realistic picture of the situation is emerging.

In any case, there is no room for complacency even now. The *kharif*

production is bound to be much less than expected, although the shortfall may not be as high as 15 million tonnes. With a buffer stock of 9.5 million tonnes, the Centre is, no doubt, well placed to tide over the immediate difficulties. But the question is: what about the future? What should be disturbing is not the present crisis but the uncertainty about the outlook for the future. The claim that Indian agriculture is today much less dependent on the vagaries of weather than a decade ago is itself in doubt now. In fact, this doubt was expressed by the Agricultural Prices Commission in its report for the *kharif* season last year. When the Commission attributed much of the increase in the record output of 108 million tonnes last year to the "bounty of nature", the Central Ministry of Agriculture resented that conclusion and sought to make it out that the increase was largely due to the spread of the "green revolution".

If the Food Ministry's claim is right, then the country should not have suffered the reverse that it has in food output this year. The other day, the Central Agriculture Minister, Mr. Fakhruddin Ali Ahmed, admitted at a Press conference in New Delhi that the food production in 1971-72 would be about 2 million tonnes less than the record output of last year. That this should be so, in spite of the emergency production drive launched during the Bangladesh war and the official claims of a breakthrough not only in wheat but also in rice and other cereals, is surprising and calls for a thorough investigation of the causes of the fall in output.

It is obvious if a real breakthrough has been made in wheat and rice cultivation, the lag is somewhere else. For instance, some States have complained of inadequacy of inputs, especially of fertilisers. There have also been reports that the rupee-payment countries of eastern Europe have been withholding shipments of fertilisers to India in the hope of selling their stocks for free foreign exchange within Europe itself. If that is so, it would seem that India has only shifted from dependence from the vagaries of weather to the whimsicalities of her trading partners. Furthermore, if this is the position in normal times, how is the Government going to tackle difficult situations such as the present one? For the crash production programme is even more dependent on the avail-

ability of inputs than normal crops. Any shortage anywhere can cause considerable damage to the entire programme. The Government, therefore, has to be on its guard.

Quite apart from these practical difficulties, it will be worth while for the Government to appoint an independent body of eminent economists and public men to examine how far the loud talk of land reforms and ceilings has been responsible for the reversal of the upward trend in food production. Whatever might have been the political gains to the Party in power, it seems certain that the proposal to lower land ceilings has had an adverse psychological impact on the cultivator in many parts of the country. This cannot be just explained away as unfounded fears. A study of the benefits that can be directly linked to the land reforms in the past should be revealing from this point of view. Take, for instance, the tubewells. The programme of sinking new tubewells in different parts of the country got a fillip with financial assistance from the Government and many farmers took advantage of the facilities and incentives offered. But today, those who responded to the call of the Government to step up production by installing pumpsets and tubewells are being penalised for their initiative and enterprise, for the exemption that the Central Land Reforms Committee recommended for privately-irrigated lands from the ceilings limit has not been accepted by the Government. These lands are to be treated on par with lands receiving

water from Government sources and the discretion to allow a marginally higher ceiling, within the overall ceiling of 18 acres, for privately-irrigated lands has been left to the State Governments.

Land reforms are certainly necessary to correct imbalances that may have developed in the agrarian economy over the years. But they should be brought about so smoothly as not to disturb the basic structure of the agrarian society and take away the incentives to achieving higher output. Production should be accorded a higher priority over political expedients. In any case, the ruling Party with its massive majority, not only at the Centre but in a majority of the States, does not need to rely on gimmicks to keep itself in power. As a group of 850 farmers from Andhra Pradesh recently told the Prime Minister in Delhi, a vast majority of the people in this country voted her Party to power only in the hope that there would be not only political stability in the country in the physical sense but also a stability of policies. After all, a Party that had, before the elections, pleaded that it could not do many things it wished to because of its slender majority and the consequent uncertainty of its political fortunes, should not create a situation in which cultivators will find themselves in a similar plight. If there is uncertainty in the mind of the producer, whether on the farm or in the factory, it will be futile to expect him to give his best to the nation. Viewed against this background, the new strategy does not go very far.

Free Trade Zone for West Bengal

THE Central Minister of Foreign Trade, Mr. L. N. Mishra, recently stated that the Government of India was considering a proposal to set up four or five large-scale free trade zones around major industrial centres as part of its programme to boost exports. It is hoped that in implementing the scheme, the Government of India will give due importance to West Bengal. Haldia is ideally suited for setting up a free trade zone. In fact, in the past few years some leading industrial organisations in Calcutta had been urging New Delhi to establish a free trade zone in Haldia. But New Delhi has not seriously considered the proposal. The Government of India's reluc-

ance till now to set up a free trade zone in Haldia was understandable because, in the first place, it wanted to be sure that the free trade zone in Kandla worked satisfactorily before a similar new venture was undertaken. Secondly, the political and economic situation in West Bengal till recently had been uncertain, and it was not clear how far a free trade zone in Haldia would meet with a ready response from Indian and foreign entrepreneurs.

But the situation has now changed. West Bengal is having political stability and the State Government is making energetic efforts to revive

the economy. Haldia has been recognised as a growth centre and attempts are being made to locate here many new industries, especially a petrochemical complex and a shipyard. This, then, is the opportune time to set up a free trade zone in Haldia. Moreover, the Government of India has acquired some experience in working the free trade zone in Kandla. Although this free trade zone has not fulfilled the earlier expectations when it was set up over nine years ago, it has recently been able to make progress in some directions. So far, 18 industrial establishments have been set up in the Kandla free trade zone, of which 14 are in production. There are about 50 entrepreneurs in the approved list and it is stated that the names of those who have not taken action for undertaking production have been struck off. A sum of Rs. 80.85 lakhs has been spent so far for development work in the zone out of Rs. 89.55 lakhs that has been allocated for the purpose. In 1971-72 (up to October 1971), import licences for raw materials for the zone were issued for a value of Rs. 32.58 lakhs and for machinery Rs. 3.82 lakhs. The total value of import licences for raw materials and machinery issued for the zone since the inception comes to about Rs. 98.09 lakhs. The total value of exports from the zone since its inception till 31st October, 1971, was Rs. 20.16 crores. The Government of India has set up a Committee in the Ministry of Foreign Trade to consider matters relating to the setting up of industries in the zone.

Having thus acquired some experience, the Government of India should not hesitate to set up a free trade zone in Haldia. It should also study the working of the free trade zones in the other parts of the world and find out to what extent their lessons can be applied to Haldia. Free trade zones have been functioning successfully in many parts of the world such as New York, New Orleans, San Francisco, Seattle, Honolulu, Mexico, Panama, Taiwan, Singapore, Aden, Stockholm, Gothenburg, Copenhagen, Hamburg, Bremen and elsewhere. Many of these free trade zones have been able to contribute substantially to the development of the areas concerned and to the earning of foreign exchange. For instance, it is stated that the free trade port of Kaohsiung, Taiwan, earned foreign exchange of about Rs. 135 crores in 1969, although it came into existence only about three years earlier.

The free trade zones offer a variety of concessions and incentives to those who set up industries there. The facilities include the provision of factory space, equipment for handling machinery and materials, refrigeration, water supply, warehousing services, marketing information and transport services. There are also various types of fiscal concessions. In Singapore, for instance, export-oriented industries are exempted from taxation up to five years from the date of commercial production. There are also incentives in the form of accelerated depreciation, double tax deduction for overseas expenditure for exports, and loans on liberal terms. If Haldia gets a free trade zone, it will help to stimulate the industrial development of West Bengal and enhance its importance in the country's export trade. The zone is bound to attract entrepreneurs even from other parts of the world. Haldia can be an important base for promoting exports to Australia, Japan, Hongkong, Thailand, Burma, Singapore, Malaysia, Indonesia and other neighbouring countries.

The Government of West Bengal should, therefore, strongly urge New Delhi to set up a free trade zone in Haldia; and it should make out a strong and convincing case for it. The Government of India is keen to promote exports in all possible

Are Big Companies a Menace?

"MULTINATIONALISM" is not a new topic of discussion; it may even be tediously familiar. In recent years, economists who have studied the trend have calculated that most of the economy of the capitalist world will be controlled by some 300 companies by the end of this century—or, more precisely, by 1985, Professor Howard Perlmutter predicted. Now two others, less precise in respect of time but more precise in respect of numbers, have suggested that most of Britain's private industry will relatively soon be owned by 21 companies; and this assessment, by Gerald Newbould and Andrew Jackson, coinciding with a new phase of active bidding and merging, has added spice to the controversy on the implications of "bigger and fewer".

ways; and if West Bengal can show how Haldia is ideally suited for a free trade zone, it is bound to get a favourable response. Apart from the free trade zone in Haldia, there is now a proposal to set up an export processing zone near Dum Dum. The Trade Development Authority, sponsored by the Government of India, has initiated discussions with the Government of West Bengal for establishing this zone which will be on the model of the Santa Cruz airport electronics project. The schemes to be started in the Santa Cruz zone are designed to generate an annual export of \$ (U.S.) 13 million. This will be achieved over a period of three years, commencing with \$3 million in the first year. The T.D.A. is understood to have received many applications from foreign and Indian manufacturers seeking factory space in the zone.

The processing zone near Dum Dum is expected to facilitate the export of light mechanical and electrical products such as sewing machines, components, bicycles and parts, light ferrous castings and forgings, industrial fasteners, leather apparel and sporting goods, ready-made garments of cotton and silk, dolls and toys. The Government of West Bengal should impress on New Delhi the imperative need to expedite the formation of the free trade zone in Haldia and the export processing zone in Dum Dum.

The ordinary industrial and commercial implications, mostly concerned with the economics of size, have been extensively but not conclusively debated. Big companies, whether complying with or subtly evading regulations, may restrict competition; or, tremendously strong, they may intensify it—at least until they have overpowered weaker elements in their fields. They may narrow consumers' choice by concentrating their resources on a limited range of products, to achieve economies of scale; or (more likely, American studies suggest) they may feel compelled to seek new products or variants, to keep their sales on an uptrend and their vast organisations fully employed. They may be too bureaucratic to innovate as many (more flexible, so livelier) small firms

do; or they may take advantage of research-and-development capabilities that small firms lack.

Uncommitted observers are willing to conclude that in such matters efficiency—or inefficiency—is not properly measured by size, which—big, medium, or small—is neither a virtue nor a vice, irrespective of a particular company's management and circumstances. But the debate on "multinationalism", as such, is not primarily concerned with size. Not all the companies that are organised "across frontiers" are very big, and numerous medium-size companies (many of them British) are looking for low-cost manufacturing facilities abroad. Naturally, however, the "multinational" operations—reflecting "supranational" policies—that arouse most apprehension are the giants. The most familiar argument against them is that their centralised planning may operate against the interests—and the policies of the Government—of a country where one of their subsidiaries is located. A classic example of conflicting interests occurred in Britain last year when American-based motor companies granted wage increases far in excess of the officially-approved "norm" because—as the scene was viewed from across the Atlantic Ocean—it was more economical to maintain the "multinational" operation at high wages than to suffer disruption of it by long strikes.

The monetary operations of "multinational" companies were more familiar to bankers than to politicians, but this aspect of the problem has been more widely discussed since last year's monetary crisis. The main accusation against the companies is that "hot money" flows and "leads and lags" in payments have been caused largely by their "speculation" in currencies; the extreme accusation is that it was such pressure from the foreign affiliates of American "multinationals" that pushed the dollar off its pedestal last year. The implication that the dollar was secure until "disloyal" American companies operated against it is hardly acceptable, but it is evidently necessary to study not only the ebb and flow of payments generally but also the "multinational" element in it particularly. The men who control a company's money are responsible to the company that employs them. They would not be commended for explaining to their superiors that it would have been "disloyal" to avoid a loss, and gain

a profit, by switching funds from American dollars to deutschemarks. If this kind of operation should be prevented, it should be prevented by official, not voluntary, restraint. Perhaps "multinationals" will force a reconsideration of the conventional ideas that exchange controls are bad in principle and that international investment should be completely free.

"Multinational" industrial companies and the "multinational" banks that have been developed to serve them are keen campaigners for complete freedom to move money—capital (short-and long-term) and interest and dividend payments—and for complete freedom of physical trade. They know that this ideal will not be realised in the foreseeable future; but any advance towards it improves the economics of a system in which interchange—of parts or finished products, and, if appropriate, finance—is a basic characteristic. The system has developed so far that American "multinationals" production abroad has been valued at some five or six times the value of direct American exports and overall "multinational" operations have replaced conventional trade as the

principal medium of international business. There is vast scope (if the prospective "hosts" are willing) for expansion of "multinationalism" in countries where labour is abundant, wages are relatively low, and skills and amenities are developing; and enthusiasts foresee great benefits to these countries as more capital and technology are imported into them.

But, while orthodox economists see the gradual emergence of their desired "one world" through the development of "multinationalism" the actual "world of nations" is not ready for this development. It sees the giants (whose behaviour has not always been exemplary) as alien powers that can influence nations' economies (for better or worse) more than their own Governments can, and that international monetary authorities cannot properly control. The problems of adjustment are receiving attention, on both national and international planes. Yet the world is still discussing the international monetary system and international trade in terms appropriate to the era before "multinationals" appeared—in a semblance of their modern form, about half a century ago.

CURRENT COMMENT

FINANCE COMMISSION

West Bengal's Case

Welcoming the appointment of the Sixth Finance Commission much ahead of time, Mr. S. C. Roy, Working President, Indian Council of Economic Affairs, has, in a statement issued a few days ago, expressed satisfaction that the recommendations of the Commission would coincide with the formulation of the Fifth Five Year Plan and would give an opportunity to have an integrated view of both the non-planned and planned expenditure in allocating Central assistance. Furthermore, the problems arising out of the growing indebtedness of the States and the overdraft problems on which the Centre has recently imposed stringent restrictions may also be successfully tackled by the Commission.

Mr. Roy pointed out that West Bengal was ridden with problems and the proportion of educated unemployment in this State was possibly about the highest. There has been a great

pressure on the economy of the State since the partition of the country and influx of refugees from the then East Pakistan. This has aggravated further in the recent past due to acute industrial unrest, flight of capital and lack of fresh investments. In his opinion, all these problems needed careful handling and would involve large funds if a satisfactory solution was to be found and the pace of development in the State was to be accelerated.

Citing facts and figures Mr. Roy went on to conclude that West Bengal's share of receipts from the Centre in relative terms had steadily declined and this was more so in case of the income-tax distribution. In his opinion, this was due mainly to the adoption of a faulty basis of distribution whereby more emphasis was placed on the population of the States. He added that although almost 25 per cent of the income-tax were collected from West Bengal, it received, according to the recommendations of the Fifth Finance Commission, only slightly above 9

per cent, against 16 per cent by U.P. and 10 per cent by Bihar. Furthermore, while the share of receipts from income-tax for West Bengal has been reduced from 12.09 per cent (Third Finance Commission) to 9.11 per cent (Fifth Finance Commission), the share of Bihar, M.P. and U.P. has considerably increased.

COIR

Crisis in Exports

The coir and coir products industry of Kerala which gives employment to 1 million people and earns foreign exchange worth Rs. 14 crores is in a state of crisis. The European Common Market countries have been the main market for the Indian coir industry. But European countries have started importing coir from India and manufacturing coir products out of that. Although they are not charging any duty for the import of the coir, they levy about 23 per cent duty and other taxes on the coir products. Indian exporters, therefore, cannot compete with their coir products. Their position will become all the more critical with the entry of Britain, Norway, Denmark and Ireland into the Common Market.

Britain is importing coir and coir products worth about Rs. 2.25 crores. No duty has so far been levied on these. As a member of the Commonwealth, India used to get some protection also, in that it levies 20 per cent duty on imports of these items from European countries. With Britain's entry into the Common Market, it is likely to stop the protection and, following the other European countries, may levy 23 per cent duty as well. That means actually Indian products may be subject to a total levy of 43 per cent. It will not only be unbearable for India's coir industry but will be most favourable to European countries engaged in this trade. This situation seriously affects the Indian coir industry and in order to successfully meet the situation, the Coir Board, the Centre and State Governments are exploring suitable ways and means.

FLOUR MILLS

Wheat Shortage

In a Press note issued a few days ago, the Calcutta Flour Mills Association has stated that it has address-

ed telegrams to Mr. Fakhruddin Ali Ahmed, Central Minister for Agriculture, and others urging their immediate intervention to divert wheat specials to West Bengal. Due to acute scarcity of wheat, flour mills in West Bengal have not been delivered their monthly quotas. Even the emergency quotas allotted to the flour mills to tide over the crisis have not been fulfilled by the Food Corporation of India. The Association has expressed serious concern that if the position does not improve there may be dislocation in supplies of wheat products to statutory rationing and modified rationing areas.

CONSUMERS

C.A.I.'s Seminar

At a meeting of the Consumers Association of India held recently in Calcutta under the chairmanship of the Association's president, Mr. B. S. Kothari, it was decided to organise a seminar on "Protection of Consumer Interest in a Developing Country" in September this year. Many eminent personalities, both national and international, are likely to participate in the seminar. The Association will be glad to have papers from the members of the public for being read at the seminar. A souvenir, containing articles from eminent people from various walks of life, is also proposed to be published on the occasion.

W.S.B.A.

Worry over Sales Tax

Liquor will now cost more with the 12 per cent *ad valorem* sales tax coming into effect from 7th August, 1972. The Wine Spirit and Beer Association of India (W.S.B.A.) in a Press note has stated that prior to the imposition of sales tax, the Association had made several representations to the Government of West Bengal urging a re-examination of the proposal. The W.S.B.A. had submitted that hitherto sale of liquor was exempted from sales tax in West Bengal since it already attracted heavy excise duty and, therefore, a stiff rate of sales tax, as imposed, would not only result in consumer reaction but also encourage clandestine trade. The Association had submitted that while it appreciated the need for raising resources to finance development plans, it was submitted

that beer, which is a malt liquor, should be exempted from sales tax since it contained a very low percentage of alcohol. The Association had also pointed out that the liquor industry and trade was already subjected to rigid supervision of the excise, Customs and police authorities and the newly imposed levy in the form of a sales tax would constitute an additional administrative burden. It was suggested that it would be far easier for the Government to collect through one source—through the excise authorities—by a suitable increase in existing excise levies such as literage fee.

CHEMICALS

Multipoint Sales Tax

At the annual general meeting of the Madras Dyes and Chemical Merchants Association, Mr. Jaswant S. Mehta referred to certain problems facing dealers in chemicals and dyes. These relate to the multipoint sales tax, storage of chemicals, supply of raw materials and price distortions at times. Mr. Mehta pointed out the adverse effect of multipoint sales tax, as its incidence had inflated the ultimate prices to consumers. It was wrong to attribute the price rise to speculation. A plea was made to the Government to remedy the situation created by this tax with a view to maintaining prices at a reasonable level. Mr. Mehta also called for greater co-operation between distributors and big manufacturers in important items like caustic soda and soda ash, so that the supply may be maintained equitably without giving rise to undue fluctuations.

MANAGEMENT

National Meet

The first ever National Meet of Students of Management and Labour Studies in India will be held at the Xavier Institute, Jamshedpur, on 8th, 9th and 10th September, 1972. The theme of the meet is: Growth, Social Justice and the Indian Manager. About 250 students from reputed management and labour institutes and 40 top executives from business and Government will attend this meet. The speakers will include Mr. R. K. Khadilkar, Central Minister for Labour and Employment; Mr. T. A. Pai, Central Minister for Railways; Mr. R. S. Pande, Managing Director, Tata Iron and Steel Company; Mr. S. B. Aibara,

Deputy Chairman, India Tobacco Company; and Dr. R. S. Tarneja, President, All India Management Association.

WORLD BANK

Study on Urbanisation

Urban populations in the developing countries are growing at a rate of about 5 per cent a year, or doubling in about 15 years, according to a sector working paper just published by the World Bank. Thus the increase in the urban population will be more than one billion by the end of the century—or about three times the total urban population of the developed world in 1960. Simply to house the projected additions to urban populations, the study says, would require more than 200 million new dwellings over the coming 30 years. Although a high proportion of World Bank lending for transportation, public utilities and industry has been related to urban areas—about \$13 billion, or more than three quarters of total lending to the developing countries—only recently it was decided to focus on urban problems in these countries. And the Bank Group now plans to lend some \$700 million during the 1972-76 fiscal year period for projects directed specifically to urbanisation problems.

The malaise of urban centres in the developing countries is only too evident. With squalor of rapidly growing slums and scattered settlements, the deterioration in many public services, the extreme shortage of housing and overcrowded streets are a constant problem for urban planners. Uneven income distribution in the cities and growing unemployment are less evident but equally pressing problems. The scale and severity of urban problems in developing countries reflect primarily the rapidity of population growth and the acute shortage of resources, human as well as financial, with which to provide for the additions to the urban population. The Bank plans further steps to help developing countries focus attention on urbanisation problems and alternative courses of action, including the balance between rural development and the development of urban centres. In co-operation with other agencies—international, bilateral and private—the Bank may provide technical assistance on development programming and institution building in connection with its expanded activities in the urban field.

MORMUGAO PORT

Ore and Oil Berths

The Mormugao Port authorities have awarded to Essar Constructions

and Carriers Ltd, Madras, the contract relating to the construction of the ore and oil berths which is estimated to cost around Rs. 5 crores. This is the last major contract in the Rs. 40-crore development project of Mormugao port, consisting of several major components. The main objective of the project is to provide modern mechanised ore handling facilities at the Port, so that vessels of 60,000 d.w.t. can be handled alongside the ore berth at all states of tide and vessels up to 80,000 d.w.t. at high tide, at a loading rate of 8,000 tonnes an hour. Both the ore and oil berths now contracted for will have an alongside draft of 43 feet. Essar Constructions and Carriers Ltd will undertake the construction of the ore and oil berths in technical collaboration with Taylor Woodrow International Ltd of the U.K.

SHAREHOLDERS

Seminar in November

The National Forum of Shareholders has decided to hold an all-India seminar in November in Calcutta. The seminar will have four sessions under the following heads: (1) shareholders' problems, (2) protection of shareholders under Company Law, (3) stock exchanges and institutional investors in promoting shareholders' interests, and (4) how to make shareholders' democracy effective and shareholding popular? Mr. K. V. Raghunatha Reddy, Central Minister for Company Affairs, will inaugurate the seminar. The seminar will have participants from all over the country and will be attended by representatives of various shareholders' associations, stock exchanges, concerned Ministries, and financial and banking institutions.

MONEY MARKET

No Transaction

The short-term money market has rather been quietly celebrating the silver jubilee of independence due to the strike at the Reserve Bank which inevitably meant the suspension of clearing. As a result, no transaction took place on Monday and until this writing on Wednesday. Incidentally, the call rate earlier quoted at 3½ per cent before the suspension of clearing. The supply of tea and gunny bills has been small. The demand for remittances has been small. The pound-sterling has strengthened slightly against most major foreign currencies during the week.

A Ditcher's Diary

I DIDN'T EXPECT THAT I WOULD directly experience any difference on the day marking the completion of 25 years of our freedom. But I did. I don't mean the pleasant difference of a Tuesday being a holiday. Even the mildly festive mood was by no means exceptional in a city which has an amazing capacity for noisy gaiety in the midst of all its misery. To me the day was different for a very special reason which only my neighbours can appreciate. The area in which I live has to do without electricity for several hours on every Tuesday and on at least two other days in the week. But last Tuesday there was no cut in power supply; and this I thought was a marvel. On the silver jubilee of independence I was, therefore, able to look upon the nation's future, indeed upon the human condition, with much greater assurance than I would have been on any other Tuesday in recent months. Nature, too, had a more benevolent aspect; after three days of nagging rain the sky had cleared. The circumstances, therefore, were ideal for what, on such occasions, is called a renewal of faith. I am not being facetious. The day, after all, was one for ceremonial remembrance and rejoicing; and the inspiration for a ceremonial effort is easily weakened by physical discomfort. No kind of physical hardship or natural adversity could have made any difference to a spontaneous assertion of powerful feeling. I can still recall the overpowering intensity of general feeling on the night of 14th August, 1947, and on

the glorious morning that followed. None of us would have been even aware of such irrelevancies as rain and storm or a breakdown in power supply on an occasion like that. I don't remember whether the night was hot or the sky was cloudy when Jawaharlal Nehru spoke of the nation's "tryst with destiny". But I still remember the voice, indeed every inflexion in that magic voice, as I do a hundred other minor things, none of which without any relation to my own comfort or discomfort. For that matter, I cannot remember having paid the slightest attention to such subjects as prices in August 1947; but when someone told me last Tuesday that fish prices had touched a record high I could not dismiss the matter as of no consequence. The point to note is that a momentous occasion cannot be recreated, nor its mood recaptured. And there can be something indefinably sad about attempts to do so. What were the thoughts of the ageing freedom-fighters who were hunted out of their obscurity after 25 years and made to undertake a journey to Delhi to receive "tamrapatras"? I am not even thinking of those who are still obscure.

TO SAY THAT THE GOALS OF INDEPENDENT India are yet to be attained is not to suggest that significant changes have not taken place in the last 25 years. Indeed, the changes have been far-reaching; and they are no less de-

cisive in the socio-economic structure than on the political scene. The continuing hardship that afflicts large sections of the population tends to obscure that overall economic advance. Even people who appear to have done reasonably well complain that there has been no real improvement in their condition: inflation has more than eaten away the increase in their income. The grievances are genuine; and I am not given to uncritical enthusiasm over what has so far been achieved to push out "garibi". Yet, looking back at the past 25 years, I cannot but note a striking change in the pattern of living. I am not thinking of those who have suddenly become stinking rich, or even of the larger number of people who have made profitable but legitimate use of the opportunities thrown up by independence. There has been a marked change in the living patterns of even the peasantry and the working class. There has been an unmistakable rise in the level of consumption. If I talk of the peasantry, my leftist friends will lecture me on the growing power of the kulaks and the miserable condition of landless peasants. But was the condition of the landless peasants by any means better 25 years ago? It is still abysmal, but it may have improved in at least a few areas. I do not wish to enter into an economic argument. All I want to do is to call attention to the evidence of one's eyes. People from peasant and working class families now spend more on clothes, consumer goods, transport and entertainment than they did 25 years ago. This is also true of the lower middle class, admittedly the class worst hit by high prices, stagnant incomes and the threat of unemploy-

INDIA'S FISCAL FREEDOM

A CORRESPONDENT writes in Current Coin: "Fiscal freedom for India". That is the most popular immediate shibboleth of the Indian politician, and for him it means no more and no less than protection against foreign, especially British, manufactures. Professor Kale of Fergusson College, Poona, a follower of Ranade, recently collected a number of articles he had written on Indian industrial and economic problems, and Messrs. G. A. Natesan and Co. of Madras published them as a pamphlet to educate the budding Indian politician. We need not examine the Professor's theories which when they are original are extremely crude, and

when not original extremely stale. But we would like to note his concluding paragraph which runs thus: "Only on this basis of fiscal freedom for India can a reasonable scheme of Imperial Preference be framed which will be conducive to the economic progress of this country and the greater solidarity of the British empire". The italics are ours, and we have used them to emphasise the most awful claptrap that was ever written. If fiscal freedom for India means protection, and that as we have seen is the educated Indian interpretation, nothing could more conduce to the disintegration of the British empire.

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ment. But how can this be possible? Given their earnings and the present prices, it is a miracle that the lower middle class families manage to survive at all. How can they also manage to buy better clothes or spend more at cinemas than they could afford to before independence? The explanation is largely sociological. There has been a decline in improvident expenditure, the improvidence being associated with a devotion to traditional social obligations. In a sense, family obligations as well, since the concept of the family has shrunk. There has also been a reassessment of priorities. The traditional Bengali obsession with "eating well" has been largely replaced by a pragmatic interest in keeping up appearances in other ways. But it may be possible to stop eating for pleasure; there is a danger of the food prices making it impossible to eat even for physical survival.

WHEN PRESIDENT SADAT FIRST announced that he had invited the Russians to leave Egypt I was, quite frankly, sceptical. Such a contingency, or so it seemed to me, was just what the Brezhnev doctrine is designed to cope with. But it would appear I was wrong. The Russians have left Egypt in sufficient numbers for the President to be entitled to claim that his instructions are being complied with. Of course, things are not altogether what they seem; they seldom are. By holding on to their air and naval facilities, the Russians could now argue that they still have all the advantages of an imperial presence in Egypt with few of the liabilities. Yet it is hard to believe they will be able to retain these for long, especially now that Libya's impressive experience of ejecting foreign military influences from her soil is at President Sadat's disposal. The whole business remains one of the most remarkable retreats from the empire since the second World War. Against all the evidence provided by history, could it just be that the Russians have learned in time the dangers of too forward a foreign policy and the strains to which it gives rise? If so, then Tsar Brezhnev has good reason to congratulate himself on his foresight and wisdom. But that leaves unanswered the question why the Egyptians behaved the way they did. I have heard all the usual arguments about the Russians' reluctance to become embroiled with the United States in another war between Israel and the Arabs. These are plausible enough as far as they go, although if the Egyptians ever honestly believed

that the Russians would take such a risk for the sake of their friendship, then they were being more stupid than they have any right to be. But somewhere beneath the surface there seems to me another reason. Without perhaps quite realising it, President Sadat has rejected dependence on the existing super-power establishment and is reaching out towards a new element in world politics, namely, an enlarged European Community.

IT IS NOT SURPRISING THAT SO MANY people should have come to regard the affair of Senator Thomas Eagleton as a sad one, and not only because it lost a good man the somewhat slender chance to become Vice-President of the United States. Inevitably, the picture became confused towards the end. But basically the reason why Mr. McGovern found it expedient to drop his running mate was because Mr. Eagleton had at one time taken psychiatric treatment. The reason he took it does not appear to have been anything like as important a factor, and indeed never came out clearly at all. In this day and age that is just not good enough. Psychiatry has long since become an accepted branch of medicine, and what it still lacks in respectability can be traced mainly to the fact that it is not widely understood. Why its useful ministrations should be tabooed for candidates for high political office escapes me. Of course, the reason is that most ordinary people still regard a psychiatrist as some kind of magician, and those who consult him—often for nothing worse than simple emotional disorders—as either mad or unstable. Yet that might not be the case at all, and anyway the lack of psychiatric treatment

in the past has not prevented some pretty dubious characters from attaining political power. That is why the Eagleton affair is so saddening; it represents witch hunting in its pristine form, a triumph of superstition over reason.

BEFORE THE "CHESS MATCH OF THE century" began at Reykjavic Bobby Fischer boasted that he would win the 24-game contest in the first 13 games. Since he needs 12½ points, and there is one point for every game won and half a point for a game drawn, 12 of the first 13 games had to be won by him and the remaining one at least drawn if he were to prove as good as his word. He had to lower his sights, however slightly, when he lost the first game and failed to turn up for the second; and at the end of the 13th game last Friday he still needed 4½ more points to wrest the championship from Boris Spassky. But there was then little doubt that he would get them. Indeed, the young American challenger was very much in a dominant position from the fifth game onwards. According to chess experts, Fischer's play in the sixth and tenth games was of the highest order and some of the mistakes made by Spassky were childish. When the reigning champion won the 11th game there was some speculation that the tide might turn; and the speculation persisted after the drawn 12th game. But the 13th game, which Fischer won, was perhaps decisive. Surprises may still be in store, but the record so far does not warrant much hope for the Russian champion. This has caused much greater public dismay than is ordinarily produced by dis-

appointing performance by an acknowledged master of a particular game. Indeed, the successes of a challenger against an established champion are usually greeted with spontaneous rejoicing. But not so in this case, except by professional experts who can delight in Fischer's fantastic brilliance with professional detachment and perhaps by some others who, like President Nixon, are impressed by the young American's fanatically aggressive temper. Even some experts are dismayed, as can be seen from a recent despatch to *The Times* from Mr. Harry Golombek, the well-known chess commentator and himself a Grandmaster. Writing from Reykjavic, he described the drama there as a sombre tragedy portraying the decline of a great player. He commented that in the eighth game Spassky, finding himself gravely threatened, must have felt like saying: "The times have been, That, when the brains were out, the man would die, And there an end; but now they rise again, With twenty mortal murders on their crowns, And push us from our stools." This was an apt quotation from *Macbeth*; Spassky's reaction to the sight of Fischer's menacing forces may well have been like *Macbeth's* at the sight of Banquo's ghost. But Mr. Golombek was evidently so distraught that he thought he was quoting from *King Lear*.

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Will India be Able to Take the Drought in Her Stride?

By M. B. Lal

Since India has a sufficiently big buffer stock of foodgrains, the drought should not cause any undue alarm. What, however, is a must is to gear up the distribution machinery which appears to be in a shambles.

THE drought is there again after a lapse of five years. It is too early to predict the magnitude of the shortfall in the current *kharif* crop. Good rain in August can still reduce the threatened danger, if not avert it altogether. Almost everybody who knows anything about food production says: "I told you so. It was inevitable. At least one drought in five years is unavoidable. We should have been prepared for it". And so on. This is true too. The Government should have known that a drought was coming, if not this year then in the next. Up to a point the Government has, in fact, been prepared for it. The building up of a buffer stock of 9 million tonnes of foodgrains is no small achievement. There should be another 3 to 5 million tonnes in the pipeline. In addition, farmers' own reserves must add up to a sizable total. Then again, the failure of the current *kharif* crop should not make a physi-

cal impact on grain availability in the market until next winter when it is to be sold.

Drought is a phenomenon common to all countries in the world, including the most advanced. In the U.S.A., Russia, Australia, China and several other countries, failure of rains is known to produce food shortfalls of 20 per cent to 25 per cent. In India too, at its worst the present drought would not involve a loss of more than about one-fifth of the total national output. This means that of the normal 75 million-tonne *kharif* crop about 15 million tonnes may be lost. The loss would not be uniform in all the States. Some may lose more and some less. But loss of the monsoon does not inevitably mean that the winter rains will also be poor. The 35 million-tonne *rabi* crop could still be normal. But if the worst comes to the worst and *rabi* too fails, as it happened six years ago, there would be another shortfall of 7 million tonnes, making a total gap of about 22 million tonnes of grain in the nation's food basket. The production then would be about 90 million tonnes. The present potential is about 112 million tonnes in a good year, although the

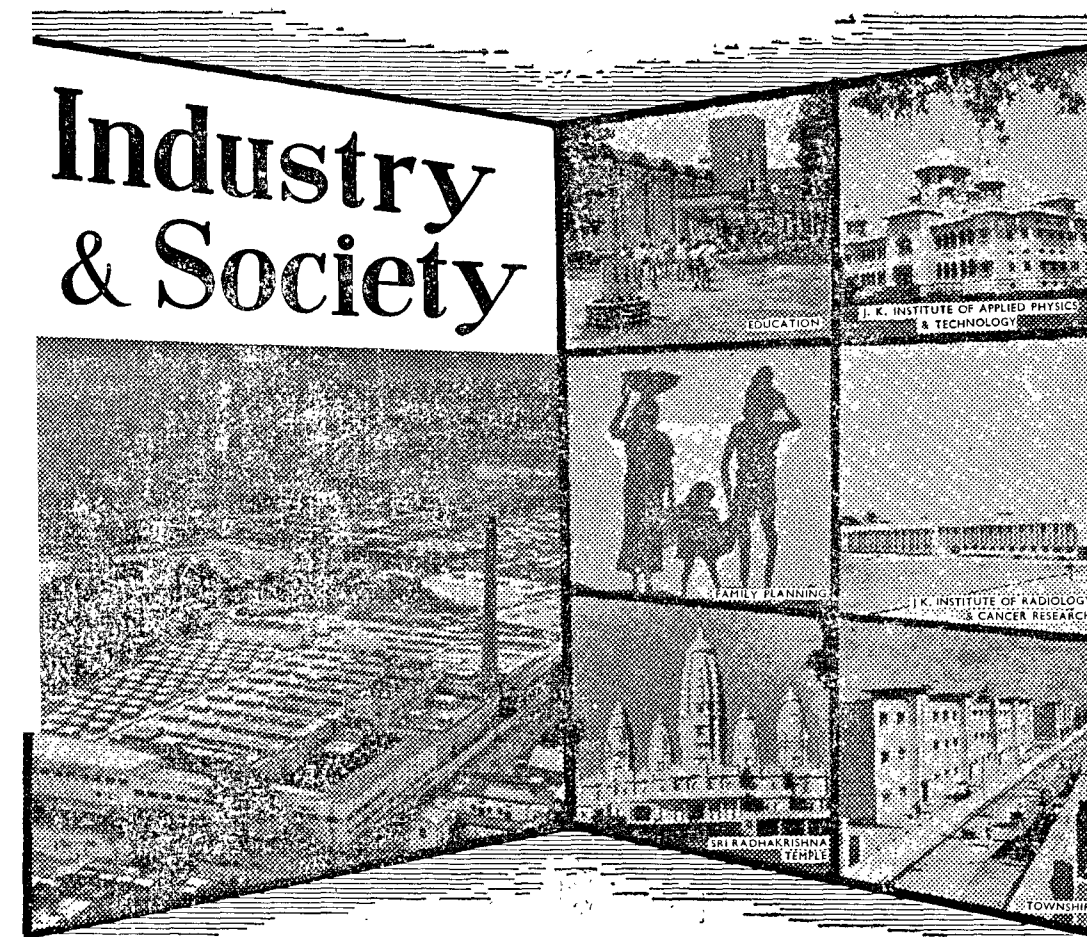
Speaking in purely arithmetical terms, a well-planned economy should be able to absorb the entire shock of the drought and there should be no starvation deaths anywhere. Indeed, it should be possible to maintain near-normal food availability. Even the prices of foodstuffs could be kept stable. This is because during the last two or three years of peak production, the actual consumption of foodgrains for all uses—excluding reserves—has been around 100 million tonnes a year. A produce of as low as 90 million tonnes with buffer stocks of 9 million tonnes with the Government and another three million tonnes or so in the pipeline could help the country tide over the current crisis. A crisis would arise if, as happened five years ago, the drought is repeated next year. But this kind of a catastrophe comes rarely, perhaps only once or twice in a century.

Taking an overall view of the situation, the real problem for the present appears to be not of production but of distribution. There is in the country all the food that the country needs but what has happened is that the distribution machinery is cracking and not for the first time. This is something that always happens in a year of acute drought. Long before the physical impact of the failure of rain makes itself felt on the marketable surplus, the free market mechanism breaks down and artificial scarcities appear in the most sensitive areas. The free movement of grain from the surplus to the deficit areas, or from the rural pockets of production to the urban consuming centres slows down or comes to a stop. Pricewise, food being the most sensitive item, this at once leads to inflation. Panic seizes the population of the deficit areas and the urban centres and an atmosphere of crisis is created long before it becomes real.

There is an even more important aspect of the situation that aggravates the crisis to a breaking point in many areas. A severe drought invariably leads to large-scale unemployment and at one stroke takes away the purchasing power of the people. Even if the food is there they have no money to buy it. On the face of it this is a paradoxical situation. If people do not have the money to buy a commodity its prices should fall.

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But in agriculture a recession and inflation come at the same time. A fall in employment and agricultural activity is accompanied by an immediate rise in the prices of farm commodities. This is because traders, farmers and individual consumers start cornering stocks at the first sight of a famine and prices shoot up out of all proportion to the scarcity.

The Government's task in the present situation is clearly two-fold. It has first to ensure that food keeps moving in the market from surplus to deficit areas. And, what is equally important, it has to put the necessary minimum purchasing power in the hands of all the people, especially the poorest among them. Millions of landless workers all over the country will have no work to do on the farms for months to come because of the failure of rain. There will be no wages to take back home at the end of the day and, therefore, no food for their families. The most immediate task before the Government, therefore, is to see that while there is still food people do not die of starvation merely because they do not have the money to buy food.

It should also be obvious that additional purchasing power should not be put in the hands of the poor by pumping more paper money into the market but by diverting resources from other less critical areas. This would doubtless create much hardship and also some unemployment in sectors that may have to be thus deprived of promised resources. But creating artificial money would be no answer to the problem as it would lead to a continuing price spiral over a long period, jeopardising the Fourth and Fifth Plans and rendering all projections of future growth fictitious. In terms of resources, the effect of the drought will be felt next year when besides foodgrains, cash commodities and agricultural raw materials too would be scarce. If to tide over the present crisis too much money is pumped into the market this year, the effect would be disastrous next year. The disproportion between money supply and goods would further increase. Besides, the Government will not be able to prevent unemployment that would be created by the recession in industry and trade due to the scarcity of agricultural raw materials. The distress of the

unemployed in such an inflationary situation would be even more acute.

If the Government is keen to stabilise the economy and avert the inflationary impact of the famine, it hardly has any alternative to slowing down the pace of the public-sector investments, especially in sectors whose short-term returns are poor. Thus the numerous welfare schemes of health and education included in Mrs. Indira Gandhi's election promises may have to be kept in abeyance for another year or so to meet the food crisis. It may sound harsh to say so but where the rural drinking water projects appear to be too capital-intensive, these too may have to be slowed down or postponed. Fresh investments on new steel plants and the railways may have to be suitably pruned, giving more emphasis to the fuller utilisation of the existing capacity than to the creation of new capacity. The State Governments have considerable scope for economies in their expenditure which is often incurred for no other reason than local pressures.

In the past, the practice has been to put money in the hands of the land-

less workers by employing them on "relief works". These usually consist of earthwork on *kuchha* roads and temporary dams which are usually washed away within a year or two. These works in the past have been notoriously unproductive and the mere mention of the words "relief works" reeks of scandal because of the large-scale misuse to which funds provided for them have been allegedly put in the past. Knowing that droughts are as normal as rain, the Government should by now have with it scientifically worked out projects which it can launch as part of the relief works whenever the rains fail. Such projects should be more durable and productive than the normal run of famine works which are nothing but dole and hardly give any returns. It is obvious that concentration on marshalling the scarce water resources to bring water to the parched fields by digging temporary channels or wells would be a useful means of employing landless workers. But the scope for such activity in years of famine is extremely limited.

The severe famines of 1965 and 1966 should have convinced the Government of the paramount importance of electric power in agriculture. When the rains fail, the water level in the dams goes down, the generation of power falls and tubewells work only part of the time. This further aggravates the food crisis. Power supply to industry also has to be cut down leading to large-scale unemployment. The authorities do not appear to be sufficiently conscious of this severe handicap of hydro-electric power projects. The nation's power plans should be diversified so that thermal and atomic power get the same, if not more, importance as hydel power. A good part of the crisis could be tided over if there was enough power to operate the existing tubewell full time.

And lastly, the need for improved arrangements for buffer stocking of farm commodities can never be over-emphasised. These stocks should at any time be equal to 20 per cent of the total national output. The present food stocks are only about 8 per cent of the need and those of other farm commodities negligible. The paucity of sugar reserves has become a national scandal. A sound buffer-stocks policy has to be an essential part of any stable plan of agricultural development in India.

Last Week in Parliament

(From Our New Delhi Correspondent)

Parliament was preoccupied last week with the problem of price rise. The Government's declaration that it is bent on bringing down the prices of essential commodities through a countrywide distribution system is to be welcomed.

LAST week was a hectic week for Parliament with members of the two Houses preoccupied with the country's food and sugar shortages and the price spiral and connected issues, and the Government trying to assure the people that, although the situation was critical, it was not beyond control. M.P.'s, of course, held—and they included some from the ruling Party—that the Government was responsible for the current crisis. Although the remedies they prescribed varied, according to their party predilections, the members were agreed that a crisis of serious proportions had gripped the country. Several members charged the Food Corporation of India with failure to stabilise food prices and demanded an enquiry into its working. The brunt of the burden for defending the Government fell on the Finance Minister, Mr. Y. B. Chavan, and the Food and Agricultural Minister, Mr. Fakhruddin Ali Ahmed. They called for an all-party support in bringing down prices through an effective and countrywide public distribution system and a concerted drive for a *kharif* sowing and a big *rabi* crop.

As could be expected, Mr. Chavan refused to believe that the economy was in a mess and planning faulty, and he assured Parliament that the Government would not hesitate to resort to deficit financing to help the emergency agricultural programme. Mr. Chavan also announced that, if necessary and if international prices were easy, the Government might buy edible oils and pulses abroad to meet the current shortage. On sugar, the demand took the form of nationalisation of sugar mills as a panacea for all the ills. The sugar policy of the

Government, it was alleged, was shortsighted. There was no stock in the pipeline which could have helped to tide over the present crisis. Cane growers were not getting a remunerative price for their crop which compelled them to divert to other cash crops. What was needed, they argued, was a long-term sugar policy, a higher price for sugarcane, and Government take-over of sugar mills. Uttar Pradesh is the most powerful of all sugar lobbies, but this time M.P.'s from that State tried to give the plea for the nationalisation of sugar mills an all-India perspective, saying that this was a national issue.

On both sugar and foodgrains, one firm declaration from the Government was that there was no need for importing any of these two commodities and the Government would be able to face the situation confidently. In fact, it was even given out by Mr. Fakhruddin Ali Ahmed and Mr. A. P. Shinde, Minister of State for Agriculture, that India would fulfil its commitment of sugar export under the global quota. This is understandable, for export opportunities, once not availed of, can mean an irrecoverable loss. There was also the demand for rationing of foodgrains and sugar. This has not been accepted, but a counter-programme of making use of a public distribution system spread all over the country for sale at controlled prices of all essential commodities, including foodgrains, sugar, cloth, and kerosene oil has been promised. The blueprint of this public distribution system has probably been worked out, with a liquid capital of Rs. 100 crores, which means that the proposed Corporation will have liquid cash of this dimension to buy stocks and distribute them on a countrywide basis. The Government has also promised a sugar policy in the course of this month. Apart from levying a larger percentage from the mills for sale at a controlled price, the Government may also announce a higher price for sugarcane.

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Fixing Compensation for Nationalisation of General Insurance Companies

(By a Special Correspondent)

The question of compensation to be paid to the general insurance companies following their nationalisation is relevant not only to the industry but also to the future of the investment market. It is only fair to expect that shareholders should be given legitimate compensation.

AFTER over a year of the takeover of the management of general insurance companies, a Bill for their nationalisation is in sight. It has been referred to the Select Committee of Parliament to determine, among other things, the question of compensation, that is, the amount to be paid to the shareholders for the nationalisation. Other questions, like whether there would be one or four corporations, appear to have been overshadowed by

the compensation issue. The question of compensation is relevant not only to this industry but to the entire gamut of economic development of the country. And Members of Parliament appear to be taking extreme sides on this most vital and extremely controversial question. Parliamentary debates show that they have either alleged that the proposed compensation is too much or that it is too low compared with the assets held by the insurance companies.

The political thinking among the lobby that believes in "socialism through short-cuts" appears to be that no solid foundations of socialism can be laid unless the net of nationalisation is cast wide without any compensation. It feels that the Constitution having been amended, why should

the Government pay any compensation at all? On the other hand, economic pundits who see the tremors in the stock markets argue that unless some kind of guarantee is given to the industrial sector on the long-term industrial policy of the Government and unless the limits of the nationalisation spree are defined, industrial development of the country is bound to suffer. The investment market is likely to become increasingly sluggish with the successive takeover of industries.

The question of compensation to insurers is a complex one. As the Government assumes the ownership of the industry, the diversity in the structure, finances, expenditure on wages, and perquisites has to come to an end and uniformity would have to be maintained. One of the most burdensome items is gratuity for which most of the companies have not set apart any funds. At the employees' level, there are the highly paid and skilled staff of some of the companies, side by side with the poor quality staff of mostly smaller companies. The poor quality staff cannot be discriminated against in the new set-up and their wages will have to be raised to a certain minimum level. And all these are, in a sense, the concealed liabilities that have been taken over.

On the other hand, insurers have made initial investments out of the inflow of resources in broadening their companies' structure and in setting up the units on a workable footing. The resources could have been appropriated by way of dividends. To some extent, the difference between the value of investments in Government securities in the past and their present market rate has also reduced their assets. The increase in premium income and the statutory reserves maintained by these companies have again impinged on their financial soundness. Therefore, it would have been in the fitness of things if the Government had come out with the basis of its calculations for compensation rather than take advantage of the technical difference between "amount to be paid" instead of "compensation" to save any legal complication.

The question of adequate compensation should not be considered in the context of the industry alone or from the standpoint of somehow finding a way out. It should be seen in the context of its repercussions on future industrial development which, it is sure, would be hampered if investors are not assured of a fair return on their investment.

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Need to Fill the Gaps in Training Schemes for Bank Personnel—I

(By a Special Correspondent)

An elaborate programme for training of bank personnel has been drawn up. But the situation does not seem to have much improved. This is the first in a series of two articles. The second will appear next week.

IN pursuance of the Government's policy on social control over commercial banks, the Reserve Bank of India constituted in December 1967 a working group on training facilities for the senior and middle-level personnel of commercial banks with Mr. B. N. Adarkar, the then Deputy Governor of the Bank as chairman, and six other members, among whom were two bankers, the late Mr. N. M. Choksi, chairman of the Bank of Baroda, and Mr. T. A. Pai, former chairman of the Syndicate Bank. The principal terms of reference set before the working group were: (1) to suggest the lines on which management orientation programmes may be organised for senior and middle-level executives of commercial banks with particular reference to the social and economic objectives of banking, aligning individual bank's credit operations to national credit policies and priorities, and expansion, both functionally and territorially, of banking services; (2) to examine how far the training facilities available to the executive and supervisory staff of commercial banks are adequate to promote the objectives mentioned above and to suggest measures for their improvement and extension, and (3) to suggest measures for (a) the co-ordination of the activities of the training institutions of the Reserve Bank and the State Bank and other commercial banks and (b) the periodical review of the activities thereof.

The working group collected data about the existing arrangements for training senior and middle-level personnel and also sought suggestions from commercial banks on the conduct of orientation and training programmes for their officers and the proposal for the setting up of an all-India institute which would function as an apex institution for training the personnel of commercial banks, organising advanced management develop-

ment programmes, promoting research in banking procedures and practices and training techniques, and arranging the preparation and publication of books or pamphlets on banking and allied subjects. The group submitted its unanimous report in May 1968 setting forth the general considerations for developing the banking profession, an analysis of the existing effort, its scale and nature and the gaps remaining unfulfilled, and on the basis of the gaps thus identified, its suggestions outlining a scheme for organising overall training for the banking industry. It believed that speedy and effective implementation of its various recommendations would go a long way towards developing the banking profession so as to enable it to play its rightful rôle in the economy.

The group gathered data from 42 commercial banks, including 13 foreign commercial banks. According to these data, there were approximately 16,000 officers working in these banks as at the end of 1967. Data were not available for smaller commercial banks and co-operative banks but the total number of officers was estimated at about 20,000. These fall into three broad categories, namely, senior executives, middle-level executives and junior executives. On the basis of the personnel turnover arising from deaths, retirements, expansion of the banking industry, etcetera, the annual recruitment to these cadres was placed at about 10 per cent.

As against this, the capacity of the training institutes at that time was around 1,650 a year. These were run primarily by the Banker's Training College set up by the Reserve Bank in 1954 and 19 training institutions set up by Indian commercial banks; the foreign commercial banks had not set up any training institute for their officers in India. Of the 19 institutes, 15 provided training facilities largely for middle-level personnel and four for clerical staff. The group noted that the facilities available at the B.T.C. and the training institutes of the commercial banks were not sufficient to cover the large number of officers at the middle level for whom training was necessary. At the rate of 1,650

officers a year, it would take about 12 years to cover the middle and junior level officers already in service while the annual additions would create a further backlog. Furthermore, these programmes did not cover the higher levels of banking personnel.

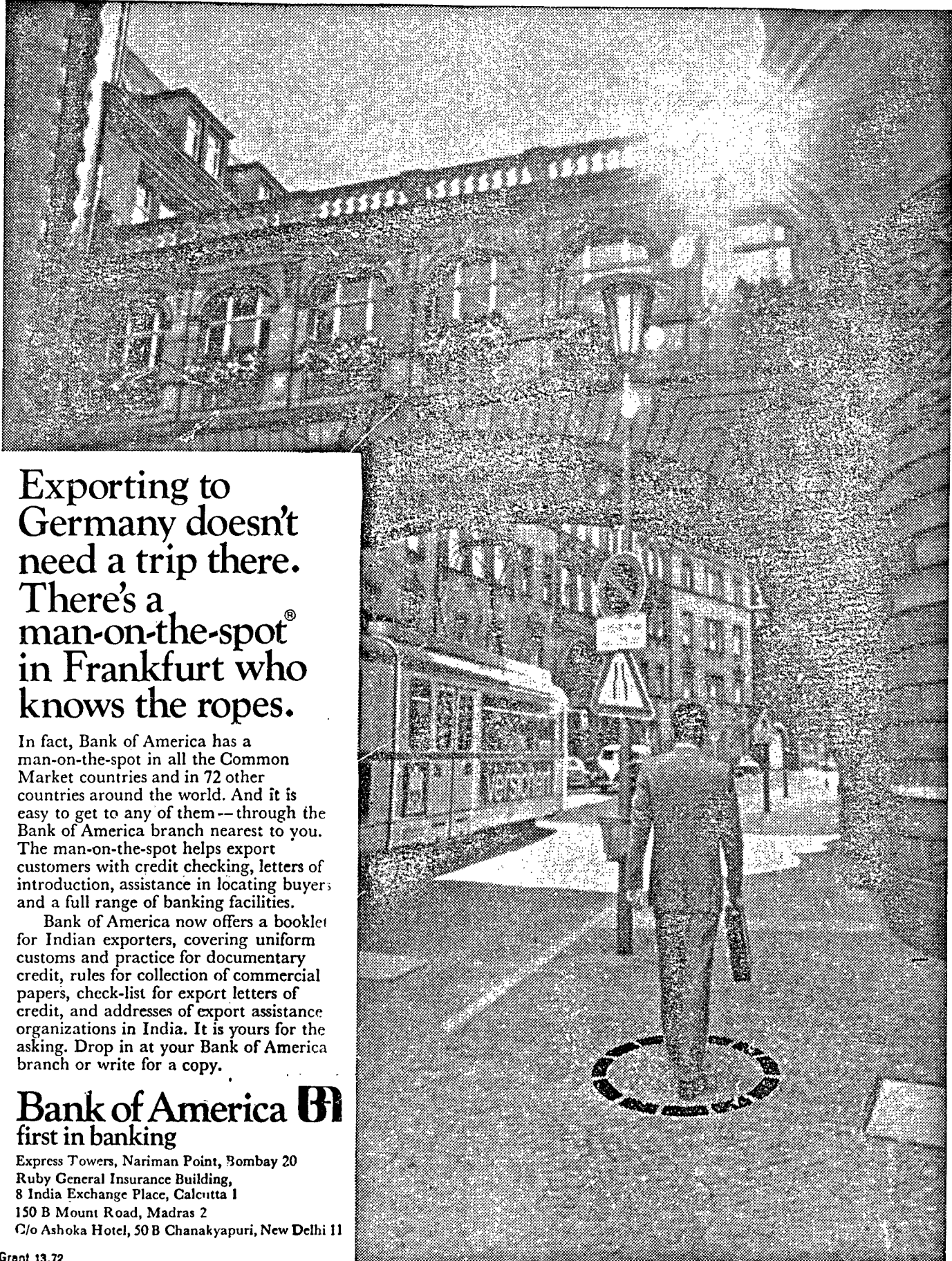
The group's recommendations were accepted and the Reserve Bank established the National Institute of Bank Management in 1969. The Institute took up its tasks in right earnest and a review committee went into the functioning of training institutes of major commercial banks and made specific recommendations on various issues. But the situation does not appear to have improved since then. In March 1971, the chairman of the group, Mr. Adarkar, who had then become the custodian of a nationalised bank, said in a lecture that the training programme and effort were inadequate and the authorities must see to it that the expansion of the banking industry was accompanied by a matching training programme to avoid the risk of inadequately trained or otherwise unsuitable people being placed in charge of branches. But why has the industry been lukewarm towards its own organisational needs?

As the apex body, the Reserve Bank had to do something about it. It took upon itself the responsibility of providing training facilities to middle-level commercial bank personnel when it set up the Bankers' Training College. Initially the faculty of the B.T.C. consisted of representatives from various banks, and there was also a non-Reserve Bank principal once but now the entire faculty consists of the Bank personnel. It is felt in certain sections that to make the B.T.C. an effective and more useful institution and to enable it to play its vital rôle, the Reserve Bank should divest itself of all powers over it and allow it to be run by the commercial banks themselves.

Half the number of seats in every course the B.T.C. conducts are reserved for the State Bank and its subsidiaries and the remaining half out of about 30 or so seats are allotted to other commercial banks, including foreign banks. But the State Bank has its own college and regional training centres, and other public-sector banks should also have adequate facilities for training their own personnel so that the B.T.C. could look after the needs of smaller banks which cannot set up such institutions on their own.

(To be continued)

CAPITAL, 17th AUGUST, 1972



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HOPE COMES TO PALI



Pali. A village in Ratu Block of Ranchi district in Bihar. It is like most other villages in India. Life flows at a slow pace as it had done for ages. Farmers raise only one crop. Artisans languish for want of finance.

Things began to look up when UBI recently adopted a cluster of villages in Ratu Block for development. Pali is one of them. UBI has assisted farmers to raise a second crop. Result is encouraging. Now, a big well is under construction. Irrigation water will ensure multiple cropping. Marginal farmers raise poultry with UBI help to supplement their meagre income. UBI also finances basket makers, retail traders, tailors, blacksmiths and silversmiths of Pali.

Pali is only one of many such schemes undertaken by UBI. Village uplift is an important plank of UBI programme of assisting development

The Indian Economic Scene : Twenty-five Years After

By Y. B. Chavan,
Central Finance Minister

At the twenty-fifth anniversary of freedom, India needs to assess the progress achieved so far. She should also take a hard look at the directions where new efforts must be made to solve the massive problems of poverty and unemployment.

INDIA became an independent nation twenty-five years ago. This historic anniversary which we are celebrating should prompt us to take a closer look at the progress attained since Independence. An assessment of past developments will reveal the growing strength and capability of our economic structure; it will also indicate the new directions in which our efforts must now be channelled to provide an effective and rapid solution for the massive problems of poverty and unemployment. An all-round economic progress since Independence has radically altered the character of our economy and brought about a significant increase in real incomes generally. But, the absolute number of those living in abject poverty has scarcely diminished; economic disparities appear to have widened; unemployment has become a seemingly intractable problem. Manifestly, economic growth by itself cannot be expected to resolve these problems; a direct attack has to be launched on the persistent evils of poverty and unemployment. Fortu-

FRIENDSHIP WITH ALL

A QUARTER of a century has since elapsed, during which we have had our share of failures and success, of tragedy and triumph. And yet we can take pride in the undeniable fact that despite the long sequence of challenges, we are today stronger politically, economically, and socially. Our national unity, democracy, secularism and socialism remain strong and firm. Our quest has been friendship with all, submission to none. Our fight was not for ourselves alone but for all mankind. Nor was it merely for political independence in its narrow sense. We were determined to change the old order, to eradicate poverty, to emancipate society from rigid stratification, evil customs and superstition.

INDIRA GANDHI

nately, the Indian economy has now reached a stage which makes this possible.

Eradicating Poverty

Stagnation at a low level of activity had been the characteristic feature of the Indian economy before Independence. To mobilise national resources for the eradication of mass poverty through rapid economic growth thus became the first major task for the Government. Soon after Independence the planning process was initiated under the inspiring leadership of Mr. Jawaharlal Nehru, and comprehensive programmes of development were undertaken within the framework of the Five Year Plans. This determined and systematic effort succeeded in greatly transforming the character of the Indian economy. No doubt, the course of progress was not always a smooth one. Natural calamities and external aggression often threatened to put the clock back. Yet, the economy continued to forge ahead.

National income since Independence has doubled. Despite a rapidly growing population—there are about 220 million more Indians today than in 1947—the output of goods and services a person has increased significantly, even though its distribution often did not turn out to be quite as egalitarian as was

originally expected. The expansion of economic activity has been accompanied by profound structural changes and increasing technological and managerial sophistication. Indeed, the Indian economy is now well endowed enough for us to think today in terms of faster growth and complete eradication of poverty and unemployment in the near future.

In the domain of industrial development our achievements since Independence have been both solid and substantial. Over the last two decades or so, industrial production has more than trebled. Thanks to the diversification of industrial capacity achieved so far, we now produce a wide range of industrial products ranging from simple consumer goods to basic intermediates and a variety of sophisticated industrial equipment. Virtual self-sufficiency has been attained with regard to equipment needed for railways, road transportation and communications. Machinery required by traditional industries like textiles, sugar and cement is manufactured in the country. Since the inception of planned development a little over two decades ago, production of metals has quadrupled; there has been a more than 15-fold increase in the output of industrial machinery; electric power generation has gone up ten times. There has been a substantial expansion in the output of

chemicals, fertilisers and petroleum products. The development of a metals-engineering complex, the phenomenal rise in power output and the expansion of intermediate manufacturing have helped provide a solid base for future industrial development.

Industrial Landscape

Twenty-five years ago, the industrial landscape was dominated by a few industries, processing agricultural raw materials with the aid of a comparatively unsophisticated technology. At the time of Independence, such traditional industries—sugar, vanaspati, jute and cotton textiles, tea processing and tobacco manufactures—accounted for nearly two-thirds of all industrial output. Such has been the transformation that today the rôles have been reversed; and, it is the newer industries, which were set up or rapidly developed after Independence, that produce the greater part of manufactured goods. The growth of technical know-how, managerial talent and operative skills has kept pace with the widening and deepening of the industrial structure. And, this accumulation of knowledge and skills, though not always readily visible, is now becoming an important source of technical dynamism in our economy.

The expansion of the public sector has played a vital rôle in our industrial development. Indeed, massive public investment in the difficult fields of basic industry and machine-building was instrumental in modernising our industrial structure and endowing it, so to speak, with more muscle. The setting up of new capacity in these challenging fields often involved the tying up of sizable investment resources over fairly long gestation periods. And, were it not for State initiative in establishing industrial capacity for steel-making, heavy industrial and electrical equipment, machine-building, petroleum and petroleum products and mining, our industry would have been scarcely more modern now than it was at the time of Independence. Nor would we have had an adequate industrial base for national defence. Today public undertakings—both departmental and non-departmental—employ nearly half the total work force in the organised sectors of activity and public investment has become the most important element

of capital formation. Their share in the total capital investment was only 3 per cent in the beginning of the First Five Year Plan but it stood at 48 per cent on 31st March, 1971.

Process of Growth

The process of growth and structural change has not been confined to the industrial sector alone. Ever since Independence, the production of agricultural commodities, foodgrains and cash crops alike, has been following a rising trend despite periodic ups and downs. It has gathered momentum in recent years, thanks to the success of the new strategy relying, among other things, on greater use of chemical nutrients, pesticides and high-yielding varieties of seeds. The "green revolution", as this shift in agricultural technology has come to be known, has considerably transformed the cereal economy.

Over the 22-year period ending in 1970-71, the production of agricultural commodities, including foodgrains, rose by more than 80 per cent. The output of foodgrains, which in 1950-51 was of the order of 55 million tonnes, hit the record level of 107.8 million tonnes in 1970-71; and, it is estimated to have risen further in 1971-72. A highly welcome consequence of the rise in foodgrain production is the substantial reduction in our dependence on food imports. During the drought year, 1966, these touched an all-time high of 10.3 million tonnes. Even as recently as in 1969, food imports amounted to 3.9 million tonnes. But of late these have been declining sharply; and, this year aid-financed food imports will cease altogether. The overall food position has vastly improved; and, substantial public stocks of foodgrains have been built to provide an effective buffer against uncertainties of fluctuating production.

Viewed against the background of the steadily deteriorating state of agriculture in India before Independence, agricultural progress during the last 25 years is a truly remarkable phenomenon. During the half-century preceding Independence, food production in British India increased at an annual rate of just about one-tenth of 1 per cent. Even this expansion at a snail's pace was made possible by the extension of

the area under cultivation. Both foodgrain output an acre and foodgrain availability a person continued to decline at a sharply accelerating rate. It has been estimated that between 1911 and 1941 the net availability of foodgrains a person fell by as much as 26 per cent. The trends since Independence provide a sharp contrast. Since about 1950, the production of foodgrains, like production of cash crops, has been increasing at an average annual compound rate of nearly 3 per cent. More important still, most of this growth reflects a continuing improvement in the productivity of land. Only about a third of the increase in agricultural production since Independence can be attributed to extensive farming. The net availability of foodgrains a person has risen by about 16 per cent over the last two decades.

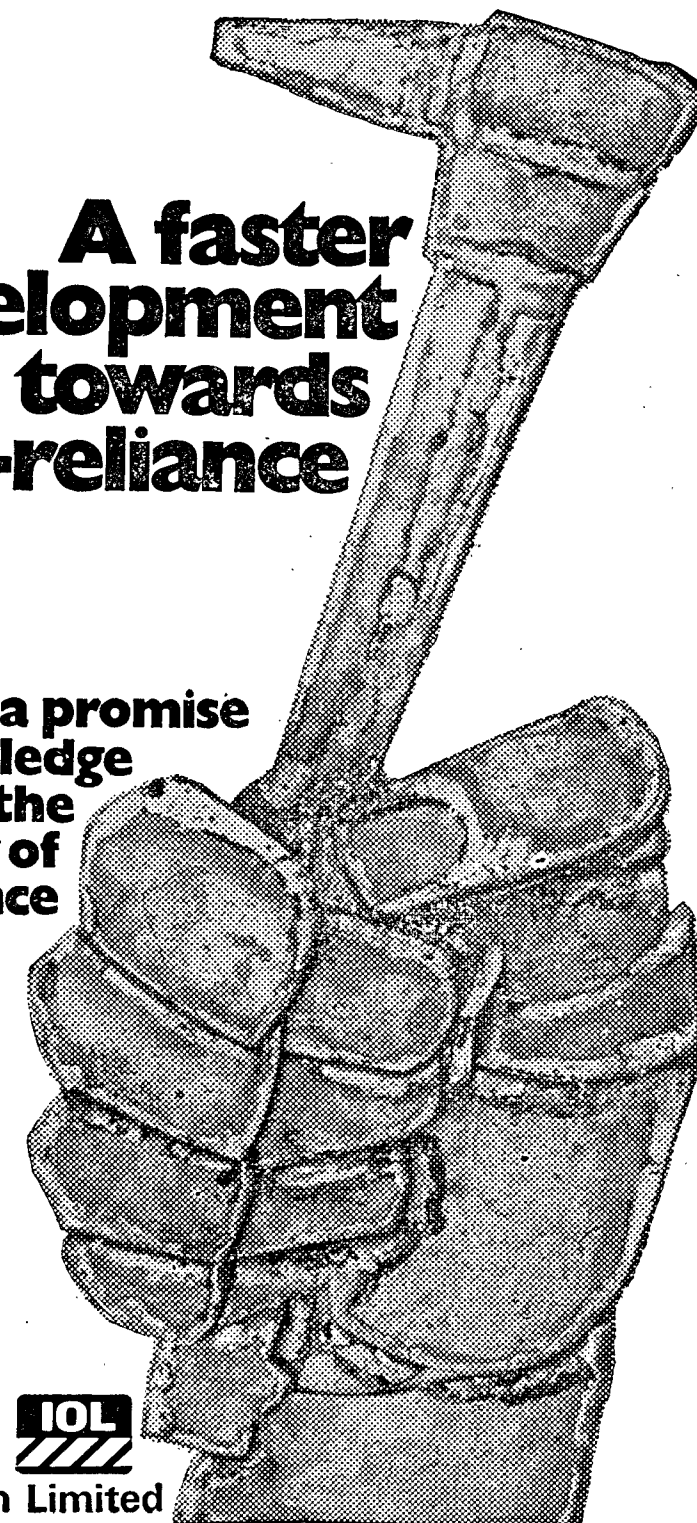
Considerable Success

Our efforts to develop and to modernise the economy have thus met with considerable success. This achievement is all the more remarkable as, in keeping with the basic policy objective of self-reliance, we have always borne the major part of the burden of developmental investment and strived to ensure a healthy balance-of-payments position without excessive or indefinite reliance on external assistance. Most of the external assistance received so far has been in the form of interest-bearing credits; and foreign aid, net of repayment of principal and interest, has never exceeded 30 per cent of overall investment outlays in any year. In recent years, this proportion has fallen off sharply; and, over the Fourth Plan period as a whole, not more than 8 per cent of investment outlays are expected to be financed through net inflow of external resources. A stage has now been reached where the inflow of external resources has become quite marginal in character, although productive investment, as a proportion of national income, has more than doubled since Independence.

Our external payments position, which had been increasingly strained by the sharp step up in investment outlays from the middle of the Second Plan onwards, has now greatly improved. By the mid-sixties, the trade deficit had become excessive and foreign exchange reserves had touched the all-time low of \$524

**A faster
development
towards
self-reliance**

**a promise
and a pledge
on the
25th year of
Independence**



Indian Oxygen Limited

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million. But thereafter the trade deficit narrowed down considerably and classic reserves (gold and foreign exchange) rose again to \$911 million by the end of 1971-72, even though \$450 million had been repaid over the last few years to wipe off all outstanding short-term indebtedness to the International Monetary Fund.

Growth and Development

India today is vastly different from what it was a quarter century ago. The increased strength of her economy as a consequence of growth and development in the past was fully demonstrated last year when it was able to withstand a series of hard shocks. The capability of the economy needs now to be exploited more fully for faster growth and for directing a frontal assault on the problems of poverty, unemployment, economic inequalities, regional disparities and the concentration of economic power in private hands. The major thrust of economic policies now will have to be in the direction of restructuring socio-economic relations on the basis of social justice. The programmes for ceilings on agricultural land and urban property are, therefore, of prime importance. Such are the new imperatives for those charged with the task of guiding the economic destiny

of this country. While rapid economic growth has to remain one of our concerns, planning and economic management will have to be oriented towards attaining greater social justice and a wider diffusion of benefits of progress. These priorities are fully reflected in the approach to the Fifth Plan as indeed in the annual Budgets in recent years.

The new approach to planning envisages the eradication of poverty through the rapid expansion of employment opportunities to provide a basic minimum level of income from work. It also calls for a specific programme for public provision of goods and services such as elementary education, public health facilities, rural water supply, home sites for landless labour, etcetera, to meet some of the essential needs of the common man. No doubt, the emphasis on faster growth with greater social justice will require a massive resource mobilisation effort; wasteful use of resources will have to be avoided and the more affluent among us will be called upon to cut down spending on conspicuous or inessential consumption. This task, though not an easy one, is well within our capacity. Anyway, this is the least we must accomplish; otherwise we shall have frittered away the opportunities the people have given us.

Food : Progress Towards Self-sufficiency from Scarcity

By Fakhruddin Ali Ahmed,
Central Minister for Agriculture

India has made significant strides in the sphere of food and agriculture. There have been slowdowns or setbacks, but the overall picture can be viewed with a fair degree of satisfaction.

INDIA can be genuinely proud of the achievements in the sphere of agriculture in the 25 years since Independence. There have been periods of progress and slight slowdowns or setbacks, but the overall picture can be viewed with a fair degree of satisfaction. Starting from an era of scarcity of foodgrains, price controls and rationing, as also shortages of cotton and jute for the mills, the country has moved up to a much

more comfortable position in spite of a rise in population and increased per capita consumption levels.

It is common knowledge that food shortages have been endemic in India. In the last quarter of the nineteenth century, the country was hit by some of the worst famines causing massive devastation of human and animal life. In the present century, food shortages as a common phenomenon became more apparent after the cessation of rice supplies from Burma from 1941. A severe famine hit Bengal in 1943. The Government had to take measures on the one hand to regulate supplies of foodgrains and on the

other to give attention to increasing foodgrains production through the "grow more food campaign".

As India gained Independence in 1947, about 30 per cent of the irrigated area went to Pakistan, which had then 18 per cent population of undivided India. The scarcity of foodgrains was accentuated. Besides this, most of the jute producing areas and some of the best cotton areas were also separated from India. To maintain supplies of raw materials to the jute and cotton textile industries, it became necessary to intensify the production of cotton and jute, in addition to the acceleration of the "grow more food campaign".

Important Objectives

Under each of the successive Five Year Plans since 1951-52, self-sufficiency in foodgrains and a consistent step up in the production of cotton, jute, oilseeds and sugarcane have been among the important objectives of development. Up to about 1960-61, increased production was secured through measures like irrigation, reclamation of new lands, use of improved cultural practices and plant protection measures and tenurial reforms for giving greater incentive to cultivators. Thereafter, greater emphasis has been laid on intensive production efforts. To start with, this approach was reflected by the "intensive agricultural district programme" (I.A.D.P.) taken up from 1960-61 in 16 selected districts in various States. This programme implied "package programme approach", i.e., simultaneous attention to the use of quality seeds, adequate doses of fertilisers and adoption of plant protection measures in the areas which were capable of giving quickest results in terms of increased production. Later on, after the experience of food scarcity because of widespread droughts in large parts of the country in 1965-66 and 1966-67, an intensive production effort has been carried on according to the "new strategy for agricultural development".

The adoption of the new strategy can be called a significant landmark in the history of agricultural development in this country. It stresses the need for an increasing use of science and technology for raising agricultural productivity. Its basic ingredients include the cultivation

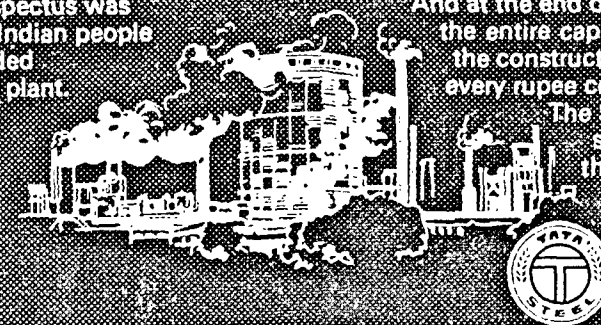
Swadeshi: the spirit of our freedom

25 years ago, the Swadeshi Movement won us the fight for freedom;
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TATA STEEL

of high-yielding varieties of seeds coupled with sufficiency of water and fertiliser application, water management and adoption of plant protection measures. In the sphere of commercial crops, the main technique for increased production comprised "package programme approach". In the case of oilseeds, the country is promoting the cultivation of soyabean and sunflower as well.

Production Base Widened

As a result of these efforts, the production base has been greatly widened. The gross cropped area has risen by nearly 50 per cent from about 113 million hectares in 1947-48 to an estimated level of 170 million hectares at present. The irrigated area under all crops is estimated to have doubled, from 20 million hectares to about 40 million hectares. The most notable development in irrigation has been increasing the utilisation of groundwater resources through tubewells, filter points and pumpsets, mainly with the help of institutional credit and investment of private savings. Big strides have particularly been made in the last six years. In this period, the number of private tubewells has increased more than five times to the level of 570,000 tubewells and that of electric pumpsets for irrigation more than three-fold to the level of 1.9 million.

The use of improved seeds is increasingly catching the imagination of Indian cultivators. This process has got accelerated since the introduction of high-yielding varieties of wheat and rice and hybrid varieties of jowar, bajra and maize since 1966-67. In 1970-71, about 18 million hectares of area were covered by high-yielding varieties of cereals. About 30 per cent of the total wheat

area and about 20 per cent of the rice area are presently cultivated with high-yielding varieties.

Use of Fertilisers

The use of fertilisers is widely regarded in the world as an index of adoption of modern technology in agriculture. In India, the quantity of chemical fertilisers used in 1950-51 was less than 100,000 tonnes of nutrients. Consistent efforts to introduce fertiliser use through trials, demonstrations and propaganda led to a steady rise in fertiliser consumption to the level of about 800,000 tonnes by 1965-66. Thereafter, however, with the introduction of seeds of high-yielding varieties, fertiliser consumption has shown a remarkable increase, reaching the level of 2.6 million tonnes of nutrients in 1971-72. The use of pesticides for plant protection measures has also gained considerable popularity. In 1970-71, the area benefited by plant protection measures exceeded 50 million hectares.

Great progress has been made in developing the infrastructure for intensive agriculture. A countrywide network of agricultural extension service has been brought into being. Arrangements for agricultural research and education have multiplied several fold. The amount of agricultural credit advanced through co-operative institutions has increased almost 30 times. Commercial banks have also started increasing their advances for agricultural development.

Remarkable Increases

Remarkable increases in production have been achieved since Independence. The problems are difficult and the struggle that has been waged has been pretty hard. Even though India achieved a growth rate of about 3 per cent a year in the production of foodgrains up to 1964-65, it did not prove adequate because of the rapid growth in population and an increase in demand resulting from growth in incomes in the wake of planned development efforts. But as a result of rapid increases in foodgrains output since 1967-68, this challenge has been largely met. The level of foodgrains production (after making allowance for statistical adjustment in respect of area covered, etcetera) has risen by nearly 80 per cent from about 60 million tonnes in

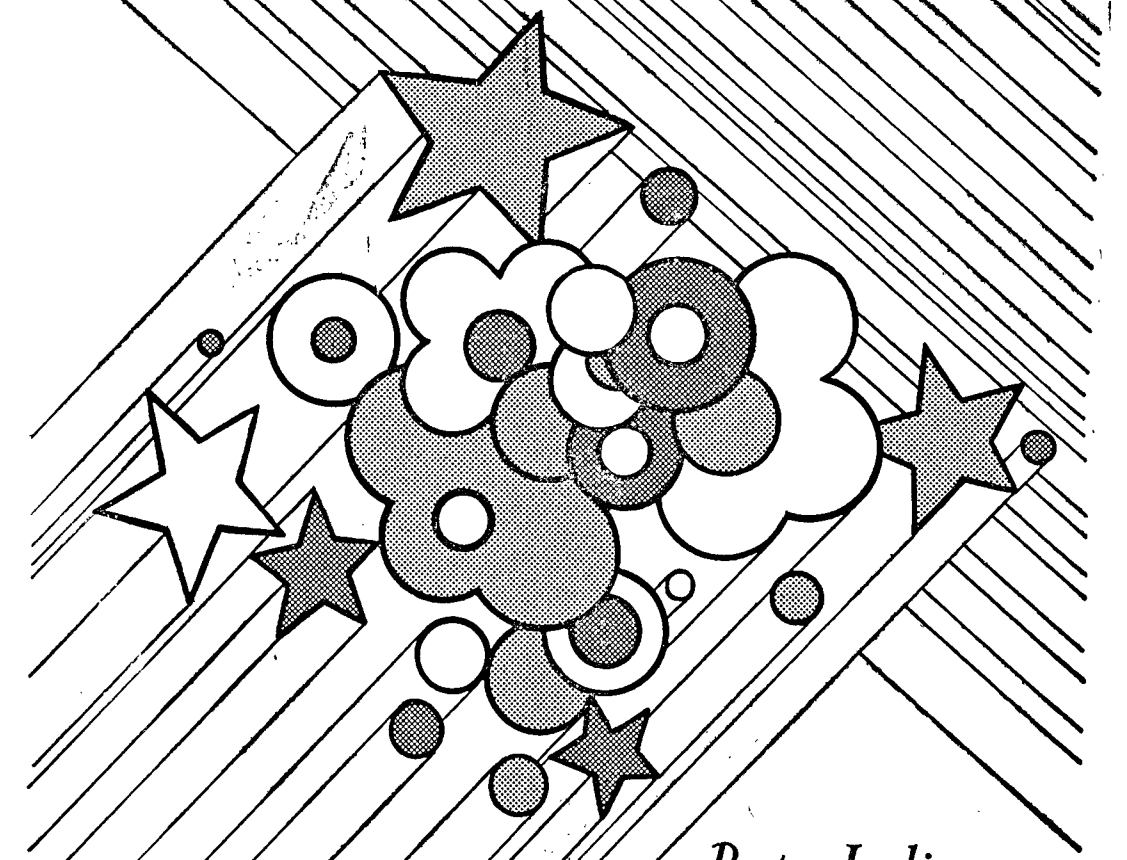
1947-48 to nearly 108 million tonnes in 1970-71.

At the time of Independence, we did not have an adequate foodgrain supply to meet the demand of less than 360 million people. Presently, we have adequate supplies to meet the demand of over 550 million people, i.e., more than one-and-a-half times the population of 1947. What is still more significant is that the *per capita* availability of foodgrains has risen from the level of 159 kilograms a year in 1948 to the level of about 170 kilograms at present. The demon of scarcity and shortages has been eliminated. Imports of foodgrains which were successively reduced from 10.4 million tonnes in 1966 to about 2 million tonnes in 1971, have been brought almost to zero level. Procurement based on voluntary offers is very nearly in balance with the requirements of the public distribution system. Besides this, the Government holds a stock of nearly 9 million tonnes of foodgrains, which is enough to keep the food economy on an even keel. This represents virtually a state of self-sufficiency.

Commercial Crops

The extent of increases in the production of commercial crops is also highly creditable. The production of cotton which was around 2.2 million bales in 1947-48, has risen to over 6 million bales in 1971-72—a rise of about 170 per cent. The production of jute has risen from 1.9 million bales in 1947-48 to about 5.7 million bales in 1971-72—a rise of 200 per cent. The output of five major oilseeds which averaged 5.2 million tonnes at the time of Independence, has risen to about 9.2 million tonnes in 1970-71—a rise of about 75 per cent. The percentage increase in sugarcane production for the above periods is over 80, from the level of 7.3 million tonnes (in terms of *gur*) to about 13.2 million tonnes in 1970-71. Previously, India was an importer of sugar, but in the past few years she has been exporting sugar to other countries. These figures would show that Indian agriculture has nearly come of age. The Central and State Governments, the agricultural scientists and planners and specially the farmers and the people in general, can certainly look back with pride on the long and hard path they have travelled towards self-reliance and laying a stable base for more rapid economic growth.

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The Steel Industry : Progress Achieved

By S. Mohan Kumaramangalam,
Central Minister of Steel and Mines

The progress of the steel industry determines to a large extent the pace of industrial development of a nation. While India has made large strides in this field, she has yet to travel a long way to achieve a reasonable measure of self-reliance and strength.

THE twenty-fifth anniversary of Independence of our country marks a further milestone in the socio-economic transformation of the nation. Political independence, which was achieved 25 years ago, was the end of the struggle against colonial rule. It also represented the beginning of the struggle of a new-born nation for social and economic freedom. As in all subject nations of the world, a long period of colonial rule left behind it the scars of economic exploitation, thus resulting in formidable problems to be faced by an emerging independent country.

Planning for economic independence commenced with the formulation of Five Year Plans. The Plans represented the ambitions and aspirations of the people of a free nation to secure for themselves higher standards of living and greater equality of opportunities. Each Plan enlarged the responsibilities of the State and the people for building up a stronger and self-reliant nation in every sphere of economic activity. Inevitably, steel being one of the basic material for industrial development and agricultural progress, an increase in steel production came to be recognised as one of the important objectives of the Five Year Plans.

The First Plant

It would be useful to recall briefly the history of the iron and steel industry in this country. The first successful iron and steel mill in India was established in 1906 in Jamshedpur known as the Tata Iron and Steel Company. When the setting up of this plant was being undertaken by that great visionary Jamshedji Tata, he was told by a British expert that if Tata could make steel in India the British expert would eat it. But steel was made

successfully and by the year 1917, a four-fold increase in output was achieved. Despite initial difficulties, the Company underwent a continuous expansion achieving an average rate of growth of capacity of 8 per cent during the first 30 years.

The Indian Iron and Steel Co. was founded in 1918 by British interests in Calcutta. Initially, the I.I.S.C.O. restricted its operations to the manufacture of pig iron primarily for export to the U.K. and Japan. In 1926, the Steel Corporation of Bengal was formed by the I.I.S.C.O. management and it undertook the construction of a steel mill adjacent to its blast furnaces.

Another small plant, Mysore Iron and Steel Ltd., Bhadravati, was founded in 1918 and continued to produce charcoal pig iron. In the mid-1930s it added facilities for the manufacture of steel and shortly afterwards, it adopted electric smelting of iron ore. Looking in retrospect, these efforts seem extremely small considering the pace at which industrialisation and steel production were increasing in the advanced countries. For example, in the first half of this century, steel production increased from 3 million tonnes to about 50 million tonnes in Russia; in the U.S.A., from 11 million to about 90 million tonnes; in the U.K., from about 7 million to about 20 million tonnes.

lost in negotiations for foreign collaboration.

Soviet Assistance

Many of the western countries with whom India had its trade and economic relations were hardly helpful in the beginning. Their advice was that the country did not need much steel! India approached the Russian Government and in 1954, negotiations were started for setting up a steel plant with Soviet assistance. It was on 2nd February, 1955, that the Bhilai agreement was signed. The agreement was characterised by unusually favourable terms by way of very low rate of interest (2½ per cent, as against 6 per cent or more charged by western financial agencies), moratorium for the first few years, and repayment in 12 years after delivery of equipment. Soon after the Bhilai agreement was concluded between India and Russia, other nations who had earlier considered that India did not need extra steel, came forward to increase the steel capacity in the country. Germany recommended the setting up of a 1-million-tonne steel plant in Rourkela and Britain came forward with an offer to finance the setting up of a million-tonne plant in Durgapur.

It was the boldness and vision of Prime Minister Nehru that led to the decision to set up simultaneously three steel plants of a million-tonne capacity each in Bhilai, Rourkela and Durgapur with Soviet, German and British assistance. At the same time, it was also decided that the existing steel plants of the T.I.S.C.O. and the I.I.S.C.O. should expand to a capacity of 2 million tonnes and 1 million tonnes, respectively. It was thus that the Second Five Year Plan



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up in 1964-65. The ultimate capacity of Bokaro is 4 million tonnes. Efforts are being made to complete Stage 1 of 1.7 million ingot tonnes by the end of this year, 2.5 million ingot tonnes by the end of next year and 4 million tonnes stage soon thereafter.

Steel Consumption

It is a matter of concern, however, that while the steel-making capacity has increased six-fold from 1.5 million tonnes to 9 million tonnes, we are still lagging far behind many other countries. The consumption of steel in India is only of the order of 10 kilograms *per capita*, against 600 kilograms or 700 kilograms *per capita* in the highly industrialised countries. Except for a short period during 1965 to the middle of 1968 when the Indian economy was passing through a serious recession, we have continuously been faced with a shortage of steel. The capacity utilisation continues to be poor, with the average production in the range of about two-thirds of the rated capacity. Production has not registered any increase from the level of about 4.6 million tonnes of finished steel at the end of the Third Five Year Plan, i.e., 1966-67 and on the other hand the cost of production has been going up rather sharply.

The imperative need to increase production both from the existing units and through the expansion of units as well as setting up of new units has been fully recognised. Along with this, technological improvements have also to be brought about, taking advantage of the development in this field all over the world. In the recent past, various steps have been taken to identify the deficiencies in our steel plants in more specific terms and to take suitable steps to remove these deficiencies. Better consciousness and stricter scheduling maintenance, imaginative planning for spares, refractories, etcetera, are expected to result in a substantial improvement in the functioning of the plants. Even though there are certain inherent disadvantages that the steel plants in India have to face such as the high ash content of coal and often higher alumina content in iron ore, there is a very large scope of improving productivity in the plants.

In the field of labour relations as well, substantial improvements have to be brought about. Every hour lost in a 2-million tonne plant costs about Rs. 2 lakhs in gross value of

output. What is more, such stoppages can do permanent damage restricting the production from the plants for a long time leading to heavy expenditure on repairs or rebuilding. Sustained efforts are, therefore, necessary in ensuring proper labour-management relations and bring about the recognition of the fact that welfare of labour is only one aspect of the larger question of well-being of the nation which, in turn, depends to a considerable extent on steel production. If the efforts undertaken in removing various bottlenecks prove to be successful, steel production is bound to increase substantially in the coming years.

Operational Problems

Apart from the operational problems concerning the working units, one has to look ahead and plan for the future taking a long-term view of the matter. Considering the long gestation period required for the setting up of steel plants, it is essential that the capacity that should become available by 1985 should be planned for even at present. To achieve a target of 19 million tonnes of ingot steel by 1980 and 29 million tonnes by 1985 would require considerable efforts even at present to plan ahead and remove the rigidities of the existing procedures.

In general terms, it would be said that the expansion of capacity is less time-consuming and perhaps less costly than setting up new steel plants. There are in-built possibilities of expansion in all the existing steel plants as well as in Bokaro. It has been decided to expand Bhilai from 2.5 million tonnes to 4 million tonnes and further to 4.8 million tonnes. The possibilities of further expansion of Durgapur and Rourkela are also being examined closely. Bokaro will be expanded from the first stage of 1.7 million tonnes to a second stage of 4 million tonnes and as an intermediate stage, it is also envisaged that production would be expanded to 2.5 million tonnes. Apart from the public-sector steel plants, expansion programmes of the I.I.S.C.O. and T.I.S.C.O. are also being pushed forward vigorously.

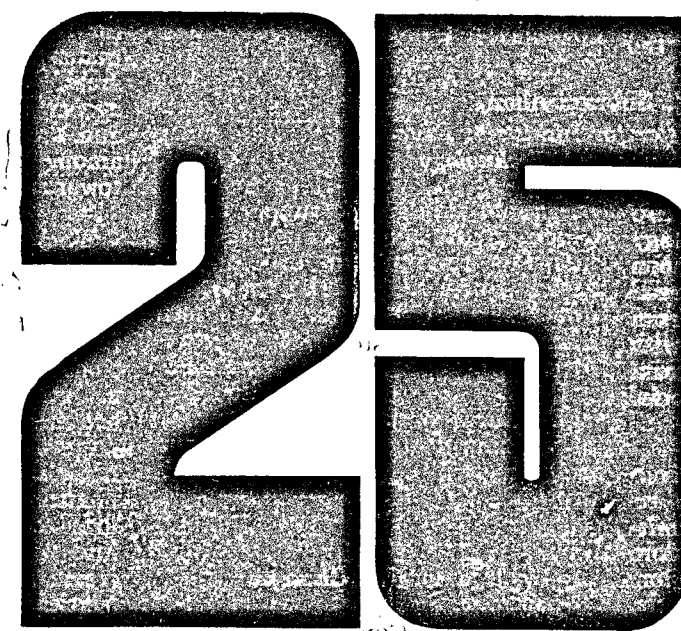
In addition to the expansion envisaged in respect of the existing steel plants, effective steps are being taken to set up new steel plants. The new steel plants in Visakhapatnam in Andhra Pradesh and Vijayanagar in Mysore are each designed for a capacity of 2 million ingot tonnes of

mild steel. The special and alloy steel plant in Salem with a capacity of 250,000 tonnes is expected to be completed within a period of four years. Various measures have been undertaken to secure the maximum economy in costs, reduce the time period for construction and commissioning of the project and optimising the utilisation of the equipment. Taken together, the setting up of the new steel plants, the expansion programmes in implementation and under contemplation and the full utilisation of the capacity of the existing plants are expected to result in a production of 19 million tonnes by 1980. It is proposed to take a series of decisions for preparing the ground for a step up of the order of at least 2 million tonnes a year to reach the target of 29 million tonnes by 1985.

Large Measure of Planning

The setting up of a steel plant requires a large measure of planning for the manufacture of both mechanical and electrical equipment, securing of know-how and design for fabrication of equipment, strengthening of consultancy engineering agencies and adequate organisation for construction. It is in this view that steps have been taken to improve and strengthen the working of public-sector agencies for the manufacture of heavy, mechanical equipment as well as bulk handling and conveyor equipment—the Heavy Engineering Corporation in Ranchi and the Mining and Allied Machinery Corporation in Durgapur. Capacity has also been created in the Instrumentation Ltd, Kota, for the supply of complete instrumentation. Studies have been completed recently on the standardisation of equipment in order to take advantage of the possibilities of rapid manufacture, so that the lead time for the manufacture of plant and machinery is curtailed.

The steel industry is a strategic industry and the progress of the industry determines to a large extent the pace of industrial development of a nation. While we have made large strides in this field in the last 25 years, we have yet to travel a long way before we can confidently say that we have achieved a reasonable measure of self-reliance and strength. However, a foundation has been laid for a massive development in this field and given the will and determination, it should be possible for us to secure phenomenal progress in this field in the years to come.



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HINDUSTAN STEEL

Two Decades of Planning : Is the Strategy Sound ?

By C. Subramaniam,
Central Minister for Industrial Development, Science and Technology

Experience of the past two decades proves that the strategy pursued by the planners has been fundamentally sound. It only needs to be enlarged and modified from time to time in accordance with changing requirements ; the current stress on employment and social justice is an example.

ON this, the twentyfifth anniversary of Independence, one recalls the high ideals and commitments which informed our freedom movement. While political freedom was an end in itself, it was also the beginning of another more important struggle—the struggle against poverty, ignorance, disease and inequalities. Solving these problems has been our primary concern all these 25 years and they will continue to be so in the future. Under Mr. Jawaharlal Nehru's leadership, we chose the path of planned development towards the ultimate goal of a socialist society within the framework of democratic principles and values. We have completed 20 years of this unique experiment. Despite many vicissitudes and setbacks, much has been accomplished. The old stagnation is no longer there. In its place we see a new expectation and dynamism pulsating through the country.

Higher Per Capita Income

One has only to contrast the development of last 20 years with that of the British era to appreciate this fact. During the first half of the twentieth century, our national output barely kept pace with population growth which itself was less than 1 per cent a year. Between 1950 and 1970, population has been rising at over 2 per cent a year. The total addition to population in the last two decades is estimated at 186 million which is about 50 per cent more than the additions during the previous 50 years. And yet *per capita* real income today is about a third higher than it was in 1950.

The picture is one of all-round progress. Rural India has been transformed through agricultural development, largely because of the efforts as part of the Plans to extend

irrigation, enlarge the supply of fertilisers, credit and other inputs, and intensify research to evolve new varieties of seeds and better techniques. The Indian farmer has shown himself responsive to new opportunities which are being constantly enlarged by research. Altogether agricultural production in the last 20 years has increased by 80 per cent, well ahead of the rate of population growth.

Qualitative Changes

The net output of industries and minerals has increased by 170 per cent with the modern factory-type industries growing very much faster. This quantitative expansion has been accompanied by qualitative changes of far-reaching significance. At the time of Independence, our industry consisted mostly of jute and cotton textiles and other rudimentary forms of agricultural processing. Much of the country's requirements, capital equipment and even some of the basic raw materials had to be imported. Today indigenous capacity for producing these commodities is impressive in value, range and sophistication. The base for a self-reliant economy has been built up.

The quality of common man's life has improved even if only in a modest manner. Indicative of this is the appreciable increase in the average *per capita* consumption of food, clothing and other essential articles. Malaria and other epidemic diseases have been brought under control and the nationwide network of primary health centres and hospitals has brought a modicum of medical care within easier reach of the rural population. The extension of road network, electricity, better communications and the vastly enlarged use of bicycles and radios and other similar articles of mass consumption has unquestionably made life of the common man more comfortable. Above all, the manifold expansion of education has raised the literacy rate and greatly augmented the stock of scientists and skilled personnel. Along with measures to promote economic development, we have taken

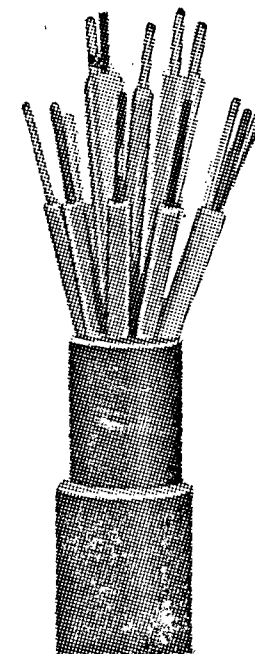
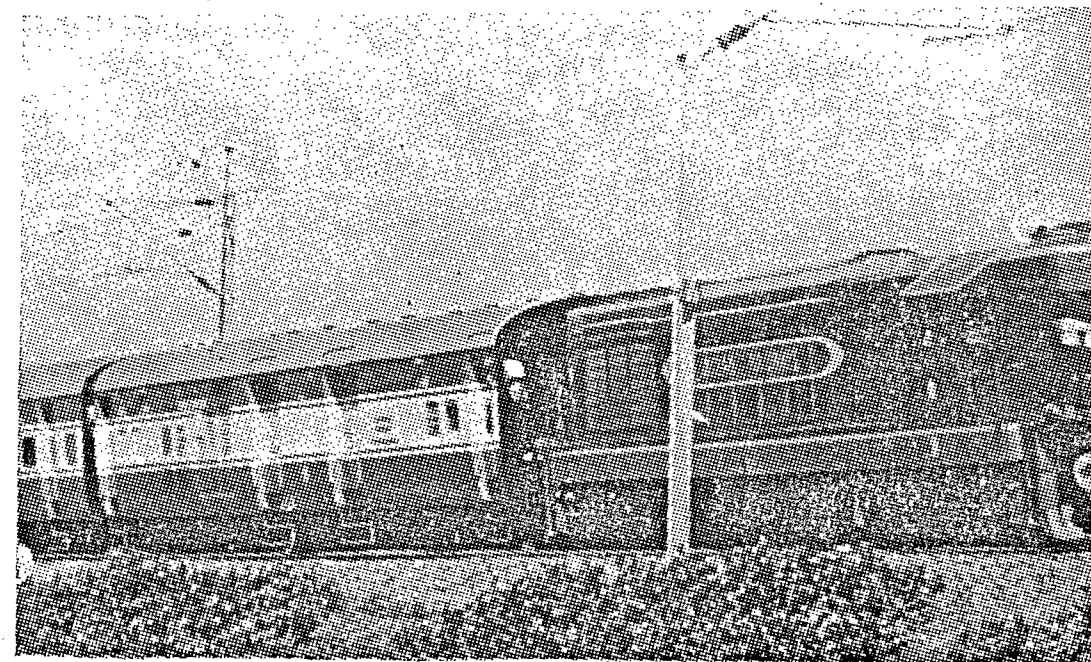
several important steps to mitigate and reduce the concentration of economic power. Special programmes for the benefit of the weak and the under-privileged and of the backward areas, abolition of the managing agency system, control of monopoly and the nationalisation of banks are among the principal measures towards this end.

These are no mean accomplishments but they are modest in relation to the needs of the people in relation to the promises made, and in the context of the rising expectations of the new generation. The achievements over a wide range of activities have often fallen short of targets. Increases in production have not been commensurate with the financial outlay. Projects take far too long to be completed and brought into full production. The sharp increase in price, especially during the 'sixties, has brought hardship to large sections of the population. Unemployment continues to be widespread. Unemployment among the educated youth including highly trained scientists and engineers is distressingly large and growing. There is a feeling that disparity has widened and social justice is no nearer than it was 20 years ago. The poor record of public enterprises and the vulnerability of the economy due to dependence on large-scale foreign assistance have also attracted criticism.

Failures of Implementation

We are acutely conscious of these problems and have been giving them serious thought. To begin with let me say that our disappointments and failures should not be allowed to distort our perspective. Our failures have however been essentially failures of implementation. We need to do better by improving our organisation and style of work to get the maximum out of our investment, to ensure speedy and efficient implementation of our projects and to make the maximum use of available capacity and manpower. Ultimately it is only through much larger and more diversified economy that we can hope to find a lasting solution to the problem of mass poverty and unemployment. Here the strategy pursued by successive Plans is fundamentally sound. No doubt, it needs to be enlarged and modified from time to time, in accordance with changing requirements and priorities. The current stress on employment and social justice is an example.

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Here we need to do much more. Even if we strain our resources to utmost in raising output, it will take an inordinately long time to find jobs and decent life for every one. The people are increasingly impatient and will not wait that long. Therefore, it is imperative that we do something here and now to tackle frontally the problems of mass poverty and unemployment. This is what we propose to do in the Fifth Plan. We visualise a three-pronged strategy: (1) A comprehensive land reform programme, the main element of which would be imposition of effective ceilings on land ownership and the redistribution of surplus land to the poor; (2) a massive increase in investment programmes which will increase agricultural production and at the same time provide diffused large-scale employment opportunities in rural areas; and (3) programmes to ensure a reasonable minimum standard of education, health, water supply and other amenities in all parts of the country.

The Anti-poverty Programme

We want to promote growth to accommodate the anti-poverty programme in the context of a progres-

sively self-reliant economy. While foreign aid has played a useful rôle, excessive dependence on it is not a desirable thing. We have brought the economy to a position where it has the manpower as well as the production capacity to carry forward the development largely on the strength of our own resources. This advantage will be exploited to the fullest extent so that dependence on aid will be reduced progressively.

All this will call for a large increase in domestic savings. We have estimated that in the Fifth Plan, additional resources of the order of Rs. 6,000 crores to Rs. 7,600 crores would be mobilised. This will call for understanding and willing co-operation of all sections of the population and more particularly the well-to-do sections of the community to accept larger sacrifices and a greater measure of discipline all round. On the Government's part, it is obligatory to take all necessary steps to ensure that the prices of essential commodities will be kept reasonably stable. But here again success depends on maximum co-operation from the people. This is a challenging task but it is a challenge which we can ignore only at our peril.

Importance of Non-alignment in India's Foreign Policy

By Sardar Swaran Singh,
Minister of External Affairs

Non-alignment in India was not born suddenly. The country's political struggle for freedom under Mahatma Gandhi, through non-violence and truth, had much to do with the building up of the concept of world peace through non-alignment.

THE policy of non-alignment has been much praised and much reviled in the last 25 years. Most of those who have praised it have been somewhat sentimental and defensive. Most of those who have reviled it have not even troubled to define it for themselves. Nehru who started talking of non-alignment as early as 1946, even while India was preparing to get her independence, said then: "We propose as far as possible to keep away from the power blocs or groups aligned against one another which have led in the past to

world wars and which may again lead to disaster." In December 1947, Nehru said in Parliament: "We have sought to avoid foreign entanglements by not joining one bloc or the other. We propose to keep on the closest terms of friendship with all countries unless they themselves create difficulties. We shall be friends with America and intend co-operating with them. We intend also to co-operate fully with the Soviet Union."

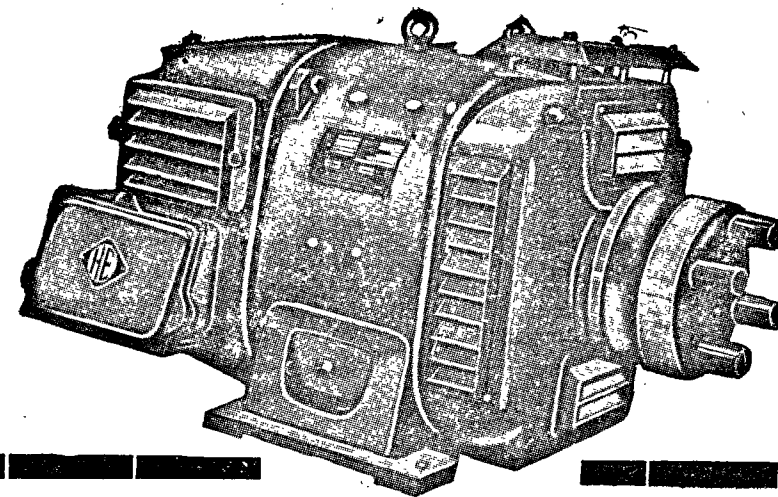
Military Might

In March 1948, he declared: "Let us not be frightened too much of the military might of this or that group. I am not frightened and I want to tell the world, on behalf of this country, that we are not frightened of the military might of this power or that power. Our policy is not a

passive policy or a negative policy." In the same speech he added that India's foreign policy totalled up to our determination to maintain our "independence of opinion and independence of action" in every situation concerning our external relations. I have quoted all these statements of Nehru made between 1946 and 1948 so as to indicate how early this thinking was done, even before Yugoslavia, Egypt and other countries joined us in building up this concept of the policy into a global credo for most of the developing countries of Asia and Africa, and some of Latin America.

This policy was criticised and abused in various parts of the world as "fence-sitting", "neutralism", "refusal to distinguish between black and white, right or wrong, and, freedom and slavery". It was dubbed by certain western commentators and practitioners of diplomacy as immoral, short-sighted, unrealistic and inappropriate. Some of them called it the result of Nehru's "casuistry", "passivism", and the lack of courage for international political involvement. They thought it was a result of confused thinking, an irrational cluster of viewpoints and policies, an amalgam as well as aberration of foreign ideologies. Non-alignment did not find favour with the West. Thus, to its critics non-alignment was an outcome of political expediency. Nehru, and chronologically slightly later, Tito and Nasser, and somewhat later than that, Soekarno, Nkrumah, Bandaranaike and several other statesmen of Asia and Africa emphasised that their joining any bloc would have meant their not expressing themselves forcefully, and adopting views not intrinsically their own. They were thinking, of course, in terms of the power structure as it existed at the time. Accused of not being realistic and of being overtly idealistic, Jawaharlal Nehru asked: "What exactly is idealism?" and he provided the answer himself by saying: "Idealism is the realism of tomorrow." In 1949, when he was attacked, within India, for pursuing what his critics call a negative and neutral policy, he said: "It is a positive and vital policy which flows from our struggle for freedom. When man's liberty or peace is in danger, we cannot or shall not be neutral; neutrality would then be a betrayal of what we have fought for, and what we stand for."

Today, the Bandung concept of Panchsheel is well known. Even in



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communiqués between the U.S.A. and China, and the U.S.A. and the Soviet Union, in one way or another, the following five principles get mentioned. These are: (1) mutual respect for each other's territorial integrity and sovereignty, (2) mutual non-aggression, (3) mutual non-interference in each other's internal affairs, (4) equality and mutual benefits, and (5) peaceful co-existence.

It is appropriate to remind ourselves now that these five principles were first mentioned in the preamble to the Sino-Indian Treaty on Tibet which was signed on 29th April, 1954.

As time passed and the number of adherents to the policy of non-alignment, as well as the principles of Panch Sheel increased, these drew the disfavour and wrath of the practitioners of power politics. The First Non-Aligned Conference took place in Belgrade in September 1961. Twentyfive Afro-Asian and one Central European State participated, three Latin American States came in as observers. Speaking on that occasion, Nehru said: "We call ourselves the conference of non-aligned countries. Now the word non-aligned may be differently interpreted, but basically it was used and coined almost with the meaning: non-aligned with the great power blocs of the world. Non-aligned has a negative meaning but if you give it a positive connotation it means nations which object to this lining-up for war purposes, military bloc, military alliances and the like. Therefore, we keep away from this and we want to throw our weight, such as it is, in favour of peace."

A Concrete Programme

At the next meeting of the Non-Aligned Nations held in Cairo in October 1964, the number of participating nations had increased to 47 and of observers to 11, from all over the world. India's Prime Minister, Lal Bahadur Shastri, then put forward a concrete programme for non-alignment. This consisted of five basic points which found acceptance by the Conference. These were: (1) nuclear disarmament, (2) peaceful settlement of border disputes, (3) freedom from foreign domination, aggression, subversion and racial discrimination, (4) acceleration of economic development through inter-

national co-operation, and (5) full support for the United Nations and its programmes for peace and development.

At the third Non-Alignment Summit which took place in Lusaka in September 1970, 54 States participated as members and nine as observers. Combining the idealism of Nehru and the concrete programme of Lal Bahadur Shastri, Prime Minister Indira Gandhi said there: "Today's world is a single entity. We are deeply convinced that by staying out of military pacts, the non-aligned countries can use their collective wisdom and influence to tip the balance of power in favour of peace and international co-operation. The world today is united in peril, not merely the peril from nuclear destruction but the more insidious daily pollution of our environment. We should be united in prosperity, and in the blossoming of the spirit of man. The non-aligned countries must be in the vanguard of the movements to create the world of tomorrow and to enrich the content of human life."

In Support of Peace

Non-aligned nations have often been called, by the critics of non-alignment, a heterogeneous and a disparate group. It has been suggested that they have never taken any concrete action and that they have no permanent headquarters organisation as such. These critics do not understand the philosophy of non-alignment. Also they do not understand the influence that has been exercised by the non-aligned nations in support of peace, and for promoting peaceful solutions of world problems during the last 20 years and more. To put it succinctly all that the non-aligned nations have tried to do is to retain their independence of choice and action by remaining disengaged from the two power blocs. They have thus been able to interpose themselves as catalysts of international public opinion. They have been able to stand up in favour of the rights of those who cannot by themselves ensure that their determination to preserve their independence was not ignored or rejected by the mighty ones of the world. As the late President Nasser of Egypt said: "We live in a world suffering from the strife between two blocs and we cannot imagine that a third bloc should enter the arena and increase

the tension of this strife, instead of easing it."

Economic Co-operation

In the years following 1961, the non-aligned nations have done much to draw the attention of the world, especially the developed world, to the inequalities of the commercial and trading pattern developed by the principal industrial and commercial nations of the world. The rôle of the non-aligned nations in the first U.N.C.T.A.D. (Geneva) in 1964 and the second U.N.C.T.A.D. (New Delhi) in 1968 and the third U.N.C.T.A.D. (Santiago) has done much to win adherence in the developed world to the concepts and generalised scheme of preferences. The old system of the G.A.T.T. needs revision from the point of view of the developing nations. Their influence both in the G.A.T.T. and the U.N.C.T.A.D. has been in favour of peaceful and gradual evolution towards a more equitable system of trade and tariff. They have tried to help the U.N. by assisting in the building up of the U.N.E.D.O., and if today they do not have the same influence in the International Bank for Reconstruction and Development, the International Monetary Fund, and the U.N. Development Programme, it is because even today the "haves" are aligned and the "have-nots" are the non-aligned.

The Indian commitment to non-alignment could be said to stem from the philosophy of Buddha. We have based our policy on our determination not to align ourselves with one bloc and to hate the other, or to play power politics with both. Indeed as the Dhammapada says, "Never in this world does hatred cease by hatred; it ceases only by love. This is the Law Eternal."

Non-alignment in India was not born suddenly. It was inherent in the Indian capacity for assimilation and it can be said, and perhaps should be said, that it takes off from the political philosophy of Emperors like Ashok and Akbar; and from the thinking and precepts of religious teachers like Shankaracharya, Guru Nanak and Kabir. India's political structure for freedom under Mahatma Gandhi, through non-violence and truth, had much to do with the building up of the concept of world peace through non-alignment.

The Role of Mass Media in Bringing about Social Change

By Dharam Bir Sinha,
Deputy Minister for Information and
Broadcasting, Government of India

Mass media have played an important rôle in bringing about social change in the country. They will continue to play an even greater rôle in the years ahead.

INDIA has been undergoing rapid transformation in the last few decades. Now, in every part of the country a minimum level of attainment has been reached and people can hope and invest in the future. Hence, the current preoccupation with social change. The mass media have played a significant rôle in bringing about this change. In the process the mass media have also grown. The circulation of daily newspapers has risen from 2 million in 1953 to 8.42 million in 1970. The number of radio listeners during the last 25 years has increased from 2.8

million to over 110 million, assuming that an average of ten persons are reached through a licensed radio receiver. The number of cinema houses has increased from 1,384 to 7,123. The number of films produced annually has similarly increased from 281 to over 400.

Salient Feature

Perhaps the most impressive salient feature of the change that has come over India since independence is the nation's tangible unity in the face of foreign aggression. A nation that seemed to have inner contradictions, a country that appeared torn in a number of feuding groups, became a solid shield. Mass media played a very important rôle in this too. Press, radio and films have also

played a significant part in changing the people's attitudes towards family planning. The success of the "green revolution" has also been to a considerable extent due to these factors.

To bring about a change in attitude, it is necessary to understand the resistance to change which is found in more traditional cultures like ours. A change introduced a way as to take advantage of rather than clash with the cultural links, is more easily accepted and the results are encouraging. To be able to do this, it is necessary to know the culture and to understand the whole pattern of life of which the proposed change is a part. To bring about social change, it is necessary to use the channels of communication and influence that exist in a community where change is desired. Efficient use of mass media is necessary to accomplish social change. Media used without adequate knowledge and understanding of the local culture tend to be counter-productive. This is true for inter-personal communications also. But in the case of mass media it is more so because they cover large areas, operate from



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a distance and get less feed-back from their audiences.

Efficient Use

Efficient use of mass media for economic and social development implies that they should be as local as possible. Their programmes should originate no farther than necessary from their audiences, should be prepared by persons who understand the cultures to which they are speaking and means should be available for audiences to report back to the media. To understand where media can work effectively by themselves and where they can only support inter-personal communications, is the main thing. We in developing countries must learn to get the most out

of modern methods of communication. The problem is not to find jobs for the media to do, but to use mass media for all the tasks the media can do best.

Changes in social attitudes and behaviour patterns sought are being accomplished through the flow of adequate educational information to the people. A whole agrarian economy based on traditional ways of life has to be restructured on modern scientific lines. The Government has to raise the people to a level of social awareness; for participation in developmental activities. We tend to forget how much we learn from common mass media, such as books, newspapers and films. Books have been a source of learning for nearly 300 years; wherever newspapers are

available, people tend to form their ideas of the non-local world largely on what they have learned from newspapers. Our experience illustrates how easy it is to learn from mass media voluntarily as well as involuntarily.

Powerful Instruments

Films, radio and newspapers are powerful instruments to bring about social change and due emphasis has been paid to the development of these media. In India newspapers have a limited readership as the literacy percentage is about 30. Radio is a medium which can reach everybody, even people in the remotest corners. Another great advantage that broadcasting has is that it can entertain and instruct simultaneously. The spoken word also helps to establish a rapport with the audience. It is in this context that the programme content of broadcasts is being oriented to create a sense of involvement among listeners in the development programmes of the country. At the end of the Fourth Plan nearly 85 per cent of the population of the country will be covered by medium wave broadcasts.

TV is yet another modern electronic medium which helps bring the world into the homes of the people. Its unique utility as a mass communicator and mass educator is universally accepted. It is for this reason that expansion of TV in a phased programme at enormous expense to provide a meaningful national service is envisaged in the next ten years. The task of national reconstruction requires a concerted effort in co-ordination with mass media.

Book on Independence

As the silver jubilee celebration of India's independence opened in Delhi, a book entitled *25 Years of Indian Independence* was presented to the President, Mr. V. V. Giri, and to the Prime Minister, Mrs. Indira Gandhi, on behalf of Indian Oxygen Ltd. by its chairman, Mr. A. K. Sen. The book runs into three hundred pages with maps and illustrations and gives an objective account of the developments in the country in the political, economic, social and cultural spheres since independence.

INVESTMENT

Drastic Provisions in the Companies Bill Affect Share Prices

IT has been yet another depressing week for the stock markets. Sentiment has been further unsettled by a number of adverse influences. Equity prices have registered an all-round decline and losses have been quite heavy in many counters. The fall has been due to persistent selling which has been mostly in the nature of anxious bull liquidation. The markets would perhaps have performed much worse but for fairly sizable institutional buying, mostly by the Unit Trust, in a number of selected shares. With this week's decline, the all-India index for equities has lost more than 80 per cent of the rise from its November 1971 low point.

The week's corporate news was as usual quite encouraging and it was also plentiful. Anglo-India Jute, Calcutta Steel, Jay Engineering, Aluminium Industries, Paper Mill Plant, Ramon and Demm, Ahmedabad Electric, Tata Engineering, Dawn Mills, India United Mills, Rohit Pulp, Cochin Malabar and Kalasa Tea—all these have had a message of cheer for their respective shareholders. But neither pleasing corporate news nor reports of beneficial rains in many parts of the country, particularly in the northern and eastern regions, had any noticeable effect on sentiment which remained very much unsettled. Several factors have contributed to the further deterioration in sentiment. The prospect of a sizable setback in agricultural production because of the drought in many parts of the country, growing inflationary pressures and the fear of cost inflation, labour unrest, power shortage, apprehension about tighter control over the cotton mill industry, drastic changes in the company law—all these have tended to further undermine the markets' morale.

It is the drastic changes in the structure of the Companies Act proposed in the Amendment Bill introduced in Parliament a few days ago which have given a rather severe jolt to the stock markets. The provisions relating to share transfers and regulation of dividend payment out of reserves are considered to be harsh. It is feared that the proposed changes are likely to create apprehension in the minds of entrepreneurs which will have a serious effect on the flow of fresh invest-

ment, thereby slowing down the pace of industrial growth. Reports that the Bonus Review Committee will soon be submitting an interim report recommending the payment of a minimum bonus of 8.33 per cent have also caused some uneasiness as it will further inflate wage costs and cause an erosion of margins. A picture of despondency pervades the stock markets as the country celebrates the silver jubilee of its independence. By and large, the markets reflect the unsatisfactory state of the economy. The immediate outlook for equities seems to be far from pleasing as the prospects of a revival in the economy have receded because of the likely setback in agricultural production.

Gilt-edged securities have lacked interest this past week. As a result, turnover has been restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.90. The State Government loans have received selective support and the volume of business has remained restricted.

The Calcutta stock market has remained dull this past week. The low compensation payment after the recent State takeover of some industries, talk of demonetisation of currency and the introduction of the Companies Amendment Bill in the Lok Sabha have apparently affected sentiment. Among engineering shares, Jay Engineering, Guest Keen Williams, Braithwaite, Sankey Wheels and Escorts have been quiet. Among jute shares, New Central, Bally, Kumardhubi and Auckland have been easier. Among coal shares, East Indian, Bengal and Amalgamated have been transacted. Among paper shares, Straw Products, Ballarpur, Titagur and Orient have receded. Among miscellaneous shares, Aluminium Corporation, Chemicals and Fibres, Philips India, Rallis India and Brooke Bond have been quiet. Among tea shares, Bishnauth, Grob, Dhelakhat and Birpara have been transacted.

Dalal Street continues to have an uneasy time. The downward trend in equity prices, which has been in evidence for many weeks, has been extended further this past week. Despite fairly good buying in quite a few shares by the Unit Trust, leading equi-

ties have registered sizable losses on nervous bull unloading and lack of public support. There have been reports of considerable selling by investors because of the deteriorating economic situation and increasing dissatisfaction with the Government's approach to economic problems. The impression is gaining ground that industry's profit margins will be coming under increasing pressure as a result of cost inflation. The market is also feeling increasingly worried over growing labour unrest. The strike fever has risen high in Bombay where the employees of the civic body's B.E.S.T. undertaking and the State Transport have gone on an indefinite strike. Trading this week has been notable for the pronounced weakness in cotton mill shares which has been attributed partly to the statement of the Congress president, Dr. S. D. Sharma, that textile workers should agitate for the nationalisation of the textile industry and partly to the Foreign Trade Minister, Mr. L. N. Mishra's threat of tighter control over mills. The Government is said to be considering a proposal to stamp prices on all varieties of cloth controlled as well as non-controlled. Steels and

COMPANY REPORTS

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

Bank of India
Dawn Mills
India United Mills
Jay Engineering
Karanpura Collieries
Kumardhubi Engineering
Larsen and Toubro
Siemens India
Sutlej Cotton
Testeels
Western India Plywoods

INTERESTED IN IMPLEMENTS ?

MEET

Principal Agents
Mysore Sales International Ltd.,
Hennings
36, Cunningham Road,
BANGALORE-18

Branches
★ Madras
★ Bombay
★ New Delhi
★ Hyderabad
★ Calcutta

**MANUFACTURERS OF HIGH GRADE IMPLEMENTS
AND TOOLS MADE OF HIGH CARBON STEEL
HEAT TREATED AND TEMPERED
SUBJECT TO RIGID TESTS BEFORE DELIVERY**

The Mysore Implements Factory Mysore

engineering shares have eased on light but persistent selling and lack of fresh support. The performance of rayons, shipping and chemicals has not been any better. Shares recording heavy losses include Century Mills, Standard, Century Enka, Associated Bearings, N.O.C.I.L., Polyolefins, Gwalior Rayons, Hindustan Aluminium, Scindia and Zuari Agro-Chem. Associated Cements have ruled steadier on institutional support.

The Madras stock market has not shown any material change this past week, although investment buying has been selective. Among planting shares, Manjushree have attracted investment enquiries while Consolidated Coffee have improved on the news of a bonus issue, subject to the Government's sanction. Gokul, Marcara and Chandramalai have also come up for business. In the textile section, South India Viscose have remained quiet while Madura have attracted enquiries. Bank shares have been quiet. In the miscellaneous section, India Cement have been bought while Mettur Chemical have attracted some selling pressure. Aluminium Industries have quoted lower while W.S. Insulators have met with better buying enquiries. Among paper shares, Mysore Paper and Seshasayee Paper have met with some buying.

Bank of India Shows Much Better Performance

IN many ways, the Bank of India has put up a vastly improved performance in 1971. It has initiated steps for a bold restructuring of the organisational set-up which might become the pace-setter for the banking industry as a whole. It has progressively increased its business with the priority sectors while fulfilling the commitments to industry and trade. The branch expansion policy has been attuned to meet the needs of the unbanked areas and to promote more equitable regional development. According to the directors' report, "the Bank can now look forward with confidence to meet the new challenges that are being thrown up and play a more active rôle in the development of the national economy". (A fuller version of the report was published in last week's issue of *Capital*.) The basis of such optimism is obvious.

In accounting terms, 1971 was quite rewarding for the bank. Deposits rose by Rs. 75.23 crores to Rs. 588.24 crores

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	23/75—24/15—23/45—24/15—(22/20)
Burrakur Coal	5/00—5/00—4/69—4/75
Dunlop India	28/90xr—28/90—28/00—28/10—(34/25)
Guest, Keen, Williams	34/80—34/80—33/60—33/80—(35/65)
Hindustan Motors	7/85—7/90—7/35—7/40—(9/90)
Indian Aluminium	32/70—33/25—32/50—32/60—(35/65)
Indian Cable	22/70—22/90—22/40—22/40—(20/60)
Indian Iron	6/45—6/70—6/30—6/40—(10/05)
Jaipur Udyog	7/80—8/65—7/80—8/60—(9/00)
Jayashree Tea & Industries	15/75—15/75—15/75—15/75—(15/19)
Kesoram Industries	19/45—19/55—19/15—19/30—(13/50)
Orient Paper	34/05—34/55—33/90—34/10—(32/30)
Orissa Cement	17/55—17/70—17/10—17/15—(15/40)
Rohtas Industries	3/90—4/00—3/80—3/95—(4/75)
Textile Machinery	8/70—8/70—8/35—8/50—(9/30)

on account of bonus was Rs. 126 lakhs; of it, Rs. 39 lakhs were met by transfer from the contingency fund. The bank paid a total dividend of Rs. 84.46 lakhs, yielding a return of 5.746 per cent on the acquisition compensation amount of Rs. 14.70 crores or 20.85 per cent on the paid-up capital of Rs. 4.05 crores. The corresponding figures for 1970 were 5.528 per cent and 20.07 per cent, respectively.

One of the areas where the bank has made considerable advance during the year has been in the larger support it has lend to the priority sectors and the weaker sections of society. The flow of credit for export promotion and to agriculture, small-scale industries, retail trade, road transport operators, self-employed people and professionals and such other categories has gone up and the outstandings increased from Rs. 74.90 crores to Rs. 91.02 crores at the end of 1971, that is, a rise of 21.5 per cent.

With 510 branches in India (110 were added in the course of the year), 13 offices abroad and two foreign subsidiaries with three offices, the Bank of India represents one of the biggest banking networks in the country. Ever since nationalisation, the bank has been laying increasing stress on opening new branches in unbanked areas, and at the end of 1971, 57 per cent of its branches were located in rural and semi-urban areas. It has also been one of the most enthusiastic promoters of the lead bank scheme. But one of the problems it is facing in its branch expansion programme—a problem to which the directors' report has referred to more than once—is the shortage of trained personnel. In a bid to overcome this drawback, the bank has stepped up its training programme. Simultaneously, it is also going ahead with a scheme for reorganisation of its administrative structure with the accent on progressive decentralisation.

INDIA UNITED MILLS

Prospects Improve

THE latest report of India United Mills, which has been incurring losses for several years, raises the hope that the Company has perhaps turned the corner. The Company is expected to show a "small net profit" for 1972. This is in pleasant contrast to the Company's extremely disappointing performance in 1971 when it incurred a record loss of Rs. 4.07 crores, against Rs. 2.47 crores in 1970. In

the first five months of the current year (January to May), the Company is stated to have suffered a loss of Rs. 72.06 lakhs, against Rs. 194.20 lakhs in the same period of 1971. But in June the Company made a profit of Rs. 5 lakhs, after providing Rs. 5 lakhs for depreciation and Rs. 15.50 lakhs for interest on loans. Sales of cloth and yarn in the first six months of the current year are placed at Rs. 11.69 crores, against Rs. 8.28 crores in the corresponding period last year.

The change in the Company's fortunes is attributed to several steps taken by the management which is vested in the Authorised Controller, Maharashtra State Textile Corporation. These include timely purchases of cotton in a favourable market, better yarn recovery by reducing the card and comb waste, change in the product-mix with increased emphasis on sophisticated varieties and stricter control over costs. The future prospects seem full of promise as the Central Government has sanctioned a programme of modernisation of machinery up to an overall limit of Rs. 4.93 crores. The National Textile Corporation and the Maharashtra Government have agreed to finance 51 per cent and 49 per cent of this programme covering spinning and weaving departments as well as dye works which is expected to be completed by 1974. Orders to the extent of Rs. 1.11 crores had been placed up to the end of June 1972 and the machinery that is received is being commissioned by stages. Installation of new machinery should help improve the Company's profitability. In view of the accumulated loss of Rs. 16.36 crores, it will take quite a few years more before the Company can hope to reward the shareholders with a dividend. The Rs. 10-paid share of the Company is currently quoted at around Rs. 1.56.

DAWN MILLS

Margins Eroded

DAWN Mills has raised the dividend for the year ended March 1972 from 12 per cent to 14 per cent (Rs. 6 to Rs. 7 a share) even though the working results make a poor showing, compared with those in the preceding year. Despite an increase of about 10 per cent in sales from Rs. 3.84 crores to Rs. 4.26 crores, the gross profit has declined by 9.8 per cent from Rs. 31.73 lakhs to Rs. 28.62 lakhs. The contraction in margins is attributed to high prices of raw cotton during the major part of the year, in-

creased interest charges and a rise in other elements of the cost of production. After providing Rs. 12.54 lakhs (against Rs. 12.67 lakhs) for depreciation, Rs. 1.87 lakhs (against Rs. 2.71 lakhs) for development rebate reserve and Rs. 7.82 lakhs (against Rs. 11.51 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 6.39 lakhs, against Rs. 4.84 lakhs in the preceding year. After adjustments the disposable surplus comes to Rs. 7.91 lakhs, against Rs. 6.13 lakhs. Out of this, a sum of Rs. 2 lakhs (against nil) has been transferred to contingency reserve and Rs. 5.88 lakhs (against Rs. 6.10 lakhs) to general reserve. The proposed dividend absorbing Rs. 5.88 lakhs (against Rs. 5.04 lakhs) will be paid out of general reserve.

KARANPURA COLLIERIES

Profit Rises

THE profit of the Karanpura Collieries Ltd has risen from Rs. 3.25 lakhs to Rs. 4.80 lakhs for the year ended February 1972, after providing Rs. 8.48 lakhs (against Rs. 16.57 lakhs) for depreciation and Rs. 1.02 lakhs (against Rs. 2.20 lakhs) for statutory development rebate reserve. The taxable ordinary dividend has been reduced from 10 per cent to 7 per cent, absorbing Rs. 3.50 lakhs which will be paid out of general

reserve. This offers a yield of 8 per cent at the present price of Rs. 8.75 a share of Rs. 10 each. After writing back Rs. 39,575 (against Rs. 76,800) from statutory development rebate reserve and making other adjustments, Rs. 1.29 lakhs and Rs. 3.99 lakhs have been transferred to capital reserve and general reserve, respectively.

Sales declined from Rs. 1.78 crores to Rs. 1.73 crores. Raisings fell from 564,954 tonnes to 540,513 tonnes, while despatches rose from 525,066 tonnes to 533,078 tonnes. Production had to be curtailed severely due to the accumulation of stocks. The sinking of two deep shafts to work the Sirka seam was completed during the year and since these seams extend over the entire leasehold, the reserves and production potential have been considerably augmented. The compensation received from the Coal Board for special assistance for difficult mining conditions has been considerably lower than in the previous year due to the reduced rates of special assistance and also due to the benefit of settlement of some arrear claims in the previous year. As for coal prices, certain increases have been accepted by the railways with retrospective effect, but these are to a great extent neutralised by the higher wage bill and a rise in costs.

JAY ENGINEERING : SATISFACTORY RESULTS

THE Jay Engineering Works Ltd has reported satisfactory working results for the year ended March 1972. The profit of the Company would have been still better but for a loss at the sewing machine factory and for large discounts that had to be offered on fans on account of a severe competition that has lately developed. The high wage costs tend to exclude the Company from the expanding sector of the market. There was an overall improvement in production. Facilities in Hyderabad and Agra were further developed and these units have been steadily increasing their contribution to the Company's income. The Company's exports registered an improvement over the previous year.

Sales are up from Rs. 13.22 crores to Rs. 20.31 crores and the

net profit has risen from Rs. 20.59 lakhs to Rs. 23.64 lakhs, after providing Rs. 39.48 lakhs (against Rs. 34.05 lakhs) for depreciation, Rs. 5.90 lakhs (against Rs. 3.20 lakhs) for development rebate reserve and Rs. 36.20 lakhs (against Rs. 38.50 lakhs) for taxation. The taxable ordinary dividend of 10 per cent has been maintained, absorbing Rs. 19.74 lakhs which will be paid out of general reserve. This offers a yield of 7.7 per cent at the present price of Rs. 13 a share of Rs. 10 each. The preference dividend at 10 per cent has also been paid, which absorbs Rs. 5 lakhs. After making other adjustments, the entire profit of Rs. 23.64 lakhs has been transferred to general reserve. Current operations of the Company are proceeding satisfactorily and production shows an upward trend.

Equipment for Co-operatives

UNDER a programme of the Marthwada Development Corporation Ltd, 24 co-operative societies have been established to help cotton growers in Maharashtra. Each society has a shed with 96 power looms and each weaver family has been allotted two power looms. Siemens India has supplied most of the electrical equipment for the co-operatives; this includes transformers, loom motors and control switches, power and control cables as well as control boards.

Again, sugar production is being given an impetus in Madhya Pradesh with the setting up of a number of factories in the co-operative sector. Kailaras in Morena district is one such co-operative and the plant has been set up at a cost of about Rs. 2 crores. Siemens India supplied a major portion of the electrical equipment. This included 13 Nos. multi-speed centrifuge motors with sophisticated control gear, main power house boards, a number of cast-iron sub-distribution boards ideally suited for such a plant, lighting and other control equipment.

KUMARDHUBI ENGINEERING : EXCELLENT RESULTS

THE working of Kumardhubi Engineering Works Ltd shows improved results for the 16-month period ended March 1972, compared with the year ended November 1970. The Company has changed its financial year from November to March. Sales have risen sharply from Rs. 4.52 crores to Rs. 7.41 crores, and the profit has increased substantially from Rs. 5.65 lakhs to Rs. 42.20 lakhs, after providing Rs. 17.28 lakhs (against Rs. 10.72 lakhs) for depreciation. Because of better performance, a taxable ordinary dividend of 45 paise a share, including an interim of 22 paise a share, has been declared, absorbing Rs. 11.55 lakhs (against nil). This offers a yield of 9.5 per cent at the present price of Rs. 4.75 a share of Rs. 3 each. The preference shares also get their stipulated rates for the period 1st December, 1968 to 31st March, 1972, amounting to Rs. 3.38 lakhs. After writing back Rs. 77,100 (against Rs. 38,300) from development rebate

Results Improve

TESTEELS Ltd has recorded further improvement in its working results for the year ended March 1972. Sales have risen by 30 per cent from Rs. 1.15 crores to Rs. 1.50 crores and the gross profit has gone up by 38 per cent from Rs. 9.49 lakhs to Rs. 13.12 lakhs. In view of the arrears of depreciation and carried-forward losses, no dividend has been recommended. The directors' report states that the raw material availability is satisfactory. The Company has secured an export order from Malaysia for transmission line towers worth Rs. 22 lakhs b.o.b. and efforts are being made to export to other countries as well.

WESTERN INDIA PLYWOODS**Dividend Repeated**

THE annual report of the directors of the Western India Plywoods Ltd for the year ended March 1972 says that the Company suffered a production loss because of a prolonged strike. A sum of Rs. 19.66 lakhs is being raised by the issue of

reserve and making other adjustments, a sum of Rs. 19.07 lakhs (against nil) has been transferred to general reserve.

The production of castings in the foundry reached 5,077 tonnes for 16 months, compared with 4,695 tonnes in the previous year. This was possible, despite the lack of wagon component orders, due mainly to developments achieved in the manufacture of intricate miscellaneous castings for the steel, sugar and cement industries. Despatches also increased to 5,919 tonnes for 16 months, compared with 5,139 tonnes in the previous year and 4,869 tonnes in the year before, resulting in a substantial reduction in the work-in-progress. The production of mild steel ingots recorded satisfactory progress and the total production was 28,305 tonnes, compared with 7,606 tonnes. Steps have been taken progressively to widen the range of rolled sections.

further equity shares for cash at par to the shareholders. This capital issue is made in order to finance the expanding business of the Company. Sales were higher at Rs. 230.56 lakhs (against Rs. 229.22 lakhs). The profit amounts to Rs. 33.12 lakhs, after providing depreciation of Rs. 12.05 lakhs. This compares with the previous year's profit of Rs. 33.15 lakhs, after providing depreciation of Rs. 14.97 lakhs. Adding a sum of Rs. 528 being excess provision, there is a total of Rs. 33.13 lakhs available for appropriation. Out of this, provision for taxation amounts to Rs. 19.50 lakhs (against Rs. 19 lakhs). The balance of Rs. 13.63 lakhs is transferred to general reserve. The equity dividend at 16 per cent (same) amounting to Rs. 12.58 lakhs and the preference dividend amounting to Rs. 48,165 are to be paid out of general reserve.

LARSEN AND TOUBRO**Export of Sugar Diffuser**

THE first ever sugar diffuser to be exported from India will be supplied by Larsen and Toubro Ltd. It is to be installed in the sugar factory being set up by the State Development Corporation of Negeri Sembilan, Malaysia. Phaltan Sugar Works Ltd of Bombay is providing technical know-how and consultancy to the Malaysian sugar project. Diffusion is the most advanced development in the manufacture of cane sugar. It ensures higher extraction than is possible through regular milling. Cane sugar diffusers, engineered and fabricated by Larsen and Toubro, have been successfully used by leading sugar mills in India.

SUTLEJ COTTON**Profit Down**

THE brief preliminary statement from the Sutlej Cotton Mills on its working results for the year ended March 1972 shows a decline of about 27 per cent in its gross profit from Rs. 79.12 lakhs in 1970-71 to Rs. 57.56 lakhs in 1971-72. The dividend, however, has been kept unchanged at 15 per cent. Appropriations of profits include depreciation Rs. 9.89 lakhs (against Rs. 9.71 lakhs), development rebate reserve Rs. 38,000 (against Rs. 4 lakhs), taxation Rs. 16.15 lakhs (against Rs. 17.20 lakhs), general reserve Rs. 15.39 lakhs (against Rs. 32.46 lakhs) and dividend Rs. 15.75 lakhs (same).

Statutory Minimum Price of Raw Jute To Be Revised Upwards

THE Government of India was going to make an early revision of the statutory minimum price of raw jute over the level of Rs. 115 a quintal, f.o.r. Calcutta ready, basis Assam Bottoms. Speaking in the Rajya Sabha a few days ago, Mr. L. P. Mishra, Central Minister for Foreign Trade, indicated that he did not consider the West Bengal Government's claim of Rs. 135 a quintal as remunerative for the grower, considering the expenses he had to incur on the production of jute. He admitted that the drought had affected the overall crop expectations for the season substantially and the prospect was that prices were likely to rule higher than the revised statutory levels. In fixing the minimum price, Mr. Mishra said that the Government would try to make the price "realistic and genuinely attractive to the grower." The Jute Corporation of India, he added, would absorb some 10,000 bales of fibre from the interior markets as part of its price support operations during the season. He reiterated that the Centre had requested the Governments of Andhra Pradesh, Assam, Bihar, Orissa and Tripura to draw up suitable plans for the setting up of new jute mills in their respective States.

J. C. I. Chief

Mr. Dwaipayan Sen, a former Deputy Minister of the Central Gov-

ernment, has been appointed chairman of the Jute Corporation of India. He is to take charge of the office soon. Industry and trade circles feel that as the head of this key public-sector organisation, he will have to play an important rôle in shaping the agricultural economy of the States in the eastern region where jute is the principal cash crop and the raw material for the largest foreign exchange-earning industry in India.

Jute Delegation's Views

Unless immediate corrective actions were taken, the rapid erosion of the jute markets by synthetics could not be arrested, warned the latest five-man Government-industry joint jute delegation which made a study tour of the North American, U.K., and Belgian markets. This was stated in a written answer by the Government to M.P.s' questions on the floor of the Rajya Sabha last week. The recommendations of the delegation, among other things, related to the reduction in the prices of both hessian and carpet-backing cloth to levels which would make them competitive with synthetics, ensuring price stability and uninterrupted supplies of end-products by the timely supply of raw jute at reasonable prices. The team also emphasised the need for adopting vigorous steps for research and product development, whenever necessary, besides measures to generate funds for export promotion, research and deve-

lopment and the building up of a buffer stock of jute manufactures in India without any further delay.

Trends in Australian Market

It was unlikely that jute would ever recapture the outlets it had been rapidly losing to synthetics, observed Mr. Colin Donaldson in his presidential address at the recent annual conference of the Australian Jute and Allied Goods Association in Perth. He revealed that substitution of jute by synthetics had gained momentum last year in outlets other than cornsacks and woolpacks. Felting and carpet-backing hessians were increasingly losing ground along with other types of bags and sacks which had once been made from jute, he said. He deplored that despite the clear evidence from many markets, jute manufacturers were allowing high prices to rule in the market. These were further aggravated by increased export duties. He wondered if India had already conceded the battle against synthetics. He said that he was driven to this conclusion by the concerted overtures which Indian manufacturers of synthetic bags and sacks had been making to the traditional jute goods trade to promote the sales of their products in Australia as a substitute for jute goods.

Gunnies Quiet

Quiet conditions prevailed in the Calcutta gunny market during the past week due to the continuing lack of enquiries and fresh business from major internal and overseas consumers. There was no indication yet of any prompt settlement of the U.K. dockworkers' strike. Naturally, there was a heavy pressure of demand on

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, 1972		30th June, 1972		Increase over (+) or decrease from (-) last month		31st July, 1971—	
	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)
Asian cloth and bag	7,77.53 (8.50)	22.0 (21.6)	7,49.04 (8.19)	21.6 (21.3)	+28.49 (+31)	+0.4 (+0.3)	9,80.92 (10.73)	28.2 (27.8)
King cloth and bag	9,48.43 (10.37)	41.3 (40.6)	7,96.90 (8.72)	34.6 (34.0)	+1,51.53 (+1.65)	+6.7 (+6.6)	11,18.94 (12.24)	49.8 (49.0)
Carpet-backing	2,22.47 (2.43)	23.7 (23.4)	1,62.07 (1.77)	17.4 (17.2)	+60.40 (+66)	+6.3 (+6.2)	78.60 (86)	8.8 (8.6)
Others		7.4 (7.3)		6.9 (6.8)		+0.5 (+0.5)		7.1 (7.0)
Grand Total		94.4 (92.9)		80.5 (79.3)		+13.9 (+13.6)		93.9 (92.4)

Note: All figures are at bale-point.

1.—These statistics are based on replies received and represent all members of the Association, and New Central and Old Hanuman. The figures in brackets are in British measures.

PITAL, 17th AUGUST, 1972

CAPITAL, 17th AUGUST, 1972

shipping space for the Continental ports. The tea trade absorbed most of the available space. The delay in the completion of gunny-loading on the end-August loaders for the U.S. ports, due mainly to the interruption to free movement and operation of lighters by the spate of bore-tides, induced the U.S. Conference Lines to extend the cease-loading dates by 72 hours at the first instance and by a further 48 hours till 12th August for gunnies. But in spite of the grace period, shippers could not step up loading to any appreciable level. The official announcement of the five-man industry-Government trade delegation to the U.S.A., the U.K. and Belgium on the floor of the Rajya Sabha revived hopes of an early reduction in the export duties on hessian and carpet-backing cloth at least, inducing both the local export trade and the overseas consumers to defer their bookings and offtake for the present. The expectations of a buoyant outlook which had induced bulls to stick to their speculative holdings suffered a setback when the ultimate consumers refused to fall in their trap. The dearth of further credit and the pressure of demand for fresh funds induced them to enter the unwilling

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

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

(000 metres and 00,000 yds.)			
	July '72	June '72	July '71
Hessian	8,66.61 (9.48)	8,49.47 (9.29)	9,49.49 (10.38)
Sacking	8,87.28 (9.70)	8,53.06 (9.33)	9,64.98 (10.55)
Carpet-backing	1,37.44 (1.50)	1,39.27 (1.52)	1,73.15 (1.89)
(000 tonnes and tons)			
	July '72	June '72	July '71
Hessian	25.7 (25.3)	25.1 (24.7)	28.9 (28.4)
Sacking	40.3 (39.6)	38.4 (37.8)	43.7 (43.1)
Carpet-backing	14.5 (14.3)	14.9 (14.6)	18.6 (18.3)
Others	9.5 (9.4)	8.7 (8.6)	8.0 (7.9)
Grand Total	90.0 (88.6)	87.1 (85.7)	99.2 (97.7)
Hours worked:	208.0	208.0	216.0

Note: All figures are at bale-point. N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.

market as keen sellers of their holdings at rising discounts. Heavy short-selling by bears and lower advices from the fibre market were the additional depressants. The continuing apathy of the authorities to the suggestions, of duty relief and the recent warnings by the Australian Jute Goods Association chairman as to the future of jute and jute goods vis-à-vis synthetics also called for caution. The Central Foreign Trade Minister, Mr. L. N. Mishra's statement in the Rajya Sabha that New Delhi had been thinking of raising the statutory minimum price of raw jute further from the recently fixed level of Rs. 115 a quintal and the revised estimates of a much lower seasonal crop were taken note of. Clive Row, as also the industrial establishments on either bank of the Hooghly, were sorely disappointed to hear of the gradual loss of custom to Bangladesh. Even Russia had turned its attention to Dacca and had reportedly booked sizable contracts on extended delivery schedules with the industry there. The hot and dry spell had impaired the prospects not only of raw jute for the season but also of kharif crops like paddy, wheat, sugar-cane and so on. All these would cause a shrinkage in the offtake of jute goods. With the elimination of the weaker bulls and the clearance of the market load, the remaining holders turned reserved, while mills refused to reduce the rates further. Turnover was small in the spot market and moderate in the hedge market. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Aug.	Sept.	Oct.
40in. 7½oz.	82.00	79.50	77.50
40in. 8oz.	89.50	—	—
40in. 10oz.	103.00	101.50	99.30
5 Twills	260.75	262.50	265.00
Heavy Coes	262.00	263.50	265.00
Corn sacks	—	—	—
A Twills (U.S.)	335.00	336.00	337.00
Liverpools	316.00	317.00	318.00

Fibre Prices Fall

The raw jute market developed a reactionary trend and prices suffered a decline of as much as Rs. 2 a maund over the preceding week-end levels. Even the New Delhi report that the Central Government was thinking of an upward revision of the recently-fixed statutory minimum price of jute of Rs. 115 a quintal failed to halt the downward drift. Both industry and trade circles argued that the prevailing prices had been ruling much higher than Rs. 135 a quintal, the minimum level claimed by the Gov-

ernment of West Bengal. With almost all jute-growing States suffering a severe shrinkage in sowing and damage to the standing plants due to protracted drought spell, they said that there was no escape from an exceedingly short crop this season in India. Although Dacca had an estimated exportable surplus of some 3.5 million bales and Thailand a crop of some 400,000 tons, there would ensue an inevitable scramble for fibre in the global market from consumers all over the world. Hence, raw jute was sure to rule exceptionally buoyant during the season and the unusually firm spell was likely to be more and more pronounced as the season advanced. Although there was no scope for fresh sowing, good rainfall in the last few days had brightened the otherwise depressing crop outlook. Turnover was small, mainly due to the unencouraging end-products' enquiries and bookings. The closing undertone was easier.

Latest available quotations (in rupees) were as follows:

September-October.			
	Rates a	Rates a	Rates a
	quintal	quintal	md.
	Mid.	Bot.	Bot.
Selected Assam-Agartala	164.77	154.06	57.50
Northern Jute	159.41	148.70	55.50
Western Desai	—	—	—
Jute	148.70	137.98	51.50
Selected Daissee	172.81	162.09	60.50
Assam-Agartala Tossa	170.13	159.41	59.50
Mesta:	—	—	—
Assam Mesta	148.79	137.98	51.50
Selected Daissee	143.34	132.62	49.50
Murshidabad	129.94	119.23	44.50
Bihar Dist.	—	—	—

TEA

Fair General Demand

A Special Correspondent writes: The offerings at last week's tea auction in Calcutta amounted to 60,328 packages for which there was a fair general demand. Plain C.T.C. teas on offer continued to sell well at around the previous week's levels but all other C.T.C. descriptions showed a further decline, particularly fannings grades. Plain orthodox broken were steady but similar fannings were easier with much less demand. Assam B.O.P.s and fannings were lower, especially the latter while whole leaf grades sold well at firm rates. There was once again a selective and easier enquiry for tippy teas. The Darjeeling teas on offer came to a good market, especially the better liquoring lines.

COMPANY MEETING



"Nation Orientation means subordinating and enmeshing the objectives of the Company with those of the Nation, in the conviction that the enterprise will progress to the extent that our society and country prosper"

India Tobacco Company Limited

Chairman's Statement at the Sixty-first Annual General Meeting held on Thursday, 10th August, 1972.

INTRODUCTION

I have much pleasure in welcoming you to the Sixty-First Annual General Meeting of your Company. I am sure you will join me in a tribute to our Prime Minister, the Defence Forces and the unsung many whose dedication led to the successful resolution of problems faced by our country in the last year involving refugees, aggression and the situation in Bangladesh.



DIRECTORS

Consequent upon the retirement of Shri B. K. Nehru on April 2nd, Shri S. Ray and Shri S. B. Aibara assumed responsibilities as Vice-Chairman designate and Deputy, Chairman respectively of your Company. We wish Shri B. K. Nehru a happy retirement.

REVIEW-RESULTS

For the year ending 31st March 1972, turnover at Rs. 200 crores was Rs. 32 crores higher than the previous year. Of this increase, Excise Duties accounted for Rs. 22 crores. Owing to the higher rate of duties and the subsequent price increases, sales volume for the industry as a whole and for your Company did not change significantly during the year. Costs continued to rise due to inflation and the impact of this on your Company profit was further aggravated by three Excise Duty increases within the year. Your Board of Directors have been conscious of the need for higher productivity in all directions to minimise inflationary pressures and this is reflected in the performance of your Company despite adverse circumstances.

Although industry volume did not change materially, the progressive trend of Filter Tipped Cigarettes continued and your Company maintained its leadership in this important segment. WILLS Filter remains the largest Filter Brand closely followed by BRISTOL Filter. WILLS FLAKE Filter, introduced in July 1971, was an instant success

and is currently the third largest Filter Brand in the country.

NATION AND CONSUMER ORIENTATION

In recent years it has been my privilege to speak an important aspect of your Company. This year, as our country completes twenty-five years of Independence and moves to the Fifth Plan, it is appropriate to review the progress of your Company towards NATION and CONSUMER ORIENTATION, as future progress depends upon the confidence of the public on the one hand and service to the consumers on the other.

According to economists, enterprise develops through three phases. Beginning at the Village or Community level it progresses to the inward phase of the industrial level and thence emerges to the progressive stage of NATION ORIENTATION. In economic terms, NATION ORIENTATION means subordinating and enmeshing the objectives of the Company with those of the NATION, in the conviction that the enterprise will progress to the extent that our society and country prosper. More specifically, I should like to analyse the progress made in the post-Independence period in those areas of corporate activity as are of vital importance in the context of our country's problems and in the furtherance of Government policies.

INDIANISATION

Firstly, for valid reasons, Government policy requires a process of "Indianisation". Companies such as yours which for historical reasons started with foreign capital. In furtherance of this it is required to progress towards a majority of Indian capital with the directing authority vested in a Board composed of the Chairman and the majority of Directors from amongst Nationals of the country and, above all, to have a Company ethos in which the larger National interests are placed ahead of enlightened self-interest.

Insofar as Capital is concerned, your Directors have declared a sincere and inner-motivated desire to become a majority Indian-held Company and have so advised the Government. To this end in January 1970 Indian shareholding was increased from Rs. 1 crore to Rs. 4.79 crores, entirely voluntarily. This Indian shareholding will soon be almost doubled in conjunction with a proposal of the Company which has been approved by the Government in principle. In the final phase, majority Indian capital will be achieved through the implementation of further projects which will be put up to the Government for consideration in due course.

Through your confidence, coupled with that of your fellow overseas shareholders, the effective operating control and directing authority is vested in an entirely PROFESSIONAL BOARD OF DIRECTORS of whom the Chairman, the Vice-Chairman designate, the Deputy Chairman (as also the two previous ones) and three other Directors making a total of six out of eight are Indian Nationals.

Page 1
All the Directors consider themselves Trustees of this responsibility.

The ethos of your Company is expressed in its Corporate Philosophy which is worthy of repetition with sincere commitment to this culture ensured by the fact that the Company is entirely PROFESSIONALLY MANAGED. The tradition of Professional Management is, perhaps, your Company's most significant characteristic—the foremost feature of which has been the divorcing of ownership from control and the manner in which the Company purposes are viewed. I must, therefore, in the first instance disabuse you of any idea that the profit motive is the only central inspiration of your Board of Directors. We are concerned with profits (in the short and the long term) as the true measure of our performance—that we have maintained the organisation in sound financial condition and have obtained for the shareholder a proper return on his investment representing a fair reward for the contribution made. But we are also concerned with the well-being of the organisation in its totality as we believe that industry is an organ of society specifically charged with the responsibility of organised economic advance through making resources productive. This expresses the basic belief that economic progress can be made into a powerful driving force for human betterment and social justice.

SELF-RELIANCE: IMPORT SUBSTITUTION

A second feature of our country's aspirations is SELF-RELIANCE. Your Company, in every aspect of its operations, has pursued unceasingly and unflinchingly the goal of SELF-RELIANCE. SELF-RELIANCE can be viewed as a four dimensional activity relating to MONEY, MEN, MACHINES and MATERIALS. I have already covered the first and would like to review progress in the remaining three areas.

SELF-RELIANCE in PROFESSIONAL MANAGEMENT has been a vital need. Compared with over 150 Expatriates employed at the time the Company went public in 1954, today there are only 7, of which 4 Technicians are for a specified period. It is significant that the Management has been developed from within the organisation and 33% of it is composed of those who have risen out of Unionised Staff.

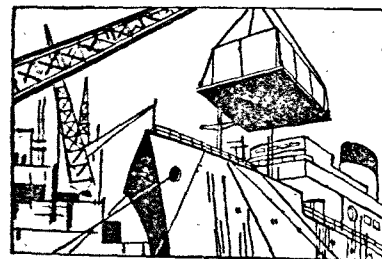


In the MACHINES dimension, no cigarettes have had to be imported for domestic consumption since 1951. Apart from having established all its existing manufacturing units by as early as 1942, your Company's single-handed, direct intervention and support has today resulted in near 100% self-sufficiency in Spare Parts and Machinery.

for processing tobacco, making and packing cigarettes. Today only negligible imports are necessary and these should soon disappear.

For MATERIALS, the Printing Factories were established in 1929 and 1949 and by working in collaboration with independent manufacturers, to whom a wide variety of support was extended, all packaging materials became available and no imports have been necessary since as far back as 1952. You are already aware that your Company was responsible for the introduction and development of cigarette tobaccos in conjunction with its inter-connected operations, Indian Leaf Tobacco Development Co. Ltd. Today imports against entitlements to make exports possible are negligible and, in fact, India exports over Rs. 35 crores of tobacco per annum.

Whereas your Company imported the bulk of its requirements immediately post-Independence, including some tobacco worth around Rs. 1.5 crores, today with a turnover of Rs. 200 crores and annual expenditure on Capital account of approximately Rs. 2 crores, on spare usage of Rs. 85 lakhs, on tobacco of Rs. 19.7 crores and on materials of Rs. 17.7 crores the cost of imports is negligible. In 1971 these were Rs. 5.80 lakhs on tobacco for cigarette exports against entitlement, Rs. 7.5 lakhs on Capital account for machinery which should soon become available in the country, on certain special spares of Rs. 8.53 lakhs and on materials only Rs. 2.24 lakhs of which Rs. 0.96 lakhs was again for cigarette exports. The difference between the two can be considered as the true measure of IMPORT SUBSTITUTION.



EXPORT EARNINGS

The record of SELF-RELIANCE and IMPORT SUBSTITUTION today represents a closed chapter in the cigarette industry. The third national need today and for tomorrow, is increasing EXPORT EARNINGS even with traditional items for which international competition is rising. The Government's policy is to intensify such effort and to this end your Company is making a determined effort to earn FOREIGN EXCHANGE. The activities of your Company directly and through its inter-connected Leaf Company, ILTD, began with the first exports of unmanufactured tobacco in 1933. The effort has continued since then and in the 25 years since Independence your Company's Group exports of tobacco have amounted to a total of Rs 152 crores, and in recent years such export to unmanufactured tobacco has averaged around Rs. 10 crores per annum. For this effort ILTD was awarded a Certificate of Merit for outstanding export performance by the Government of India, Ministry of Foreign Trade, in the year 1959.

Consequent upon the need to intensify export promotion, particularly in non-traditional items, your Company started a programme of diversifying its activities two years ago. As a result of these efforts your Company had a successful year in the field of Exports of non-traditional products which reached Rs. 2.33 crores against Rs. 17 lakhs

in the previous year. The evidence of performance to date in the current year suggests that, unforeseen circumstances apart, your Company should be able to improve its exports further by the end of the current year to around Rs. 3.5 crores in non-traditional items alone.

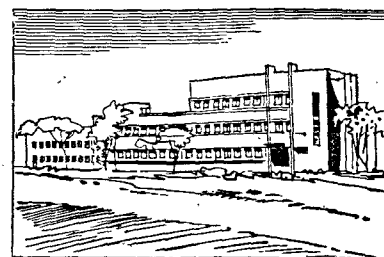
To the above figure of Rs. 2.33 crores for the current year should be added Rs. 11.81 crores of exports of unmanufactured tobacco from your Company's Group activities, including ILTD, making a total for the year between traditional and non-traditional items of Rs. 14.14 crores which represents nearly 1% of the total export earnings of the country.

Looking ahead, the Company has foreign exchange earning oriented proposals, one approved in principle and one under consideration by the Government. These projects have a potential of earning further FOREIGN EXCHANGE in excess of Rs. 10 crores through their fruition in the years ahead.

RESEARCH & DEVELOPMENT

A fourth vital need is investment in RESEARCH & DEVELOPMENT. Raw material self-sufficiency was the first goal of ITC at whose behest ILTD set up a new fully equipped Research Station at Rajahmundry in 1961 having started a Research Dept. as far back as 1928 which was moved to Rajahmundry in 1946/47, to conduct agronomic research on leaf tobacco. This was followed up by establishing a Training School at Hunsur in Mysore State in 1965 in the realisation that the key to successful development is the availability of well trained technical personnel to assist farmers to produce tobacco on scientific lines. The fundamental contributions made by ILTD based on RESEARCH & DEVELOPMENT led to it receiving the FICCI AWARD for outstanding contribution to Agriculture in 1970.

In furtherance of its objective to make its operations self-reliant through the promotion and development of ancillary indigenous industries for supply of other raw materials and developing import substitutions as rapidly as possible, your Company set up a Research & Development wing with a well equipped modern laboratory in Calcutta in 1952. Later this was extended to evaluate indigenous tobacco for cigarette manufacture, product development to meet varying consumer needs and maximise utilisation of available indigenous tobacco.



Model of the ITC Integrated Research Centre at Peenya, Bangalore

Encouraged by the achievements of R&D, the Company is expanding its RESEARCH activities and is setting up an integrated RESEARCH CENTRE at Bangalore at a cost of approximately Rs. 40 lakhs to cater to the growing need for more intensive research and development from tobacco seed to the final product and the entire field associated with the industry. The foundation stone of the new Integrated Research Centre was laid by the Honorable Shri Q. Devraj Urs, Chief

Minister of Mysore, and its completion is scheduled early next year. This Integrated Research Centre has provision for RESEARCH for the projected diversified activities of the Company.

The benefits derived by the Cigarette Industry and indirectly by other industries from ITC's RESEARCH and DEVELOPMENT work have been many, covering a wide range of activities.



INVESTMENT IN HUMAN CAPITAL

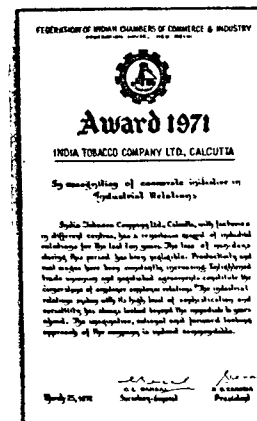
A fifth important larger need is INVESTMENT IN HUMAN CAPITAL. Your Company believes that PEOPLE are its most important asset and has greatly benefited by what was said by PROF. SHULTZ: "It may be that these investments in ourselves are the very kinds of capital that makes the greatest return in terms of reward for our efforts". This philosophy pervades your Company without making any dichotomy of Management and non-Management. ITC was one of the first Companies to start its own Training and Development Centre—ALDEEN—as far back as 1956 Organisation and Management Development has been a continuous process following the career of individuals starting with Specialists, then to Tobacco Industry men and finally emerging as General Managers. In-Company and external facilities are widely used and almost every one in Management has gone through this process and will do so repeatedly in his career.

As far back as 1952 TRAINING WITHIN INDUSTRY was implemented at which time the majority of production workers were involved. In December 1970 your Company opened its new Technical Training Centre in Bangalore. Since then 129 Superintendents, Supervisors, Technical Instructors and Technicians have passed through the Centre. In 1971 Branch Training Cells were set up in three Factories and plans laid for the other two in 1972. To date 222 Mechanics and Operatives have completed courses in basic and specialist skills at these Cells. This investment is regarded by your Company as essential for improvement of productivity and enlargement of technical skills.

INDUSTRIAL RELATIONS & PRODUCTIVITY

The sixth national need is to maximise production with the fullest utilisation of installed plant through industrial peace. In recognition of your Company's progressive Industrial Relations Policy your Company was awarded the 1971 award for outstanding contribution in the field of Industrial Relations, from the Federation of the Indian Chambers of Commerce and Industry. Your Company's entry emphasised the positive role that can be played by enlightened and constructive Trade Unions; the virtues of negotiated agreements with recognised Unions; the importance of maintaining an atmosphere of trust and commitment; the

benefits to your Company and the employees that can arise from increasing productivity, the personnel function as a component of professional management and the concept of welfare based on self-reliance.

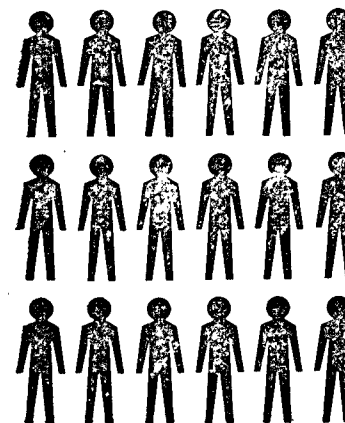


FICCI Award 1971 in Recognition of Corporate Initiative in Industrial Relations

Increase in productivity measured in terms of cigarettes produced per man-day has increased over 2½ times in the twenty-five years of Independence, despite greater sophistication of the product. This has been achieved not only with the introduction of modern machinery and other forms of capital investment, but with the constant interchange of information and ideas with enlightened Unions and with the full co-operation and commitment of our employees.

EMPLOYMENT—DIRECT AND INDIRECT

The seventh, and perhaps the greatest need of all is to create and generate employment. Your Company approaches this problem through four avenues: direct, indirect, self and special. Direct employment for Unionised employees has risen from around 8400 in 1967 to 10,300 in 1972; an increase of 23% with which there has also been an attendant increase in productivity of 15% over the same period. The diversification projects—one approved in principle and one under consideration by the Government—will lead to another 2500 or more jobs with considerable scope for educated unemployed and, of course, work for many more during the stages of construction. Direct employment in the inter-connected operations of ILTD amounts



to 23,000 including seasonal labour during the tobacco season.

During the past year or so, the diversified export activities, which are also labour intensive, have resulted in the development of twelve small entrepreneurs coming into fuller operation and through these, indirectly, regular employment of around 1100 has already come about; it is planned to increase this activity further in the future.

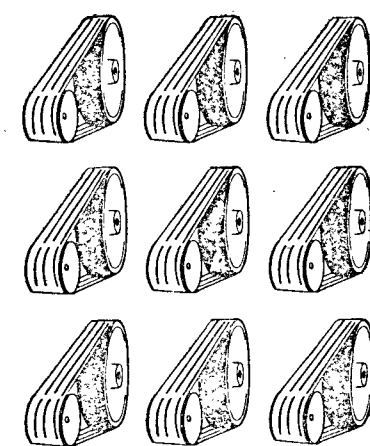
Yet again, in the post-Independence period, and more particularly in the last decade or so, ITC has been developing its service to consumers through a completely self-reliant and independent distribution net work as a result of which, on record, some 500,000 self-employed retailers and 41,500 independent wholesalers can obtain in lesser and greater measure, regular business out of ITC activities to provide, at least partly, a reasonable livelihood. In addition there are some 500 distributors, entirely independent, who in turn have been able to employ some 2500 people over the past years of development as a result of the business provided by the Company and the decentralisation of its distributive activities. During this same period a number of independent parties have been assisted to set up tertiary and transport services and these have also aided employment.

A very special feature of employment assistance is the Company's scheme of JAI JAWAN STALLS designed specifically to provide employment to disabled servicemen. The first of these was inaugurated by our Prime Minister as early as May 1966. This work continues and the JAI JAWAN stalls are increasingly dotting the country manned by the disabled of all the three Services and more will continue to be established. Also in 1969 the Ex-Services Supply Syndicate was formed originally with 33 members to produce polythene pouches and printed stationery to rehabilitate jobless ex-servicemen and such schemes will be evolved in the future also.

EMPLOYMENT AND DEVELOPMENT SMALL SCALE SECTOR

The eighth need is to develop the Small Scale Sector. Your Company has taken steps to ensure that its own growth and development also contribute to and promote the growth and development of other industries, especially those in the small scale sector. In pursuance of this objective, your Company has over the past twenty-five years contributed towards the building up of 108 small scale units giving direct employment to nearly 4000 persons. These units now have a business turn over of Rs. 12 crores per annum of which your Company's offtake constitutes almost 30%. The tempo of assistance to the small scale sector has been rapidly increasing in the recent past and of the 108 units as many as 75 have been developed within the past five years.

Three main types of assistance have been provided by your Company in helping to develop small scale units. Firstly, technical guidance has been provided by way of drawings, technical advice, help in selection of machinery, provision of exact material specifications, help with import substitution of materials and periodical inspection of products. This guidance has been given without any charge, with a view to ensuring quality production in the small scale units. Secondly, your Company has assisted by filling up order books of the small scale units in times of difficulty, and by lifting their surplus production, even at the cost of sometimes increasing its own inventories. Thirdly, financial help in the form of advances against orders for purchase of machinery and in other ways has been given to some units.



Your Company plans a continuing acceleration in the future of the programme of assistance to small scale industries, as a contribution to the Nation's socio-economic progress. It is proposed to specially concentrate on supporting small units which have export potential and large employment generating potential. The siting of these units is being planned with the view to removing regional imbalances between different areas of the country in consonance with Government policies.

SOCIAL RESPONSIBILITY

A ninth but growing consciousness, in an era of populist thinking, is the need for Industry to participate in the discharge of SOCIAL RESPONSIBILITIES with particular reference to the weaker sections of society in our country. It is said that affluent nations should set apart 1% of their wealth to assist the less well off. Your Company, in the belief, that drops make a stream and streams rivers, has in all humility, adopted this principle, and small as this may be, is employing 1% of its gross profit specifically to assist in this manner.

It can be truthfully said that ITC has been increasingly conscious in this direction and has not failed to lend a helping hand in a number of ways to assist the weaker sections of society for the aid of which it innovates a great deal of its activities and has played its part, albeit humble, in every National emergency and natural calamity. I do not wish to dwell on this subject other than to say that your Company is alive and conscious in this respect.

THE COMPANY GROSS PRODUCT

The tenth and final aspect is related to SOCIAL JUSTICE. The most potent vehicle of this—EMPLOYMENT—I have already covered. It is rightly said that the increase in the Gross National Product is one of the means for more equitable spreading of the benefits that accrue through growth. At the micro-level, the Company Turnover can be considered its Gross Product. The break-down of the turnover for the year under review is as follows:

Gross Turnover	100.0%
All Taxes to Government	67.9%
Residual Turnover	32.1%
Cost of Tobacco/Materials	20.1%
All Expenses including Depreciation	5.1%
Available residual turnover for Distribution	6.9%
All Salaries—Wages—to People	4.9%
Balance Available to Shareholders	2.0%
Distributed to Shareholders	1.4%

COMPANY AND PUBLIC NOTICES

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED
(Incorporated in England)

7½% Debenture Stock, 1980
Interest for the Half-year Ending
14th October, 1972

NOTICE is hereby given that interest at the rate of Rs. 38.75P (Less Indian Income Tax) per Rs. 1,000/- of Stock will be paid on 15th October, 1972 to Debenture Stockholders registered in the books of the Company on 2nd October, 1972. Applications for transfers received at the Company's Office at Victoria House, Post Box. 304, Chowringhee Square, Calcutta, upto 2nd October, 1972 will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above interest.

Debenture Stock Transfer Books will be closed from 3rd October, 1972 to 14th October, 1972, both days inclusive.

By Order of the Board,
S. K. MITRA
SECRETARY

Victoria House,
Calcutta.
8th August, 1972.

PHILIPS INDIA LIMITED
Registered Office :

7 Justice Chandra Madhab Road,
Calcutta 20

Notice of Extraordinary General Meeting

AN Extraordinary General Meeting of the Members of the Company will be held on September 27, 1972 at 11.00 a.m. at the premises of the Bengal Chamber of Commerce & Industry, Netaji Subhas Road, Calcutta 1, to approve, among others, a special resolution for the issue of new equity shares including rights shares as detailed in the Notice being posted to the Members.

The Register of Members will be closed from September 13, 1972 to September 27, 1972, both days inclusive, in connection with the rights shares and interim dividend for 1972 on the existing equity shares.

By Order of the Board
J. LUSINK
Chairman and Managing Director

Bombay
August 14, 1972

CAPITAL, 17th AUGUST, 1972

COMPANY MEETINGS AND
DIVIDENDS DECLARED OR
PROPOSED

Name of Company	Date	Hours I.S.T.
The Borra Coal Co. Ltd.	24-8-72	4 P.M.
The Karanpura Collieries Ltd.	24-8-72	4-30 P.M.
The Investment & Finance Co. Ltd.	30-8-72	11-00 A.M.
The General Investment & Trust Co. Ltd.	30-8-72	11-10 A.M.
Calcutta Steel Co. Ltd.	30-8-72	4-30 P.M.
The Northbrook Jute Co. Ltd.	12-9-72	11-00 A.M.
The Dalhousie Jute Co. Ltd.	12-9-72	10-30 A.M.
Union Jute Co. Ltd.	13-9-72	10-30 A.M.
The Indian Steel & Wire Products Ltd.	20-9-72	12-30 P.M.
The Kinnison Jute Mills Co. Ltd.	14-9-72	10-30 A.M.
Birds Jute & Exports Ltd.	13-9-72	10-00 A.M.
The Bisra Stone Lime Co. Ltd.	1-9-72	11-00 A.M.
Jay Shree Tea & Industries Ltd.	15-9-72	3-30 P.M.

Northbrook Jute Co. Ltd.—50 P. (0) (f)
a share, subject to tax

Karanpura Collieries Ltd.—7 p.c. (0),
subject to tax

Goodyear India Ltd.—17½ p.c. (0), sub-
ject to tax

Amalgamated Electricity Co. Ltd.—
Rs. 1.20 (0) a share, subject to tax

Larsen & Toubro Ltd.—Rs. 1.40 (0), a
share, subject to tax

Andhra Bank Ltd.—8 p.c. subject to
tax

Kumardhubi Engineering Works Ltd
—23 P (0) (f), a share, subject to tax
for the period 1-12-70 to 31-3-72

Jay Engineering Works Ltd—10 p.c.
(0), subject to tax

General Investment & Trust Co. Ltd—
7½ p.c. (0), subject to tax

Calcutta Steel Co. Ltd.—Re 1 (0), a
share, subject to tax

BOOKS RECEIVED

The Indian Experiment. By Giseller Wirsing. (Published by Orient Longman Ltd. Review copy received from Orient Longman Ltd, 17 Chittaranjan Avenue, Calcutta 13. Price Rs. 25, pages 318.)

Law of Industrial Disputes. By P. R. Bagri. (Published by Eastern Law House Private Ltd, 54 Ganesh Chunder Avenue, Calcutta 13. Price Rs. 65, pages 1237.)

Trading with the World (Country Profiles). (Published by the Indian Institute of Foreign Trade, H-24 Green Park Extension, New Delhi 16. Price Rs. 40, pages 722.)

Fragments of a Vision. By Erica Linton. (Published by Private Raj Co., 66 Babar Road, New Delhi 1. Price Rs. 25, pages 271.)

The University in Transition. By Philip G. Altbach. (Published by Sindhu Publications Private Ltd, Hind Rajasthan Chambers, Oak Lane, Fort, Bombay 1. Price Rs. 20, pages 136.)

Banking Regulation Act 1949. By L. R. Suneja. (Published by Bankers Publishing Centre, 26 South Patel Nagar, New Delhi 8. Price Rs. 17.50, pages 432.)

Japan's Relations with Southeast Asia: 1952-60. By K. V. Kesavan. (Published by Somaiya Publications Private Ltd, 172 Naigaum Cross Road, Bombay 14. Price Rs. 30, pages 243.)

Regional Development Banking. By R. M. Saksena. (Published by Somaiya Publications Private Ltd, 172 Naigaum Cross Road, Bombay 14. Price Rs. 20, pages 124.)

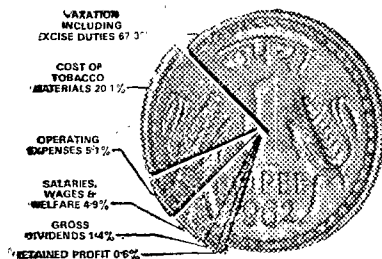
The Law of Carriage by Sea. By B. C. Mitra. (Published by Eastern Law House Private Ltd, 54 Ganesh Chunder Avenue, Calcutta 13. Price Rs. 30, pages 261.)

Law of Trade Marks and Passing Off. By P. Narayanan. (Published by Eastern Law House Private Ltd, 54 Ganesh Chunder Avenue, Calcutta 13. Price Rs. 50, pages 999.)

The Payment of Wages Act, 1936. By D. S. Chopra. (Published by Eastern Law House Private Ltd, 54 Ganesh Chunder Avenue, Calcutta 13. Price Rs. 35, pages 201.)

Natural Resources in the Indian Economy. Edited by Vadilal Dagli. (Published by Vora and Co., Publishers Pvt. Ltd, 3 Round Building, Bombay 2. Price Rs. 50, pages 366.)

Central Excises and Salt Act, 1944. By B. C. Mitra. (Published by Eastern Law House Private Ltd., 54 Ganesh Chunder Avenue, Calcutta-13. Price Rs. 40, pages 114.)



It is perhaps worth emphasising one or two aspects. Since 1954 when the Company went Public, as much as Rs. 11.24 crores of available net profits of the Company have been ploughed back by the shareholders into the business to keep the enterprise healthy, thus also aiding the formation of Capital which is another of the scarce resources of our country. Furthermore, in keeping with its philosophy of fair reward for the contribution made by all involved in the Industry, the net profits of the Company are currently at a level of around 10% return on the shareholders' total equity funds indicating a balance between the needs of the public at large, those of the employees who make the enterprise possible and the shareholders.

CONSUMER ORIENTATION
I would now like to turn to the CONSUMER ORIENTATION of your Company and merely highlight a few features as this aspect is covered in the Report and Accounts in your possession. In the first instance I would like to emphasise an irrefutable proven fact, applicable the world over, to consumer goods generally and to your Company products in particular as the brand patronised by a consumer is completely a matter of very personal choice; to think otherwise would be to ascribe wrongly our own shortcomings to others and to consider the consumer naïve. This is, that the CONSUMER is the final arbiter and supreme judge of the quality of your Company products and on him, and him alone, depends the success or failure of your Company—or for that matter any Company—in the context of democratic free choice which we all cherish in our country. Your Company philosophy is based on Pride in the Home Product with Quality, Service and Satisfaction for the Consumer.

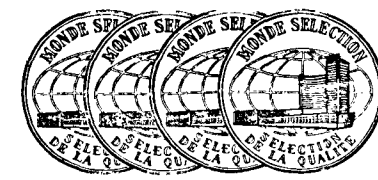
PRIDE OF HOME PRODUCT
The genesis of your Company was based on initial purchase of know-how, technology and some trade marks (all of which are the property of ITC in India), as is true for a multitude of goods in the earlier phases of development every where in the world including Japan, today the most rapidly advancing country in the world. But this is buried in ancient history of the "bad old days" which has no relevance today, nor for the future, after 25 years of Independence. The only relevance is that the CONSUMER does not bear any burden on account of know-how, technology or Royalty payments either in rupees or foreign exchange as no payments whatsoever are made by your Company to anyone either in India or abroad.

Indeed, your Company can be proud that by its introduction and development of the basic raw material—cigarette tobacco—it has been responsible for making possible the production of QUALITY HOME PRODUCTS and that, today, all its Brands with any significant sale, have been designed, innovated and developed right here in our own country.

Furthermore, some of these sell in other parts of the world where it has been possible to achieve some exports, thus aiding in some small measure in the earning of foreign exchange. INDIA KINGS is an outstanding example personifying a very high standard of HOME QUALITY as the highest priced prestige brand of your Company which consumers all over India have pride in as their very own in preference to International products.

QUALITY
A second point I would like to stress is that your Company considers it its duty and responsibility to provide consumers with the best quality for the consumer's money. ILTD—ITC's inter-connected leaf operations—is concerned with Quality from the seed stage to the ultimate processing of tobacco leaf for manufacture with the aid of the Research Station in Rajahmundry and ITC carries on this concern from the primary manufacturing stage to the ultimate packaging assisted by the Research Wing in Calcutta. One of the major activities of your Company's Technical Training Centre in Bangalore is inculcating in Instructors and Senior Technicians a concern for Quality.

For still further improvement of quality, modernisation for the processing of tobacco has been undertaken at all the Factories. The existing systems of Quality Control have been further strengthened by introducing a more sophisticated QUALITY INFORMATION SERVICE. Such extensions and up-dating of QUALITY CONTROL SERVICE is continuing confirmation of your Company's belief in the manufacture of quality products and highlights that responsibility for quality is vested in each and every employee of the Company.



The fulfilment of this search for QUALITY has been in the Awards given once again to your Company products at the MONDE SELECTION in Brussels with the GOLD MEDAL award for the fourth consecutive year to INDIA KINGS for outstanding International quality.

SERVICE TO CONSUMERS
A third feature is your Company's belief that CONSUMERS know what they want and should be given what they want. This belief has led to the RESEARCH ORIENTATION in your Company which is translated into CONSUMER ORIENTATION through scientific CONSUMER and MARKETING RESEARCH. The patronage of CONSUMERS to the Brands of your Company rests largely on the scientific investigation and product development made possible by such Research on which your Company spent a sum of Rs. 10 lakhs in 1971.

The distribution system of the Company makes possible the availability of its products at the right price, in the right quantity and in the right place at the right time in prime condition and factory fresh everywhere.

SATISFACTION TO CONSUMERS
The fourth feature in CONSUMER ORIENTATION that I would like to touch upon is your Company's belief that satisfaction to the CONSUMER is best achieved with the CONSUMER exercising his free choice in a competitive situation, for competition is his surest safeguard, and the

CONSUMER must be able to make his free choice with a completely unrestricted supply of every Brand offered to him by everyone in the Industry. The extent of patronage—higher or lower shares of the market by any product or products—is then a true reflection of what the consumer wants as the sales become a translation of satisfaction. In furtherance of this belief your Company welcomes healthy competition, indeed encourages it, and has offered its know-how on technology and marketing to everyone in the Industry. Today competition in the cigarette industry is very keen and the consumer has benefited through constantly improving products of which he has unrestricted choice at all times.

INFLATION
The final and fifth important aspect of CONSUMER ORIENTATION is the battle against INFLATION. Ten years ago the consumer of cigarettes, manufactured and sold by your Company, paid on an average 21½ paise per packet of ten. Today he pays 59 paise, an increase of 37½ paise. But of this increase 29 paise is claimed by the increase in Excise Duties, leaving 8½ paise in added gross realisation to your Company. Against this, in the same period for the average packet, the distributive trade channels have been provided by an extra 3½ paise to cover their increasing cost and pay for additional employment, thus leaving a margin of 5 paise in additional net realisation in 10 years. Increases in price of materials alone have nullified this margin of 5 paise (tobacco prices are 80% higher or 3 paise per packet and other materials 55% or 2 paise), leaving your Company with no margin over the ten years despite substantial inflation. That the prices to consumers have not been increased even further is the benefit your Company has significantly made possible by fighting inflationary expenses through higher productivity, innovation, improved technology and greater efficiency in the deployment of resources. It needs to be emphasised that such benefit to the consumers, in a period of inflation is only possible if there is continuous growth in the industry and every participant in the industry is able to improve efficiency with regular natural growth. It needs to be mentioned that the very rapid and very high increase in excise duties in recent years is not conducive to the steady increase of revenue for the future at minimum cost to the consumer; at the same time a higher rate of growth would have substantial advantages in the greater development of the backward and forward linkages of the Industry.

CONCLUSION
In conclusion, I would like to apologise if, in rejoicing over 25 years of Independence, I have talked on the brighter side of your Company; it shows that your Directors are only too human. This is not to deny that there are weaknesses, that things are not perfect and that much needs to be continually done to be more efficient and to achieve even greater NATION and CONSUMER ORIENTATION. As to the future, I repeat the remark I have made in the past—I look forward to the future with confidence and it is my earnest hope that in facing up to the new diverse challenges, your Company will play its due role and discharge its social responsibilities with vision and dignity in keeping with its philosophy of commitment to India's welfare and to her all-round development. It is, in the fitness of things to say that, in the ensuing years, your Company will be starting a new chapter in its history by doing its best to hopefully implement its diversification plans.

This does not purport to be a report of the proceedings of the Annual General Meeting.

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees) Week Ended

	28-7-72	21-7-72	30-7-71
Liabilities—			
Notes in Banking Dept. ...	32,15.05	35,26.93	26,78.54
Notes in Circulation ...	46,94,43.98	47,78,70.59	44,77,06.58
Total Notes Issued ...	47,26,59.03	48,13,97.52	43,03,85.12
Assets—			
A. Gold Coin and Bullion ...	1,82,53.11	1,82,53.11	1,82,53.11
Foreign Securities ...	2,11,65.38	2,11,65.38	2,23,42.00
Total of A ...	3,94,18.49	3,94,18.49	4,05,95.11
B. Rupee Coin ...	33,11.88	30,50.36	44,95.07
Rupee Securities ...	42,99,28.66	43,89,28.67	38,52,94.94
Total ...	47,26,59.03	48,13,97.52	43,03,85.12

BANKING DEPARTMENT

Liabilities—			
Capital Paid-up ...	5,00.00	5,00.00	5,09.00
Reserve Fund ...	1,50,00.00	1,50,00.00	1,50,00.00
National Agricultural Credit (Long Term Operations) Fund ...	2,09,00.00	2,09,00.00	1,90,00.00
National Agricultural Credit (Stabilisation) Fund ...	45,00.00	45,00.00	39,00.00
National Industrial Credit (Long Term Operations) Fund ...	1,75,00.00	1,75,00.00	1,35,00.00
Deposits—			
(a) 1. Central Govt. ...	52,55.67	61,49.23	54,16.60
2. State Govts. ...	16,30.04	8,50.03	6,67.56
(b) Banks—			
(i) Scheduled Banks ...	2,42,40.81	2,64,00.69	2,11,87.12
(ii) State Co-operative Banks ...	13,25.87	13,67.32	10,60.35
(iii) Non Scheduled State Co-operative Banks ...	97.23	96.70	81.17
(iv) Other Banks ...	60.71	69.33	36.86
(c) Others ...	2,09,40.35	2,07,89.32	1,52,88.56
Bills Payable ...	69,55.90	65,46.51	53,31.72
Other Liabilities ...	2,89,18.32	2,87,29.74	1,52,72.52
Total ...	14,78,24.90	14,93,98.87	11,62,42.46

Assets—			
Notes ...	32,15.05	35,26.93	26,78.54
Rupee Coin ...	3.55	4.96	7.99
Small Coin ...	2.14	2.26	3.47
Bills Purchased and Discounted:—			
(a) Internal ...	4,27.64	20,05.65	7,16.51
(b) External ...	4,06,30.64	4,15,06.36	31,74.59
(c) Govt. Treasury Bills ...	1,68,62.46	1,74,26.66	1,51,27.69
Balances held abroad ...	4,19,55.32	3,90,85.88	3,04,41.40
Investments ...			
Loans and Advances to:—			
(i) Central Government ...	18,31.00	24,94.24	1,25,18.35
(ii) State Governments ...			
Loans and Advances to:—			
(i) Scheduled Banks ...	3,60.00	2,22.65	1,17,74.45
(ii) State Co-operative Banks ...	1,65,12.87	1,64,17.61	2,05,56.41
(iii) Others ...	5,94.47	5,98.47	3,52.84
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...			
(a) Loans and Advances to:—			
(i) State Govts. ...	53,69.64	53,69.73	42,03.55
(ii) State Co-operative Banks ...	21,33.82	21,33.81	23,39.98
(iii) Central Land Mortgage Banks ...			
(iv) Agricultural Refinance Corp. ...	5,00.00	5,00.00	
(b) Investment in Central Land Mortgage Bank Debentures ...	10,60.77	10,60.77	10,14.98
Loans and Advances to State Co-operative Banks ...	26,32.89	25,11.69	13,39.25
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	92,31.94	92,31.94	55,04.21
the Development Bank ...			
Other Assets ...	45,00.70	52,99.26	44,88.25
Total ...	14,78,24.90	14,93,98.87	11,62,42.46

SCHEDULED BANKS

(In lakh of Rupees) Week Ended

	28-7-72	21-7-72	30-7-71
(i) Demand Liabilities—			
(a) Demand Deposits:—			
(1) From Banks ...	1,96.67	2,08.11	1,66.39
(2) From others ...	33,69.25	33,62.90	27,88.68
(b) Borrowing from Banks ...	34.97	43.45	53.11
(c) Others ...	2,27.93	2,13.41	1,88.16
(ii) Time Liabilities—			
(a) Time Deposits:—			
(1) From Banks ...	2,09.52	2,10.58	1,59.59
(2) From others ...	44,00.02	44,11.70	36,55.24
(b) Borrowing from Banks ...	11.40	13.19	7.64
(c) Others ...	50.72	49.36	41.33
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	18.97	11.95	12.79
(b) Time Liabilities ...	89.72	90.10	74.35
(iv) Borrowing from Reserve Bank ...	2,13.97	2,11.14	3,58.50
(v) Cash ...	1,99.30	2,02.85	1,68.17
(vi) Balances with Reserve Bank ...	2,39.40	2,81.08	2,17.29
(vii) Balances with other banks in current account ...	1,03.45	98.69	74.37
(viii) Money at call and short notice ...	1,04.18	1,05.21	98.83
(ix) Investments in Central and State Govt. Securities ...	19,36.39	18,51.54	14,77.40
(x) (a) Loans, Cash Credits and Overdrafts ...	43,99.97	44,34.23	39,20.01
(b) Due from banks ...	4,29.23	4,27.88	4,23.20
(xi) Inland Bills purchased and discounted ...	8,42.02	8,77.38	8,07.43
(xii) Foreign bills purchased and discounted ...	2,05.75	2,05.83	2,02.49
(xiii) Total of X, XI and XII ...	58,76.97	59,45.32	53,53.13

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	1891.92	1567.52
March 1971	139.07	136.06
April	144.33	127.12
May	159.15	132.16
June	184.08	124.60
July	178.87	154.18
August	145.19	127.29
September	153.25	117.57
October	130.88	125.11
November	159.56	134.84
December	188.45	143.61
January 1972	177.79	143.37
February	152.03	134.86

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

CAPITAL, 17th AUGUST,

CAPITAL, 17th AUGUST, 1972

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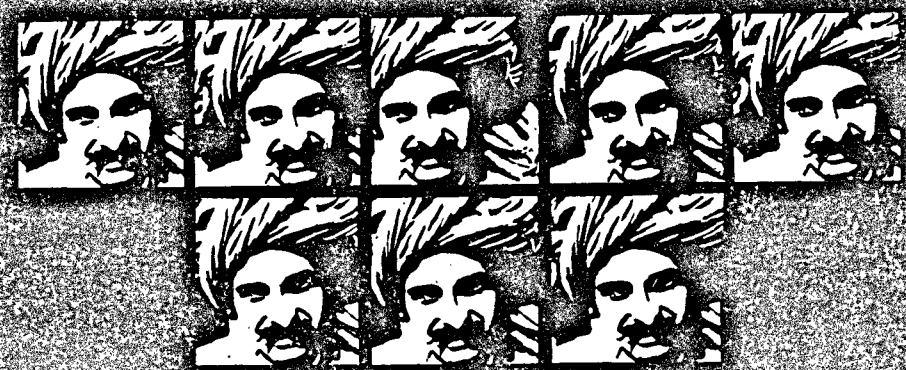


NATIONAL SAVINGS ORGANIZATION

YOU CAN BE SELF-CENTERED

davp 72/156

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Indians live in
rural areas...**



**it's time we paid more attention
to them !**

So UCOBANK takes to the country in a big way. Our accent is on service to the nation. Agriculture and rural development have been given top priority,

because a strong rural base means a strong India. That's where UCO-BANK is putting the nation's money to work. Where it counts. Where more than 80% of Indians live.



Meeting the needs of the people.

UCO-5/72

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picking the leaves, proper methods of curing and handling them. He knows

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Wanted: Realism in Licensing

LATELY, the leftist Press has been showing unusual interest in the memorandum that Mr. J. R. D. Tata had submitted to the Prime Minister, Mrs. Indira Gandhi, nearly three months ago. The memorandum, according to reports, was prepared by the Tatas at the instance of Mrs. Gandhi herself; she is stated to have told Mr. Tata that instead of making piecemeal suggestions now and then on Government policies, he could submit a memorandum to which the Government could apply its mind seriously. The memorandum has now been with the Prime Minister for quite some weeks, and it does not appear to have received any consideration so far except that it has been circulated by Mrs. Gandhi among her Cabinet colleagues. The leftist lobby is evidently afraid that some of the pragmatic suggestions made by Mr. Tata may be favourably received in the Government. This precisely is the reason for the current high-pressure campaign against the memorandum.

It should be obvious to anyone—whatever be his political hue—that the memorandum cannot contain anything that runs contrary to the basic policies of the Government; nor can it make a plea for a return to *laissez-faire* policies. In fact, in analysing the causes of the present stagnation in industry, the memorandum has relied largely on the findings of study groups in the Planning Commission and the mid-term appraisal of the Fourth Plan. The memorandum also accepts the basic philosophy and social objectives of the Government's economic and industrial policies as sound and unexceptionable. The variation, if any, is only in the remedies proposed. It has not urged the Government to abandon the existing licensing policies or procedures or the scheme of conversion of loans into equity. It only wants New Delhi to exercise

some discretion in the disposal of licence applications within the broad framework of the existing policies. It does not want that there should be a blanket ban on the licensing of new units by larger houses in the non-core industries merely because of the "past misdeeds" of a few business houses. The good should be rewarded and the bad punished. That is, in a nutshell, the strain of the memorandum.

The familiar argument against following a selective policy is that it will be discriminatory, and the Government cannot do that under the Constitution. That is rather too naïve, for it cannot be claimed that there is at present no discrimination in issuing licences to industrial applicants. Does not the Government take into consideration the economic viability of a project, the financial standing of the applicant, the public demand for a product that is sought to be produced and above all, the relative merits of the various proposals received? All that the Tata memorandum has asked for is an extension of this examination and scrutiny to cover larger aspects of the past performance and reputation of each applicant, belonging to the so-called larger houses.

For instance, the Government with its proclaimed concern for social justice with growth, can certainly take into consideration factors like the quality of products of an established company seeking a new licence, its pricing policy, the use it has made of its profits, its management techniques, the help it has given to small and ancillary industries, its export performance, its contribution to import substitution, its expenditure on research and development and its labour policies. Mr. Tata even suggests that the Government may take into consideration how free a large house has been from political intri-

gue. Frankly, this should be no consideration at all, if, on other grounds a large house is found eligible to get an industrial licence. Furthermore, such considerations have dangerous implications and may well strike at the very root of India's democratic functioning under a multi-party system.

New Delhi may be in no hurry to take any decision either way on the various suggestions contained in the Tata memorandum. It will not also like to give the impression that it has been influenced by the memorandum in the shaping of its licensing policies. In any case, there seems to be no move to alter the structure of the licensing policy that is in force now; at best, some modifications may be made here and there to provide for some flexibility, which is undoubtedly called for. The Tata memorandum also lays special stress on the need for flexibility in policy so as to encourage such larger houses as can make a large contribution to stepping up output and accelerating the pace of industrial growth.

The rate of industrial growth is, fortunately, showing some signs of improvement. The growth rate in the first quarter of this year showed an increase of 6.8 per cent, compared with 3 per cent for the whole of 1971. It is evident that the pick-up in industrial production is largely due to the step-up in public investment last year and in the current year. Even though domestic steel production is still far from satisfactory, the total availability has improved because of the steady inflow of imports for which orders were placed last year. This has given a spurt to the engineering industries. In addition, the textile industry has done well this year because of the improvement in the cotton supply position. The wagon-building industry should also show significant improvement with the Government's decision to increase its orders from 27,000 wagons a year to 35,000 wagons.

The improvement in industrial production should not, however, create the smug complacency in the Government that all is well with industry. As Mr. Tata has pointed out in his memorandum, the growth rate in industry can be easily raised to 8 per cent or 10 per cent, provided the right policies and programmes are pursued. From the statements made by various Ministers, it is evident that there are different pulls

at work within the Government. While a few in power affirm that the Industrial Policy Resolution is proposed to be modified, there are others who assert that nothing of that kind is going to happen and there is no need to make any changes in the policy resolution. The public have a right to know the correct position.

In the ultimate analysis, it would appear that what is necessary is not so much a change in policy or programmes as in the outlook and

approach. Today, industry is in a mood to co-operate with the Government to the maximum extent possible and ideas such as the joint-sector concept, which at one time evoked considerable opposition, are today being accepted willingly because of the changed political situation. If the Government fails to grasp this opportunity to step up investment in the joint sector, which will in the long run grow into a national sector, it cannot hope to see in the near future the emergence of a self-generating economy.

The Unwanted Asians

ONCE again the Asian problem has erupted in Africa. This time it is Uganda's turn to throw out the Asians—mainly people of Indian and Pakistani origin. Estimates of the number of people affected by this latest expulsion order—with a deadline in the first week of September—differ. Roughly speaking, they are believed to be between 60,000 and 70,000 and of these more than 55,000 hold British passports. For people in this country the temptation would be irresistible to describe this as nothing short of blatant racialism. Official spokesmen of the British Government view it in the same light. From the African nationalists' point of view, this may appear to be too sweeping and one-sided a description of a situation which has many facets and a long history. But sober elements even among the Africans would perhaps not deny that in its brusqueness the order of General Amin, the Ugandan President, has few parallels. It is too harsh and sudden.

Indians, on their part, must view the problem in a proper perspective. It is now an acknowledged fact of history that Indian migrations during the last hundred years to former British colonies in Africa and Asia were largely induced to serve the interests of British colonialism. In course of time Indian settlements abroad took one of two forms. In most countries of Africa and Asia the Indians formed a small community of aliens. Although not particularly popular with their British masters, they were tolerated and given an important place in the scheme of things. Their rôle was to act as a buffer between the rulers and the ruled and in the bargain make a reasonably comfortable living. Social-

ly and racially, the British kept them at an arm's length. And the Indians in turn remained aloof from the Africans. This three-tier society suited the British admirably. It suited the Africans the least, for not only were they politically subjugated, the gates of economic opportunity were also barred to them by the Indians.

There were, however, other countries where Indian settlements became identified with the natives even though they retained their racial aloofness. This happened in places like Malaysia, Fiji, Mauritius and the West Indies where the Indians constituted a sizable part of the population and were, therefore, too numerous to constitute a privileged class. In Malaysia, however, the position of Indians is still ambiguous. They are about 9 per cent or 10 per cent of the population of 10 million. But lately they have been under pressure from the Malays who form about 80 per cent of the population and the Chinese who account for the remainder. Even so, a mass expulsion of the Indians there is at the moment unthinkable. The problem of Indians in Sri Lanka has been the most acute because of Colombo's move to expel several hundred thousand people of Indian origin, and this is still being sorted out under Shastri-Mrs. Bandaranaike agreement signed seven years ago.

Burma has virtually expelled all Indians, not by a blanket quit order, but by imposing drastic economic sanctions that made their survival in that country nearly impossible. Burma's allegations against the Indians were the same as those of the Africans, namely, economic exploitation of the country of their adoption without any effort at integration

with its people. This complaint is being heard not only from communities to which the Indians regard themselves economically and culturally superior but also from the advanced nations where they have settled in sizable numbers, such as the U.K. and West Germany. Nor are Indians the only community subjected to such pressures or expulsion orders. The Jews have faced this problem the world over, even in Russia. The charge against them is the same: lack of integration with the people of the country of adoption and economic exploitation of the natives. The Chinese have been facing similar pressures in Indonesia, Malaysia, the Philippines and parts of Africa. The Europeans have had to leave *en masse* countries which they ruled for decades the moment these territories became free.

In the light of all this, it would perhaps not be quite accurate to describe General Amin's order of expulsion of all Asians—with a few exceptions—as purely racial. In the interest of truth and a correct appreciation of the situation one would do well to recognise that in this particular case the racial factor is inseparably linked with economic and political issues for which the African rulers cannot be held solely responsible. Indians would do well to recall that in the years following independence this country relentlessly pursued what is known as the policy of "Indianisation" of top jobs in Government, industry and business. As a result, thousands of Englishmen left with their families for their homeland. They had to do this despite the equally acknowledged fact that they served perhaps a useful purpose in the introduction of western ideas and techniques in this country just as Indians played a vital part in the opening up of the African continent under British direction and taking certain essential services and skills to the countries of the "Dark Continent".

With India's own experience and actions as her guide, she would perhaps not be justified in condemning the present policy of Africanisation in African countries. The action may in fact seem quite understandable in respect of people of Indian origin who hold British, Indian or Pakistani passports. They are as much alien in those lands as the British were in India after independence. When at the time of Ugandan independence in 1962 Britain offered

them British citizenship and they accepted it, they forfeited all rights to the privileges to which in any country its citizens have the first priority. They became Englishmen overnight. And having driven out the White Englishmen the Ugandans were under no obligation whatsoever indefinitely to retain in their midst the Brown Englishmen. It should have been obvious to the British Government in 1962 that by offering British citizenship to the Asians in Africa it was inviting a large-scale influx into Britain of people of a different race. The moment could be delayed but not averted.

Coking Coal: Time for a Master Plan

THE coal industry now presents a mixed picture of great expectations and continuing disappointment. The Fuel Policy Committee, which submitted the first part of its report in May, has estimated that the demand for coal, including that needed for power generation, would rise to 165 million tonnes by the end of the Fifth Plan. Production at this rate would require, according to the committee, an additional investment of Rs. 690 crores. It has laid considerable stress on the development of atomic power but the ambitious programme it has outlined for coal abundantly underlines the importance it attaches to the development of the industry. Many others have spoken in the same vein. Only recently the Central Minister for Steel and Mines, Mr. S. Kumaramangalam, has said that the commissioning of the Bokaro steel plant and increase in demand from coal-based thermal power stations and fertiliser plants would lead to a marked rise in the overall demand for coal in the coming year.

All this should assure a future for the industry. But what about the present? The situation as it exists today is not exactly inspiring. The transport bottleneck caused by the shortage of railway wagons shows no sign of improvement, the emergency plans and priority schemes notwithstanding. It is becoming increasingly clear that even if the railways have the will to do something for the industry, it does not apparently have the means. Whatever might have been responsible for it, the coal industry has now virtually resigned to the inevitability of no immediate improvement. If the situation is to turn for the better at all, it cannot possibly come off before the railways

This does not, however, mean that General Amin's action against the British Asians is entirely fair. It is wrong on several counts. First, it is too sudden. The notice of three months is too short for people who have lived in that country for generations. The number sought to be expelled at one go is much too large for any country to absorb, more so for the small island kingdom of Britain. And, what is most important, the stipulation that the Asians be expelled from Uganda without the means to settle in another land and without any compensation for the properties and assets is, to say the least, uncivilised.

have raised their capacities—and that means a fairly long time.

The immediate impact is thus on production which has been steadily declining. Pithead stocks are going up; even the stocks with the Bharat Coking Coal Company (B.C.C.L.) now stands higher than what it was when the coking coal mines were nationalised in October last, and that too in spite of a marginal cutback in production. Producers both in the public and private sectors have been facing financial difficulties due to delayed turnover and blockade of funds. The situation would have been far more alarming had the steel industry—one of the main consumers—operated at its full rated capacity. Indeed, if the steel plants are now to operate at a higher capacity, one of the main problems they are likely to face is the shortage of coal of the necessary grade.

The level of present production is no doubt important but a bigger question is that of preparing a master plan for the conservation of coking coal to meet the future demand. The main consideration that weighed with New Delhi when it nationalised the coking coal mines was to put an end to "slaughter mining" in which some of the collieries were reportedly indulging. The stock of good quality coal is strictly limited and the need to conserve the available supply is obvious. According to the latest estimates of the Geological Survey of India, the total of proved, indicated and inferred reserves of all types of coal comes to 80,952.39 million tonnes. Of this, 21,365.40 million tonnes are proved and 30,759.08 million tonnes indicated, while the rest is inferred. But what is disconcerting is that most of the reserves are

believed to be made up of inferior quality; only 1,810.63 million tonnes are of class one type. The agency recently set up to map out mineral reserves might put in more effort in exploration work which offers scope for greater dynamism. Coal exploration work went ahead well between 1956 and 1965 and since the beginning of the Third Plan, a total reserve of 509 million tonnes of coking and 1,106 million tonnes of non-coking coal has been proved. A time has come to pay more attention to the search for finding out new coal-bearing areas.

A planned co-ordinated approach towards immediate production and conservation is thus badly needed. After the nationalisation, the Government has a direct stake in improving the working and finances of coal mines. Substantial investment has been promised for the industry. The B.C.C.L. has been implementing a proposal to amalgamate, in the first stage, the 214 taken over mines into 70 units. At a later stage, it proposes to set up large units of production at an average level of 1 million tonnes a year. This will enable the Company to introduce modern technology in mines. With the Mining and Allied Machinery Corporation (M.A.M.C.) turning the corner, most of the equipment might be locally met. Foreign technical assistance from Poland, which has made rapid stride in this field, has been offered. The industry has to get ready for meeting the boom in demand that seems to be very much on the cards. The B.C.C.L., for one, seems to be grooming itself for the rôle. When all the blast furnaces now under construction come on stream, the demand for coal might go up by anything like 50,000 tonnes or 60,000 tonnes a month. And since an increase in coal product can only be obtained in a gradual manner, steps have to be initiated well in advance. Besides, by the very nature of the mining industry and on account of the fact that it is a labour-intensive one, it is just not possible to regulate day-to-day production to suit the demands of the metallurgical industry. This explains why some amount of coking coal is even now used by the non-metallurgical industries. All these factors have to be co-ordinated in a long-term plan designed to serve the needs of conservation of the rather limited reserves on the one hand and to meet the existing and growing needs to the full on the other.

Meanwhile, the non-coking coal mines are also engaging considerable attention in official circles. Mr. Kumaramangalam has warned their owners that unless they take imme-

diates measures to improve their working to meet the growing needs of the country, the Government would not hesitate to nationalise them. The West Bengal Assembly, in a resolution adopted some time ago, has urged the Centre to nationalise these mines. Such threats are having an unnerving effect on the industry which is fighting shy about making any fresh commitments. After all,

Rescheduling State Debts

TWO important subjects that have been causing concern both to the Central and State Governments are the increase in the latter's indebtedness to the former in recent years as well as the growing overdrafts by the States to meet their financial contingencies. The outstanding Central loans against the States were of the order of Rs. 6,310 crores in March 1971, as against a modest Rs. 196 crores at the beginning of the First Plan. The massive assistance provided by the Centre for financing the Plan outlays of States over the years as well as for meeting their non-plan requirements was a major factor in contributing to the steady increase in the States' debts. Loans are provided to States for financing their Plan outlays as also Centrally-sponsored and Central schemes. The other purposes are for meeting relief expenditure on natural calamities and as their share of small savings collections and for various non-plan requirements, including the special loan assistance for covering inescapable gaps in resources of certain States. There is, of course, a well-defined procedure for release of loans to States.

The terms and conditions of repayment of loans are not identical for all categories but all the loans carry an effective interest rate of 4.75 per cent. Some two years ago, a scheme of consolidation of Central loans to States and also rescheduling of repayments had been drawn up by the Central Ministry of Finance. Under the scheme, all loans outstanding as on 31st March, 1969, should be consolidated. The consolidated loans for irrigation and power projects would be recovered in 15 years or 20 years or 25 years varying from State to State; the other consolidated loans would be recovered in ten to 20 years, varying from State to State. Small savings and natural calamities loans would be repaid on the existing terms and conditions without

there is always the possibility of converting inferior non-coking coal into good metallurgical coal, and a promising beginning has already been made in this direction. So any plan for the coal industry cannot just leave out the non-coking units. The policy to be followed towards these mines should be clearly spelt out and the present spell of the crisis of confidence ended.

any change. The fresh block loans during the Fourth Plan period, other than *ad hoc* loans and fertiliser loans, are repayable in 20 years with an initial period of moratorium of five years, i.e., no payment during the Fourth Plan period. The *ad hoc* loans given to certain States for clearing overdrafts would be repaid according to the existing terms and conditions.

Many of the States were unhappy over this arrangement because the relief accruing to them thereby was just marginal—Rs. 220 crores for all the States during the entire Fourth Plan period. The fifth Finance Commission did not improve the position at all. Actually, certain genuine difficulties were created for a few States in financing their Plan outlays. The Centre has for these reasons come to the conclusion that any general scheme of rescheduling based on principles uniformly applied to all States, while giving some relief to all of them, would not fully solve the problem of States adversely affected by the recommendations of the fifth Finance Commission. The Centre has also come to the conclusion that any general scheme of rescheduling would have provided additional funds to several States whose finances were already in a comfortable position and which had also benefited substantially from the award of the fifth Finance Commission. The Commission's recommendations resulted in additional burden on the Centre. Considering all this, the Central Finance Ministry opposed any general rescheduling of repayment of State debts to the Centre.

This, however, led to another development whereby special accommodation by way of loans was provided to meet the States' inescapable gaps in resources determined on the basis of annual assessment made by the Planning Commission in consul-

tation with the State Governments. The nine States which were selected for such special accommodation amounting to Rs. 800 crores were Andhra Pradesh, Assam, Jammu and Kashmir, Kerala, Madhya Pradesh, Mysore, Orissa, Rajasthan and West Bengal. Another important reason why a rescheduling of debt repayments has not been done is that the States' debt obligations have been considered by the Planning Commission in assessing their resources for the Fourth Plan and the States' Fourth Plan outlays have been fixed after taking this into account. Even so, the question of rescheduling has been included in the terms of reference of the sixth Finance Commission which has been asked to make an assessment of the non-plan capital gap of the States on a uniform and comparable basis for the five years ending 1978-79. In the light of such an assessment, the Commission is to undertake a general review of the States' debt position with particular reference to the Central loans advanced to them and likely to be outstanding at the end of 1973-74 and suggest changes in the existing terms of repayment.

The persistent increase in the overdrafts of the State Governments on the Reserve Bank of India has also been a matter of concern to the Central Government. These overdrafts are generally due to an excess expenditure on both Plan and non-plan account. The Centre has also the impression that many States have come to regard these overdrafts as a budgetary resource. Discussions were held with individual State Governments and they have been asked to observe financial discipline. Only recently the Central Government devised a scheme under which overdrafts as on 29th April, 1972, were cleared by the Centre partly by giving to the States ways and means advances and partly by releasing in advance the share in income-tax and Central assistance for Plan schemes. In order to provide an adequate cushion against temporary and unforeseen difficulties, the limits of authorised ways and means advances from the Reserve Bank were quadrupled for all States. With effect from 1st May, 1972, no State was to be allowed to have an overdraft and to regard it as a budgetary resource.

Whenever any State has an overdraft on the R.B.I. for more than seven days, the Bank would automatically suspend payments which will be resumed only after the overdraft is cleared. The Centre is quite satis-

fied that this has worked well. But the financial stringency still remains and unless a more co-ordinated scheme is evolved, these measures

will at best prove to be palliatives. The undesirable effects of financial indiscipline on the economy will still continue.

New Trends in Exports

THERE have been some important changes in the direction of India's export trade in the recent months. Although full details for 1971-72 are not yet available, the official figures for January-August 1971 indicate that Indian goods are gaining ground in many markets where till recently they had not been able to penetrate due to various reasons. At the same time, Indian products have received a setback in several countries. For example, Indian exports to Latin America increased from Rs. 2.83 crores in January-August 1970 to Rs. 8.79 crores in the same months of 1971. This is encouraging, considering the fact that till now Indian exporters had given inadequate attention to Latin America because of distance, the high shipping freight, and the unfamiliarity with the market conditions there. It is, however, relevant to point out that the bulk of India's exports to Latin America goes only to one country, Argentina, which accounted for Rs. 4.62 crores in January-August 1971, compared with Rs. 97 lakhs in the same months of the previous year. India's exports to the other countries of Latin America such as Brazil, Chile, Cuba, Mexico and Peru have been negligible. New Delhi should examine to what extent there is scope for increasing exports to these countries. Even to Argentina, most of the exports consist of jute goods. It should be possible to sell several of India's non-traditional products also to Argentina.

India's exports to Canada increased sharply from Rs. 15.67 crores in January-August 1970 to Rs. 23.76 crores in the corresponding months of 1971 and to the U.S.A. from Rs. 128.62 crores to Rs. 180.78 crores in the same period. Higher exports to the U.S.A. were mainly on account of jute goods. At Rs. 87 crores in January-August 1971, the export of jute goods to the U.S.A. more than doubled, compared with that in the same months of 1970. The main factors that helped this trend were the dislocation of supplies from Bangladesh, the possibility of a prolonged strike by longshoremen in September, and the decline in the inventories of jute products with the U.S. bag and carpet makers.

India's exports to the European Common Market increased from Rs. 61.41 crores in January-August 1970 to Rs. 70.51 crores in the same period of 1971. There was an increase in the export to all the countries of this region, but it was rather moderate. For example, to West Germany, exports rose from Rs. 21.27 crores to Rs. 22.42 crores and to France from Rs. 11.93 crores to Rs. 13.17 crores during the period under review. To the U.K. exports went up from Rs. 93.59 crores in January-August 1970 to Rs. 102.93 crores in the same months of 1971. But to many other countries of Europe, like Austria, Denmark, Norway, Portugal, Finland, Greece, Ireland, Spain, Switzerland and Turkey, exports, although showing an upward trend, remained negligible. These countries have received inadequate attention from the Government of India, the Export Promotion Councils and other similar organisations. A careful market survey of these countries is likely to reveal considerable scope for increasing and diversifying Indian exports.

To eastern Europe as a whole, the country's exports increased from Rs. 927.42 crores in the first eight months of 1970 to Rs. 1,051.79 crores in the same period of 1971. But not all the countries of eastern Europe have increased their offtake of Indian goods. For example, exports to Yugoslavia declined from Rs. 24.09 crores to Rs. 19.84 crores and to Poland from Rs. 14.18 crores to Rs. 12.62 crores during this period. But to Russia, the increase in exports was rather substantial from Rs. 121.91 crores to Rs. 141.64 crores. Details, however, are not available as to what extent the country has succeeded in exporting non-traditional goods to Russia and other countries of eastern Europe. Nor is it clear whether higher exports to Russia are really due to India's initiative or due to Moscow's anxiety to buy more of its requirements from this country. In any case, greater attention should be given to the development of the market for Indian goods in eastern Europe.

Apart from Russia, there are other markets which offer considerable scope for India's non-traditional goods.

Yugoslavia, for example, although a market of only about 20 million people, has the potential for absorbing a large variety of engineering and other non-traditional goods. The Indo-Yugoslav trade agreement for 1972 provides for the export of machine tools, wire ropes, automobile parts and ancillaries, domestic refrigerators, jeeps and spares, commercial trucks, cement, synthetic fibres, and handicrafts. Such goods should be in demand also from the other countries of eastern Europe. These markets, therefore, deserve special study from the point of view of diversification of exports.

Among the countries of Asia and Oceania, India's export performance in 1972 was better in respect of Afghanistan, Australia, Sri Lanka, Malaysia, Republic of Korea and Singapore. But it was disappointing in relation to other countries of this region like Burma and Japan. India's exports to Japan sharply declined from Rs. 141.24 crores to Rs. 117.99 crores and to Burma from Rs. 16.27 crores to Rs. 6.60 crores during the period. One of the reasons for the fall in exports to Japan was the lower offtake of iron ore, which declined by nearly Rs. 4 crores. In the case of Burma, lower exports were due mainly to the foreign exchange difficulties experienced by that country as a result of which it had to curtail its imports. As for the African countries, there have been some significant developments. India's exports to Nigeria nearly doubled from Rs. 3.24 crores to Rs. 6.89 crores while exports to the Sudan rose impressively from Rs. 18 crores to over Rs. 28 crores during the period. Many other African countries also increased their offtake of Indian goods, like Kenya, Morocco, Uganda and Zambia.

This analysis indicates that while Indian exporters should give greater attention to the markets in Europe and America, the countries nearer home should be cultivated with special care. There are, of course, handicaps like the inadequate shipping services to countries of this region and the high freight rates. Even so, it should not be difficult for India to capture a larger share of the import trade of many Asian countries by suitably adjusting the selling strategy. For example, it was recently pointed out at a meeting organised by the Federation of Indian Export Organisations that Indian exporters were not promptly responding to the suggestions and complaints from Indian Embassies. The Indian Embassy in Tokyo had suggested that Indian spectacle-frame manufacturers

should adapt their designs to suit the Japanese facial features. But this has not been done and, as a result, Indian spectacle-frames have not been able to penetrate into Japan. There is no

CURRENT COMMENT

BORROWING

New Central and State Loans

In its search for resources, the Government now appears to be keen to utilise the full potential of market borrowing. Thus, against the Central Budget estimate of Rs. 214.78 crores of net borrowing during 1972-73, New Delhi has already made plans for collecting Rs. 323 crores. Soon after the States complete their borrowing programme, the Centre intends to come out with re-issues of the three loans originally floated on 15th July. Subscription for the loans for a total amount of Rs. 215 crores will open on 15th September. Significantly, the re-issues have not been made to coincide with the maturity of any previous loan and so the whole amount would be in the form of net borrowing. Two National Defence Fund loans are, however, to mature later this year.

When the loans which are now being re-issued were first opened for subscription in July, the gross borrowing came to Rs. 386.77 crores, which after repayment of maturing debts, was reduced to a net figure of Rs. 131.93 crores. The extra Rs. 108 crores that is now being raised will be used mainly to meet the unforeseen demands for relief expenditure thrown up by natural calamities this year. A part of the money is also proposed to be used to finance the crash programme the Government intends to launch to retrieve as far as possible the damage wrought to the *kharif* crop by raising a larger *rabi* output.

Before the Centre comes out in the market for the second time this year, the States will complete their borrowing programme. Eighteen States are thus opening their 5½ per cent 1984 loans for subscription on 4th September. Their target for net collection is Rs. 132 crores, out of a gross issue for Rs. 194.25 crores plus 10 per cent over-subscription. (Details appear on a later page in this issue of *Capital*.) Last year, the net amount was Rs. 101 crores. In addition, the State Electricity Boards are also to come into the market for an amount of Rs. 83 crores,

doubt that if Indian exporters make energetic efforts and remain alert to the opportunities, the results in terms of foreign exchange earnings could be more gratifying.

against Rs. 68 crores in the previous year. Thus, the Central and State Governments and the State Electricity Boards together will raise Rs. 538 crores (net) or about Rs. 74 crores more than last year.

COTTON TEXTILES

Exports Rise

Exports of mill-made cotton textiles—piecegoods, yarn, apparel, hosiery and other manufactures—from India during July are provisionally placed at Rs. 11.3 crores, against Rs. 8.65 crores in June—the lowest for any month this year—and Rs. 10.15 crores in May. Excepting apparel, all items have fared better than in June. Exports during the first seven months of this year add up to Rs. 76.87 crores, against Rs. 59.63 crores in the same period last year and Rs. 60.06 crores during January-July 1970. All items have fared considerably better than last year. Exports of piecegoods have risen from Rs. 37 crores (January-July 1971) to Rs. 42.36 crores, yarn from Rs. 7.17 crores to Rs. 11.67 crores, apparel from Rs. 6.07 crores to Rs. 10.89 crores, other manufactures from Rs. 9.24 crores to Rs. 11.74 crores and hosiery from Rs. 15 lakhs to Rs. 21 lakhs.

Zonewise, there has been a decline in shipments of piecegoods to Africa, Asia (excluding Nepal) and Oceania which has been more than offset by larger exports to the European and American zones. Exports to Europe, inclusive of the U.K., have totalled Rs. 78.79 crores, against Rs. 11.91 crores during January-July 1971. This is due entirely to the marked increase in shipments to Russia, from Rs. 1.43 crores to Rs. 9.65 crores. The U.K.'s offtake of Indian piecegoods has been very poor—Rs. 5.7 crores, against Rs. 9.03 crores. Exports to the E.E.C. countries have registered an impressive rise from Rs. 66 lakhs to Rs. 2.32 crores but they are still running well behind the quota. The increase in exports to the E.E.C. is accounted for mainly

by the appreciably larger offtake by West Germany and France.

Exports to the African zone have declined from Rs. 11.12 crores to Rs. 6.51 crores and this is due to the sharp decline in shipments to the Sudan, from Rs. 10.41 crores to Rs. 5.86 crores. Exports to Asian markets, excluding Nepal, have declined from Rs. 2.94 crores to Rs. 2.7 crores but Nepal has lifted larger quantities of Indian cloth—Rs. 3.54 crores, against Rs. 2.91 crores. Exports to the U.S.A. have risen from Rs. 4.69 crores to Rs. 7.41 crores and the Canadian offtake also has been higher at Rs. 93 lakhs, against Rs. 57 lakhs. Exports to Oceania have declined from Rs. 2.72 crores to Rs. 2.36 crores mainly because of a reduced offtake by New Zealand—Rs. 50 lakhs, against Rs. 93 lakhs. Exports to Australia registered a small improvement.

GUJARAT

Good Progress

The Gujarat Industrial Development Corporation, which was started in 1962, is playing an increasingly significant rôle in Gujarat's industrial development. In a booklet recently published by the Corporation, it is stated that its budget rose from Rs. 68 lakhs in 1967-68 to Rs. 165 lakhs in 1968-69, Rs. 420 lakhs in 1969-70 and further to Rs. 7.25 crores in 1970-71. The Corporation's scientifically planned facilities of land and sheds and its generous terms of repayment have enabled the existing industries to expand their units. New entrepreneurs from different parts of the country have been encouraged to set up various industries in the State. The Corporation has been receiving good support from the Government, and financial and other institutions of the State. There has also been a substantial contribution from entrepreneurs which has helped to achieve its growth. The State Government has entrusted the Corporation with the responsibility of providing the infrastructure for a vast fertiliser complex being set up in Kalol by the Indian Farmers Fertiliser Co-operative Ltd and also for a big petrochemical complex near Baroda. It is said that there has been an exceptionally good demand for plots and sheds from entrepreneurs of different States. The Corporation is confident of extending its scope of activities in untapped areas with the help of the State Government and financial institutions.

ENGINEERING

Seminar on Productivity

The Engineering Association of India organised a one-day seminar on "Maximising Productivity and Employment in West Bengal" a few days ago in Calcutta. The seminar was inaugurated by Dr. Gopal Das Nag, Minister for Labour, Government of West Bengal. Dr. Nag expressed the Government's concern over utilisation of the existing capacities. He stated that the Government was keen that the infrastructure and the capacities available with the industry should be fully utilised and that production maximised. He stated that closures and gherao were of advantage to none. He emphasised that in many cases mismanagement was the chief reason for closure as well as inefficient performance. Labour had practically no contribution in bringing closure or making the mills sick. He stressed that the often-quoted criticism that productivity of labour in West Bengal was low was not based on facts. The productivity of workers in Bengal compared favourably with that of workers in other places.

Opening the seminar, Mr. M. K. Jhavar, president of the Association, stated that the country was faced with two great dangers: (i) inflation, and (ii) unemployment. Inflation can be fought by maximising production. The establishment of new industries and expansion of the existing ones would offer increasing opportunities for more and more employment. While all possible steps should be taken not only to expand the existing industries but also to establish new ones, particularly in areas away from the metropolitan district, the Government of West Bengal should persuade the Government of India to establish some of the engineering industries in the public sector.

PROMISSORY NOTES

Arrangement for Payment

Interest on a number of loans of Central and State Governments is due for payment in September and October 1972. To facilitate payment of interest on the due dates, Government promissory notes of the loans in question will be accepted by the Public Debt Office, Reserve Bank of India, Calcutta for preparation of interest warrants one month before the due date of payment of interest, says a Press note issued by the Bank in Calcutta. Holders of Government promissory notes of the loans

are requested to lodge their notes well in advance to facilitate delivery of the notes and interest warrants on the due dates. In view of the heavy work involved, the period for delivering the notes received for payment of interest during the months August to October 1972 will be extended, where necessary, to 15 clear working days.

PHARMACEUTICALS

Exhibition in Bombay

The Indian Drug Manufacturers' Association is organising an exhibition at the time of their eleventh annual day celebrations from 20th to 22nd October, 1972, in Bombay. The exhibition is to focus the industry's achievements and progress during the year and will have four sections: pharmaceutical machinery, formulations, basic chemicals, and packaging and other miscellaneous items used in the pharmaceutical industry. In the scientific and general session, leading personalities in the industry, research laboratories, educational institutions in the country as well as Government departments concerned with the drug industry will participate.

WESTERN INDIA

Credit for Small Units

The Government of India has extended the liberalised provisions of the Credit Guarantee Scheme for small-scale industries in the specified border areas in western region up to the end of December 1972, according to a Press note issued by the Reserve Bank of India a few days ago. Some of the provisions of the Scheme, it will be recalled, were temporarily liberalised on 16th December, 1971, in view of the unsettled conditions prevailing in the specified border areas in eastern and western regions. The liberalised provisions were initially made available up to 31st March, 1972 and extended later up to 30th June, 1972; they ceased to be operative in the eastern region from 1st July, 1972.

F.I.C.C.I.

Eastern Region's Problems

The President of the Federation of Indian Chambers of Commerce and Industry, Mr. Madanmohan Mangaldas, had a discussion in Calcutta a few days ago, with the office-bearers of chambers of commerce and

associations of industry and trade in the eastern region. Among the major points that emerged from the discussion, one was about the widespread shortage of railway wagons which was proving a major road-block in the day-to-day functioning of industry and trade. Another infra-structural deficiency lies in the insufficiency of power. What is of particular concern is that for various reasons installed capacity is being utilised to the extent of two-thirds or so only. West Bengal came for special mention. The feeling was that unless massive investment is made, the problem of unemployment with its socio-political implications will continue to exist. While appreciating the steps taken by the State Government to restore law and order and to energise the productive activity, it was pointed out during the discussions that it was at the same time necessary that a series of programmes and projects, having high employment content, were initiated.

D.A.V.P.

Value of Advertisements

The Deputy Minister, Central Ministry of Information and Broadcasting, Mr. Dharam Bir Sinha, told the Lok Sabha a few days ago that the value of advertisements released

by the Central Government through the Directorate of Advertising and Visual Publicity in the daily newspapers of Calcutta in the large newspapers in 1970-71 was Rs. 25.11 lakhs and in 1971-72, Rs. 22.03 lakhs; in the medium newspapers in 1970-71, it was Rs. 1.05 lakhs and in 1971-72 Rs. 1.47 lakhs; in the small newspapers, it was Rs. 89,086 in 1970-71 and Rs. 63,681 in 1971-72. He also mentioned the quantity of newsprint allotted to the newspapers; in 1970-71, large newspapers got 20,627.11 metre tonnes and in 1971-72, 22,105.55 metre tonnes; in 1970-71 and 1971-72 medium newspapers got 1,313.84 and 1,347.71 metre tonnes, respectively; small newspapers got 634.43 and 536.87 metre tonnes in 1970-71 and 1971-72, respectively. The Minister was answering questions.

I.D.B.I.

Rediscounting Scheme

The Industrial Development Bank of India's scheme for rediscounting of usance bills covering sales of machinery was introduced in April 1965 with a view to facilitating sales of indigenous machinery by providing adequate credit facilities to manufacturers so as to enable them to market their products by offering deferred payment facilities to purchaser-users of

machinery. The scheme, although seller-oriented, enables a purchaser-user of machinery to repay its cost over a period of up to five years. The seller realises the cost of the machinery sold by discounting the bills with his bankers after despatch or delivery of the machinery to the purchaser. The seller's bank in turn rediscounts the bills with the I.D.B.I.

The scheme has proved to be very popular and is being availed of by a large number of parties. Till the end of June 1972, some 275 sellers of machinery and 1,300 purchasers of machinery have availed themselves of the facilities under the scheme through 27 discounting banks, the total assistance availed of amounting to Rs. 135 crores. Actual assistance disbursed in 1971-72 was Rs. 45 crores, against Rs. 29 crores in 1970-71 and Rs. 2 crores in 1965-66.

WOOL

Export Prospects

Representatives of the International Wool Secretariat and the Australian Wool Commission are currently on a two-week visit to India to assess opportunities for assisting the development of the wool textile industry in India. At a Press conference held in Calcutta a few days ago, Mr. K. C. Kothawala, technical manager, India, International Wool Secretariat, said that the Secretariat had had to adopt a more selective approach in making its services more effective to the Indian wool textile industry. He emphasised the vital importance of developing export markets for woollen products, particularly knitwear. He said that at present knitwear exports were concentrated mainly to east European countries, and mentioned that talks were already under way between the Russian Trade Representative and the International Wool Secretariat about higher prices for better quality knitwear exports.

MONEY MARKET

No Transaction

There has been no transaction in the short-term money market this past week due to the suspension of clearing caused by the strike in the Reserve Bank. The supply of both tea and gunny bills has been small. The demand for remittances has also been small. The pound-sterling has weakened slightly against most major foreign currencies during the week.

A Ditcher's Diary

LAST SUNDAY THE HEADLINES IN A Calcutta newspaper said that the West Bengal Cabinet had struck new ground in Suri. That it had certainly done. All ground outside Writers' Buildings must be new for the Cabinet, even if in a figurative sense. There is, of course, no reason why a Cabinet should be stationary; Authority does not derive its sanction from its customary seat. And in these onward-marching times there is surely something to be said for moving Cabinets. But I am told that Mr. Siddhartha Sankar Ray cannot claim originality in this matter. When Mr. P. C. Sen was Chief Minister a Cabinet meeting was held in Taki. But that was at the house of Rai Harendra Nath Chaudhuri; and, judging by Mr. Sen's recollections as reported in the Press, this was something like a country house gathering. A Cabinet meeting at the Suri Circuit House was a different matter. Mr. Sen had to drop further plans for his mobile Cabinet because of the Sino-Indian war. The present Cabinet seems determined to continue its travels if the people approve of them. How does one know what the people really want? A full-scale Ministerial invasion could be a diversion for the people of a district town and neighbouring villages; for ordinary people it could be an exciting show to break the monotony of the daily grind. But the excitement is no guarantee that the people are "with it", or that they think that the Ministers are "with them". Mr.

Ray was reportedly unhappy at Press speculation about the cost of holding Cabinet meetings at district towns. Some of the estimates may well be exaggerated, but I should like to know more about the exact financial implications of such ceremonial mass contacts. Who will pay for what is not the only question at issue; the fact remains that the excursion to Suri was an unnecessarily wasteful operation. Even more than the waste, it is the gimmickry of the whole thing that I find distasteful. It is not the Ministers' temporary physical presence that can make the district people feel that the Government is "with them"; even a minor piece of helpful official action will provide greater assurance. And for such action to be taken it should not be necessary for the entire Cabinet to impress people with direct evidence of its routine exertions. If the Government cannot function through the district administration, there must be something gravely wrong either with procedure or with personnel. There is no magic answer to daunting administrative tasks; but public relations gimmicks tend to give the impression that there is.

WILL THE SECOND INDO-PAKISTANI summit be put off for an indefinite period? I cannot see Mrs. Gandhi and Mr. Bhutto being able to discuss anything of substance until Pakistan re-

cognises Bangladesh. All of us hoped that recognition would be announced in August and a second summit meeting held in September. But evidently Mr. Bhutto has changed his mind. Or perhaps he has been forced to do so. I have never been sure how much of the Pakistani President's unpredictability is part of his own methodical madness, and how much dictated by pressure of domestic opinion. Since the Simla summit, we have been generally inclined to give him the benefit of the doubt. Even now it is being suggested that he himself is in favour of immediate recognition, but that he is being obliged to show further intransigence under pressure from the Punjabi-dominated military-bureaucratic-industrial elite. His position may have been somewhat weakened by the events in Sind, and he may now be anxious to establish his *bona fides* as a national leader. It has been Pakistan's particular tragedy in recent years that national interests have almost always been identified with the chauvinistic demands of an aggressive Punjabi minority. And Mr. Bhutto himself has strengthened this trend by establishing his power base largely in the Punjab. If his options are now restricted, he has only himself to blame; he is a prisoner of his own politics. Yet Mr. Bhutto cannot be unaware that the pattern must change. If it does not, it will be threatened by forces which the Punjabi establishment will be in no position to control. The North-West Frontier Province is already on the war path, and the Pathans will not be the same kind of proposition as the "old Sindhis". Mr. Bhutto's Chinese friends are doing him no

NEW HOWRAH BRIDGE

A CORRESPONDENT writes in Current Coin: At this time of year when there are very high tides, one of the defects in our old Howrah bridge becomes rather pronounced. At high tide the bridge is so far raised above the level of the shore that the inclines on either side become dangerously steep. About ten in the morning or five-thirty in the evening the Howrah bridge is always rather a lively sight; the vehicular traffic is considerable at such times and Babus and natives of many a caste and creed are pouring across from or to the station, and the suburb of Howrah; the footpaths are quite inadequate to accommodate the throng, which overflows and jostles with the traffic on the roadway. If the tide happens to be at its highest at such a time the scene becomes

the more confused. Coolies with ropes are stationed at either end and drag heavy traffic up the incline or lower it gently down the slope; by such primitive means is traffic taken across the one bridge of the premier city of the Indian empire. The old bridge has done good work and withstood wonderfully the strain put upon it by flood and traffic. But as one sees the congested crowd of humanity and vehicles struggling over it, or views from the bank at high tide the thrust up centre, and the low-strained approaches one can but feel that it is curious that such a bridge should have been so long tolerated. The new bridge having been designed, it is to be hoped that there will be as little delay as possible in setting to work on the building of it.

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...by ... into a false sense of assurance. A Chinese veto against the admission of Bangladesh to the United Nations would not increase Pakistan's diplomatic leverage. The Russians would perhaps only be pleased to see China use its veto in so unprincipled a manner. And, in any case, the veto would not help Mr. Bhutto in getting back the P.O.W.s. Can he afford to wait for an indefinite period? Perhaps he still hopes that Sheikh Mujibur Rahman will agree to talk before recognition. The Sheikh says that he will not; but his decision to prolong his stay in Europe has prompted fresh speculation. Geneva is a pleasant spot for convalescence; but it is also a place where a V.I.P. can meet strangers without attracting much attention.

IT NOW SEEMS ABOUT AS CERTAIN AS anything can be in international politics that the Russians are going to realise their ambition to convene a conference on European security. The first meetings could be held before the end of this year. Which is what makes it so odd that the Czech Government should have chosen this particular time to go ahead with its trials of former Dubcek supporters. Surely Moscow cannot regard it as being in its interests that this mud should be stirred up now; and the idea that the Czechs are acting without Russian approval is so preposterous that it can safely be dismissed without further consideration. So what is the Kremlin up to? One theory is that it is signalling to the western powers in good time for the conference that whatever other advantages there might be for them in holding it, the weakening of Russian control over its European satellites is not one of them. This is a message which could have special meaning for the West Germans, who are working diligently for an easing of tension in central Europe as one way of drawing closer to their fellow countrymen on the other side of the Berlin Wall. Another suggestion is that the Russians are serving notice on their satrapies that accommodation with N.A.T.O. is not to be taken as an excuse for heresy and deviation from orthodoxy within the Warsaw Pact. Alternatively, it could just be that Moscow foresees more trouble in its European empire, perhaps of the kind which toppled the Gomulka regime in Poland last year, and is anxious to let the potential rebels know what is in store for them.

Anyway, whatever the explanation, it is perfectly clear that the Czech trials, which could be reaching their climax just as talks between East and West begin, are not going to improve the prospects for achieving mutual trust and agreement. As events in Bonn have proved recently, opposition to detente with the Soviet Union remains strong in western Europe, perhaps much more so than is the case in Washington at the moment.

AFTER READING WHAT I SAID HERE recently about the "Reykjavik sensation", a friend has pointed out that admiration for Bobby Fischer can no longer be confined to the excellence of his chess game. It must now be extended to his consummate mastery of that infallible technique for winning any contest in sport as expounded by the late Stephen Potter. How the Grand Master of "Gamesmanship" would have approved the tactics of Mr. Fischer, my friend wonders. I would add that Potter's appreciation of the finer points could only have been heightened by the fact that the game is chess. Nothing elemental and cutthroat like golf or scrabble, let it be noted. But chess, formerly so civilised and intellectual, yet now, thanks to Bobby Fischer, as modern and with-it as all-in wrestling and twice as profitable for the contestants. Oh yes, whether he did it consciously or not, there is no denying that the way Bobby Fischer behaved was a more or less faithful copy of the hilarious rules for ensuring victory as laid down so meticulously in Mr. Potter's various books. Moreover, if the unfortunate Spassky had himself

been a Potter devotee he need never have emerged from his confrontation with Fischer looking for all the world like one of those bewildered victims of the Master's techniques. He might still be the world chess champion today. One can only recommend his fate as a dreadful lesson to the Russian Government who, I should not wonder, has hitherto avoided spending precious foreign exchange on the works of Stephen Potter on the grounds they are too frivolous.

THE CONTROVERSY OVER KISSING IN Indian films seems on the point of being revived. The film industry and State Governments have submitted their views on the recommendations of the enquiry committee on film censorship, and a statement has been tabled in the Lok Sabha. I do not know what these views exactly are. But, judging by Press reports, they seem to betray a certain naivete, both about the contemporary conventions in the popular Indian cinema and about public reaction to celluloid sex. I am not even sure if the views expressed do justice to the committee's recommendations. Surely the main issue is not whether kissing should be allowed on the Indian screen; and the committee cannot have advocated nudity for its own sake. In spite of the existing restrictions, many popular Hindi films manage to incorporate a startling measure of eroticism. The restrictions often serve to make this eroticism much more prurient than it needs to be. Frankness is not necessarily obscene; prurience always is. I do not advocate unrestricted candour;

nor do I agree that what is allowed to be exhibited in an imported film must also be permitted in Indian productions. Let's be honest about it: a scene of physical intimacy in a foreign film cannot affect the audience in the same way as one in an Indian film. We are all aware of a difference in social mores; what seems quite unremarkable in a foreign film may strike one as exceptional in an Indian milieu. Yet it does seem odd that so much righteous passion should have been generated over the prospect of kissing in Indian films when both the censors and the public seem to accept unspeakably crude sex on different pretexts. It was Mr. Justice Khosla who once described a young lady's undulating contortions in an Indian film as "a unilateral act of coitus"; and much grotesque obscenity has since been seen in films in which virtue eventually triumphs over vice—but not before vice has had a chance of showing its many seductive facets. Good taste cannot be ensured by censorship codes; and so long as the prevailing tastes remain vulgar it matters little whether the censors allow kissing or not. Perhaps the most amusing piece of hypocrisy is contained in the opposition by the South Indian Film Chamber of Commerce to "kissing as between lips and lips", which is said to be "completely against Indian culture and decency". Surely the Chamber is not totally ignorant of classical Indian literature and art. Besides, even Shakespeare thought that lips could be sealed with "a righteous kiss"; but let me not encourage more self-righteous nonsense.

THE DITCHER

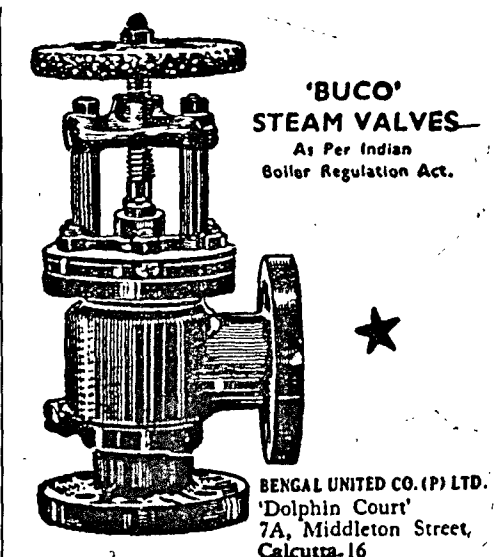
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How to Make Delegation of Authority and Responsibility Effective

By A. G. Kulkarni

Changing business conditions have necessitated the application of the principle of delegation of authority and responsibility. But to be effective, such delegation should be made within reasonable limits.

A LONG with other factors, technological innovations have changed the environmental conditions under which a business unit has to work. And this has resulted in increasing the volume and complexity of business. Changing conditions have necessitated the application of the principle of delegation of authority and responsibility. This principle is being applied in all sorts of organisations—small, medium and large. An executive has to delegate, within reasonable limits, authority and responsibility to enable him to be effective;

and in the next few paragraphs an attempt has been made to note down the scope of "reasonable limits".

The Extent of Delegation

In view of the fact that an executive has to concentrate his mind on important matters and do some creative work, he delegates authority and responsibility to his subordinates, who perform the job of "doers". While delegating, authority and responsibility should go hand in hand. Whenever there is delegation, an executive has to bear in mind certain points, which will help him to carry out his work effectively. He must know, considering the capabilities of his subordinates, as to whom he should delegate, when he should delegate and the extent of the delegation. Wrong delegation with respect to time or person will increase the volume of work and probably create confusion as well. Also, an executive should imagine as to the extent to which he can delegate and should make sure that he keeps his span of control within manageable limits. This will enable him to keep track of the activities. Furthermore, while delegating, the instructions should be definite and clear-cut, so that subordinates will understand the same without any difficulty and there will not be any ambiguity in receiving the communications. On the part of an executive, he should see that he utilises this weapon very carefully, so that there will not be any occasion of misuse of the powers given to him by the management.

An executive will definitely prove to be effective through delegation of authority and responsibility. First, this will help him to devote his attention to more important matters, which cannot be delegated to others. Thus, he will perform the job of a "thinker" effectively. Secondly, through delegation, his subordinates will learn as to how to tackle the business problems, so that someone among them will become the right hand of the executive. Also, such a person can take care of jobs in the absence of the executive, and

the work will not remain pending for want of decisions. Thirdly, such a process will increase the total output of an organisation and everyone in the organisation will contribute towards its progress. Fourthly, as there will be appropriate job allocations, considering the capabilities of an individual, there will be job satisfaction among all the employees. However, if this principle is not understood properly and misuse is made, there will be immediate repercussions of the same.

An executive will face a lot of problems if he goes on doing all jobs on his own; and in order to avoid this situation, he has to take resort to delegation of authority and responsibility. At this time, he should see whether (a) he is clear about the powers given to him, (b) his subordinates are capable of doing the jobs which will be delegated, (c) his subordinates are "learning" consciously, and (d) the workings are within manageable limits. These points should give him positive answers; and then only he will get a green signal to apply the principle of delegation of authority and responsibility.

In the absence of delegation, an executive will not be able to function effectively, and if he continues to depend on his own in his working, it will result in shortening the period of his usefulness to the organisation, which will not be of mutual interest. Furthermore, if this process is continued much longer, then nobody will be able to substitute him in his absence and in the absence of decision-taking, business will suffer. Therefore, every attempt should be made to make maximum use of the tool of delegation.

Sense of Belonging

Against this background, it can logically be concluded that an executive should do only such things as cannot be delegated to or shared by others. This will be in the overall interest of the organisation. He should try to create a sense of belonging among his subordinates and make them learn consciously, so that they will be able to shoulder more and more responsibilities. Just as an instrument needs regular servicing and replacement of parts, similarly the instrument of delegation needs frequent reviews of its application and, from time to time, it may need replacement of ideas due to changes in business situations and atmosphere.

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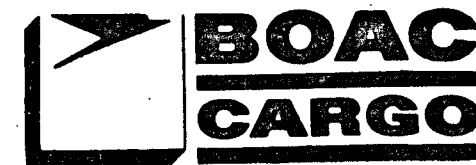


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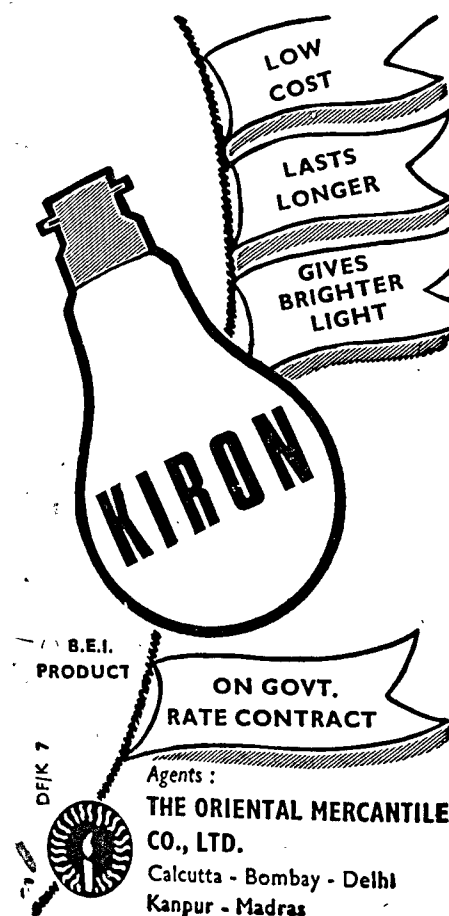
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Main Objectives Behind the Revision of the Industrial Policy Resolution

(By a Special Correspondent)

The current exercise on a revision of the Industrial Policy Resolution is expected to be completed in three months. It will, however, be wrong to think that the object of the review is to reverse the earlier resolution.

THE current exercise on a revision of the Industrial Policy Resolution of 1956 is expected to be completed in course of three months. The exercise is being continued despite protestations from the radicals within the Congress Party that the Government is trying to be soft to larger business houses and the private sector in general. The Central Industrial Development Ministry has prepared a paper on the subject to which the Planning Commission has appended a reaction paper. It is reported that the two papers are complementary, and there is no conflict whatsoever between the Planning Commission and the Ministry. The intention is that whatever changes in the Policy are to be introduced should be dovetailed to the overall objectives of the Fifth and the subsequent Five Year Plans.

It will, however, be wrong to think that the object of the review is to reverse the Industrial Policy Resolution of 1956. Official circles emphasise this point, for leading industrialists, like Mr. J. R. D. Tata, have reportedly urged the Prime Minister, Mrs. Indira Gandhi, to make use of the power she has after the massive majority of the Congress in the States and at the Centre to bring about fundamental changes in the industrial policy in favour of the larger industrial houses. It is officially stated, and with emphasis, that the socio-economic objective of the Government will continue to be one of progressively curbing the concentration of the means of production and distribution in a few hands. In other words, the revised policy will impose greater social control over the big business houses. The Government has already enunciated the concept of the "joint sector" and proposes to apply this concept in increasing

measure in future. It envisages a greater degree of participation in management, particularly at the policy level, by the public financial institutions in those projects which have received substantial assistance from these institutions.

The Prime Minister spelt out this approach in her speech at the last annual meeting of the Federation of Indian Chambers of Commerce and Industry when she extended an invitation to the large industrial houses to participate in evolving a vigorous joint sector. She then pointed out that their main scope for expansion existed in the "core" and "heavy investment" sectors where their contribution would be commensurate with their expertise and experience. But even larger houses cannot develop these sectors without substantial assistance from the public financial institutions. This is why the Government is emphasising the importance of evolving a joint sector where the managerial ability of the private sector can be harnessed with the support of the financial institutions.

The exercise over a revision of the 1956 Resolution began some years ago when it became evident that the growth of industrial production was showing a marked tendency to slow down. That this had happened in spite of a good harvest for four years in succession, buoyancy on the export front, and a fairly comfortable position of foreign exchange reserves was a matter of concern to the Government. These tendencies were not the result of the Bangladesh crisis, for some of them, like the trend of rising prices and the decline in industrial production, the country had been facing for long, much before the refugees started pouring into India early last year.

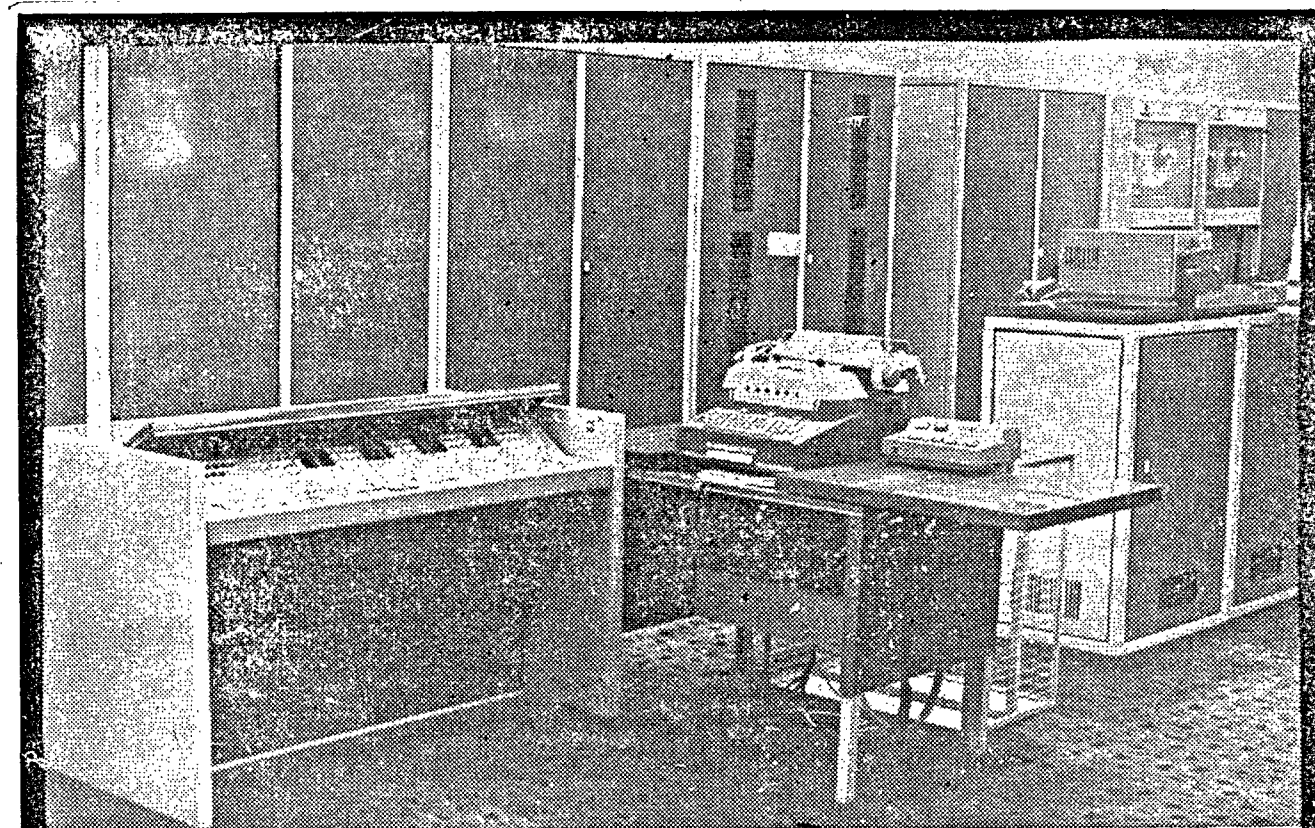
The Government took some snap decisions like permitting units in 54 industries to produce up to twice their licensed capacities, but the response from industrialists has been disappointing. This is for two reasons. First, as far as fuller utilisation of

capacity is concerned, the relaxation is plainly redundant, except in the case of those units where capacity is specified in terms of one or two-shift work. In other cases, the increase in output permitted up to 100 per cent of licensed capacity would involve the creation of additional capacity and not fuller utilisation of the existing capacity. But the Government itself has imposed strict limits on the creation of additional capacity in that installation of additional plant and machinery, whether indigenous or imported, is strictly disallowed.

Industrial units (other than those restricted on a shift basis) could have proceeded to use their excess capacity more fully unless they were faced with shortages of raw materials or of demand for their products. For those units which experience shortage of raw materials, the new policy provides no answer since the policy statement said that "the allocation of additional scarce raw materials for the enhanced capacity will, however, be subject to the same conditions as apply to the allocation of those materials for the existing capacity". For those units which suffer from demand limitations, a mere rise in installed capacity is, of course, no answer.

It is now eight months since the Government announced "liberalisation" in the licensing of expansions on New Year's Day. If the relaxation was intended to be an answer to the immediate problem of stagnation in industrial output, very few of the 54 industries included in the list suffer from capacity constraints. This explains why the response was only from a smaller number of applicants—70 from larger industrial houses and foreign majority firms and about 150 from others. It should not be surprising if some of them turn out to be units which had earlier expanded their output beyond the licensed capacity with the concurrence of the authorities. The Government has now extended the time limit by another two months in the hope that more industrial units will avail themselves of the liberalisation.

This drive for industrial production now seems to be petering out. Therefore, a dispassionate analysis of the existing situation is being undertaken to identify the proximate causes for the poor performance of industry and correct the deficiencies so as to ensure that production expands at a



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more satisfactory rate. The policy-makers are now realising whether it is from the point of sustaining agricultural growth itself, or of improving the supply of consumer goods to the masses, or of providing more employment, or of securing larger revenues for the national exchequer by way of taxes to finance development programmes, wider and faster industrial growth is necessary.

The question is how to achieve this objective and how soon, and whether the 1956 Resolution is adequate for this purpose. The current study is aimed at identifying the areas where nothing significant has been achieved by way of the present industrial policy. For example, in

West Bengal : Promoting Industrial Growth through Diversification

(By a Special Correspondent)

One of the main ways in which West Bengal's industrial growth can be promoted is through diversification into new lines of production. The engineering industry can make valuable contributions towards that end.

WEST Bengal has been the focal point of industrial activity in the country and it occupies the privileged position of almost meeting the country's total coal requirements, besides enjoying a unique position in jute textiles and tea and accounting for more than 50 per cent of the total engineering capacity in the country. The barometer of progress of the eastern region, and indeed of the country, is the State of West Bengal. The industrial crisis which hit India in 1967 was felt throughout the eastern region. The brunt of this crisis was borne by the heavy engineering and structural industries, of which there is a concentration in this region. Apart from facing stagnation on the technological front, these industries find a much smaller market today than in the past. Being mostly dependent on orders from the Central and State Governments, the railways and other purchasing organisations, these industries have felt the pinch most due to the drastic reduction in developmental expenditure.

Although the position of the wagon-building industry is somewhat

practical terms, the policy is not employment-oriented. Similarly, although the resolution has talked about development of backward areas, this too has not been achieved. A more clear-cut amplification of the respective rôles of the public and private sectors is also necessary. Again, although so much has been talked about the joint sector in principle, in concrete terms this is yet to be spelt out and implemented. It is not merely accepting this concept in principle but to use it as a tool to reduce the concentration of economic power and to control industries which is vital to the nation. These are the issues which are now being examined while reviewing the 1956 Resolution at various levels.

better now than in the recent past, with the announcement of orders against the Railway Board's rolling stock programme for the year 1972-73, this vital industry is still facing an acute shortage of raw materials, especially of steel. The export potential of this industry has recently been made known with firm orders from east European, east African and South American countries and there is little doubt that with the necessary impetus, the wagon building industry will be a major foreign exchange earner in future. However, the need for diversification into other lines of production by the heavy and structural industries cannot be overemphasised in order to sustain themselves. Although the scope for diversification is extremely limited as the equipment and skills available do not lend themselves to a quick switch-over to the manufacture of light engineering and consumer goods, it is extremely essential to ensure the growth of the State's economy in terms of capital investment and men employed.

A major area of "backwardness" in West Bengal is in regard to the development of consumer industries, which have grown in other regions at a very rapid rate. In identifying industries with growth and employment potential, there can be no doubt that the State, with its vast hinterland and a massive population of actual and potential consumers, is an ideal loca-

tion for consumer-based industries. Whereas the levels of direct and indirect taxation inhibit the growth of "luxury" industries, there is ample scope for new investment in "essential" consumer units. The eastern region, with its past bias in favour of capital goods industries, has largely neglected this sector of the industry. The up-to-date development of consumer industries can be traced primarily to the last 20 years, when the overwhelming bulk of investment and growth has occurred in other regions. There is, however, every indication that the revival of the eastern region's economy is round the corner and the scope for establishing consumer industries is vast. This step would be a positive move away from the traditional emphasis on capital goods industries and a shift towards a much-needed diversification of the industrial structure in this region.

Today this region is served by a large number of ancillary industries located in other States, such as automobile ancillaries, industrial valves, paper-making equipment, plastics processing machinery, moulds and dies, dairy equipment, optical instruments and portable electric tools. A recent survey has indicated that this region has ample scope for the establishment of such industries as will act as a catalyst for the revival of industrial activity which in turn, will go a long way in solving the principal problems of endemic poverty and unemployment.

The investment needed for setting up an automobile ancillary complex would be between Rs. 20 lakhs and Rs. 3 crores depending on the products chosen for manufacture and the capacity envisaged. The unit could possibly undertake to manufacture products such as pistons, piston rings, piston pins, shock absorbers, engine valves, electrical equipment, namely, starter motors and spark plugs, and transmission components like clutch assembly and steering wheels. Foreign investment and technical collaboration are permissible in these fields on account of the sophisticated nature of technology involved in the production of these items. This region has sufficient capacity for the manufacture of steel castings and it should be possible to establish, with the minimum investment, an economic unit for the manufacture of engine valves with an annual output of Rs. 1 crore. The existing level of production of this item is approximately Rs. 6 crores, while the estimated demand

by 1972-74 has been estimated at Rs. 13 crores.

There are a large number of units in this region engaged in manufacturing fans, sewing machines and various other types of equipment, which are among the important users of roller bearings, but there is only one unit in this region serving the requirements of these industries. The manufacture of roller bearings especially needle bearings therefore, offers scope. Similarly the prospects for establishing units in this region for the manufacture of portable electrical tools are bright.

Another high priority course of action, aimed at diversifying the industrial base and simultaneously contributing positively to economic growth, lies in the development of electronics industries. A major impact can be made on the eastern region's economy by the setting up of industrial estates to manufacture electronic components. Considering the fact that skilled personnel are available in plenty, the eastern States should be in an excellent position to participate in this growth industry. Another way would be to set up totally export-oriented electronic component factories, the production being directed towards the developed nations. An experiment of this nature will be initiated shortly by the Trade Development Authority in Bombay. Items which would find a ready market abroad include printed circuits, capacitors, integrated circuits, loudspeakers, carbon resistors and electronic switches.

These are some of the ancillary items which could be established in this region, but it is doubtful as to whether any fresh investment will be made till such time as the first step is taken by the Government in this connection. In order to renew the confidence of entrepreneurs, there must be a certain amount of preliminary pump priming in the form of large-scale public investment. Although work has been undertaken towards establishing a new port in Haldia, completing the Farakka barrage and constructing a second bridge over the Hooghly, these projects are by themselves just starting points and the allocation of additional public-sector projects will give a boost to industrial development generally. There is a special need for public expenditure on the economic in-

frastructure of the region, particularly on the improvement of communications and flood control. Infrastructural investment depends primarily on local resources of materials and labour which are in plentiful supply and this being the position, it can contribute greatly to the creation of additional employment opportunities and it is the best means of stimulating a general revival of industry.

Clearly, if West Bengal is to grasp the widening opportunities of the second Development Decade, there is an urgent need to move into new lines of profitable production. Two such are the fields of consumer and electronics industries, both of which have potential not only for investment and growth, but also for the purposes of generating employment and foreign exchange earnings.

How to Make the Steel Holding Company a Success

By Subhas J. Rele

It is too much to expect that all the problems of public-sector steel plants will disappear immediately after the formation of the holding company. Its success will depend on how far it will be allowed to operate as a flexible organisation.

MUCH confusion surrounds the concept of a holding company. Maybe, this is due to the fact that the Government's idea on this is still not very clear. What Mr. Mohan Kumaramangalam, Central Minister of Steel and Mines, had to say on the concept at a recent Press conference raised more questions than it answered. It is too much to expect the organisational problems that plague the public-sector steel plants to disappear immediately after the formation of a holding company for steel. The success, to a great extent, will depend upon how far the holding company is allowed to operate as a flexible instrument for the development of the industry keeping in view the socio-economic policy of the Government. It would be also wrong to believe that a miracle can be brought about overnight in steel. The maladies of the steel industry are deep-seated.

There is a small section of opinion in the Government which does not share the general optimism about the holding company. Perhaps the best thing about the Government's decision is that it is largely motivated by economic considerations. The main objective is to achieve horizontal and vertical integration and give the much-needed shot in the arm of the vital steel industry. The question is: Will the Government succeed with so

many imponderables and in-built handicaps?

The Government declared that the holding company would be a joint stock company and will command an investment of about Rs. 2,500 crores. It will bring in its fold all the existing as well as future steel plants, iron ore and coking coal mining and development and so on. Among the public-sector undertakings which would come within its ambit are: Hindustan Steel Ltd, Bokaro Steel, Central Engineering and Design Bureau, Bharat Coking Coal, National Mineral Development Corporation, Manganese Ores (India) and Bolani Ores (India) Ltd. The holding company will also be responsible for the working of the steel plants in the private sector, including I.I.S.C.O. whose management has been recently taken over by the Government.

It is argued that the proposed organisation will make for better co-ordination of all related activities and thus contribute to greater utilisation of steel capacity. The pooling of various services that will result from this arrangement will contribute to greater efficiency among the subsidiary companies. Again, the holding company would be in a better position to promote research and development and also inter-firm comparisons. The subsidiaries although answerable to the holding company will have a large measure of autonomy in administration and implementation which will have a bearing on their performance. The question is: What guarantee is there that the Government after having formed the holding company will

not interfere with the day-to-day working of the subsidiaries?

Questions will arise about the holding company's precise relationship with the companies under its umbrella. The most prudent thing would be for the holding company to give broad directions to the operating units. Much of the success of the holding company concept in other countries is due to the clear demarcation of functions. Is the objective of forming the holding company, as in other countries, "to place the functions of the ownership for state-owned enterprises in the hands of a commercial rather than a political body?" The holding company concept is operating with success in many countries. The Government of India got the inspiration from the successful working of E.N.I. (Ente Nazionale Idrocarburi) in Italy. E.N.I. has been endowed with corporate powers to operate with the flexibility of a private enterprise in carrying out the functions of promoting and actuating initiatives of national interests in the fundamental fields of petroleum, natural vapours and nuclear fuels.

There are several disadvantages inherent in the holding company system. Mr. Harry Guthmann in his book *Analysis of Financial Statements* mentions a few like "the increased taxation and the other expenses of maintaining a number of corporate organisations." He further says that "the device has also lent itself to such abuses as (a) unsound financing, it being easier to build a highly speculative pyramid with a complex system of companies than with a single operating system and (b) the mulcting of companies by devious inter company arrangements, (c) the concealment of financial conditions through the complexities of holding company accounts."

Is it possible to avoid some of these disadvantages in this country? The Government is not yet clear about the organisational framework of the holding company, its relationship with subsidiaries on the one hand and the Ministry of Steel on the other. The functions of the holding company and the Steel Ministry need to be defined to avoid conflict. Otherwise, the whole purpose will get defeated. The need to co-ordinate policy while protecting the entrepreneurial independence of individual enterprises is keenly felt. The foremost question is: How much independent would be the holding company from Government control?

Freedom Jubilee in Parliament

(From Our New Delhi Correspondent)

The freedom jubilee celebrated in the Central Hall of Parliament was an occasion for pride for M.P.s. But a little more importance could have been injected into the function had the Government invited Lord Mountbatten and Mr. Rajagopalachari to grace the occasion.

BUT for the drought in several parts of the country and the rise in prices of essential commodities, the midnight function in the Central Hall of Parliament to re-enact the declaration of India's independence 25 years ago would have been a grand affair. If it turned out to be a day of rejoicing and sorrow at the same time it was because, as the Prime Minister, Mrs. Indira Gandhi, said in her stirring oration that night, during a quarter of a century "we have had our shares of failure and success of tragedy and triumph". But the midnight function was also an occasion for pride for, as President Giri said, despite the extreme stresses and strains, India has emerged as a stable, well-knit and self-reliant nation.

The functions in Delhi and in the rest of the country were on an austere scale for Mrs. Gandhi herself wanted it that way. But perhaps a little more importance could have been injected into the function had the Government invited Lord Mountbatten who actually handed over power to India, and Mr. C. Rajagopalachari, the first Indian Governor-General, to grace the occasion. This was the view not only of the Opposition but of those who hold responsible positions in the Congress Party.

The distribution of "tamrapatras", which was an innovation of the silver jubilee celebrations, attracted a good deal of attention for two reasons. One was the inscription of Mrs. Gandhi on them and the other being that inscriptions were made only in Hindi. Opposition members, particularly the Jana Sangh, took exception to the Prime Minister signing the "tamrapatras" instead of the President of India

who is above parties and is the real Head of the State. The reason for Mrs. Gandhi's name being inscribed in the "tamrapatras" was explained by the Minister of State for Home Affairs, Mr. K. C. Pant, who pointed out that the "tamrapatras" were "distributed" and not "conferred" by the State. This was a valid explanation, although the Opposition members could not appreciate it for obvious reasons. On the question of the "tamrapatras" being only in Hindi, criticism came from non-Hindi speaking M.P.s, particularly from Kerala, Tamil Nadu and West Bengal. Here again there was an official explanation—that all citations are in Hindi—and the Government did not want to make a change in this case. However, this gave an opportunity to the D.M.K. leader, Mr. K. Manoharan, to administer a warning that "this great country" would be disintegrated if a systematic encroachment on the rights of the non-Hindi-speaking people was continued.

Of importance to West Bengal was an assurance given in the Lok Sabha by the Irrigation and Power Minister, Dr. K. L. Rao, that the Central Government would take all necessary steps to ensure the navigability of the river Hooghly and preserve Calcutta port. Dr. Rao admitted that a controversy had arisen over the quantum of water to be released from the Farakka barrage to the Hooghly, but he said the best way to settle the dispute was to re-examine the prototype. Dr. Rao indicated that water from the barrage would begin flowing down the feeder canal into the Hooghly from 1974 and that full discharge of 40,000 cusecs would be maintained throughout the year, including the lean months. If there was a delay in the completion of the project, this was due to labour unrest and sustained floods. Notwithstanding this, 80 per. cent of the work on the feeder canal had been completed and the rest was expected to be completed by December 1973. Despite Dr. Rao's long statement, some members from West Bengal, however, remained unsatisfied.

SPOTLIGHT ON STATES

Bombay : Some New Facets of Student Unrest

(By a Special Correspondent)

Student unrest in Bombay seems to have assumed new forms. They include strikes against increases in tuition fees and violent demonstrations against dress regulations.

STUDENT unrest seems to have assumed different forms in Bombay and Nagpur. The students of the K. C. Law College and Siddharth Law College in Bombay went on a strike to protest against an increase in the fees of the law classes. In the K. C. Law College the Principal was also *gheraoed*. The students' contention was that the colleges could manage without increasing the fees, while according to the college authorities the increase was necessitated by the financial position. The students were successful in having the increases withdrawn after a comparatively short strike.

But the strike in the Somaiya Arts and Science College at Vidyavihar in Bombay lasted as long as 11 days and was on a different issue, viz., the dress regulations of the college for boys and girls. The students demanded the ending of the college authorities' ban on tight pants and mini-skirts and the reinstatement of a professor—Head of the Department of Economics—who was suspended by the management for alleged instigation of the students' agitation. Some students also *gheraoed* the Vice-chancellor of the Bombay University in his chamber. Some also broke a glass pane at the entrance to his chamber, deflated the air from the tyres of his car, ransacked the university canteen and consumed the food-stuffs without paying for them. The Vice-chancellor, who also lost two costly fountain pens—which he had received as gifts—acted with calmness and did not call for police help to remove the students from the university premises. Later a complaint was made to the police but the students lifted the *gherao*.

Some members of the students' action committee later apologised to the Vice-chancellor on behalf of the students. The Vice-chancellor accepted the apology. The dispute was

amicably settled after a four-hour meeting between the college authorities and the students' action committee. The management agreed to allow the students to wear trousers having a minimum bottom width of 15 inches, to be relaxed to 14 inches depending on the physical build-up of the students. The minimum width allowed under the regulations before the strike was 16 inches. Under the agreement girl students were to be allowed to put on skirts or frocks which would cover the knees as against the former restriction that they must extend beyond the knees. As for the reinstatement of the professor, the students agreed that it was not a matter concerning them and the institution and the college should thrash out the matter according to the rules. It is a question whether matters of dress should not be left to the good sense of students and their parents. No other college has such dress regulations.

Nagpur Incidents

In the papers published in Nagpur during the last three months, one

found that the topics that had attracted public attention in the shape of letters to the Press, articles and even occasional editorials were not *garibi hatao* nor unemployment but (a) the stir caused by the University of Nagpur cancelling the examinations at four centres on account of mass copying; and (b) eve teasing mainly by students in Nagpur streets. As for (a), the news was even published in a London paper, and comments on it appeared in this section of *Capital* in an earlier issue. As for (b), different opinions have been voiced on the genesis of eve teasing in Nagpur.

The fact that the Police Commissioner of Nagpur, while speaking over the local radio on law and order, referred to molestation of women by various types of people, including students and non-students, shows that the evil complained of appears to have gone to serious lengths. He has set up police squads to arrest such offenders. He has also in a public statement claimed that the success of the drive by the police against eve teasers and women molesters is due to the co-operation it received from the public and the saner section of students and expressed the hope that on reopening of the colleges the new students will extend the same co-operation to the police in putting down this evil which, besides other things, brings bad name to the student community. However, one need not take an alarmist view of the matter. A distinction may be made between some forms of conduct by students which may not be taken very seriously and molestation.

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Solving the Fleet Operation Problem of I.A. and Air-India

(By a Special Correspondent)

Indian Airlines does not like the idea that Air-India should continue its operations on domestic routes even after the expiry of the agreement between the two. Unless the fleet operation problem is sorted out quickly, many new difficulties will arise.

THE Central Civil Aviation Minister, Dr. Karan Singh, appears to be facing a Jumbo-sized problem. In spite of many common members on the boards of Air-India and Indian Airlines, co-operation and understanding between the two airlines have not fulfilled expectations. Nor has the Civil Aviation Ministry been able to make the two airlines work in total harmony. The recent acquisition of four Boeing 747 jets by Air-India has created some problems and the measures being considered to solve these have aroused apprehensions in Indian Airlines. I.A. sources feel that what has only been taken into account is to bale out Air-India out of its present difficulties.

Air-India's problem is that with the acquisition of four Jumbo jets, it has developed some surplus capacity

which it is trying to utilise on the domestic trunk routes. In addition to the Jumbos, Air-India has nine Boeing 707 planes and it is estimated that it could spare at least three of the latter aircraft. Already one Boeing 707 is under charter to Indian Airlines. In its latest schedule (August-October), Air-India has planned a total of 13 flights a week between Bombay and Delhi, that is, extensions of its international flights to the domestic leg. Presumably, this is in addition to the flights Air-India is operating, on a charter basis, for Indian Airlines between Bombay-Calcutta, Bombay-Bangalore and Bombay-Madras. The charter agreement between the two comes to an end in the middle of January next year. Air-India is apparently keen on continuing its operations on the domestic routes even after the agreement ceases to be operative.

According to I.A. sources, Indian Airlines will become self-sufficient to cater to the domestic services, with the expected full utilisation of capacity of its new seven Boeing 737 planes, which are admittedly more modern than Air India's Boeing 707 fleet and are more economical to operate. I.A.'s fear is that if Air-India is allowed to continue its operations on the domestic routes, it will not be in a position to take advantage of its own Boeing fleet fully.

Against this, the argument put forward is that Air-India's surplus capacity is also a national asset and should be put to some use. If national interest is the ultimate criterion, others argue, then the economics of operation of Boeing 707s and Boeing 737s should also be taken into consideration. Apparently a Boeing 707 plane consumes two times as much fuel as a Boeing 737. It is estimated that the former aircraft consumes Rs. 2,500 worth of fuel more an hour of flying than the latter. Since an aircraft is flown usually for at least 3,000 hours a year, the additional cost on fuel alone in flying a Boeing 707 aircraft will be Rs. 75 lakhs a year. Since

fuel is imported, there is a hidden foreign exchange drain in operating the Boeing 707 fleet on the domestic routes in preference to Boeing 737 planes, it is pointed out.

When I.A. bought its fleet of Boeing 737s, it traded off 14 of its Viscount planes to the Boeing Company. It is not known why Air-India could not think of a similar arrangement when it bought the Jumbo jets. The Ministry's problem presently is how to solve the clash of interests between the two airlines. It tried to introduce some amount of joint fleet planning, but the experiment has not succeeded. Rightly or wrongly, there is a feeling that the Ministry looks more to Air-India's interests than to I.A.'s. Government sources deny any sort of partial treatment, but the feeling of neglect persists in I.A. circles.

If the Minister has any plan to iron out these differences, no one knows about it. A solution suggested is the merger of the two airlines, but this is a remedy which might create more problems than it could solve. A joint board or a holding company could be another solution, but there is not much enthusiasm in the Ministry for this remedy either. But a solution has to be found to set things in order in the civil aviation field. Any delay in sorting out the fleet operation problem will only create new difficulties.

AIR FRANCE

Order for Concorde

The first of the Concorde jetliners ordered by Air France is approaching the flight-test stage. "You can call it the definitive Concorde—a cleaner, more powerful and slightly longer supersonic aircraft than is at present available," said a spokesman of the British Aircraft Corporation (B.A.C.) in Filton, near Bristol, south-west England. B.A.C. and Aerospatiale of France are the joint builders of the aircraft. The president of Air France, M. Georges Galichon, and the president of Aerospatiale, M. Henri Ziegler, signed recently in Paris for four Concorde at a price of £13,000,000 an aircraft. Air France has an option on four more Concorde. The airline has already announced that it will fly the Concorde on the Paris-New York, Paris-Rio de Janeiro and Paris-Tokyo (via Siberia) routes.

An Important Supreme Court Judgment on Deduction of Wealth Tax as Expenditure

By C. R. Thiagaraja Varma

In a recent judgment, the Supreme Court has held that wealth tax paid by the assessee, a trading company, on assets held by it for the purposes of its business was deductible as a business expense in computing the assessee's income from business. But the Wanchoo Committee has held a different opinion.

IN the course of its review of the various exemptions, deductions, reliefs, etcetera, allowed by the tax laws with a view to their modification, curtailment or withdrawal, the Wanchoo Committee considered, among other things, the question of allowing wealth tax as an admissible deduction in computing the taxable income. However, the committee did not favour any amendment to the law for allowing the wealth tax payable by an assessee as a deduction in determining his total income. According to the committee, "when the maximum marginal rate of income-tax is itself high, allowing wealth tax to be deducted from the income liable to income-tax will virtually amount to exemption from wealth tax in cases where the maximum marginal rate of income-tax is attracted and the relief in all high income cases will be very considerable and in the process the purpose of levying wealth tax will be defeated." While arriving at this conclusion, the committee was also influenced by the Supreme Court's decision in Travancore Titanium Products Ltd versus C.I.T. (1966) 60 I.T.R. 277 where the deduction of wealth tax payable in respect of business assets as expenditure was held to be inadmissible.

There was a feeling in knowledgeable circles that the above view of the Supreme Court required reconsideration. Fortunately, the Supreme Court itself recognised this need and reviewed its decision in Travancore Titanium case in the course of its recent judgment in Indian Aluminium Co. Ltd versus C.I.T. (1972) 48 I.T.R. 735. It is gratifying to note that the Supreme Court itself accepted that the decision in Travancore Titanium case was erroneous. As a review of the decision is not likely to cause any public in-

convenience, hardship or mischief and as the decision will affect numerous assessee, the Court thought it fit to review the decision. As a result, the decision in Travancore Titanium case was modified and overruled in part. The Supreme Court held that the wealth tax paid by the assessee, a trading company, on assets held by it for the purposes of its business was deductible as a business expense in computing the assessee's income from business.

It would be interesting to analyse the judgment briefly in order to understand the basis of the revised conclusion. The point involved was whether the wealth tax paid by the assessee could be deducted as an expenditure laid out or expended wholly and exclusively for the purposes of the busi-

ness. This aspect of deductibility or otherwise of an expenditure has engendered judicial conflict not only in India but also in the U.K. Attempts have been made by eminent judges to formulate correct tests to determine whether an expenditure has been laid out or expended wholly and exclusively for the purpose of business or not. However, no one has been able to find a test in the application of which differences of opinion do not arise.

In fact, the error which crept into the decision in Travancore Titanium case could be traced to an application of one such tests laid down in the House of Lords in Strong and Co. of Romsey Ltd versus Woodfield (1906) 5 T.C. 215 by the Lord Chancellor who said that expenses cannot be deducted in computing profits if they are mainly incidental to some other vocation, or fall on the trader in some character other than that of trader. The nature of the trade should also be taken into consideration.

Applying this decision as well as certain others which followed the same reasoning, the Supreme Court adopted the test in the Travancore Titanium case that to be a permissible deduc-



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not interfere with the day-to-day

tion there must be a direct and intimate connection between the expenditure and the business, i.e., between the expenditure and the character of the assessee as a trader and not as owner of assets, even if they are assets of the business. Consequently to the review of this decision, the Supreme Court has qualified the above test by stating that if the expenditure is laid out by the assessee as owner-cum-trader and the expenditure is really incidental to the carrying on of his business, it must be treated to have been laid out by him as a trader and as incidental to his business.

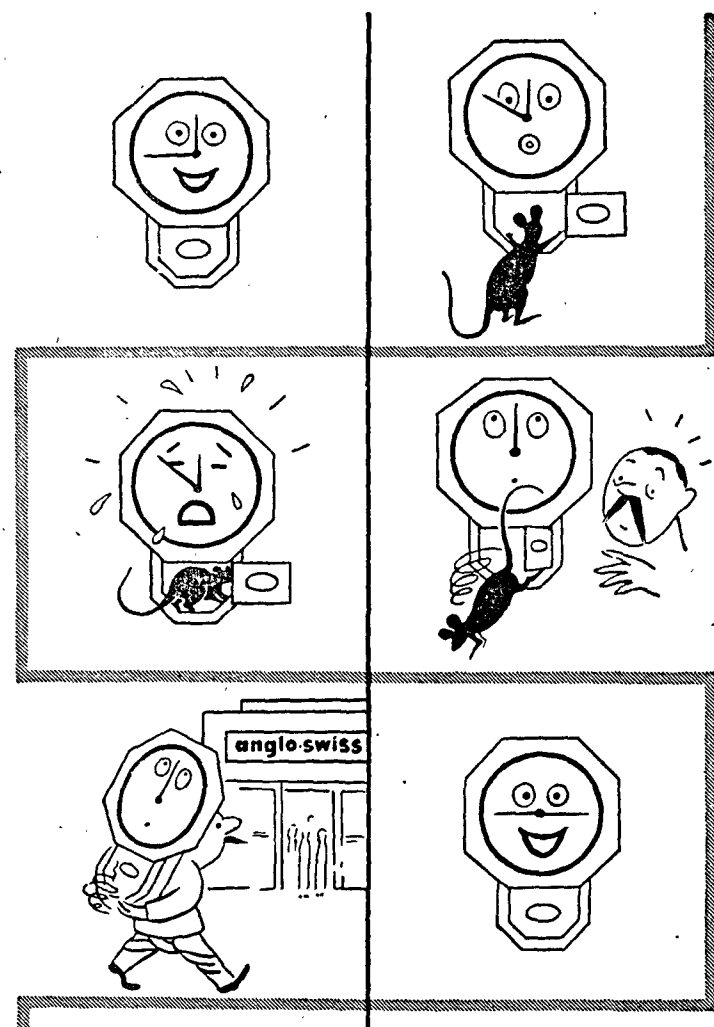
In making this qualification the Supreme Court has been very much influenced by the decision of the House of Lords in *Smith versus Lion Brewery Company* (1910) 5 T.C. 568 and *Usher's Wiltshire Brewery Ltd versus Bruce* (1914) 6 T.C. 399, the decision of the Court of Appeal in *Harrods (Buenos Aires) Ltd versus Taylor-Gooby* (1964) 41 T.C. 450 and the decision of the High Court of Australia in *Mofatt versus Webb* (1913) 16 C.L.R. 120. Of these cases, the last-mentioned case alone was not cited in the Supreme Court when the Travancore Titanium case was assigned.

The Supreme Court felt that commercial practice and trading principles also warrant such deductions of a tax on assets or capital used wholly and exclusively for carrying on trade or earning profits. They may preclude deductions of taxes on net profits but not those imposed on net assets or wealth used exclusively for making profits. Thus the causal connection between payment of tax and that part of net wealth which is used wholly and exclusively for trade and not the mere character or capacity for the possession of which the tax is demanded which determines whether it is an allowable deduction or not.

As rightly pointed out by Mr. Justice Beg in his separate judgment, the Wealth Tax Act was not intended to strike at or check expansion of commercial activities. Its underlying purpose was the removal of disparities of individual or personal wealth and not injury to trade. It is a tax aimed at individuals whose wealth exceeds certain limits. He was emphatic that nothing less than express statutory provision would justify a denial of the right to deduction of wealth tax paid. That part of the wealth tax which falls on what is used exclusively for trade can really be ascribed only to a trading character. To the extent it is a tax on property used for earning profits it must enter into a computation of profits from trading. It is only fair that the burden of proving whether the whole or a part of the wealth tax paid by an assessee is attributable wholly and exclusively to the carrying on of a trade and therefore is an allowable deduction should rest upon the assessee in each case.

As pointed out by the Supreme Court, in the case of individuals who have both business assets and debts, it should not be difficult to evolve a principle or frame statutory rules to find out the proportion of the wealth tax which is really incidental to the carrying on of the trade. In fact, the wealth-tax return form itself requires the assessee to show his business assets and liabilities and non-business assets and liabilities separately. Thus the Wealth Tax Act makes that part of the net wealth separable which can be utilised wholly and exclusively for trade from the remainder of it.

Let it be hoped that even if the Government does not come forward with a specific amendment to provide for such deduction, it will be wise enough not to introduce any amendment in order to supersede the Supreme Court's decision in the Indian Aluminium case.



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MONEY AND BANKING

Need to Streamline the Training Programme for Bank Personnel—II

(By a Special Correspondent)

Many big banks have set up institutes for the training of their staff. But they have apparently been established more to meet official requirements than institutional needs. This is the second in a series of two articles. The first appeared last week.

APART from the Bankers Training College in Bombay and the Co-operative Bankers Training College in Poona sponsored by the Reserve Bank of India, Bank of Baroda, Bank of India, Bank of Maharashtra, Canara Bank, Punjab National Bank, State Bank of India, Syndicate Bank, United Bank of India and Union Bank of India have also established their own training colleges. The Central Bank of India and the Dena Bank have sponsored the Sir Sorabji Pochkhanawala Bankers Training College at Irla, Bombay, while the Bank of India and the Bank of Baroda also have a joint college in Bombay, although one of the banks reportedly does not participate in the training programme.

Particulars furnished to the working group indicate that apart from the State Bank of India, the State Banks of Saurashtra, State Bank of Mysore and the State Bank of Patiala have also separate training schools for their officers while the State Bank of Travancore and State Bank of Bikaner and Jaipur have training institutes largely for their clerical staff. Although the State Bank and its seven subsidiaries have separate identities, one does not understand why the bank has not taken steps to centralise all training activities under one roof as is being done by the B.T.C. for the entire banking industry, instead of five of the subsidiaries having separate training institutes. The State Bank also conducts a training school for cashiers and clerks. Perhaps the bank's regional training centres or schools could look after the training of clerical staff of the entire complex including the subsidiaries. More centres could be set up to meet the requirements, and all the officers

could be trained at one centre. This should enable it to make its training programme more effective and purposeful and also minimise expenses and avoid duplication or multiplicity of institutions.

Likewise, although each of the nationalised banks has set up regional training centres all over the country for their clerical staff, they should sponsor joint colleges at various centres to train their officer staff. The experience of the two joint colleges does not, however, appear to be too happy. The National Institute of Bank Management has already taken steps to set up two regional colleges for the smaller banks but one does not know why there should be a distinction between big and small banks or why there should be any sensitiveness about identity even in the matter of training. Whatever the future set-up of banks may be, the N.I.B.M. should now take steps to pursue the recommendations of the working group as also its review committee in the light of the recommendations of the Banking Commission so that it may facilitate the evolution of a banking cadre, besides meeting the urgent needs of the banking industry.

The N.I.B.M. has been in existence for over three years and it is necessary to make its rôle more meaningful and purposeful. It should have an effective control over all training institutes in the banking industry, including the B.T.C. There are indeed certain other institutes concerned with and supported by the banking industry, such as the Indian Institute of Bankers and the Indian Banks Association. The Banking Commission has recommended the merger of the activities of the Agricultural Refinance Corporation and the Agricultural Finance Corporation. Where then is the need for a multiplicity of institutions as long as their goals are the same? They cannot function in isolation and their rôles are not opposed to each other's and, therefore, all such institutes should be brought together under a unified control and should be assign-

ed functional rôles so that there is no conflict or duplication of effort. There is thus a strong case for bringing together the N.I.B.M., the I.I.B. and the I.B.A.

There is also a strong case for examining the structure of the various training colleges now in existence. According to the directory of courses, 1970-71, published by the N.I.B.M., apart from the B.T.C. and the State Bank of India's college, ten of the nationalised banks have set up their own training institutions, two of them a joint college and another two a joint college in addition to their separate colleges. Particulars furnished to the working group show that the State Bank staff training college has a principal who is one of its retired officers and six instructors, all from the bank. It conducts four courses in addition to special courses from time to time and also holds seminars for relatively senior officers and trains about 400 officers in a year.

The joint college of the Bank of India and Bank of Baroda has one principal who is a retired executive of another bank and nine instructors deputed by the banks. It conducts two courses and trains about 168 officers from both the banks. The Bank of India college has a principal and seven instructors all from the bank while the Bank of Baroda college has a principal and six instructors, all from the bank. It conducts one course and trains about 40 officers apart from others. The Central Bank of India and Dena Bank joint college has perhaps the highest capacity with a large building, hostel and residential quarters built at a cost of over Rs. 60 lakhs but it has still to function in full swing, although both the banks have big plans of branch expansion and together account for about 1,500 branches. It had one principal who was a retired official of the Reserve Bank, and four instructors, two from each bank. It had plans to conduct courses all round the year.

The Punjab National Bank college has a principal who was formerly with the Reserve Bank and also served a term as an instructor at the B.T.C., and six other instructors from the bank. It conducts five courses and trains about 90 officers. The United Commercial Bank college conducts a banking course for officers of the level of accountants and junior managers and trains about 19 officers. There are three or

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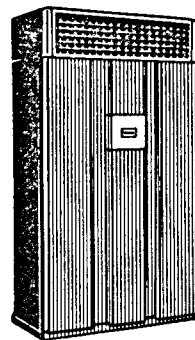
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- Choice of water or air cooled models.
- Dependable and trouble-free in performance; backed by Blue Star's warranty and free service for one year, and a countrywide network of service centres.



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Prasyn 16/72

four regular officers on its faculty. The United Bank of India college conducts five courses and trains about 200 officers. It has a superintendent and three instructors, all from the bank. The Indian Overseas Bank college conducts about six courses and trains about 45 officers. It has a principal who is an outsider and two tutors who are officers of the bank. The Union Bank college conducts four courses and trains about 64 officers. It has a principal, who was formerly with another bank, and four tutors from the bank. The Canara Bank training school conducts a senior course in banking and trains about 80 officers. It has two instructors, sometimes assisted by a third.

The Academic Committee of the N.I.B.M. appointed a review committee on the training programme of commercial banks. The committee made specific recommendations concerning the infrastructure, training programmes, personnel development and management policies and general evaluation. Training programmes in these institutes were viewed in the total context of management development of respective banks. The report of the committee was discussed in a workshop on management development in the banking industry in March 1970 by the principals of training colleges, senior bankers, custodians and chairmen who recommended its adoption.

This committee, like the working group, had suggested an excellent approach to the problem and its views on the subject are unexceptionable. Dealing with the infrastructure, the committee observes: "The nature and quality of instruction provided by these colleges ultimately depend upon the calibre of the teaching staff." It was of the opinion that "in most of the colleges the size of the teaching faculty is somewhat small and in quite a few cases did not exceed two or three in number. A group as small as two or three instructors has its inevitable limitations of not being able to undertake either the type of training activities necessary or on the scale on which training has to be developed. It also makes it difficult for the instructors to develop any type of specialisation or expertise in the various fields of banking operations." All this apparently proves that some of these institutes have been set up to meet official rather than to meet institutional requirements.

(Concluded)

CAPITAL, 24th AUGUST, 1972

INVESTMENT

Steadier Trend in Shares : Turnover Still Restricted

THE stock markets have continued to display a weak tendency this past week. Movements have been irregular but confined within a small range. After a further early retreat, the markets have tended to look up under the influence of some favourable factors, but could not make much headway and near the week-end slipped again to a new low for the year. The price pattern at the close of the week has, however, been a mixed one, indicating that the markets are becoming somewhat reluctant to move further down. Turnover remains small with outside public participation shrinking to a trickle.

Reports, since denied, that the Government was likely to accept the Wanchoo Committee's recommendation forbidding individuals and institutions to hold more than Rs. 5,000 in unaccounted cash at any time made for a shaky start. Selective institutional buying, mostly by the Unit Trust, has imparted a measure of stability. Sentiment has also been aided by a number of other favourable influences. Since equity prices have already registered a big decline, technical considerations have favoured a rally. The outlook for *khari* crops has considerably improved as a result of good and widespread rains all over the country. The corporate news has been reasonably pleasing. The Prime Minister's statement that nationalisation is not the only answer to the country's economic problems has been viewed with some satisfaction as the markets have been becoming increasingly concerned over the takeover craze.

The Central Industrial Development Minister, Mr. C. Subramaniam's defence of the issue of industrial licences for expansion to firms belonging to the houses of Birla and Tatas has created a favourable impression. Reports that the Central Cabinet has decided to increase the compensation for Indian general insurance companies have also helped trading sentiment. The mood, however, remains unsettled and investors' confidence has sunk to a new low. There is general reluctance to make fresh purchases, although the substantial decline in prices over the past

few months is thought to have brought a good many shares to fairly attractive levels. Sellers are becoming increasingly shy.

Gilt-edged securities have remained steady this past week, although turnover has not greatly improved. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.95. The State Government loans have received selective support, although the volume of business has remained restricted.

The Calcutta stock market has remained quietly steady this past week. There has been a mild rally in cleared securities on short-covering and replacement buying. But operators have generally been reluctant to extend their commitments. So turnover has remained restricted. The introduction of the Companies Amendment Bill in the Lok Sabha, talk of fixing a ceiling of Rs. 5,000 on cash holdings by individuals, Hindu joint families, companies and associations and the Prime Minister, Mrs. Indira Gandhi's statement that radical changes in the industrial structure were inevitable, have affected sentiment. But reports of higher compensation to Indian general insurance companies have been regarded as good news. Among engineering shares, Guests Keen Williams, Sankay Wheels and Simon Carves have been steadier. Among jute shares, Kankarrah, Budge-Budge and New Central have been transacted. Among coal shares, Bengal Amalgamated and East Indian have reacted. Among paper shares, Orient, Titagur and Tribeni Issues have improved. Among miscellaneous shares, Ruby General Insurance, Universal Tyres, B.I.C., Inchek Tyres and Usha Martin Black have been supported. Among tea shares, Hasimara, Huldibari, Teesta Valley and Bishnauth have been traded.

Dalal Street has performed slightly better this past week. After an initial weakness, equity prices have developed a somewhat steadier tone. Reduced offerings at lower levels, short-covering and selective purchases by the Unit Trust have not only erased early losses but many counters have managed to wind up with small gains.

Activity, however, has been restricted and outside public interest has been poor. Despite fairly large institutional support—the Unit Trust has fairly large surplus funds to invest in equities—individual investors are inclined to keep off the market because of the various uncertainties on the economic front. Quite possibly Dalal Street may have given a still better performance but for the strike by the employees of the Municipal Corporation's B.E.S.T. undertaking and the State Road Transport Corporation. The strike fever is still running high and one does not know how the situation might develop. Cotton textiles have maintained a quietly steady tone on ideas of improved corporate results. Except Century, which have been marked a little lower on balance on speculative pressure, other textile shares like Standard and Kohinoor have recorded small gains. Rayons have also fared better with most counters closing with plus signs. Steel shares have ruled steady on scarcity of fresh offerings and short-covering. Engineering shares have made a mixed showing, but net changes have

COMPANY REPORTS

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

Bajaj Auto

BOAC

Digvijay Cement

Digvijay Woollen

Hindustan Lever

Hindustan Sanitaryware

India Engineering

India Tobacco

Indian Rubber

Larsen and Toubro

Philips India

Ramon and Demm

Star Textile

been small. Chemicals have displayed a slightly steadier tone. Gujarat Fertiliser, N.O.C.I.L., Polyolefins, and Synthetics and Chemicals have recorded moderate gains. Cement shares have ruled easier because of the cement workers' strike. Among shipping shares, Scindia have held distinctly firm while Great Eastern have been subdued.

The Madras stock market has generally remained dull during the past week. In the planting section, Peria Karamalai and Manjushree have been bought. Consolidated Coffee and Kailash have also attracted buying enquiries. The textile shares have recorded little change. Madura Mills and Loyal Textiles have evoked interest. But Travancore Rayons and South India Viscose have declined on selling pressure. In the miscellaneous section, Indian Steel Rolling have declined while Trichy Steel have met with some business. Ashok Leyland and Mettur Chemical have also been traded. Among paper shares, Seshasayee Industries and Mysore Paper have been traded. Among sugar shares, Deccan Sugar have noted business while E.I.D. have declined on selling pressure. Andhra Sugar and Aruna Sugar have declined on selling pressure. There has been very little change in bank shares during the week.

India Tobacco : Steady Progress Towards Self-reliance

IN his chairman's statement at the recent annual general meeting of India Tobacco Company Ltd, Mr. A. N. Haksar reviewed the progress of the Company towards the nation and consumer orientation on the occasion of the country's completion of the twenty-fifth year of independence. (A full text of the statement was published in last week's issue of *Capital*.) The chairman said that the progress of the Company depends upon the confidence of the public on the one hand and service to consumers on the other. He reviewed some important aspects of the Company in the context of the country's problems and in the furtherance of Government policies. Keeping in view the Government's policy of "Indianisation", the Company's Indian shareholding was increased from Rs. 1 crore to Rs. 4.79 crores in 1970. In the final phase, majority Indian capital will be achieved through the implementation of further projects which

will be put up to the Government for consideration in due course. The Company, in every aspect of its operations, has pursued to achieve self-reliance in professional management, machines, and materials. It is making a determined effort to earn foreign exchange. In the past 25 years, the Company's group exports of tobacco have amounted to a total of Rs. 152 crores, and in recent years such export of unmanufactured tobacco has averaged around Rs. 10 crores a year.

The Company set up a research and development wing with a well-equipped modern laboratory in Calcutta in 1952. Encouraged by the achievements of this wing, the Company is expanding its research activities and is setting up an integrated research centre in Bangalore at a cost of approximately Rs. 40 lakhs. It was given the 1971 award for outstanding contribution in the field of industrial relations by the

Federation of Indian Chambers of Commerce and Industry. The Company's philosophy is based on pride in home product with quality, service and satisfaction for consumers. Modernisation for the processing of tobacco has been undertaken at all the factories for further improvement in quality. The Company welcomes healthy competition and has offered its know-how on technology and marketing to everyone in the industry. It is fighting inflationary expenses through higher productivity, innovation, improved technology and greater efficiency in the deployment of resources. Mr. Haksar looks forward to the future with confidence and says that in the ensuing years the Company will be "doing its best to hopefully implement its diversification plans."

BOAC

Operating Surplus

BOAC has announced an operating surplus of £2 million for the financial year 1971-72, but a loss of £1.4 million after deduction of interest, taxation and allowance of net non-operating expenses. This compares with the 1970-71 operating surplus of £5.9 million and a group profit of £3.4 million. BOAC will pay the British Government a dividend of £3.25 million representing a 5 per cent return on public capital invested in the airline. The annual report says that the airline's profitability was adversely affected by a number of factors. The lower rates for the carriage of mail cost around £2 million and uncontrolled proliferation of "charter" flights continued to poach on scheduled traffic. The weakness in the American and British markets was a depressing influence. The vigilance against hijacking was maintained despite the adverse effect on punctuality and costs.

Additional factors were the war between India and Pakistan which disrupted BOAC operations on the eastern routes, the devaluation of the dollar which undermined the fare structure and the imposition of *en route* navigation charges, increase in fuel costs and landing fees. Sir Keith Granville, chairman, said that there were already some positive indications that the major markets were improving and traffic beginning to increase once again. He stated that load factors into and out of the U.K. were already approaching charter levels. He had every reason to hope the Government policies would be successful in finding a viable solu-

tion to scheduled and charter relationship.

BAJAJ AUTO

A Good Year

THE working results of Bajaj Auto for the year ended March 1972 show an appreciable improvement over the previous year's performance. The preliminary figures show an increase of 21.3 per cent in sales from Rs. 12.57 crores to Rs. 15.25 crores and the gross profit is up by 22.4 per cent from Rs. 2.32 crores to Rs. 2.84 crores. The equity dividend has been kept unchanged at 12 per cent. After providing Rs. 51.50 lakhs (against Rs. 46.26 lakhs) for depreciation, Rs. 7.25 lakhs (against Rs. 6.40 lakhs) for development rebate reserve and Rs. 151.46 lakhs (against Rs. 113.20 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 73.87 lakhs, against Rs. 66.15 lakhs in the preceding year. The surplus has been transferred to general reserve out of which the proposed dividend absorbing Rs. 18.80 lakhs (same) will be paid.

DIGVIJAY CEMENT

Share Offer

SHREE Digvijay Cement has decided to offer its shareholders equity shares of West Coast Paper Mills, a subsidiary, in the ratio of one West Coast share for every ten Digvijay shares. The West Coast share of the face value of Rs. 100 is being offered at Rs. 140 and the entire sale price is payable in full on acceptance of the offer. The offer is sequel to the Company's decision to release 24,938 equity shares of West Coast Paper from its own holding.

HINDUSTAN LEVER

Good Progress

HINDUSTAN Lever has reported improved results for the half-year ended June 1972. The preliminary figures show that sales, profit and margins are higher than in the same period last year. Sales during the first six months of the current year are placed at Rs. 76.80 crores, against Rs. 71.16 crores during January-June 1971, representing an increase of about 8 per cent. The pre-tax profit is higher by about 15 per cent at Rs. 4.32 crores, against Rs. 3.76 crores. After providing Rs. 6 lakhs (against Rs. 13 lakhs) for

expenditure on scientific research and Rs. 2.74 crores (against Rs. 2.10 crores) for taxation, the net profit amounts to Rs. 1.52 crores, against Rs. 1.47 crores during the first half of 1971. During the year ended December 1971, the Company had made a pre-tax profit of Rs. 7.59 crores on a turnover of Rs. 134.10 crores, against Rs. 5.48 crores on a turnover of Rs. 119.21 crores in 1970. Exports are also running at a satisfactory level and the directors expect the Company to exceed last year's record export figure of Rs. 5.52 crores.

INDIAN RUBBER

Sales Up but Profit Down

DESPITE a rise of 10 per cent in sales from Rs. 110.85 lakhs to Rs. 122.47 lakhs, the gross profit made by Indian Rubber Regenerating Company during the year ended March 1972 has declined by about 15 per cent from Rs. 19.79 lakhs to Rs. 16.83 lakhs, indicating pressure on margins because of higher costs of production. The dividend has been maintained at 12 per cent. After providing Rs. 10.43 lakhs (against Rs. 9.36 lakhs) for depreciation, Rs. 1.25 lakhs (against Rs. 2.66 lakhs) for development rebate reserve and Rs. 1.19 lakhs (against Rs. 1.15 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 3.96 lakhs, against Rs. 6.62 lakhs in the preceding year. After certain adjustments, a sum of Rs. 4.28 lakhs (against Rs. 5.55 lakhs) has been transferred to general reserve

out of which the proposed dividend absorbing Rs. 4.20 lakhs (same) will be paid.

The Company's production of reclaimed rubber amounted to 7,262 tonnes during 1971-72, against 6,456 tonnes in the previous year. Its exports were higher at 801 tonnes, against 276 tonnes. The Company has installed another rotary autoclave as part of its expansion and modernisation programme which along with other balancing equipment will go on stream by October.

HINDUSTAN SANITARYWARE

Sales and Profit Rise

HINDUSTAN Sanitaryware and Industries Ltd has fared well during the year ended March 1972. Sales have improved from Rs. 1.54 crores to Rs. 2.09 crores, and the net profit has risen from Rs. 15.02 lakhs to Rs. 19.33 lakhs, after transferring Rs. 11.81 lakhs (against Rs. 11.04 lakhs) for depreciation, Rs. 45,000 (against Rs. 1.15 lakhs) for development rebate reserve and Rs. 25.82 lakhs (against Rs. 12.40 lakhs) for taxation. In view of higher earnings the directors propose to raise the equity dividend to 10 per cent from the previous year's 8 per cent. This offers a yield of 5.9 per cent at the present price of Rs. 16.87 a share of

PHILIPS INDIA : SHARE ISSUE

THE directors of Philips India Ltd propose to issue 1,330,000 new equity shares of Rs. 10 each at a premium of Rs. 15 a share, as approved by the Controller of Capital Issues on the following basis: (1) 294,000 equity shares to N. V. Philips' Gloeilampenfabrieken, Holland, in conversion of its foreign currency loan to the Company; (2) 420,000 equity shares to the existing shareholders resident in India in the proportion of one equity share for every four shares held; (3) 92,400 equity shares to the wholtime Indian directors and Indian employees of the Company; and (4) 523,600 equity shares to the Indian public. The entire amount of Rs. 25 a share (Rs. 10 on capital account and Rs. 15 on premium account) will be

payable in full on application. It is expected that the new equity shares will be offered to the public early in December this year. The new shares will rank *pari passu* in all respects with the existing equity shares of the Company except that they will not participate in any dividend which may be declared in respect of any period ending on or prior to 31st December, 1972. The issue of the new equity shares will increase the participation of the Indian public in the equity capital of the Company from 31 per cent to 40 per cent. Later this year, the directors hope to declare an interim taxable dividend, not exceeding 12 per cent, on the existing equity shares for the year 1972.

5³/₄ PERCENT STATE GOVERNMENT LOANS, 1984

STATE	Amount of Loan (In crores of Rs.)	Issue price per cent Rs.
1. Andhra Pradesh	20.50	100.00
2. Assam	4.50	100.00
3. Bihar	12.00	100.00
4. Gujarat	12.50	100.00
5. Haryana	7.50	100.00
6. Himachal Pradesh	1.00	100.00
7. Kerala	7.00	100.00
8. Madhya Pradesh	9.00	100.00
9. Maharashtra	19.75	100.00
10. Meghalaya	1.00	100.00
11. Mysore	14.25	100.00
12. Nagaland	1.00	100.00
13. Orissa	8.50	100.00
14. Punjab	6.25	100.00
15. Rajasthan	16.75	100.00
16. Tamil Nadu	20.00	100.00
17. Uttar Pradesh	19.75	100.00
18. West Bengal	13.00	100.00

All loans will open for subscriptions on Monday, 4th September 1972 and close on Saturday, 9th September 1972 or earlier without notice as soon as subscriptions approximate to the amount of each issue. All the State Governments reserve their right to retain subscriptions upto ten per cent in excess of the notified amounts.

The loans will be redeemable at par after 12 years i.e. on 4th September 1984 and interest will be paid half-yearly on 4th March and 4th September each year. Interest in respect of all loans will be liable to tax under the Income-tax Act 1961. Interest on Government securities along with income in the form of interest or dividends on other approved investments will be exempt from Income-tax subject to a limit of Rs. 3,000/- per annum and subject to other provisions of Section 80L of the Income-tax Act, 1961.

The value of investments in the Loans now issued together with the value of other previous investments in Government securities and the other investments specified in Section 5 of the Wealth Tax Act, 1957 will also be exempt from the Wealth Tax upto Rs. 1,50,000/-.

Subscriptions may be in the form of CASH/CHEQUE.

Securities of the following loans will also be accepted AT PAR for conversion into the new loans of the respective State Governments:—

NAME OF THE LOAN TENDERED FOR CONVERSION	NAME OF THE NEW LOAN ISSUABLE
1. 4 ¹ / ₄ % Andhra Pradesh State Development Loan, 1972.	5 ³ / ₄ % Andhra Pradesh State Development Loan, 1984.
2. 4 ¹ / ₄ % Bihar State Development Loan, 1972.	5 ³ / ₄ % Bihar State Development Loan, 1984.
3. 4 ¹ / ₄ % Gujarat State Development Loan, 1972.	5 ³ / ₄ % Gujarat State Development Loan, 1984.
4. 4 ¹ / ₄ % Kerala State Development Loan, 1972.	5 ³ / ₄ % Kerala State Development Loan, 1984.
5. 4 ¹ / ₄ % Madhya Pradesh State Development Loan, 1972.	5 ³ / ₄ % Madhya Pradesh State Development Loan, 1984.
6. 4 ¹ / ₄ % Maharashtra State Development Loan, 1972.	5 ³ / ₄ % Maharashtra State Development Loan, 1984.
7. 4 ¹ / ₄ % Orissa Government Loan, 1972.	5 ³ / ₄ % Orissa Government Loan, 1984.
8. 4 ¹ / ₄ % Mysore State Development Loan, 1972.	5 ³ / ₄ % Mysore State Development Loan, 1984.
9. 4 ¹ / ₄ % Punjab Loan, 1972.	5 ³ / ₄ % Punjab Loan, 1984.
10. 4 ¹ / ₄ % Rajasthan State Development Loan, 1972.	5 ³ / ₄ % Rajasthan State Development Loan, 1984.
11. 4 ¹ / ₄ % Madras Loan, 1972.	5 ³ / ₄ % Tamil Nadu Loan, 1984.
12. 4 ¹ / ₄ % Uttar Pradesh State Development Loan, 1972.	5 ³ / ₄ % Uttar Pradesh State Development Loan, 1984.
13. 4 ¹ / ₄ % West Bengal Loan, 1972.	5 ³ / ₄ % West Bengal Loan, 1984.

Rs. 10 each. The entire profit has been transferred to general reserve.

The year's production has been 41 per cent higher at 5,002 tons, against the previous year's production of 3,539 tons. Barring unforeseen circumstances, the current year's production is expected to reach the licensed capacity of 5,400 tons. An import licence for a re-fire kiln and other balancing equipment has been received. The increase in prices of raw materials and fuel was supposed to be covered by the increase in prices of finished products last year, but due to the non-availability of wagons raw materials were procured by trucks from long distances and expenses on this account increased substantially.

LARSEN AND TOUBRO

Grass Drying Plant

DAIRY, livestock and poultry farmers can have, for the first time in India, dehydrated grass, rich in proteins, vitamins and minerals. The

first plant in India for drying green grass is being set up for Desai Dehydration Enterprises by Larsen and Toubro Ltd. The latter will fabricate and erect the plant, on a turn-key basis, on the design of Atlas of Denmark. Located at Vapi, in Bulsar district of Gujarat, the plant has an annual capacity to turn 18,000 tonnes of green grass into 5,000 tonnes of meal—to be filled in bags or made into pellets or cubes.

DIGVIJAY WOOLLEN

Good Performance

SHREE Digvijay Woollen Mills has reported substantially improved results for the year ended March 1972. Sales are up by 12 per cent from Rs. 2.34 crores to Rs. 2.63 crores and the gross profit of Rs. 47.18 lakhs shows an increase of 34 per cent over the previous year's figure of 35.06 lakhs. The ratio of profit to sales has improved from around 15 per cent to 18 per cent. Despite these good results, the divi-

dend has been kept unchanged at 10 per cent in order to plough back as much as possible to finance the capital expenditure to be incurred on modernisation and renovation this year and the next.

After providing Rs. 7.24 lakhs (against Rs. 6.32 lakhs) for depreciation, Rs. 1.18 lakhs (against nil) for development rebate reserve and Rs. 27 lakhs (against Rs. 16.50 lakhs) for taxation, there is a surplus of Rs. 11.76 lakhs, against Rs. 12.24 lakhs, which is being transferred to general reserve out of which the proposed dividend will be paid. The Company has received an import licence for Rs. 30.21 lakhs to enable it to implement its modernisation programme. Foreign exchange for this purpose has been arranged with the I.C.I.C.I. and orders for machinery have already been placed. With the installation of new machines by February 1973, the Company will be able to improve the quality of its products and thus meet the demands of the highly sophisticated markets abroad.

5³/₄ PERCENT STATE GOVERNMENT LOANS, 1984—Contd.

Interest on the maturing securities accepted for conversion will be paid at the rate of 4¹/₄% per annum upto and inclusive of 3rd September 1972.

Applications for all the loans will be received at the offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna and the branch of State Bank of Bikaner and Jaipur at Jaipur.

Applications will also be received at other places within the respective States as follows:

- Branches of the Subsidiary Banks of the State Bank of India conducting Government treasury work except at Hyderabad.
- Branches of the State Bank of India at places where there is no branch of its Subsidiary Banks conducting Government treasury work.
- Branches of the State Bank of Patiala conducting Government Treasury work within the State of Himachal Pradesh.

Applications for Kerala, Himachal Pradesh, Meghalaya and Nagaland State Government Loans will also be received at Treasuries and Sub-Treasuries in the State of Kerala, Himachal Pradesh, Meghalaya and Nagaland at places where there is no branch of the State Bank of India or its subsidiaries conducting Government Treasury work. Applications for Uttar Pradesh State Development Loan will also be received at the District Treasury, Chamoli.

Applications for Punjab and Haryana State Government Loans will also be received at the State Bank of India, Chandigarh.

Copies of the Notifications and Application Forms may be obtained from any of the Receiving Offices mentioned above.

Applicants tendering applications at the offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna will, in the event of over-subscription to the loan applied for, be given the option of transferring their cash refunds to any of the other State Government loans which may still be open for subscription. To avail themselves of this facility, the applicants should complete the "Special Option Form", copies of which can be obtained at any of the offices of the Reserve Bank of India mentioned above and tender the form along with their applications.

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Designed for fast drilling operation and consistent accuracy, these Praga Drills will satisfy the most exacting users with

their performance and durability. They will drill, ream and tap a variety of materials speedily, easily and accurately with their wide range of speeds. Without vibration even minute holes are drilled at 16 spindle speeds with a maximum speed of 12,400 RPM. Call Jacks in and you will learn about the dynamically balanced rotating parts which give vibration-free running and are precise to the highest degree. The running costs are reduced, there is better quality work and faster output.

What more could you ask for?



For Precision Machine Tools the name is **Praga**

INDIA ENGINEERING

A New Venture

INDIA Engineering and Construction Company is a new venture set up to undertake the manufacture of steel tubular poles, swaged and telescopic type. The Company has been licensed to manufacture these poles for a capacity of 39,000 tonnes a year. The plant is being set up in a backward region of U.P. The West German firm of Orgena Walzwerk-technik is providing the technical know-how, designs and drawings. If all goes well, the plant is expected to be completed by the end of this year and it will achieve 50 per cent of the productive capacity during 1972-73. Full capacity production will be achieved in 1974-75. The project is estimated to cost Rs. 93 lakhs which will be met by the share capital of Rs. 30.70 lakhs and loans from financial institutions. The Company is expected to enter the market shortly to raise Rs. 30.70 lakhs consisting of Rs. 25.70 lakhs in equity shares of Rs. 10 each and Rs. 5 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The Company has a proposal to set up a strip mill plant near the tube mill.

STAR TEXTILE

Setback Suffered

STAR Textile Engineering Works has suffered a setback during the year ended 1st January, 1972 and the dividend has been reduced from 12 per cent to 8 per cent. The dividend for 1971 is partly tax-free, compared with the wholly taxable dividend for 1970. Sales at Rs. 2.07 crores are 18.5 per cent lower than the previous year's Rs. 2.54 crores. The gross profit has shrunk by nearly 42 per cent from Rs. 19.85 lakhs to Rs. 11.65 lakhs. After providing Rs. 5.43 lakhs (against Rs. 6.65 lakhs) for depreciation, nil (against Rs. 21,000) for development rebate and Rs. 3.05 lakhs (against Rs. 3.20 lakhs) for taxation, the net profit amounts to Rs. 3.17 lakhs, against Rs. 9.79 lakhs in the preceding year. A sum of Rs. 2.50 lakhs (against Rs. 9.49 lakhs) has been transferred to general reserve. The proposed equity dividend will absorb Rs. 2.80 lakhs (against Rs. 4.20 lakhs) and the preference dividend Rs. 1.42 lakhs (same).

The setback in the Company's performance is attributed to the critical financial state of the cotton textile industry in 1971, the major customer of the Company's products. The management expects better results this year in view of the improved conditions in the textile industry and the Company's diversification in the field of jute mill modernisation machinery.

RAMON AND DEMM

Dividend Raised

RAMON and Demm has raised the dividend for the year ended March 1972 from a maiden 8 per cent to 10 per cent. According to the

preliminary figures, the Company has earned a slightly lower gross profit of Rs. 101.42 lakhs, against Rs. 105.40 lakhs in the preceding year, even though sales are up by nearly 10 per cent from Rs. 2.39 crores to Rs. 2.62 crores. The decline in profitability is attributed to a substantial reduction in the Company's selling prices. After providing Rs. 20.31 lakhs (against Rs. 25.50 lakhs) for depreciation and Rs. 4.10 lakhs (against Rs. 45 lakhs) for development rebate reserve, the net profit amounts to Rs. 77.01 lakhs, against Rs. 34.90 lakhs in the preceding year. A sum of Rs. 76.67 lakhs (against Rs. 16.60 lakhs) has been transferred to general reserve out of which the proposed dividend will be paid.

GOVERNMENT OF INDIA

4½ PER CENT LOAN 1979 (REISSUE) TO BE ISSUED AT RS. 100.00 PER CENT AND REPAYABLE AT PAR ON 15TH OF JULY 1979.

5 PER CENT LOAN 1983 (REISSUE) TO BE ISSUED AT RS. 99.50 PER CENT AND REPAYABLE AT PAR ON 15TH OF JULY 1983.

5½ PER CENT LOAN 2002 (REISSUE) TO BE ISSUED AT RS. 100.00 PER CENT AND REPAYABLE AT PAR ON 15TH OF JULY 2002.

Subscriptions to the above loans will be received simultaneously and will be limited to a total of Rs. 215 crores (approximately). Subscriptions may be in the form of cash/cheque. Government reserve the right to retain subscriptions upto ten per cent in excess of the notified amount.

If the total subscriptions received for the loans exceed the notified figure plus the amount of ten per cent retainable as aforesaid, partial allotment will be made in respect of the subscriptions received and the balance refunded in cash as soon as possible.

Interest for the period 15th of September 1972 to 14th of January 1973 inclusive will be paid on 15th January 1973 and thereafter interest will be paid half yearly on the 15th July and 15th January. Interest on all the loans now issued together with the interest on other previous Government securities and income from other approved investments will be exempt from income-tax subject to a limit of Rs. 3,000 per annum and subject to other provisions of Section 80L of the Income-tax Act, 1961. The value of the investments in the loans now issued together with the value of other previous investments in Government securities and the other investments specified in Section 5 of the Wealth Tax Act will also be exempt from the Wealth Tax upto Rs. 1,50,000/-.

Subscription lists will open on the 15th of September 1972 and close on 18th of September 1972 or earlier without notice.

Applications for the loans will be received at:—

- Offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna;
- branches of the subsidiary banks of the State Bank of India conducting Government treasury work except at Hyderabad; and
- branches of the State Bank of India at other places in India.

For full particulars please apply to any of these offices or branches.

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COMMODITIES

West Bengal Mills Face Fibre Shortage Due to Inadequate Supply of Wagons

IN view of the distressing unemployment situation in West Bengal, it is to be expected that the railway authorities will allot enough wagons expeditiously so that jute mills are not obliged to close down for want of raw jute, observes a Press note issued by the Indian Jute Mills Association in Calcutta a few days ago. The note refers to the extreme shortage of raw jute being faced by many units in the industry due to the "want of sufficient number of wagons to move the fibre held by them or their agents in various despatching stations in north Bengal, Assam and Andhra Pradesh to Calcutta mill stations." It says that the mills had sent their indents for wagons for the transport of jute from various purchasing points "right at the commencement of the current season". It complains that despite the lapse of several weeks, the indented wagons have yet to be allotted in Assam and north Bengal. In Andhra Pradesh, wagons have not been supplied even against registrations made as early as in November and December last. This inordinate delay in the allocation of wagons has compelled many inadequately stocked mills to resort to the costly expedient of hauling raw jute to Calcutta from upcountry markets by trucks at a prohibitive additional cost, or to lift ready delivery raw jute from the Cossipore market at rates much higher than the prevailing upcountry prices. The Press note also points out that "to cut down freight as well as transit time, both of which have an important bearing on the industry's economics, it is essential that the railways transport raw jute to Calcutta from the north-eastern region via Farakka, instead of Garhara as at present, entailing a longer haulage and a needlessly higher cost."

been slightly higher than a month's production at the current levels, and indicated a slump in despatches by 11,200 tonnes to 76,100 tonnes. Carpet-backing cloth exports suffered a major reverse of 4,800 tonnes to the recent low level of 8,200 tonnes, against a small drop of 400 tonnes in output to 14,500 tonnes and a heavy rise in stock of 6,300 tonnes to 23,700 tonnes. The booking position relating to the special purpose construction was reportedly not so bad as that of current shipments. Usually well-informed circles believed that the slackness in overseas shipment instructions had been induced by the prevailing expectations of a handsome relief in export duties on the construction in line with the recommendation of the recent five-man trade delegation. Sacking production showed a rise of 1,900 tonnes to 40,300 tonnes and stocks of 6,700 tonnes to 41,300 tonnes, while their despatches nose-dived by 5,400 tonnes to 33,600 tonnes, despite the absorption of some 15,000 tonnes by Government agencies against their recent long-term phased bookings. Hessian production showed a small increase of 600 tonnes to 25,700 tonnes, and stocks of 400 tonnes to 22,000 tonnes, while its despatches dropped by 500 tonnes to 25,300 tonnes. Miscellaneous goods revealed an increase of 800 tonnes in output to 9,500 tonnes and 500 tonnes in end-July stocks and a small decline of 500 tonnes in despatches to 9,000 tonnes.

Gunnies Depressed

Trading was disrupted in the raw jute and gunny markets during the past week due to the complete suspension of bank clearing in Calcutta since 8th August, following agitation by Class IV employees of the Reserve Bank of India. The nationwide rejoicings on the occasion of the silver jubilee of India's independence also detracted a lot of interest from market activities. With prices drifting downwards due to a slackness in enquiries and an extremely slender off-take, the market was in a depressed mood. In the absence of genuine buyers, business even at quoted rates was difficult. Speculators also turned

Production Figures

Production and stock statistics of mills reporting to the Indian Jute Mills Association for July were announced last week. In spite of a nominal rise in production by 1,900 tonnes over the June level to 90,000 tonnes, end-July stocks with mills revealed a sharp increase by 13,900 tonnes to 94,400 tonnes, which had

cautious, availing themselves of suitable opportunities to reduce their long positions. Internal and overseas consumers were rather disappointed over the Government's persistence in retaining the heavy export duties on jute goods, notwithstanding the positive recommendations of the recent five-man industry-Government joint trade delegation to north America, the U.K. and the Continent. The team had suggested that prices of both hessian and carpet-backing cloth should be reduced to levels where they might compete effectively with synthetic substitutes. Beside price stability, the team also recommended that arrangements should be made to ensure uninterrupted supplies of the products at the consumers' end, if necessary, by the maintenance of a buffer stock of such items as were in regular demand. It also commended the adoption of vigorous measures for product development and research, in addition to brisk export promotion. Clive Row as also the industry were positively worried over the report that Thailand and Taiwan had replaced India and the former East Pakistan in the matter of meeting the demand for jute goods from Australia. Besides, there had been a positive indication of a massive shift to the use of polypropylene by the Australian wool industry and trade, entailing a loss of the sizable 100,000-bale jute bags market for the two countries. The strike by longshoremen in the U.K., although resolved around the week-end, failed to improve shipment prospects to the pre-strike level. It was reported that dissension among the workers made a smooth return to normal operations uncertain. Although 75 per cent of the U.K. ports, including London, were expected to resume normal operations around the appointed date, Liverpool was likely to continue strike-bound. Hence normal shipments were held up at this writing, pending the receipt of final instructions from overseas buyers. Incessant rain in Calcutta during most days of the week also kept cargo-handling activities suspended in the port for long periods. While one U.K. loader left a few days behind schedule, two others were obliged to extend their sailing dates by a week in an effort to complete their loading commitments. In addition to the natural hazard, dock labour, employed on the bulk carriers, decided on resorting to go-slow tactics, prevailing upon other workers in the port to make common cause with them and demonstrate likewise. It affected all

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CAPITAL, 24th AUGUST, 1972

shed operations. With bargemen restricting their activities to daylight hours only, overside loading and unloading were also considerably affected. Overseas enquiries were few and far between as buyers turned to India only when they failed to procure their needs from Bangladesh which continued to offer a discount of some 10 per cent over Calcutta rates, including the export duties. The Dacca radio report that the authorities were thinking of expanding the overall capacity of the industry from the current level of 73 units operating with a rated potential of 600,000 tons a year called for caution. Market sentiment was further affected by the report that shipments to Sudan, which was an important buyer of Indian jute goods, had come to a virtual standstill on account of payments difficulties, as also a hitch over the supply of cotton from that country. Internal demand for sacking was discouraging, as Government agencies had curtailed their offtake following the shortage in foodgrains production. The offtake by the sugar industry had also slumped to much below par due to the decrease in output, while the cement industry had been in the grip of an all-India strike. In the hedge market, B Twills August and November deliveries also suffered a setback in line with the general trend. Shorts briskly covered their open positions in B Twills August at the dips and converted the balance outstanding into B Twills November delivery on payment of the usual contango charges. Around the week-end, the technical position in August delivery contracts was by and large squared up and prices fluctuated narrowly. Turnover was rather small for this time of year. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Aug.	Sept.	Oct.
40in. 7½oz.	80.75	78.25	76.00
40in. 10oz.	88.00	—	—
40in. 8oz.	101.00	99.50	97.50
B Twills	257.50	259.50	261.50
Heavy Cees	258.50	260.50	261.50
Cornsacks	—	—	—
A Twills (U.S.)	332.00	333.00	334.00
Liverpools	313.00	314.00	315.00

Fibre Quiet

The raw jute market turned gradually quiet during the past week, suffering a loss of some Rs. 2 over

the previous week-end level. The easiness stemmed from the absence of interest from mills and mill agents in absorbing offers of fibre. The reported bottleneck in the movement of fibre held up in upcountry rail-heads in north Bengal, Assam and Andhra Pradesh due to wagon shortage induced mills to reduce their purchases to the barest minimum levels, made up mostly of selected grade jute in nominal lots at quoted prices. Besides, the prevailing rise in the price of essential commodities, particularly of foodgrains and pulses, and fears of serious food scarcity induced farmers to release their raw jute stocks. Even the Central Foreign Trade Minister, Mr. L. N. Mishra's resolve to raise the statutory minimum price of fibre in the near future could not dissuade them from raising their releases. Reports from Assam and Tripura border areas indicated that the influx of jute from the other side of the Bangladesh border continued unabated, leading to considerable accumulation of stocks in the interior markets. Trade circles were worried over the problem of moving them down to Calcutta. Arrivals in the agencies rose to some 50,000 maunds a day, despite the reported breaches in the feeder roads in the Teesta and Brahmaputra Valleys. A section of the trade appeared to be seriously concerned over the slow clearance of its old crop residues which happened to be mainly of average and sub-standard grades. In an effort to dispose them of the holders turned keen sellers of their stocks even at rising discounts. In view of the prevailing complexities, industry circles were unable to take a precise view as to the shape of demand for end-products, and so they reduced their fibre offtake to bare nominal levels. Besides, the exorbitant price levels

ruled out the advisability of stock-building at this stage. Turnover was small. The closing undertone was quiet.

Latest available quotations (in rupees) were as follows:

	September-October Rates a quintal	Mid.	Bot.	Bot.
Selected Assam-Agartala	160.75	150.04	56.00	
Northern Jute	155.40	144.68	54.00	
Western Desal Jute	144.68	133.96	50.00	
Selected Daissee	168.79	158.07	59.00	
Assam-Agartala Tossa	166.11	155.40	58.00	
Mesta : Assam Mesta	144.68	133.96	50.00	
Selected Daissee Murshidabad	139.32	128.60	48.00	
Bihar Dist.	124.58	113.87	42.50	

TEA

Demand Improves

A Special Correspondent writes: The offerings in last week's tea auction in Calcutta amounted to 58,820 packages for which there was a good general demand. Plain C.T.C. descriptions were readily absorbed but at slightly lower rates while medium and good liquoring brokenes were firm, although similar fannings were irregular. Plain orthodox teas sold at about the previous week's rates while Assam brokenes were an irregular feature, with the better liquoring lines selling well. All orthodox fannings were much easier, virtually the only buyer being Brooke Bond. Whole leaf grades continued to sell well and tippy lines showed some improvement.

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CAPITAL, 24th AUGUST, 1972

Stc Group*

IN 1971-72—HOLDING COMPANY AND SUBSIDIARIES

STATEMENT BY CHAIRMAN, PRAKASH TANDON, AT THE 16TH ANNUAL GENERAL MEETING.

Before I turn to my main theme, may I place some figures for the past year, which happily reflect a good performance by your Corporation—especially the 136% rise in profits, from Rs. 7.2 to Rs. 17 crores, and yet an expenditure level with last year for the Group but 4% less for STC, the holding company, where 4 years ago it used to rise at the rate of 20.8% per annum.

We are proposing a dividend of 20% on equity, which we hope to further enlarge from Rs. 8 to Rs. 10 crores. This sixth bonus issue in four years means raising equity from Rs. 2 to Rs. 10 crores, and dividend from Rs. 20 lakhs to Rs. 2 crores. We hope now to pay a dividend equal to what the total equity used to be.

We began the year with a well filled export order book of Rs. 106 crores, and current year's exports are running well over 130% of last year.

The results are shown for our Group as a whole, the holding company and its four subsidiaries. The new structure is now well under way and we hope to add more subsidiaries as we grow.

STC Group	1970-71	1971-72	
	Actual	Actual	Provisional
		Rs. crores	
Total Sales	233.8	332.6	328.6
Exports	74.1	98.0	96.8
Imports	154.0	221.8	220.7
Domestic	5.7	12.8	11.1
Expenditure	6.4	6.4	6.1
Profit before tax	7.2	17.0	16.1
		Percentage	
Expenditure to sales	2.7	1.9	1.9
Stocks to sales	15.1	9.0	10.1
Debtors to sales	10.7	7.8	8.2
Profit to sales	3.1	5.1	4.9

Cash position 1st April, 1971 -7.7 1st June, 1972 +10.7

The provisional figures announced on 1st April, 1972 have proved their accuracy when compared with the final figures.

I choose today a somewhat personal theme—running of a public enterprise, which I have had the privilege to serve for four years, but leave today. The personalness lies not in any reference to me or my contribution but to that personal understanding and commitment, if I might use this much misunderstood word, which I feel is essential to running a public enterprise. This task, while it has its fascination, is undoubtedly complex and demanding. Interestingly, it requires ambivalence; a deep organisational and environmental sensitivity along with a cultivated personal insensitivity. An analysis of this experience might be profitable for others; for, ultimately, I do believe that our answers will come more from our own experience in the public sector than from external advice.

To compress growth that has been neglected for one century and half into a few decades, an instrument had to be created with a capacity for service and rapid generation of resources for reinvestment, as well as its self-sustained growth. Short of these aims, it would ill-serve the cause of national growth.

Few know that a mainspring of the public sector was a government white paper of 1944 on India's post-war industrial development. This stated that left to itself, private industry would be inclined to choose the more profitable areas and leave alone the less profitable in which government would then have to invest in order to ensure balanced industrial development. There would be an area reserved for the state, another for private industry, and a third where they would co-exist. The detail with which this principle was enunciated was advanced for its time and was to prove prophetic.

Today we are committed to the public sector in more than half the world. As a twentieth century phenomenon public enterprise is acquiring a central rather than a peripheral role. In two decades, India's public sector first moved to commanding heights and now strides across the entire landscape of the economy, accounting for a near one-fifth of national product.

STC is a good example of a small trader of not so long ago, set up to import and export from state trading enterprises of East Europe and China, today exercising an influence upon the economy far out of proportion even to its not inconsiderable turnover. It is also fast becoming a strategic force moving swiftly into tobacco, rubber or jute, whenever a large crop needs price support; or to organise trade with Bangla Desh; or to step into importing the country's entire raw cashew needs. It is increasingly regarded a force de frappe, which treats with respect the difficult nature of each task it takes on, equally as it is respected for what it does manage to achieve. For instance, it was given just two days to start buying ten million kilos of tobacco. To choose a task force hastily and instal it in the distant districts of Andhra, actually took five days. To me, there was no unreasonableness in the speed demanded, because in an emergency by-your-leave measures are a luxury an elite corps does not expect.

STC, the holding company, has grown rapidly in turnover, profitability and its resources. Where, at a turnover of Rs. 140 crores four years ago, it employed about Rs. 70 crores in stocks and debtors, at a turnover of Rs. 263 crores today the corresponding figure is around Rs. 40 crores. Consequently, its overdraft then of Rs. 14 crores has turned into a cash surplus of Rs. 10 crores.

STC Group	1.4.1968	1.6.1972
	Rs. crores	
Equity Capital	2.9	10.0
Reserves	9.6	13.4
Shareholders' funds	12.5	23.4
Cash	-14.6	+10.7
Resources available	-2.1	+34.1

I will end my first point by suggesting that in STC, like in any other public enterprise, the first and foremost responsibility is to work towards self-sustained growth, and at the same time contribute resources to the exchequer for the growth of the economy, and not become a drain upon it. But profitability is not all; there is also service, constantly improving at a diminishing cost; and exploring new export markets, even at a loss.

Cost of service	1967-68	1971-72
Expenditure to turnover	3.1%	1.9%

My second point is the over-involvement a public enterprise can acquire, almost to the point of obsession, with the constraints upon it. Constraints, there will be many, but all management is at all times working under constraints, never under ideal conditions of its own choosing. Management's task is to overcome constraints and give good results. There is a management dictum worth reiterating—'Are you helping solve a problem or becoming a part of it?' I fear that sometimes we so talk of constraints that the talking becomes a constraint in itself.

Constraints are varied and abundant, and they fall in two categories—a desire for service, preferably free, and for favour. Service is expected with a perfectionism that our customers would not expect of themselves or of others in industry. Once a product is canalised through STC, they expect it to take care of all their problems. We have tried to convince ourselves in STC that while some of those demands may be unreasonable, the customers have the right to expect a service from us, which is as complete as we can make it, particularly when they are a small unit. We are, therefore, trying to create a service that is a whole package of quality control, finance, shipping, development and marketing, and although there are many shortcomings in our services, we have at least accepted our total responsibility.

In demanding service, there can sometimes be an element of unreasonableness, but being public ourselves we cannot be impatient with the public. Each case has its own logic of the compulsion of a demand that needs satisfaction. And the responsibility of the manager in the public sector is essentially different. As someone said: "In Britain the manager in a public enterprise has imposed on him certain distinctive duties that are not imposed upon his counterpart in the private sector. He is subject to special

responsibilities, to a special form of accountability to Parliament and his Minister." The British nationalisation statute defines it thus: "a public enterprise is expected to serve the public interest in all respects."

It has been said that in a free society people have to have a choice, a voice, or an exit; they cannot be denied all three. This is particularly true for STC. As imports are canalised, our customers do not have the freedom to shop around, nor an exit to go elsewhere. If STC, on top of that, were to deprive them of a voice, it would create frustration; and this we try to be sensitive to, and avoid. We have therefore institutionalised the 'voice' by creating 45 odd consultative committees, some at the apex level like FICCI, ASSOCHAM, AIMO, and others at industry and product level, to which belong representatives of trade, firms, government and states. They advise us their requirements quantitatively and quality-wise, and together we plan purchases and schedule deliveries.

The number of meetings in a month with our customers and state bodies all over India, at which we expose our management, from chairman to the middle levels, is indeed large. Once assured of its right to be regularly heard, this voice can be quite strident and demanding, and these consultations to us are most rewarding. To our customers too they must be useful because they soon remind us if a meeting is overdue, and there is growing demand for representation.

Neglected, and without a voice, problems can build up like a wave before they break, and when they do break they can do so with noise and disproportionate retribution. It then creates not so much an improvement, which a voice and self-correction would have done, as instil fear into management and freeze it into inaction.

In a democratic society Press is the voice of the community. While STC has no public relations department, we have tried to foster with the press a frank and non-defensive relationship, a willingness to share information, so that they can present an informed picture. We also discuss and announce our performance regularly, and we are planning to invite them to our consultative committees.

The Review Committee on STC in 1969 advised it thus: Public accountability, in consonance with the practice of releasing operational results to the press each quarter, and a dialogue with industry would be its real 'P.R.' effort. The Corporation should concentrate on achievement and its communications, rather than upon 'P.R.' in the conventional sense. There is perhaps no better public relations than operations self-appraised, results consistently achieved and gently conveyed without stridence, in a low key. The Corporation should take industry into confidence about its practices and plans.

The other constraint that causes us considerable concern is one of favour, where we are asked to do for one what we cannot do for all. But here too, there is a logic which becomes compulsive the moment there is a visible chink in our system or practice. If we make an exception under pressure, or do not have an objective, well functioning, impersonal system fair to all, there will be a demand that the exception be stretched to a larger area and repeated many times. As a commercial enterprise we have to be flexible and helpful, but this must be part of a system, firm and fair, and not born of pressure or favour.

Constraints there always will be, and until the environment evolves new norms, we have to develop our own in order to acquire institutional strength, based upon the integrity of our systems and of the persons operating them. Such after all is the basic expectation of professional management, its skills, but also its values.

A profession has two important attributes: its capacity to evolve and add to the skills and growth of the profession and to create its own norms and value systems instead of waiting to have them imposed upon it by the society. This equally applies to the public sector, if we are to regard it as professionally managed.

May I interpose here a small illustration of responsibility. Each year STC receives the routine enquiry from Government, of progress with the quotas laid down to encourage employment of scheduled castes and tribes. Each year we dutifully explained that we are doing our best; each year the quota remained largely unfulfilled. Recently, we felt that this was poor discharge of our responsibility, and we planned a separate scheme tailored to recruit SC/ST candidates, both at the level of management trainees and experienced managers; a scheme drawn up exclusively for them. From the first attempt alone, and with our standards well maintained, we have selected our first batch of four young probationers. More will follow.

Far too often was it our own case in STC that we blamed our environment, as interfering with our efficient functioning. I have sincerely disagreed with this, and believe that in terms of comparison, purely to illustrate, 85% of how well we perform is within our own control; and even the 15% that we might attribute to the powers that be and circumstances beyond our control diminishes with our better performance, sounder systems and our integrity. It is when we fail in our professionalism that we invite trouble. "Accidents" will of course always happen, and more often in a developing society, but we must possess the courage as professional managers to risk them.

Something has often bothered me—how to make management in a public enterprise take risks totally unafraid of consequences, when consequence may sometimes be disproportionate or undeserved. Frankly, the only answer I have found is supporting management to the hilt both at the personal and the institutional level. Systems honestly followed will produce their own honest and acceptable explanations, but one hopes though that in the long run there will be shown a tolerance and understanding, at least where an organisation and its men have tried genuinely and hard.

But as professional managers, we should also count our blessing in the public sector, in that public enterprises seem never to die. No matter how we perform, we remain afloat, where in the market place we would be driven into liquidation. Such freedom from threat of extinction can of course work both ways; it can either create complacency in us or give the confidence to be venturesome and innovating rather than risk-shy.

Then again, in private industry growth must follow a return to the shareholder. Unless his dividend is assured, he will not normally permit a plough-back for future growth. We have no similar compulsion of dividend, and growth can take precedent; moreover, growth opportunities are assured to us; almost offered on a plate. This relative ease to grow in terms of opportunities and resources can both retard and accelerate our growth-consciousness, depending upon our attitudes as management. We in STC, have tried to make growth our foremost responsibility, especially in exports.

This brings me to my last point about decision-making in the industrial culture that we are trying to introduce in the Corporation. In commerce, a decision has to move quickly with the circumstance of the moment and the market. Buying produce, where markets fluctuate rapidly, sometimes wildly, you have to decide quickly. To wait for dotting 'i's and crossing 't's of formal procedures will inevitably mean buying badly.

Another point of importance is that to obtain results, our consultations and decisions must be speedy, flexible and informal. If a paper has to go up and down with notings, and men have to make appointments with their seniors through their secretaries, the market may have moved too far away for us to have bought or sold well. A quick decision, a quick telephone-call or telex, a quick meeting with the seniors or of a committee, are essentials of the market place. In STC we are learning to cultivate this style and the speed of international trade, which is that of the telex and the jet plane; and to regard our responsibility as a management in the public sector in a total manner. We have to expand our trade globally, to be innovative, to enter areas where other exporters may not, to act as an economic fire-brigade, to keep our costs down and prices low, to create model of systems of accountability, to be socially responsible to our employees, government and industry—especially its small scale units—and with it all to be profitable.

Fortunately, and I say this with all sincerity, our own ministry has given us all the support and flexibility we need to meet these heavy demands. The responsibility therefore lies squarely on us to acquire greater skills, higher motivation, and dedication to international trade, with always the interests of the shareholders and the choiceless and exitless customer foremost.

I do believe that with all the criticism STC often draws—sometimes deservedly and sometimes undeserved—we are at least consciously conceptualising our responsibility. Against whatever little we may have achieved, I am certain that there is a great deal more remaining to be done; many weaknesses removed; many fresh strengths introduced. It will require of the men and women who serve STC a new approach in the future, setting the welfare of the public sector, our shareholders and customers before our own. If I may rephrase the creed of our Military Academy at Dehra Dun—national interest first, customer's next, our own last.

I wish the Corporation and its shareholders well, and may complacency never enter the organisation, and I leave only too conscious of my inadequacies.

* The Cashew Corporation of India Ltd. The Handicrafts and Handlooms Exports Corporation of India Ltd.
Indian Motion Pictures Exports Corporation Ltd. The Projects and Equipment Corporation of India Ltd.



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COMPANY AND PUBLIC NOTICES

THE NATIONAL INSULATED CABLE
CO. OF INDIA LTD.

NOTICE OF THE ANNUAL GENERAL MEETING TO THE MEMBERS

NOTICE is hereby given that the Thirtieth 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 Monday the 25th September, 1972 at 4-30 P.M. to transact the following business:—

- (1) To receive and adopt the Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1972.
- (2) To declare Dividend.
- (3) To appoint a Director in place of Mr. S. C. Roy, who retires by rotation and is eligible for re-appointment.
- (4) To appoint a Director in place of Mr. S. Singh Roy, 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.

The Share Transfer Books and the Register of Members of the Company will remain closed from 12th September to 25th September, 1972 both days inclusive.

BY ORDER OF THE BOARD:
FOR THE NATIONAL INSULATED CABLE CO.
OF INDIA LIMITED,
J. N. BHAN,
Managing Director.

Registered Office:
NICCO HOUSE,
Hare Street, Calcutta-1.
The 31st July, 1972.

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 25th September, 1972, or their mandantees and the Dividend Warrants will be posted from 20th October, 1972, onwards.

"CAPITAL" STOCK AND SHARE LIST

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	Dividend per cent	Paid-up Capital	Latest Market Quotations as available until
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970
MININGS										
£2,569,769	...	£285,782	£499,650	£620	£201,716	12	Burma Mines	Nil	Nil	Nil
30,00,000	18,42,300	19,17,592	48,53,513	9,74,317	24,849	12	Chresten Mica Industries P.	Nil	...	...
15,00,000Dd	£5,928,979	£4,223,766	£467,079	£1,719,357	...	12	Indian Copper Corporation	9	...	...
£2,571,188	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8	Metal Corporation P.	...	11.1	23h.
2,39,52,727	37,75,579	49,67,625	52,84,194	20,16,808	...	6	Orissa Mineral Development	5	10	12-12-12*
60,00,000	...	...	...	...	...	...	CEMENT, LIME, SLATE, ETC.			
59,30,843	1,20,04,528	25,32,469	15,55,034	...	...	3	Ashoka Cement	7	6	6-Nil*
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6	Bengal Potteries	9	Nil	15-15*
50,00,000	1,12,66,361	54,86,925	3,96,676	16,96,367	...	3	Bisra Stone Lime	12	15	12/75
2,86,93,580	2,74,91,554	4,09,16,982	3,00,99,367	1,63,78,566	...	12	Dalmia Cement (Bharat) P.	12	12	12-12-12*
3,00,00,000	4,69,93,783	1,64,70,210	65,45,205	51,15,119	...	3	Jaipur Udyog P.	10	10	10-5*
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	6	8	...
50,00,000	1,12,39,538	1,11,98,264	2,07,629	70,46,865	...	12	Kumardhubi Fireclay & Silica P.	Nil	Nil	20-20*
2,70,00,000	3,37,00,240	4,19,53,760	63,13,397	2,38,65,541	...	12	Orissa Cement P.	11	12	12-12
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	Reliance Firebricks & Pottery	Nil	Nil	...
75,00,000	63,28,018	44,95,600	5,26,119	12,18,128	6,195	12	Sone Valley Portland Cement	Nil	Nil	1/62
20,23,220	19,04,888	9,55,192	6,25,936	2,98,200	4,855	12	Suma Stone & Lime	15	15	15-15*
CHEMICAL INDUSTRIES										
4,34,00,000	6,99,57,635	2,76,85,273	1,10,67,826	2,68,57,419	78	9	Alkali & Chemical Corp of (I)	5	10	15-17*
15,00,000D	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	Bengal Chemical & Pharm P.	7	7	Nil
11,08,900A	...	...	...	...	...	...	Calcutta Chemical P.	18	18	9-9*
22,54,700B	48,64,215	38,79,462	29,37,560	8,09,316	11,483	6	Chemicals And Fibres	27	27	27-25*
30,00,000	2,92,84,411	25,62,431	3,35,94,149	305	305	9	Frank Ross P.	21	21	21
5,34,54,550	5,17,90,980	1,33,245	41,188	1,15,552	210	2	Indian Explosives	15	15	15
4,95,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	Smith Stanisstreet P	15	15	15
4,80,20,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	ELECTRIC LIGHTING, POWER			
19,99,600	2,78,34,554	48,06,732	15,68,313	—1,67,752	...	3	Agra Electric	10	10	10-10*
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	6	6	10-6*
17,00,000	1,23,17,670	60,56,232	15,26,090	1,78,574	831	3	Benares Electric	Nil	Nil	...
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	Bhagalpur Electric Supply	11	11	12-10*
£4,262,641	£21,086,133	£11,221,520	£1,41,964	£1,842,343	£80,891	3	Calcutta Electric Supply P.	9	9	13-13*
43,20,000	1,10,73,188	52,45,587	33,65,119	25,56,602	36,929	3	Dishergarh Power Supply P.	9	9	9-9*

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	1968	1969	1970	Paid-up Share	Latest Market Quotations as available until 26-6-72	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	13/50	9/69	
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Muzapur Electric Supply	Nil	10	...	...	9	4/00	4/00	
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzafferpore Electric Supply	10	10	...	...	10	13/00	12/25	
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	Muttra Electric	10	10	10	12	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	11	11	11	11-12*	10	13/50	12/31	
9,10,000	10,02,146	3,78,590	5,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	10	10	8	10-10*	10	7/19	7/19	
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jherriah) Electric	11	11	10	11-13*	10	13/00	13/00	
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	...	24	Nil	4-5*	10	6/75	6/75	
50,00,000	41,79,909	40,56,968	4,60,972	11,78,441	2,116	12	Bhartia Electric Steel	Nil	Nil	Nil	...	10	9/94	9/62	
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	10	10	8	24-Nil*	10	4/50	2/94	
36,00,000	31,68,658	76,85,591	5,30,506	67,669	...	12	Bridge & Roof	10	10	...	...	10	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	Nil-Nil*	10	1/81	1/47	
3,36,00,000	2,50,28,481	4,19,668	67,36,099	-47,52,044	-72,02,546	4	Burn P (Engineering)	Nil	Nil	Nil	Nil-Nil*	100	73/50	52/00	
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,299	20,066	3	Calcutta Steel	124	Nil	Nil	5	10	8/00	8/50	
80,00,000	1,15,71,041	1,08,05,000	10,64,931	43,90,387	4,372	9	Electrosteel Castings	Nil	Nil	Nil	6-10*	10	14/62	15/00	
6,32,18,740	13,45,53,632	13,45,53,632	4,80,70,359	9,44,30,367	...	12	Guest Keen Williams	Nil	Nil	8	16-20*	10	33/40	33/40	
17,50,000	19,81,222	4,69,100	44,641	-47,13,357	-92,69,970	12	Hooghly Docking	Nil	Nil	Nil	Nil-Nil*	50	28/00	28/00	
24,88,17,980	65,39,32,169	42,44,61,83	4,74,98,058	3,68,75,944	...	3	Indian Iron & Steel P	Nil	Nil	5	6-6*	10	8/45	6/35	
3,65,000	11,52,812	14,001	1,82,994	-4,15,836	-4,03,294	3	Indian Malleable Casting	...	...	...	...	5D	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	Nil	Nil	Nil	Nil	10	0/50	0/50	
1,55,94,000	...	...	...	...	...	3	...	...	...	...	...	1	4/87	4/06	
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	20	20	20	20-20*	10	26/06	26/44	
18,00,110	8,12,705	14,81,244	20,005	4,82,056	...	12	Industrial Containers	8	124	124	124-10*	10	13/94	11/00	
1,97,43,750	2,32,42,513	1,32,43,055	32,49,297	62,29,372	...	3	Jay Engineering P.	10	10	10	8-10*	10	13/12	12/12	
60,00,000	1,58,15,049	34,97,297	12,59,358	12,39,173	...	6	J. K. Steel P	Nil	Nil	Nil	Nil-3*	10	9/00	8/87	
2,04,00,000	5,24,51,937	58,08,258	72,36,745	-52,423,917	...	10	Jessop & Co. P	Nil	Nil	Nil	Nil-Nil*	10	4/25	4/10	
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	Nil	3	4/50	4/25	
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	Marshall Sons (India)	Nil	Nil	Nil	Nil	2	1/12	0/95	
6,00,000	7,80,759	28,02,189	4,09,276	6,40,851	882	3	Saran Engineering	Nil	Nil	6	10-6*	10	10/00	9/44	
60,00,000	38,16,740	42,02,195	1,31,67,024	34,83,175	...	12	Simon-Carves	7	7	8	15-15*	10	13/31	13/94	
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	Nil	Nil	Nil	...	10	6/12	4/12	
21,00,110	18,80,041	31,95,945	72,948	18,61,059	...	12	Steel Containers	20	20	20	20	10	23/87	21/00	
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	26,409	12	Textile Machinery	Nil	Nil	Nil	10-Nil*	10	10/20	8/50	
24,98,770	10,37,976	1,72,445	95,723	-10,57,577	-2,93,669	3	Wellman Incandescent	8	8	8	10-Nil*	10	8/25	7/75	

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Plan and the People

Hard Facts on Tea

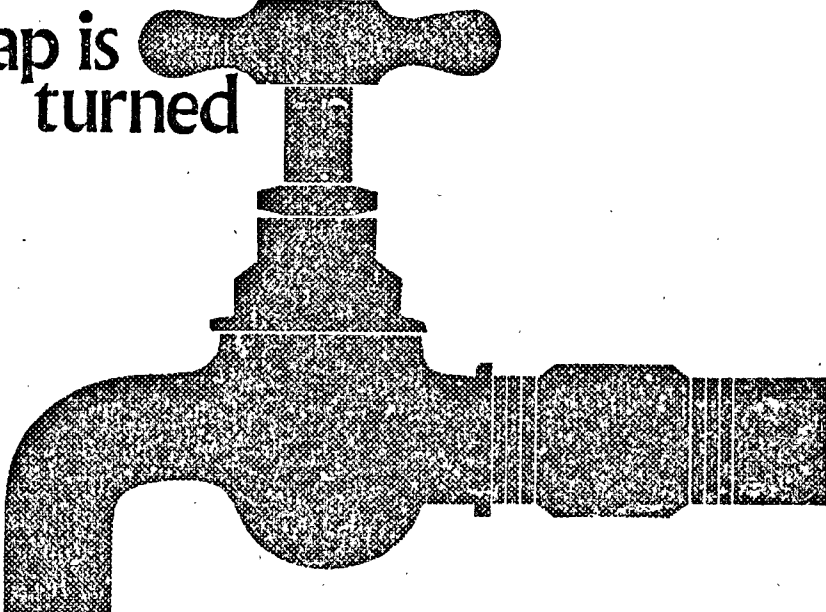
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Food : Crash Plan Realities

THE Government announced a few days ago an ambitious programme to make good the loss of foodgrains caused by the drought. It needs to be congratulated for thus inspiring confidence in the agitated public mind. But anyone who has been following the progress of Indian agriculture over the past decade would perhaps recognise that there are many flaws in the scheme of obtaining an additional 15 million tonnes of foodgrains from the *rabi* crop. The slogan to give such a tremendous push to agriculture within one season can be a good morale booster in a lean year for the lay public but does not make much sense to farm economists. It has been acknowledged by all farm technologists that output in modern agriculture is directly related to inputs. On a rough estimate, this is calculated to cost Rs. 500 an acre a crop to obtain an average of 1 tonne of food an acre. Accordingly, an additional investment of about Rs. 750 crores is needed to create that potential. So far, there is no indication that provision for so much additional investment during the coming *rabi* season has been made by the Government.

Money alone is not enough. It is also universally accepted that under ideal conditions there is a minimum gestation period of about two to four years for the inputs to show results. Food cannot be produced by raising slogans, making exhortations and distributing money among farmers. Even the most regimented societies in the world have failed to do it. The complex that goes by the name of inputs is by now well known. It includes the raising of a large organisation—not only the human machinery but also the vast appurtenances without which any dynamic organisation is powerless. It is also necessary to have an efficient communications network spee-

dily to transmit information and materials from numerous distribution points to the farms and from the farms to the administrative offices and markets which have to be marshalled in the operation. Experience has shown that all this is a time-consuming process and cannot be accomplished on the planned scale within the short space of one or two months that is now available before the commencement of the coming *rabi* season.

Then there is the question of land. What the scheme stipulates is that there is enough fertile land available all over the country that is not being used to its maximum productive capacity out of indifference or ignorance, even though the means to do so are readily available. This again is a fallacy. A tour of the countryside in any part of India would perhaps show that the prevailing methods of cultivation and land uses are the result of a combination of economic forces which cannot be changed overnight. These may include conditions of tenancy, availability of water, marketing practices, labour situation, soil limitations, pests and the non-availability of the right kind of seeds. No society in the world has succeeded in overcoming these and a myriad other factors of this kind within a few months to be able to raise the crop output by 40 per cent within one season over an area of more than 100 million acres that come under the plough during the *rabi* season.

The crash plan is based on the hope that of the additional 15 million tonnes of grain—over and above the normal produce of 40 million tonnes—about 13 million tonnes will be wheat and rice and the remainder grams and coarse grains. This is more than the combined increase in the output of these cereals during the *rabi* crop over the past eight

years. As far as rice is concerned, its upward progress over the years has been painfully slow. Wheat production has increased by leaps and bounds but the rate of growth is now slowing down because of its overproduction during the last two years. Until now wheat stocks in Punjab and Haryana have been rotting for want of storage space and wagons. A sudden increase in wheat output from the present 26 million tonnes to about 34 million tonnes is most unlikely for many reasons. While Punjab and Haryana farmers do not seem inclined to concentrate too much on wheat alone, a certain resistance to it seems to be building up in western U.P. too. Mr Fakhr-uddin Ali Ahmed, Central Minister for Agriculture, has been pinning his hopes on U.P. But he forgets that this is the year of the great sugar crisis and as usual there will be a natural tendency among U.P. farmers to switch their lands from wheat to sugarcane. The Minister should be lucky if he succeeds in obtaining even a marginal increase in the wheat acreage in U.P.

And the magnitude of the power crisis all over the country being

what it is, India should be lucky if she manages to get a normal *rabi* crop, let alone harvest a bumper crop. This sadly is not a year of making records or of making history in agriculture. It is a year of going steady. The number of problems that the farmer faces are far too numerous. Even major irrigation sources like the Bhakra dam have nearly half their normal reserves of water for the *rabi* crop. The uncertainty created by the land ceilings Bill will dampen the enthusiasm of many progressive farmers.

The sharp increase in the price of tractors which has almost doubled within a few years is yet another disincentive to growth. Prices of inputs are shooting up while the procurement price of grain has remained fixed over the last few years. The farmer gets no share of the profits made in the current price spiral. Unscrupulous traders and a top heavy State agency—the Food Corporation and its agents—are to blame for this. All this leads to but one conclusion. The target of raising the *rabi* output from 40 million tonnes to 55 million tonnes in a single season will prove difficult to achieve.

Plan and the People

THE new Central Planning Minister, Mr. D. P. Dhar, said nothing new when he declared in the Lok Sabha the other day that it was necessary to involve the people “physically and psychologically” in the process of growth and development. Mr. Dhar, who was making his maiden speech in Parliament, however, had the humility to admit that the “total leadership of the country had not succeeded, in the last 20 years, in involving the people at the grassroot level in the process of planning and its implementation”. He accordingly proposed that for the Fifth Plan, the nation should take the bitter lesson of the past and begin the process of planning from below. The new approach is certainly welcome for what it is worth. Although Mr. Dhar has not spelt out how he would go about giving a practical shape to this approach, he did indicate that it would be necessary to go back to the village and the block as a unit for planning and development. He said he would take the manageable rural unit as the base for national planning. If that was done, he was hopeful of the regional imbalances and income disparities gradually disappearing with

the spread of economic development to backward areas.

It is true that the problem of backwardness, both of regions and the people, has so far been tackled in isolation of the planning process. The Centre and the Planning Commission are much less to blame for this than the State Governments and the political parties. There has been no effort on the part of the States to take a deeper interest in the problems of backward regions. Backwardness was viewed as a convenient tool for bargaining with the Centre for larger financial assistance. Few were really interested in getting rid of their backwardness. The political parties have also found it useful to exploit the backwardness of various regions for catching votes. No national party has, for instance, produced a practical programme for eradicating poverty in the backward areas. The Opposition parties have always blamed the Centre and the ruling Congress Party for all the ills of the backward regions. That is why the Planning Minister perhaps thought it necessary to urge all political parties to organise themselves in

a manner that would cut across the barriers of political distinctions and differences of opinion. This appeal is again nothing new, for similar appeals had been made in the past by several leaders, including Mr. Nehru. The fact to admit is that political parties have not evinced any deep interest in the planning process at the grassroot level.

In fact, Mr. Dhar would find it extremely rewarding to have a study made of the contribution that State legislators, even of the ruling parties, have made to the evolution of State plans. The entire planning process in the State is confined to the local secretariat which draws up the plan on the basis of financial targets and outlays rather than on programmes that have a real claim to high priority. The attempt is often to bolster up the demands for various projects and get the maximum from the Centre. Similarly, in Parliament, the obsession of members from different States is with grandiose schemes. They have little background of the economic conditions in their own States and feel satisfied if they have made a vociferous demand for a steel plant or a fertiliser project to be located in their State. How can the involvement of the people in the planning process be secured if their elected representatives do not have that same involvement? Mr. Dhar would, therefore, do well to educate his Party men, and also prevail upon the Party leadership, to select such candidates for election as have demonstrated adequately their interest in planning and done solid work at the *panchayat* or block level. Until this is done, it will be futile to expect the people to get involved in the planning process and in the implementation of plan programmes.

Another equally important aspect of the new approach should be to decentralise planning about which Mr. Dhar did not speak in the Lok Sabha. It is possible that the Minister did not like to dwell on this very sensitive issue but it must be assumed that he believes in the concept of decentralised planning. Barring a few States like West Bengal, Tamil Nadu and Kerala, no State has a planning board to do the necessary homework before coming to the Centre with big programmes for inclusion in their plans. Unfortunately, however, the question of decentralisation of planning is seen more from the point of view of its political implications than from the economic advantages that would flow from it. New Delhi seems seized by a fear that if the States are encouraged to do their

own planning, they might get out of its control. That is why even today the States have to send their representatives to the national capital every time a programme is to be changed or enlarged. The concentration of decision-making powers in the Yojana Bhavan has, undoubtedly, eroded the concept of decentralised planning.

Decentralisation cannot, however, be effective unless it is accompanied by a measure of autonomy for the States. It is perhaps here that the Centre finds it difficult to arrive at a compromise. If Mr. Dhar imagines that he can succeed in ushering in a new era of grassroot planning by making an appeal to various political parties, he is sadly mistaken. This country is too vast and large to be dealt with as a single unit for the purpose of planning. Unless, this is recognised and the States are given greater powers in deciding their own priorities, the new approach will never click.

A Veto against Bangladesh

PRESIDENT Bhutto can shift his ground with the rapidity of a quick-change artist. Hemmed in by hostile forces at home, he has to twist and turn to suit the public mood. This partly explains why the Simla spirit has evaporated so quickly. Hardly a month after the agreement was ratified, the talks with Pakistani envoys in New Delhi have run into difficulties. This by itself would have made the chances of a normalisation of relations between Pakistan and Bangladesh look pretty slim. But bigger things have happened to exacerbate feelings. China has used its veto to block Bangladesh's entry into the U.N. for some time to come. Mr. Bhutto has thus gone back on repeated unstated assurances. What is more, he still talks of the unification of Muslim Bengal with Pakistan. This is a marked departure from his Simla stance which indicated willingness to recognise Bangladesh in a matter of months. He had also at that time more or less reconciled himself to the likely admission of Bangladesh to the world body.

Dacca is understandably indignant. The President, Mr. Abu Syed Chaudhury, has vented his spleen. The students have been on the rampage. The Foreign Minister, Mr. Abdus Samad, was at his caustic best when he ridiculed Pakistani stalling saying that the truncated Pakistan should re-apply for membership of the U.N. But the fact remains that Bangladesh

Mr. Dhar would do well to remember that neither the degree of backwardness nor its nature is uniform in all the States. They are as varied as the food, dress and customs of the people. Therefore, they have to be tackled differently. No patent solution evolved by a set of bureaucrats at the Centre can be successfully applied to all these problems. When Mr. Dhar talks of people's involvement in the planning process, he should realise its fuller implications. If, on the other hand, it is pretended that everything must be decided in New Delhi, in order to ensure uniformity and impartiality, it is just as well to forget about the people and go about planning in the same way as it has been done all these years. People's involvement is something that cannot be bought or commissioned; it is an evolutionary process and unless there is a genuine desire on the part of politicians to secure the people's participation, it will remain an idle dream.

has suffered a setback, for all the nonchalance its leadership may show. The country is far from being in the pink of economic health and admission to the world body would have helped by providing material assistance and goodwill. It is a pity that the recognition of 84 countries and the support of 11 members at the Security Council came to nothing.

There are lessons to draw for Bangladesh. The true nature of some countries with whom Bangladesh was seeking cordial relations has been unmasked. When the Pakistani ambassador to Peking—a Bengali—came to Dacca, China is reported to have taken soundings. It was said that China was ready to buy Bangladesh jute in large quantities. The jute deal never went through. Mr. Chou En-lai wrote to Sheikh Mujib offering friendship conditional upon Bangladesh making it up with Pakistan. When Dacca spurned the offer, Peking in high dudgeon acted contrary to its posturing as the guardian angel of oppressed nations. Whether Mr. Bhutto saw in Chinese truculence a way of getting his own back on the Sheikh or whether China clipped the wings of the Pakistani doves, Bangladesh has drawn a blank at the U.N. The other country which has muddied its name is the U.S.A. First, it tried to persuade Bangladesh to defer its application for membership. Washington probably wanted to avoid a showdown in

which China would put its foot down to U.S. embarrassment. That after initial support to conditional admission, it backed outright inclusion does not establish its *bona fides*. The point has not been lost on Dacca. Due note has been taken also of Japanese dithering.

On balance, however, there is much for Bangladesh to take comfort from. India, Russia and Yugoslavia were safe bets. British backing is important for London acts as a go-between. Belgium, France and Italy are a solid gain as they seem to have got over cold feet to antagonise China. Bangladesh has come a long way from the December days when it did not even get a hearing. There is irony in the Chinese fuss over a resolution taken at a time when Bangladesh was as good as non-existent in the eyes of the U.N. In any event, the key to defusing the crisis lies in the sub-continent itself. Peking does not want peace in these parts. But the three States should. Mr. Bhutto regrettably may be the world's worst prevaricator unchastened by the stranglehold of “dissident soldiers, aggrieved police and hectoring holy-men” as a British paper puts it, but he cannot be blind to this truth. The one difficulty is that his unpredictability is a genuine foible. Had it been calculated, it would have been easier to tackle. He did not lie when he put recognition on the level of feasibility. So he climbed down to call the eastern State Muslim Bengal. He has also revived the multi-Muslim State theory of the Lahore Resolution of the Muslim League of 1940 which was sanctioned by the Quaid-e-Azam himself. This is not a pusillanimous act for hackles have been raised inside his country.

Mr. Bhutto of course has his troubles: the N.W.F.P., Baluchistan and now Sind. Reluctant to live in peace with the Urdu-speaking refugees who also have more than a fair share of commerce and industry, Sind will be a shambles if a settlement with Bangladesh foists the Bihari Muslims on its back as well. Recognition of Bangladesh is not unlikely to cause a Punjabi military coup against Mr. Bhutto either. On the other hand, while playing up to the hawks, he has to come to grips with reality. In his unsigned letter, he talked of exchange of civilians dependent upon Dacca letting up on the war criminals. Bangladesh naturally refused to lump the issues together. Apart from having blown up the Pakistani contention that India alone controls the P.O.W. issue,

it is based on an unfair equation. About the conditions of the Bihari Muslims, the Red Cross has given Bangladesh a clean chit. On the other hand, alarming reports are floating about the Bengalis in Pakistan. The 30,000 Bengalis in the Pakistani armed forces are virtually in concentration camps and in a letter to a British paper one of them has written about the unspeakable horrors of their existence. The civilians—jobless and turned out of their official quarters—are equally at the mercy of the Pakistani authorities with their bank accounts frozen. Above everything else, the correspondence does not touch the heart of the matter. Sheikh Mujibur Rahman will not budge an inch until Bangladesh is given recognition.

Two things Bangladesh need never worry about. The Indian commit-

ment is inflexible. Neither talks over the line of control in Jammu and Kashmir nor the return of Indian civilian internees by Pakistan can push New Delhi from its position that bilateralism does not mean the exclusion of Bangladesh from subsequent negotiations. And Bangladesh cannot participate unless recognised. The Chinese veto has not made a particle of difference to this stand. And on the Pakistani response to this depends the settlement of the question of repatriating the 90,000-odd Pakistani P.O.W.s. The other thing is the unassailability of the present Bangladesh Government. Bhashani's threat of a hunger march in September is little more than a damp squib. Equally insubstantial is his scheme of greater Bengal to stop the straining of his country's resources by the alleged intrusion of millions of Indians.

nature of these formalities, it cannot be said that the Government has always acted with speed. The case of the State Trading Corporation is an example of the Government's inability to take decisions promptly. It is understood Mr. Prakash Tandon, whose retirement from the chairmanship of the S.T.C. was known to the Government much in advance, had urged the Central Foreign Trade Ministry to nominate a vice-chairman so that the transition could be effected smoothly when he retired. The Ministry, however, never responded to the suggestion. The same is the case concerning two directors of the S.T.C. It took the Ministry one full year to reject the conditions laid down by them for their opting to the S.T.C. To blame it all on procedures may be a good debating point but does not absolve the Government of the responsibility for the delay in making the appointments.

The main drawback in the Government's personnel policy is that there is often too much politics in it. Even when the Government is assured of a capable chief executive, a politician is appointed above him as chairman. This makes the job of the chief executive of a project some what difficult. It would be wise on the part of the Government to avoid such situations. Moreover, there is no definition of the word "commitment"—commitment to the Minister in charge of a project, or commitment to the efficiency and profitability of a plant, or commitment to the loosely spelt out social objectives for which an undertaking has been set up? No one has ever cogently argued what a public-sector manager is expected to do. He has too many commitments to fulfil, so much so he often fulfils none. This is the tragedy of the public sector.

As for the procedures for the selection of personnel, even making an allowance for the time-consuming

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Hard Facts on Tea

THE fortunes of the tea industry are as much influenced by the domestic demand as by the export market. This is more so in India than in any other tea-producing country. Although exporters should have known by now that there is a delicate balance between world supply and demand, unregulated exports to the London auctions continue. The abundant supply—some of which are unsuitable—is having a depressing effect on prices. Perhaps it needs to be said again that prices at the London auctions will continue to be influenced by the selling policies of the producing countries. Two major producers of tea, namely, Sri Lanka and Bangladesh, experienced grave political crises last year. While in the case of the former, the Guevarista-style insurrection led to a disruption in tea supplies, production in the latter touched an all-time low of 25 million lbs, against the normal level of 70 million lbs. The up-and-coming east African tea-producing countries were hit by a severe drought. Indonesia, which till recently was an insignificant producer, is making determined efforts to become one of the major producers; her progress is not only in the direction of higher production but also improved quality of teas for which there is now strong demand in international markets. An alarming factor is the continuing drop in the consumption of this particular beverage in the United Kingdom. The prolonged dock strike had had its impact on the export market also. Although the Indian tea industry faced certain difficulties, it fared reasonably well during 1971-72 with a record production, higher exports compared with the previous year and better prices realised.

The satisfactory performance is to be attributed to the inherent strength of the industry, continuing rise in the internal consumption and a higher offtake by the bilateral or barter trade agreement countries. The prices realised for Indian teas were higher in 1971 than in 1970. As for the prospects of Indian teas in the current season, Messrs J. Thomas and Co. Private Ltd have observed in their *Tea Market Annual Report* for the 1971-72 season that the price trend will depend on the overall availability of tea in the world. In this connection, two important influencing factors will be the speed of

revival of the industry in Bangladesh and the extent of China's entry into the world tea market following the new era of *détente*. But it does not seem that the travail of the Bangladesh tea industry will soon be over. In the absence of an export policy and because of the uneconomic prices offered at the Chittagong auctions, the stocks at the port warehouses continue to pile up; they now stand at 2 million lbs below the total warehouse capacity of 9 million lbs.

The Bangladesh planters are not willing, and probably for good reason, to dispose of their stocks in the domestic market at a price which could hardly cover a half of the cost of production. The main prop of the industry there has always been the once domestic market in West Pakistan. With the liberation of Bangladesh that market has been lost and in the present state of bitter relations between Dacca and Islamabad, one can hardly think of an arrangement—either direct or through an intermediary—by which the Bangladesh estates can return to their old market. The Government in Dacca is being continuously prodged to announce the tea export policy soon and also to give an export subsidy on a "no profit no loss" basis. Industry circles believe that with the announcement of the export policy, better prices will be offered at the Chittagong auctions. In any case, Bangladesh expects to sell three-fourths of the total produce—the current season's crop is estimated at 50 million lbs—in the overseas market. In its first annual plan, the export earnings from the commodity have been placed at £8 million; but the figure seems to be on the high side because of the rather poor quality of tea grown in the country and the lean international demand for it. There is no doubt that Bangladesh teas will not be sold in the international market at the price West Pakistan used to pay. But as initial difficulties are overcome, the estates are likely to concentrate on the long-term problems like the improvement in quality and a reduction in production costs. China has recently concluded a number of big trade deals with the western countries, and it will not be surprising if some of them lift Chinese teas. Production in Sri Lanka and east Africa is also showing an upward trend and

exporters everywhere are seeing the "spectre of overproduction" and its consequent impact on prices.

A heartening feature of the Indian tea industry has been the continuing rise in the internal consumption which now takes care of more than half of the total production. But there is no room for complacency about the marketability of Indian teas. The constant endeavour should be not only to satisfy the rising domestic demand but also to produce to an extent that the domestic demand does not erode exports. The north-east Indian producers are now fully quality conscious and they are making efforts to increase production by better methods of cultivation rather than resorting to coarse plucking. What is expected of the Government is that it will take some measures to make the industry, which is now plagued by low profitability, more viable. An annual rate of increase of 5 per cent in production is possible only when the industry will be in a position to generate more resources from within and satisfy its credit requirements from the financing agencies. Messrs J. Thomas and Company have observed that it is vital that incentives are given to achieve increased production, and one could be in the form of reduced excise duty. The subsidy for replantation still remains inadequate. Industry circles hope that the recommendations of the Reserve Bank of India Study Group on Tea will be soon implemented. The financial stringency has often compelled some gardens to produce teas of a quality which is below their potential and has encouraged some others to dispose of their produce by direct estate sales to internal buyers for quick realisation of sale proceeds. These are against the interests of the industry as also of the country. If land ceilings were applied to plantations, that should be done with discrimination because large gardens which produce quality teas should not be discouraged from realising a higher unit value on their exports.

As for export prospects, Messrs J. Thomas and Company say that it is reasonable to expect better support from the U.K. where the stocks have generally been low. They have, however, noted that inflation in the U.K. and in other developed countries must necessarily force the importers to keep lower inventories. Teas which are "price reducers" will, therefore, be in great demand. Traditional

buyers are now lifting a lesser amount of tea from this country but this has been largely compensated by exports to countries with which India has barter agreements. It will

CURRENT COMMENT

COMPANIES BILL

C.T.A.'s Views

In a statement released to the Press, Mr. N. K. Jalan, president, Calcutta Trades Association, has stated that the provisions of the Company (Amendment) Bill, 1972, will go a long way in plugging many of the loopholes in the working of the corporate sector. According to him, it is an open secret that the malpractice of diverting company funds is still very much there and this is detrimental to the interest of companies as also of their shareholders. It is, therefore, in the fitness of things that this sort of malpractices in the working of companies should be stopped. However, Mr. Jalan feels that the restrictions proposed to be imposed on the acquisition and transfer of shares, if the total acquisition along with the shares already held exceeds 10 per cent of the total paid-up shares of the company, will put a hurdle on the free transferability of the shares and will, therefore, adversely react on the investment market. If it is the intention of the Government to ensure that managements of companies do not change hands through surreptitious means, that purpose could have been best achieved by making some specific provisions in this behalf without affecting the share transferability. Furthermore, the restrictions proposed on declaration of dividend only out of profits earned during the year and not from the reserve fund created out of the profits earned in the previous years will not be in the best interest either of shareholders or the investment market, for this will lead to wide fluctuations in the prices of shares.

DEPOSIT INSURANCE

Satisfactory Progress

The annual report of the Deposit Insurance Corporation for the year ended December 1971 reveals that about 29.9 million accounts with total deposits of Rs. 4,424 crores had been fully covered under the Deposit Insurance Scheme by the end of

September 1971, against 23 million accounts with total deposits of Rs. 3,411 crores a year before. The number of insured banks was 465—81 commercial banks and 384 co-operative banks. Insurance cover was extended to deposits in 384 co-operative banks in the States of Andhra Pradesh, Madhya Pradesh, Maharashtra and the Union Territory of Goa, Daman and Diu with effect from 1st July, 1971. This followed the enactment by the respective legislatures of suitable amendments to their laws governing co-operative banks as required by the Deposit Insurance Corporation Act, 1961.

The fully protected accounts as a proportion of the total number of deposit accounts as at the end of September 1971 stood at about 96.3 per cent, compared with about 96.1 per cent at the end of September 1970. The percentage of insured deposits in respect of all accounts to total assessable deposits remained around 62. The accretion to the Deposit Insurance Fund during the year was higher at Rs. 3.66 crores, against Rs. 3.17 crores in 1970. The amount available in the Fund at the end of December 1971 was Rs. 20.97 crores, representing approximately 0.5 per cent of the total insured deposits exceeding Rs. 4,224 crores. In view of the good results achieved so far, the premium rate payable by insured banks, which was 5 paise for every hundred rupees of assessable deposits from the inception of the Corporation, was reduced to 4 paise a year with effect from 1st October, 1971.

COAL

Utilisation of Middlings

The Technical Committee on Coal Washeries estimated the requirement of coking coal at 25.1 million tonnes for the existing steel plants and 5 million tonnes for the southern steel plants. As the quality of raw coking coal suitable for direct feed in the coke-ovens is likely to be about 5.65 million tonnes, the balance of 24.5 million tonnes will have to

be washed. The washing of this quantity would generate about 9 million tonnes of middlings on the assumption that the recommendation for conversion of all washeries into three-product ones is implemented. The middlings from the three-product washeries are stated to have a calorific value of 4,500 to 5,000 kilo calories a kilogram and as such would be equivalent to grade III coal. It should be technically feasible to use the entire middlings made available by the washeries in the power stations in the eastern zone. During the Fifth Plan, the thermal power stations in the eastern zone would require more than 9 million tonnes of additional grade III coal.

However, utilisation of middlings by the power generation plants would require very firm policies concerning the pricing of middlings and also the co-ordination of the power development programme in the eastern zone. The Fuel Policy Committee in its interim report has suggested constitution of a standing committee on middlings utilisation with representatives of the Department of Steel, Department of Mines and Metals, Ministry of Railways, Central Water and Power Board, the local regional and State electricity boards, and the Planning Commission, to ensure good co-ordination. It is also necessary that the date of commissioning of the southern steel plants, their requirements of coking coal and the sources from which they would draw it should be decided immediately so that a firm programme for utilisation of middlings could be drawn up keeping in view the time-phased programme of coal washing and power generation.

The pricing of washery middlings to be sold to the thermal power stations is to be decided by the Government on a formula which is agreed upon by the consumers as well as the producers. In an economic sense, the washery middlings, if they are not utilised in power plants, have a negative value as they would lead to the problems of storage and disposal. The power plants located in the eastern zone have easy access to better quality coal and would normally be reluctant to use middlings, unless it is favourably priced *vis-à-vis* raw coal. Experience of utilisation of middlings in certain power stations has shown that it leads to increased wear and tear of the capital equipment. However, with the exclusive use of middlings from three-product washeries, the erosion of capital equipment can be considerably reduced.

The formula for middlings pricing should make due allowance for all these adverse factors. The Power Economy Committee and the Technical Committee on Coal Washeries suggested a formula which basically fixes the price with reference to the energy content in the middlings and gives a further rebate for using an inferior fuel. This recommendation, however, secured the approval of both producers and users. So, the Fuel Policy Committee has urged the establishment of some sort of institutional arrangement for a very quick economic appraisal of the value of middlings from each washery and for fixing prices which should be acceptable to the power plants.

AUSTRALIA

Scope for Indian Investment

An Economic and Trade Delegation sponsored by the Federation of Indian Chambers of Commerce and Industry visited Australia between 14th and 24th May. In a report recently submitted to the Government of India, it says that theoretically, Australia offers unlimited scope for Indian investment. There are, however, two limiting factors: (i) The Government of India does not allow export of capital except in the form of capital equipment, machinery, etcetera. This naturally restricts the scope for Indian investment in Australia; (ii) Although there has been some unemployment in Australia in recent years, that country is short of labour. Labour intensive production which is the forte of intermediate level technology that India has developed has, therefore, hardly any significant scope.

Nevertheless, it is the view of the delegation that lines of production which require labour-intensive components and parts offer promising future for setting up joint ventures for assembly in Australia. Some of the parts can be manufactured in Australia while others exported from India and assembled and packed for local consumption. Sewing machines, household electrical goods, and electrical and electronic equipment are some of the items which can be explored. It would also appear that there may be a larger scope for joint ventures being set up in India to cater to the requirements of labour intensive goods for the Australian market. There are already a few such Indo-Australian collaboration agreements currently in operation in India.

BANKING

New Reporting System

The Reserve Bank of India has accepted the recommendations of the Committee on Banking Statistics regarding the new system of statistical reporting by scheduled commercial banks. This has been conveyed to the banks by Dr. R. K. Hazari, Deputy Governor, in a letter addressed to them a few days ago. The committee was appointed by the Reserve Bank in April 1972. Mr. A. Raman, Director, Credit Planning Cell, Reserve Bank, was the chairman of the committee.

The committee has recommended a rationalised and workable system of statistical reporting by banks in the place of the uniform balance book system which has been discontinued. The new system, designated as basic statistical returns, would provide for a steady flow of information required by the Reserve Bank without undue strain on banks. It calls for basic information on deposits and advances from branches at half-yearly intervals. Branches are also required to forward to the Reserve Bank a break-up of deposits according to the type of ownership once in two years and information on debits to deposit accounts once in three years. The reduction in the periodicity of these returns, it is felt, would go a long way towards reducing workload at the branch level in the preparation of returns.

WOOL TEXTILE

Need to Improve Standards

Speaking at a Press conference in Bombay a few days ago, Mr. K. C. Kothawala, Technical Service Manager, International Wool Secretariat, India, and Mr. G. I. McWhinney, Regional Manager, Australian Wool Commission, said that India had a big potential to enlarge its export of wool products provided the wool textile industry improved its standards to the international levels. Mr. Kothawala informed that for the first time in India four leading wool knitwear units of Ludhiana have been granted licences for the use of Woolmark—the international symbol for quality pure new wool products. This means that a garment knitted in India and bearing the Woolmark label will have the same quality standards as that purchased or manufactured in the U.K., Germany,

etcetera. "This has been made possible through joint efforts of the knitters in establishing adequate in-plant testing and quality control arrangements and the introduction of efficient shrink resist treatments by I.W.S. at Woolcombers of India Ltd, Calcutta and Dhruva Woollen Mills, Bombay. The four Woolmark licensed firms are York Hosiery Mills, Sind Knitweaves, Punjab Kesari Hosiery Factory and Rai Bahadur Knitting Works of Ludhiana", said Mr. Kothawala.

WORLD BANK

New Structural Set-up

The World Bank is to reorganise its operations on a regional basis, it was announced a few days ago by the Bank's President, Mr. Robert S. McNamara. This change results from a study of the Bank's organisation begun in January 1972 under the overall charge of the Vice President, Mr. Mohamed Shoaib. He was assisted by a steering committee composed of staff members. The firm of McKinsey and Co. were employed as outside consultants. Their report was given to Mr. McNamara on 28 July and on 10th August he announced his intention of implementing its core proposal, which was endorsed by the Steering Committee.

FOREIGN TRADE

Per Capita Figures

Only 32 countries managed a positive trade balance in 1970, with the underdeveloped "one-crop" nations scoring the most comfortable surpluses in the group, according to the 1971 edition of *Pick's Currency Yearbook*. As in previous years, the petroleum producers occupied the top rungs in export performance. While exports *per capita* averaged out at the US \$246 level, almost half of the countries reviewed fell below the US \$70 *per capita* range. Moreover, over 45 per cent of the world's population lived in ten nations with exports of less than US \$10 *per capita*, while a mere 2 per cent lived in the 14 countries exporting over US \$500 an inhabitant. The vast majority of countries on the bottom half of the list have chronically run trade deficits. These shortfalls extended from the rational to the ridiculous with South Vietnam and Laos outstanding examples of the latter.

World trade again boomed during 1970, and only a few minor countries showed a reduction in their *per capita* exports. Free world trade was credited with a 14.4 per cent gain over 1969's remarkable 14.1 per cent growth. Japan increased her foreign markets, pushing *per capita* exports up 19 per cent in 1970. She traded aggressively, snatching export business away from many of her biggest competitors, including the United States. West Germany shared honours with Japan for record export expansion. A number of minor countries were also favoured with sharp boosts in their *per capita* shipments, Iceland leading with 35 per cent, Nigeria 34 per cent, South Korea 32 per cent and Taiwan 31 per cent.

LEIPZIG

Autumn Fair

With the participation of 6,500 exhibitors from 50 countries in the 1972 Autumn Fair which will be held from 3rd to 10th September, Leipzig will again attract the international business world. The management of the Fair reckons with visitors from 80 countries, among them a great number of scientists and experts from the manufacturing industries. The profile of the Fair includes eight technical trade groups,

all with a strong international participation. Among them are the large chemical industry complex with the sections for basic chemicals and other base materials, chemical plant, machinery and equipment as well as plastics machinery, displays of textile and shoemaking machinery, paper-making, printing and allied machinery, road vehicles, medical and laboratory equipment, and wood-working machinery.

U.S.-SOVIET TRADE

Great Potential

U.S.-Soviet trade is entering a new era of great potential advantage to both nations, and could enhance prospects for world peace, says the U.S. Commerce Secretary, Mr. Peter Peterson. Just back from Moscow talks with Soviet trade officials, Mr. Peterson issued on 15th August a lengthy report on his personal views of both the prospects and problems ahead. Politics and economics are intertwined, Mr. Peterson wrote. "Admittedly", he said, "there remain many of the differences which led to our (political) division. We are still ideological adversaries." However, he said, the President, Mr. Richard Nixon, has taken bold new moves to "move away from the singular posture of confrontation." Of course, Mr. Peterson said, the United States will not bargain away its secu-

rity in return for trade. "Our purpose is rather to build in both countries a vested economic interest in a harmonious and enduring relationship". Difficult problems remain, Mr. Peterson said—the questions of most favoured nation status, the old wartime lend-lease debts, credit terms, copyrights and others. But the larger vision of peace, shared by both sides, Mr. Peterson said, "gives me confidence that we will succeed in our negotiations."

BANGLADESH

U.S. Aid

The U.S.A.'s relief assistance to war-torn Bangladesh in the first six months of the new nation's independence totalled \$267.5 million, about one-third of the \$800 million given worldwide. According to Mr. Maurice J. Williams, A.I.D.'s co-ordinator of U.S. disaster relief assistance for south Asia, although much of Bangladesh's war-damaged economy has not yet recovered and agricultural production is still below normal, substantial progress has been made. This has been possible because of resilience of the Bengali people to the leadership of Prime Minister Sheikh Mujibur Rahman in establishing a functioning Government, and because of massive relief assistance from many countries. The A.I.D. official's remarks were made in a letter and report he sent to Senator Edward Kennedy, chairman of the Senate's Judiciary Sub-committee on Refugees. In submitting Mr. Williams' letter and report to the Senate, Mr. Kennedy paid special tribute to the "humanitarian contributions" being made by American voluntary agencies. The U.S. Government donated \$19.5 million to these agencies for relief and rehabilitation work. In addition, private contributions from voluntary agencies totalled \$12.5 million since early 1971.

MONEY MARKET

No Transaction

There has been no official transaction in the short-term money market this past week due to the suspension of clearing caused by the continued strike in the Reserve Bank. But in a few stray transactions, the call rate has quoted at 3½ per cent. The supply of gunny and tea bills has been small. The demand for remittances has also been small. The pound-sterling has remained steady against most major foreign currencies during the week.

A Ditcher's Diary

PAKISTANI OFFICIALS MUST HAVE "apprised" the visiting Chinese delegation of their talks in New Delhi. What Mr. Chiao Kuan-hua, the Chinese Vice-Foreign Minister, said by way of comment is unlikely to be made public. Mr. Chiao's first public comment in the Pakistani capital was perhaps predictable; he took the first opportunity attacking the Russians, even though without naming them. Clearly the Chinese veto against Bangladesh's admission to the United Nations had more to do with Peking's obsession with the Russian rôle in the affairs of this sub-continent than with the merits of the specific case. The Chinese cannot be unaware that they have behaved in exactly the same fashion in which the U.S.A. blocked their entry into the world body for so many years. They said that they would not act like a Big Power, but they are learning fast. Even the manner in which a high-powered Chinese delegation descended on Rawalpindi immediately after the U.N. vote is revealing. There is an unmistakable impression of a Big Power dealing with a client State, even if Mr. Mao's emissaries still try to project themselves as friends rather than as masters. The ideological pretensions are becoming increasingly irrelevant. Chinese objections to the Russian or the Indian rôle in Bangladesh can have no

bearing on the new State's claim to U.N. membership. Only the most cynical realpolitik can explain Peking's support for the Pakistani rulers in their disgraceful rôle against the people of Bangladesh. And by its shameless power play China has again injected cold war tensions into this part of the world; Mr. Chou En-lai must have taken a series of very quick lessons from his newly-acquired American friends. But what lessons has Mr. Bhutto learnt? Does he expect Mao Tse-tung's thoughts to show him the light when he tries to cope with regional tensions in Sind, the North-West Frontier Province or Baluchistan? Or does he expect Mr. Chou En-lai's indisputably shrewd brain to yield some magic idea by which the Pakistani prisoners will be back home even before "Muslim Bengal" is recognised as Bangladesh? Apparently Mr. Bhutto tried to start some kind of a dialogue with Sheikh Mujibur Rahman on the pretext of making a long-distance telephone enquiry about the Sheikh's health. But he did not get anywhere with this gambit. In spite of the Chinese veto, therefore, he is still in what some fellow journalists are fond of describing as square one. And he doesn't have all the time in the world to move up quite a few squares. The Chinese perhaps think that they are strong enough to make

a perverse display of their pique; but Mr. Bhutto needs to watch his own position very closely indeed.

CERTAIN AREAS IN CALCUTTA SEEM to be relatively unaffected by the power crisis, but I have always suspected that this has nothing to do with the location of essential public utilities like hospitals. It is now disclosed that hospitals hardly enjoy any immunity from the effects of the power scandal. Apparently patients have stopped complaining because they are getting used to primitive suffering. Newspaper readers may have been distressed to learn that ill-developed new-born babies, whose survival depends on special care in sterilised air-conditioned chambers, now fight for their lives in conditions which are dangerous even for healthy children. But the struggle may give them new strength. In any case, they are learning the futility of complaint remarkably early in life. Ordinary people may have already adjusted themselves to modes of pre-industrial existence. This may be an appropriate development when the West Bengal Cabinet itself is setting an example for a "back to the village" move. The transformation, however, is not yet complete, and there is still a heavy demand for candles and kerosene lamps. The wheel will have come full circle when people will get used to living totally in the dark; fans may, in any case, be considered a luxury in the age of "garibi hatao". What is particularly

COMPANY SOLICITORS

A CORRESPONDENT writes in Current Coin: The question of solicitors has not been dealt with in the Bill or by the Chamber. These very ubiquitous, not to say, useful persons hold a kind of Pooi Bah office in many companies. It is not at all unusual to see the same person as the director and solicitor of the company, and of the managing agents as well. In such cases the difficulty of getting what is called an "independent opinion" is very much increased, and a company often needs independent advice. Solicitors are no doubt "very useful persons", extremely so in times of trouble; but when one seeks their opinion, one looks for an indepen-

dent and unbiased one. It is difficult to see how the solicitor of the company can be in a position to give such, if he is also a director. His views must get warped occasionally, and this may be to the detriment of the company. We are entirely in favour of having a solicitor on boards of directors, but not the solicitor or any member of the firm of solicitors of the company. There is rather too much disposition for some solicitors to ape the *deus ex machina*, and act for all parties. It is rarely successful and sometimes leads to considerable bespattering of mud, as a well-known bank and a high class mercantile firm must know to their cost by this time.

FROM

CAPITAL

29th August, 1912



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A SURVEY OF INDIAN INDUSTRIES 1972

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revealing is that the West Bengal Government is no longer promising an end to the power crisis in the foreseeable future. This is a remarkable change from the days when the Government was conjuring up visions of universal bliss. What happened to the jobs which the State's unemployed youth were led to hope for? What, for that matter, happened to the schemes for Calcutta's development? Roads were dug up before the monsoon; and at many places there was quick refilling because of the approaching rains. There will probably be more digging and refilling after the rains; and that will be about all the work done. But even the refilling does not seem to have been thoroughly done; both pedestrians and motorists face special hazards at this time of year. The C.M.D.A., however, has only added to the hazards caused by natural decay which nobody does anything to arrest. Water-logging has not been an acute problem this year only because the monsoon has been mild. Thank God, the Government is no longer promising much relief. The Chief Minister recently said that there would be no end to water-logging in Calcutta in the next five years. But why five years? Will any of West Bengal's problems ever be solved?

THE BEHAVIOUR OF UGANDA'S GENERAL Amin towards his country's Asians will rank among the most squalid examples of racialism in Africa's entire history of this most deplorable of human phenomena. How strident would the outcry have been, one reflects, if South Africa had expelled her Asians instead of Uganda. President Amin's racial policies are worse than anything so far dreamt up by Pretoria, although not so much so, regrettably, that they may not at some future time be copied elsewhere in east Africa. The puzzling question, of course, is why the President acted as he did, what indeed has made him use racial means to achieve what are almost certainly political ends. Internal popularity is the easiest answer. Yet African despots of the Amin variety normally pay scant enough attention to public opinion, nor is it necessary they should. The General's support is, after all, based on the army, which will no doubt enjoy the plunder now available, but might otherwise be expected to think less in racial terms than in those of simple power. The wish to punish the British for something or other, per-

haps a refusal to supply arms for an attack on Tanzania or more likely Kenya, seemed a probable explanation at one time, although the later decision to expel Asians of Ugandan nationality, since reversed, somehow cast doubt on it. The answer seems likely to remain as obscure as African politics. But one thing does appear probable, and that is that President Amin has had outside support for his actions.

WHENEVER I HAVE TAKEN TIME OFF during the past few weeks to read about the interminable racial squabbles that preceded the opening of the Munich Olympics, I have generally found myself fighting an inordinate tendency to burst into tears. For the unhappy organisers as well as poor, mixed-up humanity, my grief has been boundless, although not entirely devoid of criticism at what is after all such tragic stupidity. About all I can say is that if, in future, no country ever again volunteers to offer a home for the Olympics, I should not be a bit surprised. Not every nation is rich enough to shoulder the financial risks over which the West Germans must have been biting their nails recently. And let us not delude ourselves that once the Rhodesian or South African problems have been solved, all is going to be well. On current showing, such international get-togethers as the Olympic Games can look forward to being used as a forum for the parading of this, that or the other human conflict, for about as far ahead as it is possible to foresee. Already, it would seem, the Winter Olympics may be on their way out, although

NOT ONCE NOT ON account of racial disputes.

PARLIAMENT WAS RECENTLY GIVEN A list of 38 persons who were paid, "the maximum amount of honoraria" for talks over All India Radio during 1971, and the list was headed by one Swami Chinmayananda who received Rs. 2,600 for his broadcasts. I do not know what his talks were about; but since he is described as a "Geeta scholar" I should imagine that the talks had something to do with the teachings of the Geeta. I have no objection to religious instruction being imparted by some A.I.R. broadcasts; and, in any case, the message of the Geeta has nothing to do with any sectarian or institutional religion. But it may seem a bit odd that the highest individual earnings for talks broadcast by A.I.R. last year were made by a Swami. Surely he could not have been interested in something so mundane as money; and the Geeta certainly enjoins one not to do anything with an eye to the fruits thereof. But there was no point in spurning the fruits either; they could possibly be put to uses for the common good. As far as A.I.R. is concerned, it must be prepared to pay for the kind of talk it values. That the highest payment was made to a Geeta scholar may be interesting; what is perhaps more instructive is that the amount was no more than Rs. 2,600. The journalists, political commentators and others on the list evidently got less, which means that even a professional expert cannot expect a decent income from radio talks. There is a painful dearth of good broadcasters in this country; and one reason may well be the

absence of a sufficient financial incentive. Of course, there are other reasons as well; A.I.R. does not always seem to encourage either liveliness of content or professional competence in its talks and commentators. But poor payment could well be a further disincentive. I have often wondered if it is possible for one in India to make a decent living from free-lance work as a commentator in the Press and on the radio. Perhaps the Press offers a little more scope, but even so it cannot be easy for one to be assured of a living wage from independent writing. Perhaps our system is too rigid; perhaps there is also a lack of individual enterprise. Some people have lately been moaning that we have no one like Jack Anderson to expose the skeletons in the national cupboard. But we do not even have anybody in the tradition of Walter Lippmann who commented exclusively on published information. As for broadcasting, we hardly have any professionals at all; those employed by A.I.R. are professional more by definition than by temper or practice. I am afraid I am totally uninformed about our T. V.

A HIGH CONSULAR OFFICIAL, NEWLY posted in Calcutta, made the following observation the other day: "Bengalis are a wonderful people. But every Bengali thinks that he could have been a Tagore. His State also could have been a paradise on earth but for an unsympathetic, unhelpful and ungenerous Centre. But nobody ever talks of discipline and self-help."

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Developing Executive Leaders : The Key to Successful Management

By V. S. Bhatia

As in India, so in America, there is a constant search for the "ideal executive". It has been said that at lower levels, technical and human skills count more, but at higher levels, effectiveness is directly related to human and conceptual skills.

It is argued that any progress towards professionalisation must assume acceptance of its desirability. Managers operate as a part of a social system, and the overall performance will depend on the quality of the personnel and professional goals. If the latter are ill-defined it must lead to obscurity. What professionals are after is vitally important, and the objectives must be acceptable to the community. Also, professionalism cannot be treated as a catchword as is sometimes used in India today. There is work ahead of the Indian industry to establish its credibility possibly through some better self-regulation. Enlightened industrialists in the U.S.A. have grasped the need to consider today's laws and tomorrow's expectations simultaneously. However, broader definitions of economic opportunity are still to emerge in India.

The "self-concept" is discussed as a filter that screens what one does not wish to hear or see. It is a weakness in organisations (whether they be in the U.S.A. or in India) that not all leaders accept that human beings can change in behaviour along with environment. The realism or non-realism in the self-concept can influence business growth. Self-expectation or motivation are, therefore, important in the pursuit of new directions and broader perceptions. Encounter with disappointment is embedded in life and cannot be escaped, and a section in the book* contains the experience of well known business men and public leaders under the stress of responsibility and leadership. The relationship between personality and leadership is discussed with examples from the careers of Presidents of the United States, to clarify the rôle of

effective information, ideas, checks and balances.

One author discusses, in the writer's opinion on somewhat too philosophical a line, an average man's search for anchors outside himself, and the need for an abiding faith as a nucleus of an integrated and meaningful approach. Rapid developments in the practice of the art and science of management have led to new tasks that hinge on developments in technology, markets and systems. Baffled by the complexity of problems of people, money and machines, executives must perhaps learn to think like philosophers. One can agree that intellectual vision and its translation to operational results requires emphasis on new ideas to provide a central focus, and a broad approach of non-involvement, separating the soft from the hard answers, is useful, but addiction to faith or philosophy alone is unlikely to help. It is stated that few companies and yet fewer individual managers address themselves in a serious and organised way to the aspect of future, although the evolution of economic forecasting is now coming to be recognised as a tool of business. This must lead to improvement through the use of quantitative and qualitative analytical economics, a trend visible in India also.

Coping with the Job

As in India, so in America, there is a constant search for the "ideal executive". Unfortunately, insufficient effort has gone into the analysis of the skills that go to make such individuals. A point well made is that at lower levels, technical (production) and human skills (personnel relations) count more, but at the higher levels effectiveness is directly related to human and conceptual skills. The three skill approach is equally valid here. The rôle of the chief executive is discussed in relation to management of stress, capacity to concentrate, and other attributes, such as the influence of a model for good or for bad. The No. I cannot dither and must say "yes" or "no" and resolve the conflict of codes within the organisational structure and behaviour. All this assumes that he is prepared to do or die, and

does not have to look over his shoulder to enquire who breathes on his neck next, which is the current phenomenon both in the public and private sector industry in India.

The rôle of power and politics in organisational life is described on the bearings of personality factors, pyramidal structures (leading to insufficient number of positions to meet everybody's ambition) and the potency and reality of shifts in authority. How true for the authors to highlight the common error of confusing compliances with commitments; the former is an attitude of acceptance of a directive, but the latter represents motivation. (This could be positive or negative through adoption of the directive or resistance to it). Ingenuity to interpret or implement in order to succeed with one's team is important. Also, the need to accept, on the part of the bosses, the validity of a range of alternatives. Power relationship can lead to coalitions which have a rôle to promote development and progress. Readers will observe the similarity in political structure of democracies where the No. I may not be able to build confident relationship within the first tier of colleagues, but might rely instead on an individual outside the formal apparatus (echoes of the situation in the U.S.A. in 1972). Intelligent use of power without losing sight of objectives is relevant in corporate business and politics.

Management evolution (in the quantitative world) deals with the problems arising out of adaptation of new technology and techniques for solution of business problems, and the authors bemoan that executives in America are not primed fast enough to deal with the computer, although the seat-of-the-pants approach to managerial action is on the wane. If this is so in the United States, one can easily lose hope and confidence about India. Quantitative methods must make new demands on managers and bring in their own discipline, for instance, executive mobility—if the manager becomes professional he achieves the status of a technical craftsman loving his tools and anxious to use them in more than one location rather than let them rust. This is already visible in India to the chagrin of those addicted to traditional mores of corporation loyalty.

Motivation for Growth

By far the most interesting part of the book is the section which deals with the familiar theme that the way managers treat their subordinates can affect their performance, and that the output

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* *Developing Executive Leaders*. Edited by Edward C. Bursk and Timothy B. Blodgett. (Published by Harvard University Press, Massachusetts, U.S.A. Price \$9.95, pages 191.)

is influenced by the Pygmalion rôle of the manager for good or bad. If growth and future performance are critical for development of managers and industry, one must accept that any young entrant in industry could be made or marred by his first manager. A lesson for India.

The problem of maladjusted managers receives attention, through analysis of a few cases, to highlight the rôle of solving actions *via* controls, constructive advice, etcetera. The authors feel that despite the inroads of psychological consultancy, there does not seem to be a single view on the problems, and solutions can perhaps be best sought through eradication of errors in supervision through attention and sensitivity. Supervision has to do with motivation. Everyone in an organisation looks to his boss for such conditions of motivation that has a meaning at his level, and an acceptable style of supervision must be distributed at all levels. Management failures do not arise from intentional malice, but result from residues of traditions, of too much or too little scientific management; in the former, the jobs get fractionated leaving little room for independent initiative and thinking, and in the latter, one has the example of enlightened ad-hocism.

Style of supervision is an expression of the characteristics of the manager, and inter-personal relationships with agreed goals are important conditions for motivation. However, for these to have their full play, there should be adequate management systems.

Manpower Planning

How to promote better management of management careers is the theme of a separate article, and the burden of the arguments is in relation to manpower planning through scientific data collection, information monitoring and continuous personnel research in reference to the rôle of self-perception, job behaviour, etcetera. Career planning is a participative two-way process, with both the employer and the employee to be aware of the critical considerations affecting a joint march towards objectives. When discussing self-education the authors refer to the threat of personal obsolescence in sophisticated economies like the U.S.A.'s. If it is accepted that creative performance of managers can be improved this must be through opportunity to learn, to talk or write about what is being learnt, so that one's experience can be tested. New knowledge is relevant only when this is integrated with exist-

ing skills. This is sound common sense.

A summary of the experience of American experts in selected countries (India not identified) forms the concluding chapter. The common problems encountered are listed as limited educational opportunity, a small base of leadership potential, a built-in hostility towards private enterprise, and above all a lack of appreciation of the rôle of management in promoting business or industry. To this is added a resistance to personal criticism. Here is something for institutes of management in India to keep before them. A trainee executive of today will be a leader of industry tomorrow, and the broad aspects discussed in the book would be relevant to his development wherever he is placed, whether in the public or the private sector.

The editors present 16 reprints/articles, of which the contents need digestion in an intellectual context. Some of these were originally printed about 16 years ago, but the topics are still fresh. A number of Indian experts continue to write and speak on the changing management scene and style to be practised when pursuing

(Continued on page 366)

SPECIAL ARTICLES

Companies Bill : Plugging the Loopholes in the Corporate Sector

By H. R. Bose

The provisions of the Companies (Amendment) Bill are mostly intended to plug the loopholes in the working of companies. On a closer examination, it would appear that some of the measures now being introduced are actually in the larger interest of shareholders as also of companies.

IT is rather surprising to note that the introduction of the Companies (Amendment) Bill, 1972, in Parliament a few days ago has depressed the stock markets. Equity prices have registered an all-round decline and losses are reported to have been quite heavy in many counters due to persistent selling pressure. But such behaviour of the stock markets appears to a layman rather queer. The provisions proposed under the Companies (Amendment) Bill, 1972, are mostly aimed at plugging the loopholes in the working of companies, particularly with a view to ensuring and safeguarding the interests of individual shareholders. It is, therefore, rather difficult to understand why the present move should adversely react on the share markets.

It is perhaps reasonable to presume that the provisions relating to share transfers and holding of *benami* shares and regulation of dividend payment out of reserves are some of the factors which have brought about this situation. But this has only proved the correctness of the Government's contention that there were considerable irregularities relating to the transfer of shares, and that quite a large number of shares were under *benami* holdings, giving scope for tax evasion and other financial malpractices. On a closer examination of the provisions relating to the transfer of shares and *benami* holding of shares and the stipulation for banning payment of dividend out of reserves, it will, however, be seen that these measures have been introduced in the larger interest of shareholders as also of companies.

It is provided in the Bill that no individual, group, constituents of a

group, firm, body corporate or bodies corporate under the same management shall jointly or severally acquire, whether in his or in its own name or in the name of any other person, any equity share in a public company, the total capital of which is Rs. 25 lakhs or more without the previous approval of the Central Government, if the total nominal value of the equity shares intended to be acquired exceeds together with the total nominal value of the equity share already held 25 per cent of the paid-up equity share of such a company. Similar restrictions will also apply in the case of acquisition of shares of a private company which is a subsidiary of a public company.

It has been further provided that every body corporate or bodies corporate under the same management holding singly or in the aggregate 10 per cent or more of the nominal value of the equity share capital of any other company shall give to the Central Government an intimation of its proposal to transfer such shares giving full particulars of shares proposed to be transferred, to whom to be transferred, the details of the shareholding of the transferee in the concerned company, etcetera. If the Central Government is satisfied that as a result of such transfer, a change in the composition of the board of directors of the company is likely to take place, and that such a change would be prejudicial to the interest of the company or the public, it may direct that no such share shall be transferred except with its previous approval. In case of certain other companies engaged in any industry covered by the Industrial Policy Resolution, such shares shall be transferred either to the Central Government or to corporations owned or controlled by the Central Government according to its direction against payment of an amount equal to the market value of the shares. Similar restrictions have also been proposed for transfer of shares of a foreign company having an established place of business in India.

The Bill also provides that if the Central Government is satisfied that as a result of the transfer of shares of a company, a change in the controlling interest of the company is likely to take place and that such change is likely to be prejudicial to the interest of the company or to the public, the Government may direct the company not to give effect to the transfer of any such share or block of shares. In case such transfer has already been registered, it can ask the company not to permit the transferee or his nominee or proxy to exercise any voting or other rights attaching to such shares or block of shares. These provisions are not, however, to apply in cases where not less than 51 per cent of the shares is held by the Central Government in corporations or public financial institutions.

It will thus be seen that the much criticised method of surreptitiously handing over the management of a company from one group to another without looking into the broader interest either of the company or of the shareholders has been intended to be checked by this provision. It is a common allegation against share transactions in stock markets that in many cases the shares are held in *benami* so as to evade tax liability and other financial obligations. Various committees set up by the Government of India to suggest methods for checking tax evasion, etcetera, have recommended stoppage of *benami* transaction of shares as one of the steps to be adopted. The Bill, therefore, rightly envisages *de facto* stoppage of *benami* transactions in shares. It has been proposed in the Bill that persons having their names entered in the register of members of a company as holders of shares in that company but having no beneficial interest in such shares shall make a declaration within a specified time specifying the name and other particulars of the persons who hold the beneficial interest of such shares. The person holding a beneficial interest of such shares will also have to make a similar declaration specifying the nature of his interest, particulars of the person in whose name the shares stand registered in the books of the company and such other particulars as may be prescribed by the company. Any charge, promissory note or any other collateral agreement concerning any share or any hypothecation thereof without any declaration as stated above shall not be enforceable by the beneficial owner or any person claiming through him.

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According to the prevailing practice, many companies in spite of earning no profit during a particular year declare dividends out of its previous reserves, thereby maintaining the value of the shares in the market. But on many occasions this facility is reported to have been misused and the financial position of a company has been artificially shown up by declaring dividends in spite of losses. This is a case of gross misrepresentation of the state of affairs and very often the public are misguided. It is now proposed to put a stop to such practice of declaring dividend during a year when the company has not been able to earn any profit. It has been envisaged that if due to inadequacy or absence of profit in any year, a company declares a dividend out of its accumulated profits in the previous years, such declaration of dividend shall not be made except in accordance with the rules laid down by

the Central Government in this behalf.

Furthermore, it has been proposed that the total amount to be declared by a company as dividend to the shareholders should be transferred to a special account within seven days of declaration of the dividend, to be known as the dividend account. If any money transferred to the dividend account remains unpaid or unclaimed for a period of three years from the date of such transfer, it shall be transferred by the company to the general revenue account of the Central Government. Any claim to any money so transferred to the general revenue account may be preferred to the Central Government by the person to whom it is due. This provision appears to be a little harsh and prejudicial to the interest of the shareholders.

Should India Invite Multinational Corporations ?

(By a Special Correspondent)

Because of her vast potentialities, India is likely to attract more attention from multinational corporations in the coming years. She needs to bear in mind that such corporations can help her in a big way to achieve self-reliance.

THE American University Centre in Calcutta organised a three-day seminar recently on the rôle of multinational corporations. The participants included business executives, professors of politics and economics, American scholars, and students. The discussions as well as the background papers circulated in the seminar served a useful purpose in highlighting the strong and weak points of the multinational corporation which has been playing an increasing rôle in world economy. A multinational corporation has been defined as one which owns and conducts business in two or more countries. As an American author has explained, it is an agency of direct, as opposed to portfolio investment in foreign countries, holding and managing the underlying physical assets rather than securities based on those assets. There are many factors which motivate corporations to multinationalise. For example, when entrepreneurs find that their products

cannot be directly exported to certain countries because of the latter's tariff barriers, they think in terms of direct investment. The prospects of augmenting profits are, of course, a major motivating factor in setting up multinational corporations. There are also other considerations.

As Mr. Neil H. Jacoby, an American professor of business economics, has pointed out, "by multinationalising, a company also acquires certain competitive advantages. It can monitor technological developments in many countries. It can borrow at low interest rates in one country to finance working capital shortages in a high-interest rate country. It is able to adjust intra-company transfer prices in ways that reduce total corporate tax liabilities. It can move surplus funds between its multiple basis to minimise the cost of borrowed funds or to take advantage of predicted changes in the existing rates of national currencies. Entry by American firms into Europe, for example, was facilitated by the typically large amounts of credit supplied by European bankers on a limited base".

Some idea of the growth of multinational corporations can be had

from the fact that of the 500 largest corporations in the world, 306 have their headquarters in the U.S.A. The total private direct foreign investment by the U.S. industry has been estimated at over \$65 billion. At the same time, foreign investment in the U.S.A. has also been substantial. It has been pointed out that foreign investment in the U.S.A. has been growing at a faster pace than the U.S. investment overseas and that over 700 U.S. manufacturing enterprises are partly or wholly owned by about 500 foreign companies.

Multinational corporations have played a valuable and even vital rôle, especially in stimulating the growth of the less developed countries. According to an analysis made by the National Planning Association of the U.S.A., American multinational corporations have played in many countries "an innovating and catalytic rôle, founding new industries, transmitting technological and managerial skills as well as capital, and in many cases creating entire social infra-structures of schools, housing, health facilities and transportation in order to conduct its business". But multinational corporations have also come in for strong criticism from the host countries. It has been alleged, for instance, that in some cases multinational corporations have concentrated too much on profit-making and too little on the real development of the economy of the host countries and that they have also interfered in local politics and indulged in questionable practices.

As Mr. A. T. Knoppers, a leading American business executive, has said, some developing nations suspect divided loyalties on the part of multinational corporations. It is the latter who often decide what and to whom a subsidiary may export. Multinational corporations are sometimes considered to be a threat to infant or small local industries. They are also charged with attempts to lure away men of merit by paying attractive salaries and to dry up credit sources by taking away the loan money. "The cumulative effect of such accusations when pushed to the extreme", says Mr. Knoppers, "is that the corporation is seen as a threat to local economic autonomy". But, on the whole, the record of multinational corporations has been constructive and commendable and there is a great deal to be said in favour of encouraging their growth, especially in the less developed areas of the world. If such corporations effectively pub-

licise their contributions to the economic growth of the host countries, identify themselves with the local interests and aspirations, conform to the local business practices as far as possible, and do their utmost to encourage research and employment, there is no reason why they cannot become increasingly popular.

India, in the coming years, is likely to attract more attention from multinational corporations. The vast market, political stability, availability of infrastructure and the prospects of profitable working—all these are bound to create among multinational corporations an interest to invest in this country. India, of course, has to be selective in her policy towards the flow of foreign capital, especially the growth of multinational corporations. A cautious approach in this matter will certainly help to speed up the rate of growth of the country's economy and achieve self-reliance. But multinational corporations will be attracted to India only if New Delhi's attitude to the national corporations

becomes more realistic. The Government of India should appreciate that most of the existing corporations in the private sector are owned by several thousands of shareholders belonging to the middle income groups and not by a handful of wealthy people. Indian corporations are also quite small in size when compared with international standards and, therefore, official policy should facilitate their growth and diversification and not stifle them in the name of checking monopolies and concentration of economic power.

Professor Neil Jacoby has described the multinational corporation as "the most powerful agency for the regional and global economic unity that our century has produced" and that it is "fundamentally an instrument of peace". Although these descriptions may seem somewhat exaggerated, there is no doubt that multinational corporations can play a useful rôle in reducing economic disparities between nations and in promoting better understanding among the people of different countries.

The Growing Importance of the Asian Development Bank

By A. Raman

The Asian Development Bank has been trying to satisfy the financial and technical requirements of the region through its varied activities. It will become a more effective body if its resources are increased.

ASIA needs a Development Bank for certain special reasons. First, there is the Colombo Plan under which financial and technical assistance is made available to the different Asian countries by the developed nations. Secondly, international agencies like the World Bank help in the economic development of the region. However, a special institution for financing development is essential, particularly because of the vastness of the Continent. Asia has 18 countries. Each has its own characteristics; and some of the countries are very backward. A Regional Development Bank can meet the financial and technical requirements of the area in a much better way. An international financial institution like the World Bank, however much it may like to promote economic conditions in Asia, cannot do full

justice to the region as it has to meet the requirements of the entire world. Furthermore, a Regional Development Bank can function in close co-operation with another regional institution, viz., the E.C.A.F.E.

A number of questions arise in respect of the working of the Bank. In the first place, does the Bank have sufficient resources? Here, it has to be pointed out that the requirements of the region are indeed huge. But the resources must come only from the rich countries like the U.K., West Germany, France, Italy, the U.S.A., Australia and New Zealand and of course Japan. The Special Fund of the Bank is used for helping the underdeveloped countries at concessional rates and substantial contributions have, therefore, to come to this Fund. A sum of \$100 million will be contributed to this Fund by the U.S.A. while Japan has already contributed \$70 million and will contribute another \$30 million. West Germany has made available 64 million deutschemarks in 1971. Over the period of five years 1971-75, the contributions of some of

the countries to the Special Fund will be as follows: Italy 125 billion liras, Belgium 90 million francs, Denmark \$300,000 and Finland \$100,000. Although the financial support of these countries will undoubtedly be helpful, this alone is not sufficient. The Bank should, therefore, mobilise more and more resources. In this context, the raising of funds by the Bank in the capital markets of the world assumes importance. It is gratifying to note that an office of the Bank has been opened in Zurich. This will enable the Bank to remain in touch with the capital markets as well as the leading banks of the European countries.

Should the Bank give hard loans or soft loans? The Bank, generally speaking, gives hard loans. For example, of the loans granted in 1970, as much as 85 per cent were purely on commercial considerations. Naturally, the conditions were a bit stiff for the recipient countries. However, the Bank may feel that its resources position does not allow soft loans being granted. But, here again, it may be asked as to whether the utility of the Bank will not be greater if it grants soft loans liberally. Soft loans can be granted only if the resources position is comfortable which is not the case at present. Thirdly, has the Bank helped the more backward among the developing nations? Certainly, the Bank has taken into account the needs and requirements of the backward territories; and a number of the very backward among them in Asia like Cambodia and Laos have received aid from the Bank. The loans taken from the A.D.B. were first to be taken by them from any international institution.

The activities of the Bank have been undoubtedly of great help to the Asian countries during the last three or four years. The Bank agreed to grant till 1970, \$400 million to 15 countries in the form of 59 loans. A number of useful ventures in the economic sphere have been assisted by it. Vocational education and agricultural development banks have also been financed by it. The Bank also provides technical assistance. "Good advice", observed Mr. Takeshi Watanabe, "is more than money". The region is as much in need of technical assistance as money. The Bank has provided technical assistance to the extent of a little more than \$6 million. This, of course, is not much; but it has definitely helped in improving the economic conditions in Asia. The Bank can be helpful in other ways too, such as the liberalisation and promotion of trade within the region. The possi-

bilities of assisting trade through the supply of export credit refinancing are being studied by the Bank. The Bank is interested in undertaking surveys too. An Asian industrial survey has recently been undertaken by the Bank.

The Bank has been able to meet the financial requirements of the area only to a limited extent. In the days to come, the A.D.B. will have a more important rôle to play. This is because the countries of Asia are badly in need of more and more resources for their development but are not able to get sufficient funds. In this context, some special characteristics of the region are to be mentioned. First, the pace of economic growth is rather slow. Secondly, the fairly big imbalance between imports and exports is another difficulty; the gap in the balance of payments of the regional member developing countries increased from \$4,352 million in 1963 to \$5,604 million in 1969. Thirdly, there is the strain of debt servicing.

Speaking on the occasion of the inaugural meeting of the Board of Governors of the African Development Bank in 1964, the late Sir Abu Baker Tafawa Balewa, the then Governor-General of Nigeria, observed: "The sphere of economic co-operation between African countries is still a virgin field. We trust that the African Development Bank will act as a catalyst in this field and thus help to bring about the integration of the much desired African Common Market and the ancillary agencies". These observations hold good for the Asian Development Bank to a certain extent. Of course, the idea of an Asian Common Market is still premature. But the idea of regional economic co-operation in Asia is certainly capable of being pursued, as there seems to be good scope for it. In promoting this co-operation, the A.D.B. is one of the important instruments, along with E.C.A.F.E.

(Continued from page 362)

economic growth, even though the concept of growth itself is losing its traditional aroma. In the situation unfolding in India, it is useful to have a background of knowledge and experience of others. The problems discussed in the book cannot be superimposed here, but are relevant to India's conditions, as improvement of competence and decision-making is valuable to nationalised or private industry.

Saving the Simla Agreement

(From Our New Delhi Correspondent)

The Prime Minister is making her best efforts to save the Simla agreement from proving a failure. It is to be hoped that President Bhutto will not create any problem over its implementation.

THE Prime Minister, Mrs. Indira Gandhi, is making her best efforts to save the Simla agreement from proving a failure. Her recent letter to President Bhutto of Pakistan and the decision of his Government to send a team of officials to New Delhi to review the Simla agreement are efforts in that direction. Mrs. Gandhi had to take the initiative since India's hopes of a smooth implementation of the Simla agreement received a severe jolt following President Bhutto's *volte face* on the issue of Bangladesh recognition and the slow and unsteady progress in the delineation of the 17th December line of control in Jammu and Kashmir. Although Mr. Bhutto had presumably given categorical assurances in Simla about his willingness formally to recognise Bangladesh during the month, the impression in the capital is that, far from doing this, he has sought the help of China to bar the entry of Bangladesh in the U.N.

Recognition of a country by another country is essentially a political decision and India can probably do nothing to force President Bhutto to do just that. But the Pakistani President's response to Mrs. Gandhi's letter suggesting a review of the developments since 22nd July when the agreement was signed, has been prompt, and a team from Rawalpindi was in Delhi during the week-end. For Pakistan, the return of the 90,000-odd prisoners of war is as important as regaining the lost territory, particularly in Sind and Punjab, although not to the same extent in Kashmir. This explains why there has been sufficient progress in the Sind and Punjab sectors and rather slow progress in Jammu and Kashmir. The release of the prisoners of war is essentially linked with Pakistan's re-

cognition of Bangladesh. It is a pity that although Pakistan was in a position to dissuade China from casting its veto against Bangladesh's membership of the U.N., it preferred not to do so. Now that the Jana Sangh agitation has ended, the Government is not unduly worried over the Opposition's attitude to the Simla agreement, but Mrs. Gandhi is anxious that at least Mr. Bhutto does not create problems for the implementation of the agreement. The hope in the capital is that once the Pakistan official team returns to Islamabad speedier steps would be taken to implement those portions of the agreement which have priority over others.

Meanwhile, during the last week Parliament was concerned with some of the internal problems. There was first the civic strike in Bombay over the bonus issue, then the Shahdara disturbances over police excesses and then a major debate over the power crisis in several parts of the country. Since bonus is a Central issue, the Opposition sought to grill the Government for its failure to formulate a uniform policy applicable to the whole country and failing to get a satisfactory reply, the Opposition staged a walk-out. On the Shahdara issue, even the Speaker was prepared to give his consent to an adjournment motion, but the difficulty was that, due to the absence of the D.M.K. members from the House on that particular day, the Opposition could not muster the minimum of 51 members required to support the motion. However, subsequently, there was a short-notice question during which the Government announced the setting up of a judicial enquiry into all the incidents, except the alleged murder of a Home Guards official which sparked off the trouble. As for the power crisis, Dr. K. L. Rao, Central Irrigation and Power Minister, literally expressed his helplessness and said that the only solution to this was a Central authority to regulate the generation and distribution of power.

SPOTLIGHT ON STATES

The End of the Educational Crisis in Kerala

(By a Special Correspondent)

The Prime Minister, Mrs. Indira Gandhi's intervention helped to solve the crisis that was facing private colleges in Kerala for a year and a half months. All the parties concerned can now concentrate on improving the standard of education in the State.

THE collegiate education problem in Kerala which was hanging fire for the last two and a half months affecting the future of some 100,000 students is now amicably resolved. The Prime Minister, Mrs. Indira Gandhi's intervention gave this burning issue a salient touch which expedited the settlement, thus averting an explosive situation in the State. The peculiarity of the educational system in Kerala is that private managements hold the monopoly in this field. Out of the 133 colleges in the State, more than 100 are run by private managements wherein various Christian organisations and the Nair Service Society and Hindu community organisation (led by the late Sri Mannath Padmanabhan) predominate.

The main cause of the recent crisis was the Government's decision to bring down the fees in private colleges so those being paid in Government colleges without increasing the grants-in-aid to cover the resulting deficit; the Government has been meeting 80 per cent of their deficit by way of grants. Following the said decision, 69 private colleges run by the Church and the N.S.S. remained closed after the summer vacation defying the University's order to reopen by 10th July. The University even threatened to de-affiliate such colleges in case of non-compliance with its directive. But the managements were adamant.

The Government, therefore, modified its earlier stand and offered to pay off staff salaries directly if the managements were agreeable to a limited Government control over employment and admission in colleges. The Government's argument was that some sort of control was necessary to stop malpractices. The Liaison Committee of the ruling Party wanted a representa-

mittee for admission and employment. But the managements were prepared to take only an observer from the Government side. The Government later proposed a four-member committee representing the Government the University, the management and the principals but this was also turned down. The Bishops' Council representing various Christian organisations maintained that employment in colleges was a very important issue where the Government should not interfere. The Private School Managements' Association which met in Kottayam declared that it was prepared to meet the challenge posed by the Government.

The six-Party coalition Government found itself on the horns of a dilemma with two of the coalition partners adhering to different courses of action. While the Muslim League pleaded for relaxation in the stand taken by the Liaison Committee, the Youth Congress threatened to withdraw its Ministers should the Government make any concession to the managements. With the two sides sticking to their guns, the situation started taking a violent turn. The K.P.C.C. Joint Secretary, Mr. A. K. Antony, and the pro-Congress Kerala Students Union President, Mr. Sudheeran, were manhandled by pro-management demonstrators near Kottayam on 22nd July. As a sequel to this, students joined the struggle holding protest meetings and demonstrations in Kottayam, Vaikom and other places.

Negotiations were, no doubt, going on at various levels between the Government and the managements but at the same time the Government was planning to make alternative arrangements to provide educational facilities to students affected by the closure of private colleges. They included opening of new colleges in Kottayam, Changanacherry, Thiruvella and Muvattupuzha, introducing shift system in the reopened Government and private colleges and giving necessary aid to the proposed popular college to be set up by the Kerala University in Trivandrum.

In this connection the Governor of Kerala, Mr. Viswanathan, met the Central leaders who in their anxiety to solve the deadlock advised the State Government to make some adjustment to create a favourable climate for settlement. The Prime Minister also advised a socialistic formula. The proposal was for a five-member selection committee consisting of three from the managements' side and two from the Government. The Government representative although fully empowered was to be an observer only as was the managements' demand. Immediately on his return from abroad the Chief Minister, Mr. Achutha Menon, summoned the management representatives for further talks on the above lines. Although the area of differences between the two sides narrowed down, the question of employment remained a stumbling block and there was a complete breakdown of the talks.

As a last resort the managements approached the Centre for intervention. In the final round of talks between the managements and the Government on 16th and 17th August, a settlement was reached on the basis of the compromise formula approved by the Prime Minister. It envisages a five-member selection committee for employment and admission consisting of one each from the Government and the University, two from the management and another to be chosen by the management in agreement with the University from among the Principal, Head of the Department or Professor of the subject concerned. The District Collector or a Secretary shall be the Government representative who will be chosen by the management from a panel of Collectors and Secretaries. It has been agreed by the managements to reopen all the closed colleges by 1st September.

As for the question of admission of students, 50 per cent of the seats are to be filled on the basis of merit, 20 per cent reserved for scheduled caste and tribes, 20 per cent to be filled at the discretion of the managements and the balance 10 per cent reserved for the community which runs the institution. The managements will also withdraw their demand for an increase in grants to make up the deficit arising from the reduction in fees. It is a matter of opinion as to who has won the battle like all compromise cases, but one great benefit is that both the sides can now heave a sigh of relief and direct their energies to more constructive channels while the stranded students can prosecute their studies without interruption.

Should the Number of Public-sector Banks be Reduced ?

By M. R. Meher

The Banking Commission has recommended that the number of public-sector banks should be reduced. The logic behind this proposal is difficult to understand because their present number is hardly enough for a country of India's size.

A MAJOR recommendation of the Banking Commission is the reduction of the number of existing national banks. According to it, the present number of 22 separate banks in the national sector is too large and the distribution of banking facilities provided by them is uneven as between different States. The Commission mentions, among the important considerations on which the reorganisation should be based, that it is necessary to allot a fair proportion of well developed areas and backward areas among

the constituent units and that there should be some measure of equalisation of both the nature and volume of banking business among the different units. As far as possible, the units should be compact ones operating over areas that are geographically contiguous.

It has, therefore, recommended that there should be three all-India banks and five or six formed on broad regional lines. The all-India banks should aim at having branches in all population centres at the level of district towns and above. The other banks, each one of which can work over the areas of two or three neighbouring States, would also have a branch network in the areas of operation of the concerned States. Besides, in order to give a reasonable choice to the public, banks in two neighbouring regions may be allowed to open branches below the level of district towns in each other's regions. Under such a reorganisation, the Commission goes on to say, persons residing in district towns and population centres above the level of such towns can have a choice between the three all-India and at least two, if not more, regional commercial banks. In such a structural reorganisation the total number of banks in the national sector could be reduced to nine, eight or seven.

The State Bank of India and a couple of other banks, which have a fairly well distributed network of branches all over the country, are not proposed to be disturbed. As for the commercial banks in the private sector, it has recommended that only those that show good performance should be allowed to continue. The test of good performance is given as a rate of growth of business at least equal to the average rate of growth of the banking system as a whole and high standards of conduct of business as judged by the Reserve Bank of India. Such of those banks which do not satisfy these criteria are proposed to be amalgamated among themselves or with a bigger bank under a time-bound programme.

The national banks comprise the 14 nationalised banks, the State Bank of

India and its seven subsidiaries. The proposal to reduce the number of national banks is ill-conceived. The U.K. has six large London clearing banks and three others which do most of the banking business. The U.S.A. has about 14,000 banks. In India the development of banking has taken a middle course between the two extremes. For a country of the size of India, the present number of national banks is not too large. Nor is the number an historical accident as stated by the Commission. The number has been evolved to meet the potentialities and requirements of banking facilities.

It is not desirable to reorganise the present set-up into three banks of a higher category and five or six of a lower category and status. Most business men would prefer to deal with banks of all-India status and coverage with which they have been used to deal with rather than with regional banks. The existing national banks with their branches already constitute very large units and there is need for decentralisation of the decision-making function (which has been recognised by the Banking Commission also) rather than reduction of the existing national banks. The existing arrangement also allows some competition between the national banks in the quality and range of service as also in efficiency. It is also not necessary that banks should be distributed in fair proportion between developed and backward areas as suggested by the Commission. It is the amount and potentialities of business available that is the relevant consideration. The proposal of the Commission would also involve serious administrative and practical difficulties which make any such reorganisation not at all worth while. But the proposal of the Commission that where there are too many branches of the national banks in a restricted area the number should be reduced, deserves to be considered.

The recommendation of the Commission in regard to the existing commercial banks in the private sector is difficult to support. The Reserve Bank has extensive power, in the interest of depositors and of sound banking practices, to take appropriate action and, if necessary, secure amalgamation of one bank with another. But to require that the performance of a bank, if it is to be allowed to continue an independent existence, should be such that its rate of growth of business should be at least equal to the average rate of growth of the banking system as a whole, would be an unnecessary and uncalled for restriction.

West Bengal : How to Check Evasion of Sales Tax

(By a Special Correspondent)

The Government of West Bengal is amending the Sales Tax Act with the object of checking evasion of the levy. But will the new measure achieve the desired result ?

SALES tax has been a major source of revenue to the Government of West Bengal, although in recent years the yield from this source has been rather stagnant due to the decline in business activity. However, with the economic revival of West Bengal, the State can hope to derive more substantial revenue from this source. The enhancement of sales tax on certain items in the State Budget for 1972-73 will also help augment the revenue from this levy. Even States like Tamil Nadu, which are far less industrialised than West Bengal, have been able to obtain much higher revenue from sales tax than the latter. Thus in 1971-72, while West Bengal's revenue from sales tax was estimated at Rs. 73.80 crores, the figure for Tamil Nadu was Rs. 93.19 crores. The following table compares West Bengal's revenue from sales tax with some other States.

far, the largest single tax head. Moreover, its receipts have grown faster than the total tax receipts so that its share in the latter has gone up from a 1/3rd in 1960-61 to nearly a half in 1970-71. However, in recent years, even sales tax receipts are growing sluggishly despite frequent additions to its rates and coverage."

In his Budget for 1972-73, the Finance Minister of West Bengal, Mr. Sankar Ghosh, has resorted mainly to the sales tax for mobilising additional resources. Under the West Bengal Taxation Laws (Amendment) Bill 1972, sales tax would be levied at 12 per cent on luxury items like precious synthetic stones (real or artificial), pearls (real, artificial or cultured), golden and silver filigree, furs, marble chips, marble or mosaic floor and wall tiles and articles made of marble or mosaic, laminated sheets like Formica, and perfumes. Furthermore, the Government of West Bengal has decided to levy sales tax at 12 per cent on foreign liquor and at 6 per cent on certain other excisable commodities. The

posed to notify certain such commodities under Section 4A of the Bengal Finance (Sales Tax) Act 1941 so that any person who imports any such commodity will be liable to pay sales tax irrespective of the quantity of import". It is not clear to what extent the West Bengal Government will be able to check evasion of sales tax by the above measure. The problem of sales tax evasion was examined by the Wanchoo Committee. The committee said that the evasion of income-tax was closely linked with the evasion of sales tax. It suggested that the best way to get over the problem would be to replace sales tax levy on various commodities, as far as possible, by additional duties of excise.

As in some other States, in West Bengal also the Government has been using the sales tax refund as an incentive to promote the expansion of the existing industries and the setting up of new ones. For the existing units in the developed areas, with an average Central and State sales tax liability of Rs. 3 lakhs or more a year during the last three years, the following benefits have been assured for substantial expansion:

"(a) The State Government or its agent will sanction a return of the sales tax credited by them during preceding three years.

"(b) Such return will be given in the form of unsecured long-term interest-free loan repayable in three annual instalments starting from the end of 18th year from the date of disbursement of the loan.

"(c) This return will be restricted to a maximum of 25 per cent of the capital outlay on land, building plant and machinery, equipment etcetera, created in the new unit or the existing unit by way of substantial expansion during the next three years".

Incentives on somewhat similar lines have been provided also to industries in the developing areas as well as to the units to be set up in the State. Although this scheme came into effect from 1st January, 1972, it is reported that the Government has not been able yet to implement it effectively for one reason or the other. Maharashtra has used this method of refund of sales tax as a major incentive to stimulate industrial growth. In West Bengal also similar results can be obtained if the Government suitably streamlines the procedures for getting the refund.



		SALES TAX REVENUE (Rs. in crores)		
		1969-70	1970-71 (Revised)	1971-72 (Budget)
Andhra Pradesh	...	43.09	45.30	55.00
Bihar	...	36.37	40.05	43.62
Gujarat	...	54.57	59.00	66.00
Madhya Pradesh	...	37.65	41.25	44.59
Maharashtra	...	129.59	156.69	155.95
Punjab	...	30.71	33.19	33.90
Tamil Nadu	...	72.15	82.62	93.19
Uttar Pradesh	...	58.42	57.95	60.28
West Bengal	...	63.31	70.40	73.80

It is worth recalling that in 1960-61, West Bengal derived only Rs. 17 crores from sales tax. In the subsequent years, there was a steady increase in the revenue from this source. In this connection, it is relevant to quote the following remarks by the Calcutta Metropolitan Planning Organisation in a recent study: "The increase in State tax revenues from 1960-61 to 1970-71 has, almost all of it, been on account of increasing receipts from sales tax. Sales tax has throughout this period been, by

Finance Minister has justified this measure on the ground that so far sales of liquors and certain other excisable items have been exempt from sales tax in West Bengal while in many States, this tax has been levied on such excisable goods in addition to excise duties.

The Government of West Bengal thinks that the present amendment to the Sales Tax Act will help to check evasion. The statement of objects and reasons says: "It is pro-

Wagon Shortage : A Severe Challenge to the Coal Industry

(By a Special Correspondent)

The wagon shortage has hit the coal industry hard. According to some colliery-owners, the supply position remains as acute as it was three months ago.

COLLIERY-owners in West Bengal and Bihar are suffering from prolonged shortages of railway wagons to transport coal. Some coal mines have already cut down production for poor despatches or large pithead stocks. Enquiries in the Jharia-Raneegunj coalfields reveal that the accumulated stocks have remained almost static at 9 million tonnes (against 6 million tonnes in 1969-70) and has locked up a capital of about Rs. 35 crores. In the opinion of some colliery-owners, the wagon shortage remains as acute as it was three months ago. The economy is supposed to grow at the rate of 5.5 per cent a year during the Fourth Plan period and thereafter at 6.2 per cent a year up to 1980-81 (implying an accompanying annual growth rate of 7.7 per cent in mining and manufacturing sectors). But a recent study has concluded that the coal industry, in spite of its steady growth in the last several years, has only reached a level of overall production of 76 million tonnes in 1969-70. The industry has been suffering from an acute wagon shortage since August 1970. It recorded a setback in production to the tune of 5 million tonnes in 1970-71.

The agonies of coal-consuming industries like cement, thermal power stations, engineering units, brick kilns, steel, sugar, textiles and paper are well known in this context. They are bound to close down their units if they fail to replenish their coal stocks in time. Some of them have already curtailed production. Some thermal power stations, for instance, have already suffered for inadequate coal stocks, and the steel industry would also have faced the same music but for the shortfall in production in the five main steel plants. A number of chemical and engineering units in West Bengal had to transport coal by trucks at a cost three times more than the railway charges.

Even the tea estates in north Bengal have not been spared.

The rate of wagon loadings in 1968-69 and 1969-70, according to a study, could not be maintained in 1970-71. The average monthly rate of wagon loadings in the broad gauge in 1970-71 was lower than what it was in 1969-70. Similarly, in the metre gauge, except in April 1971, the rate of wagon loadings from May 1970 to March 1971 was lower when compared with the corresponding months of the previous year. However, according to the railways, the rate of loadings from the Bengal-Bihar coalfields alone in the first three months of 1972 was 16 per cent higher than the 1970 level. Also, the loading of coal from central India coalfields for power-houses has increased from 1,476 wagons a month in 1970-71 to 3,001 wagons a month in 1971 (or an increase over 100 per cent in a year), loadings went further up to 5,073 wagons in April 1972. The railways note that the rate of coal loading of the railways is steadily going up since the middle of January 1972, reaching the level of 8,343 wagons a day in March 1972 (against the 8,176 wagons a day in 1969-70). Interestingly, the railways have carried 4,034 train loads of coal from the Bengal-Bihar coalfields to different power-houses in 1971-72, against 3,620 train loads in 1970-71. The railway authorities also repudiate the criticism that the recent power crisis has been caused by the shortage of wagons to transport coal.

Yet, coal industry circles in the eastern region emphasise that if any industrial unit has to suspend its operations for the coal shortage, then the responsibility does not lie with the coal mines alone. Closing of coal mines and of other industries, leading to more unemployment and social tension, is not the best answer either for West Bengal. But due to the shortfall in the daily allotment of wagons in the Eastern Railway, many coal-hungry industries have been forced to slow down or close their units. They feel that the short-

fall in wagon allotment has been largely due to deficiencies in the scheme of allotment or linkage of wagons to specific consumers. In addition, the discontinuance of directional rake scheme, frequent cuts in wagon allotments with little efforts to make good all the arrears, and wide miscalculation in the demand for wagons have all precipitated the crisis. Coal miners hold that the recent crisis is not due to lack of sufficient demand for wagons. Rather, the perennial short supply of wagons, either for operational inefficiency or unsatisfactory turn-round, especially during the monsoon, has only become a bit worse.

Naturally, colliery-owners in the eastern region are unhappy over the present situation that threatens to paralyse their mines or even the entire coal-based industrial sector. They have to pay at least Rs. 25 lakhs a month as interest alone, leaving aside Rs. 35 crores being locked up in pithead stocks, or suffer loss due to erosion on account of open storage. Truck hauling of coal has more than trebled, but there are not enough trucks for meeting the situation when the pithead stocks have risen to 9 million tonnes, against the normal 3 million tonnes, blocking Rs. 35 crores. Besides, road transport is expensive.

Hence, the demand that the railways should give topmost priority to the coal industry. It is suggested that diesel or steam locomotives, in place of the present electric traction, should be started to avoid bottlenecks caused by theft of overhead wires. In any event, a fall in coal production due to large pithead stocks bristles with innumerable problems. Colliery-owners in the eastern region also fail to see any valid reason as to why they will get only about Rs. 35 for a tonne of coal while the consumers in other parts of the country will have to pay much more due to an artificial scarcity of coal created by the wagon shortage.

PEOPLE AND PERSONALITIES

Mr. Ranjit Chib has taken over from Mr. Robin Sadler as Chief Executive of the Indian Market Research Bureau. Till now, Mr. Chib had been a director of Gallup Poll in the U.K.

Mr. S. S. Mukherjee, former General Manager of the South Eastern Railway, has been appointed General Manager of the Metropolitan Transport Project of Railways in Calcutta.

Uncertainties Restrict Trading in Equities

THE stock markets have put up a quietly steady trend this past week, although prices have reacted somewhat towards the close. The scarcity of fresh offerings at lower levels, short-covering, replacement buying and selective purchases by the Unit Trust have contributed in varying measure to the week's mild rally. Turnover has, however, been restricted and activity has continued to be predominantly professional in nature. While sellers seem reluctant to press sales at lower levels, investors too are inclined to adopt a wait-and-see attitude because of the various uncertainties which have obscured the economic prospect. In view of the fairly big decline in equity prices over the past many weeks which had brought the all-India equity index fairly close to its 1971 low, technical considerations initially favoured a mild rally.

The week's corporate news has been quite pleasing, and the markets have been in a somewhat better mood to respond to favourable influences because of their improved technical position. The announcement of an increase of about Rs. 6 crores in compensation for the take-over of general insurance companies has been welcomed. Trading sentiment has been aided by reports of a pick-up in exports, although the trade surplus during the first quarter of the current financial year, April to June, is attributable mainly to exports to Bangladesh following the massive aid extended to that country. The assurance given by the new Central Planning Minister, Mr. D. P. Dhar, that uncertainties about the Government's thinking on new economic policy will be ended shortly has been well received. The stock markets can adjust themselves to any policy, but they dread continuing uncertainty. For uncertainty kills initiative and tends to paralyse activity. Yet another factor which has imparted a measure of steadiness to the markets is the improved outlook for the *kharif* crop following the recent widespread rains. Of course, the improved outlook only means that the shortfall will not be as big as feared earlier. Reports—and there have been far too many of them—that the Government is keen to boost agricultural and industrial production and also hold the price-line

have also had a favourable impact on sentiment. The stock markets are in a somewhat hopeful mood, but it is difficult to say whether this week's modest rally will mark the beginning of the end of the downward phase.

Gilt-edged securities have remained quietly steady this past week, although turnover has greatly improved. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.90. The State Government loans have received selective support and changes have been few. Turnover has remained restricted.

The Calcutta stock market has remained quietly steady this past week. Share prices had initially shown a steadier trend, but towards the close there has been some reaction on bull liquidation as operators are reluctant to extend their commitments in view of a large number of imponderables. Although there have been a number of favourable developments, such as the reported increase in the industrial growth rate to 4.2 per cent in 1971-72, an increase in exports to Rs. 882 crores during the first six months of the current year, against Rs. 759 crores during the corresponding period of the previous year and good corporate news, operators have generally ignored them. Among engineering shares, Guest Keen Williams, Burn and Indian Standard Wagon have been quiet. Among jute shares, Bally, Agarpara, India and Ganges have been transacted. Bengal and Western Bengal have been steady. Among paper shares, Straw Products, Orient and Ballarpur have been easier. Among miscellaneous shares, Hindustan Aluminium, Martin Burn, Brooke Bond, Aluminium Corporation and East Anglia Plastics have been quiet. Among tea shares, Baikhal, Tengpani and Rydak have been done.

Steadier conditions have prevailed on the Bombay stock market this past week. Although earlier gains have been pared by corrective profit-taking, net changes over the week still show widespread gains. Replacement buying and short-covering at lower levels have made for a rally, but the market has been unable to make any big headway due to the lack of follow-up support at higher levels. Bulls have been badly beaten recently and they

are in no mood to launch a fresh offensive. But bears too are not aggressive as equities have already registered a substantial decline over the past few months. The outstanding bright features of the week include Indian Dyestuff, Indian Organic, United Carbon, N.O.C.I.L., Mafatlal Fine, Garware Nylon, Gujarat State Fertilisers and Motor Industries. The spurt in Indian Organic is attributable to the chairman's optimistic assessment of the Company's prospects as its polyester fibre plant is expected to start commercial production shortly. Century Mill shares have come under pressure because of the uneasiness over the delay in the disposal of the Company's application for the issue of bonus shares. Indo-Burma Petroleum shares have been marked lower in the wake of reports that the Government has decided to convert I.B.P. into a separate public-sector undertaking. Shipping shares have ruled quietly steady. Hindustan Aluminium have been subdued. Associated Cement have kept steady on institutional support.

The Madras stock market has remained featureless this past week. It

COMPANY REPORTS

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

Anil Steel
BASF India
Bertrams-Scott
Binani Metal
Birds Jute and Exports
Calcutta Steel
Central India Machinery
Facit Asia
Hindustan Spinning
Hongkong and Shanghai
Investment and Finance
Northbrook Jute
Orissa Textiles
Paul Lohmann
Rohit Pulp
Suri and Nayar
T.I.S.C.O.
United Wire Ropes

the planting section, business has been done in Pullangode, Consolidated Coffee and Kil Kotagiri. In the textile section, Madura Mills and South India Viscose have been taken. Mettur Beardsell have also received investment enquiries. In the miscellaneous section, Aluminium Industries and Tube Investments have receded. But Kunal Engineering and Indian Steel Rolling have been supported. Among bank shares, Indian Overseas have gained. Sugar shares have been dull, although Deccan Sugar have been supported.

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 24/40—24/60—24/40—24/60—(22/90)
Burrakur Coal 4/62—4/75—4/62—4/75—(9/87)
Dunlop India 28/45—28/45—27/50—27/60—(34/40)
Guest, Keen, Williams 34/25—34/40—32/50—32/70—(36/65)
Hindustan Motors 7/60—7/70—7/55—7/60—(9/90)
Indian Aluminium 32/75—32/75—31/35—31/60—(35/40)
Indian Cable 22/85—22/85—21/10—21/50—(21/70)
Indian Copper 2/46—2/50 x.d.—2/45 x.d.—2/50 x.d.—(3/72)
Indian Iron 6/55—6/65—6/25—6/35—(9/80)
J. K. Cotton 7/20—7/25—7/20—7/25—(7/80)
Jaipur Udyog 8/80—8/80—8/75—8/75—(9/45)
Jayashree Tea & Industries 16/31—16/37—16/19—16/31—(15/00)
Kesoram Industries 19/90—20/10—18/75 x.d.—18/80 x.d.—(13/70)
Orient Paper 34/95—35/00—33/75—34/00—(33/45)
Orissa Cement 17/50—17/65—17/40—17/65—(15/75)
Rohtas Industries 4/05—4/05—3/80—3/90—(5/25)

T.I.S.C.O. : Inadequate Price Rise Erodes Profit Margins

THE chairman of the Tata Iron and Steel Company, Mr. J. R. D. Tata, had a few words of cheer for the shareholders when he addressed the annual meeting last week. The Company has not done well in the first four months of the current year because of the large-scale absenteeism on the part of labour. But this is a regular feature in the steel industry. The management normally takes advantage of the large absenteeism and effects major repairs to the plant. The Company hopes to be able to produce more during the remaining part of the year. But while production in the current year is expected to be somewhat higher, profits are likely to be a little lower. This is because margins have been eroded by the inadequate price rise allowed by the Government and continuous escalation of costs.

Mr. Tata told the shareholders that the Company had asked for a price rise of Rs. 113 a tonne to compensate for the increase in wages and in other elements of cost. But the price increase allowed by the Government works out to only Rs. 43 a tonne for Tata Steel for a full year. The increase works out to around Rs. 29 a tonne for eight months of the current year. The chairman has, however, assured the

shareholders that the Company will be able to maintain the dividend for 1972-73, barring, of course, any unforeseen circumstances and Government intervention in the context of the proposed changes in the Companies Act with regard to dividend disbursements.

Replying to shareholders' queries, the chairman clarified that he had not made any proposal to the Government to convert the Company into a joint-sector enterprise. The Company is, for all practical purposes, already in the joint sector as the Government controls directly or indirectly, 40 per cent of the voting rights.

PAUL LOHMANN

Change of Management

SOMANIS of Bombay have taken over the management of the Calcutta-based Dr. Paul Lohmann (India) Ltd, a Company engaged in the manufacture of pharmaceuticals and industrial chemicals. Three directors—Mr. S. Sengupta, Mr. R. Choudhary and Dr. S. P. Adarkar—have resigned from the board and their places have been taken up by Mr. S. G. Somani, Mr. S. B. Somani

and Mr. D. L. Singi. Mr. S. G. Somani is the new chairman of the Company.

Dr. Paul Lohmann has reported extremely disappointing results for the year ended March 1972, incurring a further loss of Rs. 13.39 lakhs. This has been attributed to disturbed production and the non-availability of raw materials. For the 15-month period ended March 1971, the Company had incurred a loss of Rs. 19.22 lakhs over and above the loss of Rs. 4.74 lakhs in the preceding year. The accumulated loss at the end of March 1971 amounted to Rs. 44.38 lakhs. The new management proposes to revitalise the Company's production programme by proper planning of raw materials. The current year's results are expected to show a substantial improvement over the previous year's disappointing performance.

HINDOOSTAN SPINNING

Better Results

THE working results of the Hindoostan Spinning and Weaving Mills for the year ended March 1972 show an appreciable improvement over the previous year's performance. Sales and other income are up by 17.5 per cent from Rs. 13.72 crores to Rs. 16.13 crores and the gross profit has risen by about 16 per cent from Rs. 72.71 lakhs to Rs. 84.35 lakhs. The dividend has been kept unchanged at 14 per cent (Rs. 35 a share of Rs. 250).

After providing Rs. 35.81 lakhs (against Rs. 38 lakhs) for depreciation, Rs. 5.95 lakhs (against Rs. 5.96 lakhs) for development rebate reserve and Rs. 24 lakhs (against Rs. 16.50 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 18.59 lakhs, against Rs. 12.24 lakhs in the preceding year. After adjustments, the disposable surplus amounts to Rs. 21.40 lakhs (against Rs. 14.15 lakhs). The interim equity dividend of Rs. 12.50 a share absorbed Rs. 6.24 lakhs and a sum of Rs. 15 lakhs (against Rs. 7.52 lakhs) has been transferred to general reserve. The preference dividend amounting to Rs. 1.47 lakhs and the final equity dividend amounting to Rs. 11.23 lakhs will be paid out of general reserve. The Company's exports during 1971-72 were valued at Rs. 2.97 crores, against Rs. 2.75 crores in the preceding year. Machinery valued at Rs. 22.47 lakhs was received

and most of it was erected during the year.

BERTRAMS-SCOTT

Expansion Plan

THE present management of Bertrams-Scott (India) Ltd took over control in February 1961. Since then, despite the fact that the country passed through a prolonged industrial recession and that the paper industry experienced tremendous difficulties, the Company managed to deliver Rs. 4 crores worth of plant and equipment to the paper industry, including one of the most modern machines in India to Ballapur Paper and Straw Board Mills Ltd, costing nearly Rs. 90 lakhs. The company also has established itself as the foremost supplier of evaporators not only for the paper industry, but to aluminium and rayon industries as well. The first ever indigenous built evaporator for the aluminium industry was delivered to Indian Aluminium Co. Ltd for its elgaum Plant at a cost of nearly Rs. 50 lakhs. Recently, an evaporator worth about Rs. 34 lakhs for handling eucalyptus spent liquor was supplied to Harihar Polyfibers. All efforts have been made to keep the imported components to the minimum. The entire production of nearly Rs. 5 crores worth of plant was carried out by consuming only Rs. 133 lakhs of foreign exchange.

The Company has received a letter of intent from the Government of India allowing it to enlarge the scope of its industrial licence so that it can manufacture paper machines with capacities up to 150 tons a day. It has, therefore, made sure that the required technical know-how would be available for this purpose. Its collaborators, Bertrams-Scott Ltd, J.K., has in turn finalised its arrangements with Escher Wyss S.m.b.H. of Ravensburg, Germany and their U.K. subsidiary, Millsrough Ltd, of Sheffield. The construction of the new factory at Taraola, Calcutta, should be completed by the end of this year.

UNITED WIRE ROPES

Setback Suffered

UNITED Wire Ropes has produced disappointing results for the year ended March 1972. Sales are down by 30 per cent from Rs. 104.32

lakhs to Rs. 72.15 lakhs and the gross profit has shrunk from 10.77 lakhs to Rs. 4.33 lakhs. After providing Rs. 3.85 lakhs (against Rs. 3.86 lakhs) for depreciation, the net profit amounts to Rs. 1.49 lakhs, against Rs. 6.91 lakhs in the preceding year. After writing back Rs. 7.41 lakhs from the development rebate reserve, the surplus of Rs. 8.90 lakhs has been utilised to reduce the accumulated deficit to Rs. 26.14 lakhs which is being carried forward. The setback in the Company's working during 1971-72 is attributed mainly to serious labour troubles in the factory during October-November 1971 and again from February 1972, resulting in loss of production and disruption of delivery schedules both of home and export sales. With labour trouble assuming a serious form, the management had to declare a lock-out on 20th April and the Company reopened only on 31st July, 1972. The prolonged lock-out has left a backlog of orders which is expected to be cleared shortly. The Company has done fairly well on the export front.

CENTRAL INDIA MACHINERY

Good Results

CENTRAL India Machinery Manufacturers has turned out improved results for the year ended March 1972, enabling the directors to clear the arrears of depreciation

and preference dividend thereby paving the way for the resumption of payment of equity dividend next year. The last equity dividend paid by the Company was 10 per cent for 1966-67. While sales at Rs. 8.93 crores show only a small increase over the 1970-71 figure of Rs. 8.44 crores, the gross profit has risen by about 15 per cent from Rs. 47.06 lakhs to Rs. 54.15 lakhs. After providing Rs. 24.09 lakhs (against nil) for depreciation and Rs. 37,000 (against Rs. 75,000) for development rebate reserve, there is a net profit of Rs. 29.69 lakhs. After certain adjustments, the disposable surplus amounts to Rs. 38.15 lakhs. A sum of Rs. 24.17 lakhs has been set aside for depreciation in respect of 1970-71 and Rs. 10 lakhs have been transferred to dividend reserve. The balance of Rs. 3.75 lakhs has been carried to general reserve. Preference dividends for 1970-71 and 1971-72 absorbing Rs. 12.82 lakhs will be paid out of dividend reserve.

The improved results during 1971-72 are attributed to better performance of almost all the divisions. The demand for automatic looms for weaving high density polythylene flat taps and multi-shuttle looms was good. The offtake of automatic looms by the mill sector, however, remained slack. The working of the shuttle division was satisfactory and that of the steel foundry division showed considerable improvement. The structural division is developing

ANIL STEEL : SHARE ISSUE SOON

WITH a view to financing a plant in Jaipur for manufacturing high carbon and low alloy steel strips, Anil Steel and Industries Ltd proposes to enter the capital market soon with a public issue of 320,000 equity shares of Rs. 10 each and 15,000 preference shares of Rs. 100 each at par. The plant, which has a licensed capacity of about 3,600 tonnes a year, involving a capital expenditure of Rs. 2.22 crores, has been so designed as to allow expansion with balancing equipment in future. Of the total plant outlay, the foreign exchange component is about Rs. 84.4 lakhs and the Company will have the benefits of technical know-how from a reputed German steel making firm, Hoechst Werke Hohenlimburg Schwerts A. G., which will act as a consultant.

During the initial stages, the Company will be engaged in hardening, tempering, grading, polishing and edge rounding of high carbon low alloy steel and this will be done for the first time in the country.

On achieving the full licensed capacity, the Company will be able to save foreign exchange to the tune of Rs. 1 crore, as the entire requirements of strips are being imported now. The present estimated indigenous demand for strips is about 5,000 tonnes. It is likely to rise to 6,000 tonnes by 1972-74 and to 10,000 tonnes by 1978-79. The promoter of the Company is Mr. S. N. Khaitan, chairman of the Shalimar Industries Private Ltd.

certain precision and specialised products which are expected to yield better margins. The Company has on hand an export order for 120 automatic looms from Africa and shipments have begun. Efforts are being made to boost export sales to the African and west Asian countries. The management is also exploring the possibilities of securing foreign orders for wagons.

FACIT ASIA

Dividend Maintained

FACIT Asia has maintained the dividend for the year ended March 1972 at 15 per cent. The Company's working results show a small setback. The gross profit is a little lower at Rs. 29.23 lakhs, against Rs. 30.56 lakhs in the previous year, even though sales have risen from Rs. 74.63 lakhs to Rs. 77.75 lakhs. After providing Rs. 2.77 lakhs (against Rs. 2.96 lakhs) for depreciation, Rs. 21,000 (against Rs. 10,000) for development rebate reserve and Rs. 16.70 lakhs (against Rs. 14.40 lakhs) for taxation, the net profit amounts to Rs. 9.55 lakhs, against Rs. 13.10 lakhs in the preceding year. After providing for taxation in respect of earlier years and writing off certain expenditure in respect of tools, jigs and equipment, there is a surplus of Rs. 6.60 lakhs, against Rs. 8.34 lakhs. The proposed dividend will claim Rs. 4.50 lakhs.

During 1971-72, the Company produced 5,352 calculators, against 5,835 in the previous year. Production was hampered for about four months

due to the delay in the issue of import licence. The output of adding machines was higher at 3,603, against 3,029 in 1970-71. The directors expect production of calculators in the current year to show a rise of about 30 per cent over last year's output. The demand for the Company's products continues to be good and the management proposes to step up capacities to cope with the growing demand. An application for expanding capacity has already been made to the Government. The Company's efforts to develop an export market have been successful and over 500 calculators were exported last year.

SURI AND NAYAR

New Locomotive Venture

SURI and Nayar Ltd., which is setting up a plant in Bangalore for the manufacture of diesel hydraulic and battery locomotive of 47 h.p. to 600 h.p., will soon be in the market to raise funds to meet a part of the cost of the project. The Bangalore factory is expected to go into production by about the middle of next year. The project is estimated to cost Rs. 107.80 lakhs which is proposed to be met by the share capital of Rs. 50 lakhs, long-term loans from the I.F.C. amounting to Rs. 49.50 lakhs, deferred payment facilities and generation of funds from the existing unit in Bombay which is engaged in the manufacture of SAN locomotives. When the Bangalore plant with a capacity of 36 locomotives a year goes into production, the Bombay unit will concentrate on the manufacture of machine

parts. The Company has an authorised capital of Rs. 1 crore. The issued capital is Rs. 50 lakhs, made up of Rs. 40 lakhs in equity shares of Rs. 10 each and Rs. 10 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. Of this, the promoters and their associates and friends will take Rs. 20 lakhs (in equity shares) and the Government of Mysore will take up equity and preference shares worth Rs. 5 lakhs each. The balance of Rs. 15 lakhs in equity shares and Rs. 5 lakhs in preference shares will be raised through public subscription.

HONGKONG AND SHANGHAI

Transfer of Indian Business

THE Hongkong and Shanghai Banking Corporation has announced that for administrative reasons it is transferring its Indian business to the Mercantile Bank. With effect from 1st October, 1972, the Hongkong Bank's branches in Bombay and Calcutta will become branches of the Mercantile Bank.

INVESTMENT AND FINANCE

Dividend Skipped

THE Investment and Finance Co. Ltd has made a profit of Rs. 94,643 for the year ended February 1972, against one of Rs. 92,775 in the previous year, after providing Rs. 20,802 (against Rs. 49,732) for taxation. The dividend has been skipped. The entire profit is transferred to general reserve. The Company's portfolio is representative of investments which are quoted on the Calcutta and Colombo Stock Exchanges, with the exception of certain shares costing Rs. 5.14 lakhs for which no quotations are available. The market value of quoted local investments as at 29th February, 1972, was Rs. 5.86 lakhs, against the book value of Rs. 6.45 lakhs, and the market value of Sri Lanka investments on conversion at the rate of exchange current on that date was Rs. 11.12 lakhs, against the book value of Rs. 2.15 lakhs.

BIRDS JUTE AND EXPORTS

Another Difficult Year

THE unsatisfactory working results of Birds Jute and Exports Ltd for the year ended March 1972 was mainly due to the uneconomic work-

ing of the Company's broad looms. The operation of these looms was dependent on yarn supplies from outside and it was found from actual experience that the additional incidence of transport and handling costs on yarn, the resultant extra wastage, extra sales tax and the high cost of shipping from the mill at Dakhindari affected the viability of the unit. A prolonged strike at the Union Jute Mill which supplied yarn resulted in a total closure of the plant and added to the loss. Although sales are up from Rs. 1.17 crores to Rs. 1.48 crores, the Company has incurred a loss of Rs. 12.41 lakhs, against a loss of Rs. 16.61 lakhs in the previous year, after providing Rs. 2.40 lakhs (against Rs. 4.14 lakhs) for depreciation. The dividend has been passed. After making other adjustments, there is a debit balance of Rs. 28.14 lakhs which is proposed to be carried forward, against a debit balance of Rs. 16.14 lakhs brought in.

NORTHBROOK JUTE

Satisfactory Results

THE Northbrook Jute Co. Ltd has shown satisfactory results for the year ended March 1972. Sales are up from Rs. 4.21 crores to Rs. 6.19 crores and the Company has earned a profit of Rs. 26.02 lakhs, against a loss of Rs. 23.05 lakhs in the previous year, after providing Rs. 9.50 lakhs (against Rs. 9.63 lakhs) for depreciation. In view of the Company's satisfactory performance, a taxable ordinary dividend of 25 per cent, including an interim of 20 per cent, has been declared, absorbing Rs. 4.20 lakhs. This offers a yield of 15.4 per cent at the present price of Rs. 16.25 a share of Rs. 10 each. The Company did not pay any ordinary dividend in the previous year. A sum of Rs. 1.21 lakhs (against Rs. 62,000) has been transferred from statutory development rebate reserve. Debenture redemption reserve is allocated Rs. 1 lakh and general reserve Rs. 20.31 lakhs.

BINANI METAL

Profit Declines

THE Binani Metal Works Ltd has earned a pre-tax profit of Rs. 14.68 lakhs for the year ended March 1972, against one of Rs. 23.29 lakhs in the previous year, after providing Rs. 3.59 lakhs (against Rs. 4.34 lakhs)

for depreciation. A taxable ordinary dividend of 10 per cent (against 5 per cent) has been declared which will be paid out of general reserve. This offers a yield of 10.6 per cent at the present price of Rs. 9.44 a share of Rs. 10 each. Allocations include Rs. 8.70 lakhs (against Rs. 65,000) for taxation, Rs. 5.25 lakhs (against Rs. 2.10 lakhs) for general reserve and Rs. 15,169 (against nil) for capital

reserve. After making other adjustments, a sum of Rs. 63,163 is carried forward, against Rs. 5,767 brought in. Sales declined from Rs. 4.51 crores to Rs. 4.21 crores. During the year under review, the Company struggled hard against heavy odds and stiff competition to maintain sales and profitability. It had to incur abnormally high financing charges to purchase raw materials in

OPPORTUNITIES FOR OVERSEAS CONTRACTS

INTERESTING international bid invitations have been received in the Directorate of Exhibitions and Commercial Publicity, Ministry of Foreign Trade, during the week ended 19th August, 1972. The names of the tender inviting authorities with respective commodities and closing dates are given below.

Argentina: The Electrical Services of Greater Buenos Aires (S.E.G.B.A.); copper conductor; underground cable with aluminium conductors; 13th September, 1972. *Bahrain:* Ministry of Development, Bahrain; water transmission plant and pipelines; 2nd December, 1972. *Canada:* British Columbia Hydro and Power Authority, Vancouver; powerhouse bridge cranes; 26th September, 1972. *Cambodia:* Asian Development Bank, Phnom Penh; electrical plant and communication equipment; 19th December, 1972. *Iran:* Iranian State Railway, Tehran; steel round bars and sheet iron; 15th October, 1972. *Kenya:* East African Railways Corporation, Nairobi; mechanical track tools; 12th September, 1972. *Malaysia:* The Malacca Water Authority, State of Malacca; pumping plant and electrical equipment; 14th November, 1972. *Australia:* Department of External Territories, Sydney; sandals; 9th September, 1972. *Morocco:* The National Department of Electricity, Rabat; high tension cable; 16th September, 1972. *New Zealand:* New Zealand Electricity Department, Wellington North; 110 kV circuit breakers; 10th October, 1972. *Papua and New Guinea:* Preece, Cardew and Rider, Brighton (U.K.); supply, delivery and installation and testing of carrier terminal equipment; 10th October, 1972. *Papua and New Guinea Electricity Commis-*

sion, Boroko; communications equipment; 29th November, 1972. *Republic of Korea:* Office of Supply, Seoul; hospital equipment; 11th September, 1972; electronic equipment and spares; 15th September, 1972; HF welder, franking machine, facsimile test sets and electronics instruments; 15th September, 1972. *Singapore:* Public Utilities Board, Singapore; steel pipes; 8th September, 1972. *Singapore:* Public Works Department, Singapore; sewage pumping station; 5th September, 1972; supply and installation of sewage pumping equipment; 29th September, 1972. *Sri Lanka:* The Ceylon Fisheries Corporation, Colombo; copper wire; 14th September, 1972. *Ceylon State Hardware Corporation, Colombo;* steel items; 3rd October, 1972. *Sudan:* Sudan Railways, Atbara; bars and angles; 10th September, 1972; mild steel plates, flats, bars and angles; 10th September, 1972. *The Mechanised Farming Corporation, Khartoum;* agricultural machinery; 16th September, 1972. *Thailand:* Metropolitan Electricity Authority, Bangkok; terminal station; 1st November, 1972. *Tunisia:* Pharmacie Centrale de Tunisie, Tunis; raw materials and ingredients; 30th September, 1972. *Turkey:* Istanbul Gubre Sanayii Anonim Sirketi, Izmit; fertiliser plant; 30th September, 1972. *Milli Savunma Bakanligi, Ankara;* orthodontic supplies; 2nd October, 1972. *Turkish Electricity Authority, Ankara;* disconnecting switches; 21st September, 1972. *Uganda:* Central Tender Board, Entebbe; electric irons, blankets, radio, caps and raincoats; 14th September, 1972. *Zambia:* Central Tender Board, Lusaka; cardigans and pullovers. X-ray folders; 29th September, 1972.

CALCUTTA STEEL : SALES AND PROFIT RISE

CALCUTTA Steel Co. Ltd has fared well during the year ended March 1972. Sales are up from Rs. 2.13 crores to Rs. 3.13 crores and the pre-tax profit has increased from Rs. 10.06 lakhs to Rs. 13.45 lakhs, after providing Rs. 6.13 lakhs (against Rs. 5.78 lakhs) for depreciation. The taxable ordinary dividend of 10 per cent has been maintained, which will be paid out of general reserve. This offers a yield of 11.8 per cent at the present price of Rs. 8.50 a share of Rs. 10 each. A sum of Rs. 35,768 (against Rs. 2.89 lakhs) and another sum of Rs. 3.33 lakhs (against Rs. 5 lakhs)

have been written back from development rebate reserve and excess provision for taxation, respectively. Allocations include Rs. 36,000 (against Rs. 14,000) for development rebate reserve, Rs. 6.78 lakhs (against Rs. 6 lakhs) for taxation and Rs. 10 lakhs (against Rs. 12 lakhs) for general reserve. During the year under review the overall supply of billets to the steel rolling industry from regulated sources recorded an improvement and production at the mills also increased. Increases in costs of labour, fuel, rolls, etcetera have eroded the Company's profit margins.

bulk and also had to hold stocks on occasions.

ROHIT PULP

A Prosperous Year

ROHIT Pulp and Paper Mills has turned out substantially improved results for the year ended March 1972, with production, sales, profit and margins considerably higher than in 1970-71. The dividend has been raised from 10 per cent to 12 per cent. Production increased from 6,000 tonnes to 7,702 tonnes due to the commissioning of the second paper machine in the last quarter of 1970. Sales have increased by about 30 per cent from Rs. 1.54 crores to Rs. 2 crores and the gross profit by 66 per cent from Rs. 18.46 lakhs to Rs. 30.73 lakhs, lifting the ratio of profit to sales from around 12 per cent to 15.4 per cent. After providing Rs. 8.30 lakhs (against Rs.

7.54 lakhs) for depreciation, Rs. 12.82 lakhs (against Rs. 2.82 lakhs) for development rebate reserve, Rs. 1.10 lakhs (against nil) for taxation and after making some minor adjustments, the surplus amounts to Rs. 8.57 lakhs, against Rs. 8.16 lakhs in the preceding year. A sum of Rs. 8.50 lakhs (against 7.90 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 3.60 lakhs (against Rs. 3 lakhs) will be paid.

ORISSA TEXTILES

Better Results

ORISSA Textiles has reported an improvement in its working results for the year ended March 1972. Turnover is higher at Rs. 6.24 crores, against Rs. 5.13 crores in the preceding year, and the gross profit has increased from Rs. 23.96 lakhs to Rs. 26.57 lakhs. After providing Rs. 17.56

lakhs (against Rs. 11.96 lakhs) for depreciation and Rs. 4 lakhs (against Rs. 9.77 lakhs) for development rebate reserve, there is a surplus of Rs. 5.01 lakhs, against Rs. 2.25 lakhs in the previous year. Arrears of preference dividends for three years (1954-55 to 1956-57) absorb Rs. 4.88 lakhs. The accumulated deficit carried forward is Rs. 21.16 lakhs.

BASF INDIA

Big Rise in Profit

THE brief preliminary statement from BASF India on its working results for the year ended June 1972 shows a marked improvement over the previous year's performance. Net sales have risen by 22 per cent from Rs. 2.38 crores to Rs. 2.89 crores and the pre-tax profit has gone up by over 220 per cent from Rs. 13.56 lakhs to Rs. 29.89 lakhs.

COMMODITIES

Mr. Mishra Calls for Accord between India, Bangladesh and Thailand in Jute

SPEAKING on the impact of competition from synthetics in the major jute goods consuming countries, Mr. L. N. Mishra, Central Minister for Foreign Trade, expressed the hope in the Rajya Sabha last week, that it would be possible for India, Bangladesh and Thailand—the three major jute and jute goods producing countries—to arrive at mutual understanding to withstand the gathering threat in an effective manner. Such an accord, he said, might pave the way for greater co-ordination in the spheres of research and alternative product developments as well. Synthetics posed most serious threat to jute goods exporting countries, according to the latest survey by the five-man industry-Government joint jute delegation to the U.K., the Continent and North American markets. On receipt of the comments of the Central Finance Ministry on the recommendations of the study team, the Government would take some action in meeting the threat effectively, Mr. Mishra said. But in view of the all-round cost-inflation, he felt that "jute can no longer be used to economic advantage merely as sacking. Various alternative uses have to be developed

to withstand the threat posed by synthetics."

High Export Duties

On the dangers posed by the expansion and consolidation of the synthetic substitutes industry in the U.S.A., the recent study team has reportedly suggested a close examination of the working of the jute industry in this country. It has also suggested the abolition of the high export duties—Rs. 700 a tonne on carpet-backing cloth worth Rs. 4,550 and Rs. 600 a tonne on hessians worth some Rs. 2,300—to raise the competitiveness of Indian goods in the international market. According to the statistics collected by the team, both carpet-backing cloth and hessian—popularly called burlap in the U.S.A.—have suffered a sharp erosion in their offtake due to a multiplicity of factors, including the major one of price disadvantage, while a more than proportionate encroachment has been made in the respective spheres by synthetic substitutes. Against a peak seasonal offtake of 915 million yards in 1965-66, burlap consumption in the U.S.A. has gradually plummeted down to 452.2 million yards in 1971-72

with the lowest ever monthly intake in three decades or so of 27.3 million yards in June 1972. The team has also observed that Indian hessian has lost the U.S. market in competition with synthetics, mainly because of the price disadvantage. A yard of heavy duty, duty free, Calcutta-made 40in. 10oz. hessian is nominally quoted in the New York market at 18.90 cents for spot and afloat and 18.55 cents for August positions, while a yard of synthetic substitute of a comparable quality costs some 13 cents. The only redeeming feature appears to be the gradual broadening of the demand for hessian in Russia, some east European and other developing countries.

Jute carpet-backing cloth has not shared in the boom conditions existing in the tufted carpet industry for quite some time. Price disadvantage to the extent of some 25 per cent in comparison with woven polypropylene and erratic availability have weighed the scales in favour of the latter with the result that consumers of synthetics have been put under a system of rationing. The report, it is said, has indicated in no uncertain terms that jute will lose the lucrative market, should India fail to prune the prices to levels below those of synthetic goods.

No Plan for Export

The Government of India has no plan to export raw jute this season, as the crop prospects had been rendered bleak by the unusually long dry

5 ³/₄ PER CENT

MAHARASHTRA STATE DEVELOPMENT LOAN 1984

Issue Price Rs. 100.00 for every Rs. 100.00

OPEN ON MONDAY, THE 4th SEPTEMBER 1972

THE LOAN WILL BE CLOSED AS SOON AS THE TOTAL AMOUNT OF RS. 19.75 CRORES HAS BEEN SUBSCRIBED AND IN ANY CASE NOT LATER THAN THE CLOSE OF BUSINESS ON THE 9TH SEPTEMBER 1972.

THE APPLICATIONS FOR THE LOAN WILL BE RECEIVED AT—

- the offices of the Reserve Bank of India, Ahmedabad, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna;
- the branch of the State Bank of Bikaner & Jaipur at Jaipur;
- 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 (c).

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

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 1972. As compared with June, the July index for

Food shows a rise of 9 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 482, 704 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 5 points during July 1972.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		July 1971	Aug. 1971	Sept. 1971	Oct. 1971	Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972	Jul 1972
Food	53.6	914	924	933	945	948	948	935	929	929	934	943	955	964
Fuel and Lighting ...	4.4	412	412	412	447	447	447	447	447	447	482	482	482	482
Clothing	12.4	693	704	704	704	704	704	704	704	704	704	704	704	704
Miscellaneous ...	29.6	400	401	401	401	401	401	401	401	402	402	402	402	402
Combined Index ...	100.0	712	719	724	732	734	734	727	724	724	728	733	739	744

Compiled and constructed by the Statistical Department of "Capital".

spell, said Mr. L. N. Mishra, Central Minister of Foreign Trade, in the Rajya Sabha last week. The Government was on the look out for imports of fibre to bridge the demand-supply gap, he added. Last season, various considerations like the extension of price support to farmers and the supply of essential fibre requirements to some overseas countries, which had been dependent on supplies of raw jute from East Bengal, induced the Government to export about 24,900 tonnes of fibre, he stated.

Power Shortage

With the machinery remaining idle for six to eight hours a day, on average, due to the power shortage, the jute industry has suffered a production loss of about 4,000 tonnes during the first 17 days of the current month, says a Press note issued by the Indian Jute Mills Association last week. The loss on this account alone in less than eight months this year was 23,000 tonnes, against a loss of 21,000 tonnes for the whole of 1971, the note adds. This situation, the I.J.M.A. maintains, is likely to affect the industry's relation with its labour considerably. While this aspect is important in the case of

all industries, the jute industry has an additional point in being the most export-oriented. The loss in output affects the completion of export commitments on schedule, "a situation which tends to make the competition between India and Bangladesh far more unequal". The note says that mills are worried over the cost inflation resulting from such power-cuts.

Sea movement of jute goods for both export and internal consumption has come to a standstill, says a Press note issued by I.J.M.A. this week. Beginning from 19th August, the crews of barges and launches plying between jute mills and Calcutta port for transport of jute goods have gone on "go-slow" as part of what the Calcutta Port Shramik Union has called an "industrial action" demanding the implementation of the recommendations of the Central Wage Board for port and dock workers. The bargemen have dislocated work at various points and as a result, it has become impossible for the lighterage companies to function normally.

The "go-slow" has affected both loading and unloading and no ship-

ment of jute goods from the port has taken place during the last ten days. The so-called "industrial action", which is entirely a matter between the bargemen and their employers, has hit the industry at a crucial stage in world trade, says the note.

Moderate Turnover in Gunnies

Trading was in complete disarray in Calcutta during the past week, following the virtual stoppage of clearing operations for the third week in succession in the wake of the strike by Class IV employees of the Reserve Bank of India. The raw jute and jute goods markets were also affected and spot activities came to a grinding halt. With prices suffering a downward drift due to a slackness in enquiries and an extremely lean offtake, the market appeared to be in the doldrums. Shipment instructions were poor and operators, as well as mills, were experiencing an acute shrinkage of funds. These, combined with considerations for the impending settlement of end-August accounts, accentuated the bearishness. Besides, it appeared to be difficult to transact any business due to the virtual dearth of genuine buyers. Noting that their earlier optimistic calculations had not materialised, speculators turned hesitant and availed themselves of suitable opportunities to reduce their long positions in an unwilling market. Detecting this weakness of the bulls, bears resorted to short-selling, to a moderate extent, carefully covering their open positions at the dips. Both internal and overseas consumers were disappointed over the Government's failure to maintain adequate power supplies for the smooth operation of the installed capacities. Clive Row referred to the recent F.I.C.C.I. trade delegation's recommendation of a sizable reduction in the export prices of jute goods to help the industry overcome its keen competition with synthetics in the Australian market. It was sore over the continued retention of the export levies in spite of the positive suggestions of a number of trade teams which included Government experts as well. Even the Foreign Trade Minister's assurance in the Rajya Sabha that the Government had still been examining the suggestions made by the five-man team failed to prop up the sagging sentiment. Overseas enquiries were few and far between. It appeared that they turned to India only when they failed to procure their requirements from Bangladesh which continued to offer a discount of some

10 per cent over Calcutta prices which included the burden of export duties. In the absence of any positive action from the parties, Mr. Mishra's opinion that it would be nice if India, Bangladesh and Thailand could come to some sort of agreement in the sphere of jute and jute goods in order to withstand the gathering competition from synthetics failed to produce any perceptible impact. Intermittent heavy showers on most days of the week and the spate of bore tides in the Hooghly interrupted cargo-handling activities in the port for a long period. In addition to these hazards, bargemen restricted their activities to daylight hours only, considerably affecting loading and unloading operations. In the hedge market, bears briskly covered their outstanding open position in B Twills August delivery at the dips on the eve of the due date. The contract was closed in due course on Monday. Thereafter, November delivery B Twills turned easier in sympathy with the trend in the spot market. Turnover was moderate in the hedge market and small in the spot market. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Aug.	Sept.	Oct.-Dec.
40in. 7½oz.	78.00	76.50	74.50
40in. 8oz.	85.00	—	—
40in. 10oz.	99.00	98.00	96.00
B Twills	248.50	250.00	252.50
Heavy Cees	249.50	251.00	252.50
Cornsacks	—	—	—
A Twills (U.S.)	325.00	326.00	327.00
Liverpools	307.00	309.00	311.00

Fibre Quiet

The raw jute market ruled quiet during the past week, suffering an overall loss of some Rs. 2 over the preceding week-end levels. The hesitancy stemmed from the pressure of fresh arrivals, combined with the virtual absence of mill interest in the offers. The recent rise in the prices of foodgrains generated fears of food scarcity in the coming months in spite of the positive assurance by the authorities. Besides, lean cash resources with farmers made it difficult for them to finance the expenses for sowing aman and other hybrid varieties of paddy. These considerations induced farmers to hold on to their grain stocks and release their jute inventories for meeting urgent monetary needs. Despite the bottleneck in the movement of fibre held in upcountry railheads, daily arrivals picked up to some 100,000 maunds. As a result, prices suffered a reaction

in both Calcutta and the agencies. In spite of the downward drift, the Jute Corporation of India preferred to keep a watch on the trend, abstaining from making any price-support or commercial transaction. Turnover was small and the closing undertone was easier.

Latest available quotations (in rupees) were as follows:

	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	156.74	146.02	54.50
Northern Jute	151.38	140.68	52.50
Western Desal	140.66	129.94	48.50
Selected Daissee	164.77	154.06	57.50
Assam-Agartala Tossa	162.09	151.38	36.50
Mesta :			
Assam Mesta	140.66	129.94	48.50
Selected Daissee			
Murshidabad	135.30	124.58	46.50
Bihar Dist.	120.57	109.85	41.00

SILK TEXTILES

Fall in Exports

The export earnings from silk textiles during July 1972 amounted to Rs. 56.94 lakhs, against Rs. 64.97 lakhs in the same month last year, which indicated a fall of 12 per cent. The tempo in exports seems to be fast slowing down particularly in the case of mulberry silk fabrics. According to

present indications, the tasar exports are also poised to put an end to the upward trend seen hitherto in the current year. Although the overall exports have declined, the analysis of countrywise exports revealed that the exports to several countries have recorded significant increases. Exports to West Germany increased to Rs. 13.14 lakhs from Rs. 10.39 lakhs in July 1971. A sizable increase has been noticed in the case of Malaysia, France, Kenya, Sweden and Denmark and a good beginning has been seen in respect of Poland. Exports to the U.K., the U.S.A., Japan and Belgium, however, have recorded a fall.

TEA

Fair General Demand

A Special Correspondent writes: The offerings at last week's tea auction in Calcutta amounted to 62,292 packages for which there was a fair general demand. Plain C.T.C. teas were readily absorbed at around the previous week's rates while medium and good liquoring brokeners were well supported and were about steady but fannings were lower with less enquiry. Plain orthodox teas were firm while Assam brokeners were irregular and a little easier but similar fannings met with a slightly better enquiry. Whole-leaf grades and tippy teas were lower, the former especially so as the sale progressed.

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MUKAND IRON & STEEL WORKS LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR 1971-72

The following is the statement of Mr. Viren J. Shah, Chairman of Mukand Iron & Steel Works Limited.

At the very outset I would like to pay, on your behalf and mine, our tribute to the memory of my predecessor, Shri Kamalnayan Bajaj, who passed away suddenly and prematurely on the 1st of May this year. He was associated with our Company from its inception and was its Chairman for the past twenty-five years. It is largely to his foresight and business acumen that the Company owes its present position of eminence in industry. But to him business was an act of national service and he always strove to achieve a balance between wealth and intrinsic worth; between the demands of business and high ethical principles. True to his lineage, Shri Kamalnayanji treated wealth as a trust and lived a simple life. He was a man of rare courage, original and unconventional in his thinking, and acted up to his convictions regardless of consequences. He followed the dictates of his conscience at all times. In his demise we have lost an esteemed leader in whose hands the destiny of the Company was safely entrusted. Personally, I have lost a valuable friend to whom I could always turn for advice and guidance.

2. The 15th of August this year marks the completion of twenty-five years of our independence, a stretch of time during which we have had to encounter five wars, a series of droughts and an influx of millions of refugees for asylum in their dark hour of distress. In this period of travail a fresh consolidation of political forces has been carried through under the leadership of Mrs. Indira Gandhi, who has received an overwhelming mandate from our people. Such a situation betokens strength and stability provided we are prepared to pursue unitedly and determinedly a pragmatic path of rapid growth and social justice.

3. The last Indo-Pak war did not result directly so much in the victory of India as in the triumph of popular forces in Bangla Desh. Indirectly, the long-term consequence of the break-up of old Pakistan has certainly altered

the balance of power in the sub-continent and stimulated democratic processes within what remains of Pakistan in the West. Future developments within that country will depend upon the cohesive capacity of the various ethnic and linguistic groups within West Pakistan to hold together rather than upon the letters of formal agreement signed at Summit level by the leaders of the Indian and Pakistani Governments. The recent Simla Agreement would represent a major break-through provided Bangla Desh is brought into tripartite accords and super powers' interference is eliminated. Repeated confrontations between India and Pakistan would only mean a continuation of super power diplomacy in this region and, as everyone knows, be utterly unproductive of benefits to the peoples of both the countries.

4. There is in the country today an unmistakable climate of optimism and soaring aspirations. Hopes of the eradication of poverty—*Garibi Hatao*—have generated an expectation of instant improvement of living conditions amongst the people; but if these hopes are not fulfilled even partially within a reasonable period by an all round increase in production and productivity, there is a great danger that this expectancy might give place to bitterness and resentment. As the Prime Minister put it in her inaugural address of the FICCI: "They (the people) do expect to see things changing ostensibly towards what they consider are their interests".

5. If against this back-drop of expectations we look at the recent economic performance, the picture is none too bright. The real national income rose by only 1½% in 1971-1972 while the supply of money increased by 15%. Deficit financing in 1971-72 amounted to a staggering figure of Rs. 1100 crores. This has to be set against the permissible limit of deficit financing during the entire Fourth Plan period which had been placed at Rs. 850 crores. As a consequence, prices have risen at an alarming rate, with the wholesale price index registering an increase of 7.1% and foodgrains prices of 14.4% over the previous year. If this price rise is taken together with the uncertain prospects of foodgrains

production as a result of the threatened drought, the economic situation does look dismal. The Government, it is true, has nearly nine million tonnes of grains and hopes of tiding over the crisis are pinned on this buffer stock. This stock consists mainly of wheat whereas it is the prices of rice, the coarse grains, pulses and sugar which have risen the most.

6. For a country of our size, the primary responsibility of distribution of available food stocks would fall upon the railways who would have to offer sufficient wagons for transportation. Past experience, however, does not inspire much confidence in this regard. About three years ago when there was a hue and cry about the shortage of wagons, the Railway Ministry denied that there was any shortage; but now this shortage is being increasingly felt. If at that time the railways had ordered more wagons, it would have helped the wagon building and allied industries, particularly in West Bengal, and would have prevented the present shortage of wagons. As it is, if wagons are harnessed for transportation of foodgrains, there is a genuine danger that there would be an acute shortage for transport of essential commodities like steel, cement, coal and chemicals and fertilizers. Unless we give up the habit of moving from crisis to crisis and adopt a well thought out long-term strategy, situations like the present likely to persist.

7. The decline in farm output will drag down the GNP even if industry did not suffer from paralysing restraints. The growth rate in industry has declined from 7.1% in 1969 to about 3% in 1971. The major factors responsible for this disturbing fall are under-utilisation of capacity mainly because of the shortage of raw materials and inadequate power supply, absence of fresh investment due to policy restraints in the field of licensing and price control and labour unrest. As a matter of fact since around 1965-1966, if we discount inflationary exaggerations, there has been little real growth of investment in the economy. The ratio of investments to national income sharply declined from around 13% in 1964-1965 to 9% in

1968-1969. Despite the slight improvement in this ratio during the last two years, it is a matter of concern that by and large our economy has been stagnant since the end of the Third Plan.

8. One of the major constraints on industrial and agricultural growth is the recurring power shortage resulting in frequent interruptions or drastic cuts in power supply in different states. The Central Minister for Irrigation and Power, Dr. K. L. Rao, has recently announced that there may be a shortfall of six million kilowatts in the 4th plan target and that even next year the deficit may be of the order of two to three million kilowatts because of inadequate financial provisions made five years ago in power generation. The power crisis does not merely throw industrial programmes out of gear but also seriously compromises the social and economic objectives of national planning.

9. For a problem of the dimensions we have posed ourselves, namely the eradication of poverty, all-out efforts are called to speed up the growth of the industrial and agricultural sectors. 40% of our population i.e. 220 million people still live below the poverty line despite the twenty-five years of independence. The much publicised crash programmes for rural employment have failed to get off the ground. In any case, mere job creation by itself would not be much use. The real goal has to be a larger volume of production as the only means to provide more jobs and more income to more persons.

10. Not that the Government is unaware of the bottlenecks in production and of the problems in the way of ensuring growth with stability. Yet, the biggest bottleneck is the ambivalence the Government has developed in its attitudes and policies towards the corporate sector. The Prime Minister herself has taken stock of the situation and is aware that the mixed economy holds the best promise of amelioration. As she says in her FICCI speech, "So, we are at a cross-road and it is the time when we have to re-think about everything that we have done before. I do not say that we have to sweep everything off but we do have to make many changes and I must confess that the path is not at all clear and we can only make that path. We can only evolve a policy of change with your co-operation and help in even deciding how to go about". Some of her colleagues, how-

ever, still seem to cling stubbornly to their preconceived notions and prejudices and continue to ride their hobby horses as can be seen from their public pronouncements. Some regard the present mixed economy as a mere passing phase eventually to be replaced by a takeover by the State of all private industrial and commercial activities.

11. Having said that, it needs to be added that the business community has a far more direct stake in the eradication of poverty and expansion of employment than is generally recognised. The fact that 220 million of the country's population live below the poverty line and that as many more have levels of income and consumption barely enough to subsist means that practically 90% of the population is not available to industry as consumers of its products. The potentially vast market for industrial product in this country thus remains substantially unrealized. This consideration is relevant both to those industries which directly manufacture consumer goods as also to those engaged in the manufacture of capital and intermediate goods. Over a period of time the output of capital and intermediate goods has to be sustained by the demand for final consumption goods.

12. The business community can thus claim, without any fear of appearing to be opportunistic, to be in complete accord with the wider socioeconomic objectives of the Government. Unless the economic imperatives remain as much in the forefront as these objectives the atmosphere generated would not be conducive to greater productive efforts. Indeed, it inhibits the Government from taking in time many important decisions which in turn leads to enormous loss of time and resources which the country can ill afford at present. To quote the Prime Minister again, "We do not have all the time in the world. As I have said on an earlier occasion, I think that we must make a dent in the next three years or four at the very most. If we fail for whatever reason, whether it is the mistake of the Government or the mistake of business and industry or any one section feeling more concerned about their rights and needs than another section, we will all suffer together".

13. Government and business are closely intermeshed today. Government is a very powerful factor in the

business sphere and the public sector has acquired a strategic and commanding role in the economy. What we now need, therefore, is a radical approach to the execution of accepted policies and not merely lipservice to radicalism, for that results into negative attitudes. The main problem before us is how to harness the existing administrative structure with its built-in dilatory procedures and decision-making authority concentrated at the top levels coupled with our system of parliamentary accountability to the tasks ahead. It is customary to blame the bureaucracy for all our ills, but by continuous attacks both within and outside the legislatures we have so thoroughly demoralized the bureaucracy that it could hardly be held responsible for the failures.

14. What is urgently required is the injection of professional skills into the administrative apparatus and application of modern management thought and techniques to the whole system of administration. First and foremost, we must strengthen the administration to function at a quicker pace and take decisions at various levels by a proper decentralisation of authority. To achieve this it would be a prerequisite to put an end to all interference by politicians in executive decision-making. Once the policies are laid down, and firm lines of policies can be laid down only at the political Ministerial level, the officers should be free to implement them without let or hindrance. A clear differentiation of political and administrative functions is needed. Only in cases where there is reason to believe that a deliberate deviation from the prescribed policies has taken place should Ministers concern themselves with executive decisions. Again, a drastic reduction is called for in the number of officers and departments required to consider an application even as it is essential that there should be a definite time limit set for intimating final decisions on every proposal or application, especially by the Economic Ministries. We are racing against time and I, for one, firmly believe that unless the Government adopts such a purposeful result-oriented and time-bound way of work, it would not be able to transform the present administrative machinery into an efficient and dynamic instrument for the implementation of its policies.

15. Two important recent developments in the steel industry are the takeover of the management of IISCO by the Government and the decision

to set up a holding company to control the Government's investment in the steel and allied industries. The Government has claimed that the management of IISCO has been taken over principally to stem the deterioration of the plant's working over the past seven years. Irrespective of the merits of this claim, the basic issue involved in this action needs to be properly appreciated. 54 per cent of IISCO's shares are held by public financial institutions and the nationalised banks. With the Government thus controlling a majority shareholding, the takeover could be seen as a step to safeguard its interests and intended to solve the Company's short-term problems and promote its long-term growth. The results alone will however reveal to what extent the purpose behind the takeover is fulfilled.

16. The decision to set up a holding company is also a step in the right direction. The Government's investment in the steel and allied industries already amounts to about Rs. 2,500 crores but the working of these units has been far from satisfactory. The proposed holding company can play a crucial role in toning up their administration and working. The choice of a non-bureaucrat for the Chairmanship of the company is a happy augury and the decision to appoint him simultaneously as Secretary of the Steel Ministry should help ensure proper co-ordination between the Ministry and the company. Much of the success of this experiment will depend on the degree of autonomy that the proposed company enjoys and the degree of political backing it receives.

17. Steel shortage is a major impediment to our industrial development. The shortage was more pronounced last year, the Government having had to resort to massive imports amounting to Rs. 200 crores. This shortage is largely attributable to the underutilisation of installed capacity in the integrated steel plants. Government has taken vigorous measures during the last one year to improve capacity utilisation. Steel production in 1971-1972 was 6.3 million ingot tonnes and the target for the current year is 7.2 million ingot tonnes against the installed capacity of 8.9 million tonnes. The Steel Minister has stated in Parliament that we expect to achieve self-sufficiency in steel by 1975, based on 90% of capacity utilisation and commissioning of the first phase of the Bokaro Steel Plant. We will need to mobilise our best resources

in management and technology to achieve this target.

18. Perspective planning for steel production envisages an installed capacity of 19 million ingot tonnes by 1980 against 12 million tonnes in 1974-1975. This will be achieved only if the expansion plans of the existing plants and the installation of the three new steel plants in the South are completed in time. The long delay in the installation of the Bokaro Plant should serve as a warning of the pitfalls in the implementation of the new projects.

19. The electric steel furnace industry has made a significant contribution to augmenting steel availability in the last few years. Against the liquid metal production of 0.5 million tonnes in 1968-1969, its production increased to over one million tonnes in 1971-1972. The Government has accepted the need for increasing the industry's production by licensing 19 units, including 7 in the joint sector. The need to ensure that the capacity created in the industry is fully utilised cannot be over-emphasised. The availability of the basic raw material, viz. scrap or its substitute, will have to be ensured well in time if the projected supplies from these units are to be achieved.

20. Scrap requirements are likely to increase by 100% by 1975-1976 but the indigenous generation of scrap would not keep pace with this increase. While the collection machinery will have to be streamlined, other measures will also have to be promptly taken. The Working Group appointed by the Government of India under the Chairmanship of Shri Hari Bhushan has submitted a detailed report suggesting various measures to augment scrap availability. I am not aware to what extent these recommendations have been implemented. Sponge iron promises to offer a suitable material as feedstock for electric furnaces in addition to scrap. The Government has issued letters of intent for 3 sponge iron plants in the country. This is welcome step in the right direction but the requirement of scrap in the country is likely to be so high that the Government would do well to encourage a good many entrepreneurs to go in for sponge iron plants.

21. To make our own contribution we had submitted an application for industrial licence to set up a sponge iron plant which has been turned

down. We have nevertheless made a fresh approach for reconsideration of our request. We believe that our application is valid under the Industrial Policy Resolution and hope that the Government will consider our representation in the wider perspective and permit us to create an additional source of raw material for the electric steel making industry.

22. The electricity tariff for power-intensive industries is a vital factor affecting the growth of the electric furnace industry. As has been suggested, the best thing would be to have a national tariff for electro-metallurgical units. At present some states offer a concessional tariff whereas others do not. This causes an imbalance which needs to be removed at the earliest.

23. Power-intensive industries in Maharashtra have had to face great difficulties since the unit cost of electricity is much higher here than in the neighbouring states—Mysore, Gujarat and Rajasthan—and so too are the other input costs. Both the Wagle and the Razvi Committees, appointed by the Government of Maharashtra, have acknowledged the need for a concessional tariff for power-intensive industries in Maharashtra. I would urge the Maharashtra Government to take an early decision on the Razvi Committee report to accelerate the development of these industries in the State.

24. The results of the Company's working during the year under review are given in the Directors' Report already circulated. I would only briefly indicate some of the salient aspects of our performance and the future pattern of growth. Over the years, we have acquired a certain degree of competence and capacity to set up or assist in setting up new industrial ventures in diverse fields by sharing our experience and expertise with others in India and abroad. We have already made progress in establishing a steel foundry in Malayasia in collaboration with a Malaysian company and the local State Development Corporation. Similarly, in India, we have enabled Polysteels (India) Ltd. at Bhavnagar to set up a mini steel plant which has gone into production and is maintaining satisfactory progress. Some other proposals for such collaboration in India are under active consideration.

25. The Government has decided to promote the development of the joint

(Continued on page 384)

THE JAY ENGINEERING WORKS LIMITED

STATEMENT OF THE CHAIRMAN, LALA CHARAT RAM

The following is the statement of Lala Charat Ram, Chairman of the Jay Engineering Works Ltd., delivered at the thirty fifth Annual General Meeting on 29.8.72 at Calcutta.

Friends,

I am happy to welcome you to the thirtyfifth annual general meeting of the Company.

The annual report has been with you for some time and you would have noted that the Company has made a gross profit of one crore and five lacs of rupees. This is better than the profit made in any previous year. To all those who made this possible—workers, supervisors and officers—I wish to convey your felicitations.

Your directors feel that considering the capital facilities of the Company and the operating inputs, the profit is still inadequate and has indeed not yet reached even the level where a reasonable return can be paid to equity shareholders. While therefore we have reason to be happy at the inching up in profits over the last years, we have to be constantly aware that the Company has still a long way to go. For the present, all that we can claim is that a momentum has been generated and we are headed in the right direction.

The principal reason for the improvement in profit position not being as good as one would like it to be, is the sewing machine factory at Calcutta. Operations of this factory have resulted in substantial loss during the year. But what is more important is that we do not yet see any reversal of the trend. As the directors have explained in their report, the national market for upper-price bracked sewing machines has remained largely stagnant for the last several years, while supply of low-priced machines has increased manifold. Ours is a high cost unit and we cannot compete with machines produced in the small industry sector. On the other hand, our costs keep going up as a result of wage increases, government levies and general infla-

tion, and these can neither be recovered by commensurate increase in prices nor absorbed by increased production. The vicious circle tends to make the sewing machine factory a veritable millstone for the Company.

We are meeting at a momentous time. The nation is celebrating the silver jubilee of independence, and satisfactory conclusion of the immediate problems with Pakistan has given a new sense of confidence to the people. In practical terms, this



Lala Charat Ram

has put the government in the saddle after a long lapse of time. The results are discernible markedly in Calcutta, where for the first time in many years, counter-productive activity seems to be under control. As our Company's largest factories are at Calcutta, we have a special stake in the situation here, and I am happy to say that the situation is such that one can look at the future with a degree of reassurance. There have been some incidents, arising no doubt from exuberance of newly emerged forces and partly unfortunately from chauvinistic considerations of which traces can be found in all parts of the country. If these can be kept under control and legitimate enthusiasm can be directed to constructive purpose, we in West Bengal would be able to leave behind us the traumatic experience of the last several years.

Our operations at Hyderabad and Agra are making good progress and

the improved financial result of the year represents in no small measure the contribution of these units.

As you know, Jay Engineering is considered to be a part of Shriram group of industries, due to the historical fact that it was late Lala Shri Ram who gave commercially viable form to the engineering idea—ambitious by 1934 standards—to make sewing machines in India. Jay Engineering is also regarded as a 'dominant' undertaking by reason of the fact that by a combination of individual enterprise and corporate effort, it generated increasing consumer acceptance for its products and outstripped others engaged in the same business. This would ordinarily be considered to be an accomplishment of some distinction, but by a strange inversion of values, these characteristics have lately tended to be a hindrance rather than help in the path of the Company's progress. Manufacturing licenses for various products into which the Company could diversify during a relatively liberalised period of industrial policy have not been available to the Company. Availability of bank finance has also lagged behind the growth of business activity. These are unfortunate developments because they must stand in the way of future growth and maximum current utilisation of our facilities.

The national government is pledged to eliminate poverty and unemployment. Resources for achieving these goals can only come out of productive activity. Anyone who can contribute to the resources should therefore be welcome to do so and a situation in which curbs are placed on the initiative of those who have a successful record in this direction, does not seem consistent with the objectives. It may perhaps be necessary, in the short run, to perform some symbolic acts as a salve to unperceptive masses, but these cannot be a substitute for fundamental, though unspectacular, effort towards growth and higher production. There can be no instant solutions to problems that face the country. Those of us who have adopted productive entrepreneurship as a way of life, therefore, feel bewildered and confus-

ed by constraints which run counter to government's declared goals.

I beg to submit that a distinction needs to be made between freedom of the individual to contribute to the national productive effort, and the return that he can get for such contribution, in terms of money and patronage. Our tax laws and other legislative provisions have already set limits to these, and these limits can be lowered even more if social considerations so require. There should however be no constraint on any individual person or corporate body to participate in productive activity because such a constraint constitutes deprivation both on national as well as individual planes.

No doubt government means well and its measures are aimed at preventing economic abuse. The law governing monopolies and restrictive trade practices is certainly intended for that purpose. Difficulties arise when it also interferes with healthy marketing practices, disturbs normal relationship between manufacturer and the trade, and forbids self-

discipline in pricing and distribution. The Company law is another example. It has the most laudable objects and the newly proposed set of regulations is certainly motivated by the same considerations. For example, the provision regarding unscrupulous takeover bids is bound to have a salutary effect. On the other hand, provisions like further administrative controls, dividends, deposits etc. will further hamstring Company managements. The danger of such regulations is that while aimed at unscrupulous elements, they basically affect the scrupulous because the unscrupulous always find a way to be a step ahead of the regulations.

Another danger is that they make private initiative subject to bureaucratic and political control. Designers of engines aim at minimising internal utilisation of the power generated by the engine so that the power transmitted for productive use would be maximum. If business management today is conceived of as an engine, I shudder to think of the proportion of power that is used up internally in overcoming the friction

arising from restrictive regulations, with the result that the energy available for real productive work is proportionately rather less than the energy absorbed internally just to stay alive.

All of us need to give serious thought to these problems. Fortunately the country is passing through a stage at which the government has the situation in its grip, and does not need to resort to symbolic or demonstrative futilities. Such interludes may well be rare in a democracy and whoever has the opportunity to operate in such a situation must make the best use of the God-given opportunity. Our Prime Minister has shown sagacity and enterprise in all that she has handled. She may well be the saviour of the country and we have no doubt that the authorities operating under her auspices would provide the same leadership in the economic sphere as she has done in the political.

Note: The above statement is not a document purporting to be a report of the proceedings of the Annual General Meeting.

MUKAND IRON & STEEL WORKS LIMITED

(Continued from page 382)

sector by permitting private sector companies to set up industrial projects in collaboration with State Governments. We welcome this development and are exploring the possibility of establishing joint sector projects in steel making and allied engineering fields. One such proposal has already reached an advanced stage of negotiations.

26. We acknowledge that an industrial complex of our size has a responsibility towards the society at large as also to the industry to which it belongs. Awareness of this is reflected in the help we render to ancillary industries and community service projects that are well under way. We have worked out a programme of assis-

tance to promote widespread entrepreneurial activities. Nearly a hundred and fifty factories in the Greater Bombay area and the Thana Belapur belt have benefited by this programme.

27. In the sphere of social work the Company has been making planned efforts to provide diverse services both at Kurla and at Kalwe. We have arranged for and assisted in a programme of periodic medical check-ups, free medicines and expert medical advice at Kalwe village where such help is not readily available. Similarly, during epidemics injections, vaccines and treatment are supplied free to the neighbouring inhabitants at Kurla and Kalwe. I am happy to say that some of our officers and staff members have voluntarily contributed their time to this activity. Recently, free milk and bread have also been arranged for school children at Naupada (Kurla) to supplement their daily diet. We are examining the possibility of involving ourselves more actively in efforts to improve the living conditions of the residents of the slums in our neighbourhood. Equally alert is our interest in the welfare of our employees. We have arranged for mass miniature screening and follow-ups

wherever necessary and have widened the Company's medical scheme to cover employees' families.

28. Our social welfare programmes includes Sarvodaya activities inside the works as well as in the community around. Sarvodaya workers have started their daily contacts to bring about grass-root transformation towards a better way of life. The Company's full time social worker is carrying out a survey of the families of employees with the specific purpose of offering guidance on family planning, monthly budgeting, rearing of children and healthy living. Worker education classes are regularly conducted by worker teachers and by the Sarvodaya team and are meant to synthesise the working environment with the social milieu and to create better understanding and social togetherness amongst the workmen and their families. This I believe will prove to be an effective way of integrating the total personality of the industrial man and accelerating the pace of social development in urban surroundings.

VIREN J. SHAH
Chairman

15th August, 1972.



"Tyre Technology is ever changing and you can be sure that the tyre we build in the 80's will differ even more radically from those we are building today, as today's tyre differs from those we built in the 60's."

Mr Parks Chrestman, Managing Director, Goodyear India Limited, made the following observations at the 11th Annual General Meeting:

1971 Sales Increase

The first half of the year experienced acute power shortages and rationing, hence production suffered badly. Fortunately, in the second half of the year production registered greater improvements and thus we were able to achieve an 11 per cent increase over our 1970 sales. We commissioned our new plant for bicycle tyres and tubes in July and the new automotive tyres and tubes plant in September. The commissioning of these two new plants now doubles your company's production capacity, and the full impact of this growth will be felt in our 1972 operations. It is our desire to further expand... we have filed our application for expansion of tyre production capacity by another 2,50,000 tyres annually.

Industrial Rubber Products Plant

Today, there is an acute shortage in the country of conveyor belting and V belts. Many projects are being delayed for lack of belts, and for urgent needs imports are being permitted due to local capacity being booked for as much as four and five years ahead. Acting on the Letter of Intent for flat belting and V belts granted to us, we have submitted to the Government our application for capital goods, and it is our intention to take speedy action to implement this project.

Technological Development in Tyres

The tyre industry throughout the world has made notable progress in recent years... to meet the needs for extra loads, speeds and safety, tyre designs and components are being constantly improved and developed. Probably the greatest improvements in tyres have involved the use of progressively more sophisticated carcass constructions—from cotton to rayon to nylon, and the improvements made in each of these. In future, we see the change to polyester, fibreglass, drawn wire, spun wire, fibre B and all the inevitable improvements in these materials.

Goodyear USA's Contribution

Our associates, The Goodyear Tyre & Rubber Company, USA, have contributed substantially to these worldwide tyre developments for over 70 years. Goodyear maintains a staff of over 4,000 scientists, engineers and technical specialists in their USA headquarters and Luxembourg research facilities. The cost of setting-up and maintaining such a R & D organisation is prohibitive for a company of Goodyear India's size whereas by paying a service fee of a small percentage of our net sales for this technical assistance, technical innovations and expertise is readily available to your company.

The word "technology" is often used and understood in its restricted sense. It is not always realised that "technology" extends beyond the laboratory and how much it contributes to the day to day operations of a tyre factory. It is our daily concern to improve costs and efficiency. New rubbers, polymers, carbon blacks, rubber chemicals and tyre fabrics are constantly under development which have a great effect on tyre performance. We, in India, are readily informed of these developments by our associates. The technology is ever changing, and you can be sure that the tyre we build in the 80's will differ even more radically from those we are building today, as today's tyres differ from those we built in the 60's.

Research and Development in India

Our local technicians and engineers, aided by their overseas counterparts, work willingly with local engineering firms to develop indigenous production of tyre making machinery and equipment. At our own factories, as well, our engineering team has skillfully constructed equipment in our own workshops.

Our local research and development organisation continues to grow and is well qualified to absorb, implement and adapt technical know-how supplied from all sources. Extensive and impressive work has been done by our research staff in the field of import substitution. Evaluation and testing of tyres are other important functions of our development technicians. At this moment the most interesting and exciting work being undertaken by our research and development staff is the responsibility for planning and fabricating portions of capital equipment now used in the factories and for the proposed expansion of our tyre plants and equipping our new Industrial Rubber Products plant.

Export Support Programme Needed

Your company is fully aware of its export obligations, and we will meet our export requirements with the help of the Goodyear worldwide sales and distribution facilities. It must be borne in mind that the available world markets for tyre exports are rapidly shrinking as a result of one country after another installing its own tyre factories. There is also excess tyre manufacturing capacity in several countries, creating a low price competition for the available markets. Just at this time when the price element has become so important, the Government of India have effected substantial cuts in duty drawback rates, increasing our export costs by as much as 8 to 10 per cent. To offset this cut and assist with the higher cost of local raw materials, an increased cash subsidy is necessary if we are not to incur extraordinary losses on all exports. An export support programme of encouragement and continuity is needed.

50 Years in India

I am very happy to share with you the progress of Goodyear in India since the first office was opened in India fifty years ago. We started our Golden Jubilee Year - 1972, with a public service campaign throughout India to make motorists conscious of the danger of riding on worn out tyres. The campaign, launched in January 1972, which lasted for about two months, was very actively aided by Goodyear dealers, service stations, police departments, civic authorities and automobile associations. Many thousand motorists have been benefitted by this campaign.

1972 Outlook Brighter

You have already seen the Directors' Report which mentioned that the first quarter 1972 sales and profits were very satisfactory. The second quarter was reasonably good despite the record heat-wave and seasonal absenteeism of that period. The third quarter production will be affected by the power cut imposed in August. However, we hope this will be a temporary setback and we fully expect to end the year 1972 with considerably higher sales than in 1971 and some profit improvement.

(This does not purport to be a record of the proceedings of the Annual General Meeting)

GOODYEAR

DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS
DISPOSALS WING : COMMODITY SECTION
TENDER PROGRAMME

FOR THE MONTH OF SEPTEMBER—1972

IS AS UNDER :—

S.NO.	TENDER NO.	LOCATION	STORES	DATE OF OPENING	OFFERS TO REMAIN OPEN UPTO
1	2	3	4	5	6
1.	DGS & D/SVH/VH/ 507378-385, 387, 388/25	C.O.D. Dehu Siding	M.T. Spares (DG)	15-9-72	15-11-72
2.	DGS & D/CPM/ 543973/16	Dum Dum Airport Calcutta	Generating Sets	16-9-72	16-11-72
3.	DGS & D/SVH/VH/ 507364-369, 389, 390, 371, 376, 403-405/25	C.O.D. Dehu Siding	M.T. Spares FD & GMC.	19-9-72	19-11-72
4.	DGS & D/CPM/ 543974/14	L.G.M. Unit Tannery & L.F. Shop, Yanam	Machinery	21-9-72	23-11-72
5.	DGS & D/SVH/VH/ 507372, 373, 377, 386, 392-397, 399-402 & 411/25	C.O.D. Dehu Siding	M.T. Spares (Nev & AFA) etc.	23-9-72	23-11-72
6.	DGS & D/OPM/ 543975/18	G.E., E/M Yard Ambala Cantt.	Crane	26-9-72	25-11-72
7.	DGS & D/VH/ 507407-410/24	O.T.G. Pathankot	Motor Cycles	27-9-72	27-11-72
8.	DGS & D/SVH/VH/ 507370, 74, 75, 91, 98, & 401/25	C.O.D. Dehu Siding	M.T. Spares (A.M.K.)	29-9-72	29-11-72

Tenders should be addressed to the Director General of Supplies and Disposals, Disposals Wing, Jeevan Tara Building, Parliament Street, New Delhi-1, so as to reach him by 2-30 P.M. on the date of opening as mentioned against each tender. These tenders will be opened on the same day at 3.00 P.M. in public. Each tender must be accompanied by two Deposit-at-Call Receipts, one representing 5% of the tendered value as Earnest Money and the other representing 5% of the tendered value as Security Deposit. (Subject to maximum amount of Rs. 1 lakh). The Deposit-at-call Receipts would be on any branch of the State Bank/Nationalised Banks of India and in the name of Director General of Supplies and Disposals, New Delhi. Tender forms containing particulars of stores, conditions of sales and permit to view the stores at site, etc. can be had @ Rs. 5/- per set payable in cash or by Money Order from the Cashier, DGS&D, New Delhi, Director of Supplies and Disposals, Calcutta, Bombay, Madras and Kanpur.

Tender fees are non-refundable and tender sets are non-transferable.

All sales are strictly on the basis of
'AS IS WHERE IS'.

OFFERS WILL BE CONSIDERED STRICTLY ON THE BASIS OF TENDER-TERMS. IF THERE IS ANY DEVIATION OFFERS SHALL BE IGNORED. D.G.S. & D. RESERVE THE RIGHT TO REJECT ALL OR ANY OFFERS WITHOUT ASSIGNING REASONS THEREOF.

DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS.

Parliament Street, New Delhi

davp 72/205

CAPITAL, 31st AUGUST, 1972

COMPANY AND PUBLIC NOTICES

INDIAN OXYGEN LIMITED

"It is hereby notified for public information that M/s. Indian Oxygen Limited, P-34 Taratala Road, Calcutta-53 have given on 2/8/72 a Notice under Section 21 of the Monopolies and Restrictive Trade Practices Act 1969, to the Department of Company Affairs, New Delhi, for their substantial expansion in the manufacture of submerged arc welding fluxes.

Any person interested in the matter may make representation to the Secretary, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice."

SCHRADER-SCOVILL DUNCAN LTD.

NOTICE is hereby given that the Directors have decided to declare an interim dividend of 10% on 27th September, 1972 in respect of the Company's financial year ended 31st October, 1972, subject to deduction of tax, payable within the statutory period to the Registered Shareholders whose names appear in the Register on 27th September, 1972 or to their mandatees.

Pursuant to Section 154 of the Companies Act, 1956, the Register of members and Share Transfer Books of the Company will remain closed from 13th to 27th September, 1972, both days inclusive, for the above purpose.

By Order of the Board
DUNCAN BROTHERS & CO. LTD.,
Secretaries.

31, Netaji Subhas Road,
Calcutta-1.
24th August, 1972.

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 for the year ended 31st March, 1972, subject to deduction of tax at source in addition to the interim dividend of 4% on 'A' and 'B' Ordinary Shares for the year declared by the Board of Directors on 18th August, 1971.

(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 at the rate of 3%—making a total of 7% for the year.

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, 1973 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, 1972 will be held on Friday, the 29th September, 1972 at 11 A.M. and the Registers of Members of the Company shall remain closed for the above purposes from the 15th September, 1972 to the 29th September, 1972 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, 1972, to those members whose names shall be registered on the 29th September, 1972 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 the 31st October, 1972, to those members of the Company whose names shall be registered on its 'A' and 'B' Ordinary Share Registers as on the 29th September, 1972.

BY ORDER OF THE BOARD
KANAK GHOSH
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
Dated, 25th August, 1972.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

NOTICE

NOTICE is hereby given that the Board of Directors of this Company at a meeting held on 24th August, 1972, have declared payment of an Interim Dividend on the Company's Ordinary Stock for the year ended 31st March, 1972, at the rate of 8% gross. Payment will be made on 12th October, 1972, after deduction of appropriate Indian Income Tax to those Stockholders whose names are registered in the Company's Stock Register on 16th September, 1972.

Applications for transfers received in this office before 12 o'clock noon on Saturday 16th September, 1972, will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above Dividend.

BY ORDER OF THE BOARD
Sd/- S. K. MITRA
Secretary.

Victoria House,
Calcutta, 25th August, 1972.

DIVIDENDS DECLARED OR PROPOSED

British Paints (India) Ltd—6½ p.c. (f) (0), subject to tax

Ranicherra Tea Co. Ltd—5 p.c. (0), subject to tax

Surat Electricity Co. Ltd—Rs. 8 per share (0) (f), subject to tax

Colour-chem Ltd—Rs. 12 per share (0), subject to tax

Bombay Suburban Electric Supply, Ltd—Rs. 7.50 per share (0) (f), subject to tax

Anglo-India Jute Mills Co. Ltd 15 p.c. (0), Subject to tax

Indian Steel & Wire Products Ltd —Rs. 2 a share (0), subject to tax

National Insulated Cable Co. of Indian Ltd—8 p.c. (0), subject to tax

Titaghur Paper Mills Co. Ltd—3 p.c. (f) (0), Subject to tax

Schrader—Scovill Duncan Ltd—10 p.c. (Int.) (0), Subject to tax

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CAPITAL, 31st AUGUST, 1972

“CAPITAL” STOCK AND SHARE LIST

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			Latest Market Quotations as available until	
										1968	1969	1970	15-6-72	25-8-72
Ra.			Ra.	Ra.	Ra.	Ra.	Ra.						Ra.	Ra.
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	...	100	163/00
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	12	Apollo	Nil	...	...	2	0/30
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	9	Baroda Rayon	8	8	8	100	111/00
3,61,41,125	2,03,942	4,911	5,29,41,763	3,86,89,251	41,34,967	1,29,92,335	5,742	12	Bombay Dyeing, etc.	12	12	13-13*	25	38/75
3,54,88,200	1,18,296	2,760	13,29,50,831	17,91,06,285	12,43,04,683	11,66,59,128	...	12	Century P.	40	40	45	100	924/00
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	Central India P.	Nil	Nil	Nil-Nil*	100	32/50
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	3	Coorla	9	9	...	100	94/00
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	12	Dawn	10	10	...	50	70/00
30,00,000	47,700	886	1,29,89,439	47,86,744	3,05,575	2,29,847	1,578	12	Elphinstone P.	Nil	Nil	Nil	50	19/00
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	12	Finlay	10	11	12	100	148/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	12	Gokak	15	15	15	100	194/00
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	India United	Nil	Nil	Nil	10	1/34
50,00,00,000	...	...	5,44,40,998	...	34,33,245	31,38,833	31,80,002	6	Indian Rayon P.	Nil	Nil	Nil	10	1/86
2,49,62,500	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	12	Indore Malwa United	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	6	Khatau Makanji P.	10	10	12	100	160/00
1,04,90,900	1,20,504	1,846	1,43,20,058	1,28,29,461	10,80,024	44,56,905	12,863	12	Kohinoor	Nil	12	17	100	159/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	24,99,262	49,14,154	12	Lakshmi-Vishnu P.	Nil	Nil	...	100	83/00
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	6	Morajee Goculdas P.	15	15	15	100	135/00
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	2	Mysore Spg. & Mfg. P.	Nil	Nil	Nil	10	5/52
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	12	New City of Bombay	5	6	...	100	56/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	12	New Great Eastern P.	Nil	Nil	...	100	45/00
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	12	Phoenix	Nil	Nil	...	100	89/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	3	Simplex	16	16	16	50	89/00
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	Shree Niwas P.	5	10	...	100	110/00
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	Svadeshi P.	9	9	12	100	125/00
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	12	Swan	15	12	13	100	118/00
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	12	Tata	Nil	Nil	6	25	29/00
12,00,000	45,508	1,308	62,07,441	12,11,943	31,81,227	52,10,985	8,027	3	Western India	9*	9*	9*	250	66/00

*1971

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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			Paid-up per share	Latest Market Quotations as available until	
								1968	1969	1970		Rs.	Rs.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.	
28,48,19,000	54,03,18,992	2,309,51,069	5,67,61,310	7,22,02,669	26,574	7	CEMENT	12	12	12-12*	100	115/50	110/75
							ELECTRIC LTG. POWER						
8,74,77,100	21,08,70,540	5,71,02,246	1,74,28,417	2,86,98,076	640	3	Ahmedabad Electricity	9	9	12-9 1/2*10 1/4	100	95/30	81/50
3,02,77,781	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3	Andhra Valley Power P.	12	12	11-12*12 1/4	100	138/00	115/00
3,08,62,525	17,32,36,060	7,09,54,506	95,51,600	1,63,63,630	5,804	3	Bombay Suburban Elec. P.	11	11	11-12*	100	119/00	107/50
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	138/00	115/00
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	100	138/00	115/00
							ENGINEERING & METAL						
4,00,00,000	4,17,27,117	3,84,62,466	10,69,469	2,44,16,732	...	12	Associated Bearing	Nil	10	12 1/2-15*	100	259/00	248/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	Just's Engineering	Nil	...	...	50	22/00	28/00
4,51,72,090	8,65,88,248	5,78,47,971	2,44,12,757	2,61,26,790	...	3	Larsen & Toubro P.	15	10	10-12 1/2*14 1/4	10	25/10	24/36
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7	McKenzie's	Nil	...	...	100	82/00	30/00
2,50,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Premier Construction P.	36	40	32	50	72/00	72/00
1,31,250F	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	Sandvik	10	30	12-12*	100	278/75	260/00
75,00,000	1,68,38,555	1,77,77,250	21,840	17,72,188	50,40,288	12	Sankey Wheels	...	...	...	10	8/00	8/00
1,77,77,250	1,70,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	Tata Engg. & Locomotive P.	14 1/2	14 1/2	13 1/2-14 1/2*	100	225/25	210/50
7,99,97,300	1,06,01,94,089	55,58,00,520	14,65,79,877	14,12,24,932	...	3	Tata Iron & Steel P.	11 1/2	11	11-11*	75	91/80	86/00
38,58,01,715	2,07,06,661	1,90,55,523	7,84,083	1,72,51,695	10,477	4	Zenith Steel	9	10	10-12*	10	17/44	14/76
1,40,00,000	...	...	...	...	...	...	INSURANCE COMPANIES						
20,00,000	25,01,134	2,88,61,155	95,96,033	4,24,629	1,18,606	12	British India General	...	...	...	10	14/00	14/52
18,74,940	1,16,06,358	12,60,43,884	2,61,49,442	38,951	4,65,316	12	Jupiter General P.	...	...	...	15	11/80	11/00
1,70,90,550	...	29,41,860	17,69,50,056	1,77,99,237	...	12	New India	40	40	40	15	37/00	37/00
15,99,270	...	...	59,86,789	6,05,803	3,81,242	12	Vulcan	20	20	...	10	11/60	15/52
							MISCELLANEOUS						
1,41,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	Alembic Chemical	12	12	12	100	155/00	147/50
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	8,04,219	7,87,678	12	Bayer	Nil	Nil	Nil	100	299/00	285/00
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	6	Belapur Sugar	22	22	...	50	74/00	50/50
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,15,567	18,787	5	Bombay Burnah Trading	14	15 1/2	...	25	51/00	51/00
2,76,00,000	2,55,98,043	91,53,835	52,54,287	1,47,82,827	...	12	Ceat Tyres	9	11	11	100	272/50	250/00
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	10	100	139/50	160/00
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	20	25	12	10	27/00	26/25

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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 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 15-6-72 25-8-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	MISCELLANEOUS (Contd.)	14	14	21/60
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	Hindustan Lever	7	7	103/00
11,99,900	13,82,957	7,34,142	14,05,223+	68,232	16,942	7	Industrial Invt Trust	...	...	194/00
1,24,95,600	61,65,744	95,74,496	2,03,71,096	38,51,469	6,216	11	Kemp (Chemists)	10	10	86/50
3,19,98,800	10,24,08,522	7,56,48,606	75,11,530	3,45,72,768	6,674	12	Killick Nixon	28	32-40*	357/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	National Rayon	9	...	117/50
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Permanent Magnets	24	...	68/50
7,48,39,825	16,48,04,771	3,08,98,866	25,08,783	35,80,413	86,134	6	Phalton Sugar	Nil	Nil	63/00
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	Premier Automobiles	10	10	49/50
11,27,72,980	45,59,05,602	18,66,12,210	27,16,96,643	2,70,72,552	5,06,469	6	Sandaz	74	74	18/88
21,00,000	12,01,443	...	4,24,216	3,95,294	2,92,250	11	Scindia Steam Navign	Nil	Nil	22/44
5,74,62,660	6,38,89,149	4,09,20,991	65,01,693	2,56,20,037	19,330	12	Shivrajpur Synd	Nil	Nil	23/84
3,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,38,449	3,923	6	Synthetics And Chemicals	17	15	171/00
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Chemicals P	17	18-18*	28/25
5,19,48,000	4,56,76,290	3,91,18,361	2,00,29,210	3,16,91,035	...	8	Tata Oil P	15	15-15*	205/00
4,95,00,000	4,24,16,171	2,76,57,392	1,86,60,810	1,81,42,253	...	12	Volta	11	12-12*	141/50
					...		Western Indip Match			

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SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Outturn and Average Price per kg/lb realised for crop	Net Profits	Accounts closed	NAMES	Dividends per cent 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-6-72 28-8-72
Rs.	Rs.	Rs.		Kilograms	Rs.				Rs.	Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	1.48	12	Anandam P.	Nil	Nil	11/75
10,98,990	13,96,078	4,83,841	...	225,168	4.34	3	Balanoor P.	15	15-15*	14/50
3,00,000	3,92,218	...	...	53,848	...	8	Balmadies P.	Nil	Nil	2/10
17,32,230	13,36,710	3,36,253	...	3,59,531	1.65cts	5	Be Be P.	6	Nil-5*	2/20
84,00,000	1,23,85,834	14,69,845	...	11,27,000	7.50	8	Blue Mountain	Nil	Nil	1/68
20,53,480	35,53,194	24,06,114	1,832	87,342	5.22	3	Chembra Peak	15	10-12*	2/65
32,29,536	54,21,817	28,91,936	2,627	14,99,043	3.85	2	Cochin Malabar P.	10	15-17*18†	4/95
32,50,000	39,31,709	30,58,661	2,710	19,48,320	...	6	Coffee Lands P.	16	20-20*	17/00
71,55,000	1,15,74,494	63,44,278	7,001	60,81,120	...	6	Consolidated Coffee P.	18†	15-18*	22/75
5,66,730	22,17,651	13,84,267	174	29,08,68	5.69	9	Coonor P.	20	20-7‡	28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1.52	3	Coorg P.	10	10	2/10
6,00,000	11,82,508	2,17,761	...	2,17,785	1.47	3	Cottanad Plantation P.	10	Nil-10*	15/75
6,00,000	8,89,831	4,80,155	...	3,25,310	2.66	12	Devashola (Nilgiri)	5	15	13/75
6,74,650	9,14,644	3,31,040	...	1,38,886	4.26	3	Devon P.	15	15-15*	14/75
7,50,000	3,38,952	1,26,500	...	1,12,936	2.66	12	Emerald Valley	20	10-8*	10/60
4,50,000	3,64,462	20,000	...	62,830	...	12	Gokul	15	15	4/25
25,00,000	42,82,158	17,77,500	...	17,21,550	2.04	12	Hailevburia P.	10	10	8/10
11,85,700	28,02,058	10,77,705	...	9,59,804	1.67	2	Kailasa Tea Produce	15	15-15*	2/95
9,00,000	12,82,263	7,23,749	378	3,14,942	...	3	Kil Kotagiri P.	14	16	3/05
17,17,076	28,48,525	14,32,010	811	4,62,975	5.54	10	Luckv Valley	15	...	2/30
5,00,000	9,11,259	1,21,604	267	305,757	2.31	12	Malankara	10	10	21/00
13,50,000	19,78,359	9,14,031	1,785	3,42,784	5.03	3		22‡	35	28/75

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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	Accounts closed	NAMES	Dividends per cent 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-6-72 28-8-72
Rs.	Rs.	Rs.		Kilograms	Rs.				Rs.	Rs.
40,50,000	67,47,600	17,25,166	4,013	12,60,448	3.85	3	Midland Rub & Prod P.	10	10-10*	10/12
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	3	Nilgiri P	Nil	5-7*	6/60
23,10,000	24,28,291	11,02,621	1,057	7,29,106	2.92	1	Nonsuch	17‡	20-20*	16/75
9,75,000	11,21,586	3,67,000	293	2,29,900	3.27,700	3	Ossoor	12	15-18*	3/10
17,00,000	27,55,157	13,87,519	1,099	10,69,078	4.19	12	Parkside Neilgherry	30	30-30*	29/00
17,00,000	27,36,576	12,82,318	1,563	10,83,565	4.20	12	Peermade I	10	11‡	12/60
6,00,000	7,90,316	3,35,530	1,167	3,83,320	1.50	2	Peninsular	10	10-10*	11/10
57,94,880	78,72,019	20,68,711	2,074	23,46,900	3.88	2	Periakaramalai	18	14-15*	15/35
13,50,000	48,44,469	13,58,959	952	845,000	3.16	6	Rajagiri Rub & Prod P	13	13-13*	14/87
2,00,000	3,14,567	1,53,963	711	...	4.48	3	Rajendra P	30	40-50*	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1.51	3	Teekoy P.	15	6-Nil*	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3.20	9	Thirumbadi	Nil	5	1/82
6,00,000	6,51,402	46,742	1,307	2,23,794	3.21	12	Travancore Rubber	8	Nil	5/45
41,00,000	72,63,584	2,535	12,19,484	...	10,61,172	12	Travancore Rub & Tea P	8	8	6/90
20,00,000	23,48,701	1,36,000	3,028	6,38,402	1.00	12	Tropical Plantation	14	14-17‡	19/75
81,93,280	30,03,223	17,04,089	3,638	8,28,976	5.11	3	United Nilgiri	15	15	18/37
8,80,010	9,26,839	2,82,051	952	4,94,400	1.50	12	Vaikundam	10	10	19/25
47,25,000	1,19,27,305	37,59,110	2,214	7,68,146	...	8	Waterfall Estates P	12	Nil	19/00

SOUTH INDIAN COTTON MILLS

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 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-6-72 28-8-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.
30,00,000	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12	Anglo-French P.	15	15	142/50
20,00,000	22,72,373	31,406	96,302	7,68,513	42,421	12	Cambodia P.	Nil	Nil	1/40
35,95,600	74,98,712	39,35,014	8,68,959	20,95,517	...	12	Coimbatore Cotton	5	10	99/00
30,76,900	47,91,212	7,98,681	22,227	-7,52,342	-10,23,340	1	Coimbatore Spg. & Wvg.	Nil	Nil	115/50
67,20,000	87,47,369	20,79,194	7,10,548	6,34,530	15,879	12	Kothari Textiles P.	5	...	6/75
1,59,75,000	2,32,44,382	90,38,303	60,65,440	24,96,190	1,954	3	Lakshmi	8	8 12-12*10†	64/00
7,00,09,920	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	9,370	3	Madura	10	8	15/62
1,13,61,000	50,79,268	46,70,299	5,84,128	51,61,924	179	3	Mettur Beardsell	20	15 17‡-19*	184/00

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SOUTH INDIAN SUGAR MILLS

Prefix 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	Cash & Securities	Rs.	Net profits	Rs.	Carry forward	Accounts closed	NAMES	Dividends per cent			Paid-up Per share	Latest Market Quotations as available until	26-6-72	28-8-72
												1968	1969	1970				
74,58,330	1,32,45,447	80,62,883	52,51,750	7,05,517	6,36,055	5,002	3	Andhra P.	12	12	124-10*	10	10	12/16	12/00			
40,00,000	12,61,424	1,58,472	12,61,424	13,46,266	1,40,987	5,798	6	Cauvery P.	84	9	Nil-Nil*	100	100	69/00	69/00			
39,84,000	82,69,922	56,93,500	56,93,500	10,51,344	33,73,758	5,798	5	Deccan Sugar	13½	15	34-Nil*	£1	£1	5/20	5/03			
£3,140,560	£2,809,415	£2,252,633	£2,809,415	£2,252,633	£761,732	—£170,321	9	E.I.D. Parry	10	6	Nil-Nil*	10	10	16/00	14/75			
63,97,650	39,62,680	15,44,848	15,44,848	64,64,375	12,35,437	69,501	9	India Sugar P.	15	Nil	Nil	10	10	8/00	5/80			
12,45,572	1,22,66,623	18,99,861	18,99,861	1,51,052	5,99,416	2,090	6	Jeyapore P.	10	12	10-10*	10	10	13/50	13/50			
10,52,200	2,87,27,773	1,23,75,000	1,23,75,000	31,53,982	20,76,426	91,745	6	K. C. P.	10	10	10-10*	10	10	12/70	12/90			
67,20,000	68,25,707	17,54,874	17,54,874	7,44,531	22,50,032	13,43,312	8	Kothari	12	Nil	Nil-Nil*	10	10	9/20	9/00			
54,10,190	2,19,59,178	1,75,22,685	1,75,22,685	45,76,265	30,13,247	56,800	6	Mysore	Nil	20	20	10	10	15/50	14/25			
30,00,000	35,93,381	11,41,000	11,41,000	10,12,037	4,88,902	1,46,735	4	Travancore P.	9	Nil	Nil-Nil*	10	10	6/10	6/05			
1,00,00,000	1,38,91,570	1,03,73,060	1,03,73,060	1,28,28,232	53,41,998	...	3	United Breweries	9	10	10	10	10	14/75	14/75			

SOUTH INDIAN MISCELLANEOUS COMPANIES

Paid-up Capital Ordinary	Rs.	Net Block Account	Rs.	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Rs.	Net profits	Rs.	Carry forward	Accounts closed	NAMES	Dividends per cent			Paid-up share	Latest Market Quotations as available until	
												1968	1969	1970		26-6-72	28-8-72
2,31,15,668	1,96,45,010	1,13,97,169	1,13,97,169	62,02,907	71,71,658	10,357	3	Aluminium Industries	6	Nil	Nil-Nil*	10	10	8/10	7/15		
71,03,170	67,38,199	11,05,008	11,05,008	6,17,579	24,62,265	15,621	12	Andhra Cement P.	10	124	124-10*	10	10	9/70	9/65		
3,02,67,658	1,59,93,383	25,63,610	25,63,610	1,84,694	30,01,343	20,076	12	Ashok Leyland	8	9	94	5	5	5/40	5/30		
3,80,00,000	10,38,62,908	2,11,22,226	2,11,22,226	75,29,877	1,82,70,041	-3,38,11,247	12	Binyon & Co.	6	Nil	Nil-Nil*	100	100	57/50	57/50		
7,50,000	5,45,587	56,538	56,538	41,650	93,226	-1,46,143	12	Brundage & Co.	6	Nil	Nil	10	10	3/60	3/60		
73,00,000	1,79,06,906	26,81,982	26,81,982	6,22,914	19,27,076	4,396	12	Enfield P.	6	10	10	10	10	12/75	12/75		
2,24,44,750	3,21,08,642	66,66,496	66,66,496	73,60,475	51,28,679	1,38,608	3	India Cement P.	9	9	9-9*	5	5	4/35	4/35		
23,82,732	16,92,196	2,50,292	2,50,292	91,924	2,16,808	2,977	12	Indian Steel Rolling P.	Nil	Nil	Nil-10*	10	10	8/90	10/15		
2,50,00,000	3,53,50,108	1,21,55,066	1,21,55,066	76,62,859	95,67,464	30,785	3	Mettur Chemical & Ind. P.	Nil	4	10-12*124†	10	10	12/30	11/27		
24,81,220	12,69,939	10,47,778	10,47,778	17,48,674	8,48,641	8,514	3	Mysore Chem & Fert	Nil	Nil	Nil-Nil*	10	10	5/75	5/75		
8,00,000	5,20,889	4,52,189	4,52,189	2,18,413	2,33,791	85,187	3	Mysore Chemical Mfgs. P.	10	10	10-10*	10	10	10/58	10/58		
6,56,250	5,13,585	9,38,696	9,38,696	6,374	1,23,899	3,146	3	Mysore Lamp P.	Nil	Nil	10	10	10	17/00	17/00		
25,00,000	55,50,342	37,12,500	37,12,500	2,43,664	14,29,395	36,663	3	Mysore Paper	Nil	Nil	Nil-15*	10	10	19/25	19/30		
10,00,000	7,56,329	3,16,884	3,16,884	29,32,342	75,422	622	3	Mysore Tobacco	11	8	12-12*	10	10	14/00	14/00		
20,00,000	11,42,007	11,74,500	11,74,500	1,32,329	21,82,347	3,899	3	Parry's Cont.	18	15	18	1	1	2/03	1/97		
40,00,000	1,05,13,334	1,26,57,980	1,26,57,980	59,59,486	24,85,127	3,92,204	6	Spencer (Provisions)	20	20	20-20*	10	10	24/87	24/87		
47,00,000	86,53,610	20,65,000	20,65,000	51,902	7,85,966	3,869	12	Standard Motors P.	Nil	Nil	Nil	10	10	5/90	5/50		
11,56,300	5,95,547	14,04,007	14,04,007	16,66,624	4,19,707	41,732	9	T. Stanes P.	Nil	15	15-15*	10	10	14/25	14/25		
39,84,400	42,58,650	13,07,759	13,07,759	26,027	6,92,616	932	4	Textool	15	Nil	Nil-Nil*	100	100	38/50	38/50		
3,75,00,000	5,18,36,058	2,25,17,394	2,25,17,394	86,31,139	33,46,806	2,468	7	Tube Investments	8	10	15	100	100	130/00	130/00		

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CAPITAL, 31st AUGUST, 1972

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CAPITAL

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**ECONOMICS
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Growing Importance of Gold

Parliament: The Monsoon Session

Should Mujib Meet Bhutto?

Sugar Policy: Mixed Reaction

Banks: Slack in Credit Growth

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Growing Importance of Gold

THE detailed contents of the annual report of the International Monetary Fund, to be discussed by the world's Finance Ministers in Washington later this month, are still the subject of rumour and speculation. Yet it is already clear there is a strong possibility that their main feature, if not necessarily the one which gets most publicity, will be a recommendation that the official price of gold be brought more into line with the one now ruling in the free market. This is not to suggest the proposal stands any real chance of being accepted. It has been inserted, predictably, because the French have insisted; and what is equally predictable is that the Americans will reject it. However, in a world where inflation appears to have become endemic, the importance of gold is growing rather than diminishing. The fact that the free-market price is now hovering only just below double the official one is surely adequate proof of that. To bring the two prices more nearly into line would not increase the prestige of gold in anything like the same proportion. What it might do is help slow down the speed at which the yellow metal is assuming an altogether unjustified significance as an oasis of stability in a world of monetary anarchy.

Officially, the policy of the U.S. authorities is to diminish the importance of gold in monetary affairs, even to the extent eventually of demonetising it altogether. This is still the case, although it sits somewhat uncomfortably with the tacit promise made by President Nixon that if he is re-elected, he will remove the ban on American citizens buying, selling and holding gold. This, surely, is tantamount to providing a legal alternative to a rapidly depreciating dollar, and would certainly make nonsense of the official gold price, let alone the still surviving two-tier

the eventual demonetisation of gold, it might significantly increase the prestige and use of the metal. It would, in effect, return gold to its former rôle as arbiter of the world's monetary system, because other countries could not long resist its wider use once the United States had liberalised it. What possible rôle could then be played by S.D.R.s is not easy to imagine. Doubtless the ghost of a not-too-long-dead French President would rejoice. But what the effect might be on international trade and the world economy generally is another matter. Certainly inflation would no longer be the main problem.

The possibility that the gold price might be the main feature of this year's annual I.M.F. report need not, however, be taken to signify an immediate change in the official quotation. The United States will almost certainly demand a great deal in return for conceding it. The administration's general strategy is already fairly clear, and would seem to contain no real departure at all. Briefly, it will be to extract the maximum possible concessions from the Europeans in the application of their common agricultural policy to an enlarged Community. Equally, the policy of the Europeans, and especially France, will be to prevent that happening. For some time now noises have been heard from Washington suggesting that the tactics of the former Financial Secretary, Mr. John Connally, are once again being carefully studied. It may be remembered that Mr. Connally won some spectacular victories a year ago when the dollar was floated, and the United States was demanding freedom to devalue and improved trading prospects in her main markets. It now appears likely that the longer-term costs of Mr. Connally's triumphs, which were considerable, and included a substantial hardening of attitudes in

gotten in what appears to be a growing enthusiasm for his tough style of talking.

The actual approach the Americans will make, as distinct from the tone of voice they are likely to use, is undoubtedly going to include the insistence on a wider scope for the new Group of Twenty than at present envisaged in Europe. There is nothing new in this demand. It has been heard from Washington before, although what is different this time is that the administration appears to be working on the assumption that its views have been accepted. Scarcely anything could be further from the truth. There is virtually no chance at all that the Europeans—particularly the French—will permit themselves to be manoeuvred into the position where the world generally, as represented by the Group of Twenty, can discuss their trading policies objectively and separately from those of the United States. The Common Market does not share Washington's opinion that whereas European protectionism must be scaled down, that practised so blatantly by the United States is sufficiently justified to be allowed to continue. The Europeans see the problem in terms of a bargain, and one best struck without interference from the outside world. It is not altogether easy to condemn them from a detached point of view; their protectionism is, after all, no more to be deplored than that of the Americans. What is regrettable is that the interests of the rest of the world, including India's, should be treated as a bargaining counter in a tussle between two gigantic trading blocs.

It seems unlikely at the moment that the United States' new, and apparently tougher, stand at the coming I.M.F. meeting will include a further demand that the dollar be devalued. The official policy in Washington still seems to be that the Smithsonian Agreement is working well, and can safely be continued with for the time being. It is unlikely the Americans would win much sympathy if their attitude were otherwise. If the Smithsonian dollar parity does eventually bring the U.S. external payments position into balance, it will have accommodated a deficit on capital account currently running at around \$8,000 million a year. This is a substantial sum, especially when seen in the context of the overall U.S. deficit. It serves as a measure of the extent to which American business is still investing outside its own country. Criticism of this is nowa-

days not confined to Paris, but is already shared by American trade unionists who see it as a threat to their own employment. Any demand from the U.S. authorities for greater freedom for the dollar to depreciate will almost certainly be countered by a demand for effective controls on this massive outflow of private investment funds. It is not as if they are making any significant contribution to developing the world's poorer countries. Most of them still seem to find a home in Europe or the richer areas of Latin America.

While the exodus of private capital will go on weakening the United States' case for a further devaluation of the dollar, the continuing expansion of the domestic economy promises to do the same for its claims for more favourable treatment over trade. It is not necessary to be an unqualified admirer of Mr. Nixon to concede the point that the economic policy he inaugurated a year or so ago has proved spectacularly successful in the objects it set out to achieve. These were, simply, to accelerate the growth of the U.S. domestic economy while slowing the rate of price inflation. Both these goals appear to have been attained, although for how long is another question. Once Mr. Nixon is safely back in the White House things could deteriorate rapidly again. But in the meantime the undoubted prosperity of the bulk of

U.S. industry has definitely taken the edge off the demands for increased trade protection which were so strident a year ago. For this small mercy, the entire world can be thankful. International trade now seems to be expanding at much the same rate it was five years ago, and that is a blessing in which India, certainly, can share.

Against this essentially political background of bargaining and trimming, it is easy to forget that this year's I.M.F. meeting promises to be one of the most important international economic events of its kind for some years, at least since S.D.R.s were introduced in 1968. Despite their differences, the major countries are still vaguely dedicated to the principle of continuing reform and of moving towards a more flexible system generally. Apart from any possible advice about the price of gold, the I.M.F. report is expected to deal at considerable length with such important subjects as the adjustment of the Bretton Woods system to something more nearly in line with modern requirements; the convertibility of the dollar; the consolidation of the reserve currency balances—all matters which it is hoped will receive an airing in Washington. It is often overlooked that despite the interminable squabbles which still surround all such matters, real progress does occur, if slowly.

Should Mujib Meet Bhutto?

PRESIDENT Bhutto is fighting on three fronts. On the international front, he is waging a diplomatic war to salvage the wreckage of what was till less than a year ago the largest Islamic nation in the world. Simultaneously, he is engaged in a war of nerves with the powerful military hierarchy which ruled Pakistan for 13 years with an iron fist and which now finds power slipping from its hands. He is struggling at the same time to rebuild the shattered economy of Pakistan which is still reeling under the double blow of a disastrous defeat in war and the breaking away of the eastern half. The task is indeed too big for any leader.

While the ink was still wet on the Simla agreement, language riots broke out in President Bhutto's home State of Sind. This did an incalculable damage to his image as a national leader. This came as a godsend to the military caucus and President Bhutto's politi-

cal rivals. The language issue was merely an excuse. Opinions were freely expressed on his national and international policies. The emotional upsurge over language was exploited to raise doubts about the soundness of his policy towards India and Bangladesh. He was accused of surrender. They had chosen him their leader to lead Pakistan to victory against India and not to sign "on the dotted line" drawn for him by Mrs. Indira Gandhi, his critics argued.

As always happens in such situations, economic difficulties helped to fan the fire of popular discontent. The strain of separation from the former eastern wing was felt in rising prices and dwindling supplies. Food prices rose by nearly 50 per cent within a year. With the closure of the Bangladesh market, industrial production has declined and unemployment has increased. The Government machinery has become too big for the truncated

country. This would mean that there would be no new Government jobs for the youth for many years to come. The prospects of sufficient foreign aid to put the Pakistani economy on its feet again are still bleak. To all this has been added the emotional strain of the absence of some 100,000 Pakistani soldiers and civilians still being away from home in the joint custody of India and Bangladesh and the provocative presence of about a million refugees from areas occupied by India in the recent war. All these remind the average Pakistani of his national humiliation. There are still many misguided fanatics in Pakistan who exploit this sentiment by feeding the public mind on talks of revenge.

The Chinese veto on the move to admit Bangladesh into the United Nations has helped to nourish ambitions in the militant minority that Pakistan could still reconquer Bangladesh. President Bhutto has been quick to remind his people that by no stretch of imagination will Pakistan be able to fight a war with India for another five years and that the good of the people of Pakistan lies in working not for a war but for a durable peace with India. He has also said that his country would implement the Simla agreement in "letter and spirit." For many in his country this sounds like a *volte face*. The crucial question is whether the fanatical minority in Pakistan can convert a sizable majority of the population to its point of view. What are the options before President Bhutto in this crisis? Also what are the options before India to counter this new defiant mood in Pakistan? Is it still possible for Mrs. Gandhi and President Bhutto to work out a joint strategy that would contain the hardliners and dogmatists in both countries and lead the two leaders to their cherished goal, a beginning towards which was made in Simla? Mrs. Gandhi is evidently as anxious as President Bhutto to see that the "first step" they took towards peace in Simla does not become the last.

President Bhutto has so far refrained from using intemperate language in his references to India. This restraint from an impulsive leader like him suggests that he is still trying to see his way through to make the Simla agreement work, although this may take more time than he originally expected. If this is so, then he is evidently playing for time. By taking a tough line on the recognition of Bangladesh and instigating the

Chinese to use the veto, he may only be trying to wear down the resistance of his compatriots to an overall settlement with India.

President Bhutto has thus set in motion a public debate on what Pakistan's relations with Bangladesh should be. His own contribution to the discussion so far has not been entirely negative. He has gone on record to say that everything would be all right if only Sheikh Mujibur Rahman would agree to meet him before Pakistan recognised Bangladesh. The Sheikh sees a trap in this and has persistently refused to see President Bhutto. India supports the demand for an immediate and unconditional recognition but has tendered no public advice to Bangladesh which is admittedly the best judge of its own interests. But if the question of war and peace hinges on a meeting between President Bhutto and the Sheikh before Pakistan recognises Bangladesh, India has perhaps a right—if also not the duty—to offer helpful suggestions to the Bangladesh Premier. No avenue towards peace should be left unexplored. The secret of success in international affairs lies in flexibility and in keeping the options open. It also depends on the capacity of a victorious nation to sift the tangible gains from the intangible ones. The tangible gain sought by India was the independence of Bangladesh and this has been achieved. Another tangible gain was the release of Sheikh Mujib from Pakistani detention.

Parliament: The Monsoon Session

THE monsoon session of Parliament, which has just concluded, was marked by the passage of some economic legislation, including the Bills on general insurance nationalisation and take-over of the Indian Copper Corporation and the Indian Iron and Steel Company. In the case of I.I.S.C.O., the take-over is only of management, whereas in the other two cases, it is of ownership as well on the payment of compensation. In fact, the question of compensation became quite a controversial issue and there was criticism from the left lobby of the increase of Rs. 5 crores provided by the Government in the compensation to the general insurance companies. The compensation to the former owners of the Indian Copper Corporation of Rs. 7 crores was also assailed as being "too high". Evidently, it was all

After these signal victories, the only other tangible gain for both India and Bangladesh to pursue would be peace between the three countries. If to reach that goal it becomes necessary to give some intangible accommodation to President Bhutto, the Bangladesh Prime Minister need not firmly close his options. His place in history will be judged by his success in giving peace and stability to the new nation. What may for a moment look like losing face by giving in on some small points would then be judged as an instance of his habitual magnanimity towards a defeated adversary. It may not be out of place to draw the relevant lessons from the recent behaviour of almost all the advanced countries in readjusting their relations with their erstwhile enemies. President Nixon's dramatic visits to Peking and Moscow and the American willingness to get out of Vietnam suggest that even the mightiest of nations sometimes bow to the weaker countries in the pursuit of long-term national objectives.

This is not an alibi for President Bhutto but merely an attempt to put the whole situation in a proper perspective. Having won the war India and Bangladesh should now ensure that they do not lose the peace, even if this involves some short-term concessions on their part. The effort should not be given up unless the leaders of India and Bangladesh are convinced that President Bhutto is deliberately trying to deceive them and is not straining every nerve to make his people see reason.

stage-managed, for the criticism came also from the ruling Party members. If it was intended only to thwart attempts of the insurance companies or of the former Indian Copper Corporation to go to court on the compensation issue, the Government may be considered to have very nearly succeeded.

On the other hand, if the left elements in the ruling Party and outside honestly believed that after the constitutional amendments, the Government could take over any industry on the payment of a nominal compensation or nothing, they were sadly mistaken. The constitutional amendments are not to deprive the citizens of their property but only to ensure that take-overs in national interest are not stalled due to litigation over the quantum of compensa-

tion. In other words, the Government is well within its power to determine what is "fair compensation", but this does not mean that this can be misused. Nothing will hit so badly the capital market as expropriation of property without compensation that can be considered adequate and reasonable. It is a matter of some comfort that even in this present climate there are people in the Government who agree that as long as the country is committed to the development of a mixed economy, nothing should be done to destroy the investor's confidence and strike at the roots of the capital market.

Even so, the session did hear some Ministers making statements of policy that can well shake the public confidence in established systems and practices. For instance, the Minister of State for Foreign Trade, Mr. L. N. Mishra, very casually stated, in reply to a supplementary during question hour, that the Government had decided to take over textile exports in the public sector. And it was he who had stated a few days earlier at a meeting of the Forum of Financial Writers in New Delhi that he was not in favour of the Government taking over either the textile industry or its exports. All that he wanted at that time was to introduce an element of compulsion in textile exports. It is really odd that important policy statements should be made so casually by responsible members of the Government. Again, the Minister of State for Finance, Mr. K. R. Ganesh, told the Rajya Sabha the other day that public financial institutions were being directed not to give loan assistance to companies which were in tax arrears. Is the Government so helpless that it should resort to this sort of coercion and pressure to make the companies clear their tax arrears? Even if the Government were to take any such action, the wiser thing to do will be not to deny loan assistance, but to deduct the amount due to the Government from the loan amount before it is given to any company in tax arrears. Mr. Ganesh has indicated that some articles of the Constitution may be amended to deny certain rights and protection to those guilty of economic offences. Are the laws of the land not adequate to deal with such offences? The way the Constitution is sought to be amended for every little thing, the day is not far off when it will degenerate into a mere scrap of paper.

Looking back at the four-week session, one finds that both the Government and members of Parliament were indulging only in this kind of hit-the-headlines gibberish and very little time was devoted to any meaningful discussion of either the current economic situation or the policies for the future. The food situation was, no doubt, debated upon but here again, the tendency was to demand nationalisation of the food trade and other drastic remedies. Few viewed it as a problem that has arisen due to natural calamities and came forward with practical suggestions for tackling it on a long-term footing. During the entire session, little was said of the stagnation in industrial growth in the last one year or of the failure of exports to do as well as had been expected. Even the price situation was a matter of only passing interest. The failure is equally of the Government as of members of Parliament. The Government has been dilly-dallying on several important economic issues for long. Even the sugar policy, which was announced last week, is the outcome of deliberations over several weeks. And yet, it does not provide the answer to the basic problems of the sugar industry. This is once again an *ad hoc* policy because the Sugar Enquiry Commission is yet to submit its report to the Government on the controversial question of nationalisation of the industry. The uncertainty will only impede higher production in the coming season.

There are also several other issues on which the Government is yet to make its policy intentions clear. For

Sugar Policy: Mixed Reaction

THE new sugar policy for the 1972-73 season has been more or less on expected lines. That neither total control nor full decontrol of the industry is in the interest of the consumer in a period of scarcity is fully appreciated in all circles. Nobody expects that the new policy will remove all the ills of the industry, but what can be reasonably hoped for is that the higher floor price of sugarcane linked to a lower recovery rate and the Government's determination to improve the quality and quantity of cane production combined with the installation of new capacity for improved crushing by mills will go a long way in increas-

instance, the question of amending the Industrial Policy Resolution has been in the air for over a year and even now, it is not clear whether this is being done or not. The policy towards larger houses and their expansion has not also been spelt out clearly. Much is talked of the joint sector but none in the Government is clear in his mind what the concept actually is. Different Ministers have different views on this question. All these are adding to the problems of industry and are reflected in the slow rate of growth. It is true that industrial output in the first three months of 1972 has risen by 6.8 per cent, against 3 per cent in 1971, but this can turn out to be a statistical illusion if a deeper analysis of the factors contributing to growth is made. It is only but natural that the growth rate after a period of recession is often impressive but this cannot be taken to be a pace-setter.

On the export front also, a lot of confusion has been created by the dishing out of all sorts of statistics by the Foreign Trade Ministry in an attempt to create the impression that the growth rate has been higher than had been expected. Here again, if one goes deeper to find out the truth, it will become clear that much of the increase is on account of supplies made to Bangladesh, as grant or on credit. The tendency to gloat over small gains in short periods needs to be curbed. It is a pity that Parliament found no time to discuss the entire gamut of the economic situation, with particular reference to industry and exports and dissipated its energy on trifles.

ing sugarcane production. While it is the consumer who has suffered most from the periodic fluctuation in sugar prices, neither the millowner nor the producer of sugarcane has benefited from the long period of instability. Only the unscrupulous speculator, taking advantage of the inadequacies in the distribution machinery, has continued to fleece the poor consumer. The stock that is to be carried over to the 1972-73 season is not much, and there is nothing to indicate that sugarcane production next year is going to be a bumper one. In the circumstances, the consumer will do well to heed the advice of the Prime Minister, Mrs.

Indira Gandhi, that one should restrict consumption of sugar. Admittedly, there is at present much wasteful consumption, particularly among the middle class people, during festivals. While hoarders must be punished, wasteful consumption too needs to be discouraged.

The new policy has evoked a mixed reaction among industry circles; while the increase in the minimum price of sugarcane has been welcomed, the rise in the quantum of levy sugar has caused disappointment. As the quantum of levy sugar has been raised from 63.5 per cent to 70 per cent, the mills will be left with 30 per cent of their production to sell in the open market. They will no doubt try to pass on to the consumer any extra burden that will result from the higher sugarcane price. What price the mills will get in the open market will depend on what the traffic can bear. Sugar is already selling at an incredibly high price, and there has been a further spurt in the price following the announcement of the new policy. The Government thinks that it will be in a position to influence the free market price with the higher quantum of levy sugar at its disposal, but all its good intentions will be frustrated unless the activities of speculators are effectively curbed. It is not difficult to find out how levy sugar continues to find its way in the open market. Because of the increase in population and the *per capita* consumption of sugar, the demand for the commodity will steadily rise. If there is any failure on the part of the Government and the industry to increase sugarcane production with a higher sur-rose content and install new capacity, the present gap between demand and supply will widen further.

During the last two decades, all the necessary steps were not taken by the industry to replace the old plant and machinery in time; and the funds allotted for research and development to improve sugarcane production were inadequate. Against the Fourth Plan production target of 5.2 million tonnes, the current licensed capacity stands at 5.3 million tonnes, but of this a capacity of only 3.15 million tonnes has been installed during 1971-72. Even an optimist will not place the installed capacity beyond 4.3 million tonnes by the end of the 1973-74 season, thus leaving a clear gap of 900,000 tonnes between the Plan production

target and the capacity installed. The new policy reintroduces the uniform levy price for the whole country. Last June, incidentally, the Government introduced a differential price system. The more efficient west and south Indian mills were offered much lower prices under the new dispensation than their counterparts in the north. Naturally, there was great resentment among the former mills and it was feared that they might decide to go the way of northern mills to get the benefit of a higher price. The Government has done well to remove the differential price formula which is clearly discriminatory in nature. What now remains to be seen is whether the Government will fix the levy sugar price at a higher level to compensate the mills for any extra money

that they will be paying for their requirement of sugarcane.

The minimum price of sugarcane has been fixed at Rs. 8 a quintal linked to a recovery of 8.5 per cent with a premium of 9.4 paise for every 0.1 per cent rise in recovery. An important feature of the new policy is that the Government has accepted the principle of proportionality in the premium to be paid for higher recovery. Both the Agricultural Prices Commission and the organisations of sugar mills recommended a higher price for sugarcane in order to stop its diversion to *gur* and *khandsari* manufacturers. The new policy announcement has, however, been belated since many farmers had already decided whether to grow sugarcane or any other crop.

Institutional Finance for Industry

RELATIONS between financial institutions and industrial companies vary from country to country. An interesting contrast between Britain and continental Europe, for example, is British insurance companies' equity investment in industry on a scale not approved in Europe and European banks' investment in industry in ways alien to British banking tradition. Developing countries may regard promotion of industry as an obligation of institutions with available finance, whereas in some developed countries the security of such finance seems almost the sole consideration. There is no "proper" relation between finance and industry that is appropriate in all free-enterprise countries in any conditions. But some generally applicable principles are emerging, and current developments in Britain will probably clarify them. It is, at least, significant that in Britain the need to clarify them is appreciated.

Simultaneous initiatives by the Bank of England and the Confederation of British Industry were revealed recently. The Bank arranged discussions "to discover what measure of support there might be for improving the mechanisms through which a wide range of investors can be brought to collaborate with each other and with industrial managements in securing increased efficiency where that seems to be needed"; it had already found "a worthwhile measure of support, particularly among institutional investors". The

C.B.I. formed a committee "to reconsider the responsibilities and accountability of public companies" and "to examine the factors which might be expected to assist the direction and control" of them. A long discussion will follow these initiatives. The most important envisaged outcome of it—conditional, of course, on an adequate "measure of support"—is a consultative body, under the aegis of the Bank, financed by institutions, staffed by experts in management and industry, that will investigate defects and recommend correctives in companies. Such a body would have no legal authority, but its unofficial influence would be wide and strong.

There will certainly be no unanimous agreement that such a body should be formed. Merchant banks have reacted unfavourably to the idea; insurance companies' opinions are divided. But the biggest institutional investor, Prudential Assurance Company, has independently recognised that a major shareholder (the Prudential's resources are such that all its shareholdings are substantial) cannot always disclaim responsibility for the management of an industrial company, and there is probably a majority of institutional opinion in favour of co-ordinating supervision of and (where necessary) intervention in industrial management. A series of misfortunes (notably the financial collapse of Rolls-Royce, Upper Clyde Shipbuilders, and Vehicle and General Insurance)

has demonstrated serious defects in the relation between finance and industry, and some companies (it is discreet to leave them anonymous) in which institutional funds have been invested have performed so badly that intervention has been needed to justify the investments. The conventional argument in such cases is that an institution that has put money into an unworthy company should recognise its mistake and transfer the money to better use, rather than resign itself to a responsibility—improving management—that it is not evidently competent to perform. But the growth of institutional funds, not only absolutely but also as a proportion of total invested funds, has produced a situation where it is often impossible to sell an institutional shareholding at a reasonable price—and even offering it could arouse suspicion of the company concerned.

In respect of institutions' competence, however, the argument is in principle valid. It can, indeed, be elaborated: an institution that has to admit that it misjudged a company's management cannot pretend competence to improve it. So an essential element in the proposed consultative body is a permanent staff of experts competent to expose defects and to recommend correctives. This is not an arrangement for controlling industry through an elite body of managerial and industrial experts, acting for institutional investors. A consultative body is not a supervisory body: it will intervene only when invited to do so. When it has investigated a situation and perceived a need for new management it will seek "the right man for the job", not provide him itself. It will have to act not only competently—any error of judgment or recommendation could discredit the whole concept—but also discreetly—obvious intervention in a company's affairs could cause anxiety as well as resentment.

Individual institutions have in fact intervened (or, if the term is preferred, interfered) more than they will publicly admit. They have recognised an obligation to protect and properly to utilise funds entrusted to them; and at least some of them have recognised that "shareholding democracy" is meaningless if even major shareholders are unwilling to influence management. Yet they are sensitive to the criticism (however unjustified) that the tentacles of their great financial strength are reaching into every major company and that they are gaining a dominant position

in the economy. This criticism, or the fear of it, is a reason for the cautious attitude of some of them towards the Bank's initiative. The two initiatives, the Bank's and the C.B.I.'s, are not directly related, but both are concerned with the functioning of the corporate sector, and both are motivated by evidence that

its mechanisms need modernising. The corporate sector must be seen to serve, not exploit, the community; and the community must be made aware that institutional finance is a necessary and dynamic element in industry. There is no reason why finance should be reticent in a system that is operated by money.

CURRENT COMMENT

FREIGHT

Averting Frequent Hikes

Addressing a Press conference held in Calcutta a few days ago, Mr. Y. S. Kasbekar, Director General of Shipping, and Mr. T. K. Sarangan, Director (Transport), Central Ministry of Foreign Trade, said that it was the Government's policy to restore Calcutta port to its original position, namely, the premier port in the country. There was never any move to divert traffic from Calcutta port. If there had been any diversion in traffic in recent years, it was due to certain physical handicaps. The Central Government is there to help the local authorities to initiate measures which would help overcome the present shortcomings of the port. With the opening of traffic to Bangladesh, the removal of certain transport bottlenecks and unhelpful factors in Calcutta, Assam tea which was once diverted to Kandla port is again passing through Calcutta port. The members of the Eastern India Shippers' Association had a meeting with Mr. Kasbekar and Mr. Sarangan when the problems of shipping space, types of vessels needed for shipping and the regularity of services were discussed. The help of the Centre was promised in sorting out the difficulties. Although the shippers could always expect Central help, they must fight their own battles to get their grievances redressed. Mr. Sarangan reminded the shippers that they should not do anything which could affect their collective bargaining position. The shipping Conferences which are already too powerful should not be given any further lever. The shippers must always remain alert so that the shipping Conferences could not make any further move to protect their vested interests.

Mr. Sanjoy Sen, president of the E.I.S.A., expressed the hope that it would be possible to bring together the shippers and shipowners on the

basis of mutual understanding. After all, in the final analysis their interests are complementary in nature. More than 95 per cent of India's exports move by sea transport. The shipping lines—both national and foreign—must, therefore, serve the country's interests. Indian exporters will be able to fulfil their obligations only if the shipping lines remain sympathetic to the national objective. Mr. Sen said that frequent freight increases had been coming in the way of rapid development of India's export trade. It has been generally recognised that the only real solution available to shippers is to reorganise themselves in a strong negotiating body having the countervailing power to exert effective pressure on the Conferences and thereby get the right type of service at the lowest possible cost. Mr. Sen referred to the attempts made by the powerful maritime interests of the shipowning West to bypass the resolution on the Code of Conduct for Liner Conferences adopted at the U.N.C.T.A.D.-III by rejuvenating the code drafted by the committee of the European National Shipowners Association. He said that every effort should be made to ensure that Indian shipping lines as well as the Conferences of which they were members followed the Code of Conduct for Liner Conferences annexed to the U.N.C.T.A.D. resolution and the recommendations contained in the resolution on freight rates.

PANGLADESH

U. N. Admission

The action of China in vetoing the entry of Bangladesh into the United Nations has not come as a surprise although it was hoped that, following the Simla agreement between India and Pakistan, China might refrain from taking such a drastic step. Almost all leading nations have recognised the new democratic republic of Bangladesh and there were indications earlier that President Bhutto

too would take a similar step. But politics in Pakistan being what it is, Mr. Bhutto has not been able to take this reasonable step. And to please Pakistan, China has now barred the entry of Bangladesh into the United Nations. The attitude of the United States is also perplexing and its rôle has certainly been dubious. It voted in favour of Bangladesh's application for admission to the U.N. but, at the same time, it also voted for a mischievous amendment by Guinea, Somalia and Sudan seeking to link the admission of Bangladesh with the release of the prisoners of war without holding any war crime trial. It was made clear by the Indian Government that the P.O.W. issue was one which could be settled between Pakistan and Bangladesh and it had nothing to do with any overall settlement of the political issues facing Pakistan and India. Islamabad cannot expect the resolution of the P.O.W. issue till the recognition is withheld. It is thus surprising why the United States took an attitude like that.

It is difficult to understand in what way Bangladesh, according to China, does not deserve a place in the United Nations. For over 25 years, China itself had not been admitted into the world body in spite of the support given to her by India and other democratic countries. China has claimed that it will always shun Big Power politics. If China really means what it says, how could it have used the veto to bar the entry of Bangladesh into the United Nations? Here is a country which successfully fought against Pakistani colonialists. There is something common between the Chinese revolution and the revolution in Bangladesh. By deciding to bar the entry of Bangladesh into the U.N., China has revealed the great gap between its precept and practice. Peking said that its decision was dictated by its desire to safeguard the U.N. Charter and maintain peace in south Asia. The Chinese, it would seem, wanted to postpone the issue until India and Bangladesh had fully implemented the U.N. resolutions. The reference obviously is to the demand for the withdrawal of foreign troops from Bangladesh. The Indian delegate answered this point clearly when he said that the wide support that the membership application of Bangladesh had received in the Security Council's membership committee repudiated the extraneous issue that China was introducing in the matter. The argument that there were foreign

troops in Bangladesh was irrelevant, for there were many countries which had been admitted to the United Nations in which there were foreign troops. But in any case, as the Indian delegate said, there were no foreign troops in Bangladesh at the moment and, therefore, China's argument did not make any sense.

BANKS

Guarantee Scheme

With effect from 1st September, 1972, all scheduled commercial banks have been authorised to furnish guarantees or tender fixed deposit receipts, cash certificates and other similar instruments representing any special classes of deposits, without lodgement of cash or Government securities as cover for the guarantees, etcetera, issued in favour of the railways and Central Government departments, as well as State Governments and autonomous bodies which have adopted the scheme, in lieu of security or deposits by contractors. It will be open to Government departments, etcetera, freely to accept such guarantees without confirmatory advice from the Reserve Bank of India. The limits up to which the banks can issue guarantees are also no longer in force after 31st August, 1972. The Reserve Bank has addressed a letter to this effect to all the scheduled commercial banks. The changes follow the Union Government's decision to modify the bank guarantee scheme.

POWER SHORTAGE

The I.E.A. Memorandum

Mr. P. K. Nanda, chairman of the Indian Engineering Association (Eastern Region), has addressed the Chief Minister of West Bengal, Mr. Siddhartha Shankar Ray, submitting a detailed memorandum on the power crisis. This Association has been predicting for several years a severe crisis in power supply and it must be recognised that the shortage is acute and is most likely to last for a considerable time. The Association has submitted its views in detail not only on the extent of shortage, the reasons for the power crisis, the anticipated shortage, but also—and this is the main content of the memorandum—on the medium and long-term measures to be taken.

The Government has decided to introduce a system of mild rationing

to conserve power through staggering of rest days, re-timing of shifts, restricted use of units/water pumps, etcetera. The I.E.A. believes that these measures will not cover the shortfall since the success of the scheme depends on all power systems supplying to their slightly reduced committed levels, which is doubtful. An emergency plan should be drawn up to be put into effect at short notice. The current emphasis on overstretching plant as a short-term measure is most unwise; this will result in major plant breakdowns and a much more severe crisis. Immediate arrangement should be made for importing power from neighbouring States at least to the extent of 10 to 20 MW. Both maintenance and capacity utilisation must be improved.

Among the medium and long-term measures are: (i) The installation of gas turbine generators may be less economic but more effective in meeting the present and future demands. If two gas turbines are installed with a total capacity of 40 MW, these could be operational within one year, subject to "emergency" action. In the long-term these will serve as essential "back-up" units supplementing the total power system. (ii) Until a few years ago, many private generators were in use, especially in coal mines. These should be reconditioned and commissioned with Government assistance. (iii) In view of the urgent need to provide electrification to rural areas and simultaneously release pressure on industrial areas, diesel units should be set up to be operational quickly. (iv) The Santaldih power station is scheduled to be commissioned in 1973-74, but it is already two years behind target. Steps should be taken to commission it, latest by April 1973, by taking special and urgent measures. Similarly, for all the power programmes announced from time to time an early completion is essential. (v) As a matter of practical policy, experiments on plant and equipment, as was done with D.P.L., should be avoided. Conventional, reliable plant, such as at Bokaro, should be used in the future. Long-term expansion plans for generation and distribution should be prepared now and implementation assured in the Fifth Plan period.

COMPANIES BILL

Seminar in Calcutta

A seminar on the Companies (Amendment) Bill, 1972, was held under the auspices of the Merchant's

Chamber of Commerce, Calcutta, a few days ago. The participants were Mr. Ranadev Choudhury, an authority on Company Law, Mr. S. C. Sen, an eminent Counsel and Mr. B. S. Kothari, a leading chartered accountant.

Mr. A. R. Kanoria, who presided over the seminar, said that some of the proposed amendments to the Company Law may act as a brake on the process of capital formation. Inaugurating the seminar, Mr. Justice B. C. Mitter enumerated the main provisions of the proposed amendments. He wondered how far the provision taking away the power of the court to approve alteration in the articles of memorandum and vesting the same on the Central Government would lead to serve the interest of the investing public.

C.I.E.T.A.

Suggestion Accepted

The Calcutta Import and Export Trade Association (C.I.E.T.A.) has welcomed the announcement made

by Mr. L. N. Mishra, Central Minister for Foreign Trade, at the Board of Trade meeting that the Government had decided to apply cuts on import replenishments on a sliding scale in proportion to the export performance of a unit. The C.I.E.T.A. considers that this decision should provide a tremendous incentive for increasing exports, besides serving as a more rational approach. The C.I.E.T.A. had made the proposal earlier at a meeting in Calcutta, with Mr. M. M. Sen, Chief Controller of Imports and Exports, New Delhi. The Association had suggested that instead of having a uniform penalty of 20 per cent cut on all exporters irrespective of whether one had exported 0 per cent or 4.9 per cent, a sliding scale type of penalty be introduced, i.e., 4 per cent per percentage of export obligation, so that an exporter exporting 4 per cent may be subjected to a nominal cut of 4 per cent in licence and an exporter failing to export anything may have his licence cut by 20 per cent. The Government has already introduced another suggestion made by the C.I.E.T.A. that cash incentive allowed to exporters be paid in two stages—75 per cent on submission of documents and the remaining 25

per cent after completion of full scrutiny. The Government has introduced this on a selective basis.

STEEL

Removing Shortage

At the meeting of the Raw Materials Committee of the Engineering Association of India held recently in Calcutta under the chairmanship of Mr. B. K. Jhawar at which Mr. Maheswar Prasad, Joint Secretary (Steel), Ministry of Steel and Mines, officers of the Iron and Steel Control, main producers, J.P.C., B.R.C. S.T.C. and M.M.T.C. were also present, the problems of acute shortage of steel were discussed. The effect of the scarcity of structural steel on the implementation of new projects or projects undergoing substantial expansion was highlighted. Units which have received other categories of steel, but cannot make any progress due to non-availability of small quantities of structural steel in matching sizes and specifications, are in a serious predicament.

It was also brought to the notice of the representatives of the Government as well as the main producers that unless the sick industries in West Bengal were given main raw materials, at least initially, there was no chance of any spectacular increase in production. The situation concerning pig iron supplies is very peculiar. While the plants are producing according to their normal production schedules, the railways have failed to move the pig iron as a result of which foundries almost all over the country are practically starving, although they have large export orders.

MONEY MARKET

Easier Trend

The short-term money market has been extremely easy this past week. Despite the flotation of State loans, the call rate has fluctuated between 2½ per cent and 2½ per cent. Towards the close, the rate has quoted at 2½ per cent. The demand for remittances has been small. The supply of tea and gunny bills has also been small. The pound-sterling has weakened slightly against most major foreign currencies during the week.

A Ditcher's Diary

THE C.P.I.'S SWEET FRIENDSHIP with the Congress coming to an end? The Congress is unlikely to be inconsolable. Its need for a "progressive" mantle has not increased. On the one hand, the mantle is unlikely to appear particularly progressive to other sections of the committed left; on the other, there is a considerable body of opinion, both on the right and at the centre, that considers the mantle irreconcilable with the basic tasks which the Congress, by virtue of its unassailable authority, is now expected to perform. Association with the C.P.I. has not made the Congress more acceptable to the socialists or the Marxist communists; and this association is not only regretted by parties and groups to Mrs. Gandhi's right but regarded as an embarrassment also by some people whose loyalty to the Prime Minister is not in question. In fact, even the committed socialists within the Congress are not all happy about this association. In the result, the C.P.I. finds itself increasingly irrelevant to the formulation or conduct of national policies; and its sense of frustration was acutely expressed at the recent session of its National Council. But it has not lost all hope. It has called for mass action against the "slideback" in Government policies, but it still thinks that the acting masses will include "those following the Congress". The masses are unlikely to follow the dialectical formulations, but it is perhaps hoped that the Congress leaders will see the implications. The

call for "militant mass actions and mass struggles" is an obvious challenge, but I doubt if the C.P.I. leaders seriously expect the Congress to be unduly perturbed by thought of its own followers joining such action. A subtler implication lies in the implied possibility of the C.P.I. falling back on "left and democratic unity" outside the Congress. The National Council refrained from spelling it out, but it was markedly less abrasive than before towards the socialists and the Marxists. In the latest issue of *New Age*, Mr. N. K. Krishnan regrets that the C.P.I. (M) and the Socialist Party did not have "a correct political orientation" towards the political developments of the past five years; and the Marxists now say that their "revisionist" comrades seem to have "realised their political mistakes". The Marxists' view is possibly coloured by much wishful thinking; or perhaps they think that, in view of their own isolation, they have nothing to lose by stressing the signs of the C.P.I.'s disenchantment with the Congress. I cannot see how the two Communist Parties can easily forget their recent, and partially continuing, record of mutual hostility, but some peripheral developments could be interesting.

IMMEDIATELY AFTER THE CHINESE veto against Bangladesh Maulana Bhashani seemed dismayed, but he has made a remarkably quick recovery from doubts about Peking's in-

fallibility. Once again India is the villain of the piece. Great age must have vastly heightened the powers of his imagination. Or could it be that age has a hallucinogenic effect? His recent statement that 3 million "Indian Bengalis" go to Bangladesh every day can only mean, if he said what he genuinely believed, that he is suffering from hallucinations, or that he is no longer able to distinguish "Indian Bengalis" from people of his own country. The latter explanation might provide a psychological clue to his insistent call for the creation of a "greater Bengal". Indeed, he seems to be fast losing all sense of distinction. He recently declared that "Assam is also virtually Bengal"; and last Sunday he urged the merger of West Bengal, Assam, Meghalaya and Tripura with Bangladesh. Let alone Assam and Meghalaya, even Tripura will refuse to lose its identity in the Maulana's "greater Bengal"; in fact, West Bengal cannot have any interest in his lunatic plan either. But such flights of fancy cannot be entirely dismissed as lunacy; the sustained anti-Indian campaign by the Maulana and his assorted followers has already done a lot of mischief. The "hungry masses" who "marched" in Dacca on Sunday had no more than a notional connection with the masses, and few of the jeep-transported marchers can have been hungry. But many ordinary people may be taken in by the Maulana's crusading posture. His close followers at the moment are a dubious lot, from both the extreme left and the extreme right; but simple villagefolk, afflicted by scarcity and high prices, may seek in his slogans an easy escape from their

AIR POLLUTION

A CORRESPONDENT writes in Current Coin: Lord Curzon used to think that the smoke nuisance was to be deprecated because it had a tendency to blacken buildings, particularly white elephants such as the Victoria Memorial. But some scientists have recently been going into this matter and they have a much more serious charge to bring against smoke than the vitiation of air and buildings. It has been noticed and complained of for years past that this world of ours is gradually becoming hotter, and this state of affairs the scientists attribute to the discharge of carbon dioxide from our mills and factories. In fact, if the carbon dioxide in the atmosphere is increased between two and three times its present value, the temperature of the Arctic regions

must rise fifteen degrees "and produce a climate as mild as that of the Eocene period". Another result of this heating process will be that the warmer climate all over the globe will result in largely increased vegetation; and, through this plant life, more carbon dioxide will be concentrated in the soil, leading to an acceleration in the rate of carbonation. To sum up, we are told that the artificial oxidation of coal will probably result in some of the most profound and far-reaching geographical consequences due to the agency of man. And, lastly, dear friends, as the padre says, we have it on excellent authority that, at the present time, some six thousand million tons of carbonic oxide are being annually discharged into the atmosphere.

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frustration. Even New Delhi, which would prefer not to take note, is losing its patience, of which due note must have been taken in Dacca. The Bangladesh Government cannot plead total helplessness. Some of the present hardship is plainly due to administrative failings; and some of the misconceptions on which motivated propaganda thrives are due to an insufficient official effort to explain the truth to the general public. I am sure Sheikh Mujibur Rahman is distressed at some of the reports from Dacca he must have received during his convalescence abroad; and possibly President Bhutto is a little pleased. But I do not think that there is any cause for despondency in India as yet. The Sheikh's political opponents at home cannot undermine his relationship with India; and Mr. Bhutto has his own domestic problems to contend with. I hear that the film *Blow Hot, Blow Cold* has been banned in Pakistan; the exercise is perhaps reserved for the President himself.

I COULD NOT IMAGINE THAT WOMEN in West Bengal could be more vocal than men, an impression which I had perforce to give up after I had attended an interesting seminar organised by the Ladies Study Group last Saturday to voice the protest of about 90 other women's organisations of West Bengal against the proposal to club the incomes of husband and wife. Frightened by the appalling rise in prices, the Central Finance Minister, Mr. Y. B. Chavan, does not apparently want to open the Pandora's box by merrily indulging in a spree of deficit financing whose effects on the economy at a time of sluggish agricultural and industrial growth have been disastrous as all of us can now see. But poor Mr. Chavan! He has been pathetically scraping the bottom of his barrel to find out new sources of finance because the Planning Commission has asked him to raise no less than Rs. 6,500 crores or Rs. 7,000 crores during the next quinquennium, no matter whether it affects capital formation in the country. I have my fullest sympathy for Mr. Chavan in his serious predicament, but after attending the seminar of the Ladies Study Group, I carried the unfailing impression that the Amazons of Clive Street, aided and abetted by their enterprising husbands, will make Mr. Chavan's life miserable if he does not give up the proposal of clubbing lock, stock and barrel. To tax and to please is difficult, I know. But I was pretty amused when I heard a lady giving a house-

wife's definition of income-tax and saying amidst cheers: "Income-tax is what the Government takes from your husband to get capital, in order to go into business in competition with him and then take the capital of his business in order to pay for its own loss." Even the hard-headed members of the Wanchoo Committee, I dare say, would have fought shy to make many unrealistic recommendations had it been well aware of this ingenious definition, not to speak of Mrs. Gandhi who spoke like a Messiah a couple of years ago in her Budget speech: "Those who are united in heaven should not be put asunder by a mere tax collector". One knows to his cost these days how pleasant it is to enjoy the privilege of being one of the assessee's constituting 0.5 per cent of the total income-tax paying population. But why club the income of husband and wife when the country has more or less an untaxed income of Rs. 16,000 crores in the agricultural sector and the tax arrears still amount to Rs. 500 crores or so? So women of West Bengal unite to register your massive protest against the mischievous proposal to tax joint incomes. Didn't a wag say that income-tax is another form of capital punishment?

IF YOU CANNOT REMEMBER READING anything recently about what Senator Edward Kennedy has said in support of the Provisional I.R.A., there could be a good reason. Lately he has been careful to keep his mouth shut on the subject, which you might consider a strange thing at a time when the ruthless pursuit of votes in the United States appears to have totally obscured all consideration for anything as inconsequential as human life. I am assured it has no-

thing to do with the Senator's regard for the British Army, although to some extent it is a reaction to the appalling atrocities the Provisionals have committed. No, it seems the real reason goes deeper than that, and is indeed causing a hardening of attitudes throughout the entire American establishment, liberal or otherwise, towards what is happening in Ulster. The fact is that the disease of Northern Ireland is beginning to spread abroad, and rapidly.

THE CHESS DRAMA OF THE CENTURY ended at Reykjavik last Friday, but the denouement was distinctly less exciting than the build-up. Spassky played better in the later games, but this was not good enough against Fischer. The only difference it made was probably in somewhat subduing the young American's aggressive style; or perhaps the challenger finally decided that it was wiser to consolidate his early gain than to take risks in search of more. Few of the experts doubted at any stage that he would win, though some would have perhaps been secretly pleased to see *hubris* punished. Many ordinary people would certainly have been glad to see the gentle Russian retain the title. People in his own country may not consider the impression he made with his charming manners to be a sufficient compensation for what will be widely regarded as loss of national prestige. Other Russian experts have publicly found fault with Spassky's "hesitant" play, and in Stalin's time publication of critical comment in *Pravda* would have been regarded as highly ominous. But I don't think that Mr. Brezhnev will think of despatching

Spassky to Siberia or subjecting him to a session of ideological self-criticism. He may lose some of his special privileges; he may not even be able freely to spend the \$100,000 he will get as prize money for the runner-up. But, in spite of his curious complaints at the end of the match, he may even be a little relieved that the whole thing is over. According to Mr. Reuben Fine, an outstanding American chess player who has turned to psychology, Spassky is a contemplative (depressive in psycho-analytical terms) non-hero; psychologically, Fischer belongs to the class of hero payers, "who use chess to satisfy their fantasies of omnipotence". I am not surprised that President Nixon is an admirer of Fischer's personality; the President would probably have been more impressed if he had known Steinitz, who in his fantasies played against God and beat Him while giving Him a handicap. No wonder Fischer himself has great admiration for Steinitz; as has been aptly observed, Steinitz's notions of himself make Fischer seem humble. But let me not go on about the psychology of championship chess. How about the psychology of amateur enthusiasts? Some of the amateurs play with considerable passion and skill; according to one psychiatrist, chess offers them a scope for the exercise of their intellectual faculties that they do not find in their professional pursuits. But there are a great many people who have been converted to chess by the latest craze; I wonder how long their enthusiasm will survive the end of the Reykjavik excitement. The price of chess boards should soon fall again.

THE DITCHER

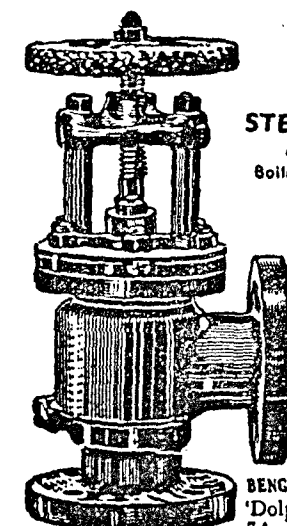
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Should Management Treat Marketing Costs as Deferred Revenue Expenditure ?

By P. Chattopadhyay

Director of Research,

Institute of Cost and Works Accountants of India

Capital costs incurred in the construction of a project or in the installation of a plant or in such other items are treated as deferred charges. Expenditure on marketing or promotional efforts should also be phased over a period of time, rather than charged in full against profit in a single year.

THE concept of deferred charges is as old as scientific, organised accounting systems themselves. The concept is highly relevant for different types of activities, especially those in which expenditure has to be incurred today to reap the benefits over a period of time in future. This expenditure pertains to both capital and revenue. There is common acceptance of expenditure during the construction of a project or expenditure directly incidental to the installation of plant and machinery or carriage inward of such items to be capitalised or to be treated as a part of the capital cost of such items. This is logical, even though the actual practice varies from country to country and from industry to industry, depending on the type of expenditure and its magnitude involved and the characteristic features of each enterprise such as its location and objectives.

Revenue Expenditure

A difficulty arises when such expenditure is purely in the nature of revenue expenditure and cannot reasonably be capitalised in the same way that the case referred to earlier would permit. Such expenditure,

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albeit of a purely revenue nature, cannot be charged against profit of any single accounting year, particularly when the expenditure is disproportionately heavy. Such charging against any particular year's profit would distort the profitability position of an enterprise in several ways. The concept of deferred revenue expenditure owes its origin to the need for phasing such expenditure over a period of time, rather than charging such expenditure in toto against profit in any single year.

Deferred charge has been defined¹ as an expenditure not recognised as a cost of operations of the period in which it is incurred but carried forward to be written off in one or more future accounting periods. It has been an axiom in accounting that expenditure, of the nature of revenue expenditure, incurred during an accounting period but likely to show results over a number of such periods in future should not be charged to the profit and loss account of that period. This is a question of equitable distribution over time. Instead, it should be deferred *pro rata* over the period in which results of such expenditure are likely to accrue. Several types of revenue expenditure would qualify for this treatment.

For the purpose of the present discussion, however, expenditure on marketing and advertising is taken up, especially with reference to the Indian fertiliser industry in the public sector, more precisely, the Fertiliser Corporation of India. Conceptually, the considerations relevant for the fertiliser industry should be similar for other industries where similar types of expenditure will have to be incurred for the purpose of promoting end-uses of the products for which not much previous knowledge existed among the prospective consumers and about which people should know for certain as to the precise benefits that arise from the

¹Cf. E. L. Kohl, *Dictionary For Accountants*, Prentice-Hall, 1970, page 142.

application of these products, particularly in cases where indiscriminate use is known to have harmed rather than benefited the consumers in the long run, in some cases even in the short run.

Marketing of Fertiliser

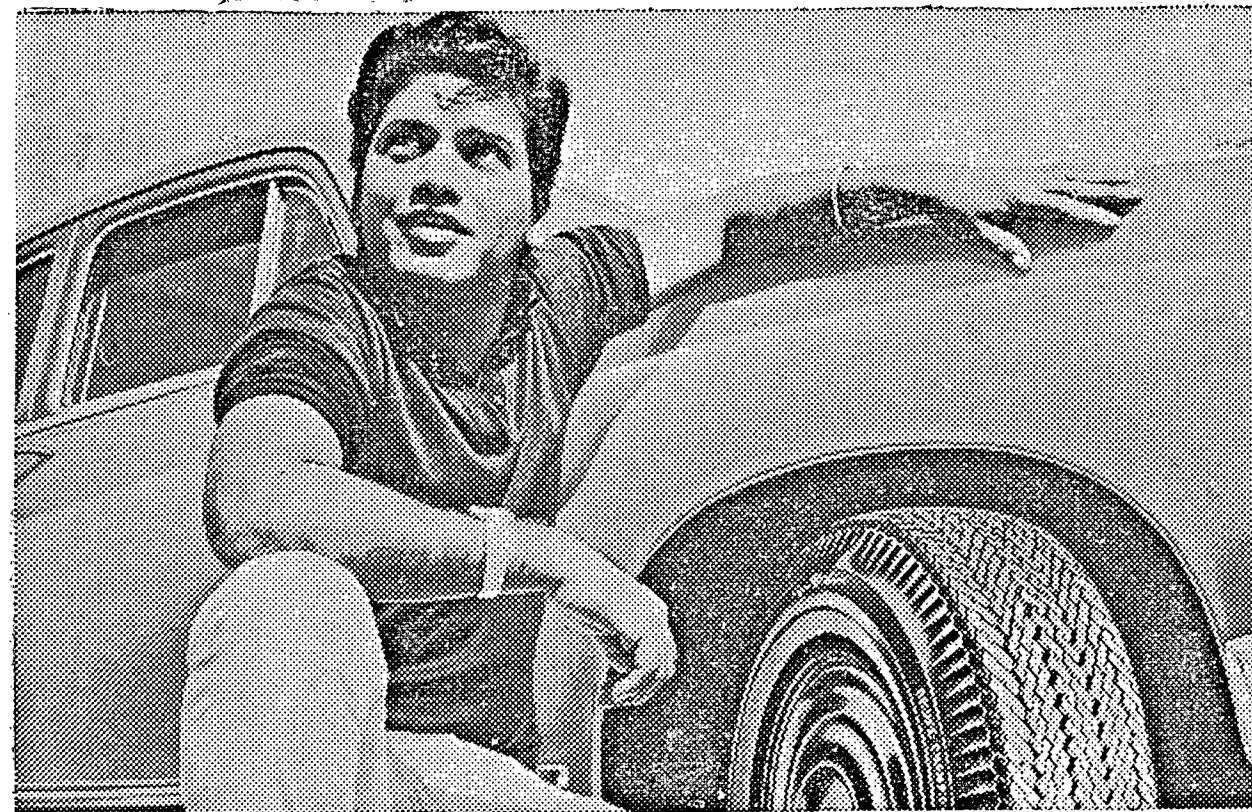
It is only very recently that one has started hearing about marketing in the context of fertilisers. Even three years ago, one would hear only of selling, particularly because fertiliser was a controlled item sold almost exclusively from the fertiliser pool under the control of the Central Government. The context has changed during this relatively short period. Free market conditions now prevailing in fertiliser distribution have created pressure on the public-sector fertiliser units not experienced before. The marketing requirements of fertilisers are such that unless the efforts are sustained in terms of both time and intensity of campaigns, the results are likely to be indifferent, if not dissipated. This is because the users of fertilisers in India are essentially illiterate farmers not quite accustomed to the ways of scientific, businesslike agricultural operations with optimum crop-mix and sophisticated input-mix.

The public-sector fertiliser units have come to occupy a very peculiar position in the context of the totality of the industry as such. Let the case of the Fertiliser Corporation of India be taken up, for instance. By the time its Sindri, Nangal and Trombay units made their presence felt in the context of supply of different types of fertilisers, the Corporation had several plants at different stages of construction and conception. As yet, it has not been possible for the Corporation to get over the roadblocks of gestation in spite of the fact that some of its units are already quite old in the field and have been supplying fertilisers of different descriptions in varied quantities.

These conditions have thrust several responsibilities on the Corporation. By the time its new units came into production, the Corporation had to assure that the fertilisers produced had a market. Since under free market conditions, production was largely carried on in anticipation of demand and since demand was itself a factor subject to switches and shifts of different intensities, the Corporation had to decide between two essential alternatives. The first was to have its own marketing set-up capable of undertaking the

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task of organised and continuous promotion of the use of fertilisers on a sustained basis in the rural areas, establishing rapport with users. The marketing set-up thus had to have a composite of expertise in different branches of fertiliser technology, agronomy, marketing and advertising, sales promotion in the field, transportation management, cost and management accounting and finance. In fact, the marketing-mix of the Corporation has included a wide range of activities, almost all that one gets to know from text books.

Marketing Set-up

Each of these has peculiar, characteristic requirements of its own. To cater to a growing fertiliser market—growing as a result of its own organised efforts—the Corporation could not afford to go slow in the creation of the marketing set-up and in incurring expenditure in anticipation of production and demand in conditions in which several of its plants were scheduled to start production

during 1971-72. If the Corporation did not take these measures in proper time and there was a glut in the market, it would be taken to task, all the same. This has posed a big problem.

In this process, a situation has arisen mainly from the fact that the gestation period of some of the plants under construction has lengthened in the meantime, due to various factors on which the Corporation itself did have little control. When production from these plants did not come and at the same time the marketing set-up had to be maintained with all its activities, a situation was likely to develop in which the expenditure on marketing was to be disproportionately heavy, although not without reason. This expenditure is heavy because of the cost of the marketing organisation and that of the activities carried out by it. The results that were to be expected, i.e., increasing sale of fertilisers, could not be effected mainly because of lack of production in some of the plants which were to

start production much earlier or due to the under-utilisation of capacity in the producing units.

Selling through Agents

The second alternative which the F.C.I. management could perhaps adopt was to appoint a sole selling agent or to function through a number of selling agents and distributors. In this context, the C.P.U. seems to have been inclined in favour of selling fertilisers through agents rather than through the producer's own marketing set-up. The C.P.U. cited the case of Coromandel Fertilisers Ltd, which has adopted the sole selling agency system. It was noted in the report that this Company appointed E.I.D. Parry Ltd as its principal selling agent. It is indeed a point for debate as to whether a public-sector undertaking should go by purely commercial considerations of costs rather than having the social objective of promoting end-uses of products not known to farmers before.

One of the major constraints faced by the Fertiliser Corporation of India has been apparently the fact that the exact gestation period of these plants now under construction could not be accurately estimated on the basis of which the marketing expenditure could itself be phased over time. The picture would change considerably once these plants started production up to full capacity. In the light of realities, it can be mentioned, therefore, that the marketing expenditure incurred by the Corporation has been farsighted as an investment in future and thus should logically be treated as deferred revenue expenditure phased over a period of time, say, till the other plants start production. The circumstances to which the Corporation's marketing activities have been subject justify such a treatment. Marketing expenditure charged completely in one accounting year, to say the least, would distort the real profitability position of the Fertiliser Corporation of India. To discourage such treatment would put a stigma to the marketing activities of the Corporation which may prove costly. To appoint private selling agents would, on the other hand, defeat the objectives behind the establishment of the Corporation. Business prudence with social objectives demands that the incurring of such expenditure and its treatment as deferred revenue expenditure should be entirely within the discretion of the management of the Corporation.

SPECIAL ARTICLES

Reviving the Capital Market: Need to Restore Confidence among Investors

By M. R. Meher

The capital market has remained depressed for quite some time. The confidence of investors, which has been badly shaken by the Government's takeover strategy, should be restored to revive the interest in equities.

THE capital market has been in the doldrums for quite a long time. The market having received no shock after another, turnover has been at a low ebb. A number of investors have found it difficult to keep up their establishments. There has been an erosion in the share values of concerns which have large reserves and which are considered blue chips in the investment market. This is the present position, although other industry and agriculture have good potentials for investment. The potentials for the investment market are there, as evidenced, for example, by the rise in deposits of the nationalised banks and the large expansion of life insurance business in urban and rural areas. Although the corporate performance, as shown by recent reports of the working of a number of companies, has been on the whole satisfactory, this has not revived the capital market.

While there is great need for mobilising urban and rural savings or investment in industry, confidence of investors has been shaken by the very low rate of compensation on nationalisation to general insurance companies and coking coal mines. Investors are waiting to see what compensation is eventually paid to the shareholders of the Indian Copper Corporation. The shares of companies which, it is feared, might be nationalised, have touched new lows. If the present setback to investment confidence is to be overcome, it is necessary that the Government should announce some guidelines as to the principles proposed to be followed while deciding the amount of compensation to be paid on nationalisation. In a number of public limited companies, the majority of shareholders are small investors. It has also to be borne in mind that institutional investors like the Unit

Trust of India and the Life Insurance Corporation, which hold the savings of the public, would be put to a loss by a policy which allows only minimal compensation without any regard to the break-up value of shares. The question of reasonable compensation is relevant not only from the point of view of the industry which is nationalised but also from the point of view of its repercussions on future industrial development.

It is hardly necessary to state that for encouraging industrial growth, the investing public should be offered incentives to put their savings in equity shares. Experience has shown that the new issues of established companies offered at below the market rate are readily subscribed. In a large number of cases, such investment is made with a view to make quick gain by selling at a profit after the allotment. As far as issues of new companies are concerned, the market is sluggish. One of the reasons appears to be that investment in shares has to compete with other investments. Savings deposited with companies yield between 8 per cent and 12 per cent, while in the case of equities profits are eroded by the high rate of taxation and other factors, such as shortages of raw materials, transport bottlenecks in some States, high excise duties, and rising cost of capital goods replacement. Although the volume of marketable securities available has shrunk by the virtual disappearance from the investment market of banks and insurance companies, the investment market remains sluggish.

The market sentiment has been affected by statements of Ministers like the one recently made by the Minister of State for Planning, Mr. Mohan Dharia, that the Government might consider nationalising monopoly houses during the Fifth Plan to raise resources for development. It is, by and large, concerns run by big industrial houses which have a record of good performance by way of production, profit and dividends paid to shareholders. The crying

need being higher production of goods and services, all production whether in the small, medium or large-scale sector should be encouraged. Hurdles should not be put on large industrial houses which have the necessary technical and managerial skills for further expanding their activities in many directions. Small industries can be well encouraged without hampering the growth of large-scale industries or expansion of production by big business houses.

It has been suggested by Mr. H. T. Parekh, chairman of the I.C.I.C.I., that as a means of activating the investment market, the Government should adopt the policy of selling a major part of its holdings in good public-sector companies to the public. Thus the Government would be able to mobilise funds which it would not have to repay, once the public takes up the shares. The proposal is, however, open to objection. In the case of existing public-sector concerns, if shares are made available to the public, only the monopoly concerns and few other concerns which are making good profits would attract the public to buy shares, while shares of losing concerns or concerns which have not been giving reasonable returns on the capital invested would not be touched. In the case of the former, there would also be the problem of fixing appropriate share prices.

Again it has to be borne in mind that the overall returns from the public sector have not been adequate in relation to the total investment. A few public-sector concerns with good working results make up to some extent the losses of concerns which have not been doing well. This position would be altered to the disadvantage of the Exchequer and the taxpayer if some portions of the profits from the few concerns are diverted towards dividends to shareholders. It would, however, be a good thing to press on with the present proposal of the Government to develop the "joint sector". Public subscription to the shares up to a certain extent could be invited in new industries started in the joint sector. This would also bring to the service of the joint sector the entrepreneurship and talent available in the private sector. There would be the further advantage that the accountability of the management in the joint sector to the shareholding public would be more effective than the existing "political accountability".



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ty" of the public sector to Parliament.

At present the funds of the Employees State Provident Funds and other provident funds, contributions under the Employees State Insurance Act and other trust funds are requir-

ed to be invested in trustee securities. These restrictions should be relaxed. A portion of these funds should be allowed to be invested in securities. This would not only help to activate the investment market but secure a better return to the beneficiaries of these funds.

West Bengal : Will Big Business be Given Defence Orders ?

(By a Special Correspondent)

West Bengal has been told that it will get a fair share of the Defence Department's orders. But why the Defence Ministry wants to patronise the medium and small industries and leave out the large sector is difficult to explain.

MR. V. C. Shukla, Central Minister for Defence Production, said in Calcutta recently that West Bengal's manufacturers would be given priority in the purchases made by the Defence Department. About six months ago, Mr. Shukla had given a similar assurance when he addressed the members of the Indian Chamber of Commerce in Calcutta. One would like to know whether the Ministry of Defence Production has drawn up any specific programme for placing orders on the industries in West Bengal or whether such assurances are meant merely to create an impression that New Delhi has a soft corner for this State.

West Bengal's medium and small industries, which Mr. Shukla had in mind when he gave this assurance, do not seem to have any idea at all of the kind of goods that the Defence Ministry would like to buy from them. Even the Government of West Bengal does not appear to be aware of the Ministry's requirements to be purchased from the State. If Mr. Shukla is keen to help industries in West Bengal, he should instruct his Ministry to provide the Department of Industries of this State with the full details of the products it would like to buy, together with specifications and other data. But the Government of West Bengal should not wait indefinitely for New Delhi to send instructions about the purchase of defence stores. The State Government should take the initiative in this matter and press the Defence Ministry to be specific about its requirements. In fact, the

State Government should have started exerting pressure on New Delhi even six months ago when Mr. Shukla gave his assurance to the Indian Chamber of Commerce. The Defence Ministry may also be requested to indicate the Statewise purchase of its requirements of stores and equipment so that West Bengal will know whether it is getting its due share of orders.

West Bengal's Planning Board should also take up this question with the Ministry of Defence. Lack of orders has been one of the major factors which had caused the recession in West Bengal and led to the closure of many small and medium units. The Defence Ministry is one of the largest buyers of engineering and other goods and its purchase policy can considerably influence the economic working of West Bengal's industries. The Planning Board should study in depth the Defence Ministry's requirements over a period of years so that West Bengal can set up, where necessary, new industries to undertake their production. Mr. Shukla clarified that the Defence Ministry would place its orders in West Bengal only with the medium and small industries and not with the monopoly houses. One would like to know what is the economic justification for excluding the monopoly houses from getting defence orders. More monopoly houses operate in West Bengal than in any other State. So, if Mr. Shukla has his way, it would mean that West Bengal would actually get fewer orders from his Ministry than the other States.

It should also be remembered that the medium and small industries will be able only to execute orders of relatively small value. It is only the big industrial units that will be able to undertake the production of

defence stores and equipment which involve large investment and technical skill. Should orders for such items be denied to West Bengal merely because of New Delhi's ideological hostility towards the monopoly houses? If by placing more defence orders on monopoly houses, more employment can be created in West Bengal why should Mr. Shukla object to it? It is also worth pointing out that if the large industries are not encouraged, it will affect the growth of the small industries as well. The volume of orders derived by the small units in West Bengal from the large sector is officially estimated to have fallen from Rs. 1,394 crores in 1965-66 to Rs. 598 crores in 1969-70. This happened because in the last few years the large industries could not function properly due to various difficulties and restrictions. Mr. Shukla, therefore, is wrong in thinking that he can give a boost to West Bengal's economy by placing orders only on the small and medium industries.

Mr. Shukla has pointed out that his Ministry would give more orders to the medium and small industries in West Bengal provided the quality of their output is found to be satisfactory. This condition is understandable. But the Defence Ministry (and the other concerned Ministries) should see to it that suitable conditions are created in West Bengal to enable the medium and small industries to produce goods of the right quality. As long as the availability of raw materials from the indigenous and imported sources continues to be erratic, how is it possible for the industries to maintain the rigid standards set by the Defence Ministry? The sharp and sudden cuts in power supply also seriously affect industry's efforts to increase production and improve quality.

Mr. Shukla has not indicated to what extent his Ministry would be able to maintain continuity in the orders placed on West Bengal's industries. Without some reasonable stability in this regard, it will be difficult for the industries in this State to undertake long-term production to meet the requirements of the Defence Department. The Ministry may say that this problem will be solved by finding an export market for defence items. But this solution is certainly not as easy as it looks.

Although there does not seem to be any threat to India's security in the near future, it is quite obvious that she cannot afford to slacken her

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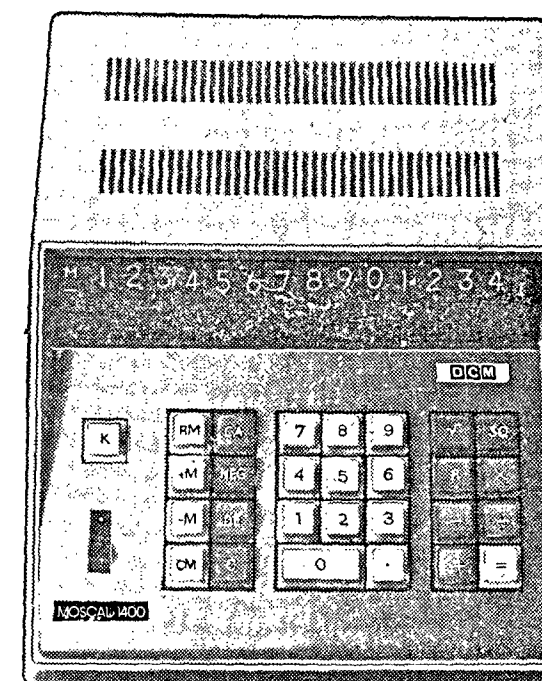
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efforts to keep her defence system at the highest level of efficiency. She has made considerable progress in achieving self-sufficiency in defence stores and equipment. But even so, she continues to depend heavily on imports. No one knows exactly the value of defence items imported from abroad but informed sources estimate that this will be between Rs. 400 crores and Rs. 500 crores a year. There is, therefore, great scope for further import substitution in this field.

Indian industries can play an important rôle in achieving self-sufficiency in defence provided the Government gives them the right guidance, know-how and other facilities. West Bengal is particularly suited to the production of defence items because of the existence of a large and well-organised engineering industry. The Government of West Bengal and the Planning Board should see to it that this State gets a substantial share of the orders from the Defence Ministry on a regular basis.

Growing Urbanisation Necessitates a National Housing Policy

By Mohammad Mohsin

Although the problem of housing is so very acute in India, there is still no national policy on housing and urban development. The Government can effectively promote the development of housing only when it has a comprehensive policy.

THE State has played a major rôle in the provision of housing, particularly housing finance, in almost all countries. This may be the result of a deliberate social and political policy or merely due to the lack of initiative or ability of the private sector to perform this function adequately or equitably. Whatever may be the circumstances, the State has assumed in many cases primary responsibility for the mobilisation and allocation of capital funds for housing and related facilities.

Social housing policies are designed towards some specific objectives. They differ from country to country depending upon the pattern of urbanisation and economic and social development. In countries with a longer industrial history, the social housing policy is directed to assist in the provision of the type, volume and quality of housing corresponding to the range of needs of the different segments of the population. Their towns were already well developed before the Governments made a major contribution to the construction of housing; considerable amount of private capital was also available through appropriate lending institutions to support private building. The municipal authorities were extensively organised to carry major responsibilities in a variety of fields and they often formed a natural instru-

ment for the development of housing policies. In advanced industrialised economies the distinguishing feature of State housing programme is not the number of dwellings built with Government support, but the fact that it is tailored to meet the needs of a specific class of people which has emerged as a result of industrial progress.

In India, despite the sizable growth of urban population, a national housing policy has not yet been evolved. The Government assumed—before it embarked on a building programme of its own—many related responsibilities for the control of land uses, the establishment of minimum standards of buildings and lay-out, the restrictions of rents and the demolition of slum property. But the Government seems reluctant to commit itself to a national policy on housing and urban development. The Central Housing Ministry set up a six-member working group to evolve a national housing policy in collaboration with the Planning Commission's steering committee on the same subject. This was a clear indication of a sense of purpose on the part of the Government. However, the working group has been wound up, and the steering committee mandate has been extended to a variety of other matters. This means that housing will continue to rank low in the Governments' list of priorities.

In view of the unprecedented scale of the housing problem, it may well be necessary for the Government to assume control of the mobilisation and allocation of resources in the sector. An important justification for a national housing policy is the fact that

the housing sector is already crowded by a multiplicity of overlapping and competitive authorities. But to exercise control effectively—whether it be direct production and ownership, or indirectly, through credit control—there must be a comprehensive policy covering such factors as investment, cost-to-income ratio, standards and resource utilisation. Moreover, there must be a machinery for executing the policy, an organisation and institutional structure capable of setting targets that are consistent with the overall national goals.

In a planned economy, the housing needs of a growing community cannot be ignored. Few facets of the human environment influence man's health and well-being more directly than the dwelling in which he seeks shelter, security, comfort and dignity. Housing ranks second after agriculture in the amount of land it consumes. Unless adequate measures are taken to bring order to the process by which land is assembled, numerous problems are bound to emerge. The housing policy has, therefore, to be related with the economic and social policies followed by the State.

In most of the cities in India the location of housing is haphazard because of an excessive reliance on many public and private intermediaries without reference to national urban growth policies or to natural environmental concerns. Consequently, conditions in urban areas in India present environmental problems like that in developed countries. In the cities there are vast areas of despoiled landscape. Poverty is creating unique micro environments, which in turn are significantly affecting the macro environment of cities. Slum, squatters and other forms of uncontrolled settlements now constitute about one-third of the urban population, and this proportion is increasing rapidly. Streams are polluted, land is laid waste and considerable part of it has been eroded through over-crowding and the absence of even the most rudimentary public services.

The deterioration in the human environment is related to three basic factors—accelerated population growth, increased urbanisation, and new and expanding technology, with the associated increase in the demand for funds, space and natural resources. The urban population has grown explosively and out-distanced available economic resources. The population growth has largely resulted from

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immigration, improvements in public health and the conquest of epidemic.

These conditions have produced unsatisfactory settlements, inefficient use of resources, and increase in development costs. Settlements are also characterised by overconcentration in cities. India has the highest congested dwelling rate in the world. With the present housing stock, 16 per cent to 19 per cent families live in less than 10 square metres of space and 51 per cent to 54 per cent families in less than 20 square metres. Official estimates are that the urban population in mid-1971 was about 110 million and threatening to increase to over 160 million by 1981. The number of towns with a population of 50,000 and over is likely to increase from 250 in 1961 to 536 in 1981. With the growing urbanisation India's housing needs have also increased. In 1951 the total urban housing shortage was 2.8 million units. By 1956 it had increased to 5 million units. Shortages at present, according to official figures, are around 1.3 million units.

Housing shortages persist in India despite considerable increase in private activity in building construction. Private investment is deterred from putting up houses for the low-income and middle-income groups. The affluent sections have confined their investment to the construction of luxury buildings in metropolitan cities where rents are high. They have refrained from constructing houses for the low-income groups because of soaring costs and comparatively poor return. The Government action in solving the housing problem has not been commensurate with the need for housing development in the country. The Government has recognised the importance of housing as a security-cum-welfare function. Consequently, its efforts are largely directed to meet the sectional needs, especially of working classes, rather than to satisfy the effective demand for housing.

A national housing policy should keep in view the pattern of economic and urban development. The type and level of the institutional structure is, therefore, a question to be settled in terms of the needs and resources of the country. The important thing is to establish the principle that it is necessary to begin to develop within the Government a level of technical competence and leadership which is at least potentially capable of dealing with the problems as defined by national objectives. To fall short of this can only lead to continued deterioration in the housing situation.

Success of Delhi Talks

(From Our New Delhi Correspondent)

The Indian and Pakistani delegations, which met in Delhi recently, have succeeded in putting the Simla agreement back on the track. But the ultimate goal of a durable peace in the sub-continent will hinge on Pakistan's recognition of Bangladesh.

THE best interpretation given to the joint Press statement after the five-day meeting of the Indian and Pakistani delegations in Delhi is that the two Governments have recognised that they must ensure the "smooth implementation" of the Simla agreement. The difficulties had arisen both on account of Pakistan's reluctance to the delineation of the line of control in Jammu and Kashmir, and its failure to recognise Bangladesh by 14th August as has been indicated during the Simla summit meeting. Of course, India could not have forced Pakistan to recognise Bangladesh, much less by a specified date, for recognition of one country by another is essentially a political decision, however "real" that country might be. The non-recognition of China by the United States till today is a good example of the difference between recognition and reality.

But Pakistan has been left in no doubt that the release of the 90,000 odd prisoners of war cannot be made without bringing Bangladesh into the picture, which implies that the former must first recognise the latter. India cannot be happy with Pakistan's success in persuading China to veto Bangladesh's entry into the United Nations. But that need not come in the way of Pakistan recognising Bangladesh in its own interest. This time Pakistan has perhaps given no assurance to India that it will recognise Bangladesh by a given date, but as stated by the External Affairs Minister, Mr. Swaran Singh, in his statement in Parliament, India has impressed on the Pakistani Government that any delay in her recognition of Bangladesh would hamper "the process of durable peace and normalisation of relations and delay the achievements set out in the Simla agreement".

The Delhi talks were held on the initiative of the Prime Minister, Mrs. Indira Gandhi, who had written to President Bhutto proposing official-level talks to resolve the problems which had come in the way of the smooth implementation of the Simla agreement. The high mark of the Press statement on the Delhi talks is that there has been no breakdown and that Pakistan has at last accepted India's interpretation about demarcation of the actual line of control in Jammu and Kashmir. For the rest, the statement conceals more than it reveals. For instance, there is no mention of the rôle of the U.N. observers, although India now regards them as redundant. Nor has an issue been made of the Pakistani contention, publicly made, that it has the right to raise the Kashmir issue in the U.N. In other words, Pakistan has not reaffirmed its faith in "bilateralism", a concept propounded at the Simla summit.

If the troop withdrawal comes about by 15th September, as has been agreed to in Delhi, this by itself will be a step forward in the right direction. The Delhi talks have thus enabled the two Governments to put the Simla agreement back on the rails. But beyond that one must sit with his fingers crossed as to what would happen with regard to other issues settled in Simla. This will continue to be as much a worry to India as to Pakistan. Pakistan cannot be happy over the fact that the Delhi talks have not brought the release of the prisoners of war any nearer, nor can India be happy over the Chinese veto, presumably at the instance of Pakistan, to bar the entry of Bangladesh into the U.N. But according to the statement of Mr. Swaran Singh in Parliament, the Pakistani delegation has been told that the question of the return of prisoners of war and civilian internees cannot be settled without the participation and agreement of the Bangladesh Government. This means that Pakistan must first recognise Bangladesh, and if this happens there is hope that the Simla summit will achieve its goal of a durable peace in the sub-continent.

SPOTLIGHT ON STATES

Lessons of the Bombay Municipal Strike

(By a Special Correspondent)

The recent municipal strike in Bombay would not have spread if outsiders were not allowed to lead trade unions. It is time the State Government saw to it that all office bearers of labour unions were from among workers themselves.

THE attempt by the so-called action committee representing the Bombay municipal trade unions to hold the city to ransom proved a flop, for the strike had to be called off unconditionally on the thirteenth day. The strike was first started by the 7,000 engineering staff of the B.E.S.T. on 7th August in support of exorbitant demands for wage increases of 80 per cent to 90 per cent. Their union turned down the management's offer of a substantial upward revision of pay scales, the increases proposed being 20 per cent to 25 per cent, subject to the union agreeing to certain economy and efficiency measures. This was soon followed by a strike of 90,000 municipal workers in support of the demand for bonus equivalent to 8½ per cent of the year's wages. The traffic staff of the B.E.S.T. resorted to the so-called work to rule, in sympathy with the municipal workers and the B.E.S.T. engineering workers. Finally, their union called upon the B.E.S.T. workers to join the strike as a protest against the management utilising the services of State Transport buses to keep the bus services going and engaging outside staff to attend to the B.E.S.T. garages.

The bus strike started on 14th August and, after a break of one day, continued from 16th August, bringing the bus services of the city to a stop. A strike call was also given to 44,000 State Transport workers who had already been promised 8½ per cent bonus, subject to the report of the Bonus Review Committee. The I.N.T.U.C. union accepted the offer but the leftist union wanted unconditional bonus and instigated the absolutely unjustified strike by the State Transport workers. The State Transport strike turned out to be a flop. Towards the end, before the strike was formally called off, 97

per cent of the staff were attending duty. The action committee of the municipal unions was determined at all costs to hold the city to ransom and called upon conservancy and water works workers, hospital workers and fire brigade workers also to join the strike. As the State Government mobilised all resources and efforts to keep essential services going, hundreds of teachers and other municipal workers kept on returning to work. The striking workers were unhappy that their leaders were putting them to a loss of wages; and all the strikes were called off on the thirteenth day when the leaders realised that the game was up.

The Bombay Municipal Corporation, in a generous mood, had passed a resolution to make an *ex gratia* payment of 8½ per cent of the annual wages to all municipal workers. The Corporation had no legal authority to make such payment. The Maharashtra Government brought in a Bill in the Assembly to prevent such unauthorised payments. In the statement of objects and reasons it was said that the financial position of the Corporation was not such as to enable it to make such payment which amounted to Rs. 2 crores. Such payment was also not authorised by law. If such payments were allowed, there would be nothing to prevent other local authorities from making *ex gratia* payments. The Bill sought to make provision in the Bombay Municipal Corporation Act for obtaining the opinion of the Accountant General whether any expenditure of importance was authorised under the Act. The Bill also sought to empower the State Government to rescind any resolution of the Corporation which was contrary to law or in excess of its powers. The Bill has been criticised as infringing the autonomy of the Corporation. For the Government it has been stated that there is no such intention and the Bill has been referred to a select committee of both the Houses of the State legislature. A large number of the Municipal Corporation's councillors

have realised the mistake of passing the resolution about *ex gratia* payment and there is a move now to rescind it.

Apart from the fact that the action of the Corporation about *ex gratia* payment was not authorised by law, the Corporation does not appear to have realised that any such payment would cause a chain reaction throughout the country and provoke similar demands from all Government servants and employees of other local authorities. It was overlooked that bonus to industrial workers was intended to enable them to share in the profits of the undertaking in which they were employed. The Bonus Commission defined the concept of bonus as a share by the workers in the profits of the concern and not as a deferred wage. It recommended a minimum and maximum bonus linked with a system of set-off and set-on in order to avoid large fluctuations in bonus.

It is evident that the concept and scheme of bonus cannot be applied to Government servants and employees of local bodies. The Chief Minister of the State made it clear to the union leaders when the strike was withdrawn that the Government was opposed to the payment of bonus or *ex gratia* payment to employees other than those in industrial and commercial employment. He was, however, generous enough to be prepared to consider any alternatives which were not inconsistent with this policy. The municipal employees were instigated by their leaders to go on strike to compel the Government to give effect to the Corporation's resolution and in this process tried to hold the city to ransom. The strike, which in effect was against the community, evoked no sympathy whatever from the public who took all the hardships in their stride.

An important issue that once again emerges from this strike is whether it is not now high time for the State to do something to free trade unions from the stranglehold of outside leaders. Some time ago, the Maharashtra Pradesh Congress Committee had passed a resolution that the Trade Unions Act should be amended by the State Government requiring that office bearers of trade unions should be from workers alone. This, it was stated, would benefit the labour movement. It is time the State Government acted on that resolution.

How to Make the Summary Assessment Scheme a Success

By Ranajit Chakraborti

The summary assessment scheme suffers from some drawbacks. The income-tax authorities should properly assess the scheme's usefulness so that it might prove to be an improvement over regular assessments.

THE Income-tax Department has recently started playing a more progressive rôle than ever before, and it is hoped that it would gear up its activities to make the summary assessment scheme a success. The framing of a foolproof scheme is no doubt difficult but due considerations of the relevant factors may produce the desired results. For instance, the success of the summary assessment scheme will depend largely on a vigorous mass communication drive. The initiative is laudable but considering certain human tendencies and the gap that remains in requisite tax knowledge, it is doubtful whether it would succeed.

Summary assessment contemplates assessment of income on the basis of particulars shown in the return of income filed by an assessee without calling for books and documents which constitute materials for purposes of assessment. The idea is excellent as it entitles the assessing authorities to shirk their responsibilities in the determination of a correct assessable income and spares the assessee the trouble of running to the tax office and prove the correctness of his return. But does this absolve them of the statutory consequences that may follow?

Before discussing the merits and demerits of summary assessment, the psychology of the assessee needs to be understood. The Income Tax Act, the Wealth Tax Act and other tax laws have laid down stringent penal provisions against concealment of income by an assessee. Parliament could not leave this matter open in

the hands of an assessee as it would have encouraged tax evasion and for that reason the assessing authorities have been vested with the powers to ascertain the correct income of an assessee. The position of taxing authorities is thus like an auditor who acts like a watchdog and probes deep into the matters to verify the facts and figures.

Parliament has not framed different Income Tax Acts for citizens according to social status or rank in office. It has not presumed that although professors, journalists, doctors, lawyers and engineers, are intellectuals of the country, their returns of income are always correct and need no verification. Given opportunities, assessee, irrespective of their status, may be tempted to avoid tax payment. The tax laws are there to curb such temptations. Cases of men in high places not paying tax on income other than that from which tax has been deducted at source, unless served with a notice by the Income-tax Department, are probably not few. It is also not unusual that some assessee encourage others to follow their examples.

Besides, ignorance of tax laws stands in the way of appreciating the aims of the summary assessment scheme. Many do not know how to pay tax, or even what constitutes taxable income under the Income Tax Act. A person living in his own house is under the impression that he derives no income from it and as such not taxable on this account. Under the summary assessment scheme, he will be assessed only on his other incomes, such as salary and dividends except the notional income from house property. Similarly, an assessable person may have a house in his wife's name, built with his money and his feeling that it is her house results in non-disclosure of income from house property in the income-tax return. Detection of such cases of income

escaping assessment would later on bring disaster to the taxpayer in the form of penalty, interest and tax. An innocent taxpayer unknowingly is branded as a tax evader. What is the remedy then? The simple answer is to infuse gradually the tax knowledge among the people—masses have to be educated. This is not to suggest that the summary assessment scheme is bad, but it needs to be stressed that it requires the backing of the tax-law conscious people.

A taxpayer, say, a salaried person, owned a house about four years back and was ignorant about his obligations under the Income Tax Act. On receipt of the notice, he approached a knowledgeable person to help him in filing his income-tax return and that tax adviser asked him to bring the figure of annual municipal valuation of the property for determination of the taxable income. On enquiry it was further known that the taxpayer had recently let out the ground floor of the house at Rs. 400 a month and was using the first floor as his own residence. The municipal valuation of the ground floor, which was used for his own residence before the completion of the first floor, was Rs. 1,200 a year. If the taxpayer declared Rs. 1,200 a year as the gross income on the basis of municipal valuation for the period of his use, he would have committed an error in law.

Although the taxpayer was submitting his return of income for the past four years in July 1972 and he was now completely aware of the rental value of the ground floor, the law did not permit him to adopt the municipal valuation figure of Rs. 1,200. Furthermore, in future the income from the first floor, formerly used for own residence, would also be assessed at a higher figure based on its rent. Many such cases are detected only through proper scrutiny, and summary assessments cannot be of much help here.

The usefulness of the summary assessment scheme, therefore, should be properly assessed. Regular assessments afford an opportunity to both the Income Tax Officer and the taxpayer to sit together and sort out all problems. The summary assessment scheme would be an improvement over regular assessments if it could enlist the backing of tax-conscious and honest people.

Slack in Credit Growth : How Banks Can Tackle the Problem

(By a Banking Correspondent)

Banks at present are confronted with the problem of excess liquidity, the extent of which they have not faced in the recent past. More surprising is that the growth of advances does not show any signs of improvement even though many new credit fields have been opened after nationalisation.

BANKS at present are confronted with the problem of excess liquidity, the extent of which they might not have faced in the past. More surprising is that the growth of bank credit does not show any signs of improvement even though many new credit fields have been opened to them with unlimited scope for lending, such as agriculture, retail trade, artisans, small industries, and public-sector projects both of the Central and State Governments. The first three months of the current slack season unmistakably reflect the continuation of a slack in bank credit growth, which was witnessed during the last busy season. The contra-seasonal credit expansion during the three months of May to July 1972 has been only Rs. 127 crores, as against Rs. 141 crores during the corresponding period of the last slack season. As against this, deposit accretion is quite large—Rs. 410 crores, compared with Rs. 365 crores in the corresponding period of the 1971 slack season. Actually, the contra-seasonal credit expansion is largely on account of a rise of Rs. 223 crores in advances for food procurement operations up to 21st July, 1972, and if this rise in food procurement advances is excluded the current slack season would show its traditional characteristic of credit contraction.

In view of the limited scope for lending, the banks are diverting their surplus funds to investments in securities, their investment portfolio has risen by Rs. 154 crores during the last three months, as against Rs. 62 crores in the corresponding period of 1971. The easy money market conditions are reflected in increased demand for securities and banks are now well-poised to invest in the ensuing issues of Central and State

loans and also of State electricity boards and other semi-Government institutions to be floated in the next few months. Apart from the scope offered by these investment outlets, banks are now engaged in a frantic and desperate search for new and lucrative avenues of lending.

In this context, it is interesting to note that two or three years ago, the British clearing banks were also confronted with a similar situation of excess liquidity caused on the one hand by slackness in the industrial demand for credit and on the other by inflow of foreign funds into the U.K. which swelled banks' loanable resources. These banks, which were then handicapped by an overall ceiling restriction on their advances by the Government, prepared themselves to enter the field of personal and financial institutional loans. In August 1971, the Bank of England came to their rescue and ushered in a new credit policy, which removed all quantitative restrictions on banks, dissociated their rates from Bank rate and allowed them to compete freely not only among themselves but also with other financial institutions like merchant banks, building societies, and trustee savings banks.

The clearing banks introduced novel methods of persuading consumers to borrow from them through hire-purchase scheme and consumer credit cards. The banks have made such a success of their schemes and marketing techniques that they over-lent in the new fields. The high rate of returns on personal lending could not only safeguard bank's profitability but they could announce better working results during the last year. This over-lent position of banks, worsened further by a sudden outflow of hot money from the U.K., landed them into another difficulty of shortage of funds. The banks, which were once competing for customers in order to lend their surplus funds, have at present moved to the other extreme compelling them to compete for deposits. Faced with the problem of meeting the increasing credit

needs in 1970 and the first half of 1971, banks in India had to rely heavily on Reserve Bank borrowings, while today flush with excess funds, they have to look for other avenues of lending.

In the past, banks might not have faced such an acute problem, as the industrialist directors of banks themselves provided ample scope for utilising bank funds for the industrial concerns in which they were interested. This close link between banks and some large established industries sometimes proved fatal and the fortunes of banks varied with those of industries like cotton textile and jute. It is for this reason that bank chairmen used to express concern in their annual statements to shareholders over the situation of these industries. One of the classic examples of bank failure is that of the People's Bank of Lahore, which collapsed in 1913. It was found that out of its total deposits over Rs. 1 crore, Rs. 88 lakhs were advanced to enterprises in which the managing director was directly interested. Now the banks are no more relying to this extent on indus-

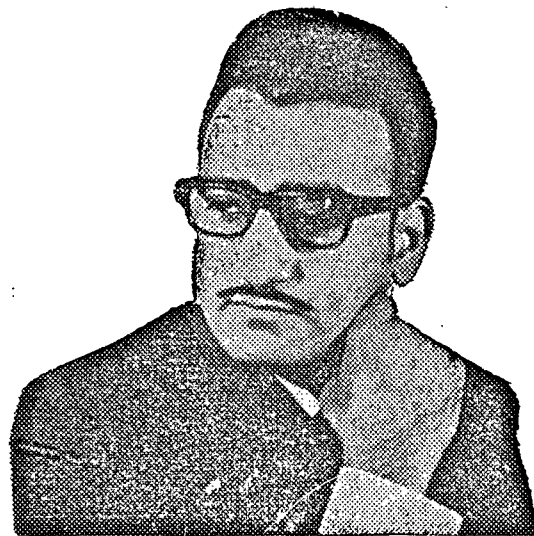
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es for advancing loans. In fact, the success of the nationalisation of the major banks is usually measured by the extent of diversion of credit effected by the public-sector banks from the traditional industries to priority and neglected sectors.

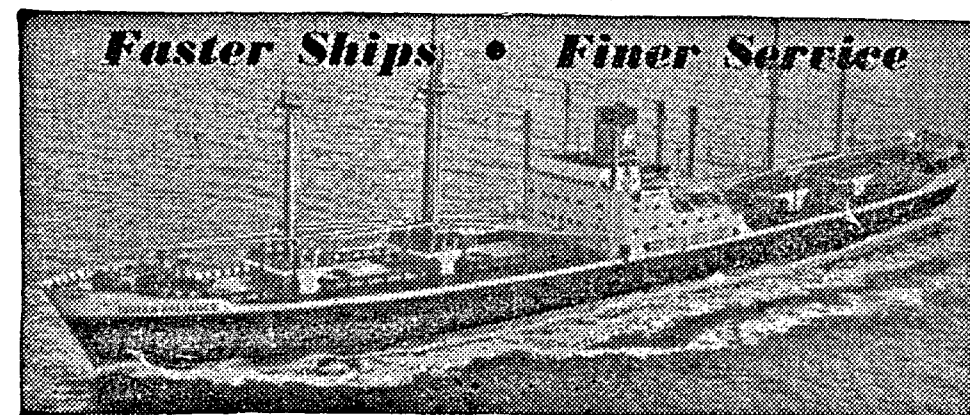
As for these new fields of operations, although the scope for lending is unlimited, banks' progress is bound to be slow in the initial period due to inadequate branch network, shortage of trained personnel to approach customers and process their requests, the time lag involved in making the new credit schemes popular in the countryside, and the "trial and error" process of learning to anticipate the needs of these sectors. Another lucrative field, which banks had tapped just prior to nationalisation, was consumer credit and hire-purchase finance for the purchase of durable consumer and luxury goods like refrigerators, air-conditioners and modern furniture. But banks have gradually withdrawn from this type of credit as they felt acute shortage of funds during 1971 and also due to the restrictive credit policy adopted by the Reserve Bank, which was aimed at discouraging conspicuous

consumption. It is mainly because of this reason that banks in this country, unlike the British clearing banks, would not be able to launch, in immediate future, an ambitious programme of personal lending in order to utilise the excess funds lying with them.

Very recently, the more enterprising among the nationalised banks like the Central Bank and the Bank of India, which were formerly on the forefront in financing *multani* bankers, have taken a step to reduce the lending rate for *multanis* by $\frac{1}{2}$ per cent to $10\frac{1}{2}$ per cent. Another nationalised bank — Dena Bank, which was prominently dealing in *multani* hundis—is also likely to follow suit. The decision to boost these banks' lending through the *multani* sector definitely constitutes a sharp change in their policy towards this indigenous banking community, who had complained of uncertain and inadequate finance provided by the scheduled commercial banks. Since 1965, when the State Bank of India had completely withdrawn from discounting *multani* hundis and when the Government cracked down on *multanis* to unearth black money

or illegal financial deals, banks have looked upon this class of finance with suspicion and neglect. In 1967, even the Central Bank and the Bank of India froze or reduced the limits granted to *multani* dealers. Moreover, the Banking Commission, after assessing the part played by the *multani* sector in trade and industrial finance, has suggested ways and means of institutionalising these indigenous bankers through regulation and inspection of their lending operations by commercial banks.

The problem of full and profitable utilisation of idle funds with banks has some serious implications. Apart from eroding banks' profitability, unutilised surplus funds may sap the banks' present initiative and drive to mobilise more deposits from the public, thus ultimately reducing the quantum of public savings. Furthermore, this reflects the inadequacies of the credit planning mechanism set up in the Reserve Bank and the Banking Department of the Central Ministry of Finance in not only formulating a policy to ensure fuller utilisation of banking resources for productive purposes but also in correctly forecasting the banking trends.



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The Challenge of Management in Indian Industry

Management of Industry in India. By H. T. Parekh. (Published by Vora and Co. Publishers P. Ltd. 3 Round Building, Bombay 2. Price Rs. 7, pages 74.)

While delivering the Professor C. M. Vakil Memorial lectures on the subject of management of industry in India, Mr. H. T. Parekh has stated that good management is a product of teamwork rather than of inspired leadership. The book under review is a collection of three lectures analysing the trends in management in India. Mr. Parekh's speeches abound in such aphorisms; sample: in a business situation, a non-decision can have as wide a repercussion as a positive decision. Defining management, he says that, perhaps of all inputs, it is the most important in that it is the quality of management which determines the profit of an enterprise and its growth

rate as well as the overall growth rate and efficiency of the economy. He goes on to state that the greatest management problem in India in the future will be the management of the growing public sector. The two remedies he has to suggest are defining clearly the relationship between the public-sector units, Government and Parliament, and professionalising management. Mr. Parekh is in favour of splitting the large public-sector units and putting them in charge of separate managements. He argues that the scale of units should be in consonance with the capacity of management. It would be interesting to note Mr. Parekh's reaction to the present trend towards setting up holding companies. He also advocates that shareholding by the public would provide a vigilant check on public-sector managements. Mr. Parekh, however, goes into ecstasy at the idea of the joint sector as a

means to draw into the industrial management field the best talents available in the country.

Tracing the development of the private sector, he states that till recently profit was considered not so much a function of management techniques as of natural advantage in respect of raw materials and lower labour costs. Increasingly it is realised that profit is dependent on greater co-ordination of the various management functions. In fact, the decision-making functions have gradually shifted from an external common-management group to the internal plant-management level. Another development as a result of greater State control on the economy is that adaption to Government policies has come to be one of the prime tests of management efficiency. After 1965, Indian management has learnt the ability to reconcile, at the unit level, shifts in Government policies as well as market behaviour. Also profitability ceased to be a function of the ability to pass on cost increases to consumers in a sellers' market. What prosperity could not do was achieved by adversities. In the three lectures, Mr. Parekh has brought to bear his vast experience in finance and expressed views on a number of popular management concepts. The lectures are eminently readable.

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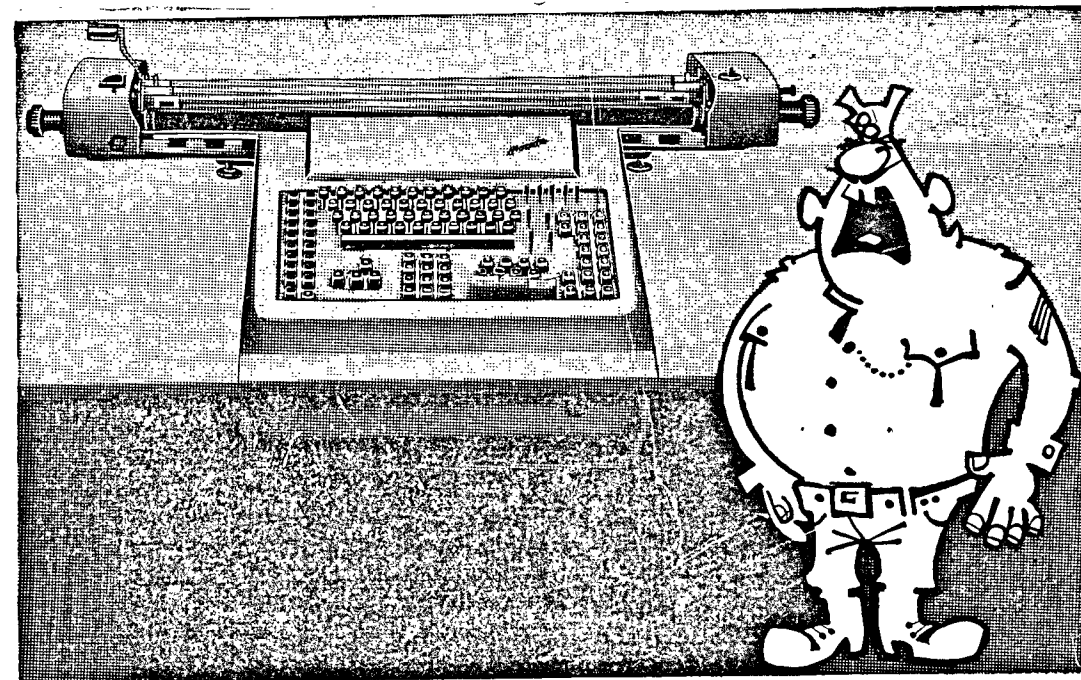
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Trade with Bangladesh

Business Guide to Bangladesh. (Published by Indian International Centre, 327 Dr. D. N. Road, Bombay 1. Pages 300 approximately.)

The Indian International Trade Centre has just released a publication entitled *Business Guide to Bangladesh* with a view to promoting the trade and economic links between India and Bangladesh. This is an important publication compiled after extensive market research on Bangladesh. The *Guide* contains, among other things, the latest commercial information, Indo-Bangladesh trade prospects, policies and procedures, names and addresses of Bangladesh manufacturers, importers, exporters, Government agencies, trading corporations, banks, newspapers, etcetera. A special feature of the publication is the numerous business proposals received from Bangladesh for imports, exports and joint ventures.

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Is There a Case for Increasing the Minimum Rate of Bonus ?

(By a Special Correspondent)

In a memorandum submitted to the Bonus Review Committee, the Council of Indian Employers has made out a case against any rise in the rate of minimum bonus. It says that the absolute amount of bonus a worker should increase once profits rise.

THE Council of Indian Employers, constituted by the Employers' Federation of India and the All India Organisation of Industrial Employers, in a memorandum submitted to the Bonus Review Committee has made out its case against any rise in bonus from the present minimum rate of 4 per cent. It is the considered view of the Council that the recommendations of the Bonus Commission as well as the provisions of the Payment of Bonus Act would have satisfied workers' expectations about bonus in normal years. Recession and the consequent difficulties faced by industry, however, belied these hopes.

Quoting the Reserve Bank of India's studies on company finances, the memorandum points out the number of companies in which gross profits were negative rose from 175 in 1966-67 to 272 in 1968-69 and declined to 251 in 1969-70. The number of companies in which pre-tax profits were negative moved up from 316 in

1966-67 to 479 in 1968-69 and then declined to 401 in 1969-70. As a corollary this meant that the percentage of bonus was also virtually stationary at 4 per cent and it is this phenomenon which has generated discontentment and a clamour for raising the minimum bonus to 8.33 per cent.

It is further argued that profitability, gross capital formation, etcetera, have considerably been affected to reduce the capacity of industry to pay more bonus. The net capital formation has declined from 10.2 per cent in 1966-67 to 5.5 per cent in 1969-70. The Council has urged the committee to consider whether the rates of capital formation are adequate in relation to the needs of the country. "If these rates were considered inadequate, as they certainly are, it would be highly inopportune to raise the minimum level of bonus at this juncture".

Furthermore, the corporate sector is expected to retain profits and reinvest in the economy. A minimum dividend of 8.5 per cent was considered a prior charge on profits. It was found that 74.3 per cent of the profits was distributed as dividends in 1969-70. The total profits after tax were too inadequate to increase the share of retained profits without affecting the flow of savings from the public to the corporate sector. The Council says: "If this is realised then one fails to see how the minimum level of bonus would be raised."

Industry has also to provide for a number of other needs. These are additional rate of return on capital and reserves (commensurate with the gap between the market rate of return and the minimum rate of return allowed in the bonus formula), finances for repayment of short-term and long-term borrowings, provision for gratuity, reserves for contingencies and strengthening the enterprises generally, replacement, modernisation and obsolescence. These are no doubt the basic needs of industry and it should be left with adequate funds to cover them over time.

According to the study made by the Council, the net balance with industries after deducting from gross profits the prior charges as defined under the Payment of Bonus Act, was negative and that this negative balance increased from Rs. 2.70 crores in 1964 to Rs. 24.70 crores in 1968. It stood at Rs. 13.31 crores in 1970. The balance varied from one industry to another. The cotton textile industry is the worst affected but plantations, iron and steel, engineering and cement industries are no better. It has also been submitted that although the minimum bonus in terms of percentage has remained the same, in absolute terms it has gone up substantially. For instance, in the case of the cotton textile industry in Bombay, it has gone up from Rs. 96 in 1965 to Rs. 136 in 1971. In West Bengal, the wages of unskilled workers in an engineering industry rose from Rs. 107.60 in 1965 to Rs. 215 in 1971. The quantum of bonus has also automatically shot up.

The Council has summed up its case against any rise in the minimum bonus thus: "The scheme incorporated in the Payment of Bonus Act, 1965 with its specified percentages affords the largest common ground for agreement despite certain unpalatable aspects to both industry and labour. The Act has not had a fair trial due to recession and cost inflation in India so far. The absolute amount of bonus a worker has increased and will increase once profits increase, without raising the minimum level; whereas the floor would affect adversely industries in both public and private sectors as well as employment creation in the economy as a whole. In the light of these considerations the Council submits that raising the minimum above the present level of 4 per cent of total wages is entirely unjustified and uncalled for".

Whatever be the employers' stand and however reasonable and logical it may be from their own angle, if the present thinking at different levels is any indication, the management seems to have lost its case. It may well be prepared to pay a minimum bonus of 8.33 per cent if the Bonus Review Committee so recommends in its interim report. The only point that now baffles the Review Committee is the problem of marginal units including some of the sick units taken over and run under the employment relief scheme by the Government.

Erratic Fluctuations in Shares : Turnover Restricted

THE stock markets have displayed a slightly steadier tendency this past week. With both bulls and bears inclined to adopt a wait-and-see attitude, trading has been characterised by restricted turnover and somewhat erratic fluctuations. Bear covering, replacement buying and drying up of offerings at lower levels have made for a rally which, however, could not be sustained due to the lack of follow-up support and emergence of tired bull liquidation at higher levels. Reflecting the indecisive mood of the markets, the price pattern over the week-end has made a mixed showing with gains far outnumbering the losses. Technical considerations alone can produce a fairly good recovery as the preceding decline has been substantial and long drawn out. With considerable institutional buying in selected counters, floating stocks have dwindled further.

But the steadier tone is not due merely to technical factors. The week's news has generally been favourable. The week began with the calling off of the 12-day-old cement workers' strike. The joint communiqué issued after the conclusion of the Indo-Pakistani official level talks in New Delhi, which at one time appeared to have run into serious difficulties, has reaffirmed the determination of both sides to implement the provisions of the Simla agreement in letter and spirit for the establishment of a durable peace in the sub-continent. Pakistan's decision to recognise the new line of control in Jammu and Kashmir has been welcomed by the stock exchange community.

Reports from New Delhi have been a little more favourable in that there are indications of a softening of the Government's attitude towards big business in order to bring about increased production in the industrial sector. Export-oriented units are to be freed from restrictions on expansion and creation of new capacities. The Central Minister for Industrial Development, Mr. C. Subramaniam, has stated that larger units will not, by and large, be debarred from applying for expansion and creation of new capacities. The continuing pres-

sure on prices seems to have persuaded the Government to modify its radical postures to achieve a faster rate of industrial growth through a more helpful policy towards large industrial houses who alone are in a position to deliver the goods more quickly. The general atmosphere, however, remains charged with many uncertainties. The stock market seems inclined to the view that compulsions of the economic situation, which has been complicated by the setback in agricultural production due to the partial failure of *kharif* crops, will force the Government to adopt a more pragmatic approach to economic issues. Such a change is bound to have a favourable impact on equities. It is the uncertainty about official economic policies which is holding the stock market under check. The corporate news continues to be fairly encouraging and a number of industries are now faring better than before. Even the sick cotton mills are now making profit.

Gilt-edged securities have received selective support this past week, although prices have remained quietly steady. The 3 per cent Conversion loan 1985 has been quoted at Rs. 60. The State Government loans have received selective support. Turnover has remained restricted.

The Calcutta stock market has shown a steadier trend this past week. The undertone has been helped by the issue of a joint statement on recent New Delhi talks between the Indian and Pakistani delegations, the end of the Class IV employees' strike of the Reserve Bank and that of cement workers. Among engineering shares, Guest Keen Williams have been easier but Indian Standard Wagon, Burn and Braithwaite have been steadier. Among jute shares, Reliance, Agapara and Birla have been maintained. Among coal shares, Western Bengal and Bengal have been steady. Among paper shares, Titagur and Tribeni Tissues have improved while Orient have reacted. Among miscellaneous shares, Hindustan Aluminium, Union Carbide, Zuari Agro-Chem and Brooke Bond have been supported. Among tea shares, Teng-

pani, Rydak and Tezpor have been done.

Lethargic conditions have prevailed on Dalal Street during the past week. The undertone has generally been steadier. Despite stale liquidation on the rise, equity prices have shown small widespread gains over the week. Turnover has continued to be restricted and activity has been mainly professional in nature. Buyers are still inclined to be very cautious, but there is increasing reluctance to liquidate investments at the prevailing low levels. Steady institutional support for select shares has had a salutary effect on sentiment which has been aided by the generally favourable corporate news. Cotton mill shares have ruled distinctly steadier because of the improving fortune of the industry with an abundant supply of raw material at cheap prices and the offtake of cloth and yarn remaining good. Even the sick mills run by the Government have started making profits. Rayons also have displayed a firmer tendency on steady support at setbacks. Offerings have been small. Steel shares have been rather subdued because of misgivings about the Government's policy. Engineering shares have registered small gains on fresh sup-

COMPANY REPORTS

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

Bharat Steel Tubes
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port at lower levels. Chemical shares also have fared slightly better with N.O.C.I.L., Gujarat Fertiliser and Synthetics and Chemicals meeting with good demand. Indian Organic have, however, suffered a sizable decline. Cement shares have turned steadier as the strike has been called off. Shipping shares have ruled steadier and so also paper shares. Tyre shares have kept quietly steady.

The Madras stock market has witnessed selective enquiry this past week, but trading has been essentially a dull and tame affair. Among planting shares, Manjushree and Peria Karamalai have met with demand but Cochin Malabar have been dull. Nelliampathy and Consolidated Coffee have, however, received some support. In the textile section, Madura Mills have attracted enquiries while Lakshmi Mills have been quiet. Mettur Beardsell and South India Viscose have gained. In the sugar section, Deccan and Cauvery Sugar have attracted interest but E.I.D. and Kothari Sugar have declined. In the miscellaneous section, Dalmia Cement and India Cement have been transacted. Aluminium Industries and Premier Fertilisers have changed hands. Bank shares have been firm. Indian Overseas Bank have been supported.

Progress of Goodyear India: Production Capacity Doubled

AT the annual general meeting of the Goodyear India Ltd, Mr. Parks Chrestman, Managing Director, said that the Company was able to achieve an 11 per cent increase over its 1970 sales. (A fuller version of the statement was published in last week's issue of *Capital*.) Although production suffered due to an acute power shortage during the first half of the year, there was an improvement during the second half of the Company's operations. Goodyear India has commissioned its new plant for bicycle tyres and tubes in July and the new automotive tyres and tubes plant in September. The commissioning of these two new plants, Mr. Chrestman said, now doubles the Company's production capacity. Goodyear India has submitted its application for expanding the tyre production capacity by another 250,000 tyres a year. Due to the shortage of V-belts, certain difficulties are being faced. Acting on the letter of intent for flat belting and

V-belts granted to it, it has submitted an application to the Government for capital goods. Since tyre technology is ever changing, Mr. Chrestman said that "tyre we build in the 80's will differ even more radically from those we are building today, as today's tyre's differ from those we built in the 60's."

Mr. Chrestman referred to pioneering research and developmental work being done by Goodyear in the U.S.A. and Luxembourg. The expertise of over 4,000 scientists, engineers and technical specialists employed there was available to all the Goodyear associate companies, on payment of service fee, he said. In India at the Ballabgarh factory, he pointed out, developmental work has led to import substitution and a portion of capital equipment for the recent expansion of the tyre plants has been fabricated. Mr. Chrestman welcomed the Government of India's proposal for extensive expenditures

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	24/40—24/40—24/25—24/25—
(22/35)	
Burrakur Coal	4/56—4/56—4/31—4/31—
(9/81)	
Dunlop India	27/25—27/35—26/90—26/90—
(34/00)	
Guest, Keen, Williams	32/65—32/65—32/20—
32/55—(36/90)	
Hindustan Motors	7/65—7/70—7/50—7/55—
(9/10)	
Indian Aluminium	31/20—31/75—31/15—
31/55—(34/45)	
Indian Cable	21/20—21/60—21/20—21/50
Indian Iron	6/35—6/50—6/25—6/35—(9/60)
Indian Copper	2/48—2/59—2/46—2/48—
(3/68)	
Jaipur Udyog	8/70—9/00—8/70—8/95—
(9/20)	
Jayashree Tea & Industries	15/06—15/19—
15/00—15/12 x.d.—(14/44)	
Kesoram Industries	18/60—18/60—18/05—
18/20—(13/80)	
Orient Paper	33/85—33/85—33/30—33/50—
(33/10)	
Orissa Cement	18/00—18/50—17/80—18/40—
(15/70)	
Rohas Industries	3/95—3/95—3/90—3/90—
(5/10)	
Textile Machinery	8/20—8/30—8/00—8/30—
(10/25)	

on science and technology and offered to assist and associate with fundamental research and development programmes in the field of tyres. Referring to export obligations, he drew attention to the rapidly shrinking world markets for tyres and made a fervent appeal for the restoration of cuts in duty drawback rates and increased cash subsidy.

REINSURANCE CORPORATION

All-round Progress

THE gross premium income of India Reinsurance Corporation for the year ended December 1971 in all departments was Rs. 26.6 crores, against Rs. 22.97 crores in the previous year. After processing this premium and after fulfilling the statutory and other retrocession obligations to companies, the Corporation wrote a total net premium of Rs. 12.98 crores, against Rs. 10.86 crores in 1970. The total departmental reserves in respect of fire, marine and miscellaneous business totalled Rs. 8.19 crores, against Rs. 6.72 crores in the previous year, thus showing an increase of Rs. 1.47 crores. The total funds of the Corporation (including capital) as at 31st December, 1971, stood at Rs. 11.76 crores, against Rs. 9.45 crores in the previous year.

The fire department's gross premium amounted to Rs. 14.40 crores. The net premium written in this department was Rs. 4.74 crores, (against Rs. 4.36 crores). Net claims paid and outstanding amounted to Rs. 1.78 crores (against Rs. 1.96 crores). The marine department's gross premium amounted to Rs. 6.21 crores. The net premium in this department was Rs. 3.41 crores (against Rs. 2.59 crores). Net claims paid and outstanding amounted to Rs. 2.01 crores (against Rs. 1.64 crores). The miscellaneous department's gross premium amounted to Rs. 6 crores. The net premium in this department was Rs. 4.84 crores (against Rs. 3.91 crores). Net claims paid and outstanding amounted to Rs. 2.69 crores (against Rs. 2.26 crores).

The year's trading resulted in a net profit of Rs. 1.08 crores which is transferred to the general reserve account, against Rs. 95.15 lakhs in the previous year. The directors have recommended a dividend of Rs. 125 a share, the same as for the previous year, subject to deduction of tax, being 25 per cent on the paid-up value of the shares. The

dividend is proposed to be paid out of general reserve.

INDIAN STEEL AND WIRE

Results Improve

THE Indian Steel and Wire Products Ltd has done well during the year ended March 1972. Sales are up from Rs. 4.91 crores to Rs. 5.70 crores and the pre-tax profit has risen from Rs. 86.06 lakhs to Rs. 87.68 lakhs, after providing Rs. 13.95 lakhs (against Rs. 16.23 lakhs) for depreciation. A taxable ordinary dividend of 20 per cent has been maintained. This offers a yield of 7.6 per cent at the present price of Rs. 26.44 a share of Rs. 10 each. Allocations include Rs. 55.50 lakhs (against Rs. 48.75 lakhs) for taxation and Rs. 8,245 (against Rs. 1.82 lakhs) for development rebate. After making other adjustments, there is a balance of Rs. 31.50 lakhs which is transferred to general reserve.

JAY ENGINEERING

Rise in Profit

ADDRESSING the annual general meeting of the Jay Engineering Works Ltd recently held in Calcutta, the chairman, Mr. Charat Ram, said that the Company had made a gross profit of Rs. 1.05 crores which was higher than the profit made in any previous year. (A fuller version of the speech appeared in last week's issue of *Capital*.) The chairman said that the profit was still inadequate and had not yet reached even the level where a reasonable return could be paid to equity shareholders. He said that operations in the sewing machine factory in Calcutta had resulted in a substantial loss during the year. Being a high cost unit, it cannot compete with machines produced in the small industry sector. On the other hand, the Company's costs are steadily going up as a result of wage increases, Government levies and general inflation. These can neither be recovered by a commensurate increase in prices nor can they be absorbed by increased production. The Company's operations at the Hyderabad and Agra units are making good progress. The Company is regarded as a dominant undertaking which would ordinarily be considered to be an accomplishment of some distinction, but in fact it tends to be a hindrance rather than a help to the growth of the Company. In this context, the chairman pointed out the non-availability of bank finance

and also of manufacturing licences for various products.

MUKAND IRON

Joint Ventures

IN his chairman's statement for the year 1971-72, Mr. Viren J. Shah said that Mukand Iron and Steel Works Ltd had acquired a certain degree of competence and capacity over the years to set up or assist in establishing new industrial ventures in diverse fields by sharing its experience and expertise with others in India and abroad. (A fuller version of the chairman's statement was published in last week's issue of *Capital*.) The Company has already made progress in establishing a steel foundry in Malaysia in collaboration with a Malaysian company and the local State Development Corporation. Similarly, in India it has enabled Polysteels (India) Ltd in Bhavnagar to set up a mini steel plant which has gone into production and is maintaining satisfactory progress. Some other proposals for such collaboration in India are under active consideration.

The Company has welcomed the Government's decision to promote the development of the joint sector by permitting private-sector companies to set up industrial projects in collaboration with State Governments. It

is exploring the possibility of establishing joint-sector projects in steel making and allied engineering fields. As a big industrial complex having social responsibility, Mukand Iron has worked out a programme of assistance to promote widespread entrepreneurial activities. As a result, nearly 150 factories in the Greater Bombay area and the Thana Belapur belt have benefited.

UNION JUTE

Profit Earned

ALTHOUGH the general conditions prevailing in the jute industry in India have been very favourable during the past year, the results of Union Jute Co. Ltd for the year ended March 1972 have not been as satisfactory as it was expected. This was partly due to the fact that about 20 per cent of the Company's yarn production had to be sold in the local market and partly to serious labour trouble which results in a huge loss of production. The labour trouble originated from inter-union rivalry leading to serious rioting within the mill premises and the consequent closure of the mill for six months. Frequent load shedding was yet another adverse factor. The loss of production amounted to a little over 1,300 tonnes. But for these adverse developments, the results would have been much better. Sales have improved from

BHARAT STEEL TUBES : SALES RISE

SALES of Bharat Steel Tubes Ltd for the year ended March 1972 have improved from Rs. 9.06 crores to Rs. 11.57 crores but the profit has declined from Rs. 64.31 lakhs to Rs. 27.31 lakhs, after providing Rs. 30.35 lakhs (against Rs. 28.50 lakhs) for depreciation, Rs. 34 lakhs (against Rs. 98 lakhs) for taxation and Rs. 1.52 lakhs (against Rs. 29,000) for development rebate reserve. A taxable ordinary dividend of 12 per cent has been declared, against the previous year's 10 per cent, absorbing Rs. 16.20 lakhs. This offers a yield of 4.4 per cent at the present price of Rs. 27 a share of Rs. 10 each. If the profit has declined despite an improvement in production and sales, it is mainly because of a higher allocation of high cost imported steel and a step-up in the prices of indigenous steel.

The licensed capacity for steel pipes and tubes has been confirmed

by the Government at 144,000 tonnes a year. The pipework engineering division, which was set up in the previous year to undertake complete designing, supply, fabrication and erection of pipework required for various types of industries, has done well. The Company earned foreign exchange to the tune of Rs. 1.18 crores. The Company has again been granted a certificate of export recognition by the Engineering Export Promotion Council for outstanding export performance during the year 1970-71. The scheme with regard to the proposed strip mill project, for which the Company has been granted a letter of intent, is being revised. On account of an increase in the cost of equipment, Customs duty and other expenses, the estimated project cost has gone up substantially—from Rs. 16.5 crores to Rs. 22.5 crores.

CAPITAL, 7th SEPTEMBER, 1972

CAPITAL, 7th SEPTEMBER, 1972

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Rs. 2.64 crores to Rs. 3.65 crores and the Company has earned a profit of Rs. 2.72 lakhs, against a loss of Rs. 22.15 lakhs, after providing Rs. 7.30 lakhs (against Rs. 6.59 lakhs) for depreciation. The dividend has been skipped. After making other adjustments, the debit balance of Rs. 34.63 lakhs has been reduced to Rs. 32.20 lakhs.

INDO-SOLEX

Share Offer

INDO-SOLEX is offering 115,000 equity shares of Rs. 10 each for public subscription at par to raise part of the funds for its project for the manufacture of fatty acids and glycerine. The list will open on 11th September. The Company has been licensed to produce annually 165 tonnes of glycerine, 2,200 tonnes of fatty acids and 200 tonnes of stearic acids. The plant which is being set up near Delhi is expected to commence commercial production in November 1972. The project is estimated to cost Rs. 39 lakhs to be met by the share capital of Rs. 18.50 lakhs, a loan of Rs. 19 lakhs from the Haryana Financial Corporation and other borrowings. The Company expects to have an annual turnover of about Rs. 1.15 crores and an operating profit of Rs. 14 lakhs on full production expected to be reached in 1973-74. The directors hope to be able to pay a maiden dividend of 10 per cent for 1973-74.

BISRA STONE

Loss Incurred

THE Bisra Stone Lime Co. Ltd has incurred a net loss of Rs. 2.99 lakhs for the year ended March 1972, after providing Rs. 14.37 lakhs (against Rs. 16.75 lakhs) for depreciation, Rs. 19.87 lakhs for voluntary retirement compensation, Rs. 3.95 lakhs for bonus in respect of the previous year and Rs. 11,991 (against Rs. 4.45 lakhs) for statutory development rebate reserve and after transferring Rs. 1.93 lakhs from statutory development rebate reserve and Rs. 1.22 lakhs being provision for taxation written back. In view of the loss sustained by the Company the dividend has been skipped. A sum of Rs. 2.99 lakhs has been transferred from general reserve to wipe out the entire loss. The total output of limestone fell from 1,278,380 tonnes to 1,104,367 tonnes. Despatches also declined from 1,219,491 tonnes to 1,110,113 tonnes. The total production of dolomite rose from 545,794

tonnes to 551,922 tonnes. Despatches also increased from 523,736 tonnes to 542,433 tonnes.

POYSHA INDUSTRIAL

Sales Up but Profit Down

DESPITE an increase of about 13 per cent in net sales from Rs. 6.22 crores to Rs. 7.04 crores, the gross profit made by Poysha Industrial during the year ended March 1972 is a little lower at Rs. 52.15 lakhs, against Rs. 54.26 lakhs in the previous year. The dividend has been kept unchanged at 10 per cent. The rise in turnover is attributed to the hike in selling prices resulting from the upward revision in prices of tin plate rather than increased production. Margins are stated to have been squeezed by the enhanced wage bill, persistent increases in the prices of tin plates and their inadequate and irregular supply from Hindustan Steel. The Company's new factory in Cochin is in full production. The Government has sanctioned additional capacities in Thana, Ghaziabad and Cochin. The management is going ahead with the establishment of new units in Calcutta and Madras.

EUROKOTE

Shares Well Received

THE public issue of Eurokote (India) for Rs. 42.99 lakhs comprising 279,930 equity shares of Rs. 10 each and 15,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each at par has received good response. The Company is setting up a Rs. 1.80-crore project in Vapi (Gujarat), the first of its kind in the country, for the manufacture of 3,000 tonnes of high gloss cast coated paper and boards a year. The collaborators are Messrs Sarrio Compania Papelera De Leiza, S. A. Spain. The management hopes to declare a maiden equity dividend of 10 per cent for the second year of its production, namely, 1975.

INSOV AUTO

New Venture

INSOV Auto Ltd was incorporated with the Registrar of Joint Stock Companies, Calcutta, on 4th July, 1970. A group of middle-class progressive entrepreneurs have ventured to set up a project for the manufacture of light commercial vehicles of the type for which there will be enough demand in the country for the movement of agricultural pro-

LARSEN AND TOUBRO : BRIGHT PROSPECTS

LARSEN and Toubro, which did exceedingly well during the year ended March 1972, earning a record profit of Rs. 3.31 crores on a turnover of Rs. 30.87 crores, against Rs. 2.52 crores on a turnover of Rs. 28.78 crores in 1970-71, expects to show still better results this year. Production and sales are running well above the previous year's levels. Production in the first five months of the current year is valued at Rs. 5.63 crores, against Rs. 4.88 crores in the same period last year. It has a record order-book position of Rs. 15.8 crores, against Rs. 11.9 crores during the corresponding period of 1971-72. If all goes well, production is expected to be 10 per cent higher than in 1971-72. Sales during the first five months are placed at Rs. 8.73 crores, against Rs. 8.52 crores during April-August 1971.

The chairman, Mr. H. Holck-Larsen, told the shareholders

annual meeting the other day that the new shares allotted to the erstwhile Canara Bank Ltd, following its merger with Larsen and Toubro, will rank for dividend for the full year, against six months in the preceding year. He expressed the hope that the Company would be able to maintain the dividend at 14 per cent for the current year. The Company will, however, continue its present practice of a high plough-back of profits into business because of the inflation and uncertain economic conditions. Replying to shareholders' queries, the chairman indicated the possibility of a bonus issue in the not-too-distant future. The Company is awaiting the Government's approval of its proposed acquisition of UTMAL shares on cash payment. The total shareholding of the L.I.C., Unit Trust, nationalised banks and the nationalised insurance companies works out to 27.9 per cent of the Company's total equity capital.

ducts and foodgrains. It has been possible to arrange technical collaboration with the U.S.S.R. in setting up a big project of this nature. A letter of intent was issued to the Company in November 1970 for setting up a manufacturing plant in Uttar Pradesh.

The project envisages the manufacture of light commercial vehicles in the first stage turnover of 12,000 numbers. The vehicles, after assembly, from S.K.D. and C.K.D. components, imported and indigenous, are expected to roll out from the plant in the last quarter of 1973 or 1st quarter of 1974. The manufacturing programme

proposes to bring down the quantum of import to 5 per cent and the target of 12,000 vehicles a year is expected to be achieved by 1978. The total capital outlay of the project will be approximately Rs. 16 crores.

I.D.B.I.

Issue of Bonds

THE Industrial Development Bank of India (I.D.B.I.) has now issued a second series of bonds of the aggregate value of Rs. 15 crores, bearing interest at 5½ per cent a year and redeemable at par after 12 years, that is, in August 1984. The bonds are in

the denominations of Rs. 1,000, Rs. 5,000, Rs. 10,000, Rs. 25,000 and Rs. 1,00,000, or in multiples of Rs. 1,000. The I.D.B.I., it will be recalled, issued the first series of bonds for Rs. 11.50 crores on 20th March, 1972, which was fully subscribed on the very day of its issue. The issue of the second series of bonds will augment the I.D.B.I.'s resources and will enable it to meet the increasing requirement of assistance by industry.

WELLMAN INCANDESCENT

Good Prospects

ADDRESSING the annual general meeting of Wellman Incandescent India Ltd, Mr. B. P. Ray, chairman, said that the note of "quiet optimism" which he sounded at the last meeting was well founded. But it must be tempered somewhat in regard to profitability. As the year 1971-72 progressed, production and material costs rose and eroded the estimated gross margin. Nevertheless, the chairman feels that the Company made a good recovery. He drew attention to certain aspects in the accounts. The contingent liability of Rs. 106,323 which was made in respect of sales tax for the year 1965 was under appeal. The Company has been successful in winning the appeal and this sum can, therefore, be deleted from the accounts as a contingent liability. For the first time, the Company has made provision for retirement gratuity. It has been able to write off 20 per cent of the miscellaneous expenses incurred in the original share capital issue expenses, including brokerage and reimbursement of development expenses.

The Company for the purpose of income-tax was able to set off the losses in 1970-71, against the profit of 1971-72. This resulted in a lower provision for tax. For 1972-73, a considerably higher provision will have to be made. Strict attention has been given to the control of expenditure. Despite a very sizable increase in turnover, many items of expenditure have remained fairly constant from the cost aspect and in some cases have been reduced. The order book position for 1972-73 is full and barring unforeseen developments, a reasonable profit is assured. Although competition has increased the Company is more than holding its share of the market and substantial orders have already been taken for furnaces and ovens for delivery in 1973-74. The chairman is confident that the demand for the Company's products will continue to grow.

COMMODITIES

Go-slow by Bargemen Badly Affects Jute Goods Exports

BESET with a plethora of problems, the Indian jute industry seems to be fast reaching its nadir. It suffers from a convulsion whenever something goes wrong somewhere. For example, the suspension of bank clearing because of the recent strike by Class IV employees of the Reserve Bank of India not only brought trading to a grinding halt but hampered its manufacturing and seasonal procurement operations. In fact, up-country fibre purchases were completely stalled due to the suspension of bank remittances.

The current agitation by bargemen—the third in succession in the course of two years—engaged by the operators of the lighterage fleet has brought export shipments virtually to a standstill. The work-to-rule during the daylight hours in the bore tide season—when midstream loading and unloading operations have, of necessity, to be restricted to ebbside hours only—around the end of the month has reduced the volume of shipments, for most of the outward-bound vessels have left the port without taking a full load of export cargo. This avoidable loss of bottom space not only tarnishes the reputation of the port but also the image of the jute mills on either bank of the Hooghly among their overseas consumers.

Organised labour continues to be pursuing their go-slow tactics and are complaining that some units in the industry have violated the tripartite agreement of May last. There have been some total lay-offs, although for short periods, due to the intervention of the State Labour Directorate. A fresh proposal by the management for revision of the piece rates was interpreted by some unions as an attempt to enhance the workload without conceding a commensurate increase in wages. Failing an accord on the issue at a recent bipartite meeting, the matter was referred to the next week's meeting between the I.J.M.A. and trade union representatives.

Frequent load-shedding by the Calcutta Electric Supply Corporation, causing a breakdown of planned production, is an oft-discussed topic which hardly needs any repetition. Having failed to resolve it the State Govern-

ment has at least permitted some 40 industrial units with captive generating sets to operate the installations for covering the shortfall in their energy supplies. In view of the heavy power consumption by jute mills, the tiny captive sets held by only a few are hardly able to meet the shortfall. The lean ready availability of plants of the requisite power-range, as also fuel, besides the dearth of resources for setting up such standby plants, rule out the possibility of the jute industry deriving any relief out of the latest relaxation of restrictions on the operations of captive sets.

No Fiscal Relief Yet

It is disappointing that the Government of India has not yet taken any decision on the recommendation of a number of joint industry-Government trade delegations, including the recent five-man team to north America and the Continent and the F.I.C.C.I. delegation to Australia, for the outright abolition, or at least a substantial scaling down, of the prohibitive export duties which have been making Indian jute goods dearer in the export markets. Meanwhile, the industry in Bangladesh has not only rehabilitated itself from the shambles to which it had been reduced during the freedom struggle, but it has also been thinking of expanding its annual rated capacity of about 600,000 tons. The short in arm provided by the existence of export duties on Indian jute goods, has helped Dacca in procuring substantial business on extended delivery schedules. Encouraged by the phenomenal recovery and the monthly export of some 45,000 tons during July and August, the Bangladesh Jute Corporation has decided to set a seasonal export target of 500,000 tons worth some 175 crore takas for the current season.

Shortage of Raw Jute

Notwithstanding some crop losses due to the drought and floods and the slow pace of restoration of road, rail and river service links, particularly with the northern and western parts of the country, Dacca has hardly been experiencing any difficulty in meeting the fibre needs of the industry. But

the problem has turned out to be rather intractable for India. The extraordinary drought conditions, extending up to second week of June in some areas, have caused an estimated crop loss of some 1 million bales. Aware of the magnitude of the problem, the Government proposes to import the requisite quantity at a cost of some Rs. 30 crores. But it seems rather strange that beyond the assurance of a supply of some Rs. 3-crore worth of jute against the Indo-Bangladesh trade pact and an expression of the Government's interest in fibre imports, New Delhi has not taken any active step in the matter so far. The earlier indication of an available export surplus of 3.5 million bales from Bangladesh is likely to be reduced following the Government's decision to expand the industry. So, industry circles in Calcutta seem worried over the uncertain fibre supply situation and fear that a scramble for fibre, developing later this season in Bangladesh and Thailand, will take prices to dizzy heights, making it difficult for the Indian industry to procure its bare minimum requirements. These problems should be tackled urgently by the Government.

Jute Goods Exports Rise

Destinationwise export figures for 1971-72 season reveal an increase of 139,000 tonnes over the previous season's total to 792,100 tonnes. The improvement has mainly been ascribed to the virtual absence of the former East Pakistan from the world markets in the wake of the developments in Bangladesh. While carpet-backing cloth exports registered a maximum increase of 63,000 tonnes over 1970-71 to 252,900 tonnes in 1971-72, sacking rose by 43,800 tonnes to 149,200 tonnes, other goods, including speciality products, by 17,200 tonnes to 74,000 tonnes and hessian by 15,000 tonnes to 315,600 tonnes.

The U.K. absorbed 13,400 tonnes, against 8,000 tonnes of hessian, 2,400 tonnes, against 1,200 tonnes of other goods, 1,300 tonnes, against 100 tonnes of sacking and 1,000 tonnes, against 800 tonnes of carpet-backing cloth, making a total of 18,100 tonnes, against 10,100 tonnes. In spite of the serious encroachment by synthetics in the sphere of carpet-backing cloth, the U.S.A. increased its offtake of the construction by 47,800 tonnes over the 1970-71 level to 200,900 tonnes, Canada came next with 12,800 tonnes, against 12,700 tonnes, the Far East 9,400 tonnes, against 4,300 tonnes, Australia 9,000 tonnes, against 7,900 tonnes, the rest of eastern Europe 8,100 tonnes,

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against 4,800 tonnes and New Zealand 4,800 tonnes, against 1,800 tonnes.

The hessian offtake by the U.S.A. rose by 19,900 tonnes to 91,900 tonnes, the rest of western Europe by 5,700 tonnes to 13,000 tonnes, the U.K. by 5,400 tonnes to 13,400 tonnes, the rest of America by 2,300 tonnes to 7,500 tonnes, and Canada by 2,200 tonnes to 26,600 tonnes, while Russia reduced its offtake by 7,200 tonnes to 71,500 tonnes, the rest of eastern Europe by 7,400 tonnes to 19,700 tonnes, Australia by 7,000 tonnes to 13,700 tonnes and Africa by 800 tonnes to 30,100 tonnes and others by an even quantity to 11,100 tonnes.

In respect of sacking, Africa emerged as the most important market for India by stepping up its intake by 20,500 tonnes to 76,000 tonnes (against 26,300 tonnes in 1969-70), the Far East by 12,000 tonnes to 12,800 tonnes, New Zealand by 10,300 tonnes to 11,000 tonnes, the rest of America by 9,600 tonnes to 10,300 tonnes, the rest of eastern Europe by 3,600 tonnes to 5,500 tonnes and the rest of western Europe by 2,200 tonnes to 4,400 tonnes, whereas shipments to Russia shrank by 16,000 tonnes to 16,800 tonnes. As for other goods, the U.S.A. increased its imports by 10,100 tonnes to 53,600 tonnes and the rest of eastern Europe by 5,000 tonnes to 10,800 tonnes, while other markets absorbed 10,000 tonnes, against 7,900 tonnes.

Gunnies Turn Steady

Trading was devoid of interest in the Calcutta gunny market during the past week due to the virtual lack of enquiries and fresh business of a long-term seasonal nature. A spate of bearish factors like the prolonged suspension of cheque clearance operations, the work-to-rule by bargemen operating the lighterage fleet mid-stream and intermittent load-shedding, caused an erosion of interest among both overseas and major internal consumers. Even Government and semi-Government agencies reduced their bookings and offtake. Considering the prevailing prices to be rather on the high side, the cement and seasonal manufacturing industries like sugar hardly evinced any interest in booking their requirements on an extended delivery schedule. The lingering hopes of substantial duty-reliefs also induced overseas consumers to pause for a while. Meanwhile, they extended greater support to Bangladesh. Both mills and operators in Calcutta had been experiencing an acute paucity of funds. The overriding consideration of

squaring-up long positions in August accounts on the eve of the due date induced them to enter the market as keen sellers, further accentuating the price recession. Lower advices from the fibre market acted as an additional damper on sentiment. Because of the weakness of the bulls, bears resorted to short-selling, cautiously covering their open position at the dips. By the week-end, the market seemed to have regained its poise, following the elimination of the weaker bulls and the clearance of a lot of market loan. Mills turned cautious refusing to extend their commitments except at rising prices, while shorts rushed to cover their end-August outstanding positions briskly, thus helping an appreciable reversal of the trend. Besides, Egypt was said to have booked some deals on an extended delivery range, while the renewal of the trade pact with Sudan paved the way for an increase in the offtake of jute goods by that country. The reported strike in the Adamjee Jute Mills in Dacca, the largest unit in Asia, was an additional stimulant. The continued non-clearance of cargo with the resultant rise in stocks, blocking the industry's already lean resources, caused an acute financial strain and impeded manufacturing operations. In the hedge market, B Twills for November delivery suffered a moderate setback earlier in the week on tired long liquidation and some extent of bear-selling in the wake of easier advices from the spot market. But fluctuations, turnover and prices moved within the ranges prescribed by the Forward Markets Commission. Around the close, there was a revival of interest on short-covering. Turnover was small in the spot market and moderate in the hedge market. The closing undertone was about steady.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.	Oct.- Dec.
40in. 7½oz.	72.50	74.75	74.00
40in. 8oz.	83.00	—	—
40in. 10oz	97.50	96.00	95.00
B Twills	246.75	248.50	250.00
Heavy Cees	246.75	248.50	250.00
Cornsacks	—	—	—
A Twills (U.S.)	322.00	323.00	323.00
Liverpools	306.00	307.00	308.00

Fibre Quiet

After ruling somewhat steady earlier during the week on higher advices from the upcountry agencies and a shortage in the offers of selected grade fibre in which buyers were mostly interested, the raw jute market gradually turned quiet during the past week. The post-midweek

easiness was attributed mainly to the paucity of cash resources both in the upcountry markets and with the local trade, following the non-clearance of cheques for three weeks in Calcutta and in the interior as well. The many adverse factors, affecting booking and offtake of the end-products, demoralised the industry and the fibre market operators, inducing them to scale down their fibre procurement operations, taking a seasonal decline in the output of jute goods, and so in raw jute consumption, for granted. With the gradual clearance of some weak holders in the countryside, others turned reserved, refusing to part with their stocks in expectation of a further spurt in prices, following an early revision of the statutory minimum price for fibre. Dealers in Calcutta, on the other hand, were unable to reduce their offers below the dips, for agency rates were ruling much above Calcutta parity levels. In the absence of any worthwhile support from the industry and the trade in Calcutta, turnover was more or less of an end-of-month, squaring up nature and confined mainly to selected grade fibres. The closing undertone was cautious.

Latest available quotations (in rupees) were as follows:

	September-October		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-			
Agartala	155.40	144.68	54.00
Northern Jute	150.04	139.32	52.00
Western Desal			
Jute	142.00	131.28	49.00
Selected			
Daissee	163.43	152.72	57.00
Assam-Agartala			
Tossa	160.75	150.04	56.00
Mesta :			
Assam Mesta	139.32	128.60	48.00
Selected Daissee			
Murshidabad	133.96	123.24	46.00
Bihar Dist.	119.23	108.51	40.50

TEA

Good General Demand

A Special Correspondent writes: The offerings at last week's tea auction in Calcutta amounted to 67,164 packages for which there was a good general demand. Plain C.T.C. teas sold at fully firm rates while medium broken and fannings were firm but the better descriptions were easier, especially fannings grades. Plain orthodox teas were firm while Assam broken were steady. Fannings in these categories declined, particularly the best liquoring kinds. Whole-leaf grades were an irregular feature while there was more demand for tippy teas which sold well.

Company Meeting :

POYSHA INDUSTRIAL COMPANY LIMITED

SUMMARY OF THE CHAIRMAN'S REVIEW FOR THE YEAR 1971-72

The total sales in 1971-72 for the entire group (Poysha, Kaira Can Company and Colrige) excluding excise, were Rs. 989.29 lakhs, as against Rs. 855.54 lakhs in the previous year. Of this, Poysha's sales excluding excise amounted to Rs. 704 lakhs, an increase of Rs. 52.30 lakhs over the last year's sales.

The Cochin Factory has started production in its new building. Of the proposed new units at Calcutta and Madras, the one at Calcutta will be set up first.

Sanction has been received from the Government for increasing the production of dry battery-cell metal jackets and components to 40 million, 40 million and 150 million per annum respectively, in the existing units at Thana, Ghaziabad and Cochin. The licensed capacity of Colrige has been increased from 13.2 million aluminium collapsible and rigid tubes per annum to 75 million on the basis of maximum utilisation of plant and machinery. Substantial expansion (from 15 million cans to 20 million cans per annum) has been sanctioned to the Kaira Can Company.

Our collaboration with American Can Company of New York, the world's largest can manufacturer will become a practical reality in the next two or three months. This collaboration will mark a turning point in the technique of can manufacture in India and will benefit the food processing and food canning industries in India.

As in the previous years, the increases in the price of tinplate owing to successive levies and inadequacies and irregularities of supply were the two major problems. During the decade 1961 to 1972, the price of tinplate has increased by 130 per cent.

The corresponding increase in the price of non-metal packaging materials

like polythene and paperboard has been much lower. The exorbitant increase in the price of tinplate not only poses a serious threat to the very survival of the tin container industry by pricing it out of competitive existence, but also encourages the use of unsuitable packaging material which is likely to spoil or even ruin the product. On the other hand, an estimated 30% of the total production of fruits and vegetables grown in the country go to waste.

The main Indian supplier of tinplate is Hindustan Steel, a public-sector undertaking. Lack of expertise, indifferent management, continued labour troubles and ineffective control by Government all seem to contribute to create a situation which threatens to paralyse the engineering industry, if not the country's economy. This disappointing tale of a half decade is made worse by the fact that Hindustan Steel still works far below its capacity and its production is erratic and unpredictable. Out of a total order of 8,855 tonnes of tinplate, Poysha received only about 3,020 tonnes in irregular and piecemeal consignments. The plight of the can manufacturer can very well be imagined.

It is also very disappointing to note that India lags behind many developing countries in the production of tinplate. To cite an example, India produced 68,000 tonnes in 1950 compared to Brazil's 37,000 tonnes but in 1969, India produced only 94,000 tonnes and Brazil, a staggering 224,000 tonnes! It is therefore not surprising at all that the per capita consumption of tinplate in India is a mere 0.6 lb., one of the lowest in the world.

M. R. RUIA
Chairman

Bombay: 31st August 1972.

This does not purport to be a report of the proceedings of the Annual General Meeting.

CAPITAL, 7th SEPTEMBER, 1972

COMPANY AND PUBLIC NOTICES

SIJUA (JHERRIAH) ELECTRIC SUPPLY CO. LTD.

AT a meeting of the Board of Directors held on the 25th August, 1972, the following final Dividend on the Ordinary Shares for the year ended 31st March, 1972, has been recommended for declaration at the Annual General Meeting to be held on 29th September, 1972, payable on or after the 13th October, 1972:

At the rate of Re. 1/- per share, subject to deduction of tax.

BY ORDER OF THE BOARD,
BIRD & CO. (PRIVATE) LTD.,
S. K. GHOSH
Managing Director.
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
25th August, 1972.

SIJUA (JHERRIAH) ELECTRIC SUPPLY CO. LTD.

THE Board of Directors of the Company at its meeting held on the 25th August, 1972 has declared an interim dividend on the Company's Ordinary Shares for the year ending 31st March, 1973, 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 13th October, 1972, to those members of the Company whose names shall be registered on its Share Register as on the 29th September, 1972. The Share Transfer Register shall be closed for the purpose from the 19th September, 1972 to 29th September, 1972, both days inclusive.

BY ORDER OF THE BOARD,
BIRD & CO. (PRIVATE) LTD.,
S. K. GHOSH
Managing Director.
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
The 25th August, 1972.

**SJUA (JHERRIAH) ELECTRIC
SUPPLY CO. LTD.**

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 29th September, 1972 for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1972, the Balance Sheet as at that date and the Directors' and Auditors' Report thereon.
2. To declare the Dividend recommended by the Directors.
3. To appoint Auditors and fix their remuneration.

The Register of Members of the Company will remain closed from the 19th September, 1972 to 29th September, 1972, both days inclusive.

BY ORDER OF THE BOARD,
A. BASU,
Director.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
26th August, 1972.

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 the 13th October, 1972 to those members so entitled whose names appear in the Company's Register of Members on the 29th September, 1972 or to their mandatees. No application for Dividend Warrants will be necessary.

**THE TITAGHUR PAPER MILLS
COMPANY LIMITED**

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 Friday, the 29th September, 1972, at 11.00 A.M. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1972, 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 place of those who retire by rotation.

The Registers of Members of the Company will be closed from 15th September, 1972 to 29th September, 1972, both days inclusive.

BY ORDER OF THE BOARD,
KANAK GHOSH,
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
The 30th August, 1972.

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, 1972 to those shareholders so entitled whose names appear in the Company's books on the 29th September, 1972 or to their Mandatees. No application for Dividend warrant will be necessary.

BIRDS INVESTMENTS LIMITED

Notice of Dividend Recommendation

THE Board of Directors of BIRDS INVESTMENTS LIMITED at a Meeting held on the 25th August, 1972, has decided to recommend to the forthcoming Annual General Meeting of the Members of the Company, the following Dividends, subject to deduction of tax:—

- (a) On the 5½% (Taxable) Cumulative Preference Shares—

Arrear dividends for the half year ended 30th September, 1969 and for two years ended

30th September, 1971 and for the half year ended 31st March, 1972 @ 4.426% per annum

- (b) On the Ordinary Shares @ 6% per annum

By Order of the Board
P. C. GANGULI
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta, 25th August, 1972.

MACNEILL & BARRY, LIMITED

NOTICE

NOTICE is hereby given that payment of the Interest for the half-year ending on 30th September, 1972 on the 7½% Debenture Stock, 1986 of the Company will be made on 3rd October, 1972, to those Stockholders whose names appear on the Company's Register on 1st October, 1972 or in accordance with their instructions.

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

2, Fairlie Place,
Calcutta-1,
5th September, 1972.

BIRDS INVESTMENTS LIMITED

NOTICE is hereby given that the Thirty-sixth Annual General Meeting of the Shareholders of the Company will be held at the Registered Office, Chartered Bank Buildings, Calcutta-1, at 11.00 A.M. on Friday, the 29th day of September, 1972, for the following purposes:—

1. To consider and approve the Audited Accounts of the Company for the half-year ended 31st March, 1972, and to receive the Directors' and Auditors' Reports thereon.
2. To declare dividends recommended by the Directors.
3. To appoint a Director in place of a retiring Director.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To appoint Mr. P. K. Ray Chowdhury, a Director of the Company, who vacates office 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, Mr. Ray Chowdhury having filed with the Company his consent to act as a Director, if appointed:

"RESOLVED that Mr. P. K. Ray Chowdhury be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement of Directors by rotation."

The Registers of Members of the Company will be closed from the 22nd September, 1972, to 29th September, 1972, both days inclusive.

By Order of the Board
P. C. GANGULI,
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta, 28th August, 1972

Notes: (a) A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote instead of himself. A proxy need not be a Member of the Company.

- (b) The Dividends, if declared, will be paid on or after 24th October, 1972, to those Members so entitled whose names appear in the Company's Registers of Members on the 29th September, 1972, or to their Mandatees. No application for Dividend Warrants will be necessary.

- (c) The relative explanatory statement is being sent to members.

**THE LAWRENCE INVESTMENT AND
PROPERTY CO. LTD.**

Notice of Dividend Recommendation

THE Board of Directors of The Lawrence Investment And Property Company Limited at a Meeting held on the 30th August, 1972, has decided to recommend to the forthcoming Annual General Meeting of the Mem-

bers of the Company, the following arrear Dividends on Preference Shares for one year ended 31st March, 1969, subject to deduction of tax:—

- (a) On the 7% Cumulative 'A' Preference Shares @ 9.10% per annum.
- (b) On the 5½% Cumulative 'B' Preference Shares @ 7.15% per annum.

BY ORDER OF THE BOARD
P. C. GANGULI
Secretary

Registered Office:
Chartered Bank Buildings,
Calcutta, the 30th August, 1972.

**THE LAWRENCE INVESTMENT AND
PROPERTY COMPANY LIMITED**

NOTICE

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 29th day of September, 1972, at 10.00 A.M. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1972, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.

2. To declare dividends recommended by the Directors.
3. To appoint Directors in place of retiring Directors.
4. To appoint Auditors and to fix their remuneration.

The Registers of Members of the Company will be closed from the 22nd September, 1972 to the 29th September, 1972, both days inclusive.

BY ORDER OF THE BOARD
THE LAWRENCE INVESTMENT AND
PROPERTY CO. LTD.
P. C. GANGULI,
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1, dated the 30th August, 1972

Notes: (a) A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A blank Form of Proxy is enclosed. It should be sent back to the Company not later than 48 hours before the Annual General Meeting.

- (b) The Dividends, if declared, will be paid on or after the 24th October, 1972, to those shareholders so entitled, whose names appear in the Company's Books on the 29th September, 1972, or to their mandatees. No application for Dividend Warrants will be necessary.

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Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %	Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %
	1970	1971				1970	1971		
			4-9-72						
CLEARED SECURITIES									
10 Birla Jute	9	11	24.25	4.5	10 Braithwaite	...	...	3.19	...
10 Burrakur Coal	12	5	4.31	11.6	10 Biecco Lawrie	Nil	Nil	10.62	...
10 Dunlop India	20	20	27.00	7.4	10 Bridge & Roof	2½	...	35.19	0.5
10 G. K. W.	16	20	32.55	6.1	100 Burn & Co.	Nil	...	55.00	...
10 Hind Motors	Nil	Nil	7.60	...	10 Cal Steel	5	10*	8.50	11.7
10 Howrah Jute	Nil	Nil	6.62	...	10 Hind Wire	10	10	16.00	6.3
10 Ind Aluminium	14	17	31.60	5.4	10 Ind St. Wagon	Nil	...	3.69	...
10 Indian Cable	2½	15	21.55	7.0	10 Industrial Cont	...	...	11.50	...
2 sh. Indian Copper	11.1	10.5*	2.55	7.4	10 Jay Eng.	8	10-10*	12.00	8.3
10 Indian Iron	6	6	6.35	9.4	10 Jessop & Co.	Nil	...	4.06	...
10 J. K. Cotton	Nil	...	7.25	...	10 J. K. Steel	Nil	3	9.00	3.3
10 Jaipur Udyog	10	5	8.90	5.6	3 Kumardhubi	Nil	15*	4.25	10.6
10 Jayshree Tea	11	14*	15.12	9.3	2 Marshall	Nil	...	0.95	...
10 Kesoram Ind	10	5	18.15	2.9	10 Sen-Raleigh	Nil	...	4.12	...
10 National Rubber	Nil	...	6.44	...	10 Simon-Carves	15	...	14.06	10.7
10 Orient Paper	10	11½	33.45	3.4	10 Wellman Incan.	10	Nil-10*	7.81	12.8
10 Orissa Cement	12½	...	18.20	6.9	JUTE				
10 Rohtas Ind.	Nil	Nil	3.90	...	10 Agarpara	5	5	10.06	4.7
10 Texmaco	Nil	...	8.30	...	100 Anglo-India	5	7½-15*	120.00	12.5
					100 Auckland	Nil	Nil	64.00	...
					10 Bally	10	10	13.75	7.3
					£5 Barnagore	Nil	Nil	70.00	...
					10 Budge-Budge	12	6	7.12	8.4
					10 Champdany	5	Nil	13.00	...
					10 Chitavalsah	Nil	...	11.25	...
					100 Dalhousie	Nil	Nil-10*	58.00	17.2
					10 Fort William	Nil	Nil	14.00	...
					10 Ganges	7½	7½	8.25	9.1
					100 Hastings	2½	1	102.00	1.0
					12½ India	4.8	8	11.06	9.0
					100 Kamarhaty	Nil	...	103.00	...
					100 Kankarrah	Nil	...	31.00	...
					100 Kinnison	Nil	Nil-Nil*	39.00	...
					10 National	Nil	...	10.75	...
					10 Nellimarla	Nil	...	8.00	...
					10 New Central	Nil	...	4.75	...
					10 Northbrook	Nil	Nil-25*	16.25	15.4
					100 Union	Nil	Nil-Nil*	56.00	...
					1 Waverley	Nil	...	3.75	...
					CEMENT AND LIME				
					10 Asoka	6	Nil	4.50	...
					10 Bisra Stone	15	15-Nil*	12.75	...
					10 Dalmia	12½	...	11.87	10.5
					10 Karanpura Dev.	5	5	9.25	5.4
					10 Kumardhubi Fire	20	20	18.45	10.8
					10 Orissa Minerals	5	12½	9.12	13.7
					5 Sone Valley	Nil	...	1.56	...
					COTTON				
10 Basanti	Nil	...	2.75	...					
10 Bharat Com	12	12	16.62	7.2					
10 Bowreah	12½	...	12.62	9.9					
5 Cawnpore	Nil	Nil*	2.31	...					
10 Dunbar	Nil	...	9.87	...					
10 Elgin	6	...	6.75	8.9					

CAPITAL

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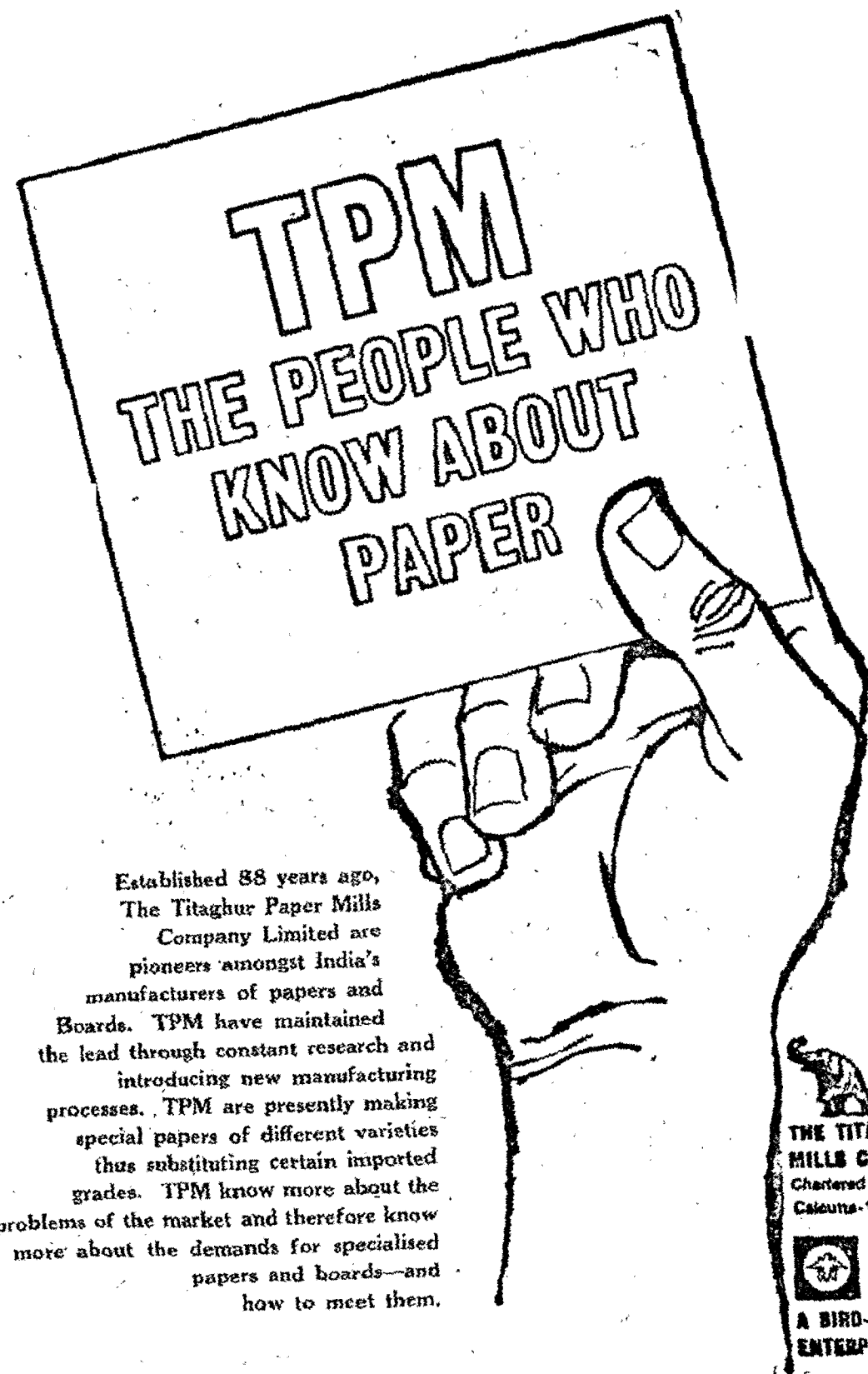
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Calcutta, 14th September, 1972
Vol. CLXIX-4231

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Wrong Priorities for Power

WHETHER it is food or power, the approach appears to be one and the same; there is often shocking complacency until a near-famine situation develops. What is more surprising is that just as in food, the authorities have no hesitation to blame natural calamities for the power shortage. The question that goes unanswered is whether this critical situation could not have been averted by better planning of power projects. No one need tell a technocrat like the Central Minister for Irrigation and Power, Dr. K. L. Rao, that the operational efficiency of a hydro-electric project is dependent on the availability of water in reservoirs. And it is well within the knowledge of persons like Dr. Rao that the Indian monsoon is erratic and can let down the country very badly. Should he not, therefore, have taken steps to ensure a balanced distribution of power in areas with hydro-electric projects by locating a few thermal plants for a contingency? His helpless statement that three States—Punjab, Haryana and Mysore—are threatened with a power famine is, undoubtedly, a sad reflection on the performance of his Ministry.

Dr. Rao concedes that the power shortage has already affected production in such vital industries as steel and fertiliser, not to speak of others. Two notable examples of this are the Nangal fertilisers in Punjab and the Rourkela steel plant in Orissa. Since the beginning of this year, the power shortage is also being felt in the western region, including Maharashtra and Gujarat. In March last, the power cut in Gujarat was 25 per cent. In Punjab the cut was as high as 30 per cent for several months. Some of the other States that have been experiencing a power crisis are Andhra Pradesh, Bihar, Haryana, Uttar Pradesh and West Bengal. In the eastern region, the power shortage has affected the operation of not only industrial plants but also coal

mines, which are to supply fuel to the thermal power plants. The jute industry's loss of production due to the power shortage since January last is valued at Rs. 8.5 crores, of which the loss in foreign exchange is Rs. 5 crores. Several other industries, big and small, have been hit by the power crisis. This has been one of the many factors responsible for the low growth rate of 4 per cent in industry last year.

Industrial production has shown signs of a pick-up during the first four months of the current year but if the trend is to be sustained, it is evident that industries, heavily dependent on electricity for their production processes, should be assured of sufficient power supply. For instance, in industries like aluminium, cement, nitrogenous fertilisers, and copper, the cost of power accounts for 20 per cent to 30 per cent of the total cost of production. Power should be made available to them not only in abundance but also at cheap rates. Since the growth in other industries and agriculture is dependent on these basic industries, there can be no rationing of power to units of such vital importance to the economy.

Some of these problems came up for discussion at the two-day seminar held in New Delhi last week by the Federation of Indian Chambers of Commerce and Industry. It is a pity that Dr. Rao, who inaugurated the seminar, came up with no plan for tackling this man-made crisis on an emergency footing. Instead, he still spoke of the long-term programmes, whose successful execution would depend on the completion of the projects already on hand. There was no firm indication from the Minister of the plan of action for tackling the present crisis. He merely sought the co-operation of industry which, in any case, can do little except to abide by the regulations that the

State Governments might impose. Dr Rao did, however, respond favourably to the suggestion of the president of the Federation, Mr. Madan-mohan Mangaldas, that industrial units which required process steam in large quantity be encouraged to install back-pressure turbines in the interest of the economy. In a situation like this, the Government should not also hesitate to permit large private-sector units to set up captive plants for meeting their power requirements, so that industrial production is not hampered due to power scarcity. If necessary, they should be allowed to import power plants from abroad since the public-sector undertakings—Bharat Heavy Electricals and the Heavy Electricals in Bhopal—are not in a position to meet the demand in full.

According to a paper, prepared by the Federation for the seminar, B.H.E.L. and H.E.L. have a capacity of producing seven to eight plants each of 200 megawatts and 100 megawatts, respectively, whereas the need is to have plants for generating additional 4 million kilowatts annually in the Fifth Plan period. The question that arises is whether the electrical equipment manufacturing industry in the private sector can be associated with this programme to cover as much as possible of the gap between demand and domestic production. As it is, there are only two alternatives before the Government, namely, either to import the requirements over and above indigenous production or let the projects suffer for want of machinery and equipment in time. Both are situations that need to be avoided, if that is possible; but if there has to be a choice, it is much better to import the plants and set them up early instead of waiting for production in the public sector to catch up. Otherwise, the help of the private sector should be enlisted in a big way. After all, here is a sector where the Government can even extend the concept of joint sector and achieve its primary objectives.

There are several other factors that have contributed to the power shortage, such as delay in the construction of power stations, low capacity utilisation due to the lack of proper maintenance, non-availability of coal, lack of transmission facilities, leakage in transmission, and labour troubles. The leakage in transmission is said to be abnormally high largely because of improper maintenance. The all-India average loss in

transmission has been estimated to be as high as 16 per cent, compared with 8 per cent to 10 per cent in Europe. It has been estimated that 1 per cent reduction in loss can bring a benefit of Rs. 5 crores to the nation. Inter-connections will make it possible to reduce the wastage of power due to transmission losses. Here again, a lot is talked of a national power grid, but the progress has been tardy so far.

The progress with the Fourth Plan programmes has also been far from satisfactory. The Minister admitted in Parliament recently that even at the end of the Fourth Plan, the country would have a power

shortage of 2.3 million kilowatts. The Plan target of 23 million kilowatts will not be achieved in full and yet Dr. Rao talks of achieving somehow the Fifth Plan target of adding 21 million kilowatts more in a five-year period. It is a pity that a technocrat like Dr. Rao should let his vision be impaired by non-realities. He will cease to be taken seriously unless he can initiate measures immediately to make good the shortfall in the Fourth Plan target before he talks of his grandiose schemes for the Fifth Plan. The power famine should not, in turn, lead to a famine of ideas in the Central Power Ministry and the Planning Commission.

Democracy by Proxy

THE words "I can" appear to have been removed from the vocabulary of the ruling Congress Party. Whenever there is any problem in the States or at the Centre, no leader of consequence in the Party says "I can" or "I will" solve it. Whether it is a Chief Minister grappling with a power crisis or a Central Minister dealing with famine or industrial stagnation, his first instinct is to place all his worries in the lap of the Prime Minister, Mrs. Indira Gandhi, and forget about them. In most cases, when a ticklish problem is brought before the Chief Minister of a State, he can be heard to remark: "Don't worry, your interests are safe in the hands of Mrs. Gandhi. It is not my Government after all. It is Mrs. Gandhi's Government". If there is an inter-State dispute, the Chief Ministers concerned have only to go through the motions of trying to solve it. Whether it is a territorial dispute like that between Punjab and Haryana over Chandigarh and other areas or a river waters dispute as between Madhya Pradesh and Gujarat, the Chief Ministers continue to beat their drums in their respective capitals to satisfy their own people but they emphasise at the same time that they will accept anything that the Prime Minister may decide.

Is the abdication of authority by all the State satraps belonging to the Congress Party voluntary or forced upon them? This is at least partly a confirmation of the fact that during the two consecutive elections to Parliament and the State Assemblies in 1971 and 1972, respectively, the

people by and large voted for Mrs. Gandhi. The Chief Ministers and Ministers in power, therefore, consider themselves beholden not to the Party but to the Prime Minister. Also as a direct corollary of the elections it became the prerogative of Mrs. Gandhi and not of her Party to nominate the Chief Ministers and then let the Party confirm the nominations by a formal vote. This happened in every Congress-ruled State. The Congress has literally become synonymous with one person: Mrs. Gandhi.

It is only natural, therefore, that even those Congressmen who are bitter because they did not catch Mrs. Gandhi's notice when she was distributing responsibilities of office should steadfastly swear their loyalty to the Prime Minister. To oust their rivals in the Party from power, they cannot succeed by engineering a revolt. They have to build a case against them and take it to the Prime Minister. They may not succeed once or twice or ten times. But they must persist until she is convinced. That is their only hope. For, if she disowns them the fear is that the rank and file of the Party too would drop them. If stalwarts like Mr. K. Kamaraj, Mr. Morarji Desai and a host of others could not jointly withstand the rage and popularity of Mrs. Gandhi, where is the chance of lesser mortals doing so? This has resulted in a peculiar dualism in the Congress. On the one hand, every Congressman pledges his "complete and unflinching" loyalty to Mrs. Gandhi and, on the other, the "have nots" in the Party are busy

eroding the authority of her chosen men.

Incipient revolts against the Chief Ministers are now in evidence in several States, if not in all the Congress-ruled States. Unrest is fomenting in the Prime Minister's home State of Uttar Pradesh against the Chief Minister, Mr. Kamalapati Tripathi. Besides a large number of M.L.A.s, a great many M.P.s from this largest State in the country seem to have come out in the open to demand Mr. Tripathi's ouster. They have called on Mrs. Gandhi with the demand that Mr. Tripathi be replaced. The Chief Minister seems defiant and has not yet thought fit to seek the blessing of the Prime Minister in public. The Mysore Chief Minister, Mr. Devaraj Urs, faces a similar threat from Mr. K. Hanumanthaiya who is spearheading a revolt but has so far been wise not to make it appear to be a revolt against Mrs. Gandhi which in fact it is. In Madhya Pradesh, there are loud rumblings of discontent in the Party against Mr. Sethi's Government.

In Rajasthan, the Chief Minister, Mr. Barkatullah Khan, faces a powerful adversary in his predecessor, Mr. M. L. Sukhadia, who though a Governor now is believed to be thirsting for revenge against the manner he was eased out of power. But the question is: "revenge against whom?" Surely not against the poor Mr. Barkatullah Khan who seems to have been merely a pawn in the big game of power politics enacted on a national scale in the Congress Party. Mrs. Nandini Satpathy who was suddenly catapulted to the position of Chief Minister of Orissa in the face of heavy opposition is still facing a heavy weather. So are the Chief Ministers of West Bengal, Bihar, Gujarat and Punjab. It cannot be confidently asserted that all is well with the ruling Party at the Centre. There is still the problem of the so-called Young Turks or the Socialist Congressmen. Occasionally the Prime Minister's trouble shooters, they are currently the troubled men themselves. They are no longer vocal after the snubbing they got over the hue and cry they raised over the land and urban ceilings issue. Ranged against them are the so-called rightists who wish to keep the Party in a more centrist position. Reconciling the two sides is the personality of the Prime Minister who seems to be trying to steer a middle course.

There are also personality problems associated with Mrs. Gandhi's style of running the Government. Erstwhile stalwarts like Mr. Y. B. Chavan and Mr. Jagjivan Ram have been apparently bypassed on vital issues. Among the other Ministers there is none who can be credited with taking independent policy decisions. Whatever collective decisions are taken bear the irrefutable stamp of Mrs. Gandhi's views. All this adds up to one nationwide phenomenon: the total concentration of leadership in one person and its absence at all other levels of the Government. The complaint is today heard that the men who lead the Governments in the States are not leaders in their own right but because the mantle of leadership has been thrust upon them by the Prime Minister.

The emergence of leadership at the middle level is necessary not

only in the Congress but also in the Opposition. All the Opposition parties are in a state of disarray. The question naturally arises: if there is no effective leadership in the ruling Party to inspire confidence among the people at the State level and no effective leadership in the Opposition to canalise its resentment against Government policies and actions, how will the essential processes of democracy assert themselves in the governance of the country? And if these processes are scuttled, will it not lead to a power vacuum? Who will fill this vacuum? So far India has remained an oasis of democracy in the developing world. Will she continue to enjoy that distinction for long if the essential democratic institutions gradually become redundant? An answer to these questions is essential in the long-term interest of democratic rule in India.

Partnership in Oil

AN enterprising M.P. associated with the oil industry for many years has recently submitted a note to Mr. H. R. Gokhale, Minister of Petroleum and Chemicals, on the policy the Government should follow in relation to the foreign oil companies operating in India. The burden of the memorandum is that the situation has changed both in India and in the international oil world and that the time has come for the Government to enforce a participating ownership in the operation of the foreign oil companies in India and gain effective control over their management. The memorandum has stressed the need for unilateral action, through Parliament, to change the terms of the refinery agreements entered into with the three companies in the early 'fifties so as to ensure that when these agreements expire by the end of this decade, the refineries become national property. The note is obviously intended to spark a debate and impress on the Government the need to come to some decision which it has been avoiding to take for almost two years.

Right from the time Dr. Triguna Sen was in charge of the Petroleum and Chemicals portfolio, the country has been given a stock reply: that the Government is considering three alternatives—shareholding, revision of the refinery agreements and

nationalisation. Both Dr. Triguna Sen and his immediate successor, Mr. P. C. Sethi, have left the Ministry; but the three alternatives are still under consideration. One is not sure whether Mr. Gokhale will take a decision. As far as the Government is concerned, presumably there is no sense of urgency to take a decision; there is still a few more years to go before the first of the refinery agreements comes to an end. A habit has been established to take decisions only under pressure and at the last minute. Esso made an offer to enter into a partnership almost two years ago. The public does not know the nature of consultations that have taken place between the Ministry and the oil companies; apparently, no serious dialogue has yet begun. This is partly because of the change of Petroleum Ministers.

It is time that the Government made up its mind about the future rôle of oil companies in India. An anomalous position prevails in the industry today. With their demand for a higher crude price having been rejected, the oil companies have reduced their import of crude. It is estimated that in 1972 the total cut in imports by the three refineries might be about 500,000 tonnes. To the extent of the cut in crude imports by the companies, the country will have to import more of petroleum products—a position which is apparently

acceptable to the Government. This is happening in an essential industry and the Government cannot obviously take any action because of the refinery agreements. Another aspect of the working of the three foreign oil refineries is that between them they have over 2 million tonnes of refining capacity which remains unutilised.

From what little information is available about the offers made by the oil companies—particularly Esso and Burmah-Shell—they are prepared to enter into a partnership. The extent of partnership for the Government in the new set-up and who should exercise management control are issues which can be negotiated, provided the Government takes the decision that it favours partnership to nationalisation. But before taking a decision on partnership with the oil companies, the Government itself will have to make up its mind on a few connected issues: whether it would like to give the oil companies the right to import crude from their own sources, if not, whether it can find an alternative source, the share in refining that is to be earmarked for the private sector, etcetera. If partnership is not favoured, the only other course open to the Government is nationalisation, which is as good as scrapping the refinery agreements. The Government is apparently reluctant to adopt this course because of its international repercussions. Although alternative sources for the import of crude and petroleum products are opening up in the oil world, dependence on the international majors may be unavoidable for some more years. This dependence can be reduced only gradually as India establishes independent sources of supply through commercial deals with oil producing countries and independent oil companies, joint exploration ventures abroad, and by stepping up production at home.

Nationalisation, therefore, involves some difficulties which can be resolved only over a period of years. Meanwhile, partnership might be a solution, which can also be used to end some of the disadvantages suffered by India under the refinery agreements. In any future dialogue with oil companies, one thing has to be kept in mind: they are here to do business. If the Government does not want them any more, it is better to say so openly. It is no use entering into partnerships with reserva-

tions on either side. That they cannot be allowed unlimited growth should be obvious to the oil companies by now. Therefore, if a realistic approach—which gives the oil companies a reasonable rate of growth

and ensures the Government a major say in the running of the refineries in the larger national interest—is adopted, a partnership pattern could be worked out ending the present atmosphere of distrust.

Defining the Joint Sector

IN an informal discussion with members of the Forum of Financial Writers recently, Mr. C. Subramaniam, Central Minister of Industrial Development, announced that his Ministry was working out a definition of the joint-sector concept and that he proposed to present it to the Union Cabinet by the end of this month. The Minister added that four or five concepts were before the Ministry for consideration. He explained that once the joint-sector concept was properly defined and it was known what industries would come under the sector, it would be easy to earmark the other industries between the public and private sectors.

By implication, it would seem from what Mr. Subramaniam said, the Government was thinking in terms of an industrywise approach in defining the three sectors. Defining the three sectors industrywise can lead to several difficulties, as policies, once laid down, cannot be amended easily because of both administrative and political reasons. For instance, the core industries like oil and steel are now reserved for the public sector. Presuming this reservation is reiterated in the new Industrial Policy Resolution that is taking shape now, these industries can never come under the joint sector, thus keeping out private investment in these industries. The Centre has recently taken over the management of Indian Iron and it has been made clear that the Company will not be returned to the earlier management. Although the future set-up is uncertain, it is possible that the I.I.S.C.O. may ultimately be retained as a joint-sector project, thus obviating the need for the Government to find resources to purchase the shares now in private hands.

In the memorandum they submitted to the Government recently, the Tatas had said they "are in the process of formulating a proposal for submission to the Government for joint-sector project aimed at doubling the steel capacity of the Jamshedpur plant". The idea behind the proposal is that while public funds could be used to finance the T.I.S.C.O.'s expansion by

2 million tonnes—the Company cannot do this on its own—the project at the same time can continue to enjoy an experienced and competent management. If steel is not to come under the joint sector, the T.I.S.C.O. will have to retain its present capacity and can be expanded only if the Government takes it over.

There has been a suggestion that since some of the public-sector projects are making profits, the public should be encouraged to buy shares in them. This would enable the Government to transfer some capital to other ventures. This idea also cannot be implemented if industries like oil are exclusively reserved for the public sector. In the Malaviya Committee report on the O.N.G.C., there was a suggestion that since Indian business houses have not reached a stage where they can participate in a high-risk venture like oil exploration, participation can only be by foreign companies. Presuming Indian companies were willing to put money in this high-risk venture, they will not be able to do so, as long as oil exploration is reserved for the public sector. Thus a strict reservation of industries sectorwise may not be an ideal solution.

Mr. Subramaniam also, surprisingly, phoo-phooed the idea of selective encouragement of the larger business houses. He said it would be difficult for the Government to discriminate between industrial houses. If one may say so, if the Government is keen on encouraging joint-sector projects, a selective approach is extremely important. It cannot surely be the Government's policy to join hands with a business house, whether Indian or foreign, just because the project proposed is essential in the national interest. The antecedents of the party is equally important.

Addressing a seminar in New Delhi a few years ago, Mrs. Gandhi had deprecated the unnecessary emphasis placed on various "sectors" and said there was only one sector and that was the "national sector". Much has happened since the Prime Minister made the statement, but the true

meaning of her remark still holds good. Although it is necessary to lay down certain broad guidelines for the joint-sector projects, too rigid an approach in this matter can do more harm than good to industrial development. As it is, the decision-making powers of many aspects of an industrial project lies with the Government—like the level of production, its pattern, the prices at which goods can be sold, wage levels, bonus, issue of shares and debentures, and the terms of such issues. Therefore, whether an industry

is in the private sector or the joint-sector, the Government has a major say in the matter. Its concern, therefore, should be the good management of projects after they are established. If a joint-sector approach can help in this matter, so much the better. Having all the decision-making powers in hand, the Government's main aim should be to get the most out of any project—whether it be public, private or joint sectors. Definitions are less important for this purpose; what is important is a pragmatic approach.

Money in a Changing World

ONE of the causes of the collapse of the monetary system that was devised at Bretton Woods was a vast change in the structure of the world economy in which the system operated. Most obviously, the U.S.A.'s relative position in the economic scale declined as other countries, notably the west European bloc and Japan, developed, and the relative importance of currencies changed (more or less) accordingly. Some economists and bankers (mostly American) argue that "the dollar standard" is still operable and will continue so for a long time, but the majority opinion is that a fundamental change in the status and function of the dollar must be acknowledged in the restructured system. The current debate on the restructuring seems to be concerned with the changes that have occurred since 1944 rather than with those that will occur in the 1970's and after; or, if the changes are (as they should be) regarded not as separate developments but as a continuous process, the debate seems to recognise the present but not project far into the future. It is evidently assumed that a properly devised monetary system, slightly modified sometimes, will adapt to the economic changes of the future more satisfactorily than the Bretton Woods system adapted to those of the past, but it is more realistic to envisage as clearly as possible the conditions in which the system will operate.

Britain's National Economic Development Office is engaged in a deep study of the environment in which Britain will trade; which is, of course, the environment in which the monetary system will operate. The first stage of the study will be completed early next year, and the N.E.D.O.'s Director General, Sir Frank Figgures, revealed some of its

preliminary findings this month. The emphasis is on specialisation, in production and (correspondingly) trade. The N.E.D.O. attributes Britain's inferior economic performance—relative to West Germany's, for example—in the last 15 years partly to the dispersal of resources over a wider range in Britain than in competing countries. The range of goods and services provided throughout the world has become so vast that no country can economically attempt to be nearly self-sufficient or to cover most of the range as an exporter. It is not a simple question of selecting (or letting "market forces" select) one kind of product or another—say, machinery or textiles. Even over-diversified (so underspecialised) Britain is a major importer of some types of machine tools and textiles and a major exporter of other types of both. There are so many variants of goods and services—substantially or only marginally different in design or quality or function—that specialisation is needed for economies of scale, and relative advantages (reflected in or reflecting judicious investment) should appear in relative prices.

The conventional idea of two distinct (and, of course, intermediate) types of country, industrial or primary-producing, is not consistent with this pattern of trade. There is necessarily a continuous exchange of manufactures for materials and foods, but two-way trade in manufactures is increasing, and countries that are conventionally classified as primary-producing (or, more vaguely, "developing") are manufacturing an expanding range of goods that "sophisticated" markets can absorb—if the goods are admitted to them. Conversely, industrial countries are tending to produce more of the materials

that their industries require; mostly not by increasing their own production of primary goods but by making substitutes for natural materials. The most obvious example is synthetic fibres (although cotton is still strongly favoured, and the recent reaction in favour of wool is evidence that the trend towards synthetics is variable). The potential of synthetic leather seemed modest when the world's biggest chemical groups, Du Pont and I.C.I., had abandoned their interests in it, but smaller companies are confidently continuing its development. Plastics have replaced metals or wood in many applications, and this substitution continues; as packaging materials they are encroaching on traditional territories of paper and hard fibres. Foods are now involved in the trend towards synthetic substitution—so seriously that this year's annual congress of the International Association of Seed Crushers was warned of a long-term threat to their interests from synthetic protein.

Conversion of oil or gas into edible matter is an example of advanced technology that can greatly benefit poor countries, importing either the product or the technology; and it is an example of the ever-widening range of the chemical industry, whose technology promotes substitution on a scale that changes the pattern of trade. The recent over-expansion of the world's chemical industry will not deter poor countries from further developing their own. And, of course, they will industrialise more generally. Primary-producing and "developing" are not synonyms, and a relative decline in the importance of primary products is tending—despite its adverse financial implications—to promote industrial development in countries that have relied on such products. Their low-cost competition is, of course, feared in high-cost countries, but widening acceptance of "internationalised" manufacturing (such as "co-production", whereby component-making is contracted-out abroad) will help to keep the channels of trade open. The "developed" and the "developing" countries are tending to converge industrially, while the gap between their living standards remains wide.

It is for a more complex and a faster-changing world than that of 1944 that the new monetary system will be devised. The system must accommodate the multinational in-

dustrial and financial giants (which are looking keenly at "developing" countries) not only as they are now but as they may become—fewer and bigger, if reasoned forecasts are accepted. The system should anticipate—indeed help to create—"one

CURRENT COMMENT

I.R.C.I.

Nursing the Sick Units

The first report on the working of the Industrial Reconstruction Corporation of India Ltd. (I.R.C.I.) for the period 12th April, 1971 to 30th June, 1972, shows the satisfactory progress the Corporation has achieved within a short period. As is well known, the need for setting up the I.R.C.I. as an adjunct to the developmental institutions already in existence in India arose in the context of the depressed industrial climate following the recession combined with various adverse factors like mismanagement, unsatisfactory labour relations and critical raw material position which led to the closure or sickness of many industrial units which would normally not be able to attract institutional finance for their rehabilitation. The position in West Bengal especially aroused serious concern, as Mr. V. V. Chari, vice-chairman of the I.R.C.I., said at a Press conference in Calcutta on Tuesday. In nursing the sick units to health, the Corporation has amply justified the confidence reposed in it.

Since the inception of the I.R.C.I. till 30th June, 1972, it had received 341 applications, out of which the number sanctioned to date is 51, involving financial assistance of Rs. 679.94 lakhs. After study, the Corporation did not accede to 51 requests for assistance as these units did not show any potentiality for viability after revival. Another 67 cases did not come within the operational strategy of the I.R.C.I. and were, therefore, directed to banks and other financial institutions who could, in the usual course, consider providing financial assistance to them. The processing of 32 cases was in hand and the study of 13 cases was held in abeyance for various reasons, such as non-availability of necessary data or lack of co-operation from the parties. The number of cases in hand which the I.R.C.I. has yet to process aggregates 128. About one-third of the assistance sanctioned by the I.R.C.I. was in respect of units loca-

world". So all relevant parts of the still-divided world should be represented in the negotiation of the system. Even the Soviet bloc and China, which are expanding their external trade through the (modified) old system, might be consulted.

ted in notified backward districts. The managing director of the I.R.C.I., Mr. C. T. Das, said that the Corporation was trying to provide more professional management personnel to the assisted concerns.

WAGON-BUILDERS

Criticism Unfounded

Referring to a recent statement made by the Central Minister of Railways, Mr. T. A. Pai, while addressing the Gujarat Chamber of Commerce, the Railway Wagons and Components Division of the Indian Engineering Association has expressed its disappointment over the ill-informed criticism of the wagon industry for the shortage of wagons. In a Press note it has been pointed out that the industry is aware of Mr. Pai's judicious and pragmatic approach to the problems and the division feels that his statement reproaching the wagon builders is a hangover of the past and built on erroneous facts placed before him. The Press note adds that the R.W.C. Division has sought an interview with the Minister to dispel his misgivings and its members have offered full co-operation in meeting the current wagon shortage. The industry has expressed the hope that prompt redress would be coming from the Minister once he is seized of the shortage of matching steel, wheel-sets and other free supply items which is causing severe dislocation in the production programme of the wagon builders and is proving to be a drag on the output.

STATE LOANS

Total Subscriptions

Total subscriptions to the 20 State loans, which were successfully floated a few days ago, have amounted to approximately Rs. 220.63 crores, against the total notified amount of Rs. 197.25 crores. Thirteen States had offered facilities to convert their

respective maturing loans into the new issues, all of which offered 5-3/4 per cent interest for the 12-year loans. Subscriptions by way of conversions amounted to Rs. 44.76 crores. The Reserve Bank of India has announced that subscriptions in the case of seven State loans—including those of Jammu and Kashmir, Manipur and Nagaland who are newcomers to the capital market—have exceeded the notified amounts plus 10 per cent which the States are entitled to retain. In these seven cases, the allotment will be only partial, while all subscribers to 13 other State loans would be receiving full allotment.

The total subscriptions received in respect of individual State loans are as follows: Andhra Pradesh Rs. 22.65 crores, Uttar Pradesh Rs. 22.28 crores, Tamil Nadu Rs. 22.10 crores, Maharashtra Rs. 21.78 crores, Rajasthan Rs. 18.46 crores, Mysore Rs. 15.68 crores, West Bengal Rs. 14.33 crores, Gujarat Rs. 13.80 crores, Bihar Rs. 13.20 crores, Madhya Pradesh Rs. 10.06 crores, Orissa Rs. 9.36 crores, Punjab Rs. 8.80 crores, Haryana Rs. 8.25 crores, Kerala Rs. 8.15 crores, Assam Rs. 4.97 crores, Jammu and Kashmir Rs. 2.25 crores and Manipur, Nagaland, Himachal Pradesh and Meghalaya less than Rs. 1.20 crores each.

BANKS

Branch Expansion

New offices of commercial banks were opened in 359 unbanked centres and 281 banked centres during the first six months of 1972. Of the total 640 new offices, 467 offices were opened by banks in the public sector, that is, the State Bank of India, its subsidiaries and the 14 nationalised banks. With licences granted or allotments made in respect of over 2,500 offices, banks are expected to reach the estimated target of opening about 1,500 offices during the current year. Including the 359 offices opened in unbanked centres in the first half of 1972, the total number of new offices opened in such centres during the three-year period July 1969 to June 1972 comes to 3,416. The share of public-sector banks in this total number is 2,923. In addition, 1,959 offices were opened in banked centres during the above period, making a total of 5,375 offices—4,507 offices by public-sector banks and 868 offices by private-sector banks.

The trend in favour of opening branches in rural and semi-urban areas

continued during the first half of 1972. Thus, out of the 640 new offices opened in this period, 378 offices were in rural centres and 127 offices in semi-urban centres. The number of offices in these two categories of centres increased during the three-year period July 1969 to June 1972 by 3,435 and 1,029, respectively, out of the total increase of 5,358 offices. Following the establishment of 5,375 new bank offices during the three years ended June 1972, the average population served by each bank office has declined. The average at the end of June 1972 was 40,000, against 65,000 at the end of June 1969. The average will be further reduced to 34,000 after offices are opened by banks in centres in respect of which licences have been granted or allotments made.

WEST BENGAL

Sub-contracting Exchange

The industrial sub-contracting exchange which the Government of West Bengal is going to set up with Central assistance would be set off in motion in the first week of November. This was stated by Mr. N. K. Biswas, Secretary to the Department of Commerce and Industries, while addressing the annual general meeting of the Foundry Division of the Indian Engineering Association held in Calcutta on Friday. Mr. Biswas said that the sub-contracting exchange would not only allow the farming out of orders to the small-scale units but the information stored in the exchange could also be used for purposes of international trade. It would help in framing a definite policy for the promotion of small units as ancillaries to large-scale manufacturers. Mr. S. K. Neogi, the Divisional chairman, reported that the pig iron supply position in the required grades had shown a marked improvement in the last few months. But there is no room for complacency as major industrial projects coming up would require various types of light and heavy cast items. Another important raw material is ferro silicon and, Mr. Neogi informed the meeting of the successful way in which the Division had taken up this subject with the Government of India. As a result of concerted efforts, the rise in ferro silicon prices has been checked and the prices have reverted to the October 1970 level. The chairman expressed some anxiety about canalised raw materials, particularly the non-ferrous metals, as the pricing system of the canalising agencies was not very realistic.

The vice-president of the Indian Engineering Association, Mr. P. K. Nanda, commended the work done by the Foundry Division in regularising pig iron supplies and ferro silicon. He suggested that the foundry units should gear themselves up to meet the demand to be generated by the investment in the new steel plants and reported that the spares requirements of Hindustan Steel and Bokaro Steel themselves worked out to Rs. 15 crores each and this posed an important challenge to the industry in the steel development programme. Mr. Nanda underlined the need for modernisation of equipment and an updating of foundry technology and practices. A modernisation programme should be worked out in consultation with the concerned authorities to take advantage of the immense domestic and export opportunities.

EXPORTS

Crossing the Threshold

In his inaugural address at the annual general meeting of the All India Exporters' Chamber held recently in Bombay, Mr. S. Jagannathan, Governor of the Reserve Bank of India, said that the country could not hope to accelerate the rate of economic growth without a sharp and sustained increase in exports. For India this has two implications. One is with regard to the fuller utilisation of productive capacity in a large number of sectors. It appears that the actual capacity utilised is on average only 60 per cent of the total capacity installed in the fields of engineering and chemical industries. If only one could tap the export market for these goods and services, one could have the dual benefit that it would improve the utilisation of capacity at home and at the same time improve exports also. However, this may not be possible unless critical shortages of materials, spare parts and balancing equipment are made good by imports.

Mr. Jagannathan said that from the long-term point of view, it was essential that the industrial projects which were selected for implementation, whether in the public or in the private sector, were such as could be competitive from the international angle. Even with the wise selection of projects, it would be possible for the country to export these products only if the rate of

growth of these industries is substantial so as to generate export surpluses. That is why a rapid growth of industrial output is essential to enable exports on the scale required. Mr. Jagannathan said that even export surpluses with competitive prices and even with competitive quality and delivery dates would not suffice to break into the international markets. It is difficult to sell goods and services in the international market without earning a reputation for ability to manufacture complex and sophisticated goods. In the initial stages to cross this threshold and overcome this psychological obstacle is indeed difficult for the developing countries. What may be required is aggressive salesmanship with terms of exports which are more competitive *vis-à-vis* the developed countries. Thus, it is true that India may have to make extra efforts and provide extra incentives for her exports—a type of efforts and incentives that may not be necessary once the threshold is crossed.

NATIONALISATION

Guidelines Needed

Presiding over the first quarterly general meeting of the Indian Chamber of Commerce in Calcutta a few days ago, Mr. I. B. Shah stressed the need for stability in industrial and economic policies to create confidence among the people. He said that the economic growth was continuously affected by the lack of consistency in official policies. Despite the assurances from the Government on the rôle of the private sector, official policies and the changing approach towards private enterprise were tending to reduce its dynamism and initiative. This was reacting on economic growth. In this connection, Mr. Shah referred to the recent take-over of various industries and the grossly inadequate compensation paid to the shareholders which had no relationship to the net worth of the nationalised undertakings. He said that in India there was now a growing number of small shareholders in the corporate sector who were getting frustrated due to Government policies which were scaring away investment in the corporate sector. He suggested the formulation of specific guidelines for take-over or nationalisation of industries and the basis of compensation payable to those who invested in industrial enterprises.

Conference on Education

The conference of the Association of Managements of Private Colleges held in Madras recently focused attention on the present state of affairs in the education system and also made a plea for a thorough revision of the Madras Educational Rules and the grants-in-aid code to suit the changing needs of higher education. The present pre-university course came up for discussion. It was generally felt that the course should be replaced by a two-year pre-degree course. It was also suggested that the language load should be reduced in the interest of greater concentration on major subjects. The recommendations of the Kothari Commission were examined at the conference and the universities of Madras and Madurai were urged to establish committees to study the feasibility of recognising some colleges as autonomous units as recommended by the Kothari Commission. The need for promoting partnership

between private colleges and the Government in matters of educational planning and development was emphasised.

As for the need for a thorough revision of the Madras Educational Rules in the light of the changes that had taken place since independence, it was pointed out that the managements of private colleges were not fully aware of how the grants were determined. Clear and concise guidelines were considered essential in order to avoid confusion. There was agreement on the point that "autonomous colleges" were necessary in the interest of higher education. There had been a phenomenal increase in the number of students, teachers, universities and colleges in recent years. It was also pointed out that institutions were being multiplied not always on the basis of necessity but on regional and caste considerations with the result that the universities could not show any interest in the development of affiliated private colleges. The issue of collecting donations by educational

institutions was subject to some diverse comments in the State in recent times. While the Government subsidises education to some extent and no fee is collected from the students, it has become a regular feature to collect donations from a student when he is enrolled in an institution.

BANKS

New Profile

Banking Profile, a brochure published by the Reserve Bank of India, presents a synoptic picture of the progress made by commercial banks in India and in different States since the nationalisation of the 14 major banks in July 1969. There has been a pronounced thrust towards geographical and functional spread of banking, particularly in the unbanked areas. The brochure covers almost all the important facets of banking—the number of new bank offices opened since July 1969, establishment of offices in unbanked areas, dispersal of bank offices in the rural, semi-urban, urban and metropolitan centres, population served by bank office, bankwise distribution of offices, etcetera.

MONEY MARKET

Call Rate Easier

The short-term money market has been extremely easy this past week. The call rate initially fluctuated between 2½ per cent and 2 per cent. Towards the close, fresh business has been done at 2 per cent, with some stray lots being done even at 1½ per cent, although the market has been squarish. The supply of tea and gunny bills has been small. The demand for remittances has also been small. Despite slight fluctuations, the poundsterling has been steady against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 1st September, 1972, shows a rise of Rs. 54.37 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 274.14 crores, compared with the previous week. Their borrowings from the Bank have remained unchanged at Rs. 2.63 crores, of which advances against usance bills have been nil, against Rs. 1 crore. Balances held abroad by the Reserve Bank in the Banking Department show a drop of Rs. 2.67 crores to Rs. 141.77 crores.

A Ditcher's Diary

I SEE SOME TENSION BUILDING UP between the West Bengal Government, or rather sections of the ruling Party in the State, and the Press. The Chief Minister seems particularly angry with a Delhi-based national newspaper which has expressed concern at some of the activities of the State Congress Party's youth wings. But concern has also been expressed by a leading newspaper based in Calcutta; and a Bombay-based national daily has reported an incident which will raise questions about the extent of freedom that the present Congress regime in West Bengal is ready to allow the Press. Surely Mr. Siddhartha Shankar Ray knows better than to dismiss all these newspapers as partisan. They may have reservations about some of the Congress Party's policies, or about some aspects of the performance of Congress Governments at the Centre or in the States; but none of them has any sympathy for the West Bengal Government's main political opponents. It is, therefore, pointless to look for any political motivation behind occasional criticism of certain trends in West Bengal Congress affairs, which cannot but have a bearing on the State administration. A number of specific cases have been mentioned in the Delhi newspaper which has annoyed the Chief Minister; I am in no position to pronounce on their authenticity, but it is no secret that some of the activities of the ruling Party's youth and student wings have lately caused grave and

widespread misgivings. It is possible that the Party is not responsible for everything that is done in its name; certain undesirable elements may have infiltrated into the Party or may be masquerading in public as Congress supporters. But, if so, it is for the Party to do something about this. Besides, the Party cannot disown responsibility for its factional feuds, which have created not a little confusion. Even some of the open campaigns by the Party's young supporters seem to have been launched without due regard to what is both desirable and practicable. Corruption and inefficiency must be fought, but it is not for young Congress cadres to "apprehend" the corrupt or intimidate the inefficient. Prices should certainly be brought down, but this can hardly be accomplished by a sudden spurt of undisciplined zeal. Much has been made of the campaign against the high prices of fish; but everyone I know complains that the only result of the campaign has been fishless markets. Even if the reported fall is not pure fiction, it cannot but be temporary unless the factors contributing to high prices are controlled by a sustained and comprehensive effort. There is no short-cut except to disorder.

"THE GAMES MUST GO ON", DECLARED Mr. Avery Brundage after the Munich massacre. And they did. But I am far from certain that this was right. I am aware of the argument that the

lation of the remaining Olympic programme some kind of victory for their unspeakable tactics. *The Times* was perhaps right in insisting that efforts to save the lives of hostages held by Arab guerrillas "must stop short of handing over prisoners held in Israel". The choice is agonising; yet it is true that submission to blackmail can only encourage further terrorist acts. But it was a different matter to go ahead with the Games. Cancellation would not have meant accepting any of the terrorists' demands. *The Guardian* thinks that it would have been "an enormous propaganda victory for Palestinian bloodletting"; but even this I doubt. The terrorists needed no greater propaganda than they gained from their bloody acts; a halt to the Games would have more clearly underlined the sense of shock felt by the international community. But all this is perhaps besides the point. The primary consideration should have been one of natural human response. It is chilling that the Games were resumed as if nothing had happened that was fundamentally upsetting. The pretence is dehumanising. Mr. Brundage declared that a handful of terrorists could not be allowed to destroy "the nucleus of international co-operation and goodwill" that was represented by the Olympic movement. Such sanctimonious nonsense is intolerable after the nationalistic and racial hostility displayed in Munich. Indeed, one did not have to wait for Munich to see that the Olympic Games had little to do with international co-operation and goodwill. The Games have long been transformed into an arena for nationalistic aggrandisement; and having seen the results, including the

IMPORTING CHEAP MOTOR-CARS

A CORRESPONDENT writes in Current Coin: Allusion has been made frequently of late to the increasingly large import of American cars into England, cheap cars costing about £100. American builders are said to anticipate reducing the cost to £50. Their encouragement has been the enormous demand for the motor-car luxury in the States, and the characteristic energy of the Americans being prone to take every trade boom on the flood, they seem to be spreading themselves to capture the world's market for vehicles which may bring within the means of those who cannot usually afford a cab, the more fashionable luxury of a privately-owned motor-car. After a time, of course, it will be found that cars of £100 and less are not cheap, that their life is a very short one; but that will not trouble the American maker. He makes the most of the boom while it lasts,

and is probably already preparing to scrap his machinery and go in for something else when cheap cars cease to be a profitable industry. That is the way all inventions are dealt with nowadays. Time and tide wait for no man. Quantity launched on the market at the right moment when the buying mania is at its height is calculated to, and probably does, generally bring in a sufficient profit to permit a loss of scrapped machinery and to supply the means or the credit for the erection of new and better class machinery; for as soon as the uneconomy of inefficient machines is realised, the better class maker comes to the front and remains there, and those who have not handed over the baby, come in for tribulation. The British manufacturer has learned from long and costly experience that it is better to be a fixed star than the comet of a season.

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latest Pakistani affair, I am beginning to wonder if it is not already time to abolish the Olympics. Even India has ceased to be particularly high-minded. The Munich massacre provoked no more than a mild and somewhat ambiguous condemnation; but both the Prime Minister and the Congress President commented sharply on our performance in hockey.

MANY OF US, AND THAT INCLUDES myself, have lately read more about chess than we have been able to digest. But it has, on the whole, been a lot of fun. Evidently, Mr. Arthur Koestler is determined more to instruct, and possibly to edify, than to entertain. Before the Reykjavic match began he wrote in *The Sunday Times* about the quintessential philosophy of chess, with some history and psychology thrown in good measure. After the match, he has written another article for the same newspaper; and this one is even more heavily laden with Koestlerian profundities. The match is briefly described, but most of the article is about the possibility, or rather the impossibility, of using a computer to play chess. It is not for me to dismiss it as a pseudo-science; what I find tiresome is the profusion of sterile speculation. But knowing some of Mr. Koestler's previous writing I am not really surprised; he has an astonishing capacity for being pedantic about everything. He once wrote about "the cognitive geometry of the comic stimulus"; if that is not clear, let me quote a little more: "In the process of bisociation the junctional concept is connected simultaneously to two association complexes which are habitually incompatible." But Mr. Koestler is in distinguished company; think of how Freud tried to analyse humour by declaring that "the pleasure in the witticism seems to us derived from an economy in repressive energy, comic pleasure from an economy in imaginative (cathexis) energy, humoristic pleasure from economy in emotive energy". Bertie Wooster's reaction, as Verrier Elwin said, would surely have been: "All very true, no doubt; but not the sort of thing to spring on a lad with a morning head." Not even the sort of thing to spring on someone who wants to read about a game. After reading Mr. Koestler on chess, I consider it a mercy that he has not written on cricket as well. Think of what he would have perpetrated in trying to analyse Ranjitsinhji's oriental magic on the occasion of the great cricketer's birth centenary last Sunday. But let me not go on about something

that has not been written; what has in fact been written, though long before this ceremonial occasion, is sheer joy. Ranji's leg glance and late cut have been described in words that are not unworthy of the highest works of art. But the words are not solemn; they are informed by a joyousness that can still be sensed. Sport has inspired much poetic description; but no game has been written about with such leisurely grace and vivid feeling as cricket. Even a Koestler could not have undone what Cardus has accomplished.

IT IS RUMOURED THAT BRITAIN WAS told by M. Maurice Schumann, France's Foreign Minister, when he visited London last August, that sterling would have to be back on a fixed exchange rate before 1st January next, the date set for joining the European Community. After that Britain can be allowed to devalue as often as she pleases, or needs to, although only with President Pompidou's approval. But in future floating is out, despite the fact that it has encouraged the first hope that Britain might not too rapidly become a pensioner on Europe once she has joined. There is no great doubt in London that Mr. Heath will do as he is told. The feeling there is that in order to get Britain across the threshold into Europe he would willingly pawn the Crown Jewels, if indeed he has not already done so. But equally it is felt that whatever parity is fixed for the pound can only be held for a short time after 1st January. So rapidly is Britain's inflation expected to accelerate in the next year or two compared with the average for the rest of the Community, and so slow is her industrial productivity growing,

that there is just no hope of being able to hold any fixed parity for long. It is sometimes difficult to grasp just how much Britain has slipped behind in the industrial race over the past decade or so. Already it is estimated that in terms of wealth per head of population at the current floating rate for the pound, both France and West Germany are now something like 40 per cent ahead of Britain. Within less than a decade their living standards are expected to be more than double hers. Indeed, a section of the latest bulletin from Britain's National Institute for Economic and Social Research, an unofficial body but well thought of, revealed that the only industrialised country in the world where real wages are still lower than they are in Britain, is Japan. But that state of affairs is expected to change within the next two years, leaving Britain right at the bottom. Of course, real wages are not necessarily an accurate measure of living standards, and much depends on how you define "industrialised". Yet the facts remain, and so, unhappily for Britain, do the trends.

THERE WAS A TIME WHEN EXCHANGE bankers showed an abiding interest in Calcutta for building up their commercial career, since the city simultaneously offered many challenges with numerous opportunities. It was not, therefore, difficult for these bold expatriate bankers to take the rough with the smooth and hope for better times in case of continuing stagnation in business. But the times have apparently changed. After the nationalisation of 14 commercial banks, the Central Finance Ministry and the Reserve Bank seem to be treating foreign banks with some

amount of sneaking suspicion, although both in terms of the quality of service rendered and the magnitude of banking business transacted—occasional labour trouble notwithstanding—their importance has not declined a bit even to this day. As foreign banks in Calcutta stand at the cross-roads today, many top-level changes are quietly taking place for which the banks will unquestionably be the loser. Mr. R.E.S. Price of the Chartered Bank is joining its head office in London and is being replaced by Mr. D. C. Porter. Mr. and Mrs. Price have been popular figures among Calcutta's social circles and Mr. and Mrs. Porter, who are no strangers to India, bring with them a measure of ebullience and confidence which, I dare say, will prove valuable to the Chartered Bank at this juncture. It is also sad to record that Mr. W. M. Bennett is leaving Calcutta for a New York assignment and is being replaced by Mr. H. M. Jackson who, like Mr. Bennett, is a practical banker. Both Mr. and Mrs. Bennett have occasionally shown greater local patriotism than many permanent residents here and have evinced great interest in the future of this sprawling city. I am pretty sure they will not forget their many admirers in Calcutta who will greatly miss them in the city's social gatherings.

HEARD AT A PRESS CONFERENCE AT a Calcutta hotel the other day: The difference between a leader-writer and a reporter is that the former makes himself the hero of the story. The latter is just a witness.

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How Management Can Ensure Efficiency in a Business Enterprise

By Natesan Subramanian

The evaluation of efficiency in a business enterprise poses an intractable problem. The professional manager, who can improve business efficiency, argues that the indeterminate element in all organisations is the managerial skill available to it to achieve its objectives, whether it is profitability or social good.

THERE has recently been a national concern over industrial efficiency. While the Government has introduced legislation for ensuring that the inefficient are penalised, organised industry in the private sector has appealed for greater efficiency in public enterprises. The Government recently took over a steel plant to "rescue" it from inefficient manage-

ment. The guidelines imposed by the Department of Company Affairs for limiting managerial remuneration in the event of absence or adequate profits are presumably directed towards this objective. On the other hand, Mr. J. R. D. Tata has been consistently pleading that the efficient and the not-so-efficient should not be bracketed together. Nevertheless, there has been unanimity in all quarters that there is need for improving efficiency in Indian industries. When one comes to prescriptions for attaining this objective, however, there are serious differences. It all stems from what is meant by efficiency.

Loose Term

Efficiency is, indeed, a loose term and has different connotations for the engineer, the accountant and the economist. While the engineer talks of the efficiency of the engines, the accountant is concerned with cost efficiency and the economist argues that it is the ability to produce as large an output as possible from a given set of inputs and at economical prices. The common understanding of efficiency perpetuated by accountants has, however, been the profitability of an enterprise. In recent years, this is the view which has been under constant debate whether business success as measured by the rate of return on capital can be considered as an index of economic efficiency. Today a business enterprise cannot be seen in isolation; it is a function of the environment in which it operates. As a result, business has accepted—grudgingly at times—that it has social responsibilities.

In terms of economics, and now Business Management, the *raison d'être* of any business enterprise is its ability to make optimal use of the scarce resources available to it. With the emergence of welfare economics, however, efficiency has acquired a welfare connotation. Thus a distinction has developed between business efficiency and economic

efficiency. The former is a micro concept while the latter has a macro connotation. This needs some elaboration. It is customary in economic theory to lay down certain conditions, the foremost of which is the assumption of the existence of a perfect market. Thus, in ideal conditions of competition and consumer preferences, optimal efficiency in allocation and the utilisation of resources is brought about when in a particular distribution situation anyone cannot be made "better off" without someone becoming "worse off". Thus firms in trying to gravitate to the equilibrium position tend towards maximising profits by operating at minimal costs. Since in an equilibrium position all firms will be doing this, the economy itself can be said to be efficient. In other words, both business and economic efficiencies are achieved simultaneously.

Economic Efficiency

In practice, however, it is common knowledge that such ideal conditions do not exist. All markets are imperfectly competitive and more so those in developing countries. In such situations even if every firm achieves its objective of maximising profitability, which is called business efficiency, the economy may be still operating at a low level of economic efficiency, i.e., using its scarce resources not so efficiently. Furthermore, it is quite conceivable that business efficiency and economic efficiency may be mutually exclusive. For instance, a mining company in trying to maximise profitability may indiscriminately use the natural resources of the country which could lead the economy to be more inefficient in the long run by depletion of scarce resources.

At the imperfect market level, the problems get further complicated. Uncertainty is a major factor to be reckoned with. The business man's information system itself is not so geared to measure when exactly he maximises profits. Government interference in the form of quota, import duties, excise and other indirect taxes also influences the distribution of factors between different uses. The allocation of scarce resources, in particular, is related to opportunity costs—what alternative opportunities were forgone to utilise the resources for their present use. Accounting costs do not provide for this factor. For example, in an economy with a high degree of unemployment, the oppor-



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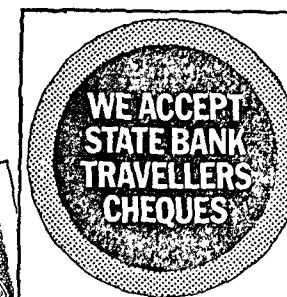
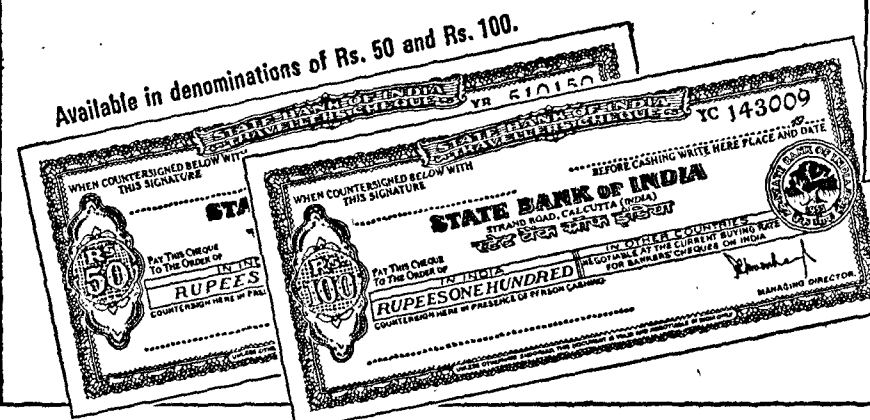
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tunity cost of the unemployed resources tends to be zero.

Yet another issue is the distribution of wealth itself. This brings up the major debate sparked off by the advocates of "New Economics" whether the generation of national income assures maximum social welfare. At the outset, there is nothing new in this concept; the newness is its realisation in a particular situation. What follows is that even if economic efficiency is achieved, would it maximise social welfare unless there is efficient distribution of wealth? Thus economic efficiency in itself may be a necessary condition for maximising social welfare, but it is not a sufficient condition. This brings up wider issues beyond the competence of economists. What is obvious is that efficiency will have to be increasingly regarded from a social point of view; the dichotomy that arises is how are the interests of the community and those of private groups who have an interest in an enterprise to be covered. The resolution of these conflicting interests involves the very principles of human nature. After all, any organisational

goals are set by the interaction of the people that it constitutes.

Human Nature

Human nature being what it is, it is difficult to see why the sectional interests of the individual firms would plan and conduct their affairs so as to maximise economic efficiency (social good). As a result, Governments have considered it necessary to regulate the action of these firms so that the sectional interests do not conflict with social good. But as even Governments are directed by the inter-actions of people who compose them, they have always superimposed their own sectional interests on the social interests. To illustrate, let us take a comparable example of Government trading enterprises. It would be reasonable to expect that these enterprises would be motivated to a greater extent than private enterprises by the desire of social good. In reality, of course, they are not any more concerned. At times, they have claimed to operate on a commercial basis and amassed profits by exploiting a monopoly market; at other times they have covered up gross

inefficient use of scarce resources by the euphemistic explanation of "in the national interest". It is further argued that the objective of a public enterprise is to extend services to the public and profits need not be considered the yardstick for such enterprises.

It is true that efficiency is somewhat a relative concept, and when other considerations are added it becomes nebulous. When the setting up of objectives itself involves innumerable hurdles, the valuation of efficiency could almost become intractable. The professional manager, however, offers a clue to the resolution of the problem. He argues that the indeterminate element in all organisations is the managerial skill available to it to achieve its objectives, whether it is profitability or social good. It is the managerial expertise which differentiates between one company and another in the same industry. Increasingly, there is agreement on this point. The beginning should perhaps then be made at this point to achieve the objective of raising and maintaining levels of efficiency in business enterprises.

SPECIAL ARTICLES

The Fifth Plan : Implications of the Shift in Priorities

By Amar Nath Dutta

The Fifth Plan Approach Paper envisages a shift from self-reliance to greater social justice. But can the latter goal be achieved without first achieving the former?

THE mid-term assessment of the Fourth Five Year Plan is still fresh in everyone's memory. But no sooner had the ink on it dried up than the planners seemed to have become busy preparing the blueprint of the Fifth Plan. The slogan for a self-reliant economy that kept the country spellbound for some time has vanished. And now *garibi hatao* is to be the centrepiece of the new approach. Elimination of poverty is undoubtedly a laudable objective for any pattern of developmental planning. What is surprising is the sudden discovery of the truth that 220 million people live below the poverty line in this country. Measures to multiply production of consumer goods, intensify employment activities as well as safeguard the pace of sustained growth, are proposed to be taken up as part of a strategy to achieve greater social justice. It is also proposed to adopt an appropriate price and distribution policy for consumer goods and then to provide social services in the form of education, health, nutrition, drinking water, housing, communication and electricity to the common people, up to a minimum standard.

In the new approach, the emphasis on achieving a growing national income has been relegated to the background. The traditional thinking that in the initial stages economic growth should precede social welfare now vies against the new economics, in that if anti-poverty measures and priorities are adequately tackled, G.N.P. will automatically take care of itself. Unfortunately, neither of the two presents a complete picture. As long as there is a built-in mechanism of distribution in the production apparatus and priorities are geared to the production of basic consumer items, sharp increases in G.N.P. will still be possible, in spite of the diversion of resources from the strictly economic

to the social justice areas. It is unfortunate that a dichotomy has been struck. But then, one cannot so easily wish away the rôle of growth that will ultimately provide the resources needed for the well-being of the masses. Where the average *per capita* income is itself low and a large number have income less than the national average (perhaps 50 per cent in India), such magnificent gimmicks are not practicable.

While enunciating the First Plan it was hoped that the real national income would double itself in 1970-71 and the *per capita* real income by 1977-78. According to the present data, the former has just doubled by 1970-71. But the *per capita* real income has increased only by 33 per cent during the period. At the most liberal estimate, it would have increased by about 46 per cent by 1977-78. Again, between 1964-65 and 1971-72, the annual growth rate has been 3 per cent on average. The natural rate of *per capita* income growth has, however, slumped from about 1.5 per cent a year to 0.8 per cent. In other words, the natural rate of growth of the *per capita* income has been exactly halved.

Reduced to fundamentals, the basic approach towards the Fifth Plan rests on two desiderata. The first is the wage-goods thesis and the second is the orientation towards having more employment. The wage-goods thesis should command immediate attention not only from the angle of increased consumption, increased employment and increased investment, but also from the socially desirable objective of diffusing economic power to the widest extent possible. This is deemed necessary also for creating an industrial base within the agricultural sector itself for reducing the regional inequality in income and giving a new impetus to the co-operative form of enterprise. Additionally, industrial units, such as cotton mills, sugar mills, leather-processing units and tobacco manufacturing units, as part of an agro-industrial complex can be conveniently and profitably set up in

rural areas, thereby initiating employment-oriented industrialisation within the rural sector. Moreover, a basic "national minimum consumption" (as envisaged by Dandekar and Rath) will, in fact, call for not a lessening but an acceleration of the current rate of economic growth.

The wide range of anti-poverty measures designed to lift the bottom 30 per cent of the people to the basic national minimum standard will cost over Rs. 1,320 crores a year, or Rs. 9,250 crores over the next seven years. It requires little knowledge to ponder that a faster rate of growth in G.N.P. will help in no small measure to create and release both the financial and fiscal resources needed for the purpose. If the production of consumer goods is to be obtained on the desired scale, that would require a massive investment effort. But the Approach Paper nowhere lays it down as to how this will be done. What is more surprising is the lack of a production-oriented industrial policy that would assure a more plentiful supply of such goods.

Much to its discomfiture, the Government feels that a mere rise in national income cannot always be equated to an overall rise in prosperity. On the other hand, it also remains that a mere grant of incentives in the form of liberalisation of licences, etcetera, does not automatically usher in a rise in the industrial growth rate. In February 1970, the Government initiated a new industrial policy and subsequently liberalised the grant of licences to industries to increase capacity. Contrary to expectations, the growth rate of industrial production declined to 4.6 per cent in 1970 and to 3.1 per cent in 1971, as against 7.2 per cent in 1969. The Government also introduced a measure of doubling capacity utilisation by industry but this too proved abortive. Some are inclined to identify the problem with an imbalance in investment and saving. But here too, statistical realities belie the fiscal belief. Between 1968-69 and 1970-71, the rate of investment ranged from 9.6 per cent to 9.5 per cent and the rate of savings from 8.4 per cent to 8.2 per cent. Such a narrow margin in the two variables cannot account for such a large discrepancy in the growth rate of industrial production as 7.2 per cent in 1969 and 3.1 per cent in 1971.

All these taken together thus justify the urgent need for devising a

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Strengthening the grass-roots of the economy

suitable industrial policy which should also entail corrective measures against the shortage of raw materials and power fuel, credit and transport bottlenecks as well as capacity constraints. A bias in favour of small-scale industries in the light of the altered socio-political need of the country is quite understandable. But it is doubtful how far small industries by themselves can grow very fast to meet the basic minimum needs of the people. The widening gap between the demand and supply of some essential consumer goods would clearly bear that out.

The other objective of creating more employment is indeed laudable, keeping in view the adverse impact continuously kept going through increasing joblessness. Caution, however, is needed on two counts. First, in order to have employment as a contributing factor to the national well-being, the creation of jobs has to be made sufficiently productive. Secondly, to be effective such a programme must be large enough. Unless more production is made fairly quickly from the start, measures for employment cannot be sustained without large-scale inflation which would more than nullify the benefit. Outlays on services, even if welfare services have a monetary impact, may absorb a portion of the marketable and even of the investible surplus. It is more pragmatic to note that a high and rising portion of the potential surplus is absorbed in investment in the commodity-yielding line. Schemes for creating rural employment also deserve a careful scrutiny. It is equally necessary to ensure that funds earmarked for specific projects are available in time and to the required extent. It is indeed astonishing that out of Rs. 374.38 crores earmarked for several high priority schemes only a paltry sum of Rs. 65 crores is reported to have been spent. The Approach Paper also gives no indication as to how it proposes to modify the system of education with a view to making it more vocation-oriented.

For all these, a tentative outlay of the order of Rs. 10,500 crores to Rs. 11,500 crores has been visualised "as indicative of the order of efforts . . . towards the objective of Garibi Hatao". For financing the required outlay, "it would seem necessary to raise Rs. 6000 to Rs. 7500 crores by way of additional resource mobilisation. The major tasks will have to be comprehensive direct tax reform to check evasion and to make agri-

cultural income taxable for making the tax system more elastic to income growth". The tragic fact, however, remains that while tax resources have increased from 6.6 in 1950-51 to 14 in 1970-71 as a percentage of national income, these have not been used effectively as a potent instrument to attack poverty and create more productive employment. The Wanchoo Committee has made a major recommendation for reducing the maximum marginal rate of taxation to 75 per cent. It has been estimated that if national income increases annually at the rate of 5½ per cent over a seven-year period, and if taxes increase by only 1 per cent each year, then resources to the extent of nearly Rs. 4,750 crores will be released without having any additional tax effort. It is indeed time to appreciate that tax policy should be more incentive-bearing than witch-hunting.

In the selection of investment and measures of production there could indeed be a wide choice. Techniques

of growth would always provide for a wide range of selection as between varying criteria. It is one thing to say that growth in G.N.P. should not be sought after as a single-dimensional pursuit. It is yet something else to observe that India is far from the goal of multi-dimensional transformation of her socio-economic fabric. Were it not so, how could inflation co-exist with underutilisation of capacity? It is because of some structural imbalances in different sectors of the economy that the country's industrial set-up at present is not self-consistent. No explanation of unemployment is complete which does not take into account the complex interaction between regional disparities, overcrowded urban centres and large stretches of impoverished countryside. Thus a theory of employment and underemployment merges into a theory of regional development and underdevelopment. The newer postulates should be identified with a right ordering of priority oriented towards mass production of goods and services.

Greater Efforts Needed for Developing Backward Regions

By P. C. Jain

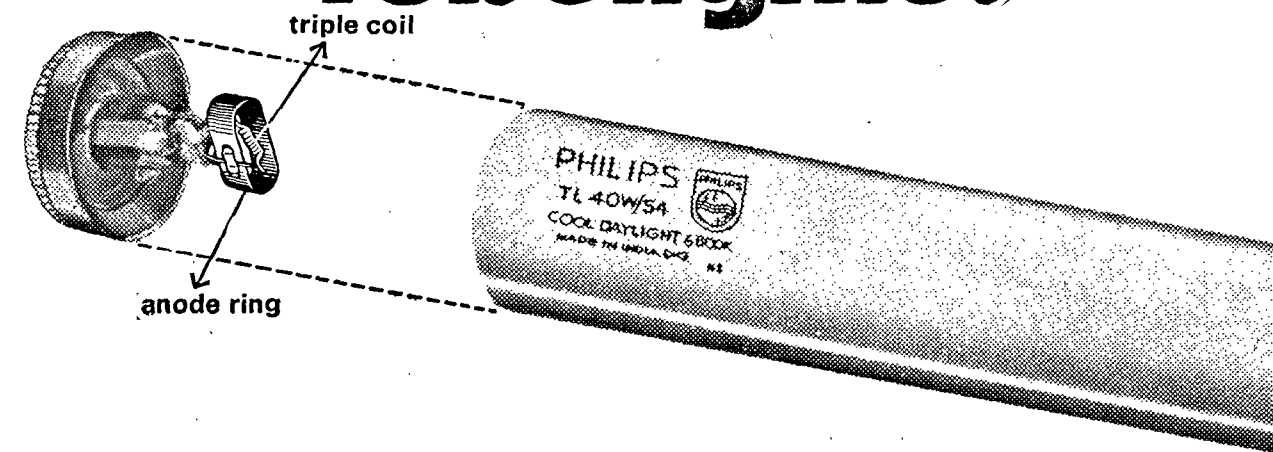
The efforts so far made to develop the country's backward regions have met with little success. If these regions are to be lifted from their present economic morass, much more will have to be done.

DURING the quarter century of independence, the country has made considerable progress on all fronts. Considerable capacities for the manufacture of iron and steel, heavy machinery and equipment and spare parts have been created. Many new industries have been started and India has become the most industrialised country among the developing nations of the world. The stage has come now when India can think of self-reliance in the field of machinery and can have larger production of industrial, intermediate and consumer products. Still the country is far from its goal of providing social amenities and a minimum standard of living to the masses. It is estimated that even today 220 million people are living below the poverty line, most of whom are concentrated in the backward regions of U.P., Bihar, Orissa, West Bengal, Andhra

Pradesh, Madhya Pradesh, Rajasthan, Maharashtra and Tamil Nadu. The country cannot be prosperous unless these regions are developed. This has been realised by the planners also and, therefore, a number of schemes had been made during the last two Plans for promoting the economies of the backward regions but as yet their impact has not been felt to any significant extent. In order to make the country prosperous, it is necessary that utmost attention should be given to the question of removing regional imbalances.

It is often thought that it is industry alone which can help in developing the backward regions but this appears far from the truth. Gujarat, Haryana, Punjab, western U.P. and parts of Maharashtra are prosperous both agriculturally and industrially and there is little problem of backwardness. On the contrary, eastern U.P., Bihar, Orissa and Madhya Pradesh, which have not adopted the modern methods of farming, are the most backward regions of the country. Therefore, it is imperative that

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for removing the backwardness, the first emphasis should be on improving the agricultural sector. On the one hand, there is a need for better irrigation facilities and controlling of floods and on the other, farmers should be encouraged to adopt modern methods and intensive cultivation through the use of better seeds, pesticides, fertilisers, etcetera.

States like Orissa, Bihar and Madhya Pradesh which are rich in natural resources and where the major steel plants and a number of large-scale industries are located are still the poorest in the country. This is because heavy industry does not have a "spread effect" and only those persons who are employed in the large industrial establishments have been benefited, and they constitute a negligible fraction of the population of these States. Therefore, if the Government is really serious about developing the backward regions, it should not think in terms of large-scale industries alone; there should be more emphasis on the development of agro-based and labour-intensive industries like breakfast food, vegetables, fruits and food processing, electronics and automobile ancillaries, which can be started on a small scale and which do not require much resources.

In order to reduce the pressure on land which is highest in eastern U.P. and Bihar, it is necessary that there should be intensive programmes of rural works like road and bridge construction, minor irrigation works and house building, particularly because these facilities are sadly lacking in these regions. Poor health, unhygienic conditions, disease, and inadequate facilities for education are also responsible for the backwardness. Therefore, priorities must be given to lift the backward regions from their present morass. At least minimum social amenities should be provided to these regions before any allocation is made by the Centre for similar expenditure elsewhere.

Many of the backward regions like Bihar, Rajasthan, Madhya Pradesh and Orissa are rich in mineral and forest wealth which, if exploited properly, can provide employment to millions of people and can help in reducing the regional imbalances substantially. However, in order that the local resources can be exploited, it is necessary that they should be properly explored, feasibility studies made and the necessary infrastructure provided. No doubt, some of

the financial institutions have made some surveys of the backward regions for industrial potentialities but that is not enough. Both intensive and extensive work is required for which development corporations should be established either on a district basis or on a geographical basis comprising a couple of contiguous districts. These Corporations may be provided with the basic capital by the Centre and the State Government concerned. They should also be helped to obtain loans from commercial banks and financial institutions. Industrial houses in the region may also be associated with these corporations.

Lack of local entrepreneurship is another major factor for the poor growth of these regions. While the establishment of focal points may be of some help, much more intensive and extensive work is required through social reform and education. Health and sanitation schemes and facilities for drinking water and education may go a long way in making the people of backward areas more progressive, but more than that there is the need for acquainting them with the achievements of the progressive areas of the country through better and faster communications and transport and demonstration. The development of marketing facilities, whether for agriculture or industrial products, will also help in

this direction. Such things as rural electrification, land reforms and creating ambition among the people are very necessary.

Fiscal incentives play an important rôle in the development of backward regions all over the world. Countries like Canada, the U.K. and Switzerland are providing liberal facilities for the development of backward regions by way of grants and subsidies. India lags far behind in this respect. In order that backward regions may achieve industrial growth, they should be given concessions in excise and other Central and State taxes. All units where capital investment is up to Rs. 5 crores should be made eligible for grant, against Rs. 50 lakhs as at present, so that medium-scale industries may be encouraged.

If the development rebate is not replaced by any other tax incentives after May 1974, at least in the case of new industries established in backward areas this rebate should be continued beyond that period so that more industries may be established in these areas. Transport subsidy should also be made available to industrial units in backward regions. Last but not least, it is necessary that there should be time-bound programmes for each backward region, taking into consideration the deficiency of the area and its potentials.

The Monsoon Session : Symbolic Gestures to Socialism

(By a Special Correspondent)

The present Government proclaims its commitment to socialism, but its moves in course of the last monsoon session of Parliament have been all in the nature of symbolic gestures. They cannot improve the lot of the common man.

A MOST uneventful session of Parliament has just ended. When one looks at the work that had been transacted during the monsoon session of Parliament, one gets the unmistakable impression that some of the major issues facing the country were ignored. The Government has not come out with any meaningful measures to alleviate the suffering of the common man who is groaning under all kinds of pressures,

most important of which is the rising prices and scarcity of essential commodities. Not even the occasion provided by the silver jubilee of independence has been utilised to put in more cheer into the minds of the people who find that 25 years after freedom has been won, their economic lot has actually worsened. Mr. Y. B. Chavan, Central Finance Minister, made the astounding statement that the value of the rupee has gone down by more than 60 per cent in the last few years which really gives an idea of the economic position of the average citizen.

One would normally have expected that the Government would do something to meet the situation by bold measures. But there was no

evidence of this in all the weeks that Parliament had been in session. Although the Government is committed to socialism, it is giving too much attention to symbolic gestures. The I.C.S. Bill which has been passed by the Lok Sabha is one such. The whole aim is to bring the service conditions of the I.C.S. officers on par with those in the Indian Administrative Service and abolish some of the special privileges the former have been enjoying all these years. A laudable idea indeed but when one goes into the details of the measure, one finds that the entire measure is an exercise in futility, for the average citizen is just not bothered about these superior class of officers, much less their privileges. In any case, all the I.C.S. officers will retire in the next 12 years and the entire service will have died a natural death. But the gusto with which the entire measure has been piloted only shows the tremendous interest the Government is taking in inconsequential matters.

Take for instance the General Insurance Nationalisation Bill which has been passed by both Houses of Parliament. Here again, these firms have been performing functions which do not have any impact on the common man as such. And yet, the Government has thought it fit to deal with these insurance companies just because it was one of the ten points of radical reform proposals adopted by the All India Congress Committee. Equally unwarranted is the decision of the Government to take over the management of the Indian Iron and Steel Co. Ltd. The Bill to replace the Ordinance in this regard has been approved by Parliament. What is amazing is that the very Government which has bungled completely in managing the public-sector units, resulting in loss of hundreds of crores of rupees, blames private managements for "inefficiency". More than 34 public-sector corporations, it has been revealed in Parliament, are without top administrations which only means that nobody is coming forward to man them mainly because it is impossible to improve their functioning. Mr. Mohan Kumaramangalam, Central Steel Minister, defended the take-over of the firm by the Government, but he, more than any one else, knows the major shortcomings of public-sector undertakings. But this is the policy of the Government which swears by what the critics have aptly called "instant socialism". It is yet to be seen how the common man benefits by this take-over.

Rift Within the Ruling Congress ?

(From Our New Delhi Correspondent)

There are indications of a rift developing within the ruling Congress Party both at the Centre and in several States. Among the States where such disruptive tendencies are in evidence are Mysore, U.P. and Bihar.

NOW that the country has settled down after the State Assembly elections and the aftermath of the war with Pakistan over Bangladesh, dissatisfaction among the people and disunity within the ruling Congress Party are raising their ugly heads. The disturbances in Shahdara (near Delhi) over the murder of a Home Guard by a police officer was the first major demonstration of the people's frustration over the deteriorating economic conditions in the country. The Government and the Congress Party tried to explain this away as a local squabble between the public and the police, which is only oversimplifying an alarming situation. Then, there was the civic strife in Bombay and now the engine drivers and firemen of the Southern Railway are on "mass sick leave" to focus attention on their demands. The strike, although local in nature, has affected the working of the entire railway network in the country in the sense that essential supplies and passenger traffic have been dislocated. The Government has taken advance action by invoking the Defence of India Rules in order to ban any strike in the railways for a period of three months.

Assuming that these disturbances and strikes are "politically motivated", there is nothing wrong if political parties take advantage of the discontent among certain sections of the people. If the ruling Congress can claim a "massive mandate", and brag about people being behind the Government, the Party might as well make use of this "massive mandate" in order to put down all disruptive activities of the Opposition. In other words, a political threat must be met politically; otherwise, the ruling Party will only expose itself to the lack of mass support from the people.

Apart from these symptoms of people's grievances and disappointments, there are indications that the ruling Congress itself is showing signs of disintegration. Among the States where such disruptive tendencies are in evidence are Bihar, U.P. and Mysore. While attempts were made hastily to patch up the differences in Bihar and U.P., there is no sign as yet that the trouble is over in Mysore. Mr. K. Hanumanthaiya, former Railway Minister, is bent upon cleansing the Congress in the State of corruption and inefficiency. After his outburst in Bangalore, Mr. Hanumanthaiya met the Prime Minister, Mrs. Indira Gandhi, in Delhi and came out with a further Press statement that there was no reason for any disciplinary action against him. But Mrs. Gandhi is apparently not happy with his public posture over the affairs of the Mysore Congress Ministry. This is a broad enough hint for Mr. Hanumanthaiya either to adhere to the Party discipline or leave it.

Then, there are the groups within the Congress Parliamentary Party. First, there were the Young Turks who were slowly elbowed out by the Congress Forum for Socialist Action which wanted to be more active as a group than as individuals. Since it started dominating Congress Party affairs, the liberals or the "centrists" began feeling the pinch and they have now formed themselves as the Nehru Study Forum. The amazing thing about the two Forums is that they both say they owe allegiance to Mrs. Gandhi. The sponsors of the N.S.F. have now represented to the Congress President and the Prime Minister that a campaign of villification has been launched against them by the C.F.S.A. Mr. P. Parthasarathi, general secretary of the N.S.F., has pointed out that the C.F.S.A. is basically a projection of the communists in the Congress and that it is "trading in the name of socialism". This is the first time that the two groups within the Congress Parliamentary Party have come out in the open and unless both are curbed, the differences within the Party would widen.

Madras Colloquium Highlights Causes of Sluggishness in Exports

(By a Special Correspondent)

The colloquium on exports held recently in Madras has highlighted the factors that are responsible for the sluggishness in India's exports. It is feared that the Government's proposal of compulsory exports would make matters worse.

THE recent three-day colloquium on exports in Madras organised by the Hindustan Chamber of Commerce and the Federation of Indian Export Organisations provided an opportunity to trace the causes of poor export performance. The need for competitive prices in the export markets was stressed at the colloquium as an imperative to boost Indian exports. Mr. L. N. Birla expressed the fear that compulsory exports would depress prices for Indian goods in foreign markets. Will a restraint on domestic consumption provide a long-term remedy for the fall in exports because of competitive prices? The high costs in Indian industry and the resulting high prices have been cited as the main factors responsible for the sluggishness in India's exports. Any restraint on domestic demand, Mr. Birla said, was only a short-term measure which would also create socio-economic problems. The curb on domestic consumption will, therefore, be ineffective in making Indian goods competitive.

Mr. Birla rightly pointed out that in the context of world technology growing fast, India would remain uncompetitive if she did not achieve economies of scale. It was also pointed out that the real push to Indian export effort should come mainly through increased agricultural, industrial and mineral production and creation of ex-

port surpluses. What hindered production and export drive were an unimaginative industrial licensing policy, price controls and export obligations. In any export effort, a study of the needs of the world market was stressed. The whole question of high costs of Indian goods should be solved realistically—through prompt raw materials supply at international prices, removal of export duties, supply of steel according to delivery schedules, and the development of infrastructure.

On the rôle of joint ventures in third countries, Mr. Birla felt that they provided good opportunities to build a new image of India's industrial potential and had also worked well both in developed and developing countries, enabling India to earn foreign exchange through exports of machinery and raw materials, apart from dividends, royalties and technical know-how fees. The fact that about 30 joint ventures are working even in advanced countries like the U.K., West Germany and Canada is no mean achievement. The colloquium made it clear that exports were imperative for expansion and diversification of Indian industry, particularly in the context of the uncertainty of foreign aid. Mr. Birla rightly pointed out that the growth of Indian industry through exports would provide the necessary safeguards for Indian consumers, while providing a check on inflationary trend. What is more, the demand for Indian labour-intensive goods in foreign countries should help to solve the trying unemployment problem in India. It is a matter for satisfaction that foreign countries have recognised that India has the competence and capacity to cater to their needs. India has executed big contracts for a wide range of products and a number of turnkey projects.

While it was conceded that tariff barriers, creation or enlargement of economic blocs and protectionist tendencies in developed and developing countries restrained growth, it was also admitted that built-in limitations of the Indian economy, like raw material shortage and high domestic demand were contributory factors. It is obvious

that under the prevailing limitations, Indian industry can forge ahead if only the Government extends its full support.

Small Chemical Units

There is a programme to establish small-scale chemical units in Tamil Nadu during the next two years. In this connection, the State's small Industries Development Corporation will shortly work out a plan for individual projects for specific areas. This will help technocrats to start their own small units. For this purpose, the State has been divided into six zones.

Tyre Plant

The proposed tyre factory in Tamil Nadu in the joint sector will have General Tyres of America as its collaborator. The collaboration agreement, which was pending with the Central Government, has now been approved. The plant will be located in Tirupattur in Ramanathapuram district.

Multinational Corporations

At the recent four-day seminar held in Madras, the expanding rôle of multinational corporations with particular reference to developing economies was stressed. The seminar was jointly organised by the Madras Productivity Council, the Indo-American Chamber of Commerce and the A.C.C. Dr. Ronald Clifton, a noted American economist, said that multinational corporations might be able to unify the world economy. These multinational corporations originated in advanced countries, but the encouraging aspect of the working of these corporations is that they have adapted themselves to the culture and national interests of the many less developed countries in which they operate. Dr. Clifton added that multinational corporations today account for 25 per cent of the world's industrial production. It is significant to note that as many as 400 multinational corporations are operating in India.

PEOPLE AND PERSONALITIES

Mr. V. Narayanan, Sales Director, Goodyear India, left Delhi early this month for a six-week export promotion tour. He will be visiting the U.K., Continent, including east European countries, and the U.S.A.

Credibility Gap in Awarding Compensation to General Insurers

(By an Insurance Correspondent)

The debate in Parliament on general insurance nationalisation has failed to enlighten the people on a number of crucial issues. The Government should have utilised the occasion to clear the misgivings about its policy on nationalisation and compensation.

THE General Insurance Business (Nationalisation) Bill, 1972, has been passed on a note of protest with the entire Opposition staging a walk-out on a procedural matter in the Lok Sabha. In the Rajya Sabha, the members did succeed in getting more time to discuss the Bill but failed to secure any more information than what the Government was prepared to give and, therefore, many important questions remained unanswered. There was the question of compensation or amounts to be paid to insurers whose business had been acquired by the Government. After the 25th amendment, this was the first important piece of financial legislation before Parliament and, therefore, it was expected that it would be handled on a rational basis. In fact, the Government lost a golden opportunity as it could have utilised the occasion for clearing the misgivings about nationalisation and the position of shareholders. This would have served two purposes: Investors' confidence which has been shaken by the take-over of coking coal mines, general insurance business, and the management of I.L.S.C.O. would have been restored. The Government would have given a proof of its genuine and sincere desire of not misutilising the 25th amendment.

The matter relating to compensation and the increase in its quantum to certain companies has posed two very important questions which should be clarified. The first is the basis of arriving at the compensation figure. As the compensation amounts have been arrived up to the units' place, it is clear that some formula has been evolved. The people should be told about it. A mere one-sentence statement that the compensation is

based on different factors like dividend, profitability and reserves is not enough. The second and more important question is as to what has been the consideration for the Select Committee in increasing the quantum for some Indian companies. If some valid reasons are found for doing so, then the Government machinery which worked out the compensation figures earlier, committed a grave mistake and had the matter not been referred to the Select Committee shareholders would have been robbed of their dues. It had been very widely talked about in the lobbies that all this was influenced by considerations other than financial. In a way, the Central Finance Minister, Mr. Y. B. Chavan, has admitted that Rs. 38.20 crores represent "an amount" and not "compensation".

Analysing the increase in amounts payable to various insurers, the results are interesting and again leave a question mark. Of the increase of nearly Rs. 6 crores, Rs. 2.34 crores have gone to the companies which are already in the Government fold. Another Rs. 84 lakhs have gone to the companies controlled by two big houses, thereby creating doubts in the sincere desire of the Government really to compensate the small insurers. The defence of the Government for paying "the amounts" against the demand not to pay anything has also been rather poor. The Finance Minister has quoted statistics showing that 80 per cent to 98 per cent of the shareholders of the present insurance companies have holdings of less than Rs. 5,000 a person and, therefore, their interests are to be safeguarded. This is really a strange way of arguing in the name of poor shareholders. One would not be incorrect if this is interpreted to mean that had there been rich shareholders or if there are any rich shareholders in any other industries, they would not be given any compensation or their interests would not be protected. Probably, Mr. Chavan has failed to realise the serious repercus-

sions his statement may have when interpreted in the above manner.

Furthermore, if 80 per cent to 98 per cent of the shareholders do not belong to the upper strata, then why stagger the amount payable into three instalments? As provided in the Bill, compensation to foreign insurers and co-operatives is to be paid in one instalment which works out to about Rs. 11 crores out of a total of Rs. 38.20 crores. On the basis of the Finance Minister's statement, it is taken that on average about 10 per cent of the shareholding is such that will have more than Rs. 25,000 to receive, then how much balance will be left to be paid? In that case, will it not be a farce to plead that amounts to be paid have been staggered to three instalments for rich shareholders? The manner in which the whole question of compensation has been dealt with has created doubts in the minds of investors.

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Safeguarding Deposits with Non-banking Companies

(By a Special Correspondent)

One of the objectives of the Companies Amendment Bill is to safeguard public deposits with non-banking companies. The Government should see to it that the acceptance of deposits by mushroom companies are effectively curbed.

DEPOSITS with non-banking companies have become popular in recent years. Since companies offer interest on deposits at rates much higher than banks for comparable periods, many middle and lower middle class people place their moneys with companies by way of deposits. Recently there have been a number of cases of companies failing to meet their liability in respect of interest and principal on such deposits. The Banking Commission has in its report stated that deposits with non-banking companies and with firms have been a traditional source of finance in India but more recently the growth of such deposits has been considerable. While to the depositor the rate of interest offered is higher, the cost of deposits to the company is less than what it would have to pay to a bank.

Moreover, the availability and volume of bank credit are restricted by considerations of margin, security offered, etcetera. The credit available to companies through deposits is not hampered by such considerations. The Commission goes on to say that such deposits are not lost to the banking system since they find their way into it by way of tax payments, payments to creditors or as working balance of companies. But the objections to non-banking deposits are that (1) they distort the interest rate pattern; (2) they encourage non-priority sectors of production; and (3) they are unsecured deposits. In the event of failure of the company the depositors may not get their money back. The Commission has stated that there is need for greater degree of control for safeguarding the moneys of depositors.

At present moneys placed with non-banking institutions are subject to regulation to some extent by the Reserve Bank of India under the

powers conferred by the Reserve Bank of India Act. Under these powers the Reserve Bank issued in 1966 certain directives applying to non-banking financial companies, including chit funds, hire-purchase, housing finance, investment, loan, miscellaneous finance and mutual benefit companies, excluding insurance and stock-broking companies. Another directive was issued to all companies which are industrial concerns or carry on mainly the purchase and sale of goods or commodities other than securities, excluding those covered by the first directive. By the latter notification, the acceptance of term-deposits was limited to the extent of 25 per cent of the company's paid-up capital and free reserves. The directive kept open a lacuna in respect of loans issued by a company with the guarantee by any of its directors.

A subsequent notification by the Reserve Bank, operative from 1st January, 1972, limited the acceptance of loans to the same amount as in the case of deposits. These limits did not apply to secured loans as also any unsecured borrowings from banks, financial institutions and from the directors of the company. In September 1971, the Reserve Bank issued a Press note disowning its responsibility in case of failure by companies to repay principal or interest on deposits if such companies had borrowed funds in compliance with the regulations of the Reserve Bank. It also cautioned intending depositors "to find out beforehand whether the companies soliciting deposits do so to meet their genuine business requirements, whether their financial position is sound and whether the affairs of the companies are being managed efficiently".

The Companies Amendment Bill introduced in the Lok Sabha contains provisions aimed at regulating such deposits and loans to non-banking companies to safeguard further the interests of the people who place their moneys with these companies. The term "deposit" in the Bill includes any amount borrowed by the company but does not include such categories of money as may be prescribed

in consultation with the Reserve Bank of India. The provisions also do not apply to banking companies and any other company as the Central Government may, after consultation with the Reserve Bank, specify.

The Bill empowers the Central Government, in consultation with the Reserve Bank, to prescribe the limits up to which, the manner in which and the conditions subject to which deposits may be invited or accepted by a company from the public. A company is not to be allowed to do this unless such deposits are invited or accepted in accordance with the rules made by the Central Government and the company has issued an advertisement in such form and manner as may be prescribed, including a statement showing the financial position of the Company. If any deposit had been accepted by a company before the coming into force of the amendment which, if the rules made as aforesaid and conditions had been in force when the deposit was accepted, or when any deposit is accepted after coming into force of the amendment Act, the company is required within 30 days or such further time as the Government may, by general order, or where no such order has been made on sufficient cause being shown, allow refund of the amount of the deposit. In the case of a deposit accepted after the coming into force of the amendment Act in contravention of the rules (including the rules relating to advertisement) and conditions prescribed, every officer of the company in default is liable to punishment of imprisonment up to three years and fine which shall not be less than the amount of the deposit. Penalty is also to be imposed on the company and the officer in default if the refund is not made. Except where provisions of the companies Act relating to prospectus are inconsistent with the rules made as above, the provisions of the Act relating to prospectus would apply also to an advertisement relating to deposits or loans.

As stated by the Banking Commission, deposits with trading and manufacturing companies and with firms have been a traditional source of finance in India. It is to be hoped that the conditions and limits which will be laid down under the rules when the Bill becomes law will be such as will not unduly restrict this traditional source of finance while curbing the acceptance of deposits by mushroom companies and adequately safeguarding the interests of depositors.

The Payment of Gratuity Act : A Step in the Right Direction

By S. K. Chaudhuri

Chief Personnel Officer, Lipton (India) Ltd

With the passing of the Payment of Gratuity Act, 1972, by both Houses of Parliament the Central Government has, in fact, introduced a triple benefit for the organised sector of industrial workers. These are : the provident fund, a pension and now gratuity.

THE Employees' Provident Fund Act, 1952, covers all the major industries which employ over 6 million workers and the total fund exceeds Rs. 2,000 crores. The Provident fund is on a contributory basis and provides a very satisfactory retiring benefit for the employees. In 1971, the Family Pension Act was passed by Parliament. And a family pension-cum-life assurance fund was constituted by diverting a portion of the employers' and employees' contributions to the provident fund which was further supplemented by a contribution from the Central Government. This indeed is the first time that the Government made a payment from its revenue towards a social security measure—an estimated amount of Rs. 16 crores to benefit an estimated number of 6 million industrial workers. Out of this pension fund, so set up, a family pension at the prescribed rates is to be paid to the survivors of the employees who died while in service before reaching the superannuation age.

Besides the pension, a compulsory life insurance benefit up to a maximum of Rs. 1,000 was also payable to the family of the deceased employee—the quantum being dependent in both cases on the age of the member at the time of joining the fund. The scheme appears to be particularly beneficial to employees who joined the fund at the age of 25 years or less; and, the monthly pension benefit payable to the employee's surviving family in the event of his death is enormous. But that is about all. The lumpsum cash amount of Rs. 4,000, mentioned in the scheme, is a sum not related to the salary of the employee and, in most cases, would be less than what

he would have received as provident fund if he had not joined the pension fund at all. An employee rendered medically unfit also gets no special benefit from the pension fund. And the life insurance amount is not related, in any way, to the pay group of the employee. Because of these defects, the pension scheme had a very limited response from the workers so much so that only about 15 per cent out of the 6 million workers covered by the provident fund scheme opted for the pension scheme.

Previously, there was no Central Act to regulate the payment of gratuity to industrial workers. The only exception being the working journalists for whom a provision was made by the Working Journalists' (Conditions of Service) and Miscellaneous Provisions Act, 1955. Gratuity was also paid by a large number of employers to their workers under various tribunal awards and agreements signed as a result of collective bargaining. The principles followed by Industrial Tribunals when introducing gratuity schemes have been: financial stability of the concern must be examined before agreeing to gratuity as a form of double retiring benefit; there need not be any scheme of gratuity for persons who are to serve for short periods; infant industries which have not acquired financial stability need not be burdened with gratuity; gratuity is to be linked to basic wages only; different schemes could be framed for clerical and subordinate staff; a successor company would be liable to gratuity for the period served under the previous company; dismissal does not necessarily disentitle a workman to gratuity although financial loss may be recovered. There were also a few ex-gratia schemes in existence.

As far as the States are concerned, the Kerala Government enacted a legislation in 1970 for payment of gratuity to workers employed in factories, plantations, shops and establishments. Later in June 1971, the West Bengal Governor promulgated an

Ordinance prescribing a similar scheme of gratuity. This Ordinance was later replaced by the West Bengal Employees' Payment of Compulsory Gratuity Act, 1971, enacted by the President on 28th August, 1971. Since the enactment of the Kerala and the West Bengal Acts, a few other State Governments also voiced their intentions in favour of enacting similar measures in their States. In order to ensure a uniform pattern of gratuity to the employees throughout the country, it became necessary to enact a Central law on the subject. The enactment of a Central law was also essential for avoiding different treatment to the employees of all-India establishments having branches in more than one State since under the conditions of service, the employees might be liable to transfer from one State to another.

The proposal for a Central legislation on gratuity was discussed at the Labour Ministers' conference held in New Delhi in August 1971. It was also welcomed by the Indian Labour Conference at its October 1971 session. There was general agreement at the Labour Ministers' conference and the Indian Labour Conference that a Central legislation on payment of gratuity should be undertaken as early as possible. The Central Act was drafted more or less on the same lines as the West Bengal Act. Thus an all-India Gratuity Bill was introduced in the Lok Sabha in December 1971, and then referred to a Select Committee. The committee submitted its report in the first week of August 1972. It recommended certain major changes differing from the West Bengal pattern. Both the Lok Sabha and the Rajya Sabha accepted the recommendations and an amendment during the discussion of the Bill. The Bill received the assent of the President on 21st August, 1972, and became an Act. According to Section 1(4) of the Act, its provisions are now to come into force on such date as the Central Government may by notification appoint.

The Act provides for a scheme for the payment of gratuity to employees working in factories, mines, oilfields, plantations, ports, railway companies, shops and other establishments. Under the Act, gratuity is payable to all employees who are employed on wages to do any skilled, semi-skilled or unskilled, manual, supervisory, technical or clerical work, provided the monthly salary drawn by an employee does not exceed Rs.

1,000 (under the West Bengal Act, the salary ceiling was Rs. 750). The coverage of the Act has thus been widened and brought in line with the employees' provident fund scheme. Salary means basic wages and dearness allowance only (overtime allowance, bonus or commission earnings are excluded).

An important recommendation made by the Select Committee has been accepted—if at the time of retirement, an employee is drawing a salary exceeding Rs. 1,000 a month, he will still be entitled to gratuity, in respect of the period he was employed on wages at less than Rs. 1,000 a month, on the basis of the wages received by him during that period, provided that such a period is not short of five years. The definition of "employee" came up for sharp criticism in Parliament since it does not cover teachers, workers employed by local bodies, transport workers, contract labour, construction workers and workers employed in hospitals and religious institutions. It also excluded administrative and

managerial staff even if their salary is less than Rs. 1,000.

To be eligible for gratuity, an employee must have been employed on a continuous service for at least five years. He will be deemed to be in continuous service if he has actually been employed during the preceding 12 months for at least 240 days in the case of a factory or other establishments and 190 days in the case of a mine. An important amendment, moved by a C.P.I. member was accepted by the Lok Sabha. The amendment said that even joining an illegal strike should not have the effect of interrupting the continuity of service of an employee and disqualifying him from gratuity. In accepting this amendment, the Centre has followed the Kerala pattern and not the West Bengal legislation, where the period of illegal strike interferes with the continuous service.

Gratuity will be payable to the eligible employees at the rate of 15

days' salary for every completed year of service or part thereof in excess of six months, provided that the amount of gratuity payable shall not exceed 20 months' wages (the ceiling was 15 months' wages under the West Bengal Act). The Select Committee felt that the higher ceiling would provide "an incentive to employees to work beyond 30 years of service". In the case of piece-rated employees, daily wages shall be computed on the basis of average of the total wages received by him during the preceding three months. This will, of course, exclude any overtime work. In a seasonal establishment, gratuity will be payable at the rate of seven days' wages for each season. Gratuity shall be payable to an employee: (a) On his superannuation (the age of retirement remains at 58 years). (b) On his voluntary retirement or resignation, provided that the employee has completed at least five years of service. (c) On his death or total disablement following an accident or disease (no qualifying period).

No gratuity will, however, be payable to an employee who has been dismissed for gross misconduct causing loss or damage to or destruction of the company's property; for any serious act of violence (riotous or disorderly behaviour); or for committing an offence involving moral turpitude punishable under the Indian Penal Code. This forfeiture section caused a lot of controversy in Parliament; most of the speakers felt that this clause should be scrapped. According to them, gratuity is a sort of deferred wages held in trust by the employer. The Labour Minister, however, turned down the suggestion and quoted recent judgments of the Supreme Court in support. (Delhi Cloth and General Mills and other cases. *Labour Law Journal*, 1969 II, page 755.)

A new clause has been added on the recommendation of the Select Committee, by which complete protection will be given to the gratuity amount from being attached by the execution of any decree or order of any court (just like provident fund). The State Governments have been authorised to appoint a controlling authority to whom an aggrieved employee can apply. The provision of gratuity for workers as a social security measure is a step in the right direction and has been welcomed by all concerned.

INVESTMENT

Shares Lack Lustre : Turnover Still Restricted

THE stock markets continue to have an uneasy time. After moving up and down in an indecisive fashion for nearly three weeks, the all-India index for variable dividend securities has declined to a new low for the year, which carries it quite close to its 1971 low recorded towards the end of November. The setback during the past week has been due more to the lack of fresh support than to any important selling. Conditions during the earlier part of the week appeared to be fairly steady as sellers were inclined to be reserved. But the markets have turned easy towards the week-end. With fresh support lacking, even small selling has been enough to depress prices. The volume of business has been poor throughout the week and activity has continued to be mainly professional in nature. While the markets have wound up the week at their worst level, the price pattern has been mixed. Losses, however, have outnumbered the gains.

The week's corporate news has continued to be fairly encouraging on the whole and quite a few companies—Ganges Manufacturing, Kesoram Industries, United Breweries, Kunal Engineering, Vulcan Insurance, Remington Rand, Tata Steel, and India Link Chain, to mention some names—have had a message of cheer for their respective shareholders. But the markets seem to have become rather immune to good corporate news, although individual shares do respond to some really good news. Reports of a fairly good increase in industrial production during the first four months of the year have also failed to enthuse the markets as the improvement has been restricted to a few selected industries made possible by an increased supply of raw material, and this has not had any appreciable impact on the overall economic and industrial tempo.

Besides, the markets are becoming increasingly sceptical about the improved trend in production being maintained in the face of growing industrial unrest and the likely setback in agricultural production because of the severe drought and floods. The developing power shortage is becoming another serious obstacle in achieving a faster rate of industrial growth. Uncertainty also continues about the

Government's industrial policy. There have been too many ministerial pronouncements recognising the pressing need for stepping up industrial production, but there is little evidence of practical measures to achieve the desired results. No less disturbing is the rising inflationary spiral which has made for increasing labour unrest with consequent adverse repercussions on production. With the consumers' cost of living index moving beyond the 238 mark, the Government will have to raise the dearness allowance to its employees, thereby imposing an additional burden on its finances, which are already under considerable pressure because of the large financial assistance for drought and flood relief. The economic situation thus continues to worsen and there is very little to suggest that the Government is really serious about resolving the crisis of confidence which has overtaken the business community and investors.

Gilt-edged securities have remained quiet, and turnover has been restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has been restricted.

The Calcutta stock market has remained featureless this past week. As a result, investment enquiries have declined, since operators are reluctant to extend their commitments. The statement made by the Central Minister of State for Finance, Mr. K. R. Ganesh, that the Government would bring forward a comprehensive legislation to curb the menace of black money has upset sentiment. Among engineering shares, Guest Keen Williams, Bihar Alloys and Sankey Wheels have been easier. Among jute shares, Budget-Budge, Ganges and Agarpara have receded. Among coal shares, South Karanpura have been transacted. Among paper shares, Titaghur, Tribeni Tissues and Orient have changed hands. Among miscellaneous shares, Indian Explosives, India Tobacco and Dr. Paul Lohmann have been easier. Among tea shares, Tezpur, Hasimara, Tengpani and Teesta Valley have been done.

In slow dealings, equities on the Bombay Stock Exchange have moved

irregularly during the earlier part of the week with a steady-to-hesitant tone and later developed a distinctly easier tendency on light but persistent selling, which was mostly in the nature of tired bull liquidation. Net changes over the week display a mixed price pattern, but minus signs have far outnumbered the plus signs. Cotton mill shares have ruled relatively steady due to the improved outlook for the industry because of the abundant supply of cotton and satisfactory realisation on cloth and yarn. Century, however, have been depressed on persistent selling induced by the new margin rule under which stockbrokers have to pay margin on combined sales and purchases in excess of a certain limit. The delay in the official sanction of the Company's proposal for bonus issue has also made for some anxiety. Steel shares have turned weak and have been marked down on moderate selling and lack of support. Engineering shares have made a mixed showing. Voltas have been an outstanding firm feature while Tata Engineering have registered a decline. Associated Bearings and Mahindra Ugine have ruled firm, but Motor Industries and Hindustan Aluminium have ended with moderate losses. Rayons have displayed a weak tendency but Century

COMPANY REPORTS

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

Amalgamated Electricity
Anglo-India Jute
Cawnpore Textiles
Central India Spinning
Dalhousie Jute
Davangere Cotton
Engine Valves
Estrela Batteries
Excel Glasses
Ganges Manufacturing
General Investment
India Jute
India United Mills
Indian Copper
Indian Oil Corporation
Jg Glass
Jyoti
Kinnison Jute Mills
Larsen and Toubro
Lingapur Estates
Poysha Industrial
Rane (Madras)
Shree Synthetics
Siemens



SERVICE WORLD-WIDE





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(Incorporated in England)

Associated Bank
Bank of Iran and the Middle East.

Enka have held firm. Automobiles have ruled easier. Cement shares have kept quietly steady. Among shipping shares, Scindia have firmed up on sustained support. Chemical shares have presented a mixed picture. Indian Organic and Synthetics and Chemicals have eased while Tata Chemicals, N.O.C.I.L. and Polyolefins have ruled steadier. Among miscellaneous counters, United Carbon and Ceat Tyres have recorded moderate gains.

The Madras stock market has witnessed narrow fluctuations during the past week, although some shares have met with selective support. Among planting shares, Nelliampathy and Peria Karamalai have met with enquiries while Manjushree have remained steady. Pullangode Rubber have also come in for attention. Textile shares have evoked selective interest. Mettur Beardsell and Madura Mills have been in demand. South India Viscose have received buying enquiries while Travancore Rayons have declined. In the sugar section, Deccan and E.I.D. have met with sustained interest while Aruna Sugar have declined on selling pressure. In the miscellaneous section, Aluminium Industries have receded due to the lack of interest while Dalmia Cement and Mettur Chemical have been bought. Engine Valves have been firm while Seshasayee Paper have been supported at the market rate. Bank shares have

been steady with Indian Overseas Bank gaining investors' attention.

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	23/50xd—24/05—23/25—23/60—(22/45)
Burrakur Coal	4/31—4/37—4/31—4/37—(9/75)
Dunlop India	26/85—26/90—25/70—25/70—(34/05)
Guest, Keen, Williams	32/50—32/55—31/05—31/35—(35/80)
Hindustan Motors	7/35—7/50—6/70—6/80—(8/30)
Howrah Jute	6/44—6/62—6/44—6/50
Indian Aluminium	31/40—31/40—30/30—30/40—(35/35)
Indian Cable	21/40—21/40—20/85—20/90—(21/35)
Indian Copper	2/46—2/49—2/30—2/31—(3/77)
Indian Iron	6/45—6/55—5/90—6/10—(9/60)
J. K. Cotton	7/15—7/15—7/10—7/10
Jaipur Udyog	9/00—9/25—8/90—8/20—(9/30)
Jayashree Tea & Industries	15/19—15/19—14/94—15/00—(14/62)
Kesoram Industries	18/10—18/10—17/50—17/80—(13/35)
Orient Paper	33/50—33/50—32/15—32/50—(33/30)
Orissa Cement	18/05—18/15—17/35—17/80—(16/75)
Rohitas Industries	3/85—3/90—3/70—3/80—(5/00)

cent and that of profit to paid-up capital from 22.16 per cent to 51.90 per cent. Indian Oil's market participation has increased further from 51.6 per cent to 54.2 per cent.

During the year, Indian Oil's three refineries in Gauhati, Barauni and Jawaharnagar (Gujarat) processed a total quantity of 6.72 million tonnes of crude oil, against 6.34 million tonnes in the previous year. Outlining the progress made in the refining field, the chairman, Mr. Ram Brahmam, told newsmen the other day that the Gujarat refinery was gearing itself to increase the throughput to 5.5 million tonnes. The refinery might undergo expansion by 1976 or the following year and the expansion programme might cost over Rs. 21 crores. The Barauni refinery would be expanded to take its capacity from 2.28 million tonnes to 3.4 million tonnes. The expansion which is estimated to cost Rs. 7 crores might be completed by the end of 1974. The Rs. 67.5-crore Haldia refinery, now under construction, is being financed substantially out of the Corporation's internal resources. This refinery is expected to go into production before the end of 1973. Preliminary work in respect of the north-west refinery proposed to be set up near Mathura with a capacity of 6 million tonnes, involving a cost of Rs. 160 crores, is in progress. The Corporation has also undertaken the work of extending technical collaboration to neighbouring countries.

The Corporation has fixed its sales target for 1972-73 at 16 million kilolitres valued at around Rs. 1,000 crores. The demand for petroleum products is expected to go up to 30 million kilolitres by 1973-74 and Indian Oil's market participation will increase to 56 per cent. The projected capital expenditure is Rs. 40 crores in 1972-73 and Rs. 55 crores in 1973-74.

The Corporation has signed an agreement with the Iraq National Oil Company for the import of 1.95 million tonnes of crude over a three-year period. The supply schedule is 425,000 tonnes till March 1973, 700,000 tonnes during 1973-74 and 825,000 tonnes during 1974-75. The agreement is said to mark a major breakthrough for Indian Oil in diversifying its sources of crude. The first shipment of the Iraqi crude is expected to arrive in Haldia by mid-October and the crude will be carried from there to Barauni through the pipeline.

EXCEL GLASSES

A New Venture

EXCEL Glasses Ltd, which has been licensed to manufacture annually 12,000 tonnes of glass bottles of various types, is expected to enter the market some time in October to raise Rs. 34 lakhs in equity shares of Rs. 10 each to meet part of the cost of the project. The Company proposes to install the latest type of furnace with imported oil burning equipment and also automatic I.S. machines. The furnace design will be obtained from Laidlow Drew and Co. of the U.K. If all goes well, the plant located in Allepey, will go into production in October 1973.

The project is estimated to cost Rs. 1.80 crores which will be met by the share capital of Rs. 70 lakhs, a foreign exchange loan of Rs. 34.60 lakhs from the I.C.I.C.I. and rupee loans of Rs. 65.40 lakhs from the I.F.C. and privately placed debentures of the value of Rs. 10 lakhs to be subscribed by the Unit Trust. The Company will have easy access to raw materials and it does not envisage any difficulty in marketing its products as there is no other glass factory in the region and there is assured demand from breweries and distilleries. The Company expects to have a turnover of about Rs. 1 crore and a gross profit of Rs. 28 lakhs for 1973-74. The turnover and gross profit for 1974-75 are estimated at around Rs. 1.34 crores and Rs. 38.75 lakhs, respectively. When in full production in 1975-76, the turnover and profit will be around Rs. 1.50 crores and Rs. 46.58 lakhs. The Company has an authorised capital of Rs. 1 crore made up of Rs. 75 lakhs in equity shares of Rs. 10 each and Rs. 25 lakhs in 9.5 per cent cumulative redeemable preference shares of Rs. 10 each. The issued capital will be Rs. 70 lakhs in equity shares.

POYSHA INDUSTRIAL

Sales Rise

IN his chairman's review for the year 1971-72, Mr. M. R. Ruia, said that the total sales of the entire group of Poysha Industrial Company Ltd—Povsha, Kaira Can Company and Colrige—excluding excise, were Rs. 989.29 lakhs, against Rs. 855.54 lakhs. Of this, Poysha's sales, excluding excise, amounted to Rs. 704 lakhs. (A fuller version of the chair

man's review appeared in last week's issue of *Capital*.) The Company's new factory, in Cochin has started production. It has received sanction from the Government for increasing the production of dry battery-cell metal, jackets and components in its existing units in Thana, Ghaziabad and Cochin. The licensed capacity of Colrige has also been increased. Substantial expansion has been sanctioned to the Kaira Can Company. The Company's collaboration with the American Can Company of New York is expected to be completed within two or three months. This will mark a turning point in the technique of can manufacture in India. The chairman expressed concern over the exorbitant increase in the price of tinplate, the production which is too low in India. The main Indian supplier of tinplate is Hindustan Steel which is working far below capacity. Out of a total order of 8,855 tonnes of tinplate, Poysha has received only about 3,020 tonnes

in irregular and piecemeal consignments.

JG GLASS

Share Offer

THE subscription list of the fully-underwritten issue of 300,000 equity shares of Rs. 10 each by Jg Glass Ltd will open on 18th September and close on 28th or earlier but not before 21st September. The proceeds of the issue will be utilised for financing partly the Company's modern automatic glass container manufacturing plant in Rishikesh in Uttar Pradesh with an oil-fired regenerative furnace of 35 tonnes a day capacity. The project involves a total capital expenditure of Rs. 1.29 crores, including Rs. 22.85 lakhs by way of working capital. The cost is proposed to be met by the share capital of Rs. 50 lakhs, long-term loans amounting to Rs. 50 lakhs and short-term

Indian Oil Corporation Sets New Records

NOT many public-sector undertakings are doing well, but Indian Oil Corporation occupies pride of place among the few that are. This is not all. Its performance can compare well with that of any well-run private enterprise. Indian Oil's latest report for the year ended March 1972 shows all-round impressive progress; only the dividend has been kept unchanged at 7 per cent—for the fifth year in a row. This is being done to conserve resources for financing new refineries and expanding other activities. The tax holiday enjoyed by the Corporation is over.

Sales of petroleum products by the Corporation have risen over the year by 17.8 per cent from 11.61 million kilolitres to 13.68 million kilolitres. Turnover has increased by 19.7 per cent from Rs. 720 crores to

Rs. 862 crores and the gross profit has registered an impressive rise of 84 per cent from Rs. 26.56 crores to Rs. 48.99 crores. After providing Rs. 12.05 crores (against Rs. 10.79 crores) for depreciation and Rs. 5 crores (against nil) for taxation, the net profit amounts to Rs. 31.94 crores, against Rs. 15.77 crores in the preceding year. The "phenomenal" increase in profits is attributed to "certain advantages" that the Corporation had during 1971-72 following the remedial action taken by the Government to set right several adverse and extraneous factors which had reduced the profits in 1970-71. After adjustments for these "extraneous factors", the net profit for 1971-72 amounts to Rs. 34 crores, against Rs. 23 crores in 1970-71. The ratio of gross profit to sales has improved from 3.7 per cent to 5.7 per

its net worth. It is understood that the Company was asked to submit a balance-sheet for the period from 1st January to 10th March, 1972, the date when the Government took over the management and this balance-sheet reveals the total net worth of the undertaking at Rs. 16.60 crores which comes to Rs. 6.45 a share. If the Company's assets are valued on replacement basis, it would be in the region of Rs. 80 crores or Rs. 90 crores.

It appears that the compensation fixed by the Government is arbitrary and is based on *ad hocism*. It must be remembered that it is the small shareholders who are hit hard by such low compensation. There are about 25,000 shareholders of the Company of which 22,000 small shareholders hold 50 per cent to 60 per cent of the shares. These small shareholders had invested their hard-earned savings in the shares of Indian Copper Corporation which was a poor man's blue chip. Thus the Government policy for paying compensation to nationalised companies has created uncertainty in the minds of investors and their confidence has been shaken. It is high time the Government took notice of this and announced its policy concerning payment of compensation.

The Bill to nationalise the Company provides for a compensation of Rs. 7½ crores which is far below

borrowings and deferred payment arrangements. If all goes well, the plant will go into commercial production by the end of 1972 or in early January. Full capacity is expected to be achieved in the very first year of operation. Barring unforeseen circumstances, the management expects to be able to declare a dividend for the first year of its operations.

CAWNPORE TEXTILES

Loss Incurred Again

THE working of Cawnpore Textiles Ltd for the 15 months ended March 1972 was adversely affected due to a cut in electricity supply and a strike by its workers for 14 days. The Company has incurred a net loss of Rs. 18.57 lakhs, against a loss of Rs. 4.34 lakhs in the previous year ended December 1970, after providing Rs. 18.22 lakhs (against Rs. 14.28 lakhs) for depreciation and Rs. 2.68 lakhs (against Rs. 5.60 lakhs) for development rebate reserve. The dividend has been passed over. The Company had paid a taxable ordinary dividend of 8 per cent for 1969. Sales rose from Rs. 3.89 crores to Rs. 5.11 crores. The working results for the current year are expected to improve considerably.

DALHOUSIE JUTE

A Prosperous Year

THE result of Dalhousie Jute Co. Ltd for the year ended March 1972 has been fairly satisfactory. Sales have improved from Rs. 4.82 crores to Rs. 6.70 crores and the profit has risen sharply from Rs. 5.86 lakhs to Rs. 36.70 lakhs, after providing Rs. 10.36 lakhs (against Rs. 10.58 lakhs) for depreciation and Rs. 3,623 (against Rs. 1.30 lakhs) for taxation in respect of previous years. In view of the uncertain prospect of the jute industry for the current year and the restriction imposed by the Industrial Finance Corporation of India, the directors have not recommended any further payment of dividend on the ordinary share capital of the Company. The taxable interim dividend of 10 per cent on ordinary shares declared in March last has been treated as the final dividend. This offers a yield of 17.2 per cent at the present price of Rs. 58 a share of Rs. 100 each. The Company had paid no dividend for the previous year. A sum of Rs. 4.03 lakhs has been transferred from statu-

tory development rebate reserve. Allocations include Rs. 1 lakh (same) for debenture redemption reserve and Rs. 14.15 lakhs (against nil) for general reserve.

INDIA JUTE

Handsome Rise in Profit

THE trading results of the India Jute Co. Ltd for the year ended March 1972 are satisfactory. Sales have improved from Rs. 8.06 crores to Rs. 10.42 crores and the pre-tax profit has risen from Rs. 37.14 lakhs to Rs. 37.24 lakhs, after providing Rs. 14.88 lakhs (against Rs. 15.58 lakhs) for depreciation and Rs. 2.20 lakhs (against Rs. 16,000) for development rebate reserve. In view of the Company's better performance, the taxable ordinary dividend has been raised from 8 per cent to 12 per cent which will be paid out of general reserve. This offers a yield of 13.6 per cent at the present price of Rs. 11.06 a share of Rs. 12.50 each. A sum of Rs. 6.40 lakhs has been transferred from development rebate reserve. Allocations include Rs. 56.10 lakhs (against Rs. 19 lakhs) for taxation, Rs. 70,273 (against nil) for capital reserve and Rs. 36.73 lakhs (against Rs. 21.15 lakhs) for general reserve. After making other adjustments Rs. 1,182 is carried forward, against Rs. 10,651 brought in.

SIEMENS

MKV Capacitors

THE MKV capacitors developed by Siemens—metalised plastic capacitors with low-loss dielectric—are suitable for sinusoidal and non-sinusoidal alternating currents. The dielectric is of polypropylene. Paper with aluminium evaporated onto both sides is used as an electrode. This design permits complete saturation of the capacitor with impregnating material, thus ensuring high corona onset voltages. Since the paper does not lie within the electric field, it does not compromise the low loss factor of the plastic. Polypropylene has a very high dielectric strength. Furthermore, the thin metal coatings ensure reliable self-healing. These two facts permit dimensions to be kept small. Due to the low losses, self-heating is extremely low. In addition to the technical advantages of MKV capacitors, they bring in many cases quite a considerable cost advantage.

ENGINE VALVES

Bigger Turnover

THE total turnover of Engine Valves Ltd for the year ended March 1972 amounted to Rs. 171.31 lakhs, compared with Rs. 143.08 lakhs, showing an increase of about 19.7 per cent. The profit amounts to Rs. 58.28 lakhs, after providing depreciation of Rs. 15.05 lakhs. This compares with the previous year's profit of Rs. 56.99 lakhs, after providing Rs. 12.81 lakhs for depreciation. After providing Rs. 3.74 lakhs (against Rs. 2.37 lakhs) for development rebate, Rs. 2.21 lakhs (against Rs. 2 lakhs) for donations and Rs. 29.50 lakhs (against Rs. 29.50 lakhs) for taxation there is a net profit of Rs. 22.82 lakhs (against Rs. 27.80 lakhs). Adding to Rs. 22.82 lakhs a sum of Rs. 60,000 transferred from development rebate, there is a total sum of Rs. 23.42 lakhs. Out of this, general reserve gets Rs. 19.10 lakhs (against Rs. 25.29 lakhs). The interim dividend on preference shares and the interim equity dividend of 7.5 per cent amounted to Rs. 4.32 lakhs. The final preference dividend and the final equity dividend of 8.5 per cent will absorb Rs. 4.88 lakhs which will be paid out of general reserve.

The directors state in their report that they have a proposal to issue bonus shares in the ratio of 4:5 to the existing equity shareholders. It is reported that the Company has been granted an industrial licence for substantial expansion from 3 million to 5 million valves a year. The total capital cost of the project is estimated at Rs. 1.18 crores.

GANGES MANUFACTURING

Good Results

THE Ganges Manufacturing Co. Ltd proposes to increase the dividend on the equity shares from 7.5 per cent to 12.5 per cent for the year ended March 1972. The working results for the year are encouraging and show an all-round increase in production, sales and profits. Sales have moved up to Rs. 875.71 lakhs from Rs. 700.81 lakhs in 1970-71, a rise of Rs. 104.90 lakhs or about 15 per cent. The gross profit has increased to Rs. 38.6 lakhs from Rs. 10.44 lakhs in the previous year. Depreciation takes away Rs. 15.26 lakhs, against Rs. 15.42 lakhs and a sum of Rs. 84,000 (against Rs. 34,336) is transferred to development reserve. The tax provision is Rs. 11 lakhs (against nil) and general re-

serve gets Rs. 11.5 lakhs, against a withdrawal of Rs. 7.10 lakhs in the previous year

ESTRELA BATTERIES

A Good Year

ESTRELA Batteries has turned out substantially improved results for the year ended March 1972. The Company has made a gross profit of Rs. 33.70 lakhs on a turnover of Rs. 6.29 crores, against a loss of Rs. 2 lakhs on a turnover of Rs. 4.91 crores. The dividend has been maintained at 12 per cent, including a *pro rata* dividend on new shares. After providing Rs. 15.69 lakhs (against Rs. 7.90 lakhs) for depreciation and Rs. 8.13 lakhs (against Rs. 41,000) for development rebate reserve, the net profit amounts to Rs. 9.88 lakhs, against a net loss of Rs. 10.31 lakhs in the preceding year. After adjustments, a sum of Rs. 10.80 lakhs (against nil) has been transferred to general reserve. The equity and preference dividends absorbing Rs. 6.14 lakhs will be paid out of general reserve. Under an agreement for a loan of Rs. 1 crore, the Company has so far got a loan of Rs. 79 lakhs from the I.F.C.I. to finance its replacement and expansion programme. The entire programme is expected to be completed in the current year.

INDIA UNITED MILLS

Prospects Improve

THE chairman of India United Mills, Mr. D. J. Madan, told the shareholders' annual meeting that the Company, which had been in the red for long, had now started making a profit. The Company is expected to wind up the year 1972 with some profit, after providing depreciation for the year and interest payments of Rs. 1.80 crores on loans from the Central and the Maharashtra Governments. During the first five months—January to May—the Company incurred a loss of Rs. 75 lakhs, after making necessary provision for depreciation. But during the next three months it made a profit of Rs. 22.50 lakhs. The Company expects to make a profit of about Rs. 10 lakhs to Rs. 15 lakhs a month during the remaining period. The Rs. 5-crore modernisation programme which is expected to be completed by 1974, would enable the Company to regain its place among the modern and profit-making mills, earning a pre-tax profit of about Rs. 2 crores a year. The Company's sales of cloth and yarn

during the first six months are placed at around Rs. 11.67 crores, against Rs. 8.30 crores in the same period last year.

DAVANGERE COTTON

Sales Up but Profit Down

DESPITE an increase of about 12.8 per cent in sales from Rs. 4.67 crores to Rs. 5.27 crores, the gross profit made by Davangere Cotton Mills during the year ended March 1972 is down from Rs. 67.27 lakhs to Rs. 62.39 lakhs. The dividend, however, has been kept unchanged at 12 per cent. After providing Rs. 36.04 lakhs (against Rs. 35.91 lakhs) for depreciation, Rs. 5.63 lakhs (against Rs. 1.81 lakhs) for development rebate reserve and Rs. 11.75 lakhs (against Rs. 19.30 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 8.97 lakhs, against Rs. 10.25 lakhs in the preceding year. The equity and preference dividends absorb Rs. 10.35 lakhs, leaving a sum of Rs. 24,673 to be carried forward, against Rs. 1.84 lakhs brought in. The Company's working during the year was adversely affected by a prolonged strike.

ANGLO-INDIA JUTE

Dividend Doubled

THE Anglo-India Jute Mills Co. has done well during the year ended March 1972. Sales are up from Rs. 12.08 crores to Rs. 15.89 crores, registering an increase of 31.5 per cent and the tonnage produced and sold was 47,189 which accounted for an increase

of 11 per cent over the previous year. The Company has earned a pre-tax profit of Rs. 55.32 lakhs, against one of Rs. 34.64 lakhs, after providing Rs. 30.44 lakhs (against Rs. 29.50 lakhs) for depreciation. In view of the Company's better performance the taxable ordinary dividend has been doubled to 15 per cent, absorbing Rs. 8.86 lakhs, which will be paid out of the revenue reserve account. This offers a yield of 12.5 per cent at the present price of Rs. 120 a share of Rs. 100 each. Allocations include Rs. 68 lakhs (against Rs. 24.75 lakhs) for taxation and Rs. 7.50 lakhs (against Rs. 1.25 lakhs) for development rebate reserve. After transferring Rs. 6.40 lakhs (against Rs. 2.04 lakhs) from development rebate reserve and making other adjustments, there is a debit balance of Rs. 13.68 lakhs which is transferred to revenue reserve.

CENTRAL INDIA SPINNING

Sales and Profit Rise

THE Central India Spinning and Weaving Mills, popularly known as Nagpur Mills, has reported substantially improved results for the year ended June 1972. According to the very brief preliminary figures, sales at Rs. 13.15 crores show an increase of about 16.5 per cent over the previous year's figure of Rs. 11.29 crores and the gross profit has recorded an almost five-fold increase from Rs. 9.61 lakhs to Rs. 47.82 lakhs. After providing for depreciation in respect of 1971-72, estimated at around Rs. 27 lakhs, the balance has been utilised to absorb a part of the arrears of depre-

KINNISON JUTE MILLS : A GOOD YEAR

THE working of the Kinnison Jute Mills Co. Ltd for the year ended March 1972 shows a marked improvement over the previous year, mainly due to favourable trading conditions. During the year there was a big demand for Indian jute goods in overseas markets because of the disruption in supplies from East Bengal (now Bangladesh), which used to meet a substantial portion of overseas requirements of jute goods, with the result that almost all varieties of Indian jute goods fetched attractive prices during the major part of the year. Sales of carpet-backing cloth, which is a major item of production of the Com-

pany, recorded a marked rise. Sales are up from Rs. 6.53 crores to Rs. 9.30 crores and the Company has earned a profit of Rs. 49.11 lakhs, against a loss of Rs. 29.35 lakhs in the previous year, after providing Rs. 16.13 lakhs (against Rs. 16.26 lakhs) for depreciation. The dividend has been skipped. A sum of Rs. 1 lakh is allocated to the sinking fund. After making adjustments, there is a balance of Rs. 45.03 lakhs which goes to offset part of the deficit of Rs. 87.12 lakhs brought forward from the previous year, leaving a net loss of Rs. 42.09 lakhs to be carried forward.

ciation of the past year which amounted to Rs. 1.36 crores at the end of June 1971. Both preference and equity dividends have again been skipped. In view of the heavy arrears of depreciation and of preference dividends for four years, there is little chance of the Company resuming payment of the equity dividend for another few years. The last equity dividend paid was for 1954-55.

JYOTI

Results Disappoint

JYOTI has reported disappointing results for the year ended March 1972. Even though sales are higher at Rs. 6.67 crores, against Rs. 6.30 crores during 1970-71 which covered a period of 15 months, the gross profit has declined sharply from Rs. 43.13 lakhs to Rs. 20.83 lakhs. On a comparable annual basis, the gross profit shows a fall of about 40 per cent despite a 33 per cent rise in sales. The ratio of profit to sales has declined from around 6.8 per cent to 3.1 per cent. The equity dividend has been skipped; the Company had paid a dividend of 12 per cent for 1970-71. The poor results are attributed to the all-round rise in costs of production and lower margins on goods supplied to Government agencies and electricity boards. The prospects for the current year are considered better. Production during the first three-and-a-half months is valued at around Rs. 1.70 crores, against Rs. 1.38 crores in the corresponding period of last year. The profitability also is stated to be better.

LINGAPUR ESTATES

Loss Incurred

THE working of Lingapur Estates Ltd for the year ended March 1972 has resulted in a loss of Rs. 1.02 lakhs, after providing depreciation and taxation of Rs. 20,000. This compares with the previous year's profit of Rs. 1.62 lakhs, after providing depreciation and taxation of Rs. 1.89 lakhs. The surplus brought forward from the previous year is Rs. 11,814 to which is added Rs. 2 lakhs transferred from general reserve, making a total of Rs. 2.12 lakhs. After deducting from this surplus the loss of Rs. 1.02 lakhs, there is a balance of Rs. 1.10 lakhs. Out of this, the interim dividend of 5 per cent absorbed Rs. 21,305 and the final dividend of 7 per cent

accounts for Rs. 29,827. The balance of Rs. 58,888 is being carried forward.

RANE (MADRAS)

Expansion Plan

FOR the year ended March 1972, Rane (Madras) Ltd has earned a profit of Rs. 14.26 lakhs, after providing Rs. 9.75 lakhs for depreciation, Rs. 36,912 for development rebate reserve and Rs. 21.75 lakhs for taxation. This compares with the previous year's profit of Rs. 13.88 lakhs, after providing Rs. 8.51 lakhs for depreciation, Rs. 2.49 lakhs for development rebate reserve and Rs. 17 lakhs for taxation. Out of the profit, the interim dividend on "A" class shares and on 6 per cent preference shares and the interim equity dividend of 6 per cent absorbed Rs. 3.61 lakhs. The balance of Rs. 10.65 lakhs is transferred to general reserve. The final preference dividend and the final equity dividend of 8 per cent will absorb Rs. 4.71 lakhs which is to be paid out of general reserve.

The Company had made an application to the Government of India in December 1970 for a licence to manufacture 60,000 units of steering gear assemblies a year. A letter of intent has been granted and the Company has entered into an agreement with Burman and Sons Ltd of the U.K. for technical collaboration. This is awaiting the approval of the Government of India.

SHREE SYNTHETICS

Change in Financial Year

THE board of directors of Shree Synthetics Ltd has decided to change the closing of financial year of the Company from 31st March to 30th June, and consequently its accounts will now be prepared for a period of 15 months—April 1971-June 1972.

LARSEN AND TOUBRO

Marine Unloader for Kandla

A MARINE unloader is soon to be installed at Kandla port for rapid unloading of raw materials for the fertiliser industry. The unloading rate is 500 tons an hour. Ships will thus not have to wait in the harbour for prolonged periods of up to a month while they are being unloaded. The marine loader is of

Buhler design and will be supplied, erected and commissioned by Larsen and Toubro Ltd. Incorporating advanced technology, it will be the first of its kind in the country. More such loaders are expected to be set up at major Indian ports to reduce unloading time from weeks to days.

GENERAL INVESTMENT

Dividend Repeated

THE General Investment and Trust Co. Ltd has earned a profit of Rs. 26,672 for the year ended February 1972, against Rs. 45,995 in the previous year, after providing Rs. 5,000 (against Rs. 23,213) for taxation. The taxable ordinary dividend of 7½ per cent has been maintained, absorbing Rs. 16,875 which will be paid out of general reserve. This offers a yield of 7.2 per cent at the present price of Rs. 104 a share of Rs. 100 each. The entire profit is transferred to general reserve. The Company's portfolio is representative of investments quoted on the Calcutta and Colombo Stock Exchanges, with the exception of certain shares costing Rs. 1.18 lakhs for which no quotation is available. The market value of quoted local investments as at the end of February 1972 was Rs. 3.74 lakhs, against the book value of Rs. 3.62 lakhs, and the market value of Ceylon investments on conversion at the rate of exchange current on that date was Rs. 40,633, against the book value of Rs. 71,522.

AMALGAMATED ELECTRICITY

Setback Suffered

AMALGAMATED Electricity has reported a setback in its working results for the year ended March 1972. Sales of energy are lower at Rs. 2.82 crores, against Rs. 2.85 crores in the preceding year, and the gross profit has declined from Rs. 46.25 lakhs to Rs. 42.08 lakhs. Even so, the dividend has been raised from 11 per cent to 12 per cent. The provision for depreciation is Rs. 11.96 lakhs, against Rs. 15.04 lakhs. After making some adjustments, a sum of Rs. 8.25 lakhs (against Rs. 13 lakhs) has been transferred to general reserve, Rs. 9.75 lakhs (against Rs. 11.51 lakhs) to taxation and other statutory reserves and Rs. 14.39 lakhs (against Rs. 15.60 lakhs) to dividend reserve. The equity and preference dividends will absorb Rs. 16.43 lakhs and will be paid out of reserves.

COMMODITIES

Expert Team Lays Stress on Irrigation for Raising Raw Jute Output

THE Central team of experts has reportedly approved of the agricultural plan submitted by the West Bengal Government to relieve farmers of their absolute dependence on congenial weather conditions, which often elude them, causing a lot of dislocation not only to the rural economy but also to the industrial set-up. The scheme provides for multiple-cropping, the growing of quality jute and cotton in the Sunderbans and other coastal regions of the State. Expressing its opinion on the jute cultivation scheme under consideration, the team has appreciated the imperative need for stabilising jute production, particularly in the olitorius tracts. It has acknowledged in the most unambiguous terms that this stabilisation in acreage and output can only be ensured through the provision of adequate irrigation facilities during the sowing and early growth-stage of the plants in the drought-susceptible areas of the State. Experts say that with surface and subsoil water available in abundance in the zones, the production of jute in ample quantities and of the appropriate grades can be ensured by arranging casual irrigation of the sown areas during the early stages, particularly when rain fails. The team advocates that rather than leaving the task of growing quality jute "to the vagaries of nature", in an "area where irrigation facilities can be easily developed," it is preferable to depend on the latter.

Useful Measures

Against an optimum annual output of some 3.5 million bales in West Bengal, production was of the order of 3.37 million bales in 1969-70 and 2.662 million bales in 1970-71. The special measures taken under several Centrally-sponsored schemes like the jute package programme, foliar spraying of urea and subsidised supplies of certified jute seeds, besides congenial climatic conditions, proved helpful in stepping up the output to 3.442 million bales in 1971-72.

Jute grown in the State consists of two types, olitorius and capsularis.

The State is classified into three distinct zones: More than 90 per cent of the soil under the fibre in Zone A in Murshidabad, Nadia, 24 Parganas, Hooghly, Howrah, Midnapore, Bankura, Burdwan, Birbhum and Purulia is under the olitorius variety. An even percentage of the total coverage in Zone B in the districts of Darjeeling, Jalpaiguri and Cooch-Behar is under the capsularis type. The percentage is roughly in the ratio of 65 for capsularis and 35 for olitorius in Zone C in Maldah and Dinajpur districts. On average, Zone A contributes 60 per cent of the acreage and 70 per cent of the output, while Zone B accounts for 21 per cent of the area and 16.6 per cent of production and Zone C provides 19 per cent of the former and 13.4 per cent of the latter. It is interesting to note that at least 80 per cent of the State's olitorius output comes from Zones A and C.

The expert team has endorsed the State's case for adequate Central assistance for the provision of minor irrigation facilities in the dry areas to ensure the continuity of jute-growing activities. Emphasising the chronic problem of unemployment in West Bengal, the team has remarked that an earlier sowing of jute will also help timely interculture and related operations in the fields, providing additional employment to some 60,000 persons at 250 mandays a year.

Gunnies Firm

After opening on a hesitant note, the Calcutta gunny market staged a moderate recovery on broadening offtake mainly by shorts and shippers for ready and near positions. Fresh enquiries and bookings were negligible but covering interest against previous contracts appeared to be well-sustained after a pretty long interval. The initial hesitancy was attributed to the report that Bangladesh had set an export target of 500,000 tons of jute goods for the current season. The *Daily Telegraph* report that Pakistan had been briskly

procuring its requirements of raw jute, hides and skins and other industrial raw materials and end-products from Bangladesh through third countries, like Burma and Sri Lanka, mainly to run its industries to capacity levels induced some caution. But the settlement of the dispute with bargemen and the abandonment of the close-out dates procedure in regard to end-August loaders paved the way for brisk shipments, augmenting the offtake by shorts and shippers against their earlier deals. It helped in a reversal of the trend, producing a snowball impact on prices. At the lower levels there was a moderate flow of overseas and internal enquiries and business in spite of the fact that both mills and holders turned reluctant to discount prices any further. As Dacca was practically booked to capacity for the first half of the season, and with the closure of the Adamjee jute mills—the largest in the world—for about three weeks now, shippers were obliged to tap Calcutta for the procurement of their immediate requirements in spite of the rising price trend. A moderate turnover was reportedly done with the Middle East and some African countries. The renewal of the Indo-Sudanese trade agreement, providing for an increase in the turnover of bilateral trade, including jute goods and cotton, also helped in improving the outlook. The reported increase in the consumption of burlap in the U.S.A., by some 3 million yards over the near-time low to 30 million yards in July, aroused hopes of an early revival of U.S. interest in Indian hessian among operators in Clive Row. They believed that the high prices and difficult availability of jute goods so far had forced U.S. bag-makers and other industrial consumers to live on their stocks and resort to the use of second-hand reclaimed bags and substitutes. As they could not entirely dispense with the use of jute goods, the local trade and industry thought, overseas consumers would soon enter the market in a big way to replenish their extremely depleted stocks. The same considerations might induce Russia and other European countries to book their seasonal requirements on extended delivery schedules with the Indian mills and operators. In the hedge market, sentiment was governed by the trend in the spot market. B Twills for November delivery scored handsome gains from day to day after moderate fluctuations on hectic bear-covering and a tight squeeze by the bulls. Turnover was moderate and the closing undertone was pretty firm.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.	Oct.-Dec.
40in. 7½oz.	76.25	75.50	74.50
40in. 8oz.	83.50	—	—
40in. 10oz.	99.50	97.50	96.00
B Twills	252.00	253.00	254.00
Heavy Cees	252.00	253.00	254.00
Cornsacks	—	—	—
A Twills (U.S.)	325.00	326.00	328.00
Liverpools	308.00	310.00	312.00

Fibre Steady

The raw jute market opened on an easier note with a loss of 50 paise a maund over the previous week-end level of Rs. 54 a maund, f.o.r. Calcutta ready, basis Assam Bottoms, due to the continuing lack of interest from mills and mill agents in the offers of ready and near-delivery fibre. At the lower levels, some interest developed among the consumers of quality grades, helping the prices to hover around the same level. In spite of the clearance of the transport bottleneck during the week, easing the flow of fibre from up-country markets to Calcutta and mill stations, which was likely to have produced an adverse impact on the price trend, there was no decline in the prices as the arrivals were promptly absorbed by the trade and industry. The trade, in particular, turned exceptionally keen to lift substantial lots of jute from the local market to meet their end-August settlement requirements. The report that agency prices had been ruling much above Calcutta parity levels also influenced sentiment. Worried over the overriding problem of finding an adequate supply of fibre for running the mills to capacity levels during the season, and the rather depleted stocks of fibre, mills started absorbing suitable offers not only for their immediate consumption but also for replenishing their depleted inventories. It was felt that imports from Bangladesh or Thailand, when allowed on a massive scale, would not be cheaper. Yet another report that substantial lots of fibre from Bangladesh were flowing to Pakistan through third countries like Sri Lanka and Burma reduced the prospects of India getting ample supplies from that source. Turnover was moderate and the closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	September-October		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	156.74	146.02	54.50
Selected Northern Jute	151.38	140.66	52.50
West Bengal Desal Jute	140.66	129.94	48.50
Selected Daissee	167.45	156.74	58.50
Assam-Agartala Tossa	164.06	154.06	57.50
Mesta :			
Assam Mesta	137.98	127.26	47.50
Selected Daissee Murshidabad	132.62	121.91	45.50
Bihar Mesta	117.89	107.17	40.00

PLANTATIONS

Faster Growth Needed

Speaking at the annual conference of the United Planters' Association of Southern India in Coonoor a few days ago, Mr. Theru K. J. Tanna, chairman of the Planters' Association of Tamil Nadu, complimented the Government for its decision to continue to leave plantations out of the purview of land ceiling laws. This decision is bound to give fillip to the industry which was in need of such an incentive for its growth. It is to be hoped that this decision will be allowed to remain undisturbed to ensure the growth of the plantations industry. Mr. Tanna emphasised that to preserve the economic viability of the industry, expansion and growth of individual units to sizes capable of supporting modern management and agricultural practices was necessary. If plantations are to survive rising costs and stagnant prices, they must necessarily produce a larger volume of crops. Internal consumption of certain commodities, especially tea, is rising at a much faster rate than production, thus leaving a wide production gap. In tea it is estimated that to keep exports at current levels a growth rate of 3 per cent is necessary. Where is this extra produce to come from? Necessarily, it has to come from increased acreage as many units are already on the point of reaching saturation point. Besides, as the producer of crops for an international market, the plantations industry faces severe competition from growers the world over. Any attempt to restrict the growth of plantations, thus making them economically less viable, will

be reflected in India's export performance.

In his presidential speech, Mr. A. D. Peacock observed that no industrialist or business man could bury his head within the four walls of his factory or office and say business must go on as before. It was only realistic for him to recognise this fact and apply his mind to the problems of poverty and social justice. The planters should not look upon economic activities as ends in themselves; they must subserve a social purpose which is the well-being of the people. Against this background, the U.P.A.S.I. president referred to the new activities of the Association in the past one year. He said that the Association, which had been concerned with the relatively poor production levels of small growers, had initiated a pilot project in the Nilgiris on a small scale with a view to making an intense field study of small grower indebtedness, field practices, knowledge transfer system, standards of processing and efficiency of marketing. The objectives of the scheme, Mr. Peacock said, were to help the small grower to be self-reliant, achieve higher earning levels and create the necessary environment for the easier absorption of knowledge about modern technology and agricultural management. He felt that the survey, which was coming to a close, would produce a model for all agricultural development processes in the country.

Mr. Peacock also referred to the introduction by the Association of the comprehensive labour welfare scheme on a pilot project basis on three estates in the Nilgiris. The scheme covers workers' health, nutrition, environmental and personal hygiene, occupational health, preventive medicine, child development, craft training, leisure time activities and aspirational patterns. Discussing the progress of the plantation industry in the last quarter of a century, he said it had earned Rs. 3,558 crores in terms of foreign exchange for the country. Taking into account rubber production worth Rs. 328 crores, which would otherwise have had to be imported, Mr. Peacock said, the total earnings or savings in foreign exchange amounted to Rs. 4,000 crores. The production of tea since 1947 had increased from 227 million kilograms to 433 million kilograms, that of coffee from 16,054 tonnes to 110,000 tonnes, and of rubber from 14,680 tonnes to 101,210 tonnes. "The Green Revolution in plantations had come much earlier and is a sustaining and continuing feature", Mr. Peacock said.



Life Insurance Corporation of India



Statement by Shri K. R. Puri, Chairman, at the One Hundred and Ninety-Fourth Meeting of the Members of the Life Insurance Corporation of India held in Bombay on August 31, 1972.

I have the pleasure to place before you the Statement of Accounts and Annual Report of the Life Insurance Corporation of India for the year ended March 31, 1972.

Shri T. A. Pai, our previous Chairman, resigned on March 27, 1972 to seek election to the Rajya Sabha. As you are aware, Shri Pai has since joined the Union Cabinet as Minister for Railways. I should like to take this opportunity of conveying, on behalf of the Board as well as on my own, our warm congratulations to Shri Pai on his new assignment and wish him success. I should also like to pay to Shri Pai sincere tributes in which, I am sure, you will also join me, for the dynamism in the entire outlook, approach and purpose he brought to bear upon the working of the Life Insurance Corporation of India during his tenure of about two years. His biggest contribution was that he enabled us to rediscover our latent capacities and potentialities and to apply them towards the growth and development of our vast organisation.

The other changes in the Board were that Shri N. V. Nayudu and Shri M. V. Sohoni, who were our Managing Directors, retired during this period. The Board places on record its profound appreciation of the valuable services rendered by them.

The year turned out to be an eventful one for the country in more

respects than one. On the political plane, the country went to the polls in many of the States and ruling Congress Party emerged as the largest majority party, which meant an end to the political uncertainties. Secondly, the year saw the country winning, under the able and inspiring leadership of our Prime Minister, Shrimati Indira Gandhi, the war with Pakistan. The Agreement signed recently at Simla by our Prime Minister and the President of Pakistan will, let us hope and pray, usher in a new era of goodwill and cordial neighbourly relations between the two countries, and thus put an end for ever to the tragic events which had bedevilled the relations between them for the past 25 years.

On the economic front, the country had no doubt to go through gruelling conditions in the shape of serious floods and cyclones as also severe strain of sustaining as many as 10 million refugees from East Pakistan, but basically sound and resilient as our economy is, it has been able to absorb these shocks. Let us hope that the years to come will witness the growth and development of our economy at a still faster pace so that the nation's avowed social, economic and political objectives are attained more quickly.

New Business :

The Corporation had achieved a real breakthrough in new business

in 1970-71 when it did a business of Rs. 1303 crores compared to a new business of Rs. 1030 crores in 1969-70. In the year 1971-72 this progress was further accelerated the new business completed in this year was Rs. 1639 crores. The increase in new business over the last two years has been of the order of 60 per cent compared to 47 per cent increase for the Corporation between the period 1963-64 and 1969-70. There has been a considerable rise also in the number of new policies issued, representing a greater spread of insurance. Whereas the number of policies issued in 1969-70 was 14.01 lakhs, in 1970-71 it rose to 16.16 lakhs and in 1971-72 to 19.01 lakhs. Out of the year's total new business, 12.69 lakh policies were issued on the lives of persons insuring for the first time.

Rural Business :

In keeping with the objectives of carrying the benefits of life insurance to the millions of our countrymen who live in the rural areas, the Corporation has been laying more and more emphasis on the expansion of its business in the rural areas. In the awareness that the problems of our country are essentially of the masses whose demands for social justice brook no delay, a number of important steps have already been taken to ensure that the weaker sections of our society are increasingly brought under the protection of life insurance. Among these steps, men-

tion may be made of introductions of non-medical schemes, removal of extra premiums on occupational hazards, introduction of Centenary Policy, scheme for collection of premia through selected Post Offices in rural areas etc.

During the year, 5.99 lakh policies (i.e. 31.6 per cent of the total number of policies) assuring Rs. 376 crores (23.0 per cent) were issued to people residing in the rural areas. These compare favourably with 5.07 lakh policies (i.e. 31.4 per cent) and Rs. 296 crores sum assured (22.9 per cent) of the previous year. Although LIC's achievements in this direction have no doubt been noteworthy, yet, considering the urgent needs of the country as also the vast potential that still remains untapped in the rural areas, we, in the Corporation, have an inescapable responsibility towards further and faster move in this direction.

Non-Medical Business :

During the year 9,81,915 policies (51.8 per cent of the total number of policies issued in India) assuring Rs. 397.46 crores (24.2 per cent of the total new sums assured in India) were issued under the non-medical schemes.

Size of Policy :

The average sum assured per policy (excluding Group Insurance Business) increased during the year to Rs. 7,937 from Rs. 7,574 of the previous year. While 11.99 lakhs new policies issued in the year were for sums assured between Rs. 1,000 and Rs. 5,000, the corresponding figure for 1970-71 was 11.11 lakhs policies.

Group Insurance Schemes :

During the year 1.42 lakh new lives were covered under Group Insurance and Superannuation Schemes for a total sum assured of Rs. 131 crores (as against 72,000 lives and Rs. 79 crores sum assured in 1970-71). During the year New Annuities amounting to Rs. 78 lakhs per annum were effected with a yearly premium payable thereunder of Rs. 2.42 crores (as against New Annuities amounting to Rs. 70 lakhs per annum with a yearly premium of Rs. 2.00 crores in 1970-71).

As you are aware, the Corporation took a number of steps during the year with a view to achieving faster pace of development of Group Insurance and Superannuation Schemes business. A Group and Superannuation Schemes Department was set up at the Central Office with Regional Centres at Ahmedabad, Bangalore, Bombay, Calcutta, Hyderabad, Kanpur, Madras, New Delhi and Poona. The commission rates under the One-Year Renewable Group Term Assurance Plan and Level Group Term Assurance Plan were revised. It was also decided to allow servicing commission subject to certain conditions at the time of renewal of the scheme. Further, the premium and annuity rates under the Deferred and Immediate Annuity Plans offered under Group Insurance and Superannuation Schemes were revised with effect from 1st March 1972. Besides, the underwriting procedure under the One-Year Renewable Group Assurance Plan was simplified. All these incentives, it is hoped, would motivate the agents to take greater interest than hitherto in the sale of group business.

Salary Savings Scheme :

Under the Salary Savings Scheme, the Corporation issued 5,84,490 policies in India during the year assuring Rs. 331.68 crores as against 4,86,113 policies assuring Rs. 252.06 crores of the previous year. The Salary Savings Scheme is operating for State Government employees in as many as 12 States, namely, Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Kerala, Maharashtra, Mysore, Orissa, Punjab, Rajasthan, Tamil Nadu and Uttar Pradesh. The Scheme also operates for non-gazetted employees in Central Government Offices throughout India. In the working of the Scheme in some areas and organisations, certain problems, however, crop up from time to time, but the Corporation is fully conscious of them and is taking all possible steps to iron them out.

Business in force :

The total ordinary life insurance business, other than in Pakistan and Bangladesh, in force as on 31st March 1972 was Rs. 8,202 crores under 157.99 lakh policies, out of which Rs. 8,082 crores under 157.11 lakh policies represent the business

in force in India and Rs. 120 crores under 0.88 lakh policies constitute business in force outside India. The total ordinary life business in force as at the end of the previous year i.e. 1970-71 was Rs. 7,067 crores under 147.85 lakh policies. The increase in 1971-72 over 1970-71 represents a ratio of 16.1 per cent in sum assured with bonus and 6.9 per cent in number of policies.

Lapse Ratio :

The Corporation continues to maintain improvement in the lapse ratio. The ratio of lapses to mean life insurance business in force declined further during the year under review to 5.0 per cent from 5.2 per cent in 1970-71, 5.9 per cent in 1969-70, 6.3 per cent in 1968-69 and 7.0 per cent in 1967-68. While the declining trend is satisfactory, let me assure you that the Corporation is determined not to relax its efforts to ensure that its business measure up to the highest standard and quality.

Life Fund :

During the year, the Life Fund increased by Rs. 242 crores from Rs. 1825 crores as at 31st March 1971 to Rs. 2067 crores as at 31st March 1972.

The total assets of the Corporation increased by Rs. 256 crores from Rs. 1989 crores as at 31st March 1971 to Rs. 2245 crores as at 31st March 1972.

Income and Expenses :

The total income of the Corporation for the year amounted to Rs. 448.99 crores made up of Rs. 338.55 crores of premium, Rs. 118.94 crores of interest, dividends, rents (gross), less income-tax thereon Rs. 14.31 crores, and Rs. 5.81 crores of miscellaneous income. The increase in premium income over the previous year was Rs. 46.19 crores. As against this, the amount of total benefits paid to policyholders was Rs. 106.65 crores, expenses of management Rs. 94.27 crores and miscellaneous outgo Rs. 0.77 crores. The gross and net rates of interest realised on the mean Life Insurance Fund were 6.29 per cent and 5.54 per cent respectively as against 6.25 per cent and 5.73 per cent respectively in the previous year.

During the year ending 31st March 1971, we received an amount of Rs. 3.90 crores by way of refund of income-tax relating to earlier year which increased the net interest rate of that year. Without taking into account the refund of income-tax in both the years, the net yield would have been 5.49 per cent for the year ending 31st March 1971 as compared to 5.53 per cent for the year ended 31st March 1972.

Expenses today are a variable factor, control whereof pre-supposes a number of conditions. With inflationary conditions obtaining in the country, working expenses are tending to increase. This can be offset only with larger volume of business and increased premium income. Efforts are being made by the Corporation to effect economy wherever possible or feasible. The renewal expense ratio of the Corporation came down from 14.65 per cent in 1970-71 to 14.36 per cent in 1971-72. The overall expense ratio for the year worked out to 27.85 per cent as against 27.19 per cent of the previous year.

Claim Settlements :

I am happy to report that the Corporation continued to maintain its progress in the settlement of claims. The number of claims outstanding as at 31st March 1972 came down to 22,283 death claims (Rs. 10.99 crores) and 37,735 maturity claims (Rs. 6.82 crores) against the corresponding figure as at 31st March 1971 of 32,142 death claims (Rs. 12.12 crores) and 57,117 maturity claims (Rs. 9.41 crores) respectively.

An analysis of the settlement of claim operations in the past three years, including the year under review, shows a significant improvement. The ratio of outstanding claims to claims intimated during the last three years has shown a progressive downward trend. As at March 31, 1970 it was 29.8 per cent. It dropped to 23.6 per cent in 1971 and is 19.38 per cent as at the end of March 1972.

It will be of interest to mention here that the Corporation has paid claims for amounts exceeding Rs. 800 crores to several lakhs of policyholders and their families over the past 15 years since nationalisation. Currently it is paying, on an average,

1200 claims each working day. The Corporation has accorded the highest priority to the settlement of claims in the interest of the policyholders and claimants.

Reorganisation of Corporation's Offices :

I may recall that 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 excepting for policy making, investments and a few specified functions which would be the responsibility of the Central Office. The object was to make the Divisions all important and responsible for development and servicing of business.

The Committee set up by the Corporation to go into the question of delegation of powers and decentralisation of functions to Divisional and Branch Offices submitted its report in November 1971. The recommendations of the Committee have been studied by the Corporation and the original functions of the Zonal Offices are being decentralised to the Divisional Offices. The control and advisory functions of the Zonal Offices will be taken up at the Central Office by an Officer of the status of Zonal Manager posted at the Central Office to be in charge of these functions in respect of all the Divisions of the Zone. Divisional Offices have been vested with higher financial and administrative powers to enable them to function independently in almost all matters. The Branch Offices have been vested with a number of policyholders' servicing functions and further decentralisation is under consideration.

Agents :

As at 31st March 1972, there were 1,62,357 agents on the rolls of the Corporation out of whom 1,50,859 agents were active during the year. It is pleasing to note that the average production per active agent, excluding group insurance business, was almost Re. 1 lakh during the year as against Rs. 88,997 of the previous year. It is interesting to note here that in 1957—the first year of nationalisation—the per capita production of an agent averaged below Rs. 31,000.

As provided under Section 49 of the LIC Act, the Corporation has framed the Agents Regulations to define the methods of recruitment and the terms and conditions of appointment of life insurance agents after detailed discussions with the two representative bodies of agents and with the previous approval of the Central Government. These Regulations came into force from May 1, 1972.

Another important step taken during the year by the Corporation which is calculated to improve the calibre of its Agency Force is the Career Agents' Scheme under which 13 Branches at Ahmedabad, Bangalore, Bombay, Calcutta, Chandigarh, Gauhati, Hyderabad, Indore, Jullundur, Lucknow, Madras, New Delhi and Visakhapatnam have commenced functioning during the year. This new scheme has been launched to build up whole-time career agents.

It is felt that all these measures, as also the Membership of Clubs at various levels which were introduced from 1971-72, would help the Corporation considerably in improving the calibre, stability and status of agents and in raising their income from the agency profession, and thus building up a more favourable image of the agents in the eyes of the insuring public.

New Offices :

As part of the Corporation's policy of taking insurance to the doorstep of the masses and rendering better service to them, new offices are being opened every year. During the year under review, one new Divisional Office was set up at Raipur in the Central Zone. 49 Sub-Offices and 15 Development Centres were upgraded as Branch Offices and 3 Development Centres were upgraded as Sub-Offices. Besides, 32 Branch Offices, 2 Sub-Offices and 9 Development Centres were newly opened. The total number of offices of the Corporation as on 31st March 1972 stood as follows:

Divisional Offices	...	38
Branch Offices	...	527
Sub-Offices	...	64
Development Centres	...	114

The Corporation has either a Branch Office or a Sub-Office in 261 out of 340 districts in the various States and in 5 out of 9 Union Terri-

tories in India. It also has Development Centres in 20 of the remaining districts.

LIC's 8th Valuation :

The results of the Eighth Valuation as at 31st March 1971 were announced in February 1972. At this valuation, the surplus allocated to the participating policies amounted to Rs. 110.18 crores and the allocation to the Central Government as its share of surplus was Rs. 5.80 crores. Reversionary bonuses were allotted to the participating policies at the rate of Rs. 22.00 per thousand sum assured per annum on Whole Life Assurance, and Rs. 17.60 per thousand sum assured per annum on policies of an Endowment nature issued by the Corporation. Bonuses were allotted to the policies issued by the erstwhile insurers in accordance with the scheme of differential bonuses.

Corporation's Business Abroad :

During the year the Corporation received 5,465 proposals for assurances amounting to Rs. 11.73 crores and issued 4,976 policies for sums assured of Rs. 10.67 crores as against 3,945 policies assuring Rs. 8.51 crores in 1970-71.

General Insurance :

During the year, the Corporation wrote a gross direct premium of Rs. 27.26 crores as against Rs. 23.08 crores in the previous year. Of this, Rs. 4.99 crores were secured under Fire Insurance, Rs. 12.46 crores under Marine and Rs. 9.81 crores under Miscellaneous insurance. The total net premium collection during the year amounted to Rs. 7.19 crores as against Rs. 8.36 crores in 1970-71. The net claims during the year amounted to Rs. 78.51 lakhs under Fire, Rs. 176.18 lakhs under Marine and Rs. 82.12 lakhs under Miscellaneous insurance. The total net claims amounted to Rs. 336.81 lakhs in 1971-72 as against Rs. 318.30 lakhs in 1970-71. A sum of Rs. 217.21 lakhs has been added to the General Reserve. The profits transferred to the Profit and Loss Account were Rs. 360 lakhs from Fire, Rs. 54 lakhs from Marine and Rs. 90 lakhs from Miscellaneous insurance, making a total of Rs. 504 lakhs. After making

adequate provisions for reserves and taxation, a balance of Rs. 52.16 lakhs is payable to the Central Government.

Crop Insurance :

We have recently launched in Gujarat an experimental Crop Insurance Scheme specially devised for Hybrid-4 cotton crop to the extent of the estimated cost of inputs. The main object of the Scheme, which will be implemented under controlled conditions ensured by the effective supervision and guidance by the technical staff of the Gujarat State Fertilizers Co. Ltd., is to promote increased production of cotton by persuading the farmers to incur the heavy outlay involved in the adoption of modern cultivation and plant protection practices. To facilitate this, arrangements have been made by the Gujarat State Fertilizers Co. Ltd. with Bank of Baroda for advancing loans to farmers to the extent of cost of inputs, if necessary. If this pioneering venture succeeds, as we hope, it will become the forerunner of many such schemes covering other crops and areas in the country.

Investments—People's Money for People's Good :

The total book value of the investments of the Corporation as at March 31, 1972 was Rs. 1952.66 crores thereby recording an improvement of Rs. 235 crores over the figures of 1970-71. The total book value of the investments pertaining to Life and General business was Rs. 1926.13 crores and Rs. 26.53 crores respectively. Of the total investment in India of the Life Department, 74.0 per cent (Rs. 1375 crores) was in the Public Sector, 10.9% (Rs. 201 crores) in the Co-operative Sector, 0.2% (Rs. 4.42 crores) in the Joint Sector and 14.9% (Rs. 277 crores) in the Private Sector. The Corporation agreed, during the year, to underwrite and subscribe for 113 new issues to the extent of an aggregate amount of Rs. 33.25 crores.

Although the investment policy of the LIC continues to be governed by the same statutory provisions and regard for safety of the funds coupled with satisfactory return by way of yield thereon, the pattern of investment has undergone a significant change over the years. Socially-oriented investments now claim our

foremost attention. Loans to local bodies for urban and rural water supply schemes and for sewerage schemes of Municipalities, Loans for Housing and Loans to State Electricity Boards—these three channels have been selected by us for our special consideration. Whereas in 1963-64 our investment under these heads was about Rs. 18 crores, in another four years i.e. in 1967-68 it crossed Rs. 50 crores mark—an addition of Rs. 32 crores. Subsequent four years witnessed a further spurt. By 1971-72 the addition itself doubled. During 1971-72 we invested over Rs. 117 crores under these heads. Housing, Electricity and supply of Drinking Water could be considered basic amenities required by a civilised community. These, therefore, claim a preponderant share of our social investments. Within the limitations of the growth of LIC's funds, new avenues under these fields are pursued. In 1971-72, for example, for the first time, massive assistance was sanctioned to a State Government for its programme of constructing low cost houses in large numbers for members of the scheduled castes and scheduled and denotified tribes.

Besides the above schemes, LIC also has schemes for grant of loans for construction of sheds by Industrial Estates and for Co-operative Sugar Factories. They are designed to assist small scale industrialists as also industries in rural areas. As on 31-3-1972, a sum of over Rs. 8 crores has been invested under these two heads.

One interesting feature about our socially-oriented investments has been the catalytic effect it has given rise to. The more we invest the greater is the demand, reflecting the increasing hunger of the people for early satisfaction of their needs. We are happy about this and propose to give Electricity, Housing and Water Supply our continued support.

Building & Housing Activities :

During the year, the Corporation, as a part of its programme to provide more office accommodation, completed projects which included the Zonal Office building at Kanpur, Divisional Office buildings at Patna and Trivandrum, Annexe to Divisional Office building at Lucknow, Branch Office Building at Bulsar, Branch Office-cum-Investment build-

ing at Kota, etc. It also undertook new projects such as Divisional Office buildings at Ahmedabad, Calcutta, Jamshedpur, Machilipatnam, Madurai, Muzaffarpur, New Delhi and additional floors to "Yogakshema" building in Bombay.

Besides, the Corporation has completed construction of 42 staff quarters at New Delhi and Poona. Further 231 staff quarters are under construction at different places such as Calcutta, Durgapur, Gauhati, Madras and Varanasi. Additional 883 staff quarters are under planning. The Corporation has been granting loans to Co-operative Housing Societies formed by its employees and also to individual employees for purchase or construction of houses. During the year loans amounting to Rs. 44 lakhs were advanced to 11 Co-operative Societies of the employees, in addition to Rs. 59 lakhs to 274 individual employees for purchase or construction of houses. So far, in all, 122 societies consisting of 4261 employees have taken advantage of this scheme and have been sanctioned loans totalling Rs. 662.76 lakhs. In all, 970 individual employees have been sanctioned loans amounting to Rs. 167.73 lakhs as at March 31, 1972.

In addition to the above schemes, the Corporation continues to advance loans direct to State Governments for financing a variety of their Housing Schemes like the Low Income Group Housing Scheme, Middle Income Group Housing Scheme etc. Loans are also advanced to Apex Housing Finance Societies; ultimate beneficiaries under these schemes are the Primary Co-operative Housing Societies. Total amount of loans under these schemes as at 31st March 1972 exceeds Rs. 237 crores.

Realising the acute shortage of housing in the country, and also the fact that it is not feasible for the State alone to meet the growing demands for houses for the millions, the Corporation has embarked upon the task of providing housing to the policyholders on a large scale keeping, however, in view the safety and yields of its funds. In pursuance of this plan, the Corporation has started construction of a township at Borivli, a suburb of Bombay. Projects of similar townships at Bangalore, Hyderabad, Delhi and Ahmedabad are also under planning.

A sum of Rs. 375 lakhs has been spent by the Corporation during the year on its new constructions. Projects costing in all Rs. 170.43 lakhs have been completed during the year. In addition to its own buildings and staff quarters, the Corporation has constructed an Investment building on National Indian plot at Connaught Circus, New Delhi, during 1971-72. Projects estimated to cost about Rs. 9 crores were under construction during the year. A sum of Rs. 3.93 crores was sanctioned during 1971-72 for more building projects at different centres.

"Own Your Home" and Other Schemes :

The Corporation's "Own Your Home" scheme intended to help the policy-holders for owning houses was earlier extended to places where the Corporation has either a Branch Office or a Sub-Office. It was operating, thereby, in 424 centres. Since September 1971, our Zonal Managers were empowered to extend the scheme to further centres under their respective jurisdictions. The total number of centres where the scheme is in operation comes to 488 now.

During the year, 1668 loans amounting to Rs. 488.45 lakhs were sanctioned to policyholders for construction or purchase of houses. So far, in all, 8901 loans amounting to Rs. 2574.86 lakhs have been sanctioned under the scheme.

The Corporation's total contribution to housing development in India by way of loans to State Governments, Co-operative Housing Finance Societies and loans under other schemes, as also its own building

constructions upto 31st March 1972 amounted to over Rs. 359 crores.

Before I conclude I would like to place on record my deep sense of gratitude for the cooperation and advice I have been receiving from the Members of the Corporation and my colleagues in the Corporation. Several experts also outside the Corporation, through the various Committees, have been associating themselves with the Corporation and giving us the benefit of their knowledge and experience. I would like to place on record also my sincere thanks to every member of the staff working within the Corporation, both on administrative and development sides, for his enthusiasm and wholehearted support in reaching the targets. Our agents, throughout the country, have also contributed substantially to the achievement of our goals. Within the Corporation we have to face several problems, but they are problems of growth and with the unstinted support from everyone working within the Corporation, I feel confident that we shall be achieving in larger measure the noble objectives towards which we have been working. The message of life insurance is yet to be taken to millions of people in the country. In fact, we have been endeavouring to change the concept of life insurance from that of classes to that of masses. Through our Salary Savings and Group Insurance schemes we have been endeavouring to reach larger number of people who badly need insurance protection. We have a great task before us and so long as every insurable person has not been brought under the protective cover of life insurance, our task will remain unfulfilled. It is our duty to re-dedicate ourselves to this great task and see that the objective with which life insurance was nationalised is achieved as early as possible.

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UNIT TRUST OF INDIA

EXTRACTS FROM THE STATEMENT OF SHRI J. S. RAJ, CHAIRMAN, UNIT TRUST OF INDIA

The Unit Trust of India completed, as of June 30, 1972, its eighth year of operation and its accounts have now been audited and published.

Unit Scheme 1964

2. During the year under review, the income of the Trust amounted to Rs. 9.68 crores as against Rs. 8.41 crores in the preceding year. Total expenses, rose to Rs. 80.53 lakhs as against Rs. 80.00 lakhs in the preceding year. The share of the Trust's income allocated to Unit Capital worked out to Rs. 924.09 lakhs and that of Initial Capital to Rs. 44.12 lakhs. The share of expenses amounted to Rs. 46.20 lakhs and Rs. 11.72 lakhs, respectively, after setting off Rs. 22.61 lakhs representing recoveries towards management expenses.

3. The net income allocated to unit holders amounted to Rs. 877.89 lakhs. This amount, together with the balance of Rs. 12.93 lakhs in the Unit Capital Appropriation Account—in all Rs. 890.82 lakhs—is available for distribution to the unit holders whose names were on the Register of the Trust as on June 30, 1972. The Board has decided to increase the income distribution to unit holders to 82.5 paise per unit i.e. 8.25 per cent (as against 8 per cent in the preceding year). The Board has also decided to make an income distribution of 5.5 per cent to the initial capital contributors.

4. Sales of units in 1971-72 were lower at Rs. 15.08 crores under 61,405 applications as compared with Rs. 18.00 crores under 61,741 applications in 1970-71. About 99 per cent of the sales came from individuals, the balance being from institutions. As on June 30, 1972, units sold and outstanding amounted to Rs. 104.72 crores held by over 4.34 lakhs unitholders.

5. Sales of units to non-residents were Rs. 40.50 lakhs under 427 appli-

cations as against Rs. 42.93 lakhs under 440 applications last year.

6. Repurchases by the Trust were lower at Rs. 2.60 crores under 10,049 applications during the year as against Rs. 3.19 crores under 12,724 applications in 1970-71. This year's repurchases worked out to only 2.5 per cent of the aggregate funds invested by unitholders as against 3.5 per cent last year.

7. The Reinvestment Plan of the Trust is gaining popularity among the existing unitholders and 17,972 unitholders participated in the Plan in respect of the income distribution relating to the year ended June 1971, the amount invested being Rs. 69.30 lakhs. In respect of the 1971-72 income distribution 5,230 new applications for reinvestment were received involving 22,06,350 units.

8. Voluntary Savings Plan 1969 attracted 152 new applications during the year and the total sales under the Plan amounted to Rs. 1.66 lakhs. As on June 30, 1972, the number of members participating in the Plan was 753.

9. Total applications received under the Children's Gift Plan were 1,817 for the purchase of units aggregating Rs. 46.29 lakhs. Units of the face value of Rs. 4.25 lakhs were allotted against dividend for the year ended June 30, 1971. Thus the total sale during the year amounted to Rs. 50.54 lakhs.

Unit Scheme 1971

10. The Trust framed its new Unit Scheme 1971 from October 1, 1971. The accounts of the 1971 Scheme are kept distinctly separate from the 1964 Scheme. Under this Scheme, a new ten-year contractual savings plan with built-in-life insurance cover was also formulated viz. the Unit-linked Insurance Plan. The object of the Plan is

to provide investors, especially from the relatively small and medium income groups, a facility for regular savings and investment of these savings in the units of the Trust, combined with the advantage of life insurance cover during the period of the Plan.

11. During the nine months ended June 30, 1972, a little over 500 persons joined the Plan with an initial contribution of Rs. 3.27 lakhs and a target amount of Rs. 40.7 lakhs.

12. The income available, as reduced by the expenses to be charged during the 1st accounting year, amounts to Rs. 18,164. The Board has decided to declare an income distribution of 52.5 paise per unit for the nine months period which works out to 7 per cent for the full year.

Investments

13. Total investments of the Trust (Unit Scheme 1964 and Unit Scheme 1971) as on June 30, 1972 amounted to Rs. 119.26 crores as compared with Rs. 105.14 crores at the end of the previous year. During the year, the Trust's underwriting operations increased from Rs. 3.05 crores in respect of 16 capital issues in 1970-71 to Rs. 4.58 crores in respect of 14 issues in 1971-72.

Other Matters

14. As against 2,756 approved agents last year there were 3,070 agents at the end of the year under review. The number of brokers was also increased from 320 to 334 and units continued to be on sale at about 11,000 bank offices and 18,000 post offices. The Trust continued its drive at mobilising savings and popularising its units as a medium of investment among the general public.

COMPANY AND PUBLIC NOTICES

INDIAN OXYGEN LIMITED

It is hereby notified for public information that M/s Indian Oxygen Limited, P-34 Taratala Road, Calcutta-53 have given on 2/8/72 a Notice under Section 21 of the Monopolies and Restrictive Trade Practices Act 1969, to the Department of Company Affairs, New Delhi, for their substantial expansion in the manufacture of filler wires for tungsten inert gas-shielded (TIG) welding and metal inert gas-shielded (MIG) welding.

Any person interested in the matter may make representation to the Secretary, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice.

INDIAN OXYGEN LIMITED

It is hereby notified for public information that M/s Indian Oxygen Limited, P-34 Taratala Road, Calcutta-53 have given on 11/8/72 a Notice under Section 21 of the Monopolies and Restrictive Trade Practices Act 1969, to the Department of Company Affairs, New Delhi, for their substantial expansion in the manufacture of oxygen, argon neon, krypton and xenon.

Any person interested in the matter may make representation to the Secretary, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice.

SCHRADER-SCOVILL DUNCAN LTD.

(Notice under Rule 4A of the Monopolies & Restrictive Trade Practices Rules, 1970)

It is notified for public information that Schrader-Scovill Duncan Ltd. which has applied for an Industrial Licence for the manufacture of Automobile Tyre Tube Valves and Accessories thereof intends to give notice for substantial expansion of its activities in Form I under Section 21 of the Monopolies & Restrictive Trade Practices Act, 1969 to the Central Government in the Department of Company Affairs, New Delhi.

Any person interested in the matter may make representation to the Secretary, Government of India, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice stating the nature of his interest in the proposal.

SCHRADER-SCOVILL DUNCAN LTD.
R. P. GOENKA
Director.

Calcutta-1,
The 8th September, 1972.

MANAGEMENT APPOINTMENTS

This space is available for publicising your Management Appointments.

The Management section in *Capital* is the appropriate medium for advertising such top appointments as company secretaries, accountants, legal and tax advisers, management consultancy staff and personnel officers.

For particulars, please contact the Advertisement Manager, *Capital*, 19 R. N. Mookerjee Road, Calcutta 1. Phone : 23-5825-26-27.

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.						Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %	
Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %			1970	1971	11-9-72		
CLEARED SECURITIES											
10	Birla Jute	9	11	23.75	4.6	10	Braithwaite	...	...	3.31	...
10	Burrakur Coal	12	5	4.37	11.4	10	Biecco Lawrie	Nil	Nil	10.62	...
10	Dunlop India	20	20	26.20	7.6	10	Bridge & Roof	2½	...	36.19	0.7
10	G. K. W.	16	20	31.65	6.3	100	Burn & Co.	Nil	...	55.00	...
10	Hind Motors	Nil	Nil	6.90	...	10	Cal Steel	5	10*	8.50	11.7
10	Howrah Jute	Nil	Nil	6.50	...	10	Hind Wire	10	10	16.37	6.1
10	Ind Aluminium	14	17	30.75	5.5	10	Ind St. Wagon	Nil	...	3.62	...
10	Indian Cable	2½	15	20.80	7.2	10	Industrial Cont	...	...	11.50	...
2 sh.	Indian Copper	11.1	10.5*	2.33	8.1	10	Jay Eng.	8	10-10*	11.81	8.5
10	Indian Iron	6	6	6.05	10.0	10	Jessop & Co.	Nil	...	3.94	...
10	J. K. Cotton	Nil	...	7.10	...	10	J. K. Steel	Nil	8	8.50	3.5
10	Jaipur Udyog	10	5	9.20	5.4	3	Kumardhubi	Nil	15*	4.12	11.0
10	Jayshree Tea	11	14*	15.00	9.3	2	Marshall	Nil	...	0.87	...
10	Kesoram Ind	10	5	17.90	2.9	10	Sen-Raleigh	Nil	...	4.12	...
10	National Rubber	Nil	...	6.44	...	10	Simon-Carves	15	...	14.06	10.7
10	Orient Paper	10	11½	33.80	3.4	10	Wellman Incan.	10	Nil-10*	7.81	12.8
10	Orissa Cement	12½	...	18.00	6.9	JUTE					
10	Rohtas Ind.	Nil	Nil	3.95	...	10	Agarpara	5	5	9.75	5.1
10	Texmaco	Nil	...	8.30	...	100	Anglo-India	5	7½-15*	106.50	14.1
COAL						100	Auckland	Nil	Nil	64.00	...
10	Amalgamated	10	10	11.20	8.9	10	Bally	10	10	13.75	7.3
100	Bengal	12	...	44.50	27.0	£5	Barnagore	Nil	Nil	70.00	...
10	Bengal-Nagpur	2½	...	5.25	4.8	10	Budge-Budge	12	6	7.12	8.4
10	Borrea	12½	Nil*	8.00	...	10	Champdany	5	Nil	13.00	...
10	Karanpura	20	10-7*	6.00	17.8	10	Chitavalsah	Nil	...	11.25	...
10	Katras Jherriah	10	...	9.06	11.0	100	Dalhousie	Nil	Nil-10*	58.00	17.2
10	New Beerbhoom	16	10	6.00	16.7	10	Fort William	Nil	Nil	14.00	...
10	North West	2½	...	9.25	2.7	10	Ganges	7½	7½	7.94	9.4
10	Pench Valley	10	10	11.25	9.0	100	Hastings	2½	1	102.00	1.0
10	Raneegunge	10	7½	10.50	7.1	12½	India	4.8	8	10.75	9.3
10	Rewa	20	20	22.00	9.1	100	Kamarhatti	Nil	...	103.00	...
10	S Karanpura	20	20	9.06	22.1	100	Kanknarrah	Nil	...	42.50	...
10	W Bangal	8½	8½	7.31	11.6	100	Kinnison	Nil	Nil-Nil*	39.00	...
COTTON						10	National	Nil	...	10.75	...
10	Basanti	Nil	...	2.75	...	10	Nellimarla	Nil	...	8.00	...
10	Bharat Com	12	12	16.62	7.2	10	New Central	Nil	...	4.31	...
10	Bowreah	12½	...	12.62	9.9	10	Northbrook	Nil	Nil-25*	13.75	18.2
10	Cawnpore	Nil	Nil*	2.37	...	100	Union	Nil	Nil-Nil*	56.00	...
10	Dunbar	Nil	...	9.87	...	1	Waverley	Nil	...	3.75	...
10	Elgin	6	...	6.75	8.9	CEMENT AND LIME					
ENGINEERING						10	Asoka	6	Nil	4.62	...
10	Braithwaite	...	...	3.31	...	10	Bisra Stone	15	15-Nil*	12.75	...
10	Biecco Lawrie	Nil	Nil	10.62	...	10	Dalmia	12½	...	12.00	10.4
10	Bridge & Roof	2½	...	36.19	0.7	10	Karanpura Dev.	5	5	9.31	5.4
100	Burn & Co.	Nil	...	55.00	...	10	Kumardhubi Fire	20	20	18.45	10.8
10	Cal Steel	5	10*	8.50	11.7	10	Orissa Minerals	5	12½	9.12	13.7
10	Hind Wire	10	10	16.37	6.1	5	Sone Valley	Nil	...	1.59	...
10	Ind St. Wagon	Nil	...	3.62	...						
10	Industrial Cont	...	...	11.50	...						
10	Jay Eng.	8	10-10*	11.81	8.5						
10	Jessop & Co.	Nil	...	3.94	...						
10	J. K. Steel	Nil	8	8.50	3.5						
3	Kumardhubi	Nil	15*	4.12	11.0						
2	Marshall	Nil	...	0.87	...						
10	Sen-Raleigh	Nil	...	4.12	...						
10	Simon-Carves	15	...	14.06	10.7						
10	Wellman Incan.	10	Nil-10*	7.81	12.8						

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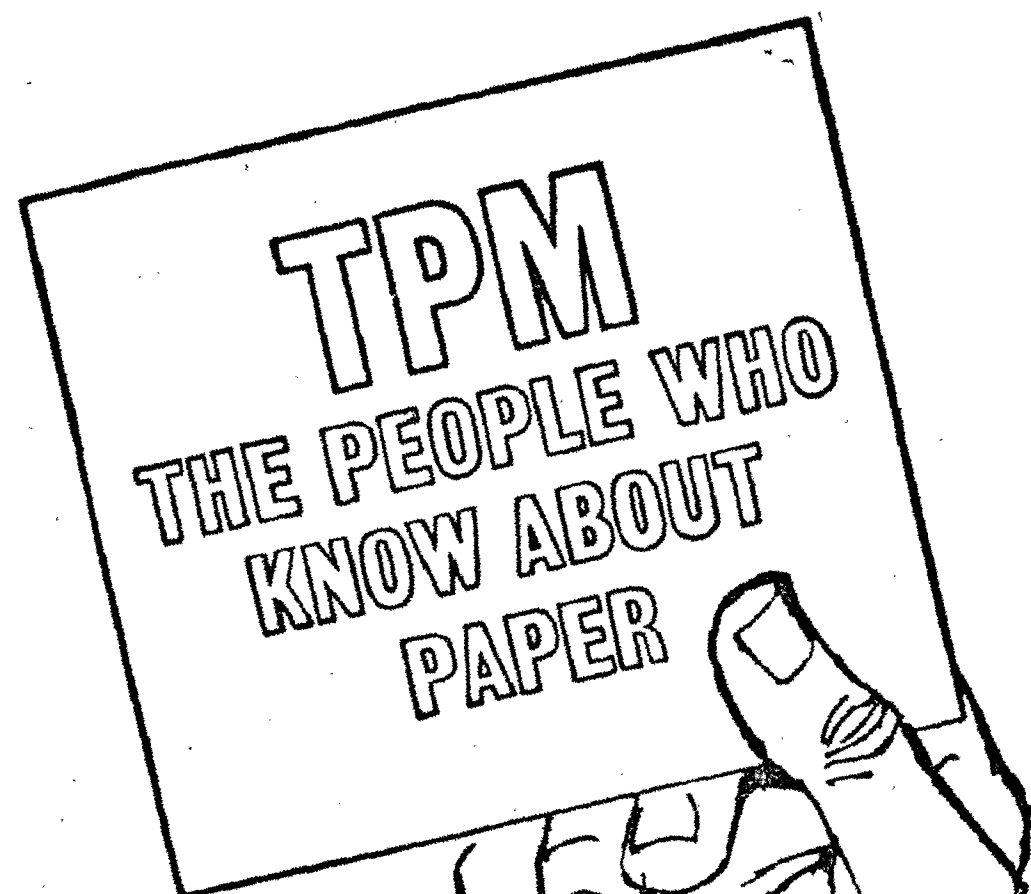
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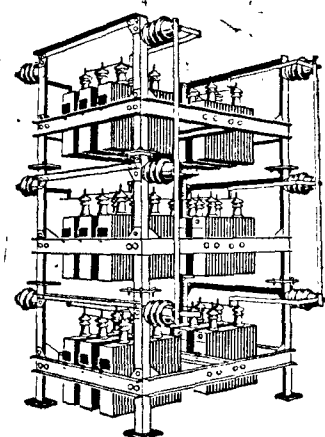
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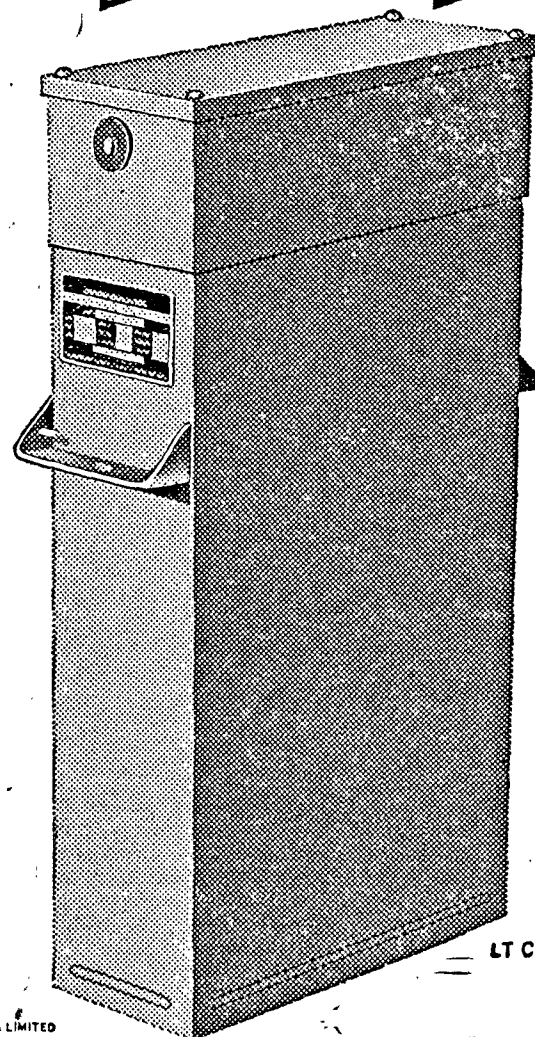
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Red Signal from Reserve Bank

THE 1971-72 annual report of the Reserve Bank of India has done well to hoist the red signal for the Indian economy. A perusal of the latest report will inevitably give the impression that the country's economy is sliding down through a perilous slope and that timely action is necessary to arrest the deteriorating trend. It is a truism that the economy was perched precariously last year due to the huge exodus of refugees on the one hand and the subsequent Indo-Pakistani war on the other. It is no use blaming the Reserve Bank that it should have cautioned the Central Finance Ministry at the right time about the ultimate consequences of a spree in deficit financing which was estimated to have been well over Rs. 400 crores in one single year. As it is, faced with an unprecedented emergency, it was the patriotic duty of every citizen to shoulder an onerous burden, regardless of the degree of hardship. The Reserve Bank's annual report has realistically spoken of the resilience that the economy has shown under conditions of great stresses and strains. The fiscal burden being what it was last year, it should be a matter for small consolation that things did not take a far more serious turn than they threatened to do and completely upset the applecart, bringing in its trail widespread misery, sharp increase in prices, a colossal volume of deficit financing and a far more back-breaking burden of taxation.

This is not to say that the magnitude of the problems faced by the economy in 1971-72 and their impact on it this year should be belittled. As it happens, the Reserve Bank's annual report has entertained a lot of forebodings about the evil effects of the policies which have been pursued so far. If this makes the report an exercise in pessimism, it has got to be appreciated that it has had to be so because a lot of imponderables are hanging heavily on the economic horizon. Consequently, there is an under-

tone of anxiety, if not of alarm, which runs like a red thread throughout the report. Any casual reader of the report cannot, therefore, be blamed if he jumps to the conclusion that the picture portrayed by the Reserve Bank is one of gloom and despondency. In fact, the major economic indicators have pointed to difficult portents which need to be surmounted expeditiously so that their disquieting features may be effectively countered well in advance. For one thing, agricultural production, which had increased at an average rate of 7 per cent during the preceding two years, is likely to show a small rise during 1971-72. This could indicate that the earlier foreboding about agricultural production is going to prove true. It is still anybody's guess what will be the total foodgrains production during 1972-73, since large areas have suffered from the drought havoc in various parts of the country, with the prospect of a substantial shortfall in the country's *kharif* crops. But according to a conservative official estimate, there might be a shortfall of 15 million tonnes, which is proposed to be made up by an increased production of the *rabi* crop of the same order.

But the cause for concern is the sluggish tempo of industrial growth, which has declined from 7.1 per cent in 1969 to 4.9 per cent in 1970 and slid down further to the pathetic figure of 2.9 per cent in 1971, which is pitifully less than even half of the Fourth Plan target of 8 per cent to 10 per cent. The Reserve Bank's annual report has sought to explain the declining trend in the industrial growth rate due to the shortages of power and raw materials as well as demand constraints. But one has to go deeper to find out the root causes of the current stagnation. The Government's strategy of reckless take-overs with or without compensation, uncertainty concerning the revision of the Industrial Policy Resolution, high taxation and its occasional policy pro-

nouncements on the restricted rôle for the private sector, regardless of the effects on the economy as a whole, have virtually created a crisis of confidence which will be difficult to remove unless New Delhi creates a helpful climate by pursuing more favourable policies. The Reserve Bank's report suggests, as a counsel of despair, that to achieve the Fourth Plan target of 5.5 per cent, the national income will have to grow at a rate of about 7 per cent in the remaining two years. This should appear to be a Herculean task in view of the setback in agricultural and industrial production as well as the sluggish trend in exports which, excluding shipments to Bangladesh, did not register a rise of more than 2 per cent last year. Although industrial production and exports during the first four months of the current year have shown a favourable trend, economic portents suggest that it will indeed be a formidable task to achieve the growth rate envisaged in the Fourth Plan. In fact, the growth rate of the country's real income has fallen from 4.7 per cent in 1970-71 to less than 4 per cent in 1971-72.

The Reserve Bank report has also referred to the disquieting price prospects, since the wholesale price index number rose by 6.8 per cent during 1971-72, which was more than double the rise in the previous year. During the first eight months of the current year, prices have merrily ascended further, showing a rise of no less than 8 per cent so far, although in the last week of August, they have registered a marginal fall. But there is no cause for complacency on this score, as higher wages and bonus, unrelated to productivity, will fan the fires of a galloping price inflation. The Reserve Bank has done well to point out that during the past 12 months, there has been the sharpest rise in prices in any single year recently. To make matters worse, the money supply with the public expanded by a record 13.7 per cent in 1971-72, against 12.5 per cent in the previous year. The main feature of the monetary expansion has been the sharp rise in net bank credit to the Government amounting to Rs. 1,001 crores, against Rs. 831 crores in 1970-71. There has also been a sharp rise of 16.5 per cent in total disbursements, including loans and advances, of the Central and State Governments in 1971-72, compared with 11.4 per cent in 1969-70 and 9.5 per cent in 1970-71. "Developmental outlay rose by 17.4 per cent, but the increase in non-developmental outlay at 19.8 per cent was much sharper". To add to it, the outstanding overdrafts of 11 States, which

had totalled Rs. 371 crores as on 28th June, 1971, reached a level of Rs. 642 crores at the end of April 1972, with as many as 12 States having overdrawn on their accounts. The impact of this spending spree by the State Governments on the Indian economy has been to upset its financial balance and accentuate inflationary pressures. Fortunately, a new scheme has been brought into effect from 1st May, 1972, requiring that overdrafts be discontinued from end-April 1972. Simultaneously, in view of the increased volume of budgetary transactions of State Governments, the limits for clean or unsecured ways and means advances from the Reserve Bank have been enhanced to four times the previous levels, in addition to what they can borrow against the security of their investments. Furthermore, under the new policy, no overdrafts are allowed by the Reserve Bank except for purely temporary periods of not more than seven days.

Licensing : What Price Ideology?

THE Central Government's recent admission that out of a total of 120 letters of intent, issued to the State Industrial Development Corporations, hardly eight have materialised is nothing, if not self-condemnatory of the whole industrial licensing policy. In a note for the conference of State Industries Ministers in New Delhi, the Centre has sought to analyse the causes of the failure of the State Corporations to convert their letters of intent into licences but the question is whether the Centre was not aware of their limitations at the time of issuing the letters of intent. One of the major difficulties faced by the State Corporations, according to the note, is the inadequacy of financial resources. Most of them are reported to have depended almost completely on State budgets for funds. Were letters of intent issued to these bodies without even a formal scrutiny of their proposals and how they intended to finance their projects? While one could understand the Centre's desire to promote the joint sector by encouraging the State Corporations to set up new industries, was it not obligatory for New Delhi to satisfy itself that the State bodies were in a position to undertake the task assigned to them? Alternatively, were any steps taken by the Centre to check periodically with the States on the progress made by them on the projects for which letters of intent had been issued? It is nothing but a

scandal that more than 90 per cent of the letters of intent issued to the State Corporations were allowed to pre-empt capacity for other applicants. That the economy is in a perilous plight is also evident from the fact that the net capital formation by the Central Government for 1971-72 was Rs. 516 crores, representing an increase of Rs. 88 crores over the previous year. But the net saving was only Rs. 211 crores, thus showing a gap of Rs. 305 crores. Faced with a grave predicament at this juncture, what the country should do is to maximise production to mitigate the rigours of inflationary pressures, reduce unproductive expenditures on both Central and State accounts, broaden the tax base in the agricultural sector and hasten slowly with the redistributive aspects while, at the same time, concentrating more on increasing the size of the national cake. The Government's current ideological obsessions have already done more harm than good to the economy. It is high time that New Delhi called a halt to its ideologically-inspired policies in favour of pragmatic ones.

scandal that more than 90 per cent of the letters of intent issued to the State Corporations were allowed to pre-empt capacity for other applicants.

As the note itself points out, the letters of intent in a large number of cases were issued for the setting up of industries of critical importance to the country's economy. Some of the industries in which the State Corporations had proposed to set up units were caustic soda, soda ash, chlorine, automobile tyres and tubes, cement, synthetic detergents, nylon filament yarn and sophisticated electronic items. On the other hand, of the eight licences issued in the last five years to the State Corporations, two were for the manufacture of beer! It is true that of the total 120 letters of intent, only 42 were issued till the end of 1970 and the majority—as many as 66—were issued only last year. It may, therefore, be contended that it is too early to judge the performance of the State Corporations in the field of industrial development. But what is disconcerting is not so much the delay in the conversion of letters of intent into industrial licences as the Centre's tendency to hinder rather than help the State Corporations to implement their schemes.

Take, for instance, the question of finance itself. It is widely admitted that the resources at the disposal of

the States are limited and the State Corporations have not had any assistance from any outside sources. Only recently, they have become entitled to assistance from Central financial institutions in the same way as private undertakings. This will, no doubt, remove a major constraint, but even for securing loan assistance the State Corporations must have an adequate equity base and reserves. And if they are to take up major projects, they should also be able to mop up resources from the private sector. It is here that unfortunately ideological considerations have crept in. The Centre has looked with disfavour the tendency among the State Industrial Corporations to seek the aid of the larger business houses for setting up joint industrial undertakings. The Centre's note says that industrial licences meant for the State Industrial Corporations "are not supposed to provide a cover for the entry of the larger houses or foreign majority companies into sectors for which they would normally not have got licences in their own names". What else should one call this other than ideological obsession?

It is well within the knowledge of the Central Government that the so-called larger business houses have been accumulating surpluses which they are not in a position to invest in useful projects. What is wrong if the State Corporations make use of these funds on terms and conditions, allowed by the Centre, under its industrial licensing policy? According to the guidelines issued under the policy, the State Industrial Development Corporations should hold not less than 26 per cent of the equity of any company that may be formed to implement a letter of intent issued to them. The guidelines also stipulate that the State Corporations should not allow any other entrepreneur or business group an equity shareholding beyond 25 per cent in undertakings where they have an equity investment of 26 per cent. It is, however, stated that the State bodies should seek the Centre's permission before letting the larger business houses or foreign majority companies invest even up to 25 per cent of the capital in any joint undertaking. That is different from asking the State bodies not to take financial assistance from the larger business houses for setting up industries to which the latter are normally denied fresh entry.

What is most amazing about the Government's policy is its refusal to take note of the factors that it has

itself held responsible for the lack of growth in the State sector. For example, the note says that the State Industrial Corporations are handicapped by a "general dearth of management skills available in the country". The difficulties of the State Corporations in this respect are admitted to be even greater than those of the public-sector projects with the Centre. The note also points out that the State Corporations experience difficulty even in getting persons of the requisite calibre for drawing up project reports, not to mention the actual running of industrial undertakings. And yet, the instructions to the corporations are clear—treat the larger houses as "untouchables". What price ideology indeed!

It is thus evident that the joint-sector concept is still very nebulous and is interpreted often to discourage

Congress and C.P.I.: Political Panorama

THE C.P.I.'s policy of playing safe for the last few years seems to have landed it in a muddle. Rumbles were heard at the recent National Council meeting in New Delhi. The state of euphoria generated by the election results in March has to an appreciable extent given way to doubts and rethinking. High words were used at the meeting criticising the Congress—Mrs. Gandhi not excluded—and some of the C.P.I. topbrass. It looked as if the jargon of opportunism or political calculation could no longer paper the cracks in the ideological base. The theoretical dilemma should be especially harmful to the Party's effectiveness because it is said to have acquired a monopoly of the brains of the old organisation when it split.

The C.P.I. is caught between a number of contradictory pulls. First, it has never questioned the infallibility of Moscow, an article of faith it has inherited from the undivided Party. This unswerving allegiance has had two powerful results. The Party accepted the Muscovite line of working with in order ultimately to win over the progressive elements in the national bourgeoisie and forge a progressive democratic alliance. This theoretical plank is solidified by a top-level political policy embodied in the Indo-Soviet treaty which makes Mrs. Gandhi not only an ally but almost a leader. An indication of

rather than encourage industrial development. The difficulties experienced by the State Industrial Corporations in floating viable industrial projects should only highlight the need for a more flexible approach to industrial licensing and larger houses. It would be nothing short of an unpardonable crime if the authorities at the Centre should deny to the States, for ideological reasons, the use of funds at the disposal of every section of society, whether such funds belong to the larger business houses or the small-scale sector. The object must be to move forward as speedily as possible and not to stagnate or go behind. If the Centre continues to pursue a rigid policy, the day will not be far off when the States may demand more autonomy in the field of industrial development as Tamil Nadu is already asking for. Wisdom lies in taking the right action at the right time.

this lasting sanction of the *status quo* was the recent statement issued following discussions between the C.P.S.U. leaders and the C.P.I. leaders in Moscow. Thus, while Mrs. Gandhi has received a few brickbats at the National Council meeting, Moscow keeps on showering bouquets on her. And this contradiction puts the C.P.I. in something of a quandary.

Apart from the international picture, developments on the national scene since the March elections have not quite conformed to C.P.I. calculations. For some time, the C.P.I. strategy has been directed against right reaction on the one hand and what they call left opportunism on the other. After the thumping success of the Indian Congress in last year's Lok Sabha elections, right reaction may be said to have bowed out. The C.P.I.'s subsequent alliance with the Congress, therefore, had only one target—the C.P.I.(M). That limited objective has been largely achieved. The C.P.I.(M) fell from its power and glory in Kerala in 1969 and in West Bengal it is now in almost total disarray. But this collapse has not exactly enhanced the C.P.I.'s reputation or political control. The only result has been the triumph of the Congress. It may not be too uncharitable to say that the C.P.I. has thus lost its grip even on the only

remaining Leninist principle it hung on to—its power-drive.

Instead of drawing large chunks of the progressive sections in the Congress towards its leftist programme, the C.P.I. has been reduced to an adjunct where it is in alliance with the larger Party and to an ineffectual and occasionally noisy pressure-group where in Opposition, as in the Lok Sabha. Its alliance with the Congress is based on three uncomfortable sets of relationships, more of which seems capable of being altered in the foreseeable future. In Kerala, it heads a Government but is quite at the mercy of the Congress support. In West Bengal, it supports the Congress Government without being associated with it and its backing is by no means essential to the ruling Party. And at the Centre, it is the largest Opposition group without sufficient strength to throw its weight about. The balance of political forces being what it is, the C.P.I. cannot extricate itself from any of these positions at the relevant places. At the same time, presenting three different faces simultaneously is not an enviable lot.

What is more, the C.P.I. has not made any noticeable impact on Congress thinking. So far from Congress progressives moving towards the C.P.I., the opposite has happened. Former communists in the Congress fold are developing an allergy to fashionable radical talk. Mr. Mohan Kumaramangalam, Central Minister for Steel, seems to have switched from Marx to the joint sector with a big bang. "The Nehru Study Forum"—a right wing band of theoreticians in the Congress—has emerged to stand up to the attitudinising (for what it is worth) of the Forum of Socialist Action. Mrs. Gandhi's "garibi hatao" has got enmeshed in the machinations of what is termed bourgeois-landlord gang. In the rural areas, even the Congress Party machine has succumbed to the pressure of these vested interests. Recent occurrences should not raise undue hopes in the C.P.I. about Congress radicalism. The take-over of the I.I.S.C.O.—a measure of doubtful wisdom—may not make up for the stamping out of the Bombay strike in the C.P.I.'s view. The fulminations against the C.P.I.'s rôle in the student disturbances in Patna by the Bihar Chief Minister have certainly done nothing to sweeten Congress-C.P.I. relations.

The C.P.I. has also failed to win over large numbers of disillusioned

adherents of the C.P.I.(M) and the C.P.I.(M.L.). Its gestures of goodwill to some Naxalites have been singularly unproductive. The Congress it is that has gained. The Congress student front is going from strength to strength and complaints against its adoption of methods not dissimilar from the C.P.I.(M) tactics of terror have not done the least bit of good to the C.P.I. The Party is also steadily losing ground in what should be the backbone of its political work—the trade union movement. Its rôle as a voice of caution and restraint has also been made superfluous by the growth of healthy criticism inside the Congress—the emergence of a sort of ginger group in the legislatures and of a dynamic force on the mass level. Even in parliamentary debates, it was not Mr. Indrajit Gupta but Mr. D. P. Dhar who raised the vital question as to whether the economy in West Bengal continued to be colonial or not.

The C.P.I. has to step up its leftist campaign to preserve its identity. At the parliamentary level, it can be of only marginal importance. All it can do is to promote the Indo-Soviet collaboration at this juncture when the Fifth Five Year Plan is taking shape. Money is in short supply here and Russia is willing to help. What diminishes the C.P.I.'s importance in this matter is that its assistance is not strictly necessary. New Delhi is popular enough; that Mr. D. P. Dhar has put Moscow at the top of his itinerary is ample proof no doubt. And it does not look as though there

would be any change in this official commitment for some time to come.

The other field where the C.P.I. could put its mettle to the test is organising these movements. There nothing much has happened except slogan-mongering. Even the steep rise in prices in West Bengal has not produced any agitation of the real C.P.I. complexion. What has been done finds the Party as a junior partner. It is not easy for the C.P.I., placed as it is, to move independently in criticism of the ruling Party. For one thing, this cannot be accomplished by making occasional noises and threatening mass *satyagraha*, Statewide *bandhs*, picketing and similar other exercises in futility. The gentle art of having it both ways has its disadvantage too which the C.P.I. has discovered to its chagrin. The big problem is that it has no weapon in its armoury to make the unassailable Congress amenable. There is no reason why the Congress should fall in with the C.P.I. conception of its progressive metamorphosis enabling an "end to the exclusive control of governmental power by the bourgeoisie" and the replacement of "the present Government with a Government of left and democratic unity at the Centre". On the other hand, letting things slide will confirm the impression among some of its young following that the top leaders are drifting towards affluent soft living. All said and done, however, the C.P.I. just cannot afford to break away from the Congress bandwagon. If it does, it may be a case of the dog that bit who died.

Big Success in Small Savings

ABOUT the growing vigour of the small savings movement in India, there can hardly be any doubt today. The year 1970-71 marked a breakthrough for the campaign and since then, it has been growing from strength to strength. Net collections in that year at Rs. 188.36 crores showed a rise of Rs. 61 crores over the 1969-70 figures. The increase in 1971-72 was of the order of Rs. 37.33 crores, but then the year was far from normal in more than one sense. First the Bangladesh refugees and then the Indo-Pakistani war disturbed the working of the economy, and a large amount of additional resources had to be mobilised through taxes and duties. Still, with a net collection of Rs. 225.69 crores, the year has set a new high, and aroused considerable optimism

for the future. The Fourth Plan target has already been revised upwards from Rs. 769 crores to Rs. 1,000 crores. In the first three Plan years, the net collection has amounted to Rs. 541 crores, and to hit the target, Rs. 229.50 crores will need to be raised during each of the last two years. Going by the trend in the collection figures, this seems to be eminently within the bounds of possibility.

Admittedly, the amount of money already raised through the small savings scheme is larger than what has been done through other means. The total outstandings under the scheme on 31st March, 1972, were Rs. 2,446.74 crores. The total savings deposits in all the scheduled commercial banks were Rs. 1,814.31 crores (in January

1972); the savings lying with the Life Insurance Corporation at the end of March this year amounted to Rs. 2,052 crores and with the Unit Trust of India Rs. 102.50 crores. In the drive for resource mobilisation, the small savings scheme has thus pride of place and the coming years are likely to witness a further accretion not only to its collection, but also to its importance.

One of the significant determinants of the success of the scheme is the attitude of State Governments. The States are paid two-thirds of the net collections as loans for development purposes on fairly liberal terms. In 1971-72, they got Rs. 152 crores under this head, compared with Rs. 97 crores in the previous year. But as long as they had unlimited access to the Reserve Bank's overdraft facilities and other special assistance funds, their interest in the small savings programme was at best lukewarm and at worst vague. But now that New Delhi has decided to restrict overdraft provisions and has urged States to meet their financial requirements from within their own available resources, it is expected that they would take a little more interest in the running of the small savings scheme. This should be good for them, but more so for the country.

Already the scheme is trying to make inroads into rural savings which so far have by and large remained outside its coverage. Studies conducted in certain States present a picture of uneven success in this campaign. Thus, in Gujarat, 43.83 per cent of gross deposits in post office savings bank in 1971-72 was accounted for by rural savings; in Kerala, it was as high as 59.38 per cent. But at the other end, in Jammu and Kashmir, it was only 33.70 per cent and in Thanjavur district of Tamil Nadu, 29.30 per cent. In some other States, it is believed to be even lower; the corresponding percentage for West Bengal is reportedly no higher than 19. Apart from the varying degrees of success, what is most appalling about rural savings is the very high proportion of withdrawals. In most of the States all but the whole of the savings is taken out by the rural people for meeting their agricultural and other expenses and the deposits are greatly depleted. This is due partly to the seasonal nature of agricultural activity and partly to the absence of any second line of employment. But now that the scope for subsidiary work is being enlarged, it would be reasonable to hope that the incidence of withdrawals will be reduced and net collections will steadily grow.

If saving is a function of income, it is also a matter of habit. There is thus much to be said in favour of a systematic drive to make the people saving-conscious. Publicity for the savings scheme is carried out both by the Central and State Governments. For some time, the national savings scheme has been enlisting the services of agents in its drive. There were 37,810 agents on roll in 1971-72, against 32,243 in the previous year. The collections through the agents are also going up, underlining the possibility of developing this line in a much more systematic way. The agents helped to collect Rs. 65.92 crores in 1971-72, against 36.84 crores in the previous year. If this strengthens the case for having a developed cadre of agents—something on the line that the L.I.C. has—there should also be steps to make such agency attractive for the people. If general publicity has a big rôle to play in inculcating the savings habit in the people, a man-to-man approach can still be a very powerful influence.

At a time when prices are rising fast, overtaking the rise in income, savings become the obvious casualty. A period of inflation thus in general

erodes the inclination for savings, and more so in a country like India where the overwhelming majority of people live on or close to the poverty line. There is thus a need not only to make savings rewarding but also to make it look so. Spokesmen of the Central Finance Ministry have said that the mix of small savings securities available to the public is constantly being reviewed to see if any improvement or innovation can be made. The securities now on sale are tuned to suit varying preferences and means. But the same schemes which are open to urban savers are offered to rural depositors also. There is scope, and indeed need for devising special schemes for the two broad categories, keeping in view their characteristics and requirements. The national savings scheme has till now covered only about 6 per cent of the total population. While most of this number is made up of people belonging to small and medium income groups (for the more well-to-do sections generally prefer to keep the money in banks and other forms of investment), there is the need to bring other classes also within the fold of the savings drive. The small savings scheme has covered a long distance, but a longer one lies ahead.

The Bonus Bonanza

THE Central Cabinet has had to give in on the issue of the enhanced rate of bonus after an unsuccessful attempt was made to persuade the trade unions to accept the deferred payment of the increased amount. It has now been decided to raise the minimum bonus from 4 per cent to 8.33 per cent for workers in both profit-making and losing concerns; and the entire amount is payable in cash. A significant departure has been made in the case of the public sector. Till now competitive undertakings paid bonus and non-competitive units made *ex-gratia* payments to employees. But from now on employees of both competitive and non-competitive undertakings are to get the enhanced rate of bonus. The increase in the quantum of bonus is to take effect from the accounting year 1971-72. In order to check inflation, it has been decided that in the case of those workers who got more than the new minimum last year, the possible difference between that amount and the payment this year will be credited to their provident fund accounts.

In retrospect, it was obvious from the beginning that the Bonus Review Committee's report, instead of proving a helpful document to the Government in taking decisions on the vexed issue, would lead to many difficulties. After a year's labour, the committee of eight wise men could not come to any agreed formula; yet the trade union representatives wanted the Government to take "early and effective action", meaning thereby the promulgation of an ordinance to implement their recommendations. They had threatened an agitation if the Government failed to act. Even the I.N.T.U.C. passed a resolution calling on its affiliates to be ready for an agitation if the Government did not take effective action within ten days. It appeared to be of no concern to the labour leaders that the committee had been equally divided on its major recommendation.

What was to be the minimum? Even the trade union leaders should have realised that there could not be two minimum rates. The employers'

representatives on the committee went half way to meet labour's mounting expectations; they agreed to a higher minimum in the case of profit-making concerns, raising the bonus from 4 per cent to 8.33 per cent as demanded by the unions. In the case of losing concerns also, 1 per cent increase in the minimum rate was accepted by employers. Against such a flexible attitude, the labour leaders took a rigid stand. Being itself a major employer—the number of manufacturing units in the public sector is increasing every year—the Government could not ignore the additional financial burden involved in increasing the minimum bonus to 8.33 per cent. But who cares about the mounting financial burden of the Government? The workers must have a 8.33 per cent bonus; whether the employing organisations can afford it is none of their business.

With the prices of almost every item of consumption rising and the Government's inability to supply them at reasonable prices, there is a justification on the part of organised labour in demanding a bigger share in the profits of industry. But by insisting on a higher minimum bonus from undertakings which made no profit at all, labour was not being reasonable. Even from a practical point of view, doubling of the minimum rate of bonus may not provide much relief. A more reasonable demand would have been the provision of items of common consumption at fair prices. Once there was a reasonable assurance that a major part of their daily and essential requirements would be met by employers at fair prices, there could not be much justification in insisting on a higher minimum bonus—at least from losing concerns.

When bonus is to be paid even by non-profit-making concerns, the payment can no more be described as bonus. It is a simple and straightforward increase in wages. Workers should realise that such an increase in wages will not result in any material benefit to them. It was, therefore, expected that in its own long-term interest, labour would have looked at the bonus question from a different angle. But unions have so far sacrificed the long-term benefits of labour for their own short-term political gains. If the union leaders had laid greater stress on the provision of goods and services at reasonable prices, the working class

would have benefited more. Furthermore, it would have forced the Government and industry to pay more attention to the production of goods and creation of better services. The undue concentration in getting the monetary income of the working class increased year by year has contributed not a little to the spiralling prices. By forcing the Government to concede a higher minimum bonus, the trade union leaders have once

CURRENT COMMENT

SHIPPING SPACE

Shortage Hits Exports

One of the purported justifications of the shipping Conference System is that it ensures regularity of service and adequacy of shipping space. That this is always not the case has now been proved by the failure of the member Lines of the Bay of Bengal/Japan/Bay of Bengal Conference to provide adequate shipping space for carriage of cast iron products to Hongkong and Singapore. In fact, the non-availability of shipping space is today the single most important deterrent which is standing in the way of timely shipments of cast iron exports to Hongkong and Singapore, thereby resulting in loss of valuable foreign exchange. It has been estimated that the space requirements for Hongkong and Singapore for the current month are approximately 1,500 tonnes and 1,800 tonnes, respectively, whereas the member Lines are prepared to provide space for only 700 tonnes and 500 tonnes, respectively.

The difficulties arising out of the perennial shortage of shipping space for the two destinations has been repeatedly brought to the attention of the Bay of Bengal/Japan/Bay of Bengal Conference by the Eastern India Shippers Association. The E.I.S.A. is greatly disappointed that no positive steps have yet been taken by the Conference to meet the situation arising out of the shortage of space. At a recent meeting between the two, the representatives of the Conference took a completely negative attitude and pleaded helplessness on the ground of paucity of vessels. While the Conference has been pleading paucity of vessels for quite some time, no indication is available as to whether it is aware of the disastrous effects on the country's ex-

again committed the old mistake. The extra income the organised workers are to get from a higher minimum bonus will be wiped out by a corresponding increase in prices. They will not be the only people to suffer in the process; the entire mass of unorganised labour will be caught up in the mess, without any hope of relief. There is no one to give succour to it or plead its cause.

port efforts of this continuous shortage of shipping space.

CALCUTTA PORT

Review of Administration

Criticism is all too frequently levelled against the Calcutta port administration whenever anything goes wrong with the port's working. But unfortunately the criticism is not based on a proper appreciation of the port administration's responsibility on various issues. As for example, the administration is being criticised for the recent go-slow by the bargemen, drop in import and export cargoes, low labour output, and the general apathy towards efficient management. Mr. N. M. Trivedi, Manager of the Scindia Steam Navigation Co., has made an attempt to dispel the wrong notions and put the records straight. The bargemen had a dispute with bargeowners for 66 days about two years ago and at that time the then Central Labour Minister solved the dispute. This time, therefore, the Labour Ministry should have been involved immediately in this dispute and settled the matter which was ultimately done by the West Bengal Labour Minister after 16 days. In any case, the port administration could not have settled this matter on its own, because bargemen are not direct employees and also they are not "dock workers" and, therefore, not under the Dock Labour Board Scheme. It is mentioned that because of the go-slow, 75 per cent of cargoes suffered and some vessels with import cargoes were diverted to other ports. This is not true, and the only interest which suffered is the shipping.

Labour in Calcutta port has been working on an incentive scheme and quite often very satisfactory output

figures are obtained. But trade interests are often unable to give export cargoes in time. As for imports, generally, labour gives very good output, provided the cargo is homogeneous and stowed all over in the lower holds and tween decks. Port administration is geared to all-round improvement. This can be seen from the recent experience when only Calcutta port worked all the three shifts during the December emergency.

INTERNATIONAL STANDARDS

India's Contribution

Mr. D. C. Kothari, vice-president of the Indian Standards Institution, participated in the council meeting of the International Organisation for Standardisation as an Indian delegate. The meeting was held recently in Geneva. The aims and objects of the I.S.I. include preparation of standards relating to products, commodities, materials and processes and the promotion of their general adoption on national and international level. The I.S.I. has been doing this work with great credit. The work at the international level is organised through I.S.O. and the International Electrotechnical Commission (I.E.C.). The international trade has to depend on standard specifications mutually acceptable to the countries concerned. The international standards, therefore, are prepared by the technical committees on which are represented all those countries which have trade interests in a particular subject. The I.S.O. was established in 1947 with India as one of its founder members. Its membership has swelled from 25 to 70. There are nearly 1,200 technical bodies. On average, something like 10,000 working documents are circulated to the participants.

STEEL IMPORT POLICY

Simplification Urged

The Engineering Association of India in a communication to the Ministry of Foreign Trade has expressed apprehension about the effects which the import policy for steel as envisaged in Public Notice No. 56—I.T.C.(P.N.)/72 dated 18th April, 1972, would have on large exports of engineering goods from India. The Association considers that the procedure outlined in the Notice is so cumbersome and time consuming that the advantage which the Government thought would accrue

to the industry out of speedy disposal of applications for import licences would be nullified. It has, therefore, suggested the appointment of a small committee consisting of representatives of the Engineering Export Promotion Council, the Directorate General of Technical Development and the Iron and Steel Control. The committee should meet every fortnight to dispose of applications. Such meetings could be held alternatively in New Delhi and Calcutta. On the recommendation of such meetings duplicate certificates should be issued to the applicant for making his application to the C.C.I., copies of which could be sent to Hindustan Steel Ltd which should proceed to arrange for import without waiting for actual release orders from the office of the C.C.I. and E. Unless the procedure is simplified and import of steel arranged expeditiously, production for export of engineering goods would continue to be inhibited.

CONSUMERS

The Prevailing Plight

In a memorandum submitted to the Prime Minister, Mrs. Indira Gandhi, Mr. B. S. Kothari, president of the Consumers' Association of India, has drawn attention to the prevailing plight of consumers. Apart from the rise in prices of essential consumer goods like rice, edible oils, fish and pulses which has hit the consumers by eroding their purchasing capacity, Mr. Kothari has made reference to the problem of large-scale adulteration, supply of sub-standard goods, and use of faulty scales. In spite of all preventive laws, adulteration continues in the country unchecked, which apart from causing a financial loss to buyers causes very often health hazard. The next problem relates to the procurement of goods of standard quality. A consumer makes purchases without knowing what actually he has paid for. Referring to the problem of short weight, Mr. Kothari said that according to the estimate of the Maitra Committee if 1 per cent is assumed as the error in weight, consumers are cheated to the tune of Rs. 160 crores every year.

FURNITURE

Exhibition in Calcutta

The beauty of natural wood needs no embellishment. An interesting exhibition of Taaru furniture was

held recently at the Academy of Fine Arts, Calcutta. The designers have intelligently exploited modern ideas. Furniture, such as dressing table, chairs, cocktail cabinet and dining table have been some of the attractive items of the exhibits.

POWER

Grave Situation

The president of the Engineering Association of India, Mr. M. K. Jhavar, expressed concern at the deteriorating power supply position to the engineering industries. He said the reported statement of the West Bengal Power Minister that there would be no necessity for the staggering of factory hours till after the Pujas as he expected better results from different power generating agencies ran counter to the Chief Minister, Mr. Siddhartha Sankar Ray's impression that the power situation was grave. Even the State Power Minister has admitted that there is no chance of a lasting improvement in the power situation before the commissioning of the Santaldih power plant in May-June 1973.

At the meeting convened by the Chief Minister last month, it was indicated that there was a shortage of about 50 megawatts or 60 megawatts. In order to enable the industries to work smoothly, the Chief Minister indicated that the Government would stagger shifts and announce days of closure for industries. To the great disappointment of the industry, no action has been taken in this direction so far. As a result, industrial production is greatly affected and the industry is carrying high percentage of idle manpower. Mr. Jhavar feared that due to constant dislocation caused to industrial production, the forced lay-off may lead to a law and order problem.

WEST BENGAL

Accelerating Development

Addressing the members of the Ladies Study Group, Indian Chamber of Commerce in Calcutta a few days ago, Mr. Sankar Ghosh, Finance Minister, West Bengal, said that the urgent need of the State is an all-round development—agriculture and industry. Agriculture in West Bengal needs modernisation as in Haryana and Punjab. There

should be multiple cropping with the help of irrigation, fertilisers, better seeds, credit facilities, etcetera. The rural electrification scheme of the Government will help to revive the village economy to a great extent. In the industrial sector, the Finance Minister said, what is needed today is to help the closed and sick units to revive their activities. The West Bengal Government has already taken steps in this regard and many factories have started re-opening. He, however, pointed out that industries in West Bengal are old, as compared with industries in other States. So they require modernisation. In this connection, he suggested that there is enough scope for developing petro-chemical and electronic industries in the State. Unemployment is another big problem of the State. At present, 2.8 million people are unemployed. This demands that planning should be labour-intensive and not capital-intensive.

ZINC OXIDE

Raw Material Shortage

Addressing the annual general meeting of the Indian Zinc Oxide Manufacturers Association held in

Calcutta recently, Mr. K. N. Sahaya, president, said that the industry was experiencing utmost difficulties in getting adequate supplies of zinc, the principal raw material. In view of its inadequate availability, there was substantial idle capacity in the large-scale sector of the industry which had also affected exports of zinc oxide. The industry was now operating under conditions of a severe cost inflation, particularly with the rise in the prices of both imported and indigenous zinc. This has already had adverse repercussions on several industries consuming zinc oxide, as well as on its exports. Mr. Sahaya said that the indiscriminate licensing of small-scale zinc oxide units by several State Governments in recent years had greatly affected the organised sector of the industry

WORLD BANK

Farm Assistance

The World Bank Group has greatly increased its assistance for agricultural development in developing countries in recent years. A recently published sector working paper on agriculture states that in the five years ending June 1973, the Bank expects to lend \$2,400 million

for this purpose. At that level, the lending would be four times as large as in the previous five years. Agricultural investment in most developing countries will continue to receive high priority, the paper says. The financing of agricultural projects can be a useful way of increasing transfers of capital. Since bilateral lending for agricultural projects is relatively small, there is a substantial rôle to be played by multilateral aid agencies such as the Bank. Over the five years through June 1978, therefore, the Bank proposes to lend about \$4,400 million for agricultural development, or a little less than twice the total for the current five-year period.

The paper discusses the rôle that agriculture can play in achieving the key development goals of increasing production, exports and employment, and improving the distribution of income; but it does not underestimate the difficulties involved. It reviews the current trends in thinking on a number of major issues, such as pricing policies, assisting small farmers and land reform. It draws attention to linkages between price distortions and unemployment; discusses the effects of technological change on employment, income distribution and land holding size; and analyses the economies and diseconomies of scale in agriculture.

MONEY MARKET

Call Rate Rises

The short-term money market has tightened this past week. The call rate initially fluctuated between $4\frac{1}{2}$ per cent and $4\frac{3}{4}$ per cent. Towards the close, it was quoted at $4\frac{1}{2}$ per cent, with small lenders over. The demand for remittances has been small. The supply of tea and gunny bills has also been small. The pound-sterling has been steady against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 8th September, 1972, shows a rise of Rs. 14.47 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 288.61 crores, compared with the previous week. Their borrowings from the Bank have increased by Rs. 2.32 crores to Rs. 4.95 crores, of which advances against usance bills have amounted to Rs. 50 lakhs, against nil. Balances held abroad by the Reserve Bank in the Banking Department show a rise of Rs. 1.18 crores to Rs. 142.90 crores.

A Ditcher's Diary

PRESIDENT BHUTTO HAS MANY breathtaking performances to his credit, but he excelled himself in his speech at a dinner in Karachi last Friday. Few heads of State can have been so frank in admitting national weaknesses, but the tone was not one of sober reflection. There was a curious flamboyance even in the most abject confessions. It had suddenly occurred to him that the flag of any country should not be dishonoured in any circumstances; and he openly apologised to West Germany for the insult the Pakistani hockey players had done to the flag of the Federal Republic. This was undoubtedly a courteous gesture, but the Pakistani President could have formally apologised to Bonn immediately after the incident and perhaps followed this up with a public statement. Why did he have to bring up the subject at a dinner gathering of some 2,000 business men? Had it been explained to him that these people, or at least some of them, could ill afford a deterioration of relations with West Germany? His apology was received by his audience with loud applause; I wonder if a public rally in Punjab would have reacted in the same way. But then Mr. Bhutto did not spare the Pakistani public. He admitted that Pakistanis could not do anything without putting on airs; that the slightest success made them swollen-headed; that when Pakistan beat India in Munich the Pakistani team "behaved as if they had really taken Delhi".

For the President of a country, this is a remarkable analysis in public of the character of its people; but still more remarkable were Mr. Bhutto's personal confessions. He said that he had received a wrong impression of what happened in the hockey final, and as a result had become "furious", "mad as hell". Then followed an even more astounding disclosure. The first account of the match, evidently with allegations of partiality by the Argentinian umpire, had so infuriated him that he called the Foreign Secretary and said that he wanted "to break relations with Argentina tomorrow". Later, of course, he had a correct account, and "felt ashamed". But are we to assume that diplomatic relations with Argentina would have been broken off if Mr. Bhutto had been left with the impression that the Argentinian umpire had been less than fair? Such an assumption would induce furious thinking in many capitals of the world about the durability of diplomatic ties with Mr. Bhutto's Pakistan. And Sheikh Mujibur Rahman may wonder if diplomatic recognition by Pakistan is really worth much, when de-recognition could follow Pakistan's defeat in a football match against Bangladesh or in a match with a Bangladesh referee.

I AM GETTING TIRED OF PREDICTIONS about an end to the Vietnam war. And who is not, except perhaps those who go on making them? Mr.

Nixon and his principal aides may have reasons of their own to make optimistic forecasts in an election year; and the military spokesmen in Saigon must keep up the pretence that the communist fighting machine is on the point of collapse. The South Vietnamese forces have recaptured Quang Tri city; but an excess of jubilation may be premature before their control of the city is demonstrably secure. Besides, however big a boost the recapture may give to Saigon's morale, areas in the countryside effectively under President Thieu's control have considerably shrunk during the past one year. The result has been a massive migration to the cities, with attendant social and economic problems. The communists are also said to have found new allies in the countryside; at this stage it matters little whether this is due to pressure or persuasion. The Thieu regime is certainly not the most persuasive on earth; and it is rapidly shedding even its vestigial democratic pretensions. This is not to suggest that the communists are on a mission of spreading sweetness and light. It is too late in the day to pronounce on moral claims and counter-claims; what matters is the fighting that shows no signs of coming to an end. All other issues have become academic; the irreducible reality is death and suffering, the devastation that has no precedent in history. Is an end to all this any nearer after Dr. Kissinger's talks in Moscow and Paris? Mr. Nixon's *eminence grise* has at last discovered "a certain seriousness" in the communist negotiators, a discovery which has hitherto eluded the American representatives at the Paris talks. But

NEW MARWARI COLLEGE IN CALCUTTA

A CORRESPONDENT writes in Current Coin: The Marwari community is to be congratulated upon raising the necessary funds and laying the foundation-stone of the first Marwari college in Calcutta. The ceremony of laying the foundation-stone was performed last Sunday by Sir Asutosh Mookerjee, Vice-Chancellor of Calcutta University. One may feel some surprise that the wealth of the Marwaris has not raised such a college before. Of that wealth, the speeches at the opening ceremony gave some testimony. No less than Rs. 9 lakhs have been obtained since 1908, and no little self-sacrifice and industry have been displayed by the leaders in the scheme in raising so large an amount. Two zealous gentlemen, indeed, took a vow not to put on

their *puggrees* until they had raised Rs. 2 lakhs and in less than a year the money was obtained. Well-wishers of the new college will hope that it will not be devoted to commercial training alone. Amid a plethora of barristers we would not suggest a training that would add Marwaris to the legions of Indian barristers, but the education of the college will hardly satisfy if it be commercial alone. Nor can merchants princes be turned out of a college as one speaker appeared to think. Unless born to a wealthy position, the merchant prince is only made by years of experience and toil. There are probably people also who consider that the average Marwari is born with sufficient commercial knowledge and ability of a kind.

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surely seriousness alone offers no certainty of agreement; indeed, chances of a compromise can only recede when opposing sides pursue their aims with equal seriousness. Are they pursuing identical aims, even when discussing "peace"? Few words have generated greater confusion; there is considerable imprecision even in what appears to be more specific phraseology. Much is being made of the latest Vietcong proposal for "a provisional Government of national concord that shall be dominated by neither side", as if it were a new compromise formula. The communists have never said that they want to dominate an interim coalition; and both Saigon and Washington have always suspected that this is what they will eventually do. Perhaps there are shades of difference in emphasis; but these are immaterial until Mr. Nixon is prepared to modify, if not altogether to abandon, some of his basic premises.

THE QUESTION CONCERNING THE fate of Senator George McGovern in the coming U.S. Presidential election is still anybody's guess. But like all candidates before the election with uncertainties writ large in the political panorama, Mr. McGovern must be thinking about his own future if he is defeated in the U.S. Presidential election. But my sporting instinct leads me to hope that he may surprise us all yet—nothing is less satisfying than an election certainty. There will certainly be quite a few who will like to "pick Nick", because Mr. McGovern's views are so wildly different from theirs. It can only be explained in terms of their fear that he might just try to do some of the things he has promised, and about which, they think, he knows so little. But will President Nixon come back to power for another four years? It is not particularly good news for India, although at least it is a question of having to deal with the devil we know. For the rest of the world? Well, it might not be too bad at all, because it should mean the U.S.A. being able to extricate itself from the Vietnam disaster without too much loss of face, or damage to national morale. One of the McGovern promises was to end the Vietnam war on what would obviously have been surrender terms, coupled with an open invitation to Hanoi to take over the rest of Indo-China. This way at least the North Vietnamese might be persuaded to content themselves with merely gobbling up South Vietnam. I suspect also that

with Mr. Nixon safely back in the White House, the Russians will be more anxious to compromise over their aid to Hanoi. There are rumours originating in the Kremlin that Mr. Brezhnev still wakes up screaming from a nightmare which has something to do with Chairman Mao being cheered through the streets of Washington en route to the White House for the signing of a treaty of friendship and mutual military assistance.

THE SEARCH FOR OIL HAS ALWAYS PROVIDED a powerful stimulus to technological innovation. The problems that have to be solved, and the money which is usually at stake, all help to concentrate the ingenuity wonderfully. But nowhere does this promise to be more true than in the case of the new oilfields off the western coast of Europe, and especially in the northern part of the North Sea between Britain and Norway. The latest to be discovered there, which it is estimated could be supplying 15 per cent of Britain's domestic oil needs by the late 1970s, lies beneath nearly 500 feet of permanently rough water in a region where the weather is as unpredictable as anywhere in the world. Yet not only has the oil to be drilled for, from giant platforms weighing and costing as much as an ocean liner, it also has to be transported more than 100 miles to the nearest land. Eventually it is planned to do this by means of a pipeline laid along the sea bed to the Shetlands, the most northerly of the British Isles. But until this is built, it is hoped to load the oil into tankers from an under-water reservoir looking something like a huge sub-

merged bottle. I believe there is already one of these operating in the Persian Gulf. But there the waters are calm and relatively shallow, while the weather is rarely stormy. But in the North Sea the conditions are altogether different. Not only will the drilling rigs be constantly in danger; at least one has already been wrecked by storms. But the reservoir is going to need a lot of anchoring to the seabed if it is to stay in one place undisturbed by the weather and the tides. The risks of "bottle wreck" and pollution, perhaps arising from collision with shipping, are going to remain a persistent problem.

THERE ARE MORE THAN THREE WEEKS to go before the Pujas begin, but the first of the "Puja numbers" have already made their glittering appearance at Calcutta newspaper stalls. Not only the principal Bengali dailies and weeklies but also a large variety of relatively obscure periodicals have special numbers at this time of year; in fact, certain publications seem to appear only as Puja specials. Apparently, all are assured of fairly large sales. Of course, these vary from one publication to another; but the market seems good enough to sustain a wide range of journalistic enterprise. The purely literary or high-brow enterprise need not be considered with the rest, most of which aim at combining some quality with popular appeal and can hence be described as "qualipop". The proportion naturally varies; but it is to be noted that even the popular cinema magazines, whose immediate attraction is in stellar illustrations and gossip, take care to include in their Puja numbers a few novels

and short stories by established writers. Apparently, popular literary names are a big draw in the celluloid world as well. The successful novelists and short-story writers make a prodigious effort to meet publishers' demands before the Pujas, and the results are often pot-boilers even by unexacting standards. Even so, these people cannot always cope; and cases have not been unknown in which Mr. X or Mr. Y have had to inform their fans that a particular novel in a Puja special is written by a different X or a particular short story by a different Y. There is no easy safeguard against an obscure writer sharing the same name with a celebrity, or even using that name as a pseudonym. These are among the hazards of the literary sellers' market that prevails at this time of year. The popular writers cannot have many grievances; they seem to exploit this market almost as successfully as the publishers. Not infrequently, it is the readers who have reason to complain that they were promised more than what they have got. But the disappointment is forgotten well before the next Pujas. In any case, not all promise is illusory; some outstanding fictional writing in recent years first appeared in Puja specials, some of which also show considerable interest in creative innovation. This year, for example, two of the best known Puja numbers will carry the first novels by a few established Bengali poets, and some successful writers of fiction will probably display their talent for poetry. These publications have not yet appeared; and I look forward to them mainly to see the results of the interesting experiment.

THE DITCHER

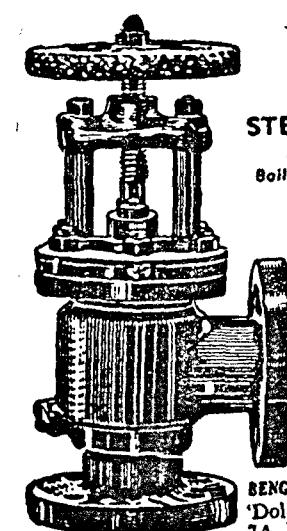
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How Management Can Control High Cost of Absenteeism

By Ganesh Kulkarni

The high cost, unreliability and an ever-increasing incidence of absenteeism is one of the reasons why an Indian entrepreneur prefers capital-intensive equipment to labour. Yet India, as a nation, has no shortage of manpower. It is necessary, therefore, to contain the cost of absenteeism in an enterprise.

It is necessary to examine the problem of absenteeism from a management accountant's point of view. Personnel officers, social psychologists, industrial engineers and other professional people have already had a go at the subject. Their treatment has been mostly analytical. They regard the problem as a direct consequence of socio-economic conditions, indiscipline and/or bad

morale. Absentee percentages are available year by year, by industries, regions, types and causes. However, reference to statistical data on absenteeism does not provide any worthwhile guidelines for action. Such recommendations that have been made to reduce its incidence have been largely ineffective. Quite often the causes are outside the management's sphere of influence and over which it exercises no control.

In fact, it is very difficult to establish cause and effect relationships. The same set of causes may lead to contradictory results. For example, young men should fall sick less often. At the same time, they tend to take life easy and stay away from work at the slightest pretext. An employee whose home town is at a distance is likely to overstay his leave. The local employee, on the other hand, is likely to visit his home town more often. Higher emoluments should improve morale and theoretically remove one of the important causes of high absenteeism. However, higher wages unaccompanied by an improvement in the standard of living provides a disincentive to work. A worker on marginal wages cannot afford to stay from work. The following are the three important features of the problem: (i) High level of absenteeism; (ii) progressive increase in its incidence, and (iii) substantial month-to-month fluctuations.

Although the Factories Act provides for only one day paid leave for 20 days worked, i.e., about 15 days a year, leave facilities in most of the reputable organisations are much more liberal. Total leave enjoyed by employees could be three to four times the number, split up as follows: Earned leave 21 to 30 days, casual 7 to 10 days, sick leave 15 days, and maternity 60 days. Besides this, workers take another six to eight days unpaid leave and a day or two off on the grounds of death of a celebrity, *bandh*, etcetera.

The incidence of absenteeism is increasing progressively. According

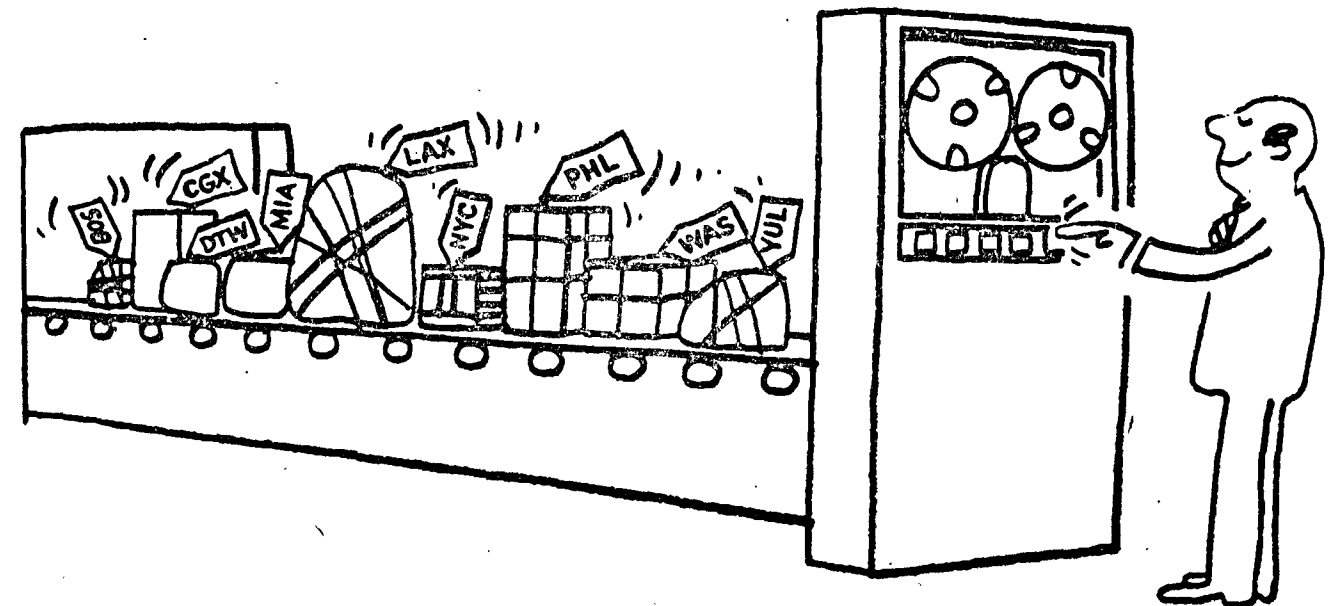
to one set of statistics, there was a phenomenal rise in absenteeism from 7 per cent in 1957-58 to 20 per cent in 1966-67. In some seasons and places, it is as high as 30 per cent and 40 per cent. If absenteeism was equally spread over the year, the employer would have faced a simpler problem. He could then have a leave reserve equivalent to average absenteeism. In practice, however, if average absenteeism is, say, 15 per cent, no month will have this level of absenteeism. It will be either 8 per cent or 22 per cent. If the employer decides in this case to have a leave reserve of 15 per cent, he would be carrying surplus labour for part of the year. During the rest of the months, he will suffer from a labour shortage and resultant adverse consequences on business.

It is necessary to suggest measures, not to stop absenteeism totally but to contain its cost in an enterprise. Various methods of reward, punishment, and persuasion used to reduce absenteeism can be found in any standard book on industrial psychology and personnel management. If the rising trend is any guide, these may be regarded as largely ineffective. The first step in the direction of controlling costs is to know what the true costs are. This applies to cost of absenteeism also.

Cost of Absenteeism

The cost of absenteeism is much more than what the employer pays out in the form of leave wages. It is possible that for want of a key man or men, an entire crew of workers or a machine worth lakhs of rupees is rendered idle. Also unanticipated high absenteeism may result in delayed deliveries, customer dissatisfaction and consequent loss of business. When an employer offers leave facilities, he assumes they will not be fully utilised. If ten days' casual and 15 days' sick leave are agreed to, he is prepared only for 10-12 days' absence. Only when the leave facility is fully (mis) utilised, does he become aware of what he had not bargained. For it can be assumed that in the long run, the level of absenteeism will be the total of all categories of leave plus 3 per cent unpaid leave! Another factor which leads to miscalculation of true costs is month-to-month variation in the level of absenteeism. In order not to lose business on account of a labour short-

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The Munich Massacre : Israel Reacts in the Wrong Way

By M. B. Lal

The Israeli reaction that the massacre in Munich has pushed the issue of peace to the background cannot but please the Arab commandos. But Israel should have known that the elimination of the terrorists depends on finding a peaceful solution to the major issues in the area.

IT is difficult to say whether the massacre in Munich of 11 Israelis by the Arab commandos was an act of terrorism or defeatism. With the withdrawal of Russian presence from Egypt, the balance of power in west Asia has clearly shifted in Israel's favour. It is a pity that Israel should have fallen into the terrorists' trap by declaring a war against them and announcing that the cause of peace had been pushed to a second place. This emotional response is precisely what the terrorists want. Their game is to draw Israel into a military operation that would inevitably provoke response from the Arab Governments and reactivate an area which has lately shown signs of cooling off. The Palestinians do not want a settlement short of the annihilation of Israel. They are determined not to recognise the reality of the Jewish State and they feel that if there is peace, their cause will be lost. In this context, it is difficult to understand the violent and highly emotional Israeli retaliation against the Arabs. The Arab Governments have answered in kind. The question is: will this decisively reverse the trend towards peace and lead to a full-scale war?

To try to examine the implications of the new tension in west Asia following the Munich tragedy, one has to find answers to two important questions: The first is how far will Israel and the Arabs be willing to play into the hands of the terrorists and jeopardise the hopes of peace? The second question is that should the Arabs and the Israelis be so foolish as to blast the hopes of peace over the Munich incident, would the two Super-Powers allow themselves to be dragged in a renewed conflict despite their avowed policy of working towards peace in the region?

The second question needs to be answered first. It seems most unlikely that the Americans and the Russians will behave in the manner of the Arabs and Israelis. There appears to be a direct relationship between the Super-Power attitudes to the crises in west Asia and Vietnam. The Russians' stubborn refusal to be hustled by the Arabs into a war in the Mediterranean is directly related to the Americans' repeated declarations that they will withdraw from Vietnam by the end of the year. If the two Big Powers now get actively engaged in an Arab-Israeli war, it is bound to have repercussions in the Far East and the Americans might examine the wisdom of leaving another strategic area exposed to Russian expansionism. This is not all. Tension will increase in other sensitive regions.

Thus if a war breaks out between the Arabs and Israel, the dormant interests of the Big Powers may start reasserting themselves in the form of local confrontations. Besides fresh difficulties arising between India and Pakistan and between Pakistan and Bangladesh, the moves for the reunification of the two Koreas could suffer a setback and the proposed European Security conference and the theme of Ostpolitik in Europe may be scuttled. The S.A.L.T. negotiations may not progress any further.

Unfortunately, all these inhibiting factors may not be enough guarantee against Big-Power involvement in the west Asian crisis should it develop into a war. This is because, despite its disappointment with the Arabs, it is doubtful whether Russia would permit its investments of over \$7,000 billion in Egypt to go down the drain. Already the Russian leadership is under strong attack from within for the apparent failure of its policy in the area. It may require a much stronger man than Mr. Leonid Brezhnev to survive a complete collapse of Russian interests in the strategically vital Mediterranean region. The present leadership may not be spared if American supremacy is decisively established over the region between the Suez and the Gibraltar. Any power that rules

these two waterways will eventually rule the Indian Ocean which is today considered the single most important region from the point of view of global military strategy. The Russians simply cannot afford to lose this battle. It appears certain that in case of a major war they simply will have to support the Arabs. President Anwar Sadat has, therefore, taken a calculated risk in asking the 15,000 Russian experts to quit his country.

Should the Arabs and Israelis, therefore, be bent upon precipitating a war, the only power that may still be able to save the situation is the U.S.A. The Israelis enjoy a decisive military superiority over the Arabs, thanks to the massive U.S. arms aid. It will be up to the Americans to restrain Israel. The Jewish influence in the U.S.A. being what it is, this is easier said than done for an American President seeking election within the next two months. Although the major share of the responsibility to prevent a fresh war in the Middle East appears to lie with the Big Powers, the attitude of the Arab Governments and Israel is of no small importance. By now there is hardly any Government among the 14 Arab countries which does not recognise the reality that Israel has come to stay in their midst. Israel, likewise, knows that its present territorial claims may be a good bargaining counter but cannot be sustained in any settlement that ensures an honourable peace for all concerned. Permanent peace can be brought about only around a formula based on the Security Council resolution of June 1967.

If both sides are fully convinced that their conflict can never be resolved through war and will have to be settled across the negotiating table, the only uncontrolled factor that remains is the terrorists. It is obvious that the Arab countries which harbour and support the terrorists must share part of the blame for the sinister activities. The extremist guerilla organisations of the Arabs are concentrated mainly in Syria and Lebanon but the Israelis have strong reasons to believe that such elements are very active in Egypt too. There are two ways of looking at the problem. One is to force the Arab Governments on the point of a gun, as Israel seems to be trying to do now, to suppress and banish the terrorists from their lands. The second is to realise that once an overall understanding is reached between the Arabs and the Israelis on the wider issues of war and peace,

ge, an employer carried a leave reserve higher than what the average percentage would signify.

Here are some factors which result in high absenteeism over which the management has some control, at least initially:

(1) Generous sick leave. Although the employer makes a substantial contribution to the E.S.I., he continues to offer generous sick leave. It is common knowledge that doctors' certificates can be had for the asking and this facility is largely misused. It satisfies a genuine need only in the case of a few people.

(2) Payment of leave wages in advance. Workers quite often take leave so that they can get leave wages to tide over their monetary difficulties. Perhaps by agreeing to advance money against wages, the incidence of absenteeism arising from this cause could be reduced.

(3) Laxity in enforcing discipline. In the initial stages, no one tends to be strict. Consequently, a higher level of absenteeism becomes part of the "culture" of the organisation. It then becomes impossible to improve matters. It is not necessary to sanction every

leave application that is presented. The easiest method of getting leave is to send a medical certificate. If the employer scrutinises each medical certificate, he would find that many of them are suspect. A medical certificate produced in support of the extension of privilege leave can almost always be questioned.

Leave Reserve

Another method of containing the cost of high absenteeism is to contrive to have only one peak instead of two as it happens in organisations which make the full quota of leave available in January. Consequently, absenteeism is high in January as well as in May when the schools are closed. By "crediting" the leave, say, in April, there will be one peak of high absenteeism from April to June instead of two—one in January and again in May and June. It is then possible to have a leave reserve equivalent to the low absentee percentage, say, 8 per cent. During the three months of very high absenteeism, the following remedial measures can be taken: (1) Recruitment of college students during their annual holidays, (2) building up of stocks when absenteeism is low, (3) use of differential pricing (when manufac-

turing is against customers' specific orders) so that the demand is properly spaced, and (4) close down a few departments and operate the rest at normal levels, instead of being behind schedule in all the departments.

Encashment of leave is not elaborated because it finds a mention in most of the published literature. Encashment of leave puts more money into the pockets of employees and acts against enforced idleness. But the practice is not popular because it is widely assumed that people prone to take full advantage of leave facilities will in any case stay away whatever the cash incentive. The other set of workers do not need cash incentive as there is nothing to complain about their attendance. The employer will pay in the long run the wages which he can afford for the productive work. As the gap between the days paid for and days resulting in productive work widens, the overall wage structure gets depressed. A regular employer thus suffers for no fault of his. The high cost, unreliability and an ever-increasing incidence of absenteeism is one of the reasons why an Indian entrepreneur prefers capital-intensive equipment to labour, although India, as a nation, has surfeit of manpower.

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combing out the extremists would be a matter of a few weeks.

This, in fact, seems to be the best course to follow. The Israeli declaration that the cause of peace has been pushed to the background and the first objective is to crush the terrorists in their hideouts is putting the

cart before the horse. The elimination of the terrorists itself depends on finding a peaceful solution to the larger issues. Whatever the provocation there is little justification for the Israeli attacks now. Israel seems to have lost the moral victory it won in Munich by over-reacting to the situation.

Right Priorities Needed for Promoting Industrial Growth

(By a Special Correspondent)

The present industrial policy is responsible for the country's sluggish industrial growth. Unless the policy is drastically changed, India will have to reconcile herself to the position of a third-rate country in south-east Asia.

AT a time when the Government of India appears to be groping in the dark over how to revive the country's economy in order to promote industrial growth and create more employment opportunities, Mr. R. Venkataraman, former Member of the Planning Commission, has made some valuable suggestions. Mr. Venkataraman's plea is for a fresh and open-minded review of the industrial policy, for he considers the one pursued since 1956 out of date and obsolete. Speaking recently at a meeting of the Rotary Club of Madras, Mr. Venkataraman argued that the present industrial policy was responsible for not only the starvation of goods and services in the country during the last few years, but also the stagnation of industrial growth and consequent loss of production. Unless the policy was drastically changed, India would have to reconcile herself to the position of a third-rate country in south-east Asia.

Mr. Venkataraman contended that his experience as the Minister for Industries of Madras for over ten years and Member in charge of Industrial Development in the Planning Commission for four years had convinced him that a country could progress where genuine entrepreneurial talent was properly mobilised and sufficiently encouraged to organise industries which could meet the growing requirements of consumer goods for the people. "No country progressed without a plethora of goods and services; no country pro-

gressed on shortages—this is the lesson I have learnt", he said.

Stating that the time had come for a complete review and reappraisal of the Industries (Development and Regulation) Act to see how many industries could be freed from it, he pleaded that any continued restriction on industrial growth could not only act to arrest growth but would also result in a definite setback. Even the Swaminathan Committee report had advocated the delicensing of all consumer goods industries. In fact, as a result of that report, 44 industries were actually delicensed; and this was a step in the right direction. In the Fourth Plan, for the drafting of which Mr. Venkataraman had played a part, it was suggested that all industries which did not require any foreign exchange either for capital goods or for raw materials should be completely freed from any kind of Government control, regulation and licensing. For, anyone who invested his money ought to know which goods would be sold when produced. No expert body, however brilliant, could forecast the demand for particular things, especially consumer articles. The only issue with which a Government ought to be concerned was the regulation of scarce foreign exchange. Even here, he was of the view that if a party was able to earn foreign exchange for the spare parts he required or for the capital goods of any new industry he wished to put up, he should be enabled to do so, so that the country could progress rapidly.

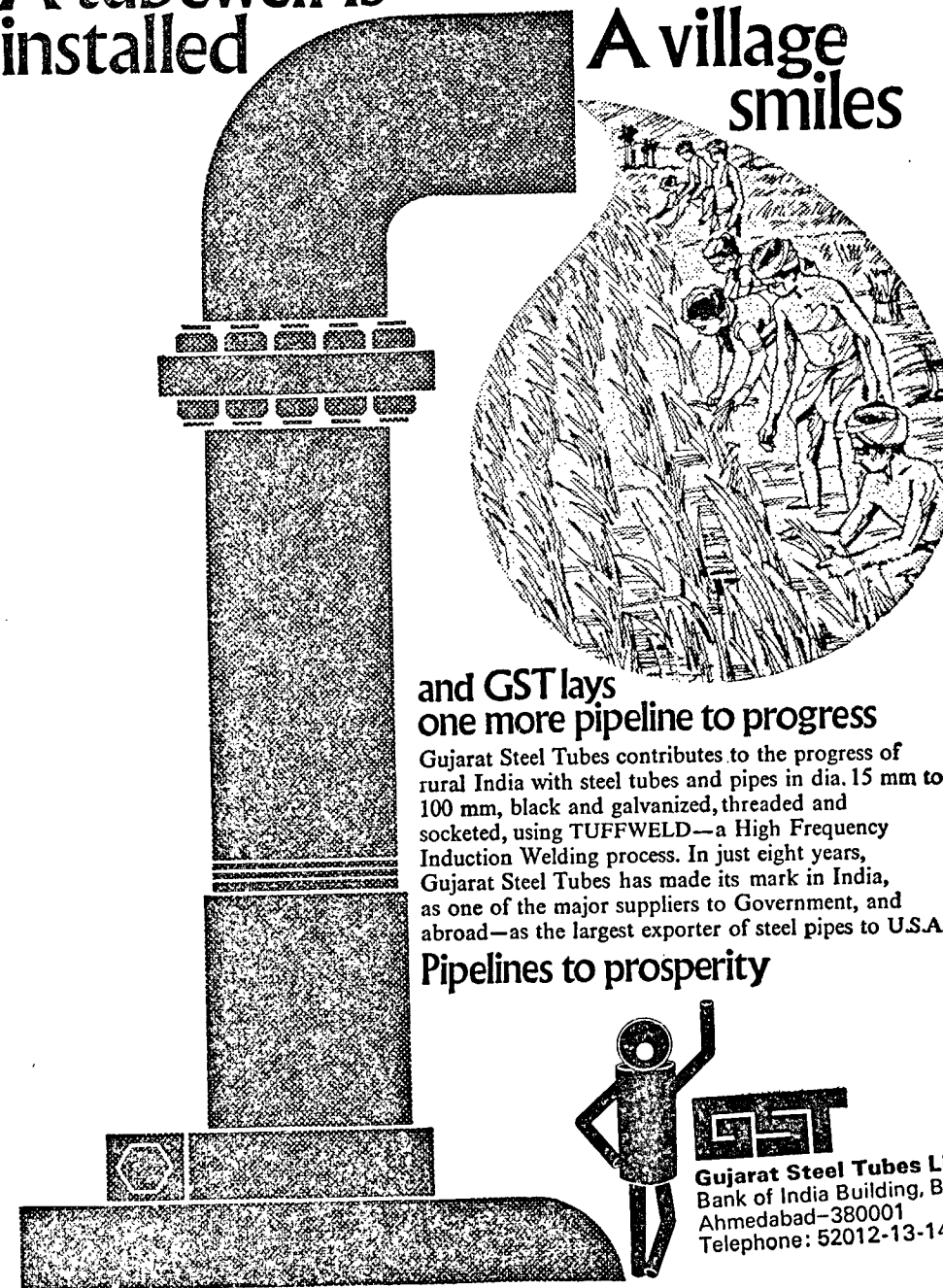
Mr. Venkataraman did not deny that in the heavy industry sector, a certain measure of regulation was unavoidable, since it made very heavy demands on the financial institutions of the country. But he insisted that the time had come when encourage-

ment of industrial production would undoubtedly help to increase the total volume of wealth in the country. On the other hand, any restrictions continued without sufficient reason could only promote stagnation and cause deterioration to the well-being of society. According to Mr. Venkataraman, an article in the Constitution which says that the economic resources should be deployed in such a way that it did not lead to any concentration of wealth "to the detriment of the welfare of the people", had been wholly distorted to bring about changes in the industrial licensing policy which had proved harmful to the interests of the nation. He felt that if the Government had really wanted to prevent the concentration of wealth, strict enforcement of the taxation measures—already in force in the country—would have brought about the results. By wrong interpretation of this sort, the Government was only preventing the expansion of the big industrial houses without any advantages accruing to the nation. He did not see any rhyme or reason in a policy of encouragement to those who could not deliver the goods. For, it was only the big industrial houses and such others who had the necessary expertise and managerial talent to start new industries and organise them properly. Otherwise, "it would amount to supplying spectacles to the blind and refusing to give light to the men who could see."

Mr. Venkataraman had his own reservations about the joint-sector concept. The policy-makers in authority today had not yet spelt out what exactly it meant and how they thought this would work to benefit the country. If it really meant associating financial institutions in the directorship of such companies, there was nothing new in it, for, the Madras Government had already been doing it for over 20 years. If, on the other hand, the joint sector meant joint management of an industry or business, it would simply mean "too many cooks spoiling the broth". Mr. Venkataraman was sorry that the policy-makers in the Government were knowingly or otherwise putting the cart before the horse. They must plan to end the starvation of goods and services without which there could be no real economic progress for the nation. Industrial growth had reached a new low while the population of the country was twice as much. It did not matter who produced; what was needed was production of goods and services in an ever-increasing measure.

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Evolving a New Strategy for Export Promotion

By M. R. Hazaray

India's export performance in recent years has fallen short of the targeted rate of growth. What is needed today is a new strategy for export promotion.

BY and large the export promotion measures implemented in the past have failed to produce the expected results. On the contrary, they have given rise to certain new problems. Hence the necessity of a new approach to the problems of export trade. The country's export performance on the whole has fallen short of the targeted rate of growth of 7 per cent. On the other hand, the growing accent on self-reliance in the event of declining foreign aid, makes it all the more important to boost up exports to a much higher level. In fact there is no other way for a developing country but to step up its export earnings considerably in order to pay for the mounting bill of essential imports and amortisation charges and thus achieve the objectives of

growth and self-reliance. Indeed the degree of self-reliance is in a way a measure of economic growth.

From this point of view India's export performance during the last five years leaves much to be desired. The Foreign Trade Minister, Mr. L. N. Mishra, has rightly thought of bringing about some structural changes in the pattern of the country's foreign trade. Given the unfavourable factors along with the favourable ones, one finds the export performance is subject to many vicissitudes. The table on page 491 clearly brings into focus the need for a new strategy of export promotion. There must also be a restructuring of the pattern of export trade.

The vicissitudes in export earnings seem particularly glaring against a speedily rising import bill which tends to widen the gap between the two. Even if allowance is made for several adverse factors, the average

rate of growth of 5 per cent achieved in exports does not make encouraging reading, as against the targeted 7 per cent. It is true that the recessionary world trend in the production of steel affected iron ore exports. Similarly shortages of steel and cotton were responsible for slowing down the export of engineering goods and cotton yarn. The international currency crisis caused much confusion. Finally, the attitude and policies of the E.C.M. and the U.S.A. became tougher towards the developing countries during the last two years. The Indo-Pak war also created many difficulties.

Fortunately, however, there is a silver lining. The rupee trade agreements have increased India's trade with east European countries from 7.8 per cent to 23 per cent which has just balanced the decline in trade with west European countries. The share of the developing countries in the world trade has remained more or less constant at 26 per cent. Raw tobacco and cashew nuts and shrimp enjoyed high world prices. The take-over of textile, mica and coir exports is likely to produce beneficial results in future. All these favourable changes, although of a temporary nature, suggest a future line of

action in certain fields of export trade. It seems that there is ample scope for augmenting the export of non-traditional items like diamonds, electronic goods and tourist services. The development of forest and sea wealth can also be systematically tapped to boost up the total exports to a much higher level for the purpose of achieving the Fifth Plan target. Not only the composition of trade but its direction can also be beneficially changed more towards the Third World, including Bangladesh. Only the possibilities must be explored thoroughly and as early as possible through Indian embassies and trade commissions abroad.

Year	Export earnings (Rs. in crores)	Rate of growth
1967-68	1,169	4%
1968-69	1,358	13%
1969-70	1,413	4%
1970-71	1,535	8.3%
1971-72	1,610 (estimated)	5%

Besides these short-term measures (they are short-term because the composition and direction of trade will always be in flux in this dynamic world), some long-term measures must also be undertaken to improve the price competitiveness of Indian goods, and to strengthen the institutional support, i.e., infrastructure for trade. The scheme of compulsory export obligations on certain selected industries in this respect promises the export-growth industries a better future. They should be weaned away from a sheltered home market into the world of competition with the help of preferential treatment and raw materials made available to them at international prices. Compulsion to create an exportable surplus may not be so much resented if industries are actively encouraged to grow and compete in the international market.

Indian joint ventures overseas may be another rich source of earning foreign exchange. So far 30 such ventures have been established overseas while another 50 are to be launched soon in about 25 countries. Up till now they have not been able to repatriate any substantial amount of foreign exchange because of political troubles, labour unrest and exchange control. However, it is possible for the Government to make them partners in export promotion, for they are eminently suited for the export of capital goods. Compulsory reporting of their activities to the Reserve Bank of India may help to highlight their problems.

Indira-Mujib Talks : Identity of Views

(From Our New Delhi Correspondent)

Last week's New Delhi meeting between Mrs. Gandhi and Sheikh Mujibur Rahman gave the two leaders an opportunity to review the Indo-Bangladesh relations. The fact that there was identity of views between them should help strengthen the Indo-Bangladesh tie.

THE Prime Minister of Bangladesh, Sheikh Mujibur Rahman's brief stop-over in Delhi last week and the confidential talks he had had with the Prime Minister, Mrs. Indira Gandhi, have undoubtedly helped not only in further cementing the Indo-Bangladesh relations but also in greater understanding of the problems confronting the sub-continent. Many developments have taken place after the two leaders met in Dacca, which led to a treaty of friendship and mutual co-operation. Since then, India and Pakistan have been trying to settle their outstanding issues through negotiations, and the Simla summit was the first major attempt in this direction. But with the connivance, possibly, of the United States and China, Pakistan has been backsliding from its Simla commitments and, consequently, there has been no progress in regard to delineation of the border as it existed on 17th December last year. Without this there can be no withdrawal of the forces on either side of the border. The 90,000-odd prisoners of war have also remained a burden on India and their release becomes more difficult as Pakistan becomes more intransigent with regard to the recognition of Bangladesh. During his stop-over in Delhi, Sheikh Mujibur Rahman was asked about this crucial issue and he declared that his stand in regard to it was firm.

In a nutshell, the attitude of the Sheikh is that not one of the 90,000-odd prisoners of war, who surrendered to the joint Indo-Bangladesh command, could leave for Pakistan without Bangladesh coming in the picture. This means that there must be some official contact between Pakistan and Bangladesh. This

again can happen only when the former recognises the sovereignty of the latter; in other words, official recognition of Bangladesh as a member of the United Nations. For some unspecified reasons, President Bhutto of Pakistan has been wanting to meet Sheikh Mujibur Rahman before Pakistan recognises Bangladesh. But the Sheikh has been resisting this, and very rightly.

At his news conference, before leaving for Dacca, Sheikh Mujibur Rahman was asked about President Nixon meeting Premier Chou En-lai and Chairman Mao Tse-tung even before the United States recognised China. This analogy, he said, does not hold good for Bangladesh and Pakistan. Bangladesh has come into being from out of former Pakistan after a heroic revolutionary struggle by the overwhelming majority of the people living in one wing of the country. In the case of China, U.S. recognition only means a symbolic legal action by another country, and this can wait as U.S. recognition has already been delayed for over 25 years.

Bangladesh was in ruins when it was born and the nine months since its liberation are too short a period for putting the nation on an even keel. Although India has every sympathy for the aspirations of the people of Bangladesh, she has been careful in not going out of her way in extending economic assistance to the new nation unless the Government there made a formal request for help. This is for the simple reason that the Government of India does not want to give any impression to other countries or to the people of Bangladesh that she has only replaced West Pakistan in terms of economic or political domination. Sheikh Mujibur Rahman understands this policy very well and repeatedly told newsmen that his talks with Mrs. Gandhi were "very satisfactory" and that there were no differences over issues in which both India and Bangladesh were interested. This should augur well for better Indo-Bangladesh relations.



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J. K. ORGANISATION Synthesis of National Talent and Entrepreneurship



PNB directors' report-1971

Extension of banking services to rural and under-developed areas is one of the major objectives of nationalisation. From July, 1969 to December, 1971, offices of commercial banks increased from 8,284 to 12,985. During 1971, 1,805 new offices were opened as against 2,137 in 1970. This slowing down of the tempo of branch expansion may be ascribed to various factors like limited trained manpower resources, urban-oriented staff, non-availability of suitable premises, etc., etc.

During the year under review, the performance of the banking system in the mobilisation of deposits was much better than the preceding year. Over the year, aggregate deposits of all commercial banks increased by Rs. 1,238 crores or 21.8% as against Rs. 808 crores or 16.6% during the preceding year. This faster growth in deposits may be ascribed partly to increase in monetary resources and partly to intensification of efforts by banks at deposit mobilisation, massive branch expansion and creation of the banking habit amongst the rural population.

There was lower credit expansion during 1971 than in the preceding year. Scheduled commercial banks' credit during the year increased by Rs. 595 crores as compared to Rs. 837 crores during 1970. While there was larger increase in credit to the priority sectors than in the preceding year, the demand for funds by larger industries was smaller due to various factors, including lower production of certain commercial crops like sugarcane, oilseeds, etc., and scarcity of raw materials. Another important factor for smaller credit expansion was that advances for food procurement operations did not increase to the anticipated level due to accelerated sales by the Food Corporation of India.

In pursuance of its policy of credit restraint, the Reserve Bank of India raised the Bank Rate from 5% to 6% in January, 1971 and the net liquidity ratio from 33% to 34% with effect from January 29, 1971. The refinancing facilities were, by and large, kept intact, but for some marginal changes in the matter of refinancing for food procurement.

The Credit Guarantee Scheme for advances to small industries was liberalised and advances in the border areas were exempted from the operation of selective credit controls. Another important development during the year was the coming into operation of the Credit Guarantee Corporation of India (Small Loans) Guarantee Scheme with effect from April 1, 1971. The scheme aims at providing guarantee cover for bank lendings to small borrowers. As a result, the banks have been able to offer larger financial assistance to small needy borrowers.

PNB'S OPERATIONS

During 1971, performance of the Bank was gratifying in every sphere of its activity.

DEPOSITS: Deposits of the Bank rose from Rs. 443.9 crores as on the last Friday of 1970 to Rs. 537.2 crores as on the last Friday of 1971, thus recording an increase of about 21.0%. During the calendar year 1971, however, our deposits showed a growth of Rs. 77.5 crores as compared to Rs. 68.6 crores during the last year, registering an increase of 16.7% as compared to 17.6% during 1970.

The Bank introduced a number of new schemes for deposit mobilisation such as Students Deposit Scheme, Old Age Provision Deposit Scheme, Automatic Extension Deposit Scheme, Scheme for Cashless Payment of Salaries and Wages and Special Fixed Deposit Scheme. 'Deposit Mobilisation Fortnights' were celebrated at about 120 offices during the year, as a result of which the Bank was able to secure about 31,000 new deposit accounts. Special Deposit Mobilisation Cells were established at certain potential centres to mobilise savings of the people and channelise idle and unproductive money to the organised sector. To infuse a spirit of active participation amongst members of the staff in the Bank's deposit mobilisation drive, various new incentive schemes were formulated and introduced during the year with satisfactory results.

CREDIT EXPANSION: At the end of 1971, loans and advances of the Bank stood at Rs. 341.9 crores as against Rs. 303.2 crores as on December 31, 1970, registering an increase of Rs. 38.7 crores or 12.8% as against Rs. 76.6 crores or 33.8% in 1970. Lower percentage of increase in the credit expansion of the Bank was in keeping with the general trend in the banking industry during 1971-72 as a whole. Fall in the production of sugar from about 38 lakh tonnes to around 31 lakh tonnes during the last crushing season particularly affected the advances portfolio of the Bank, which is financing this industry to a fairly large extent. Advances of the Bank to sugar mills fell from Rs. 25.5 crores as at the end of 1970 to Rs. 14.8 crores as on December 31, 1971, i.e., by 42%. Notwithstanding this steep fall, the Bank's percentage of credit expansion at 12.8% did not compare unfavourably with that of the banking system at 13.4%.

INVESTMENTS: Investments of the Bank in Central and State Government Securities and other Trustee Securities stood at Rs. 155.3 crores on December 31, 1971 as against Rs. 134.7 crores at the end of the preceding

year. The Bank made larger investments in Government and Trustee Securities, partly to comply with the RBI requirement to maintain a higher liquidity ratio and partly to make optimum utilisation of its surplus funds due to slower rate of credit expansion.

ADVANCES TO PRIORITY SECTORS: Although the rate of overall credit expansion of the Bank during 1971-72 was slower, increase in credit to the priority sectors and the hitherto neglected sections of the society was quite impressive. During the year under review, loans and advances of the Bank to the priority sectors expanded from Rs. 46.5 crores to Rs. 58.3 crores and the number of loan accounts in these sectors increased from 35,385 to 44,907. Thus, there was an increase of about 25% in the aggregate amount of outstandings and about 27% in the number of loan accounts as at the end of 1971. Viewed from both the angles, the Bank's rate of growth was considerably higher than the growth rate for all the public sector banks during the year. The table giving a break-up of our lendings to the priority sectors at the end of December, 1970 and December, 1971 is given below :-

Priority Sector Advances

(Rs. in thousands)

Sector	Number of accounts		Outstandings		Increase in Out-standings*	
	1970	1971	1970	1971	Amount	Per cent
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Agriculture :						
(i) Direct	25,491	31,399	10,55,37	13,73,36	3,17,99	30.1
(ii) Indirect	536	477	7,73,97	7,51,60	(-22,37)	(-2.9)
Small-scale Industries	2,707	3,305	12,74,65	15,74,24	2,99,59	23.5
Transport Operators	1,884	4,453	3,91,74	8,51,91	4,60,17	117.5
Retail Trade	3,780	3,746	1,97,82	1,77,22	(-20,60)	(-10.4)
Professionals for purchase of equipment	179	316	5,23	7,77	2,54	48.6
Artisans	391	696	4,75	9,15	4,40	92.6
Education	82	114	1,76	3,19	1,43	81.3
SUB-TOTAL	35,050	44,506	37,05,29	47,48,44	10,43,15	28.2
Exports	335	401	9,46,49	10,81,42	1,34,93	14.3
TOTAL	35,385	44,907	46,51,78	58,29,86	11,78,08	25.3

* (—) represents decline

AGRICULTURE: The number of farmers directly financed by us during the year increased from 25,500 to 31,400 and the outstandings in such loans/advances amounted to about Rs. 14 crores. Having regard to the fact that on the eve of nationalisation we had only 600 loan accounts in the agricultural sector with total advances of about Rs. 26 lakhs, efforts made by the Bank in this field would appear to be encouraging. It may also be mentioned that as at the end of 1971, 41% of the number of farmers financed by the Bank belonged to the marginal and small category with holdings of 7.5 acres and below. Bulk of the beneficiaries were financed for irrigation purposes such as digging of wells and purchase of pumpsets and other machinery. Other purposes for which financial assistance was given included purchase of inputs, i.e., seeds, fertilizers and pesticides, and dairy, poultry, felling, bunding, etc.

In order to step up its assistance to small and marginal farmers, the Bank proposes to actively associate itself with the Small Farmers' Development Agencies and Marginal Farmers and Agricultural Labour Agencies created by the Government. It is expected that as a result of this co-ordination it would be possible to further appreciably increase our advances to the small and marginal farmers during the year 1972.

For proper appraisal of the credit needs of the farmers and to educate them to make productive use of the available bank credit, the Bank recruited during the year more Technical Field Officers having sufficient experience of agricultural techniques. With added strength of trained officers, the Bank is proposing to go ahead in a more concerted manner with its village adoption programme during 1972. It is also proposed to introduce various consultancy services in the near future.

SMALL-SCALE INDUSTRIES: The Bank continued to make sustained progress in financing small-scale industry. The number of small-scale units financed by the Bank stood at 2,168 at the end of 1971 as compared to 776 at the end of the previous year. The outstandings in loan accounts so increased from Rs. 12.7 crores to Rs. 15.7 crores, showing an increase of 23.5% during the year. Amongst the new schemes formulated during 1971 for providing financial assistance to the weaker sectors may be mentioned schemes for the extension of credit to artisans engaged in the manufacture of carpets and various types of handicrafts, primarily for export; financing of powerloom/handloom weavers; and giving financial assistance to entrepreneurs for establishing industrial estates.

The Bank continued to lay stress on diversification of its lendings to the small-scale sector. As a result, larger credit was extended to new lines of manufacture such as wearing apparel, light engineering goods, metal products, electrical goods, plastic and rubber products, ceramics, chemicals and pharmaceuticals, etc., etc.

In order to ensure timely assistance to the needy borrowers, authority for sanction of loan proposals was further decentralised and higher powers were delegated to the officers in the field, so that unnecessary delays were avoided. A new cadre of Technical Field Officers has been created to peruse loan proposals of small industries from the point of view of economic and technical feasibility of the projects rather than laying too much stress on the 'security' aspect. It has also been decided to create separate cells at Regional Offices to deal expeditiously with loan proposals relating to the priority sectors, including small-scale industries. Separate cells are also contemplated to be created in different branches which have one a sizeable business in financing the priority sectors or have potential for the same. It is expected that as a result of these steps it will be possible for the Bank to have a better share of this business during the year 1972.

TRANSPORT OPERATORS, PROFESSIONALS & ARTISANS:

During 1971, the Bank provided credit facilities on a rapidly increasing scale to transport operators, professionals and artisans. The beneficiaries ranged from truck operators to cycle rickshaw-pullers. The number of transport operators financed by the Bank increased from 1,884 to 4,453 with outstandings at about Rs. 8.5 crores as on December 31, 1971. It may be mentioned that credit extended by the Bank to this category of borrowers is the highest among all the public sector banks.

Credit facilities have been provided by the Bank to cycle rickshaw-pullers in Punjab and at certain centres in Bihar. The loans allowed by the Bank are repayable in easy instalments so that the borrowers become owners of the vehicles in about 20 months.

The Bank adopted suitable measures to step up its lendings to professionals and artisans during the year. The number of borrowal accounts relating to 'professionals' increased from 179 to 316 and the outstandings registered an increase from Rs. 5.2 lakhs to Rs. 7.8 lakhs. We are conscious of the fact that much more remains to be done. The number of accounts and outstandings relating to 'artisans' also increased significantly during 1971. We have formulated certain special schemes for financing individual artisans in J & K, under which persons engaged in a variety of small industrial pursuits such as wood carving, shawl making, embroidery, etc., are eligible for bank credit.

EXPORT FINANCE: The turnover of the export business handled by the Bank during 1971 registered an increase of about 39% over that of the preceding year. Pre-shipment and post-shipment credits outstanding at the end of the year were about 14.3% higher than the outstandings as at the end of 1970. Extensive credit facilities were granted to manufacturers of woollen hosiery for export. Credit assistance was also made available on an increasing scale for export of various other commodities such as jute manufactures, hides and skins, textiles, sugar, cement, manganese ore, sports goods, etc. Export of coffee was handled by the Bank for the first time during the year under review.

LEAD BANK SCHEME

Survey of all the 28 districts allotted to the Bank under the Lead Bank Scheme was completed and reports published by October, 1971. 262 unbanked centres were identified for opening new offices for providing banking facilities in these lead districts. These centres have been allotted to various nationalised and non-nationalised banks. During 1971, the Bank opened offices at 71 centres allotted to it in the lead districts. The Bank has also set up Co-ordination Committees in 11 Lead Districts in collaboration with the local district authorities and other banking institutions to draw up integrated programmes for economic development of the concerned districts. Special attention was paid to backward districts and out of the 71 offices opened in lead districts, 56 were set up in such districts.

BRANCH EXPANSION

Whereas the pace of branch expansion by the banking industry as a whole slowed down during the year, our Bank opened 99 new offices in 1971 as against 91 and 88 opened in 1970 and 1969 respectively. Out of the 99 new branches opened during the year, 71 were established at rural centres having a population of 10,000 or below. Of these, 67 were opened in unbanked centres.

As a result of the new orientation given to branch expansion, the Bank's semi-urban and rural base has been growing fast. Thus, the proportion of rural and semi-urban offices of the Bank to its total number of offices stood at about 68 per cent as against 63 per cent in 1969. A spread-out of the

bank's branches in different areas for the last three years is given below :

Centres	Number of offices as at the close of		
	1969	1970	1971
1. Metropolitan	89 (14.4)	93 (13.1)	98 (12.1)
2. Urban	141 (22.8)	145 (20.4)	163 (20.2)
3. Semi-urban	283 (45.7)	305 (43.0)	310 (38.4)
4. Rural	106 (17.1)	167 (23.5)	238 (29.3)
TOTAL	619 (100.0)	710 (100.0)	809 (100.0)

Figures in brackets represent proportion to the total.

The Bank's experience with regard to mobilisation of deposits at the newly opened offices in rural/semi-urban centres is fairly satisfactory. As on December 31, 1971, deposits secured by new offices opened during the course of the year totalled about Rs. 3.1 crores giving an average of Rs. 4.1 lakhs per office.

PUBLICITY

During 1971, the Bank's publicity programme was further streamlined and given a new direction. In addition to the conventional media of publicity through newspapers, new modes of publicity were introduced with satisfactory results. These included display of posters and hoardings, depicting distinctive backgrounds of the various States, and opening of stalls/publicity counters at rural fairs and exhibitions all over India for display and distribution of publicity material relating to our various deposit and credit schemes. The Bank also started, as an experimental measure, libraries cum reading rooms equipped with books and periodicals of general interest and a radio set in some rural areas in Bihar, Haryana and U. P. The Bank's publicity material such as posters, folders, etc., were also displayed in these libraries cum reading rooms for the benefit of the rural population. We are happy to say that this experiment has proved useful and beneficial.

ORGANISATION & PERSONNEL

A separate Management Development Department was set up at the Head Office in November, 1971 to look after manpower planning, executive inventory, recruitment, training and development, appraisal and succession planning.

To meet the increased demand for trained manpower and to cope with new responsibilities, the Staff Training College organised special courses on Small-Scale Industries, Agricultural Finance, Foreign Exchange and Export Finance, and organised 11 workshops on Agricultural Finance at different centres. The Bank also availed itself of the training facilities offered by The National Institute of Bank Management, The Banker's Training College, The Administrative Staff College of India, The National Institute for Training in Industrial Engineering, etc.

WORKING RESULTS

The working results of the Bank for the year 1971 showed a significant improvement over the previous year. The gross income of the Bank at Rs. 39.1 crores was higher by Rs. 6.9 crores or 21.4% as compared to an increase of Rs. 5.3 crores or 19.8% in the previous year. The expenditure on salaries and allowances rose from Rs. 11.6 crores to Rs. 13.2 crores or 13.6% as against an increase of 25.8% in the previous year. The net profit of the Bank, after making usual and necessary provisions, amounted to Rs. 245.2 lakhs as compared to Rs. 214.0 lakhs in the previous year. After providing Rs. 129.0 lakhs for bonus to staff and transferring Rs. 55.0 lakhs to Reserve Fund, the balance amount of Rs. 61.2 lakhs has been transferred to the Central Government in terms of Section 10(7) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. This forms a return of 6.00% on the amount of compensation paid by the Government as compared to the corresponding figure of 5.98% in 1970.

Before concluding, the Directors wish to thank the officers and other members of the Staff for their hard work and co-operation and would like to place on record their appreciation of the high sense of devotion to duty and loyalty to the Institution displayed by members of the staff working in border areas who steadfastly stuck to their posts during the difficult period of hostilities with Pakistan.

For and on behalf of the Board of Directors

New Delhi
Dated : June 15, 1972

S.C. TRIKHA
Custodian

PUNJAB NATIONAL BANK

Andhra Pradesh : Important Changes in Land Reforms Bill

(By a Special Correspondent)

The Andhra Pradesh Government has proposed important modifications in the Land Reforms Bill. The modifications now proposed have been effected in deference to the views expressed by a large number of party legislators.

THE Andhra Pradesh Government has proposed important modifications in the Land Reforms Bill at the Joint Select Committee stage. The changes have raised the ceiling fixed for different categories of dry and wet land irrigated by tubewells. But there is a lowering of the ceiling on grape gardens from 54 acres to 18 acres. The lowering of the ceiling is expected to bring about diffusion of ownership, but the overall profitability of the gardens will be affected in the long run. The lower ceiling, meanwhile, is being opposed by the owners of grape gardens. The new changes, now proposed, aim at fixing the ceiling in respect of double crop wet land at 10 to 18 acres (compared with 12 to 18 acres proposed in the original Bill).

In respect of single crop wet land, the new ceiling is put at 15 to 27 acres (compared with 18 to 27 acres in the original Bill). The amendment also disregards, for the purposes of the Bill, all divorces and adoptions after 4th January, 1971. What is more, all conversions of agricultural lands into non-agricultural lands made within five years of the notified date would not also be recognised. In respect of dry land under five categories, the ceiling is fixed at 30 acres, 40, 45, 50 and 54 acres (as against 30 acres, 36, 42, 48, and 54 acres, respectively, earlier).

Apart from these changes, there is a major concession given to farmers in the coastal delta districts. This concession defines double crop wet land as "land on which two crops a *fasli* year have been raised, with the use of water from a Government source of irrigation in any four *fasli* years within a continuous period of six *fasli* years" immediately before a specified date. This definition excludes the large acreage under the Krishna and Godavari delta which gets water for a second crop by rotation once in two years and once in three years.

Another important change proposed is that the land is divided into 11 categories in the place of eight categories originally proposed. One important aspect from the point of view of land-owners is the change in the proposed compensation payable. When the total land revenue payable on the lands vested with the Government is less than Rs. 50, the compensation will be ten times the amount, as against 50 times proposed previously. When the amount of land revenue exceeds Rs. 50 but does not exceed Rs. 150, 50 times the amount is payable, subject to a minimum of Rs. 5,000. When the land revenue exceeds Rs. 150 but does not exceed Rs. 500, the compensation is 20 times the amount, subject to a minimum of Rs. 7,500. When the land revenue exceeds Rs. 500, the amount of compensation will be ten times the revenue, subject to a minimum of Rs. 10,000, and a maximum of Rs. 1 lakh.

The new classification of lands is stated to have been made on the

basis of yield. It may be mentioned that the modifications now proposed have been effected in deference to the views expressed by a large number of party legislators. One important modification in the Land Reforms Bill related to *stree dhanam* property. According to the change in relation to the property held by a woman, it is mentioned that where any land is held in the name of any female member of a family, it shall be presumed, unless the contrary is proved, that she is the owner of such land. The effect of the change is obvious and in the case of land held by a woman member of the family, the burden of proving that the property was not hers rests on the person who wants to prove that it was not her property. This particular change is generally appreciated in certain circles because of the shifting of the onus of proof to other persons than the woman who holds the property.

New Sanskrit University

The question of language which has been so vital a subject since independence is sometimes rooted in mere sentiment and sometimes based on prejudice, hatred or other such causes. But it is not always conceded that the language has got a vital rôle to play in moulding the moral, economic and intellectual life of the people. The latest proposal of the Andhra Pradesh Government to start a Sanskrit University which will be the first of its kind in the south, has evoked considerable interest in the region. The proposed Sanskrit University in Andhra Pradesh will be the third in the country, although first in the south. The other two Sanskrit Universities are in Varanasi and Dharbanga. The State Government is establishing the university because there is an imperative need to preserve and develop the rich national heritage in Sanskrit. The proposed Sanskrit University in Andhra Pradesh has a plan to try to do a great deal more than what is now being done by the Sanskrit departments of the existing universities. In the proposed multifaculty university, Sanskrit will not be the subject of study in isolation. The study of English and Telugu would also be provided. It is interesting to note that the university will have ten faculties, namely, (1) Veda and Vedanga, (2) Humanities, (3) Science, (4) Law, (5) Medicine, (6) Education, (7) Fine Arts, (8) Religion and Philosophy, (9) Yoga and (10) Commerce.

L. I. C. : Steps Taken to Diversify Activities

(By a Special Correspondent)

The task of the L.I.C. will remain unfulfilled as long as every insurable person has not been brought under the protective cover of life insurance. It is trying to promote social justice through its various policy measures.

THE Life Insurance Corporation of India is keen on changing the concept of insurance from certain classes to the masses. To quote the new chairman of the L.I.C., Mr. K. R. Puri, "We have a great task before us and so long as every insurable person has not been brought under the protective cover of life insurance, our task will remain unfulfilled". Naturally, the Corporation now rededicates itself to the objective which led to the nationalisation of the industry. One may recall here that the life insurance business was nationalised with the object of spreading the gospel of insurance to the remotest villages and to mobilise public savings. Life insurance is a powerful weapon to mobilise savings for development projects and for protecting each and every family.

No wonder, the Corporation now lays greater emphasis on expanding business in the rural sector in order to carry the benefits of life insurance among the teeming millions. In 1971-72, the Corporation issued 599,000 policies or 31.6 per cent of the total number of policies (against 507,000 policies or 31.4 per cent of the total in 1970-71). The Corporation now feels that the problems of India are basically of the masses and their demand for social justice should be satisfied without any further delay. Hence, the L.I.C. has already introduced several steps (like non-medical schemes, centenary policy, premium collection from selected post offices and removal of extra premium on occupational hazards) for the purpose.

In addition, socially-oriented investments now receive the Corpora-

tion's foremost attention. That is why the investment policy of the L.I.C., governed by the statutory provisions with due respect for safety of funds and satisfactory returns therefrom, is now significantly changed. To illustrate: loans for housing or loans to the State Electricity Boards or to local bodies for rural or urban water-supply schemes or for sewerage schemes of municipalities have already received special attention. L.I.C. investments under these heads have increased from Rs. 18 crores in 1963-64 to Rs. 117 crores in 1971-72. The Corporation has sanctioned for the first time massive assistance in 1971-72 to a State for implementing schemes of low cost houses for members of scheduled castes or tribes. Furthermore, to assist small-scale industries or industries in the rural sector, the Corporation has invested (as on 31st March, 1972) over Rs. 8 crores. There are schemes to grant loans for the construction of sheds by co-operative sugar factories and industrial estates.

The Corporation finds from its experience that to promote agricultural production it is necessary to induce farmers to incur the heavy outlay to adopt techniques of modern cultivation and plant protection practices. As such, it has launched an experimental crop insurance scheme for Hybrid-4 cotton crop up to the estimated cost of inputs. The scheme aims at promoting increased production of cotton through effective supervision and guidance of the Gujarat State Fertiliser Co. Ltd which has already made necessary arrangements with the Bank of Baroda to advance loans to farmers. And any success of this pioneering venture, about which the Corporation is optimistic, will no doubt open new vistas for other schemes of identical nature covering other crops in all parts of India.

The Corporation is also conscious of the acute housing shortage in the

country. It appreciates that it is almost impossible for the States alone to meet the increasing demand for houses. Imbued with the spirit of social justice, the Corporation has, therefore, come forward to provide housing to its policyholders on a large scale with due care for the safety and yields of funds. For instance, the L.I.C. authorities have already started the construction of a township in Borivil, a suburb of Bombay. There are other township projects for Bangalore, Hyderabad, Delhi and Ahmedabad. Besides, the Corporation now advances loans direct to the States concerned for financing their low income group or middle income group housing schemes or to apex housing societies and the total amount of such loans exceeded Rs. 237 crores as on 31st March, 1972. Total advances by the L.I.C. as loans to State Governments, co-operative housing financing societies or other schemes and its own building activities exceeded Rs. 359 crores as on 31st March, 1972. Again, in 1971-72, 1,668 loans amounting to Rs. 488.45 lakhs were sanctioned to policyholders for construction of houses and till now 8,901 loans amounting to Rs. 257.49 crores have been sanctioned for the purpose. Of course, the rate of L.I.C. investments in the private sector has declined—from 19.5 per cent a few years ago to 16.5 per cent at the end of March 1970. The Corporation has been careful in lending in certain directions in the private sector.

The investment policy of the L.I.C. strikes a balance between the interests of policyholders and broad national objectives. Judged in statistical terms or the range of activities, the Corporation has made vast expansion of its business. Yet, to fulfil the nation's expectations and translate into reality the Corporation's high ideals, the L.I.C. will have to achieve much more in future. More so, when it will have to carry the message of social security through insurance to millions of Indians by laying more emphasis on persons than on policies, particularly when according to the report of the Talyarkhan Committee, the rural areas account for only 20 per cent of the small savings collections and only 7.5 million people are insured in India or the ratio of life insurance in force to the national income a year is only 19 per cent in India, against 195 per cent, 164 per cent, 110 per cent and 98 per cent in Canada, the U.S.A., Japan and the U.K., respectively.

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Setting up Rural Roads Commissions to Improve Communication Facilities

(By a Special Correspondent)

The Indian Roads Congress has suggested the formation of rural roads commissions both at the Centre and in the States for improving communication facilities. The Government is reportedly taking keen interest in the recommendation.

THE Indian Roads Congress, which met for its annual meeting recently, rightly stressed the importance of rural roads and their integrated development. There are still vast rural areas where proper road communications are lacking and a lot of ground yet remains to be covered to bring the people living in the villages into the mainstream of national life. The factors to be considered to tackle this massive problem are essentially adequate finances, proper organisational support and maintenance. Constitutionally, the development of all roads, other than the national highways, is the responsibility of State Governments. Rural roads thus fall within the sphere of State activities. Even so, an all-India approach is necessary; and the Fourth Plan realised this adequately when it said that the development of rural roads needs to be given priority as it will help in increasing agricultural production. Commercialisation of agriculture, which is a condition precedent to intensification of productive effort, cannot become universal without an adequate system of rural roads.

It was in this context that the Sinha Committee set up by the Central Ministry of Transport and Shipping suggested that for meeting the requirements of rural roads, about 400,000 miles of low grade all-weather roads will have to be provided involving an expenditure of Rs. 1,430 crores in the next 20 years. It is observed that the target of 400,000 miles is the same that has been arrived at in the Chief Engineers' 20-year plan for the period 1961-81 and is based on the objective of every village in a developed and agricultural area being brought within four miles of a metalled road

and 1.5 miles of any kind of road; in a semi-developed area within eight miles of a metalled and three miles of any kind of road and finally in an undeveloped and uncultivated area within 12 miles of a metalled road and five miles of any kind of road.

However, with the success of the "green revolution", this figure of 400,000 miles is bound to go up. Furthermore, with the rise in construction cost, as also demand in certain regions for better road specifications, the financial outlay to be involved for the total programme is also likely to go up. All this makes it possible that the size of the total programme will become quite enormous. As early as 1966, the Planning Commission addressed a letter to all the State Governments to the effect that they should earmark specifically for rural roads at least 20 per cent of the State Plan allocation for roads. Of this 20 per cent, 40 per cent was to be given as Central grant. The Transport Development Council also discussed the question of rural roads and made a number of important recommendations. It wanted that against the present 20 per cent, the earmarking of funds for rural roads by the State Governments should be raised to 25 per cent. Measures should be devised for ensuring that the amount earmarked for rural roads is actually spent on them and not diverted to other programmes. This plea was later endorsed by the Indian Roads Congress which also demanded that the Ministry of Food and Agriculture should set apart a portion of its allocation for rural roads connecting villages with markets. All rural works in a State should be looked after by a separate engineering organisation and, where work load is sufficient, by a full-fledged engineering department, preferably headed by a chief engineer. In matters concerning the execution of works, the opinion of the technical staff should be accepted. The Congress also demanded that high-level boards should be set up in the States for developing rural roads.

Unfortunately, the present position is that there is no machinery to ensure that the Plan allocation of 25 per cent is set apart for rural roads by States as has been suggested by all these bodies. It is also true that in spite of the general provision in the Fourth Plan, not all States, due to their preoccupation with many other problems, are able to provide for rural roads to the extent of 25 per cent of their road plan allocations. There is also no machinery to stop the diversion of this amount to other projects. The planning of rural roads does not appear to be proceeding on sound lines. Even the 20-year district maps which had been required to be prepared, presumably with Central assistance, are not being followed in letter and spirit with which the same has been drawn up for observing the concept of laying out a well-thought-out network. While some States have established rural roads organisations, a majority have not done so. To add to the confusion, there are a multiplicity of organisations in some States engaged in rural road works.

It does not need too much of an emphasis that rural roads are necessary for the development of India's economy. The Centre is now thinking in terms of rural roads commissions at the suggestion of the Indian Roads Congress whose main function will be to lay down policies regarding the works and to distribute funds. Such commissions could be set up both at the Centre and in the States. They could be given the responsibility for providing a better network of rural roads consistent with the approved engineering principles. These commissions will also form an effective agency to render financial assistance on a sustained basis and also to ensure that the money is rightly spent. They will also see that the rural roads are properly maintained.

The Congress has recommended that the rural roads commission at the Centre should be allocated 60 per cent of the Central road fund. This will be augmented by increasing the allocation from the excise duty on petrol and diesel oil so that the yield will be Rs. 66 crores a year. The Central Ministries of Food and Agriculture, Irrigation and Power and Industrial Development will also make contributions to the commission. The Congress has also made suggestions to augment the sources of revenue by the rural road commissions in States.

Achieving Co-ordination Between Banks and State Financial Corporations

By Suhas Joshi

Competition between the State Financial Corporations and the public-sector banks is becoming increasingly stiff because of the fact that both have been assigned much the same rôle. The Reserve Bank's decision to formulate new guidelines for the S.F.C.s is a step in the right direction.

THE recent announcement of the Deputy Governor of the Reserve Bank of India to set up two study groups to suggest ways of reorganising the State Financial Corporations (S.F.C.s) and achieving better co-ordination between them and commercial banks reflects the extent of confusion that has been created in financial institutions, particularly as a result of the Government's policy of creating too many financial institutions for undertaking the same type of job. Although many S.F.C.s do accept term deposits from the public, competition between them and banks is more keenly felt in respect of their lending operations. This competition for lending, which first resulted from the introduction of social control of commercial banks, has become more fierce and unfair too since the nationalisation of 14 major scheduled commercial banks in July 1969. Banks, particularly the public-sector ones, with abundant resources, a large network of branch offices and trained personnel and with greater experience in lending and in attracting customers could easily outbid the S.F.C.s. They are also in a better position to offer various types of services and facilities.

This competition between the S.F.C.s and the public-sector banks, which seems to have assumed an "unhealthy" character from the point of view of the S.F.C.s, has arisen mainly because of the official policy of assigning more or less the same credit programme to these institutions. Commercial banks are asked increasingly to finance small-scale industries and also to extend term finance, although previously there was a clear-

cut demarcation between the functions of the S.F.C.s and banks. It would be interesting to note that the State Bank of India was prohibited initially from giving term finance for periods exceeding six months and against the primary security of fixed assets. Hence the State Bank of India Act was amended in 1957 enabling the bank to extend medium-term credit to industries in the private sector and to accelerate the process of industrialisation as envisaged in the Second Five Year Plan.

Since then the State Bank entered the field of financing small industries in a big way by setting up a separate department and by launching pilot projects initially in selected cities and bigger towns. Since 1967, commercial banks were also compelled to enter this field in accordance with the scheme of social control, and after nationalisation the public-sector banks started putting in strenuous efforts to provide all the credit needs of the small industries sector. The financing of the small industries sector has become very competitive as is evident from the report of the Banking Commission. Thirteen different institutions, the Central and State Governments, co-operatives and various corporations like the L.I.C. are engaged in providing financial assistance to this priority sector. The Commission has remarked, "Among the organised financial institutions, commercial banks and S.F.C.s are by far the most



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important in financing the short and long-term needs of small industrial units. The record of commercial banks in particular has been good in this respect." And the performance of the public-sector banks is more encouraging as they have given loans to about 90 per cent of the units which received commercial bank credit. However, the Commission has not gone into the effects of this competition between banks and the S.F.C.s.

After nationalisation of the 14 banks, major commercial representatives of the S.F.C.s became more vociferous in complaining that the nationalised banks, in order to fulfil the target of extending financial assistance of Rs. 250 crores to the small industries sector, are "poaching into the territory of S.F.C.s." It is pertinent to point out here that even the former Governor of the Reserve Bank, Mr. L. K. Jha, seems to prefer the original arrangement of compartmentalisation between the S.F.C.s and banks. While speaking before a seminar organised by the S.F.C.s in Madras, he felt that banks should confine themselves only to the provision of short-term credit, leaving the field of term finance to financial non-banking institutions like the S.F.C.s.

In addition to the common fields of small-scale industries finance and term finance, the S.F.C.s were asked to adopt districts for intensive operations, like the public-sector banks under the lead bank scheme. Further-

more, the S.F.C.s are also entrusted, like banks, to introduce a scheme for identifying local entrepreneurs and to assume greater responsibility for promoting industrial development in backward areas. They have been asked "to make efforts in spotting entrepreneurial talent, indicating to them the opportunities which exist, and convince them of the merits of the projects, which can be successfully set up." The S.F.C.s are facing competition not only from banks but also from the National Small Industries Corporation and Small Industries Development Corporations in every State, as they also provide finance, machinery and technical know-how.

It is true that the scope of operations for the S.F.C.s was gradually widened and measures were taken to strengthen their resources position. The S.F.C. Act, 1951, was amended in 1962, empowering them to grant financial assistance to public limited companies and co-operatives up to Rs. 20 lakhs instead of Rs. 10 lakhs. The hotel and transport industries and construction of industrial estates were also included in the list of eligible industries. A working group appointed by the Reserve Bank in 1962 made a number of recommendations to improve the working of the S.F.C.s and to enable them to function more effectively. Many S.F.C.s, on their own, took an important step of acting as the agent of the State Government for routing block loans to small-scale industries under the State Aid to Industries Act and also of the State Bank for disseminating on their behalf information relating to their activities and routing the loan applications received from mofussil parties, disbursing loans, collecting loan repayments, etcetera. Although these measures helped the S.F.C.s to step up their loan operations and to bring about co-ordination, the industrial recession of 1967 and the subsequent recessionary psychology not only slackened the demand for S.F.C. assistance but also created the problem of mounting overdues from Rs. 42 crores in 1968-69 to Rs. 81 crores in 1970-71.

The industrial policy of 1970 expanded the scope of the S.F.C.s, allowing them to provide assistance to public-sector projects on the same terms as for the private sector. Another study group under Mr. Talwar submitted its report in January 1972 and the group has made

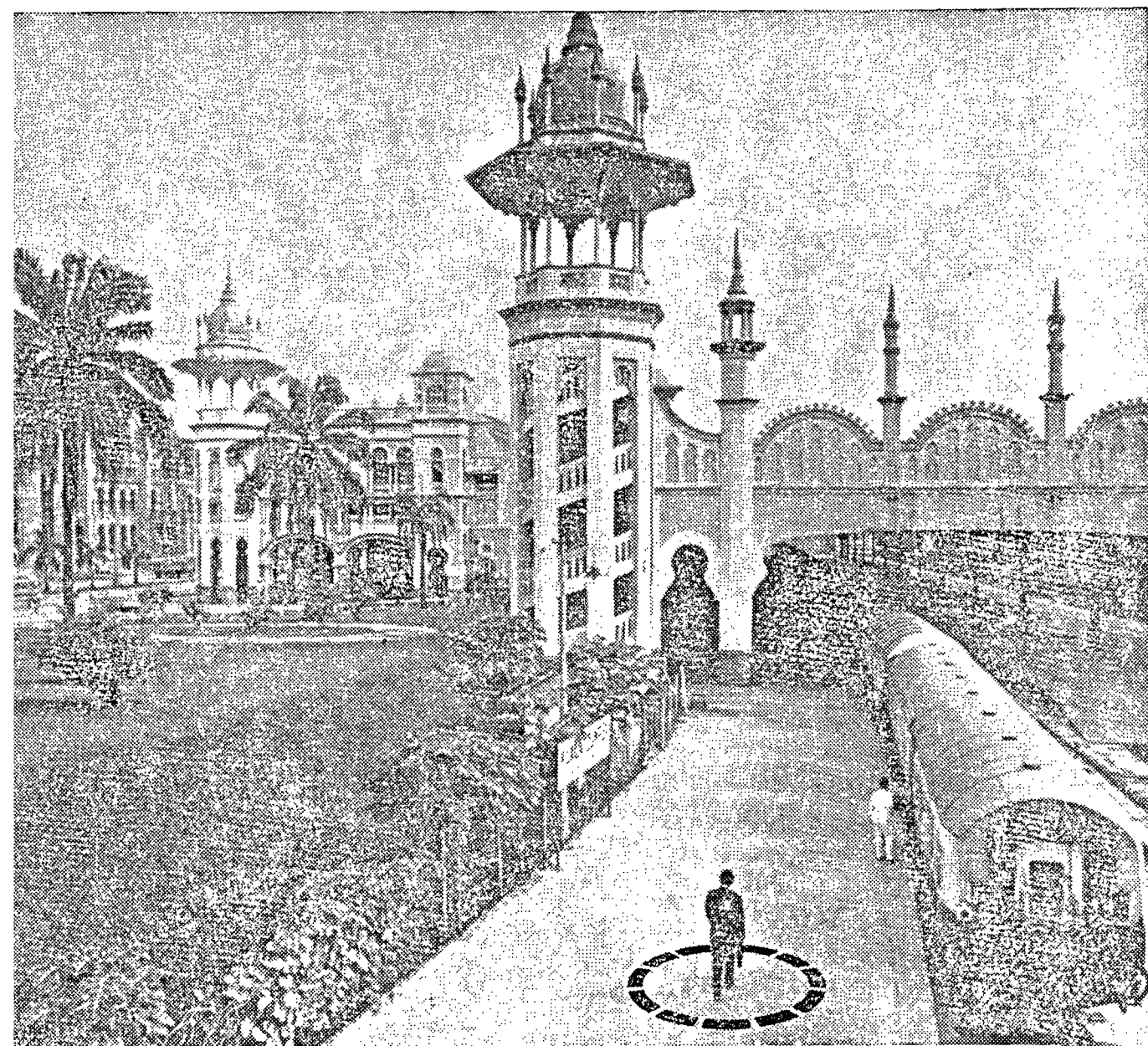
a number of suggestions for fully utilising the funds of the S.F.C.s, raising their capital participation to a ceiling of Rs. 30 lakhs (instead of Rs. 20 lakhs as at present) in the case of limited companies and Rs. 15 lakhs in the case of co-operatives. It is not known as to why a new study group has now been appointed, when the recommendations of the earlier study group are still under the consideration of the Reserve Bank.

The problems of the S.F.C.s have become more complicated at present not only because of the concurrent fields of operations both for them and the public-sector banks resulting in keener competition for business but also because of the growing accumulation of idle funds with the S.F.C.s and banks as well. Two years ago, when banks' resources came under heavy strain in meeting the credit needs of the productive sectors, it was possible to suggest that the S.F.C.s should lend their funds through public-sector banks, but now such a suggestion has become irrelevant. Perhaps, it is this sort of a situation that seems to have swung the Reserve Bank into action for formulating some new guidelines for the S.F.C.s, ensuring full and productive utilisation of their funds.

PEOPLE AND PERSONALITIES

Mr. Q. L. Wood has been elected Finance Director of Goodyear India, at the annual general meeting of the Company held in Calcutta last month.

A trade mission representing the British Paper Machinery Makers Association will pay a four-day visit to India from 8th October to 19th October on its return journey to the U.K. from New Zealand and Australia. The mission will arrive in Calcutta on Sunday, 8th October, and will leave for Bombay on the evening of the 10th. While in Calcutta the mission, which includes nine leading British paper machinery manufacturing firms, will assess the potential of the Indian market for paper-making machinery. The mission will also meet the leading manufacturers. Mr. P. J. N. Sherman, chairman of the British Paper Machinery Makers Association and managing director of Vickers Ltd, will lead the trade mission.



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Will Arbitration Become Popular in Settling Labour Disputes ?

By M. R. Meher

The Central Minister of State for Labour, Mr. R. K. Khadilkar, is laying much stress on arbitration in settling industrial disputes. But it is doubtful whether this method will find an easy acceptance, for recourse to arbitration means submitting to the dictates of a third party whose decision may or may not be wise.

At the recent meeting of the National Arbitration Promotion Board in New Delhi, the Central Minister of State for Labour, Mr. R. K. Khadilkar, urged that arbitration should be eminently preferred to the tortuous processes of industrial adjudication and the bitter and expensive methods of strikes and lock-outs. He went on to say that what had radically altered the general scene was the growing expansion of the public sector and the need for maintaining the continuity of production in the interests of economic development. It should be realised by all that an atmosphere free from internal strife and discontent could alone ensure rapid growth and it would be suicidal on the part of anyone to act in a manner that would stall or retard the pace of the country's progress. A list of 300 suitable arbitrators well versed in industrial arbitration is being released

and it is proposed to have Arbitration Promotion Boards in the States to promote arbitration of industrial disputes.

It is not likely that arbitration will be promoted much by exhortation to employers and unions and pointing out its advantages. Neither employers nor unions are enthusiastic about arbitration, although as far as unions are concerned, there is much lip-service in favour of arbitration; but recourse to strike is at all times preferred if it promises greater advantage. When arbitration is spoken of, what is meant is voluntary arbitration, but arbitration ceases to be voluntary if it is forced on an unwilling party. There are a number of reasons why voluntary arbitration has not made much headway, and has not been preferred even by unions. In the first place, recourse to arbitration means, in effect, submitting to the dictates of a third party whose decision may or may not be wise. An agreement between the parties themselves who are well acquainted with the situation and all the circumstances, albeit after a strike, is preferred to an award of an outsider.

As has been aptly observed by Professor Kuhn in his book *Labour Insti-*

tutions and Economics, "bargaining power is forfeited the moment the stipulation to arbitration is signed and the technique changes from persuading the opponent to persuading the arbitrator to whom all power is transferred. Even to the weaker party the risks of a strike seem safer than reducing one's bargaining power to zero—even if the opponent's power is also reduced to zero. . . . The risks of arbitration are probably greater for management than the union since the impact is more concentrated on management than on workers and in extreme cases bankruptcy is a more incisive loss". From the point of view of employers, arbitration has the further disadvantage that there is no remedy against a perverse award which may be crippling to the concern, while a perverse award by a tribunal can be successfully challenged in a writ proceeding by way of special leave to appeal to the Supreme Court. On the other hand, since such appeals involve great delay, unions are up against appeals by employers against awards.

Arbitration has some other disadvantages. It involves an increase in importance of minor issues in industrial relations. Unions expect that an arbitrator is not likely to incur the odium of rejecting all demands, but will grant some at least. Or the arbitrator may grant one major demand and reject a number of small demands. In a number of cases, there is mere padding of a large number of demands of a nature which would not remotely justify a strike.

While there is no dearth of suitable arbitrators, there is one difficulty, viz., agreement on the selection of the arbitrator. Unions would agree to an arbitrator who is known for his "liberal" awards. If an arbitrator has given one or two major awards against labour, the latter would never agree to his appointment. On the other hand, the employer would not agree to an arbitrator who is known to be pro-labour. This difficulty may be met by each side appointing an arbitrator; and if there is disagreement, the two arbitrators may refer the dispute to an umpire. But this would involve delay and would be more expensive and, therefore, less likely to be acceptable to labour, particularly if it has to bear a part of the cost of the arbitration. At the meeting of the National Arbitration Promotion Board one member proposed that the Government should bear the cost of arbitrations. If this is done, there might be a little in-

crease in the number of disputes referred to arbitration which would otherwise go for adjudication.

If the parties know that arbitration may have to be agreed to in the event of failure to come to an agreement, it would interfere with free bargaining by removing the pressures on the parties to reach agreement. The employer would hesitate to make offers which would be treated as a minimum or a springboard over which the union would vehemently press demands before the arbitrator and he may be expected to split the difference.

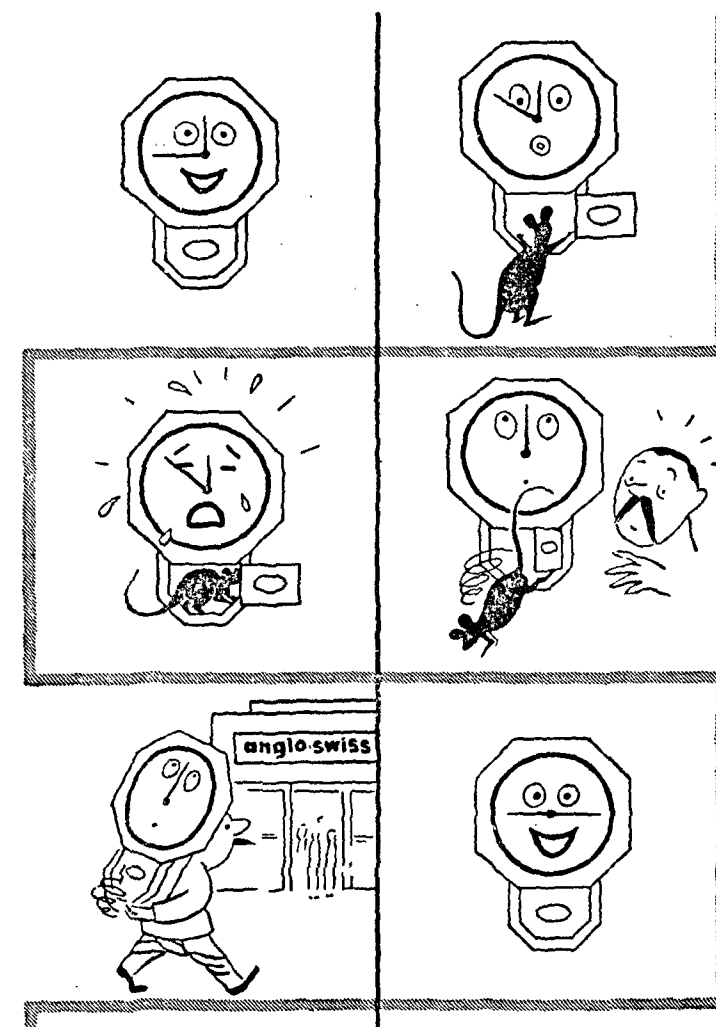
Notwithstanding all the disadvantages of arbitration, employers would still be agreeable to a general agreement for arbitration of disputes if the concerned union would agree not to resort to strikes and other forms of direct action for the settlement of disputes. But trade unions have made it clear on every occasion that they will not give up the right to strike even for the limited period of the emergency. In the circumstances, the employer cannot be expected to agree to arbitration whenever it suits the union. Arbitration is more suitable for individual disputes, such as dismissal and discharge, which have not been settled by collective bargaining or disputes about interpretation of agreements. Arbitration, however, is not quite suitable for disputes which are frivolous or vexatious, or which involve a substantial question of law, or where new rights are sought to be created which would have wide repercussions, or where very large financial stakes are involved for the employer. This has been recognised in the model principles for reference to arbitration under the code of discipline.

There is more scope for resort to arbitration in the public sector, not because in this sector there is more realisation by labour of the necessity of continuity in production or that labour is more conscious of its responsibilities since the public sector directly serves the community, but because the constraints that make the private sector hesitate to resort to arbitration are not there in the public sector. There is no question of a public-sector concern closing down on account of losses. The losses can be borne by the taxpayer. The managers have no personal stake. They cannot be sacked as in the private sector if things go wrong. They have nothing to

lose, however perverse or crippling an award of an arbitrator against the concern may be.

Furthermore, in the public sector labour expects too much from the "model" employer. Labour has more votes than the employer and political pressure can be brought more easily to bear on the employer. The union and workers expect the model employer to give in with good grace to demands, reasonable or otherwise. Strike is preferred to arbitration even in essential industries and the cir-

cumstance that in these industries strike is really against society has not given labour the smallest concern. Arbitration may be more readily agreed to by labour on demands which would not remotely justify a strike or on demands which are so unreasonable that the management has taken a stand not to give in and the strike appears to be failing. In such cases, labour has nothing to lose by taking an additional chance before the arbitrator, but the employer cannot be expected to agree to arbitration.



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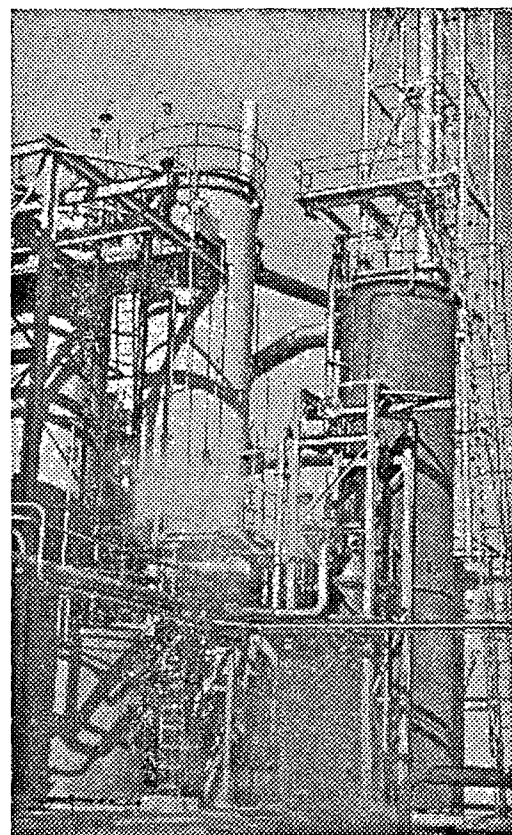
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INVESTMENT

Shares Erratic Despite Good Corporate News

THE stock markets have continued to present a dull appearance this past week, reflecting a general disinclination on the part of operators to enter into fresh commitments in the face of continuing uncertainties on the economic front. Interest has been getting increasingly selective. A redeeming feature of this week's trading has been that the markets have managed to keep above the previous week's low. Short-covering and cautious replacement buying induced mainly by technical considerations have imparted a measure of steadiness, but with follow-up support lacking and tired bulls inclined to lighten their holdings, the markets have been unable to make any noticeable headway. The price pattern over the week has been mixed but plus signs have far outnumbered the minus signs. The overall trading pattern suggests that the markets are still in an indecisive mood with the undertone remaining subdued.

The corporate news has continued to be fairly encouraging, but its impact has depended on the prevailing mood of the markets. Quite a few companies, namely, Orient Paper, Delhi Cloth, Mohan Meakin, Supreme Industries, Standard Motors, Premier Cables, Indian Dyestuff and Mettur Beardsell have pleasing news for their respective share-holders in one form or another. New Delhi's increasing concern over the stagnation in industrial production and the worsening price situation and frequent official assurances about appropriate remedial action have failed to bring any cheer to the stock markets. This is because there is no clear evidence of positive action, let alone results. Since the liberalisation of licensing permitted many months ago in respect of 54 critical industries has achieved very little, New Delhi's reported decision to expand the list by four more items has failed to enthuse market men. The stock markets continue to feel uneasy as reports keep circulating that the demonetisation of notes of the denomination of Rs. 10 and higher is only a question of time. Speculation is also rife about the possible measures that the Government intends to adopt to unearth black money, which has been running a parallel economy and playing havoc with prices.

The Reserve Bank's latest annual report has drawn attention to the deteriorating economic situation. The increase in the real national income was somewhat less than 4 per cent in 1971-72, compared with increases of 5.3 per cent and 4.7 per cent, respectively, in 1969-70 and 1970-71. The outlook for the current year seems to be worse because of the likely setback in agricultural production and slow rate of industrial growth. The deteriorating price situation has led to growing industrial unrest. The rise in the cost of living index has compelled the Central Government to grant interim relief. This, along with assistance for drought and flood-hit areas, will impose considerable strain on the Government's budgetary resources. The Centre has also decided to enhance the minimum bonus from 4 per cent to 8.33 per cent for workers in all concerns, losing or profit-making. With the economic situation showing no signs of improvement, the immediate outlook for equities does not appear to be bullish. But since the markets have already staged a very sizable retreat, the prospects of any major decline are generally discounted.

Gilt-edged securities have lacked interest and turnover has remained restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has been restricted.

The Calcutta stock market has remained quietly steady this past week. As a result, turnover has been a shade better. The mild rally in share prices has obviously been more due to technical factors than any basic improvement in the prospects for the Indian economy. Corporate news too has been helpful. Among engineering shares, Britannia Engineering, Bihar Alloys, Kumardhubi and Gontermenn-Peipers have improved. Among jute shares, New Central, Ganges, Agarpara and Birla have receded. Among coal shares, Amalgamated, Western Bengal and Pench Valley have been transacted. Among paper shares, Tribeni Tissues, Ballarpur and Straw Products have been steady. Among miscellaneous shares, Alkali and Chemical, B.I.C., Brooke Bond, Avery India and Dr. Paul Lohmann have

been supported. Among tea shares, Hasimara, Tengpani and Nagri Farm have been traded.

Quietly steady conditions have prevailed on the Bombay Stock Exchange this past week. Buying interest has been poor and has been very selective but sellers too have been reluctant to press sales at lower levels. Apart from the somewhat improved technical position of the market, sentiment during the week has been aided by reports of beneficial rains in many of the drought-hit areas. The corporate news too has been helpful. Cotton textile shares have evoked fair support at setback on a favourable assessment of the industry's performance in the current year. Standard, Century and Svadeshi have registered moderate gains on balance, although the week's levels have not been held. Rayons have made a mixed showing. National Rayon, Century Enka, and Gwalior have fared better while South India Viscose, Garware and Indian Rayon have suffered small losses. Steel shares have ruled quietly steady with a poor turnover. Indian Iron, however, have eased. Among engineering shares, Voltas have been a bright spot. Sustained support for Voltas is based on ideas of the improved performance of the Company. S.L.M.-Maneklal have suffered a setback. Other engineering shares have kept rather subdued. Among automobiles, Hindustan Motors have eased while Premier Automobiles have been steady. Ship-

COMPANY REPORTS

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

Citric India
Dempo Steamships
Hind Cycles
Hindustan Wires
India Steamship
Larsen and Toubro
L.I.C.
Polygas
Rajapalayam Mills
Sangameshwar Coffee
Sumitomo Bank
Titagur Paper
Unit Trust

ping shares have displayed a steadier tone on modest support and poor offerings. Chemicals have made a mixed showing. Bayer have recorded an impressive rise on good support. Indian Dyestuff, N.O.C.I.L. and Gujarat Fertiliser have shown small gains. Tata Chemicals and Polychem have eased a little. Among miscellaneous counters, Camphor and Allied, Hindustan Lever and Tata Oil have registered small losses while Motor Industries, Premier Construction and Ceat Tyres have scored modest gains. Paper shares have displayed a steadier tone. New India Assurance have kept subdued.

Activity in the Madras stock market has shown some improvement this past week. Among planting shares, Non-such Tea have improved due to scarcity of offerings. Manjushree and Consolidated Coffee have also improved due to better buying enquiries. Among textile shares, South India Viscose and Madura Mills have been supported. Rajalakshmi and Super Spinning have also gained. In the miscellaneous section, Aluminium Industries have improved while Mettur Chemicals have attracted buyers at the market rate. Seshasayee Paper and S.P.I.C. have also been transacted. Sugar shares have remained quietly steady and Sakthi Sugar have improved due to better buying enquiries. Among bank shares, Andhra Bank have gained while Indian Overseas have also been bought.

Hindustan Wires : Sales and Profit Rise

THE working results of Hindustan Wires Ltd for the year ended March 1972, shows a substantial improvement over the previous year's performance. With the increase in sales, there has been a consequential increase in profit. This would have been higher had not the Company faced certain difficulties in the matter of procuring raw materials, particularly M.S. wire rods. Sales are up from Rs. 3.76 crores to Rs. 6.83 crores and the pre-tax profit has risen substantially from Rs. 38.66 lakhs to Rs. 70.57 lakhs, after providing Rs. 16.60 lakhs (against Rs. 12.44 lakhs) for depreciation and Rs. 7.60 lakhs (against Rs. 4.10 lakhs) for development rebate reserve. A taxable ordinary dividend of 10 per cent has been declared, absorbing Rs. 9.75 lakhs. This offers a yield of 6.1 per cent at the present price of Rs. 16.37 a share of Rs. 10 each. Taxation is

allocated Rs. 31 lakhs (against Rs. 17 lakhs) and general reserve Rs. 40 lakhs (against Rs. 21 lakhs). After making other adjustments, Rs. 33,374 are carried forward, against Rs. 76,711 brought in. The demand for the Company's products during the current year continues to be good. The Company has proposed to capitalise Rs. 32.50 lakhs out of the sum standing to the credit of general reserve by issuing fully paid-up bonus shares in the ratio of one bonus share to three shares held.

L.I.C.

Record New Business

IN his chairman's statement at the annual general meeting of the Life Insurance Corporation of India recently held in Bombay, Mr. K. R.

Puri said that the real breakthrough in new business which the Corporation had achieved in 1970-71 was further accelerated during 1971-72. (A fuller version of the chairman's statement was published in last week's issue of *Capital*.) New business has risen from Rs. 1,303 crores in 1970-71 to Rs. 1,639 crores in 1971-72, which means that an increase of nearly 60 per cent has been achieved in new business during the last two years. The chairman said that there had been a considerable rise in the number of new policies issued. In 1970-71 it rose to 1.62 million and in 1971-72 to 1.90 million. He said that the message of life insurance was yet to be taken to millions of people in the country. The Corporation has been laying more and more emphasis on the expansion of its business in rural areas. It has already taken some important steps to ensure that the weaker sections of society are increasingly brought under the protection of life insurance.

The lapse ratio has shown a downward trend. During 1971-72, it had come down to 5 per cent from the level of 5.2 per cent in the previous year. There has also been a fall in the ratio claims outstanding at the end of the year to claims intimated in the year. Within three years, this ratio has come down from 29.8 per cent to 19.38 per cent, showing that the settlement of claims is now much faster than in the past. The increase in the premium income of the Corporation over the previous year was Rs. 46.19 crores. The increase in the premium income is also reflected in the increase in the book value of investments which has risen by Rs. 235 crores to Rs. 1,952 crores. Of the total investments in India, Rs. 1,375 crores or 74 per cent were in the public sector, Rs. 201 crores or 10 per cent in the co-operative sector, Rs. 4.42 crores or 0.2 per cent in the joint sector and Rs. 277 crores or 14.9 per cent in the private sector. The Corporation is now paying greater attention to socially-oriented investments.

UNIT TRUST

Higher Income Distribution

IN his chairman's statement for the year ended June 1972, Mr. J. S. Raj said that under the Unit Scheme, 1964, the income of the Unit Trust of India amounted to Rs. 9.68 crores, against Rs. 8.41 crores. (Extracts from the statement was published in last week's issue of *Capital*.) The

share of the Trust's income allocated to Unit capital worked out Rs. 924.09 lakhs and that of initial capital to Rs. 44.12 lakhs. The net income allocated to unit holders has amounted to Rs. 877.89 lakhs. The chairman said that this amount, together with the balance of Rs. 12.93 lakhs in the Unit capital appreciation account—in all Rs. 890.82 lakhs—is available for distribution among unit holders whose names were on the Trust's register on 30th June, 1972. The board has decided to increase the income distribution to unit holders from 8 per cent to 8.25 per cent. It has also decided to make an income distribution of 5.5 per cent to the initial capital contributors. Sales of units in 1971-72 were lower at Rs. 15.08 crores under 51,405 applications, compared with Rs. 18 crores under 61,741 applications in the previous year. Sales of units to non-residents were Rs. 40.50 lakhs under 427 applications, against Rs. 42.93 lakhs under 440 applications.

Under the new Unit Scheme, 1971, a ten-year contractual savings plan with built-in life insurance cover has been introduced. The accounts of the 1971 scheme are kept separately from the 1964 scheme. During the nine months ended 30th June, 1972, a little over 500 persons have joined the Unit-linked insurance plan with an initial contribution of Rs. 3.27 lakhs and a target amount of Rs. 40.7 lakhs. The board has decided to declare an income distribution of 52.5 paise a unit for the nine-month period which works out to 7 per cent for the full year.

POLYGAS

Share Offer

POLYGAS is offering for public subscription at par 150,000 equity shares of Rs. 10 each to raise part of the funds for its project to set up an oxygen plant in Bhavnagar (Gujarat). The list of the fully-underwritten public issue will open on 9th October and will close on 19th or earlier but not before 11th October. The plant with a capacity of 140 cubic metres an hour is expected to be commissioned by the end of 1973. The plant is located near the factory of Polysteels which will consume a sizable portion of the Company's output of oxygen. There is a good demand for oxygen from other neighbouring units. Marketing, therefore, is not expected to present any problem. The manage-

ment expects to declare a maiden dividend for 1974. The project is estimated to cost Rs. 58.50 lakhs which is proposed to be met by the share capital of Rs. 25 lakhs and deferred payments and borrowings amounting to Rs. 33.50 lakhs. Out of the share capital of Rs. 25 lakhs, equity shares of the value of Rs. 10 lakhs have been taken up by the promoters and their associates.

DEMPO STEAMSHIPS

Results Disappoint

DEMPO Steamships has turned out disappointing results for the year ended March 1972. The gross freight and charter hire earnings have declined from Rs. 5.58 crores in 1970-71 to Rs. 4.80 crores in 1971-72 and the gross profit has shrunk from Rs. 2.28 crores to Rs. 1.07 crores. The dividend, however, has been kept unchanged at 10 per cent. The chairman, Mr. Vasant Rao S. Dempo, has attributed the poor performance to the general contraction in world trade and its consequent adverse impact on tramp shipping. Margins were also squeezed by the rise in operating costs. Moreover, the devaluation of the U.S. dollar and the revaluation of the Deutschmark also affected the Company's earnings. The international tramp freight market continued to be depressive and even now the freight rates are quoted at uneconomic levels. After providing Rs. 90.99 lakhs (against Rs. 83.55 lakhs) for depreciation and Rs. 4.25 lakhs (against Rs. 1.03 crores) for development rebate, the net profit for 1971-72 amounts to Rs. 11.64 lakhs, against Rs. 41.20 lakhs in the pre-

ceding year. The equity dividend absorbing Rs. 10 lakhs will be paid out of general reserve.

SUMITOMO BANK

S.F.E. Group

THE Sumitomo Bank Ltd, Okasa, will join the S.F.E. group (Société Financière Européenne) which then will have eight shareholders, namely, Algemene Bank Nederland N. V., Banca Nazionale del Lavoro, Bank of America N. T. and S. A., Banque de Bruxelles S. A., Banque Nationale de Paris, Barclays Bank Ltd, Dresdner Bank A. G., Sumitomo Bank Ltd. The shareholders participate equally in the Luxembourg holding company of S.F.E., of which the capital stock will be increased simultaneously with the entry of Sumitomo from 140 million Swiss francs to 160 million Swiss francs and in the Banque de la Société Financière Européenne Paris, a medium and long-term bank, with a capital of 50 million French francs. Sumitomo Bank Ltd. was founded in 1895. With a balance-sheet total of \$17.6 billion, it is one of the major banks of Japan. The principal overseas subsidiaries of the bank are the Sumitomo Bank of California in San Francisco and the Banco Sumitomo Brasileiro S. A. in Sao Paulo. Sumitomo operates a network of 189 offices in Japan and overseas and offers a full range of banking services.

With the entry of Sumitomo Bank into the S.F.E., the combined parent bank's assets of the group exceed \$130 billion and the parent banks have some 10,000 branches throughout the world. This makes S.F.E. the big-

TITAGHUR PAPER : RESULTS IMPROVE

THE working results of the Titaghur Paper Mills Co. Ltd for the year ended March 1972 show an improvement over the previous year's performance. Although sales were satisfactory, the advantage of higher selling price was offset to a large extent by the increase in manufacturing cost, as a result of the spiralling commodity costs and dislocation in rail transport. Sales are up from Rs. 16.25 crores to Rs. 18.93 crores, and the profit has risen from Rs. 22.99 lakhs to Rs. 90.25

lakhs, after providing Rs. 47.21 lakhs (against Rs. 49 lakhs) for depreciation. In view of the Company's higher earnings, the taxable ordinary dividend has been raised from 4 per cent to 7 per cent, including an interim of 4 per cent. This offers a yield of 9.1 per cent at the present price of Rs. 7.69 a share of Rs. 10 each. Allocations include Rs. 18.15 lakhs (against Rs. 10.50 lakhs) for general reserve and Rs. 4.10 lakhs (against nil) for statutory development rebate reserve.

gest multinational banking group in the world. Since its foundation in 1967, S.F.E.'s activities which entail medium and long-term finance and mergers and acquisitions show a remarkable development, with Sumitomo as the eighth partner bank. S.F.E. which in 1971 has already financed investments in 26 countries will get access to the important Japanese industry and has further possibilities to enlarge its activities.

HIND CYCLES

Results Disappoint

HIND Cycles has turned out disappointing results for the year ended March 1972. The Company has incurred a loss of Rs. 27.10 lakhs on a turnover of Rs. 4.33 crores, against a gross profit of Rs. 9.14 lakhs on a turnover of Rs. 6.95 crores, during the preceding 18-month period. No provision has been made for depreciation and development rebate reserve requiring Rs. 8.76 lakhs and Rs. 1.49 lakhs, respectively. The poor results are attributed to the all-round rise in costs, labour unrest and uneconomic selling prices of cycles fixed by the Government. The industry's plea for a price rise to compensate for the rise in costs of production has not yet been acceded to by the Government. The Company is making efforts to boost its sales abroad. During 1971-72, it exported 38,638 complete bicycles valued at Rs. 48 lakhs. Exports during the current year are expected to be much larger. The Company has finalised an export contract for 60,000 bicycles with an American party and also secured orders for the supply of 82,000 bicycles to Indone-

sia against which shipments have commenced.

LARSEN AND TOUBRO

New Contactors

FOR the first time, Indian industry can have off the shelf indigenous contactors rated 300A. Developed and tested by Larsen and Toubro Ltd, these contactors are suitable for motors up to 225 h.p. (168 kW) for AC3 duty. Designated ML 12, these are the only contactors in India specially designed to take the larger aluminium cables. This is a distinct advantage since the cable industry has now switched over to aluminium due to the acute scarcity of copper. The Company now offers the widest range of contactors in India with ratings from 10A to 300A.

CITRIC INDIA

Handsome Rise in Profit

THE working results of Citric India for the year ended March 1972 show a marked improvement over the previous year's poor performance. Sales have risen from Rs. 37.98 lakhs to Rs. 61.25 lakhs and the gross profit has increased from Rs. 2.71 lakhs to Rs. 10.77 lakhs. The profit has been utilised to reduce the outstanding deficit to Rs. 49.11 lakhs which is carried forward. The improved results are attributed to an increase in production of citric acid from 393 tonnes to 571 tonnes. The production could have been still higher but for the shortage of calcium citrate—the principal raw material—which had to be im-

ported from Belgium. The dividend has again been skipped. In view of the heavy arrears of depreciation and accumulated deficit, there is little chance of the Company declaring a dividend in the near future. The Company is going ahead with the rehabilitation of the plant by installing fermentation chambers. It has incurred capital expenditure of nearly Rs. 10 lakhs for the purpose. The Company is experimenting with the production of citric acid directly from molasses which alone can bring about a real change in its fortunes.

RAJAPALAYAM MILLS

Sales Up but Profit Down

DESPITE higher sales for the year ended March 1972, the net profit of Rajapalayam Mills Ltd has declined. But the dividend has been maintained at 7.5 per cent. The profit for the year amounts to Rs. 3.69 lakhs, after providing depreciation of Rs. 10 lakhs. This compares with the previous year's profit of Rs. 7.07 lakhs, after providing depreciation of Rs. 8.81 lakhs. Sales of finished goods amounted to Rs. 326.59 lakhs (against Rs. 241.52 lakhs). Adding to the year's profit a sum of Rs. 38,345 transferred from development rebate reserve and Rs. 70,000 transferred from general reserve, there is a total available surplus of Rs. 4.78 lakhs. Out of this, donations amounted to Rs. 35,394 and the balance bonus for 1971 absorbed Rs. 2,297. Development rebate reserve gets Rs. 2.26 lakhs (against Rs. 1.91 lakhs). Provision for taxation is Rs. 12,588 (against Rs. 2.24 lakhs). The dividend accounts for Rs. 2.02 lakhs.

SANGAMESHWAR COFFEE

Dividend Repeated

THE working of Sangameshwar Coffee Estates Ltd for the year ended March 1972 has resulted in a profit of Rs. 1.24 lakhs, after providing depreciation of Rs. 78,691 and taxation of Rs. 95,000. This compares with the previous year's profit of Rs. 1.45 lakhs, after providing depreciation of Rs. 85,686 and taxation of Rs. 1.27 lakhs. With the amount of Rs. 2,467 brought forward and with Rs. 25,000 transferred from general reserve, there is a total sum of Rs. 1.52 lakhs available for appropriation. Out of this, the preference dividend absorbs Rs. 24,500 and the ordinary dividend which is maintained at 10 per cent claims Rs. 1.20 lakhs. The balance of Rs. 7,455 is being carried forward.

COMMODITIES

High Prices Affect the Demand for Indian Jute Goods

THE abnormal increase in the prices of raw jute and jute goods and the continuing high incidence of export duties have resulted in a persistent erosion of internal and overseas interest in them. With Assam Bottoms ruling at around Rs. 42 a maund, f.o.r. Calcutta ready, 40in. 10oz. hessian was quoted at Rs. 82 a 100 yards for ready, Rs. 75.75 for October, and Rs. 71.25 for October-December positions a year ago, while B Twills were transacted at Rs. 196.50, Rs. 189.50 and Rs. 182.50 a 100 bags, respectively. Besides, there was an impost of Rs. 200 a tonne on hessian, canvas, webbing and tarpaulin, Rs. 150 a tonne on sacking, other goods, twist and yarn, rope and twine and Rs. 300 a tonne on carpet-backing cloth. Cotton bagging, wool sacks and specialities, however, were exempted from such duties. The liberation struggle in Bangladesh obliged that country to stay out of the overseas markets, enabling India to receive a regular flow of business in ready and near-positions. Even Thailand and Taiwan entered the world market, bagging sizable orders on extended delivery schedules from Australia for woolpacks and cornsacks.

Bangladesh in Better Shape

Following the restoration of almost normal operating conditions in the 73 mills in Bangladesh, currently

producing around 500,000 tons a year, the industry has not only been able to book regular orders for ready positions but also for the first half of the current season. Dacca has been selling its end-products at a sizable discount over the prices ruling in Calcutta, for there is no incidence of export duty in Bangladesh. Since 13th December, Indian export duties were raised by Rs. 200 a ton on hessian to Rs. 600 and by Rs. 300 on carpet-backing cloth to Rs. 700. Currently procuring its raw jute requirements at Rs. 55.50 a maund, f.o.r. Calcutta ready, basis Assam Bottoms, and bearing the heavy incidence of enhanced wages under the tripartite agreement of last May, the Indian industry has been selling 40in. 10oz. hessian at Rs. 100 a 100 yards for ready, Rs. 98.50 for October and Rs. 96.50 for October-December positions and B Twills at Rs. 253.25 a 100 bags for ready, Rs. 255 for October, and Rs. 256.75 for October-December deliveries. Hence, there is little to be surprised over the rather bleak outlook for the industry.

It appears that the drastic curbs on speculative activities in cereals, oilseeds, sugar and the rather lean turnover and trading conditions in the stock markets have driven a section of the speculative fraternity to turn their attention to the raw jute and jute goods trade. Despite rigorous trading restrictions, imposed by the

Forward Markets Commission and administered through the East India Jute and Hessian Exchange Ltd, they are said to have succeeded in speculating briskly in Pucca Delivery Orders in respect of T.S.D. and N.T.S.D. contracts. Bullish rumours, intentionally circulated by their agents from time to time, help them in misleading the bears to follow the rise in covering their immediate open positions in panic, creating a vicious circle in which the industry also gets entangled. Such speculative activities not only raise spot market prices for ready positions but also those for longer positions. They never brought any advantage to the mills, for at the time of the quotations, the mills were already sold. Because of all these handicaps, the trade and industry have long been urging upon the authorities to remove the prohibitive export duties and also to introduce foolproof trading norms and practices. Only when this is done will Calcutta be placed at par with Dacca, enabling both to secure adequate business from abroad and effectively to meet the challenge posed by synthetic substitutes.

Outstanding Payment

With mounting pressure on the jute industry's finances, the Indian Jute Mills Association has deplored that an amount of some Rs. 8.5 crores "payable to mills by the Government should remain outstanding for a long time." The money, says a Press note issued by the Association, is owed by the Government on account of supplies of 120,000 tonnes of B Twills bags to the Directorate-General of Supplies and Disposals (D.G.S. and D.) between January 1970 and March 1971 and another

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

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

Description	31st August, 1972		31st July, 1972		Increase over (+) or decrease from (-) last month		31st August, 1971	
	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	7,60.15 (8.31)	21.6 (21.2)	7,72.07 (8.44)	21.9 (21.5)	-11.92 (-13)	-0.3 (-0.3)	9,82.42 (10.74)	28.4 (27.9)
Sacking cloth and bag	10,40.29 (11.38)	46.1 (45.4)	9,50.20 (10.39)	41.4 (40.8)	+90.09 (+99)	+4.7 (+4.6)	12,31.97 (13.47)	55.4 (54.5)
Carpet-backing	2,73.22 (2.99)	28.9 (28.5)	2,22.62 (2.43)	23.7 (23.3)	+50.60 (+56)	+5.2 (+5.2)	1,07.96 (1.18)	11.7 (11.6)
Others		8.2 (8.1)		7.3 (7.2)		+0.9 (+0.9)		7.3 (7.2)
Grand Total (000 Tonnes/Tons)		1,04.8 (1,03.2)		94.3 (92.8)		+10.5 (+10.4)		1,02.8 (1,01.2)

Note: All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.

CAPITAL, 21st SEPTEMBER, 1972

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INDIA STEAMSHIP : SATISFACTORY RESULTS

THE working of India Steamship Co. Ltd for the year ended March 1972 has shown satisfactory results. Freight earnings have risen sharply from Rs. 14.20 crores to Rs. 16.97 crores, an increase of 19.5 per cent, the highest amount of freight earned by the Company surpassing all previous records. The Company has earned a profit of Rs. 74.82 lakhs, against a loss of Rs. 22.56 lakhs, after providing Rs. 95 lakhs (against nil) for development rebate reserve and Rs. 1.57 crores (against Rs. 1.27 crores) for depreciation. Be-

cause of the Company's better performance, the directors have recommended an ordinary dividend of Re. 1 a share, subject to tax, absorbing Rs. 24.75 lakhs which will be paid out of general reserve. This offers a yield of 12 per cent at the present price of Rs. 10 a share of Rs. 8.31 each. The dividend was skipped in the previous year. A sum of Rs. 1.32 lakhs has been transferred from excess provision for taxation written back. After making other adjustments, Rs. 84.87 lakhs have been transferred to general reserve.

VOLTAS

**If you are in the market
for quality machine tools
then Voltas can tell you
all about Praga.**

As a leading distributor of machine tools in India, Voltas is vitally interested in the progress of the machine tool industry and is well-placed to understand the needs of the buyer. That is why Praga chose Voltas to market their machines —

1) The Praga-Jones & Shipman 540 Precision Surface Grinders.

2) The Praga Cutter and Tool Grinders. 3) The Praga 137

Column Drilling Machines. 4) The Praga-Gamlin Milling

Machines. 5) The Praga/ + GF + Copying Lathes. Complete technical details of all these machines are available with the Machine Tool Division of Voltas. Its country-wide sales and service organisation is fully geared to supply, install and service Praga's sophisticated machine tools wherever you want them. An unbeatable combination—Praga quality machine tools, distributed and serviced by Voltas.



For Precision Machine Tools the name is **Praga**

(61,000 tonnes between November 1971 and May 1972 on a cost plus basis. Payment of the difference which was to be determined by the Tariff Commission has been held up by the authorities, pending the acceptance of the recommendations of the Commission. It will be recalled that these supplies were made by the industry, even when the market was ruling pretty firm on the basis of a fair price to be refixed by the Commission allowing the industry its cost price and a fair return. The industry received an on account payment of Rs. 200 a 100 bags, the official ceiling price then prevailing.

Gunnies Steady

But for a short-lived spell of easiness around Thursday, induced mainly by profit-taking, the Calcutta gunny market ruled pretty firm, scoring a substantial gain for both hessian and sacking for all positions. The small decline in overall output to 1,200 tonnes over the July level to 88,800 tonnes and the disproportionate rise in end-August stocks by 10,500 tonnes over the preceding month's level to 104,800 tonnes should have normally produced an extreme-

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

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

	(000 metres and 00,000 yds.)		
	Aug. '72	July '72	Aug. '71
Hessian	8,66,55 (9,48)	8,66,61 (9,48)	8,58,51 (9,39)
Sacking	8,67,74 (9,49)	8,87,28 (9,70)	8,67,18 (9,48)
Carpet-backing	1,23,49 (1,35)	1,37,44 (1,50)	1,51,16 (1,65)
	(000 tonnes and tons)		
	Aug. '72	July '72	Aug. '71
Hessian	26.2 (25.8)	25.7 (25.3)	26.3 (25.9)
Sacking	39.3 (38.7)	40.3 (39.6)	39.2 (38.5)
Carpet-backing	12.8 (12.6)	14.5 (14.3)	16.3 (16.1)
Others	10.5 (10.3)	9.5 (9.4)	6.4 (6.3)
Grand Total	88.8 (87.4)	90.0 (88.6)	88.2 (86.8)
Hours worked:	208.0	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, and New Central and Shree Hanuman. The figures in brackets are in British measures.

ly bearish impact. But the moderate increase in actual shipments by 2,000 tonnes to 78,300 tonnes and the heavy setback to shipments caused by incessant rains, a spate of tidal bores and the long go-slow by bargemen during August, induced marketmen to believe that the end-August inventories with the industry included a lot of August-delivery goods. While hessian output rose by 500 tonnes over the July level to 26,200 tonnes, stocks fell by 300 tonnes to 21,600 tonnes and despatches rose by 1,100 tonnes to 26,500 tonnes. Sacking output showed a decline of 1,000 tonnes to 39,300 tonnes, but despatches rose by 1,300 tonnes to 34,600 tonnes and end-August stocks by 4,700 tonnes to 46,100 tonnes. Carpet-backing cloth production dipped by 1,700 tonnes to 12,800 tonnes, despatches by 600 tonnes to 7,600 tonnes and stocks shot up by 5,200 tonnes to 28,900 tonnes. As for other goods, their output registered a rise of 1,000 tonnes to 10,500 tonnes, despatches of 200 tonnes to 9,600 tonnes and stocks of 900 tonnes to 8,200 tonnes. The abandonment of the close-out dates procedure by the U.S. Conference Lines early this month had helped a lot in clearing up these held-over shipments. Market circles believed that the impact of this off-take would be reflected in a substantial decline in inventories at the end of the current month. Both industry circles and holders of P.D.O.s were extremely cautious, showing a positive reluctance to extend their commitments except at a premium over the current levels. This squeeze induced a positive consumer resistance with the result that fresh enquiries and business were for bare minimum lots. The current talks with Egypt in New Delhi would, it was believed, lead to a broadening of demand for jute goods from that country. In the virtual absence of other countries, African nations showed renewed interest in heavy goods from Calcutta. Clive Row still believed that the ball was in New Delhi's court. The next meaningful move, namely, the outright abolition, or at least a partial scaling down of the export duties, should precede the entry of India's major customer, the U.S.A., into the Calcutta market. Otherwise, the nominal rise in burlap consumption by 3 million yards in that country during July would hardly produce any impact on U.S. consumers. From their long experience in the trade and in the ways of the ultimate consumers, they still maintained that in order to be acceptable to them jute must

not only be cheaper than the competitive products but must also be available on a regular basis, ruling out the need for the consumer to carry large spot and afloat inventories and substantial long-term commitments overseas. Yet another fact was that the prevailing rates were so high as would compel the consumers and the trade to reduce their commitments to the barest minimum and so the industry could never hope that it would be carrying a comfortable order-book on extended delivery schedules. The industry was also worried over routine troubles like power-shedding and go-slow by workers. Following the announcement of the interim recommendations of the Bonus Review Committee, the Bengal Chatkal Mazdoor Union has raised its demand steeply above the agreed tripartite level of 7 per cent to 20 per cent and threatened to launch an immediate agitation. Industry circles in general, and jute mill managements in particular, were watching what would ultimately happen to the existing bonus agreements in view of a much higher percentage being conceded by the committee. Of course, most of the jute mill companies did not make much profit as an analysis of their quinquennial results would show. Hence a lot depended on the crucial tripartite talks being held in New Delhi over the committee's recommendations. In the hedge market, trading was devoid of interest as the technical position was more or less balanced. Transactions were mostly of a squaring-up nature and turnover and price movements followed the strict limitations imposed by the F.M.C. Turnover was moderate in the spot market and small in the hedge market. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.	Oct.- Dec.	Jan.- Mar.
40in. 7½oz.	75.50	75.00	74.00	73.00
40in. 8oz.	83.00	—	—	—
40in. 10oz.	100.00	98.50	96.50	95.00
B Twills	252.50	254.00	285.00	257.50
Heavy Cees	252.50	254.00	255.50	257.50
Cornsacks	—	—	—	—
A Twills (U.S.)	324.00	326.00	329.00	330.00
Liverpools	308.00	310.00	314.00	316.00

Fibre Firm

In spite of a gradual erosion of effective bookings and off-take, raw jute prices gradually firmed up in Calcutta and in the agencies. It

appeared that intermediaries had, meanwhile, built an extensive bull position for them, controlling substantial stocks of ready and near-delivery fibre of average and selected grades. Crop arrivals were estimated at around 150,000 maunds a day, much below par for this time of year. With only four weeks to go for the Pujas and the festive season and with the prevailing bullishness in paddy prices, holders of jute should have normally been in the market with their fibre by this time. Although Jute Corporation circles said that they were very much in the market, they were nowhere to be seen. The same fraternity of middlemen and *fariahs* were operating in a much bigger way this season, apparently oblivious of the ultimate impact of the current bullishness in raw jute on the prices of end-products. The industry had been holding comfortable stocks for their current consumption and so it had been making most of its purchases in the upcountry agencies. The arterial and feeder roads linking the interior areas with the trunk routes and the railheads and assembling points were in a good condition, except in parts of Orissa. The bullish spree had also been ascribed to reports that the current crop might have been as low as 5 million bales, against the earlier estimates of 7 million to 8 million bales. Taking account of the carryover of 1,569 million bales from the previous season and the current monthly off-take of around 540,000 bales in July, there might be no fibre shortage for the season, although around the close mills might experience some shortage of batching fibre and close the season with a scanty carryover. Hence the industry was keenly awaiting the Government's next move in the matter of substantial fibre imports from Bangladesh and Thailand. Turnover was small and the closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	September-October		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a quintal md. Bot.
Selected Assam-Agartala	158.07	147.36	55.00
Selected Northern Jute	152.72	142.00	53.00
West Bengal Jute	142.00	131.28	49.00
Selected Daissee	168.79	158.07	59.00
Assam-Agartala Tossa	166.11	155.40	58.00
Mesta : Assam Mesta	139.32	128.60	48.00
Selected Daissee	133.96	123.24	46.00
Murshidabad Bihar Dist.	119.23	108.51	40.50

TEA

Term Finance

The Reserve Bank of India, in a letter to the scheduled commercial banks and State Financial Corporations (S.F.C.s), has advised them to endeavour to meet adequately the developmental finance of tea gardens. The letter is based on the recommendations concerning term finance made by the working group under the chairmanship of Mr. B. K. Dutt, Custodian of United Bank of India. The Reserve Bank has pointed out that, while the magnitude of term finance needed by the tea industry is within the capacity of the financial institutions, what is really important is the evolution of suitable systems and procedures for canalising the credit in adequate measure.

The banks and the S.F.C.s have been advised to take action on the following lines: (1) The tenor of loans should be suitably related to the purpose, repaying capacity, size of loan and other relevant factors. (2) The tenor of the loan should be long enough to suit the repayment capacity of the assisted unit, wherever there is considerable time lag between the outlay and its fruition. (3) A moratorium on repayment of principal up to five years may be provided in the case of plantation loans to allow for the gestation period; a moratorium on payment of interest may be considered in exceptional cases. Provision of term finance at a concessional rate of interest is not considered necessary.

Endorsing the working group's recommendations regarding consortium arrangements, the Reserve Bank observes that a consortium arrangement enables the parties to meet the security requirements of the institutions providing different types of credit without any difficulty. The Agricultural Refinance Corporation will also have no objection to its eligible institutions having a *pari passu* charge on the security, along with other participating institutions which are not eligible for refinance in respect of term loans granted under a consortium arrangement. However, the risk for the loan will be that of the primary lenders wholly and the refinance from the A.R.C. will be available only for the portion of the loan provided by the eligible institutions. The consortium would entail advantages to lending institutions because of the distribution of risks and to borrowers a lesser interest burden because of the participation of institutions like the Tea Board and the A.R.C.

COMPANY AND PUBLIC NOTICES

INDIAN ALUMINIUM COMPANY, LIMITED

1 Middleton Street
Calcutta-16

MEMBERS of the Company who acquired ordinary shares in the rights issues of February 1963 and April 1968 and have subsequently paid all call moneys are hereby requested to send the Company's Registrars their partly-paid share certificates for replacement with fully-paid share certificates, if they have not done so already.

P. K. PAL
Assistant Secretary

Registrars' Office
Andrew Yule & Company Limited
8 Clive Row
Calcutta 1

NOTICE UNDER RULE 4A OF THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969.

IT is notified for public information that Macneill & Barry, Limited intends to apply to the Central Government under Section 23(2) of the Monopolies and Restrictive Trade Practices Act, 1969, for the merger with the Company of its wholly owned subsidiary, Precision Tools India Limited.

Any person interested in the matter may make representation to the Secretary, Government of India, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice stating the nature of his interest in the proposal.

MACNEILL & BARRY, LIMITED,
S. C. BHANDARI
Secretary.

2, Fairlie Place,
Calcutta-1.
21st September, 1972.

BOOK RECEIVED

For God's Sake Go. By Sir George Catlin. (Published by Colin Smythe Ltd., 56a Packhorse Road, Gerrards Cross, Buckinghamshire. Price £5, pages 470.)

CAPITAL, 21st SEPTEMBER, 1972

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
			18-9-72

CLEARED SECURITIES

10	Birla Jute	9	11	24.00	4.6
10	Burrakur Coal	12	5	4.44	11.3
10	Dunlop India	20	20	26.70	7.5
10	G. K. W.	16	20	32.20	6.2
10	Hind Motors	Nil	Nil	6.75	...
10	Howrah Jute	Nil	Nil	6.37	...
10	Ind Aluminium	14	17	30.90	5.5
10	Indian Cable	2½	15	21.10	7.1
2 sh.	Indian Copper	11.1	10.5*	2.42	7.8
10	Indian Iron	6	6	6.05	10.0
10	J. K. Cotton	Nil	...	6.90	...
10	Jaipur Udyog	10	5	9.20	5.4
10	Jayshree Tea	11	14*	15.06	9.3
10	Kesoram Ind	10	5	18.20	2.7
10	National Rubber	Nil	...	6.44	...
10	Orient Paper	10	11½	34.10	3.4
10	Orissa Cement	12½	...	18.25	6.8
10	Rohtas Ind.	Nil	Nil	4.15	...
10	Texmaco	Nil	...	8.05	...

COAL

10	Amalgamated	10	10	11.25	8.9
100	Bengal	12	...	45.00	27.0
10	Bengal-Nagpur	2½	...	5.25	4.8
10	Borra	12½	Nil*	8.00	...
10	Karanpura	20	10-7*	6.00	17.8
10	Katras Jherriah	10	...	9.06	11.0
10	New Beerbhoom	16	10	6.00	16.7
10	North West	2½	...	9.25	2.7
10	Pench Valley	10	10	11.25	9.0
10	Rancegunge	10	7½	10.50	7.1
10	Rewa	20	20	22.00	9.1
10	S Karanpura	20	20	9.06	22.1
10	W Bangal	8½	8½	7.31	11.6

COTTON

10	Basanti	Nil	...	2.75	...
10	Bharat Com	12	12	16.50	7.3
10	Bowraah	12½	...	12.56	10.0
5	Cawnpore	Nil	Nil*	2.37	...
10	Dunbar	Nil	...	9.50	...
10	Elgin	6	...	6.50	9.2

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
			18-9-72

ENGINEERING

10	Braithwaite	...	...	3.31	...
10	Biecco Lawrie	Nil	Nil	10.62	...
10	Bridge & Roof	2½	...	35.19	0.7
100	Burn & Co.	Nil	...	55.00	...
10	Cal Steel	5	10*	7.94	12.6
10	Hind Wire	10	10	16.37	6.1
10	Ind St. Wagon	Nil	...	3.69	...
10	Industrial Cont	...	...	11.50	...
10	Jay Eng.	8	10-10*	11.50	8.7
10	Jessop & Co.	Nil	...	4.00	...
10	J. K. Steel	Nil	5	8.44	3.6
3	Kumardhubi	Nil	15*	4.12	11.0
2	Marshall	Nil	...	0.90	...
10	Sen-Raleigh	Nil	...	4.12	...
10	Simon-Carves	15	...	14.06	10.7
10	Wellman Incan.	10	Nil-10*	7.81	12.8

JUTE

10	Agarpara	5	5	9.69	5.2
100	Anglo-India	5	7½-15*	106.00	14.2
100	Auckland	Nil	Nil	64.00	...
10	Bally	10	10	12.31	8.1
£5	Barnagore	Nil	Nil	70.00	...
10	Budge-Budge	12	6	7.50	8.0
10	Champdany	5	Nil	13.00	...
10	Chitavalsah	Nil	...	11.25	...
100	Dalhousie	Nil	Nil-10*	58.00	17.2
10	Fort William	Nil	Nil	14.00	...
10	Ganges	7½	7½	7.94	9.4
100	Hastings	2½	1	102.00	1.0
12½	India	4.8	8	10.75	9.3
100	Kamarhatty	Nil	...	103.00	...
100	Kanknarrah	Nil	...	42.50	...
100	Kinnison	Nil	Nil-Nil*	39.00	...
10	National	Nil	...	10.75	...
10	Nellimarla	Nil	...	8.00	...
10	New Central	Nil	...	4.37	...
10	Northbrook	Nil	Nil-25*	13.81	18.1
100	Union	Nil	Nil-Nil*	56.00	...
1	Waverley	Nil	...	3.75	...

CEMENT AND LIME

10	Asoka	6	Nil	4.50	...
10	Bisra Stone	15	15-Nil*	12.75	...
10	Dalmia	12½	...	12.00	10.4
10	Karanpura Dev.	5	5	9.25	5.4
10	Kumardhubi Fire	20	20	18.45	10.8
10	Orissa Minerals	5	12½	9.12	13.7
5	Sone Valley	Nil	...	1.44	...

Ordinary Paid-up Value Per Share Rs.		Dividend Percent			Current Market Price Rs.	Yield %		Ordinary Paid-up Value Per Share Rs.		Dividend Percent			Current Market Price Rs.	Yield %	
		1970	1971							1970	1971				
CHEMICAL						18-9-72	MISCELLANEOUS (Contd.)								18-9-72
10	Alkali & Chem.	15	17½		24.19	7.2		100	Rallis India	13	...		170.00	7.6	
10	Cal. Chemical	9	9		10.81	8.3		10	Reckitt & Col.	14	11		13.50	8.2	
100	Bengal Chem.	Nil	Nil		34.50	...		10	Philips India	20	24		45.62	5.3	
10	Chem. & Fibres	27½	...		31.87	8.6		10	Sendra Invest	7	7		4.75	14.7	
10	Indian Explosives	15	15		20.75	7.2		10	Schrader Scovil	25	25		32.00	7.8	
100	Phosphate	5	7		111.00	6.3		10	Shalimar Wires	10	10		11.62	8.6	
5	Smith Stanistreet	10	..		4.12	6.5		10	Shaw Wallace	18	...		30.00	6.0	
ELECTRIC								10	Stewards & Lloy.	10	...		14.75	6.8	
100	Agra	10	10		115.00	8.7		10	Universal Cables	10	...		18.62	5.4	
10	Bareilly	10	6		13.75	4.4		10	Union Carbide	15	17½		29.25	6.0	
10	Bhagalpur	12	10		8.50	11.7		10	Universal Elec.	7½	...		18.06	4.2	
£1	Calcutta	13	13		9.50	24.6		10	Usha Martin	15	...		26.25	5.7	
10	Dishergarh	9	9		9.94	9.1		1	Walford Trans.	Nil	...		0.84	...	
MISCELLANEOUS								10	Williamson Magor	10	...		9.94	10.1	
10	Aluminium Corpn.	Nil	...		6.12	...		10	Woolcombers	7½	...		14.56	5.2	
10	Angelo Bros	...	...		9.81	...		PAPER							
5	Avery India	20	20		12.37	8.1		10	Ballarpur	15	12½		22.37	5.6	
100	Balmer Lawrie	8	...		74.00	10.8		10	Bengal	10	10		14.69	6.8	
10	Brit. Biscuit	22	16		26.62	6.0		10	India Paper	Nil	Nil		4.28	...	
5	B. I. C.	7½	...		5.56	6.7		10	Seshasayee	...	12		12.75	9.4	
10	British Paints	12½	...		18.56	6.7		10	Sirpur	3	...		9.00	3.3	
10	Brook Bond	20	20		24.69	8.1		10	Straw Pro.	12	...		14.87	8.1	
10	Bararee Coke	15	15		2.37	6.3		10	Titaghur	2½	4		7.12	5.6	
100	Duncan Bros	12	12		125.00	9.6		10	Tribeni Tissues	11½	...		17.06	6.7	
10	Electric Cons.	20	..		10.56	18.9		SUGAR							
10	Eng. Electric	10	...		20.50	4.9		2½	Balrampur	10	...		2.87	8.7	
100	Fort Gloster	7½	7½		224.00	3.3		10	Carew	Nil	...		6.00	...	
10	Garuda Invest.	10	...		6.75	14.8		10	Cawnpore	Nil	Nil		2.75	...	
10	G. E. C.	27½	31½		21.00	15.0		10	Champarun	Nil	Nil		10.44	...	
10	Gillanders	10	12		9.06	13.2		10	Durbhanga	Nil	...		3.87	...	
10	Godfrey Phill.	57½	...		55.00	10.5		10	Ramnugger	6	...		4.19	14.3	
10	Goodyear	47½	...		44.75	10.6		10	Raza	Nil	Nil		1.56	...	
10	Gramophone Co.	15	17½		25.50	7.0		10	S. K. Gyan.	Nil	...		4.81	...	
10	Hind. Alumini	12½	...		17.75	7.0		10	U. Provinces	5	...		5.50	9.1	
10	India Tobacco	13½	14		16.06	8.7		TEA							
10	Inchek Tyre	Nil	Nil		6.75	...		10	Asambrook	12½	...		7.45	16.8	
10	India Carbon	16	18		30.50	6.0		100	Banarhat	16	...		71.50	22.4	
10	Indian Oxygen	14	14		20.90	6.7		10	Betjan	10	...		10.75	9.3	
10	Indian Wood	9	10		8.75	11.4		100	Birpara	11	...		73.50	15.0	
10	J. K. Synth.	15	...		45.37	3.3		10	Bishnauth	...	...		7.31	...	
100	Jardine Hend.	Nil	Nil		37.00	...		10	Dimakusi	15	...		16.12	9.3	
100	Lawrence Invest	Nil	...		40.50	...		10	Dhelakhat	5	...		7.81	6.4	
100	Macneill	5	...		41.25	12.1		10	Dhunseri	12½	12½		9.50	13.2	
10	Martin Burn.	10	10		5.87	17.0		10	Dibrugarh	30	...		22.75	13.2	
10	Metal Box	6	8		12.62	6.3		10	Gohpur	5	Nil		10.06	5.0	
5	Mohan Meakin	12	10		8.78	5.7		10	Huldibari	5	...		6.00	8.3	
10	N. I. Cable	10	8		8.12	10.0		10	Hasimara	Nil	...		6.56	...	
10	Nat. Pipes	4	Nil		5.75	...		10	Jutlibari	10	..		11.00	9.1	
10	Nat. Rolling	2½	Nil		4.87	...		10	Teloijan	4	...		3.44	11.6	
10	Nat. Tobacco	10	...		12.75	7.8		10	Tengpani	12½	...		13.25	9.4	
10	Ondal Invest.	10	10		14.10	7.1		10	Tirthannah	40	...		43.00	9.3	
10	Phillips Carbon	15	12		15.50	7.7									

CAPITAL

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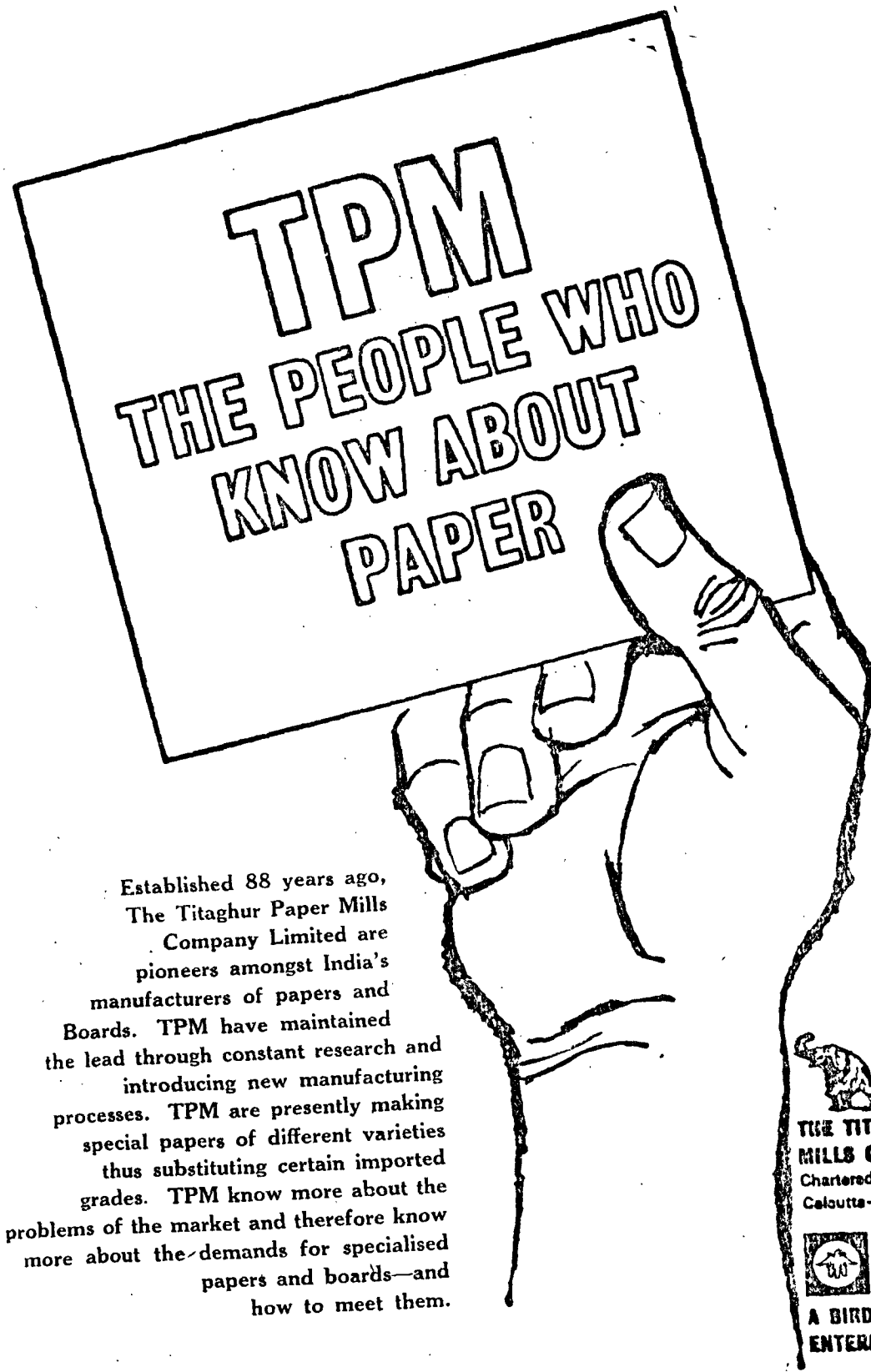
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World Bank : Tackling Poverty

IT should be flattering to Mrs. Gandhi and her Partymen that their slogan of "garibi hatao" has travelled far and wide and found warm reception in the cool climes of Washington, where the World Bank and the International Monetary Fund had their annual meetings this week. If the presidential address of Mr. Robert S. McNamara to the Board of Governors of the World Bank sounds familiar to the people of this country, the credit for this may go partly to the Prime Minister, Mrs. Gandhi. Her slogan gave her not only a massive majority in Parliament but also worldwide publicity. Perhaps few will suspect that Mr. McNamara might have himself been the author of this slogan, for his visit to this country a couple of years ago was followed by certain swift changes in the Planning Commission and in the planning concept.

Whatever may be the link between the thinking of Mrs. Gandhi and Mr. McNamara, it should be gratifying to note that there is today greater appreciation of the need to eradicate poverty and raise the income level of the people who are still below the subsistence level. Few will question the importance of a new strategy, designed to reduce inequalities and give a better deal to the down-trodden. In fact, that has always been the avowed objective of development plans and if India has failed to achieve that objective, even partly, it must seriously look for the reasons and not abandon the growth-oriented programmes. The fundamental question is whether there is a conflict between rapid overall growth and comparable improvement in the incomes of the poor. Mr. McNamara believes that there is; so does Mrs. Gandhi.

But what is the basis for the World Bank chief's firm belief? According

to him, there is a natural tendency for growth to be concentrated in the modern sectors of the economy with little current benefit to the lowest income groups. Such data as there are—while admittedly incomplete—indicate that this pattern of growth has developed in many countries. At the same time, Mr. McNamara admits the validity of the argument that in the long term, rapid growth will increase productivity and furnish the resources which can be distributed to those who cannot yet be accommodated in the high-productivity, high-wage, modern sector. Even in the short run, he says, it is possible to reduce the conflict between rapid growth and more equitable income for the poor by shaping an economy which provides proper incentives, which prices labour and capital correctly, which strengthens the fiscal system and which emphasises the right adaptive technologies. And yet, the World Bank chief favours a shift in emphasis from growth to social justice.

Mr. McNamara's contention is that while a decade may be a rather short term for a development planner, "it is the long term for a subsistence tenant farmer whose children are most likely to die before the age of five, whose diet is already so inadequate that he cannot stave off chronic ill-health, whose illiteracy limits his future ability to learn new skills, and whose perpetual indebtedness to the money-lender and dependence on the land-owner leave him neither options nor hope". His advice, therefore, is to design policies with the explicit goal of improving the conditions of life of the poorest 40 per cent of the population in the developing countries and he believes that this can be done without "unacceptable penalties to the concomitant goal of national growth". Without specific emphasis on such programmes, he feels, there will not be

significant progress in reducing poverty within acceptable time periods.

The strategy is good in so far as it seeks to ameliorate the conditions of the poor but it offers no solution to the overall problem of growth and development. The desire of the developing countries to industrialise themselves rapidly and raise their standards of living will never be fulfilled, if their limited resources are to be used to promote social justice rather than growth. As Mr. McNamara himself says: "Outside agencies can only assist and not solve such problems". But when assistance itself falls short of commitments, how do the developing countries evolve a proper mixture of growth and social justice? The World Bank chief, no doubt, promises larger assistance from his organisation for works undertaken to reduce poverty and income inequalities, but refrains from asking the affluent nations of the world to do their duty to the less developed.

In his report to the World Bank group, Mr. McNamara admits that "there seems little likelihood that during the first half of the current decade, official development assistance will exceed .37 per cent of G.N.P.—only half of the second Development Decade target." While regretting this, he says "we must be realistic". That is, try to assess the effects of this massive shortfall in concessory aid. It needs no economic pundit to say that reduced aid flow will condemn the poorer nations to so slow an economic advance over the decade that hundreds of millions of individuals in these countries will be able to detect virtually no improvement whatever in their desperately low standards of living. What is amazing is that the prospect of such a development does not seem to shake the conscience of the developed world. Those who advise on what should be done for the poor must also remember their own obligations in a narrowing world. If West Germany and Japan can rebuild themselves from a scratch after the second World War, there is no reason why countries with a developed infrastructure and vast potentialities of growth cannot. All that is needed, as Mr. McNamara says in a different context, is the political will.

The World Bank is not to blame for the developing apathy among the rich nations to raise their levels of assistance to the developing coun-

tries. Aid, as Mrs. Gandhi often points out, is a misnomer for the credits given by the developed world. It can be called help or assistance that is mutually beneficial. But when developed nations tend to equate aid with charity, self-respecting countries in the developing world cannot but resent the attitude. What is worse is that no distinction is sought to be made between countries that have made good use of aid and those who have frittered away the assistance on extravagant programmes. For instance, Mr. McNamara cites the example of 20 developing countries spending their scarce foreign exchange on the import of private cars rather than public buses, but fails to note the severe restrictions imposed by countries like India on imports of luxury goods.

And finally, the World Bank chief warns the developing countries that if they postponed social and economic reforms on grounds of political expediency, they would be inviting "political extremism". To remain

indifferent to social frustration, says, is to foster its growth. He, therefore, calls for a decisive choice between the political costs of reform and the political risks of rebellion. Mr. McNamara must, however, remember that the responsibility for any rebellion will lie no less with the developed world than with the Governments of developing countries. On his part, the World Bank President has promised to raise the level of assistance from his group from \$30 billion between 1969 and 1973 to \$50 billion in the next quinquennium. But by then, the population in the underdeveloped world will have also increased and the benefits of increased assistance from the World Bank group may not accrue to a larger percentage of the populations of the poorer countries. What they need is massive assistance in areas where they have potentialities for growth. And that will have to be done without political strings. As long as the rich nations fail to do this, the disparities—global and national—will remain unchanged.

Civilising the Civil Service

THE Central Government's reported decision to set up a 16-member advisory council to modernise the Central services has not come a day too soon. The council will advise the newly formed Department of Personnel Administration in the Home Ministry to evolve a fresh policy on the relative status of the various Central services along the lines suggested by the Administrative Reforms Commission. So far such policies have been framed almost exclusively by the I.C.S. and I.A.S. and the case of other services for equality has suffered by default. The council will have three members each from the I.C.S. and I.A.S. and the remaining ten will be from other services and public life. It is well known that the A.R.C. had recommended a higher status for specialists, such as engineers, doctors, educationists, technocrats and economists. It should be possible for the brightest among them to rise to the highest positions now held by members of the I.C.S. This is the right time when the imbalance should be corrected.

About 35 of the senior-most I.C.S. officers are to retire from service within nine months. There is a view that such a big shake-up at the top may harm the administration. This may be only partly correct. In the years to come when a complete balance-sheet

is drawn of the performance of the I.C.S., it may not show the service in a very good light. The members of this service have in their own way managed to maintain some sort of continuity in the administration. More than continuity, their contribution is represented by the unrestricted expansion of the Government machinery to more than 20 times of what it was at the time of independence. Two other things have grown in geometric progression. These are inefficiency and corruption. It is no coincidence perhaps that, along with the growth of these forces, there has also been an increase in the unwritten powers and privileges of the members of the I.C.S. and I.A.S.

This is not the fault of the individual members of the service, many of whom are the finest specimen of humanity. It is the fault of the system. A centralised all-powerful bureaucracy is an anachronism in the modern age of specialisation. No one, however competent, can run everything. A steel factory, an agricultural university, a town planning organisation, an oil refinery, a shipyard and the administration of a district cannot all be ruled by the same kind of expertise. The I.C.S. in India have so far been successful in perpetuating the nineteenth century myth that by

entering the service its members have earned some kind of divine right to rule over every institution and every person. No sphere of activity should be outside their domain. Slowly but steadily over the last 25 years the long arm of the service has extended to spheres that were beyond its reach in the past.

The I.C.S. and I.A.S. officers are now vice-chancellors of several universities, including those giving instruction in agriculture and engineering. The whole machinery of finance and planning is their close preserve. They have been administering some of the country's mightiest river valley and power projects. If an industry is declared sick, it is their job to take charge of it and bring it back to health. If a complicated deal involving the purchase and import of the most modern machinery costing several crores of rupees is to be struck, it is one among them who is sent abroad to accomplish the job. It is these men who determine where a factory is to be located, who is to be granted the licence to run it and what are the restrictions and facilities that should govern the growth of industry in the country.

It has been the common belief for a long time that alongside the rule of the Ministers, the top I.C.S. in the country have been running a parallel Government of their own. There have been quite a few cases where senior Ministers have tried their best to get rid of their I.C.S. Secretaries whom they did not like but without any success. A similar parallelism in the Government is noticeable in the States. It would be unfortunate, therefore, if the Government allowed this opportunity of the *en masse* retirement of the top men of the bureaucracy in the coming months. This is perhaps just the time for undertaking a major administrative reform in India. Beginning with the Appleby Commission in 1952, a number of committees and commissions have been appointed to put India's administration on a sound footing. Almost invariably, on one pretext or the other, the I.C.S. and I.A.S. have stood in the way, for in most cases some form of decentralisation and greater delegation of authority to the other services has been recommended by the experts.

The marathon efforts of the Administrative Reforms Commission that was headed by Mr. Morarji Desai and later by Mr. K. Hanumanthaiya have met with the same fate. Whenever an attempt has been made to inject specialisation into the ad-

ministration and replace the bureaucracy by some measure of technocracy to give a scientific bias to the Government, the I.C.S. and I.A.S. have intervened. The intervention would be welcome if the I.C.S. as a service was not somewhat archaic in its outlook. It was trained to maintain the *status quo*. Its whole inclination is towards checking any kind of motion or commotion. But progress has its own laws of motion and change is possible only when the *status quo* is disturbed, sometimes rudely. The administrator of today has to deal not merely with files and subordinates whose obedience a colonial administrator could take for granted but also with a mass of data of a highly technical nature and with thousands of people charged with new ideas about their rights and duties. Each branch of activity has its own type of problems and requires a high degree of specialisation by the men at the top. An all-purpose administrator can only curb the initiative of the specialists without making any contribution of his own.

What is needed in today's conditions is not one cadre but a number of them.

Licensing Policy : A Selective Approach ?

THE Central Minister for Industrial Development, Mr. C. Subramaniam's statement at the State Industries Ministers' conference in New Delhi that the Government would soon announce a "clear cut" policy to end uncertainties in fresh investment should be welcomed to the extent that it showed an awareness that all is not well with the present policy. There is much truth in his analysis of the causes that have led to a slower rate of industrial growth. The quantitative progress in the matter of issue of letters of intent and licences has not been translated into any appreciable growth in investment on ground. The utilisation of existing capacity continues to be poor due to inadequate power supply, shortage of raw materials, transport difficulties, etcetera. Top priority, therefore, has to be given to capacity utilisation and expeditious completion of projects under way. In this context, Mr. Subramaniam's announcement that he has asked officers in his Ministry to help parties who had already been given licences is welcome. As he himself pointed out, some officers thought they were being progressive by putting every possible hurdle in the way of big business. This out-

Each Ministry or department should have its own hierarchy of officers who should be able to reach the top of the pyramid. Some grouping is possible between Ministries covering the same type of activity. Thus the Ministries of Finance, Trade and Planning can perhaps do with one pool of economics-oriented officers. Their expertise is complementary. The Ministries of Industry, Steel, Mining and Petrochemicals, likewise, may have a cadre of technocrats. Then there are Ministries such as Health and Family Planning, Education, Information and Broadcasting, Housing and Telecommunications which cannot be easily grouped. Each may have to have its own cadre. This kind of administrative decentralisation of the Government into different services would also help to loosen the stranglehold of a single service on the country's administration. The Secretaries to the Ministries would then be men from different disciplines and different services. And what is most important, the administration will then be action-oriented and not glued to the concept of the *status quo* in a fast changing world.

look must change, the Minister said and added that once a business house had been given a licence, every effort should be made to speed up the execution of the project.

Where, however, the Minister's pronouncements did not reveal a pragmatic approach towards ensuring industrial growth was his references to the rôle of larger industrial houses. Mr. Subramaniam agreed that the financial and managerial resources of the large houses needed to be harnessed but in the same breath he added that this went against the policy of preventing the growth of concentration of wealth and economic power. Happily, this obsession with the concentration of wealth and economic power was not shared by every Minister who attended the conference. Maharashtra's Industries Minister, Mr. N. M. Tidke, pointed out that rigid restrictions on the growth of big industrial houses were bound to prove detrimental to the rapid industrial development of the country. In a different context, West Bengal's Chief Minister, Mr. Siddhartha Sankar Ray, said that since the big industrial houses accounted for a substantial part of the investment in his State, curbs on their growth would

result in industrial stagnation there. While discussing the failure of the State Industrial Development Corporations to implement licences given to them, it was explained by the spokesmen for the States that the major difficulty they faced was finance. Under the existing guidelines, at least 26 per cent of the equity in a new company must be subscribed by the S.I.D.C. The State Ministers suggested that it should be enough if the contribution of the S.I.D.C. and financial institutions put together came to 26 per cent.

It is too early to say whether the States' views will be incorporated in the new licensing policy being evolved by the Centre. Mr. Subramaniam said that the new policy would be "selective." It had to be so because the Minister felt that "infant mortality continues to be high in the case of letters of intent, and perhaps the very large number of weak babies we produce itself stands in the way of our ability to tend them properly." Yet, all available indications are that the Government would rather increase the birth of more weak babies in order to ensure that the strong babies do not become stronger. It is obvious that if the managerial and financial resources of the large houses are to be harnessed, they have to be

permitted some amount of growth. That this permitted and pre-meditated growth cannot come in conflict with the socio-economic objectives of the Government should be obvious to a person like Mr. Subramaniam, because every aspect of this growth is controlled by the Government in one form or the other.

As if what he stated at the State Industries Ministers' conference was not adequate proof of the Government's distrust of big business, Mr. Subramaniam, in an interview to a Delhi newspaper, is reported to have expressed the view that some industries now in the private sector might have to be nationalised because they had become "centres of further economic growth" and increased production could further strengthen concentration in private hands. It may be that the Minister has not been correctly quoted, but the Government has succeeded in killing all initiative by the organised sector in industry. As if the curse of the caste system on the social front was not enough, a caste system is now being created on the industrial front also. One can only hope that the "selective" policy the Government has in mind will give a fair rôle to everyone who is interested in contributing to the industrial growth of the country.

Foreign Exchange Bill : Curbing Exports

THE Foreign Exchange Regulations Bill, which was introduced in the Lok Sabha last month by the Central Finance Minister, Mr. Y. B. Chavan, is likely to have some adverse effects on the country's export trade. The main objective of the Bill is to prevent the leakage of foreign exchange in various ways. The Bill has been drafted mainly on the recommendations made by the study team on the leakage of foreign exchange through invoice manipulation, and the report of the Law Commission on the trial and punishment of social and economic offences. The Government's anxiety to conserve foreign exchange resources is, of course, justified. But in trying to achieve the objective, it is introducing many new restrictions and regulations on the export trade. For example, Clause 17 of the Bill lays down that the exporter shall furnish a declaration in the prescribed form, indicating the full export value of the goods or the value which he expects to receive in the overseas market. The exporter is to affirm that the full

value of the goods has been or will be paid in the prescribed period and in the prescribed manner. The Bill also says that the exporter shall not, except with the permission of the Reserve Bank of India, authorise or allow in any manner the sale of goods for a value less than that declared.

These provisions will make it difficult for exporters to compete effectively in the foreign market. It may sometimes become necessary for exporters to sell their goods for a value less than what was originally fixed but even in such *bona fide* cases, they cannot do so without the permission of the Reserve Bank. The Bill says that when under Clause 17 an exporter seeks permission and the Reserve Bank does not communicate its decision within 60 days from the date of receipt of the application, it is to be presumed that the Bank has granted such permission. It is obvious that this clause will cause considerable delay and difficulty to exporters and restrict their freedom to

adjust their selling strategy promptly to suit the changing conditions in the international market. The Bill also empowers the Reserve Bank to direct from time to time that the exporter shall, prior to the export of goods, comply with any or all of the certain conditions, namely, that any contract or other arrangement for sale of goods shall be registered in such manner and with such authority as may be specified, that the payment for the goods is caused by an irrevocable letter of credit or by other arrangement as may be specified, and that any declaration to be furnished to the prescribed authority shall be submitted to the Reserve Bank for its prior approval which may be given, or withheld, or may be given subject to such conditions as the Bank may impose. The Bill also imposes certain restrictions on the export of goods on a consignment basis. It empowers the Government to prohibit the export of any product to any destination if it thinks that the full export value of the goods is not likely to be brought back to the country in the prescribed manner and within the prescribed period.

It is feared that these provisions are likely to affect the smooth flow of exports. Much will, of course, depend on the nature of the rules that are to be prepared for implementing the Bill. Even at present, the export trade is subjected to too many regulations and restrictions. Exporters have to comply with numerous formalities not only for selling their goods but also for claiming the concessions available under various export promotion schemes. In the last two years, the Government has done much to simplify the procedures in regard to export promotion. But under the Foreign Exchange Bill, the Government and the Reserve Bank are being given more powers to enable them to direct exporters to do or not to do certain things. Especially for such items as tea whose prices are determined in the auctions by international factors, it will be difficult for exporters to know in advance at what prices they will be able to sell. The Bill will create more uncertainty among the existing exporters and discourage newcomers.

The Bill also restricts foreign travel. It provides that no person shall, without the permission of the Reserve Bank, remain outside India beyond the prescribed date or period or travel to any place outside India other than such place or places as are specified by the Reserve Bank. There is, of course, the provision to

empower the Reserve Bank to exempt any person from these restrictions. But these restrictions will make it hard for business men to undertake export promotion tours in an effective manner. Sometimes, it may become necessary for a business man to extend his stay to complete negotiations or to visit some other country *en route*. In such cases, it will be difficult to obtain permission from the Reserve Bank. If Indian exporters are to compete successfully in the world markets, they should not only be permitted but encouraged to undertake frequent foreign tours, stay for reasonably long periods, and be provided with liberal foreign exchange. After all, they have to compete with business men from the highly developed countries. India cannot, therefore, afford to be too restrictive or niggardly in the matter of permitting people to travel abroad. Such restrictions may

help to save small sums of foreign exchange, but in the long run, they will act as a stumbling block in augmenting foreign exchange earnings.

It is surprising that the Bill is being rushed through without giving adequate opportunity to the public to study and express its views. Although it was introduced in the Lok Sabha on 18th August, copies of it were available in Calcutta only in September. But the Joint Select Committee of Parliament, to whom the Bill was referred, asked for the views from the public by 25th September. How did it expect the public to examine the Bill critically in such a short time? In view of the far-reaching implications of the Bill, adequate time should be given to the public to offer its comments and the Government should carefully consider them so that the country's export trade may not suffer.

Near the End of an Epoch

IN July last year the former British Chancellor of the Exchequer, Mr. Roy Jenkins (a fervent "European"), made a controversial accusation against the Australians, that they had threatened reprisals against the sterling system if the British Government restricted the flow of British money into Australian investments. In June this year the British Government (a different one) applied to the sterling area essentially the same restrictions as were already in force in respect of investment in foreign countries and in foreign shares. Differences of procedure are not negligible: whereas it may be obligatory to finance a proportion of foreign direct investment through the investment-currency market (where the so-called "dollar premium" adds to the cost), unlimited finance at the ordinary market rate is available for direct investment in the overseas sterling area, and, whereas 25 per cent of the proceeds of sales of foreign securities must be surrendered to the authorities at the market rate of exchange, no such "surrender rule" applies to sterling-area portfolio investment. But in substance the overseas sterling area has suddenly become "foreign": direct investment in it must be formally approved by the Bank of England, and purchases of securities in it must be financed with investment currency.

The City of London was not deceived by the pretence that applying

exchange control to the sterling area was a temporary precaution against loss of funds through it and that "normal" conditions would be restored when the pound had been re-established. It regarded the sterling area as effectively terminated—not by the Australians or any other "defectors" but by the British themselves—and the floating of the pound as a convenient pretext for doing it. Overseas "sterling" countries' reactions—or non-reactions—to the float demonstrated how profoundly the system had been modified in recent years. In Britain as well as the overseas territories, the sterling area was a subject of controversy throughout those years. Critics insisted that it was a useless and irksome survival from the imperial past (Britain, said economist Susan Strange in a highly-regarded book, *Sterling and British Policy*, "lost an empire but was left with an imperial financial system"), and the European Community—especially France—would not tolerate it in the group that British politicians had chosen as their nation's destiny. To assert that the sterling area "has outlived its usefulness" is not to deny—indeed, it implies—that the system has been useful in the past. It was the basis of London's status as an international financial centre and of the pound's status as an international currency; and—so the French, at least, believe—it allowed Britain almost limitless credit to maintain that status of the pound. Its main benefit to overseas members was

privileged access to a major capital market. Much of the capital provided there was converted into British visible exports; and substantial invisible earnings were derived from London's financial services to the area.

Yet there were grave disadvantages in a system that made Britain responsible for other countries' reserves when Britain was incapable of fulfilling that commitment. In the light of recent events it may seem that the obligation to maintain a reserve currency was a needed discipline; but through years of intermittent restraint on the economy many business men and economists became convinced that the obligation was too burdensome, that the thousands of millions of pounds of sterling balances should be (somehow) "offloaded", and that the pound's function as a reserve currency should be "phased out". The City had in the meantime become aware that its expertise could be used as profitably in Eurodollars as in sterling, and that London's status as an international financial centre was not necessarily based on the pound. From the overseas countries' point of view, the pound was a distressingly unsatisfactory reserve currency, and it forfeited any claim to respect as such when it was devalued in 1967. It was temporarily propped by the Basle Agreement of 1968, when non-sterling countries provided a big standby credit (thereby partly internationalising Britain's commitment), Britain guaranteed the dollar value of the balances (although not totally) against any further devaluation of the pound, and the sterling-area countries agreed to retain specified proportions of their reserves in sterling. A new sense of security, combined with attractive interest rates, brought more sterling balances to London; but "diversification" of the countries' reserves continued.

In a situation of compromise and controversy, a situation in which the intrinsic quality of the pound was manifestly inadequate for its functions, the negotiation of Britain into the European Community was decisive. Years before it was started (on a practical plane) the Community had judged that commitments to its system and to the sterling area were incompatible, and last year Britain's negotiators were told that they must choose the one or the other. This year the "unwinding" of the sterling area has been accelerated and the system is essentially finished; although completely "international-

lising" the sterling balances is a complex residual problem. The British Ministers were significantly reluctant to disclose what they had "conceded" to the Europeans in respect of sterling. They were acutely sensitive to accusations that they had "traded" an international currency for a unit in a regional monetary system. Yet the sterling area's disintegrating tendency was already evident in the

CURRENT COMMENT

BONUS

Chambers' Reactions

Commenting upon the decision of the Government of India to concede to the trade unions' demand for an increase in the minimum bonus from 4 per cent to 8.33 per cent, Mr. Madanmohan Mangaldas, president of the Federation of Indian Chambers of Commerce and Industry, has observed: "That the Government had acceded to the demand of the trade unions is not surprising, particularly after the Central Labour Minister himself fanned the demand in the earlier stages. The acceptance, however, is a dangerous spin. One can predict the unhappy results. Not only will prices go up but worthwhile schemes of expanding employment may have to be abandoned. The problem may soon resolve itself into a clash between a few million who are employed and the very much larger number of the unemployed and underemployed."

In a Press statement, Mr. Hari-shankar Singhania, president of the All India Organisation of Employers says: "Although we have been living with the bonus problem for many years now, every year it has been growing in number and complexity. The latest decision of the Government of India to concede to the demand for increase in the minimum bonus from 4 per cent to 8.33 per cent opens a yet new confusing chapter in the bewildering Bonus Act."

In a Press release, the United Planters' Association of Southern India has noted that in deciding to raise the minimum bonus from 4 per cent to 8.33 per cent, the Central Government, after giving initial hopes of taking an objective decision in the larger interests of the country, has

years when it seemed unlikely that Britain would ever merge with Europe, and the City itself, though dissociated from political criticism of the sterling system as "inhibiting" and not exuberantly optimistic regarding the prospect of business in Europe, was ready for the withdrawal of sterling from its international monetary (as distinct from trading) rôle.

again succumbed to pressure tactics by organised labour.

I.R.M.A.C.

Operations Reviewed

The operations of the Industrial Raw Materials Assistance Centre (I.R.M.A.C.) was reviewed at a meeting held last week. It was sponsored by the Calcutta Import and Export Trade Association and the Purchase Officers Association of India. The meeting was somewhat unique in the sense that the I.R.M.A.C. delegation led by Mr. M. N. Misra, Director of the S.T.C., and consisting of Mr. B. R. Bhandari, Chief Marketing Manager, and Mr. L. K. Vadera, Deputy Marketing Manager, also participated in the discussions. Mr. M. N. Misra stated that the I.R.M.A.C. in the S.T.C. was set up for extending benefits of bulk buying to actual users and exporters for non-canalised items, purely on a voluntary basis, selling goods in stock against surrender of import licences and importing under free competitive market conditions. Judging by the operations in the last two years, this experiment had a fair degree of success. He said that the major advantage of importing through the I.R.M.A.C. was that it could arrange advance imports against its own licences, thus saving substantial time to the actual user, who would be required to surrender his licences to the I.R.M.A.C. only at the time of delivery of the materials. Answering questions, Mr. Misra stated that the I.R.M.A.C. was already offering up to 90 days credit facilities to customers under the bill market scheme with prior agreement. To a suggestion made by the C.I.E.T.A. that the I.R.M.A.C. operate as a clearing house for various credit licences, Mr. Misra said that it was already acting on these lines in a limited manner.

PAPER MACHINERY

Idle Capacity

The Paper Machinery Manufacturers Association, which is the representative body of the paper machinery manufacturers in the country, met in Calcutta a few days ago. In a message to the chairman of the Development Council for Paper Pulp and Allied Industries, which met in Srinagar on 23rd and 24th September, it has said that the order backlogs of the pulp and paper machinery manufacturers are the lowest in recent years and that a large part of the installed capacity is now idling or is being diverted to other products. The machinery manufacturers positively need orders for complete pulp and paper plants as also for individual items of machinery. This industry can immediately accept orders for integrated pulp and paper board plants having an annual output of paper/board of about 160,000 tons divided into paper machinery units of up to 150 tons a day capacity of normal quality paper and board. Because of the lack of orders and the long lead time required before major orders can reach the shop floors, it can now be predicted that the machinery industry's output in 1973 will be less.

REROLLERS

Worry over Billet Supply

In a memorandum submitted to the Development Commissioner for Small-scale Industries, Government of India, the president of All India Steel Rerollers' Association, Mr. B. L. Kanodia, has drawn his attention to the discrimination in the matter of allocation of rerollable scrap as between the members of the S.R.M.A. and the rerolling units registered with the State Directorates of Industries. It has been pointed out that under the current distribution policy, only 96 rerolling units who are members of the S.R.M.A. are allotted 33 per cent of the total arisings of scrap, whereas the remaining 67 per cent is distributed to the units registered with the State Directorates of Industries whose number is about 700. As a result, the rerolling mills that are members of the S.R.M.A. are fortunate in getting three-and-a-half times more materials than the units registered with the State Directorates of Industries. This runs counter to the Government's declared policy to encourage the small sector. In 1961-62,

when there was a surplus of billets, the billet reroller members of the S.R.M.A. could not lift the supplies offered by the plants. At that stage the units registered with the State Directorates of Industries were requested to lift such materials on the assurance that the supplies of billets would be continued to them. Relying on this assurance, such units lifted the materials. Now, in spite of the appreciable increase in the production of billets, it is unfortunate that no allocation has been made so far to the units registered with the State Directorates of Industries. The All India Steel Rerollers' Association has, therefore, asked that allocation of billets to the rerolling mills registered with the State Directorates of Industries should be seriously considered and they should be allowed to have supplies of billets in a reasonable proportion.

FLOUR MILLS

Complaint against F.C.I.

In a Press note issued recently, the Calcutta Flour Mills Association, (C.F.M.A.) has expressed concern that large amounts of money have been blocked with the Food Corporation of India on two accounts: first, the flour mills have made financial arrangements for monthly quotas of wheat allocated to them by the State Government but the F.C.I. has not been able to deliver adequate wheat. Secondly, they are being constantly pressurised to make financial arrangements on various other depots which clearly shows lack of co-ordination at the F.C.I. The finances of the flour mills have also been seriously affected by the uncompromising stand taken by the F.C.I. with regard to road transport charges for wheat transported from the various depots to the mills. According to the agreement reached between the F.C.I. and the flour mills, the former is required to reimburse the cost of transport of wheat from its depots to the mills. The F.C.I. has delayed reimbursement of road transport charges on the grounds that in terms of the recent agreement it would reimburse road or rail charges whichever is lower. In the case of the Calcutta mills, even though not one grain of wheat has been moved by rail from its local depots, the F.C.I. insists on reimbursement on the basis of rail freight. It is common knowledge that the railways do not provide wagons for short haulage. The C.F.M.A. has expressed concern that this

blockage of funds would have a very serious impact on the flour mills.

FERTILISER

Firm Import Policy Needed

To meet the crisis in agricultural production caused by the extensive drought and the damage to the *kharif* crops, the Government of India has decided to go in for large-scale imports of straight and complex fertiliser from all over the world. A high-level purchase mission led by the Central Supply Secretary, Mr. K. Ram, has just left for Tokyo. Reliable reports suggest India will not be able to procure more than 200,000 tonnes of urea (46 per cent) nitrogenous fertiliser from Japan this year while the country's requirement is much greater. An analysis of Indian purchases of fertiliser during the last decade shows that India not only goes for wrong type of fertilisers low nutrient types, like ammonium sulphate or calcium ammonium nitrate) from the world market but also enters it at wrong times thus pushing up prices. Purchase of low nutrient fertiliser also increases shipping and transport cost.

Over the years, the Central Ministry of Agriculture has developed preferences for D.A.P. (diammonium phosphate 18:46:0) type complex fertiliser under pressure of intelligent U.S.A.I.D. sales promotion campaign. Although American aid is no longer available and purchases have to be made in free foreign exchange, Krishi Bhawan still seems to prefer D.A.P. for unexplained reasons. In the last few years, a group of European fertiliser manufacturers has successfully promoted the A.N.P. (ammonitrophos) type of complex fertiliser branded as "suphala" in West Bengal and the adjoining States. Still, the bosses at the Agriculture Ministry are reluctant to order A.N.P. fertiliser from France and Germany. Following intense parliamentary questioning and pressure from the Petroleum and Chemicals Ministry, Government purchase teams abroad have now contracted for a limited quantity of European A.N.P. complex fertiliser. It may be mentioned that the proposed Haldia fertiliser plant will produce this type of complex fertiliser.

There is another undesirable aspect in the country's fertiliser shopping list. Most of the European manufactures produce N.P. complex with 33 per cent water solubility. But

without little scientific justification, the Agriculture Ministry demands 50 per cent water solubility of phosphate in N.P. complex while shopping in Europe. This naturally leads to demands for higher prices. As there is little prospect of increasing indigenous production to meet the ever-increasing demand, India is going to be dependent on massive imports for at least another six years. Considering this, it would be wiser to enter into a long-term (for three years, for instance) contract with foreign suppliers in the free world and in the Soviet bloc. That would reduce the price in comparison with annual purchases as foreign manufacturers will then be able to utilise their full capacities. A firm and bold fertiliser import policy should be framed at an early date in the long-term interest of the nation and its agriculture-dependent economy.

POWER

Planning for a Surplus

In his address at the seminar on power development held recently under the auspices of the Federation of Indian Chambers of Commerce and Industry, Mr. K. N. Modi, vice-chairman of Modi Enterprises, said that one could not expect a higher rate of industrial and agricultural growth when adequate and uninterrupted supply of power could not be arranged for the existing industries. For solving the problems of power the country must plan for a surplus, avoid breakdowns and fluctuations in the power voltage and should ensure that power is generated and distributed more economically. Power is such an essential input for industry, agriculture and essential services that the country must aim for surplus generation so that if there is any underestimation in demand or there are unexpected breakdowns or failure of rains, shortages can be avoided. The constraint of financial resources or lack of foreign-exchange should not come in the way of power development. The authorities must consider the import of more power-generating machinery from rupee payment countries as well as from free foreign exchange sources. The lack of foreign exchange should not come in the way of establishing new capacity or proper working of the existing plants. The main reason of power cuts by the State Governments has been the failure of hydro systems due to deficiency of rains. The dependence on hydro system should be reduced by developing more atomic

power stations and encouraging the installation of thermal stations.

WORLD BANK

Sectoral Review

The International Bank for Reconstruction and Development has announced the publication by the John Hopkins University Press of a book entitled *World Bank Operations: Sectoral Programs and Policies*. The volume analyses the World Bank Group's experiences in less developed member-countries in the areas of agriculture, industry, transportation, telecommunications, electric power, water supply and sewerage, education, population planning, tourism and urbanisation and outlines some of the prospects and problems involved. The authors, all members of the staff of the World Bank Group, note that "the malaise . . . in the developing countries is only too evident in the squalor of the rapidly growing slums and unauthorised settlements, the deterioration in many public services, the extreme shortage of housing, and the congestion in the streets. Less imme-

diately evident, but certainly no less important, are the growth of unemployment and the worsening of income distribution". The sectoral analyses in this volume were not originally intended for publication. But as stated in a preface by President Robert S. McNamara, "as the preparation of these papers has concentrated our thoughts on the lessons of our experience, and our plans for the future, their publication will be useful for all those who are engaged in development." Each review contains relevant statistical information on the economic sector, and the Bank's involvement therein.

U.S.A.

India's Export Prospects

Speaking at the Indian Chamber of Commerce in Calcutta recently, Professor J. H. Lindaur, a noted American economist, predicted dramatic increases in the near future in Indian exports to the United States. According to him, there are good reasons to expect that the ability of the Indian exporters to sell in the U.S.A. in the

future will not decline any further even if that country continues to stagnate. More importantly, it is quite possible that when the United States begins to climb out of its present stagnation, its present severe recession, Indian export sales there will rise dramatically—far more than is being estimated at the present time by Indian planners and firms with export sales orientation. Mr. Lindaur said it was up to the Indian exporters to capture some markets and increase their sales to the U.S.A. as a percentage of the latter's total purchases abroad. He expressed optimism that a dynamic growth was going to occur in the U.S. economy so that the lost ground could be made up. "Sooner or later, I think we are going to run far ahead of the other nations", he added. When such an expansion in the U.S. economy occurs, he said India and all the exporting nations are going to participate in a huge sales increase and such an increase in sales, he felt, is "absolutely necessary" for the United States to recover.

U.K.

Aid for Bangladesh.

Mr. Richard Wood, British Minister for Overseas Development, told the House of Commons recently that Britain had promised £9,000,000 for relief in Bangladesh and had committed about half of it. Mr. Wood, who was replying to a question on British aid to Bangladesh, added: "We are providing a wide range of items to restore communications, and employing a Singapore firm to remove the damaged spans of the Hardinge and King George VI railway bridges. The firm will also survey some of the sunken vessels which are obstructing navigation in the rivers, so that they can be salvaged. Apart from this relief, we have signed loan agreements for £4,800,000 in order to assist economic development in Bangladesh.

MONEY MARKET

Easier Trend

The short-term money market has been easier this past week. The call rate initially fluctuated between 4 per cent and 3½ per cent but towards the close, the rate has come down to 3¼ per cent with lenders over. The demand for remittances has been small. The supply of tea bills has been below average while that of gunny bills has been small. The pound-sterling has weakened against most major foreign currencies during the week.

A Ditcher's Diary

WHAT DID MR. SIDDHARTHIA Sankar Ray have in mind when he said in Burdwan last Saturday that some people were trying to overthrow his Government? Surely the Congress cannot be thrown out of office in West Bengal, and the allegation can only refer to some factional move by unspecified people. I have not heard of any such move; nor can I see how it can succeed. Mr. Ray was the obvious choice for the office of Chief Minister when the Congress swept the polls in March; and the political circumstances have not basically changed. I do not think that there is any point in speculating further on the subject; perhaps more relevant is Mr. Ray's assessment of his Government's performance during the first six months. The assessment, published as a Government advertisement in the Calcutta newspapers last week, is remarkably modest. It would be unfair to recall Churchill's famous comment in this context: when someone said that Mr. Attlee had the virtue of being modest Churchill readily agreed and added that, after all, the Labour leader had a great deal to be modest about. The West Bengal Government, too, may have much to be modest about, but it can justifiably claim that it was hardly possible to present a record of all-round achievement after the first six months. And it can take credit for a marked improvement in the state of law and order. It can also argue that if this improvement has not been accompanied by an up-

surge of constructive activity, this is largely due to the enormous complexity of West Bengal's accumulated problems. The Government needs to be judged more by the direction of its effort than by what it has or has not already achieved. Unfortunately, Government spokesmen, including prominent Ministers, started with extravagant claims and promises; it is curious to be told after six months that more has been done by this Government than was achieved under the United Front regime. Even if this claim is correct, it is quite irrelevant at this stage. It would be more pertinent to examine if West Bengal has already been put on "the road to recovery". There are not many signs of an economic recovery, perhaps not even the beginnings of an industrial revival. There seems to be some doubt whether the ruling Party is playing an entirely healthy rôle on the labour front; and prospective investors would like to be sure. And can one be encouraged to start a new industry when the existing units are so severely crippled by ceaseless "load-shedding"? These problems are unlikely to be solved by a peripatetic Cabinet. It is time for the Government to settle down, both literally and metaphorically.

IT WAS ONCE FASHIONABLE FOR communists to see a C.I.A. conspiracy behind every kind of trouble; Congress leaders seem to have acquired the habit with remarkable ease.

The thesis appears to be that whoever criticises the present Government is a C.I.A. agent. This apparently omnipotent agency would thus appear to have gained control of all ground both to the right and left of the Congress. The C.I.A. ought to be flattered. If it is responsible for every expression of discontent or every agitation over popular grievances, millions of Indians must be C.I.A. agents. The concept has a Dullesian simplicity. Even the Americans have stopped suspecting a communist plot at every trouble spot in the world; and neither the Russians nor the Chinese are any longer inhibited from doing business with the Americans by fears of "U.S. imperialism". But political clichés are never out-dated in India; and the most persistent of all clichés is "conspiracy". West Bengal's United Front Governments never stopped complaining of "the Centre's conspiracy" against them, and they seemed also to imply that the C.I.A. was somehow involved. The Congress now seems to suspect that not only parties like the Swatantra or Jana Sangh but also the Socialists and Marxist Communists take their orders from the ubiquitous American agency. Some of the wild charges would have been highly diverting if they had not been made by senior Congress leaders like Dr. Shankar Dayal Sharma. A statement made by the president of the ruling Party cannot be treated merely as an individual's personal opinion; and surely Mrs. Gandhi does not want such a statement to affect State relations in a manner she has no reason to welcome. But let me not be ponderous; it should still be possible to enjoy the whole thing as a joke. Apparently, Dr. Sharma does

EVOLUTION OF JOURNALISM

A CORRESPONDENT writes from London: The evolution of thought power and its effect upon the physical structure of the human brain is well described in a small book entitled *Man's Destiny*, by John Fiske. The evolution of the journalist, considered by the same method, affords an interesting study. The wider spread of education has provided more readers and more hunger for information. The reticence and exclusiveness of the family group, which characterised social relations in the day of unlettered self-sufficiency, have had to give way to the advancing demand upon the means of livelihood, and journalism has been spontaneously accessory to an evolution, which has had the double effect of supplying a growing appetite for information and opening up a wider field for profitable employment. Journalism is the advertisement of current events and has contribut-

ed to the fortunes of a rapidly increasing number since the days of Holloway's Pills. The expansion of advertisement has cheapened journalism and created in it a considerable political power, an evolution which is at present rather precocious. That is, there appears to be an overshooting of the mark when advertisement, to attract attention, aims more at sensation than at truth. The exaggerated form of advertisement is unfortunately not confined to trade. Exaggeration has become a marked feature in the advertisement of current events, so much so that there are probably not half a dozen journals in any country that confine themselves to simple truth in their relation of current political events. The emulation for popularity by means of sensationalism is one of the results of a democratic age, the process of levelling down, the appeal to the ignorant mob.

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not have much faith in our own security apparatus. He said in Calcutta last week that C.I.A. activities in India and Bangladesh were so obvious that he did not have to consult C.B.I. reports about them. Evidently, these activities are to be discerned in both "Right reaction and Left adventurism". Dr. Sharma seems to be fast picking up some familiar jargon; but I never thought that he was a darling of the Congress Left. In fact, the Congress radicals were particularly annoyed at his association with the recent inauguration of the Nehru Study Forum, which they consider decidedly "reactionary". Is he now trying to acquire some radical respectability? But ordinary people are tired of being told that all their problems are due to sinister plots by mysterious foreign agents.

SURELY ONE OF THE MOST WELCOME pieces of news for a long time is that John Masters is back again writing about India. As an incurable Masters enthusiast myself, I am looking forward to his latest book, *Raven Lancers*, the first he has written with an Indian theme for some years. It gather it is already in its second reprint, before it is even published, which must be gratifying for an author who was once told he was wasting his time because nobody wanted to read about India these days. Just how wrong can one be? Of course, Masters is something of a phenomenon when it comes to understanding this country and its people. Not even Kipling, in literary terms a much greater genius, has ever revealed quite the same empathy as Masters in all matters Indian. Yet one gathers from *A Pilgrim Son* Masters' story of how he went to the United States and became a writer, that his early efforts were regularly rejected because the publishers believed they would not sell. Apparently, *The Nightrunners of Bengal*, *Bugles and a Tiger*, and even *The Deceivers*, still my favourite, were all turned down by innumerable publishing houses on the ground that their subject was of little interest and the treatment outdated. A classical instance, you might say, of the experts not knowing their own business. In fact, the public loved them, which does not seem to have been the case with Masters' other books, notably his non-fiction ones. Now, it seems, he is being told that stories about Spain do not sell although in this case there is much evidence to prove it, namely, poor sales at the bookstalls. Personally I

have enjoyed many of Masters' non-fiction works; his *Road Past Mandalay*, in my opinion, is one of the best accounts of the war in Burma ever written.

THE WEAKEST POINT OF THE ENVIRONMENTALISTS' argument, it has always seemed to me, is their determination to link pollution inextricably with economic growth. It is something which throws doubt on their real motives, not to mention the soundness of their reasoning. I was reminded of this the other day while perusing the latest edition of the U.N. statistical year-book. The figures which struck me concerned the increase in industrial production in the developed world during the period 1958 and 1970. At the top of the league table, of course, was Japan, with an impressive 449 per cent and there is no denying the truth that this country's pollution problems have certainly grown on much the same scale. But looked at the other way round, the country at the bottom of the table, Britain, with only 48 per cent, has pollution problems which are scarcely less, and certainly not fewer in that proportion. It would just be untrue to say that because Britain's economic growth is the lowest of any industrialised country in the world, her environmental difficulties have been less than anybody else's. I think that the key to the pollution problem is really awareness. I think it is particularly important that we in India should grasp this point. It is worth while giving considerable attention to the need not to antagonise the international environmental lobby, which I feel is likely to grow larger and more vociferous in coming years. It should cost us little to tackle the

problem at source; and the dividends could prove well worth having.

WHAT HAPPENED TO FISH FROM Bangladesh? I have not seen any in Calcutta, nor do I know of anyone who has. Immediately after the December war, West Bengalis started looking forward to supplies from across the border. They were then told to wait for a formal trade arrangement. This was finalised several months ago; and since then there have only been periodic reports about the probable date on which the supply would begin. Even firm dates were announced, but the schedule has been repeatedly revised. The latest date, I believe, was last Monday; but, as far as I can see, Calcutta is still waiting. Indeed, the entire season has been a long and fruitless wait for the Padma *ilish*. Some prefer the Ganga variety, but this must be from a small stretch of the river near Calcutta; the river yields some *ilish* even in northern India, but the *cognoscenti* do not approve of it. Nor can one be ecstatic about what passes as hilsa in western India or on the shores of the Chilka; and what is available abroad as shad is a very poor relation indeed. But the Padma variety is uniformly good; indeed, most Bangladesh fish is superior to what is available in West Bengal. Some of my friends who visited Bangladesh immediately after liberation came back with stories of fabulous fish courses; but lately, I am told, there has been a relative scarcity even there, and the prices have risen considerably. As in almost every other case, all this is being blamed on India; indeed, as early as last March a friend of mine

was told in Dacca that fish had become scarce and expensive because of large-scale supplies to India. I wonder what kind of stories will circulate there if the supplies really start. It may not, therefore, be an altogether bad idea if we are kept waiting for ever; the price to be paid for Bangladesh fish may not be wholly in cash or goods. In any case, I doubt if supplies from Bangladesh will make any appreciable difference to the Calcutta markets. Not much may be left of the original quality after cumbersome and inefficient transportation; the volume is unlikely to ensure anything like plenty; and all prices have a habit of rising regardless of elementary economic laws. When the recent movement to bring down fish prices tended to drive the commodity out of the market, some people thought that both wholesalers and retailers would eventually be forced to resume business at lower prices. But apparently their staying power is greater than the consumers' capacity for self-deprivation. Fish is still in short supply, and the lowered prices which are responsible for the reduced supply are nowhere in force. The whole thing is decidedly fishy. I wonder if the young campaigners have learnt anything; but the general public may have learnt to be less passionate about fish.

"YOJANA BHAVAN" IN NEW DELHI was often sarcastically called "Sojana Bhavan" as it appeared to be in a somnolence in the days of Plan holiday. But under the leadership of Mr. D. P. Dhar, new Planning Minister, there is a feeling that it is waking up, although only slowly.

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Value Analysis: A Helpful Method for Cost Reduction

By M. V. R. Rao

Value analysis is an advanced cost improvement technique which is finding increasing use in production and distribution activities in different parts of the world. But unless the results of value analysis are put into practice, the expenditure incurred on such studies will only add up to production cost.

IN the world of competitive product marketing, the object of any firm is to maximise profit or at least to maintain the current profit level. By adopting cost improvement techniques, the profit can be maximised when the price is a constant factor or the current profit level can be maintained when the price is a variable factor. A programme of cost improvement involves a reduction in unit cost either by slashing down expenditure in relation to a given output level or by improving productivity of all the means of production, or by application of both the methods.

Value analysis is an advanced cost improvement technique developed by purchasing functionaries in the U.S.A., and now it has gained entry into all areas of production and distribution activities in different parts of the globe. In fact, manufacturers in advanced countries have welcomed this technique much more than any other new technological innovation, as they can stabilise their production and distribution activities by price cuts against cut-throat competitive world market conditions. They can even expand markets for their products by offering reduced prices. This is possible only when one can reduce the unit cost of production. The defence departments of these countries are also applying this technique, thereby economising huge amounts. Then what is this wonder technique?

The Scope of Value Analysis

Dr. Dean Ammer, an American specialist in value analysis, defines the technique as "the study of the relationship of design function, and cost of any part, material or service with the object of reducing its cost through modification of design or

material specifications, manufacture by a more efficient process, change in supply or possible elimination or incorporation into a related item". In simple terms, it is an organised attempt to identify unnecessary cost and to find ways and means to eliminate such costs. Value analysis is a planned and systematised study. This technique may be applied in large, medium or small organisations; the size of the firm or the manufacturing unit is not a criterion as long as the object is to save cost. Saving does not simply mean slashing down expenditure indiscriminately but is only a process of elimination of such of the expenses which are not necessary without infringing upon the quality and performance standards of the product.

As the object of the programme is to bring in considerable amount of savings in cost, a product which has high potential for savings shall be selected. A product or a sub-assembly will have a number of intricate parts or components. And every part or a component in a sub-assembly will have a particular function to perform in the main assembly. Such parts or components have some functional value in the main assembled product. For example, the cast iron stand in a non-rotating type of table fan has some functional value: a solid stand constructed to bear the impact of the rotary movement of motor, a place for the switch panel and a housing for the motor which drives the fan—all in one piece.

Superfluous Function

Then one can speculate which of the function of the stand is superfluous. Once it is decided that some part or component is really superfluous, it has to be thought of as to how to achieve the same functional effect by eliminating such a part. Even when a particular part is essential and is retained to form part of the sub-assembly it has to be considered whether such parts need all the features they have or whether some of them may be eliminated. A change in the design may help, but it must always result not only in re-

ducing the number of features of a part or the number of components but shall also bring about savings in the number of machining operations and a reduction in processing time. This results in a saving of labour cost.

In some cases a good but cheaper substitute material may have to be thought of. For example, in the electricity industry today, aluminium conductors are used where copper conductors were used as it is found that the former have almost the same physical and mechanical properties as the latter but are available at an attractive price differential. A change in the production process may also bring about a reduction in cost. Suppose two pieces of castings form one sub-assembly. If both can be casted as one single piece, there will be reduction in cost of casting, besides savings in labour and related cost of assembling of two pieces, say, by rivetting.

The Next Step

The next step is to collect the data pertaining to cost. It is necessary to ascertain what it costs to manufacture an item and how it is manufactured and whether it pays to manufacture it with bought-out components and so on. A speciality supplier may be able to supply components at a lower cost as it enables him to reach the full capacity of his plant and he spreads the fixed overheads over a larger number of units. But how far such a supplier is reliable has to be verified. The next step is to rank all the processes, materials and mixes in the order of their cost savings.

However, it is incumbent on the part of the value analyst to test all the alternatives in the light of performance, otherwise a change may prove harmful and the performance may not be satisfactory. For example, a substitute material may bring about substantial savings, but it will not be economical to use if it lacks performance value. After all, the object of value analysis is not to lessen the performance standards of components or of sub-assemblies, as such new designs, materials, parts, components, etcetera, shall be tested as for their reliable performance before being proposed as substitutes. Unless the result of value analysis is put into practice, the very object of this technique is defeated. It must be borne in mind that value analysis study also costs something to the firm and without its application, such cost adds up to the unit cost of the products manufactured.

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Appointment of Auditors: Will the Changes Proposed in Companies Bill be Helpful?

By M. R. Meher

The Companies (Amendment) Bill seeks to restrict the right of companies to appoint auditors of their choice. But frequent changes of auditors may give rise to many problems.

THE Companies (Amendment) Bill restricts the right of companies to appoint auditors of their choice. It provides that a retiring auditor, i.e., an auditor whose term of office expires on the conclusion of the next annual meeting of the company, shall not be appointed without the prior approval of the Central Government if he or the firm in which he is a partner has been the auditor of the company for three consecutive financial years preceding the year in which the annual meeting is held or ought to have been held and an application for such approval shall be made in such form as may be prescribed. By another clause, it is provided that in a company where 25 per cent or more of the subscribed capital is held by a public financial institution or a nationalised bank or a general insurance company, the appointment or reappointment of an auditor shall have no effect unless approved by the Central Government.

In the notes to the clauses of the Bill, it is stated that under the existing Act there is no restriction on the reappointment of the same auditor for a number of years. This has resulted in concentration of audit in a few established firms of auditors and has tended to create a close association between the auditors and groups of companies. Section 244 of the existing Companies Act provides that at any annual general meeting a retiring auditor shall be reappointed unless he is not qualified or is unwilling to be reappointed or a resolution is passed at the meeting appointing somebody instead of him or urging that he shall not be reappointed.

There has been for a long time a move by junior chartered accountants against the concentration of audit in a limited number of big firms. Some time back, a deputation of young

chartered accountants, led by a former president of the Institute of Chartered Accountants, submitted a memorandum to the President of India demanding an amendment of the Companies Act so as to lay down a ceiling on the number of audits that an auditing firm should be allowed to handle. It was stated that there were about 6,000 practising firms and that 20 per cent of them do audit of about 80 per cent of auditable transactions and this monopoly should be broken. There are obvious objections to laying down any such ceiling, since the quantity of auditing work that a firm can do efficiently would depend on the number of partners and their qualified assistants and staff. Besides companies differ in size, the volume of their transactions, number and location of branches, etcetera.

The proposed amendment seeks to achieve the aim in a less objectionable manner but the legislation may not have a marked impact on the distribution of auditing work since a company, after its auditing firm has completed a term of three years, could appoint another large firm as its auditors. In the case of other professions also, those who need their services have to be allowed to engage the men whom they consider most suitable. So companies also have to be allowed to engage the services of an auditing firm whom they consider most suitable having regard to the size and volume of transactions of the company and the standing and experience of the firm of auditors to be appointed. It has to be borne in mind that auditing does not consist in merely checking the accounts but also in seeing that the requirements of the Companies Act, taxation laws, etcetera are complied with. Companies and shareholders have no interest in creating a monopoly in the auditing profession. If the proposed amendment becomes law it is not likely that approval will ever be given by the Government to the continuation of an auditor of the company after three years in the case of large auditing firms. While the company may have to appoint

another auditor, it may find it necessary to continue to engage the services of the old auditing firm for income-tax and other matters.

It is true that in the public sector there is a system of rotation of auditors, but with a large number of concerns in the public sector it is feasible for the controlling authority for public-sector accounts to do this. It is, however, understood that in this respect public-sector companies and corporations have not the same advantage which concerns in the private sector have of continuing the auditor who is familiar with the circumstances of the company. Under the proposed amendment the auditing work of companies may suffer as they would not have the advantage of continuity and of the work being done by the auditors who have done their previous audits and have been familiar with the circumstances of the company and its modes of business, transactions and accounts. A new auditor may become fully familiar after one or two annual audits and he would then have to be changed after the third year. In fact section 244 of the Companies Act referred to above contemplates that normally there will be continuity in the appointment of auditors of a company. Furthermore, apart from the fact that senior auditors belonging to large firms have longer personal experience, such firms have adequate qualified and trained staff to cope with the heavy work of auditing large companies, which newer and junior auditors' firms would not have.

As for the statement in the notes to the clauses of the Bill that the present arrangement has tended to create a close association between the auditors and groups of companies, there is no evidence that the large and experienced firms of auditors which have a large number of audits are hand and glove with the boards of companies. On the other hand, they can afford to be more independent than small firms which work for two or three companies only.

On balance it would appear that the proposed amendment has disadvantages, while the aim of wider distribution of work among auditors is not likely to be achieved for the reasons given above. As in other professions, some come to the top with ability and experience, while some others lag behind and there are difficulties in providing distribution of work by legislation. However,

one possible way which might be considered is that a company which wants to continue its auditor after three years may be required to appoint an additional auditor. The other provision in the Bill that in a company where 25 per cent or more of the subscribed capital is held by a public financial institution or a nationalised bank or general insu-

rance company, the appointment or reappointment of an auditor has to be approved by the Central Government stands to reason and is unobjectionable. But even here the primary consideration in giving approval must be the interests of the corporation and not the provision of more work for juniors in the auditing profession.

A Plan for Educational Reform: Need for the Concurrence of States

(By a Special Correspondent)

The Centre has drawn up a comprehensive programme for educational reform. But it cannot be introduced without the concurrence of the State Governments.

THE Central Ministry of Education has prepared a comprehensive programme for educational reform, the main purpose of which is to help social transformation, promote economic growth and accelerate the nation's progress towards socialism. This is not the first time that this realisation has dawned on the Ministry. A national policy of education was evolved quite some years ago after a good deal of debate and discussion, but it has remained so only on paper. The excuse given by the Central Government for not being able to implement the national policy is that education being a State subject, the Centre has not been in a position to impress its views on the States. The Central Education Ministry thus knows fully well that any plan for educational development that it may propose must have the concurrence of the States which are expected to put it into force. In the absence of any eagerness on the part of the States to take the Centre seriously, it is doubtful whether an educational plan evolved by the Central Government has any meaning. However, this has not deterred the Education Ministry from preparing a grandiose plan for the development of education during the Fifth Plan period. The detailed financial implications of the programme constituting the plan have just been worked out and they envisage a total outlay of Rs. 3,200 crores.

As early as 1966, the Education Commission had emphasised in its report that the present educational

system needed radical changes if it was to meet the purposes of a modern democratic society—changes in objectives, in content, in teaching methods, in programmes, in the size and composition of the student body, in the selection and professional preparation of teachers, and in organisation. In fact, in the national policy of education that was enunciated two years later, all these aspects were incorporated. But in view of the fact that nothing startling did happen, the Ministry has once again made use of these documents to reiterate a fresh programme for educational development. The Ministry wants to transform the entire educational system since "it is essential to make education a powerful tool of social transformation, economic growth, modernisation and national integration". It is claimed that the policy to be formulated will lead to a radical transformation of the content of education accompanied by such related reforms as the adoption of improved methods of teaching and holding examinations.

But when one goes through the programmes actually outlined to achieve these objectives, one finds the same old prescriptions which means that nothing concrete is going to be achieved. For instance, it is said the inculcation of values should be emphasised at all stages and the cultural content of education needs much greater emphasis. It is difficult to understand what this means in real terms. The story of India's struggle against the British imperialism, the achievements of the post-independence period, the national objectives and programmes of development with special emphasis on popular participation and the problems that face the country in different fields are to be taught at all

stages, as part of education for citizenship, the courses being graded to suit the age and maturity of students. But one could pertinently ask whether this is the first time in the last 25 years that this realisation has come about. All this is being done in one form or the other and if an effort is made to understand what exactly is being done at present in various States, it would become clear that there is nothing new in what the Education Ministry has said. The real problem is as to why these have not been realised after several years of experimentation in this direction.

The Education Ministry emphasises that at the primary stage, the curricula should be closely related to the environment so that they appear relevant and significant to children. Programmes for work-experience related to the local development programmes will have to be included. It is also said that improved teaching of languages, science and mathematics should be emphasised. It is common knowledge that during the last 15 or 20 years, the entire programme for education in the States has been revised and redrawn. Text-book committees have been set up by the State Governments and a lot of work has been done to bring out new text-books with a new content and a new sense of purpose. And, if now the Education Ministry says that the curricula should be revised to attain certain objectives, it only means that the performance in this direction has been tardy, halting, slow and purposeless. The Ministry should have concentrated on evaluation work and help the States to improve the position instead of starting *de novo* the whole process of educational reform.

The Ministry has in its programme talked eloquently about what should be done for the restructuring of courses at the under-graduate stage. It says that the first degree should provide broad general education with three components. The first component is an awareness of the world around the students, a sense of values, and a commitment to the ideals and practical goals which the country has set for itself. This implies, according to the Ministry, a knowledge of human affairs at the level of individual, society and history, the main elements of philosophy, fine arts and literature. The second component is the promotion of communication skills which implies training in language, speech and writing; and the third compo-

ment is an academically-oriented study of some selected subjects. At the post-graduate stage, greater emphasis will have to be placed on promotion of research and on a symbiotic combination of teaching and research.

All this makes fine reading but is it not expecting too much from any State Government? Why should a student know all about everything? If the basic aim is to turn out good students, all that should be done is to improve teaching methods, reform the examination system, provide textbooks at the right time and make educational institutions places which will attract students. In any case, words are no substitute for action. The programme outlined by the Education Ministry is full of clichés. It will serve no purpose unless there is willingness to follow up the programme by vigorous action. No one will have a quarrel with the Education Ministry when it proposes to improve the quality of education in the country. In a vast country like India where the number of school-going students is very large, quality is bound to suffer.

It is for the Central Government to start model institutions in every State at all levels which will cater to the more intelligent sections of the student community. Such institutions will give an opportunity to the brilliant students to learn better. In other words, excellence will have to be promoted and this can be done only when special institutions are started for the talented young persons. The Central Government has a plan to start model secondary and primary schools in all districts. This is a welcome move and if it is taken to its logical conclusion, there will be special autonomous institutions in the universities also. In fact, the Centre will do well to concentrate on this aspect of the problem.

Another significant aspect that will have to be taken note of is the strengthening of the administrative machinery. The plan envisaged by the Education Ministry has allotted Rs. 33 crores for this. It is proposed to establish a text-book printing press in every State for which Rs. 20 crores have been allotted. If, as envisaged, a total allocation of Rs. 3,200 crores is made available in the Fifth Plan, the annual expenditure on education will increase from 3.2 per cent of the national income to 4.5 per cent. If to this is added the expenditure on educational programmes incurred by other Ministries, the total educational

expenditure may come up to about 4.7 per cent of the national income. This will have to be in keeping with the decision to increase educational expenditure to 6 per cent of the national income by 1985-86. An important aspect that will have to be

considered by the Central Education Ministry is the making of education a Concurrent subject. Now that the States in the country are mostly under the Congress rule, it should not be difficult to persuade the Chief Ministers to agree to this.

Liberal Licensing: The Best Way of Achieving Industrial Growth

By M. S. Dabke

The Government's unimaginative licensing policy has been largely responsible for the sluggish industrial growth. And things will not improve unless it decides to issue industrial licences more liberally.

SOME time ago, the Prime Minister, Mrs. Indira Gandhi, strongly defended the grant of industrial licences to some large business houses. She plainly told the Rajya Sabha—while replying to the debate on the President's address—that the granting of such licences was necessary because the medium and small sectors were not inclined to come forward. Denial of licences to the larger industrial houses in such a situation would hit production, Mrs. Gandhi concluded. By these forthright observations, she apparently sounded a note of warning that if poverty were to be removed, production could not be allowed to suffer merely because of certain political dogmas. Mrs. Gandhi's statement naturally led one to believe that realism would at last guide the Government's industrial policy.

The Central Planning Minister, Mr. D. P. Dhar's recent dialogue with leaders of industry was encouraging. As Press reports suggest, Mr. Dhar told the F.I.C.C.I. delegation that the Government was keen to ensure that production increased side by side with social justice. The implication of this stand is that while the Government will encourage production, it will not countenance any concentration of economic power or dominance by big business houses. Although the social responsibility of business could not be altogether denied, the key rôle in ensuring social justice must be assigned to the Government itself, because it is the Government that has the huge and complex machinery and all the powers to do so.

Although Mr. Dhar is reported to have shown understanding of the problems faced by industry and the solu-

tions suggested by the representatives of the F.I.C.C.I., the Central Minister for Industrial Development, Mr. C. Subramaniam, it is learnt, kept virtually quiet during the dialogue. Normally, his silence should have served as a warning to those who made a case for speedier licensing—a case that had quite a few convincing points and considerable relevance in the present situation of a slow-down in industrial production. Probably, the F.I.C.C.I. delegation felt itself braced up by the pragmatic approach shown by the Prime Minister and hence did not take a particular note of Mr. Subramaniam's silence.

Coming close on the heels of Mrs. Gandhi's statement and Mr. Dhar's dialogue with the F.I.C.C.I., the recent statement of Mr. C. Subramaniam before the Forum of Financial Writers gave a severe jolt to the climate of confidence that had started generating slowly in the industrial field. What in essence Mr. Subramaniam said was that pending the completion of studies in progress on the concept of joint sector and reformulation of the Industrial Policy Resolution, the policy of liberal licensing launched a few years ago was being given up. What could possibly be the reason behind Mr. Subramaniam's somersault? Is it because he has now become the captive of his own dogmas? Or, is it that the rift within the Cabinet ranks has found public expression through Mr. Subramaniam's statement? Whatever may be the reason, if what Mr. Subramaniam has said is correctly reported, there is a distinct change for the worse in the Government's policy.

One could readily concede that industrialists do not ask for liberal licences on philanthropic motives. But sheer common sense prompts one to feel that perhaps at no other time in the economic life of the country was the need for liberal licensing greater than it is today. Announcing that the era of liberal licensing had ended, Mr.

Subramaniam told the Forum that some means were being found to utilise the capacity of larger industrial houses. Constraints imposed by foreign exchange and raw material shortages expected, liberal licensing would be essential even to utilise the installed capacity of a number of industries because capacity utilisation beyond a certain point needs a licence. It is not clear as to how Mr. Subramaniam could be tight-fisted about licences and, at the same time, ensure maximum utilisation of existing capacity. Secondly, Mr. Subramaniam gave a pat on the back of the younger generation of industrialists. If, as said by Mr. Subramaniam himself, the younger generation is more progressive in its outlook, certainly he should consider it worth while to maintain a *status quo* pending the completion of the study on the concept of the joint sector.

The imperatives of the situation hardly affords any other option. The very fact that industrial production has been either stagnant or sluggish for some time now would make the policy-makers sit up and think of ways of issuing licences more speedily. Moreover, according to Mr. Subramaniam's own admission, the capital goods sector is sluggish and this has hampered the growth in other sectors too. By its very definition, the capital goods sector is capital-intensive. Few industrial houses—most of them falling under the category of large industrial houses—have the financial capacity and the managerial capability to enter into this arena and succeed. Hence, the slow growth of production in the capital goods sector too underlines the need to liberalise licensing.

Thus, on every count, it appears necessary to continue the liberal approach adopted a few years ago and to improve upon it. One need not go to the other extreme to suggest that industrial licensing should be altogether scrapped. At the same time, there is need to be liberal in a much wider area. The incomplete study on the joint sector need not haunt the policy-makers. The concept of a joint sector was first mooted by the Industrial Policy Licensing Committee as early as 1969. The Government has already wasted three years finalising its views on it. Let that study take its own time. In the mean time, let licensing be as liberal as possible. To make the black sheep among industry behave, the Government has adequate executive and fiscal powers. There is a need to evolve a clear-cut industrial licensing policy that should ensure greater industrial production which, in turn, would help achieve social justice.

New Industrial Policy

(From Our New Delhi Correspondent)

One of the major points that has emerged from the State Industries Ministers' conference in New Delhi is that the Centre will soon announce a new industrial policy. The main purpose of the new policy will be to remove all uncertainties in the industrial sphere.

A CONFERENCE of State Industries Ministers followed by a meeting of the Small Scale Industries Board in Delhi last week brought out the entire industrial situation in the country in all its perspective. The timing of the two meetings could not have been more appropriate, for the discussions and the conclusions arrived at will find a place in the formulation of the Fifth Plan as far as industrial development is concerned. Two major points that emerged from the meetings were that a new industrial policy would soon be announced which would end "uncertainties" in the way of fresh investment, and that, as far as the small-scale sector is concerned, there would be an immediate survey of the existing industries, the requirements of raw materials and the demand position in the country so that the expansion of this sector could be accomplished within the framework of the overall economy.

The talk of revising the Industrial Policy Resolution of 1956 has been in the air for some time now but it was only at the State Industries Ministers' Conference that the Central Minister for Industrial Development, Mr. C. Subramaniam, publicly admitted that the recent take-over of some industries (Indian Iron and Steel Company, for instance) had led to uncertainties and that a "definite and clear-cut" policy to remove all doubts was necessary. Mr. Subramaniam no doubt justified the take-over of I.I.S.C.O. but he pointed out, particularly to the so-called radicals who are against any revision of the policy, that it was the existing industrial policy that had led to the emergence of the larger houses and concentration of economic power. A revision of the

policy was, therefore, all the more necessary. The main ingredients of the new policy, according to Mr. Subramaniam, were a clear demarcation of the areas meant for the public sector, enunciation of the joint sector with a view to making use of private expertise and resources in line with the Government's socio-economic objectives and, lastly, the rôle of the private sector with particular reference to the large business houses. The same applied to foreign companies as well.

Mr. Subramaniam said many other things which went to confirm that the industrial situation was really bad. First, industrial production would be significantly short of the Fourth Plan target. Although the licensing policy was being blamed for it, the hard fact was that unutilised capacity existed in many industries due largely to raw material and power shortages, transport bottlenecks and disappointing industrial relations. As a result, prices had risen beyond the "tolerance limit" and the only answer was production and more production.

The conference was not intended to discuss the industrial policy of the country, but specific issues like the employment of engineers, development of backward districts and the rural industries project. These were the concern of the States in the sense that they felt the need for quick answers to all these issues. A discussion on them brought out three or four broad features. One was that the Hindi-speaking region (U.P., Rajasthan, M.P. and Bihar in particular) harped on subsidy for the development of industries. But the more progressive ones like Mysore, Maharashtra and Gujarat were more concerned with the availability of funds. It cannot be said that the Industries Ministers' conference or the Small Scale Industries Board found answers for the many issues they discussed. But they certainly identified the problems and heard from the Centre what it could do to solve them. In that sense, the two conferences were both a necessity and a success.

Uttar Pradesh: A Big State Makes Tardy Economic Progress

By Indra Dev Gupta

Because of long negligence, the economy of Uttar Pradesh presents a dismal picture. Both the Centre and the State Government should join hands to lift U.P. from the economic morass.

UTTAR Pradesh, which accounts for one-sixth of India's population, is one of the most backward States. Its *per capita* income which in 1950-51 at Rs. 259.6 (at 1948-49 prices) was 5 per cent higher than the national average of Rs. 247.5, was lower by 20 per cent at the end of the Second Plan at Rs. 245.9, compared with Rs. 310 for all India (at 1960-61 prices). The *per capita* income of the State declined further to Rs. 227.6 in 1966-67, compared with the all-India average of Rs. 313.1—a shortfall of 27 per cent. While the national income, on average, increased by 5.8 per cent, that of U.P. has grown at an annual rate of 2.5 per cent only. Similarly, the all-India *per capita* income, on average, has increased by 2.1 per cent but that of U.P. has risen by only 0.7 per cent.

According to the latest national sample survey of 1969-70, the *per capita* monthly expenditure of 6.4 per cent of the population in U.P. was Rs. 15 and 54.9 per cent had its monthly expenditure ranging from Rs. 15 to Rs. 34; 27.3 per cent was in the range of Rs. 34 to Rs. 55 and only 11.4 per cent had more than Rs. 55 as its monthly expenditure. It has also been estimated that in U.P. about half the number of families incurred a maximum *per capita* consumption expenditure of Rs. 31.41, and in 90 per cent families the *per capita* monthly consumption expenditure was Rs. 64.97.

In a study on inter-district and inter-State income differential in 1955-56 relating to 289 districts of the country, the N.C.A.E.R. found that of the 29 most backward districts with a *per capita* income of Rs. 146, as many as 11 were in U.P. In another group of 29 districts with the *per capita* income between Rs. 147 and Rs. 173, 11 were in U.P. Thus Uttar Pradesh had 22 of the 58 poorest districts of the country in 1955-56.

Even today the position is almost the same.

The *per capita* Plan outlay and the *per capita* Central assistance have also been much lower for Uttar Pradesh, compared with other States. The State's economy is primarily agricultural as about 75 per cent of the total workers are employed in agriculture. Agriculture generates about 56.3 per cent of U.P.'s income. Although agriculture is the main occupation of the people living in U.P., not all is well on the farm front. Despite a large and rich alluvial tract in the Gangetic plains with a net sown area of 58.6 per cent (of the total reported area), as against 44.8 per cent of the national average, U.P. had to import food. However, in recent years there has been a substantial rise in agricultural production but that is due more to the area under cultivation than to an improvement in productivity. The absence of irrigation and power facilities, small uneconomic size of holdings, erosion, lack of agricultural education, defective cropping pattern, inadequacy of farm machinery, god fertilisers, pesticides, etcetera, shortage of credit, and inadequate warehousing and marketing facilities are some of the major causes of unsatisfactory agricultural productivity.

As for industrial development, there has been very little progress due to the basic shortage of iron and coal in U.P. Industry contributed only 10.2 per cent to the total income of the State in 1960-61. Even after eight years, the share rose only to 11.5 per cent. The only industrial activity on a large scale has been in sugar and textile. According to the N.C.A.E.R. study, the absence of basic minerals and entrepreneurial class are the main factors inhibiting the industrial progress of the State. And now, the shortages of power can be added to the list of adverse factors.

Financial institutions too appear to have ignored U.P. The Industrial Development Bank of India invested in U.P. only 4.7 per cent of its total investment during the period

1964 to 1968. In the case of the Agricultural Refinance Corporation, the percentage for U.P. up to 1968 comes to 3.1. The Industrial Finance Corporation invested in the State only 7.2 per cent of its total investment during the period 1948 to 1968. While U.P. contributed 7.9 per cent of the total deposits in commercial banks, its share in the bank credit was 4.1 per cent in 1967. Out of a total investment of Rs. 9,000 crores in the country's private sector as a whole in the first three Plans, an investment of Rs. 680 crores or 7.6 per cent is estimated to have been made in U.P.

Uttar Pradesh has been particularly unfortunate in respect of entrepreneurship. It must be admitted that entrepreneurship does not grow and flourish everywhere. It is largely confined to certain areas and communities. But if the Government creates a proper economic climate; there is no reason why entrepreneurs will not be attracted to backward areas. In fact new entrepreneurial classes—small, medium and large—can be attracted if only adequate facilities and incentives are provided. Unfortunately the industrial and fiscal policies of the State have not been conducive to entrepreneurial ventures.

The State lags behind in infrastructural development. As for the rural electrification programme, 12,926 villages or only 11.5 per cent of the villages in the State were electrified by March 1969, as against 72.1 per cent in Kerala, 62.1 per cent in Tamil Nadu, 23.2 per cent in Mysore and 22 per cent in Haryana. By end-March 1971, 20,719 villages in the State were reported to have been electrified. At present, only one-third of the net cultivated area is irrigated in U.P. In 1951 the figure was 28 per cent. This shows that even after 20 years of planning, the spread has been far too small. It highlights the need for investment in power-driven pumps. Besides, natural calamities cause havoc to the crops. Some concrete steps are required to remedy this situation.

There is thus an urgent need to widen and strengthen the industrial base of the State. And here the State Government should give the lead. It should not hesitate to impose agricultural income-tax on the rich farmers to raise the resources needed for the State's economic development. Furthermore, there is a strong case for more Central assistance for the State in order to ensure a balanced regional development.

The Relationship of Management with Research and Development

Dynamic Management — Research and Development. By M. Srinivasan. (Published by Somaiya Publications Private Ltd, Bombay. Price Rs. 45, pages 324.)

For a pretty long time since the industrial revolution, the factories and offices had been headed by individuals or groups of individuals who performed the managerial functions in the light of the knowledge and experience available to them. But with the passage of time, companies grew larger and larger in size which gave rise to the problems of organisation, supervision, etcetera. It was beyond the capacity of the owners to perform a multitude of functions that management imposed on them. Gradually the functions were transferred to managers who were employees of the company. Thus, management became a function distinct from ownership. And today, management plays a very important rôle in the economic activities in any country of the world and, as such, management study is assuming greater and greater significance along with the scientific development and sophistication of the means of production and the channels of distribution. Research and Development have also a great bearing on dynamic management.

The author has discussed in details the different aspects of management and its relationship with research and development in three parts. In the first part he deals with management. The second part is devoted to research and development and his conclusions are summed up in the third part. The book will be of great help and interest to the students of institutes of management and research scholars.

H. R. Bose

The World of Tea

The World Tea Economy. By Goutam K. Sarkar. (Published by Oxford University Press. Price Rs. 25, pages 237.)

The book is a useful addition to the literature on tea, its worldwide

consumption, production and export problems. Being a valuable foreign exchange earner for a number of countries, most of whom are underdeveloped, a broad-based economic study on tea is always relevant. The Indian context, however, is not brought out with clarity, considering that tea has a pivotal position here servicing a growing domestic demand and earning valuable foreign exchange (about 10 per cent of the total annual earnings). Comprising eight chapters and an epilogue, the book begins with a survey of production and consumption and ends with a discussion on long-term policies.

Indian readers interested in practical economics will miss the detailed reference to likely changes in patterns in the mid-seventies; export today comprises roughly 50 per cent of Indian production, with the United Kingdom remaining the single largest buyer of Indian tea. Like other products exchanged in the market place what the U.K. does in future would be important for not only tea-growers in India but also in Sri Lanka, Kenya, and Indonesia. China might suddenly decide to bid for the export market, and this could cause repercussions on Indian exports. In the peculiar situation in the world today one could not rely exclusively on international agreements and stabilised prices, and every country will have to actively promote increased consumption, may be at the cost of other beverages. That living standards alone do not promote tea consumption is seen from the growing coffee habit in Punjab and Haryana which have the highest *per capita* income in India. This might have relevance to other countries also.

As the book was intended to be an economic study, comments on marketing of Indian tea would have been well justified, especially when tea is the most industrial of India's agricultural crops, sensitive to new farm technology and industrial norms of productivity; this means capital intensity through heavy investments in working capital, housing, credit and the constantly increasing costs of packaging, machinery, fertilisers and

pesticides. A return of 8 per cent or 9 per cent today is more a rule than an exception, and must be regarded as low compared with other industries, some of which do not earn as much foreign exchange. Yet there is the constant need for rehabilitation, research, and product development. How to find the money for the latter would have been a fit subject for inclusion. Another visible gap in Mr. Sarkar's thesis is the future rôle of marketing channels in India and overseas. Tea has its peculiar and specialised culture and financial problems in terms of costs as well as markets; these cannot be brushed under the carpet of international regulations. To some countries like Sri Lanka, exports are a life and death problem, but not so to India. Is the country heading towards a state where in the 'eighties it shall consume all its tea (as well as jute) and give up reliance on exports? This particular aspect also needed a discussion in detail.

S. B.

Company Law

The New Frontiers of Company Law. By S. S. Sen. (Published by Eastern Law House, Calcutta. Price Rs. 40, pages 423.)

On company law, many books have been written. This one is not just another book. The emergence of the modern corporations in the wake of the natural development of the industrial revolution has been described in a precise manner. The serious controversy as to whether law should essentially follow and not lead social thinking or whether it should create new norms in a changed social context has been brought out by the author. How the older concept that law was found and not made yielded place to the new concept that law purports to regulate the new norms of social behaviour has been stressed by the author with special reference to the corporate sector in an economy. The author tries to prove that existence of a fact in a society is ultimately recognised in law of that society.

The changes in corporate laws through the ages have been discussed against the history of social and religious evolution. The influence of monopoly on corporate laws has also been stressed. In this context, the

references to the East India Company and the "South Sea Bubble" are interesting. At the conclusion of the discussion on corporate laws, the position of the corporate sector in the Soviet Union has also been discussed. It is shown how in Marxist concept, the old corporate sector has reappeared in a new form. The law on Government companies has been discussed in Chapter XIV. The views of Indian and foreign experts have been brought out in these discussions. It has been also shown how judicial, ministerial, parliamentary and public controls are exercised on these companies, especially in India.

There are discussions on oppression, misconduct and reliefs. Chapter XVI discusses winding up by courts. The grounds for winding up have been given with proper elucidations in respect of their applications. Chapter XVII highlights the various aspects of workers' participation in management in West Germany, U.K., U.S.A. and India. The chapter on monopolies and trade practices in many countries is stimulating and thought-provoking especially in the context of Indian conditions.

A. C. MUKERJEA

Pre-industrial India

Kin, Clan Raja and Rule. By Richard G. Fox. (Published by Oxford of California Press, California, U.S.A. Review copy received from Oxford University Press, Mercantile Building, Calcutta. Price Rs. 40, pages 187.)

The Centre for South and South East Asia Studies of the University of California has sponsored a number of studies dealing with India's socio-political problems. The one under review is the latest addition to the series of publication of this centre. Pre-industrial India has always been a matter of interest for investigators and research scholars, since it presented a peculiar relationship between the State and the hinterland, and between a region and a locality. The present study by Mr. Richard G. Fox is based on the premise that historical investigations looking beyond the local community can answer many anthropological questions about social institutions and social processes in complex societies like that of pre-industrial India.

In the chapter on "Ethnographic Uses of the Past", the author rightly stresses that if anthropology in complex societies is to study the linkage between the local and the larger society, then history is a necessary ingredient. Here he has described the peculiar feature of the pre-industrial agrarian States. The next four chapters, namely, "Clan Raja and States", "The Cycle of Rajput Lineage", "Kinship and the State", and "Community and States in Northern India", deal with various interesting social, political and economic features of the regions. The study is supplemented by maps and charts, wherever necessary. A good bibliography on the subject is another attraction of the book.

V. SHOBHA CHOPRA

Company Meetings

Company Meetings and Resolutions. By C. R. Dutta. (Published by Eastern Law House, Calcutta. Price Rs. 30, pages 373.)

This is a comprehensive book on different types of meetings conducted in connection with the management of a company. The rôle of the company secretary including his appointment and dismissal has been discussed. In Chapter II the author discusses board meetings. In this connection, the questions of periodicity of meetings, issuance of notice (objection thereto and contents thereof), and of agenda have all been discussed in detail. The quorum for meetings and the absence of it have also been dealt with. Other points covered include proxy, delegation, constitution of board, and passing of resolutions. All these complicated points have been discussed in a very simple language.

Chapter III discusses statutory meetings. This chapter is very useful and the points discussed herein are of frequent use in the management of the corporate sector. The next chapter deals with annual general meetings. This chapter is expected to be of much help for those who are concerned with this aspect of management functions. Chapter V discusses extra-ordinary general meetings and chapter VI requisitioned meetings. Chapter VII discusses another important and new type of meetings held following Section 106 of the Companies Act, 1956. This is the shareholders' class meetings.

These meetings relate to a particular class of shares, such as ordinary shares and equity shares. The limitations and restrictions in this connection have also been discussed. The following other subjects have been covered in detail: (a) compromises and arrangements with their limitations and restrictions, (b) meetings of members and creditors' voluntary winding up; (c) debenture holders' meetings; and (d) liquidators' meetings of creditors and contributories.

A. C. MUKERJEA

Kothari's Directory

Kothari's Economic and Industrial Guide of India 1972. (Published by Kothari and Sons, 20 Nungambakkam High Road, Madras 34. Price Rs. 85.)

The twenty-ninth edition of this publication shows a distinct improvement over the previous one. Since it is not merely an investors' guide but also covers the entire range of industrial and economic progress in the country, it has appeared under a new title to signify the change in coverage. A complete revision of the book has been made, eliminating the redundant information and adding new data. It contains the usual reviews of the major industries and numerous statistical tables.

Investors' Guide

Bangalore Stock Exchange Investors Guide. (Published by Bangalore Stock Exchange Ltd, Indian Bank Buildings, Kempegowda Road, Bangalore 9. Price Rs. 15.)

The publication gives comprehensive information about the majority of companies listed on the Bangalore Stock Exchange as well as other stock exchanges in India. The areas covered are the management, capital structure, objects, latest abridged balance-sheets, and working results for the last five years of the leading companies. The book also includes particulars about Central and State Government loans, agricultural income-tax, estate duty, schedule of income-tax, wealth gift tax, besides important Government notifications. There is also a note for investors and a write-up on balance-sheet. The book will be of immense use to investors.

TAXATION

Need for an Effective Education Programme for Taxpayers

By C. R. Thiagaraja Varma

Many honest assessee often fail to fulfil their tax obligations because of their lack of awareness of tax laws and procedures. It is, therefore, necessary to introduce an effective taxpayer education programme for developing tax consciousness among the assessee.

IN a developing economy like ours there is a continual expansion of economic activity and with increasing opportunities to grow, more and more people and enterprises come within the scope of taxation. The tax administration, has in the context of a growing tax-paying population, necessarily to depend to a large extent on their voluntary compliance with the tax laws. The greatest need of the hour is to generate tax consciousness in the minds of public to ensure that tax laws are complied with as an act of civic consciousness. These observations of the Central Finance Minister, Mr. Y. B. Chavan, form part of his inaugural address at a seminar on taxation held in Delhi recently. True, planned education and assistance programmes can go a long way in generating tax consciousness. Such programmes, if well executed, will naturally result in good public relations between the tax collector and the taxpayer.

It is doubtful whether the principle of "ignorance of law is no excuse" can still be justifiably applied in the context of the complicated tax laws. The response of a taxpayer decreases in direct proportion to the complexity of the procedures he has to go through. Complicated procedures repel tax compliance and many assessee with a sincere and honest desire to fulfil their tax obligations find it difficult to go through the prescribed procedures. This leads to default and default instils a fear driving the assessee to the fold of tax evaders. The situation can be remedied to a large extent, with the help of taxpayer education and assistance programmes.

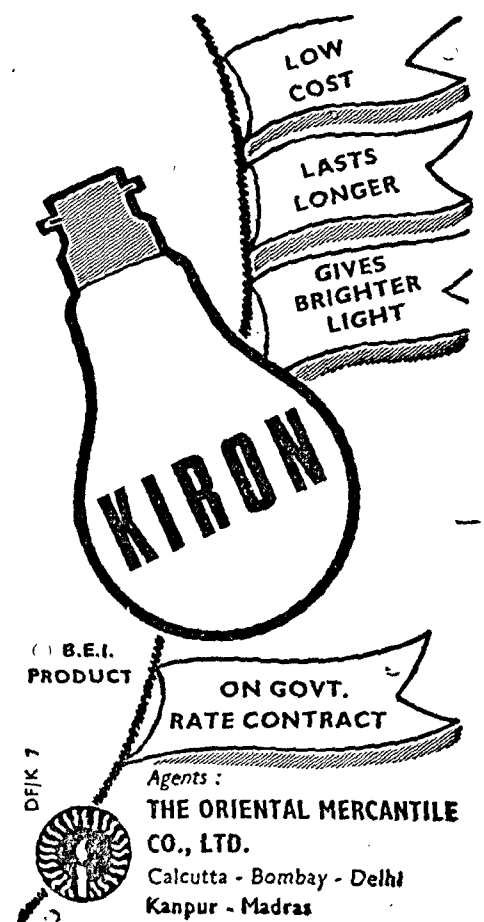
Every committee or commission which enquired into the functioning

of the tax administration in India has emphasised the importance of good public relations. The Wanchoo Committee has strongly recommended the intensification of public relations campaign and taxpayer education and assistance programmes. It was right when it said that the "lack of finance can at best be only an excuse. It is the taxpayer's money that supports and runs the Government and any money spent on providing them reasonable facilities cannot be considered as waste of public funds." A well-planned taxpayer education programme will feed the taxpayer with a sense of responsibility. It will explain to him the necessity of a particular tax. He will be psychologically equipped to overcome the artificial fear towards tax matters. The education will bring to the notice of the taxpayer the obligations cast on him by the statutes, the concessions and incentives provided therein, the conditions that have to be satisfied to avail them and the penalties for not complying with the statutory requirements. Such a programme will also increase the confidence of the taxpayer in tax authorities and smoothen the tax administration. He will become an alert citizen with a better understanding of moral obligations towards tax matters.

The Wanchoo Committee has admitted that the efforts made in this country in the direction of taxpayer education and assistance programmes have so far been only rudimentary. In all progressive countries, considerable thought, effort and money are being spent on a well-developed taxpayer assistance programme. It is high time the Government in this country drew up suitable tax assistance programmes. The publication of a series of tax guidance pamphlets, each focussing attention, in as simple and non-technical language as possible, on the different direct tax laws is a proper step in this direction. Such literature should bring out clearly the tax obligations and rights of different classes of taxpayers. Of course, the Income-tax Department has brought out publications like *Income-tax for*

Layman, and *Gift Tax for Layman*, but unfortunately they have not received adequate publicity. Some of them are now out of date due to the plethora of amendments.

In fact, the working group of the Administrative Reforms Commission on Direct Taxes Administration has urged the Department to bring out revised editions and to publish small booklets explaining particular aspects of the law and the rules which may be of assistance to the taxpayer. These booklets should be published not only in Hindi and English but also in all regional languages and must be available to each assessee at the beginning of the year in a folder modelled on the lines of the "Business man's Kit" issued in the U.S.A. Forms of return of income and such other forms as are to be filled in by the taxpayer may also be placed in the appropriate folder of the kit. A paper jacket can also be prepared and issued giving prominently the various due dates which an assessee has to keep in mind for complying



The Working of Banks and S.F.C.s: Report of the Ramanujam Group

(By a Banking Correspondent)

The Ramanujam Group set up by the Reserve Bank has made some important recommendations for toning up the working of the State Financial Corporations and banks. But will they be implemented?

THE recommendations of the Reserve Bank's Working Group on State Financial Corporations (S.F.C.s) under the chairmanship of Mr. K. N. R. Ramanujam of the Reserve Bank, which were published recently, are aimed at three important aspects of the working of the S.F.C.s: (i) to expand both their resources and scope for lending, (ii) to demarcate their line of activity, and (iii) to improve their competitiveness as well as profitability. The S.F.C.s have suffered from keen competition from the public-sector banks, Central and State institutions like the National Small Industries Corporation, small industries development corporations in many States, etcetera. The Reserve Bank from time to time has tried to expand the scope of operations by allowing them to finance many new industries like hotel, transport, and public-sector units.

The working group has suggested further expansion of their lending activity by recommending that the ceiling limit on loans and advances by the S.F.C.s to private companies (proprietary and partnership) should be raised from the existing Rs. 10 lakhs to Rs. 20 lakhs, and that they should be allowed to finance servicing and repairing workshops and consultancy services, which are not at present included in the list of eligible industries. The group has further suggested, like the earlier study group, that the total of loans and loan guarantees sanctioned to a unit should not exceed Rs. 30 lakhs in the case of a company or a co-operative society and Rs. 15 lakhs in the case of other types of concerns.

However, in the case of individual loans to public companies and co-operative societies, the group is oppos-

ed to raising the ceiling limit of Rs. 20 lakhs for two reasons. First, more finance to public companies and co-operatives would reduce the availability of funds for the small-scale industries sector and, secondly, there are many all-India financial institutions catering to the credit needs of more than Rs. 20 lakhs for bigger units. It is rather difficult to understand the logic behind the group's opposition to the raising of the loan limit of Rs. 20 lakhs in the case of public companies and co-operatives, because the group itself has raised the total of loan and guarantee limits to Rs. 30 lakhs in the case of public companies and co-operatives and a ceiling on loan limit from Rs. 10 lakhs to Rs. 20 lakhs in the case of private companies, which might also cause diversion of funds from the small industries sector. Here, another flaw is noticed: when the ceiling on loan limit in the case of private companies is to be raised from Rs. 10 lakhs to Rs. 20 lakhs, how can the group fix the total of loan and guarantee limits at Rs. 15 lakhs?

The reluctance of the working group to raise the ceiling of Rs. 20 lakhs on loan limits to public companies and co-operatives could perhaps be explained by the fact that the group seems to be keen on making the S.F.C.s a more effective and prominent agency for financing the small industries sector. The group has fixed the target for S.F.C.s' lending to small units at two-thirds of their total disbursements during the remaining period of the Fourth Plan, instead of about half of the assistance given at present to this preferred sector. It is pertinent to point out that it is particularly in this field that the S.F.C.s face keen competition from the public-sector banks.

The S.F.C.s together had assisted only 6,818 units with outstanding loans of Rs. 32.13 crores at the end of March 1970 compared with 81,380 units with outstanding to the tune of Rs. 369.5 crores by the public-sector banks as on 30th June, 1970. The group seems to have realised that it is asking the S.F.C.s to plunge in a

they are already facing keen competition from banks, because the group has further stressed that "since the long-term credit needs of small units cannot be met by S.F.C.s alone, financial assistance to a limited extent will have to be provided by commercial banks, the N.S.I.C. and others." As regards this competitive aspect, it is reported that an expert panel has been set up to consider the areas of co-ordination between banks and the S.F.C.s.

In respect of the third aspect of augmenting the resources of the S.F.C.s, the group has made a number of recommendations such as liberal I.D.B.I. credit, raising of the ceiling limit on term borrowings from the Reserve Bank, and issue of bonds of shorter maturity at a lower cost. The group has made two more interesting recommendations—the S.F.C.s should be allowed to create a special class of capital bearing no obligation for payment of a minimum dividend to be contributed entirely by the State Governments, the Reserve Bank and the I.D.B.I. and, secondly, the State Government, Reserve Bank, and the I.D.B.I. should forgo the dividend on their shareholdings in the S.F.C.s, the amount being credited to the special reserve fund of the S.F.C.s. In fact, the second suggestion is not a new one for it is worth pointing out that in order to share the losses incurred on opening new branches in rural areas by the State Bank of India, an Integration and Development Fund has been created out of the dividends due to the Reserve Bank.

As for the suggestion of creating dividend-free capital for the S.F.C.s, it is necessary to remember that the banks are at a greater advantage as they derive nearly one-third of their resources in the form of interest-free current deposits. The group's suggestion is also fully justified by the fact that the enlargement of the S.F.C.s' lending operations would certainly involve greater risk, and adversely affect their profitability. It is only hoped that unlike the Talwar Committee's report which was submitted in January 1972, the Reserve Bank would soon implement the recommendations of this working group and pave the way for the S.F.C.s to fulfil their twin objectives of fostering the development of small-scale industries and initiating industrial development of backward regions.

with the various provisions of law. As recommended by the Wanchoo Committee, during the return filing period and when advance tax instalments fall due continuous message should be carried to the taxpayer about the due dates and the errors to be avoided in filing returns. Here, one should compliment the Department for issuing Press notes reminding the taxpayers about the due dates for advance tax payments, etcetera. As in the U.K., a special pamphlet titled *Paying Tax for the First Time* can be published in this country also for the guidance of the new and prospective assesseees.

In addition, publication of periodical public information bulletins as are published in New Zealand drawing attention to executive instructions issued by the Central Board of Direct Taxes and rulings emanating from the courts will also prove very useful to the taxpayer as well as to tax administrators in keeping themselves abreast of current developments. In view of the importance of this type of publication work, the Wanchoo Committee has recommended the creation of a separate cell in the Directorate of Publications and Public

Relations for drawing up taxpayer education programmes and bringing out attractive brochures and publications which should be regularly updated. The committee has suggested that officers posted in public relations organisations should be given an orientation training course. It should be remembered that mere publications will not help if wide publicity is not given about their availability.

In addition to publications, the taxpayer education programme can take other forms also. In the U.K. a school scheme has been introduced to help schools to teach the students about taxation before they join the ranks of taxpayers. In this country also such a scheme can be introduced. Again, tax educational centres can be established to provide regular personal guidance to taxpayers. Refresher courses, seminars and symposiums can be organised to enlighten taxpayers on frequent amendments. The media of television, radio, feature films, news reels, exhibits, and display can also be made use of to spread tax education. A system of giving advance rulings is also one form of taxpayer assistance. Coun-

tries like the U.S.A. and Sweden are successfully trying this scheme. Advance rulings are an excellent device for fostering and encouraging the self-assessment system (to which the Government of India is committed) and would contribute to good relations between the administration and the taxpaying public. An advance ruling is a statement in writing to a taxpayer from the prescribed tax administering authority which interprets and applies the law and regulations to a specific set of facts and states a conclusion as to the tax consequences of that particular transaction.

Opinions differ as to the utility of a system of advance rulings and its introduction in this country. However, the Wanchoo Committee has rightly recommended that the Central Board of Direct Taxes should be authorised to give advance rulings, on payment of a prescribed fee, on specific cases referred to it. For this purpose, the committee has suggested the formation of a self-contained unit in the Board which would include officers of the rank of commissioners. Such rulings issued under the authority of the Board would be binding on the Government in the particular case only. However, it will not bind the taxpayers. If the rulings have general application and do not reveal confidential or secret information the Department would do well to publish them for the benefit of all. That will be again, another form of taxpayer education. In conclusion, it may be stated that tax advisors and assessing officers have also got a crucial rôle to play in the area of taxpayer education and assistance.

PEOPLE AND PERSONALITIES

Mr. D. J. Phillips has been appointed chairman of International Nickel Ltd. He succeeds Mr. P. J. R. Butler, who is retiring after 35 years with the Company. Mr. Phillips will combine the office of chairman with his present position of managing director and chief officer.

Mr. Raunag Singh, president of Bharat Steel Tubes Ltd., was elected the new president of the Federation of Indian Export Organisations at the elections held in New Delhi last week. He succeeded Mr. Narielwala, who had been the founder-president for last seven years.

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Task before the West Bengal Tourism Development Board

(By a Special Correspondent)

It is not enough that the reconstituted Tourism Development Board should give its advice to the Government only when it is asked to do so. The members of the Board will have to take a great deal of interest and initiative in promoting tourism in West Bengal.

IN August this year the Government of West Bengal announced the reconstitution of the Tourism Development Board. With Mr. Tarun Kanti Ghosh, Minister of Commerce, Industries, and Tourism as the chairman, the Board consists of 34 members. It includes representatives of the chambers of commerce, Air-India, Indian Airlines, railways, Government of India, travel agents association, hoteliers and restaurants association, automobile association and the newspapers. The function of the Board is to recommend the measures necessary to promote tourism in West Bengal. It will give special attention to the development of places of tourist interest within the State, transport, publicity, accommodation, and recreational and other facilities.

But the Board has been made rather unwieldy. There is no reason why there should be as many as 34 members. A smaller and a more compact body would have been desirable. The Government's notification, announcing the reconstitution of the Board, says that it will meet at least twice a year. If so, the Board will hardly be able to make any impact on the promotion of tourism. It is essential that it should meet at least every two months. It is not enough if the Board just gives its advice to the Government only when it is asked to do so. The members of the Board should take a keen and lively interest in the development of tourism and should show a great deal of initiative. West Bengal's tourist potential is enormous. Its proper exploitation will give considerable impetus to the growth of the State's economy and the creation of more employment.

The Government of West Bengal is reported to have drawn up several

schemes worth Rs. 25 crores for the promotion of tourism in the State. The objective is to attract not only the affluent but also the middle income groups, especially students and youths. It is proposed to divide the State into four zones, namely, Calcutta and its neighbourhood, Darjeeling, Kurseong, Kalimpong and the Terai regions, places of pilgrimage, and the rest of West Bengal. For Calcutta the schemes envisage the construction of a multi-storied five-star hotel, an amusement park, a floating restaurant on the Hooghly, a wax museum, an open air zoo, steamer trips to the Sunderbans, development of bird sanctuaries, and helicopter services to show the tourists round the city. Other proposals include facilities for various types of games in Darjeeling, construction of hotels in Siliguri, Farakka, Raigang and Asansol; development of places of pilgrimage; and holding an annual festival during the Pujas.

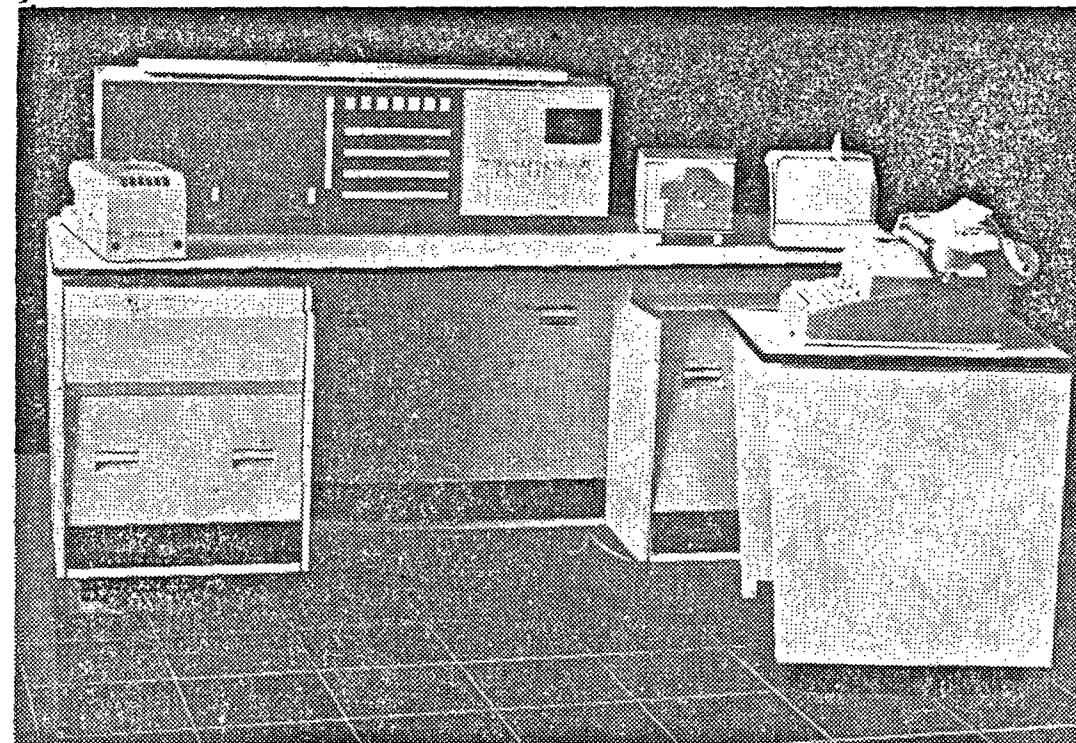
Before finalising the above schemes the Government of West Bengal should consult the Tourism Board as well as other organisations interested in the subject. The viability of the projects should be critically examined before investing in them. For example, does Calcutta really need another multi-storied five-star hotel when many of the existing hotels are finding it difficult to attract an adequate number of customers? Will it not be more desirable to build hotels to cater to the tourists of the middle income groups? Again, will it be economical to run helicopter services to show the tourists round the city?

In any programme to develop tourism, it is important to give high priority to measures to keep Calcutta clean. Despite the efforts of the Calcutta Metropolitan Development Authority (C.M.D.A.) and the supercession of the Calcutta Corporation, things have not improved much. Many important areas of Calcutta remain filthy while the inadequacy of transport and other essential services continues. Therefore, unless immediate and effective measures are taken to improve the civic conditions in Calcutta, attempts to tempt tour-

ists by expensive publicity programmes are unlikely to produce the desired effect. The West Bengal Government's efforts to develop tourism will produce better results if an attempt is made to enlist the co-operation of the other States in the eastern region. Orissa, Bihar, Assam, Nagaland, Manipur and Tripura have also vast and varied tourist attractions. It will, therefore, be in the interest of all the States in the eastern region to co-operate actively in a vigorous drive to develop tourism. There is already a regional tourist committee for the eastern region. It has so far held four meetings when problems relating to publicity, accommodation, travel and transport and hotels were discussed. The Government of West Bengal should effectively implement the committee's recommendations relating to this State.

It seems unfortunate that while West Bengal has been making serious efforts to promote tourism, some actions of the State Government are likely to discourage the flow of tourists. For example, Calcutta's hotel industry has expressed concern at the imposition of the West Bengal Entertainments and Luxuries (Hotels and Restaurants) Tax Act, 1972. It is stated that this tax is likely to affect the business of hotels and restaurants, many of which have already suffered from the economic stagnation and the deterioration in the law and order situation. The hotel industry in West Bengal needs positive incentives for development, such as financial assistance in various forms, help to procure building materials, prompt availability of telephone and telex connections, and electricity at concessional rates.

The proposal of certain political parties to start a civil disobedience movement to protest against the people's grievances is likely to affect the promotion of tourism. West Bengal's effort to promote tourism in a big way will succeed only if the political parties co-operate. The Chief Minister, Mr. Siddhartha Sankar Ray, would do well to enlist the support of the Opposition parties. Meanwhile, the Government of India should intensify the publicity campaign in foreign countries to promote tourism with special emphasis on West Bengal and the other States of the eastern region. The Tourism Board should satisfy itself that West Bengal is given its due importance by the Central Government not only in the matter of publicity but also in the allotment of funds for the promotion of tourism.



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Factors Responsible for a Shortfall in Engineering Exports

By K. S. Ramachandran

The Engineering Export Promotion Council has listed the factors responsible for the shortfall in engineering exports during 1971-72. While the Government can be blamed on certain grounds, the industry would do well to undertake a thorough self-scrutiny.

NOW it is known that engineering exports during 1971-72 have been of the order of Rs. 135 crores, against the target of Rs. 175 crores. The Engineering Export Promotion Council has also brought down the target for 1972-73 from Rs. 210 crores to Rs. 175 crores. In 1970-71 too, the export achievement was only Rs. 116 crores, compared with the target of Rs. 140 crores. These are in contrast to the excellent results achieved during 1968-69 and 1969-70.

Among the reasons listed by the E.E.P.C. for the shortfall in exports are the stoppage of shipments to Egypt, shortage of steel, blocking of funds with the Joint Plant Committee, dislocation of shipments during December 1971 and increase in ocean freights. Out of these, to be fair to the Central Ministry of Steel, it must be said that the steps taken to facilitate an adequate supply of steel have been both comprehensive and quick. Import licences and release orders for steel issued together under the usual import policy and the Government's Public Notice No. 140 were for a total import of steel worth Rs. 206 crores by the end of December 1971. Subsequently the Government announced its decision to have a "steel bank" and has now followed it up with a policy of bulk import of steel. Supply is now to be made available to engineering exporters at either the world price or that fixed by the Joint Plant Committee, whichever is lower. But, as representatives of the engineering industry pointed out at the last meeting of the Iron and Steel Advisory Council, allocations made by the Steel Priority Committee were often delayed and as a result, an engineering unit's requirement for a particular quarter was recommended by the Committee for a much later period.

Even earlier, many engineering units had questioned the usefulness of the Joint Plant Committee, exasperated as they were by its bureaucratic ways of working. As their representatives confess, liaison with the Committee, the branch sales offices of steel plants and the plants themselves was proving to be a costly affair and the smaller consumers often found it cheaper to buy their requirements in the "black" market. The experience with the Steel Priority Committee has not been any better. Therefore, in the engineering industry, the feeling is growing that while in respect of domestic steel, consumers should be free to make purchases directly from the steel plants, in the case of imports, supplies should be made straight to the consumers and not routed through Government canalising agencies. But it is now certain that the Government would neither do away with the two Committees nor exempt steel from canalised import.

Thus, while the consumers should keep pressing the Government to improve the working of the Committees and to arrange for supply at the lowest possible price, which would mean that funds need no longer be blocked with the Joint Plant Committee under a reimbursement scheme, the steel plants should concern themselves with the task of raising their present rate of capacity utilisation to the international average of 90 per cent. As for the other factors referred to by the Council, the Government's capacity for corrective action may be quite limited and the engineering exporters might be wasting their time if they continue to harp on the problems facing them.

The industry itself has a lot to do in improving its position and in this context, one cannot help mentioning certain facts which might show the industry in a poorer light than it perhaps deserves to be. The value of India's engineering exports is still only a fraction of the annual international trade in engineering goods which is put at Rs. 4,800 crores. Also, few engineering units in the country have realised that curtailment of imports is as good as exports and the industry's contribution

inadequate.

The country's import of engineering goods during 1969-70 was as high as Rs. 573 crores, of which non-ferrous metals and prime steel together accounted for Rs. 145 crores, although machinery items contributed a massive Rs. 393 crores. While the Government's somewhat weak-kneed policy relating to import of technical know-how has certainly been responsible for the large import of machinery, part of the blame must rest with the engineering enterprises themselves. Most of them have often advocated the use of their own products in preference to imports, but they are not always ready to try indigenous substitutes of machinery and other materials required for their manufacturing operations.

With the present emphasis on self-reliance, the engineering industry should begin to view import substitution more seriously than it has done before. Besides, it is also time for the various units in the industry to undergo a thorough self-scrutiny, covering the cost structure, operational techniques in use and productivity of the labour force. There is need for such a scrutiny considering that quite a few enterprises often find themselves in a condition suggestive of financial difficulties. Even in the procurement of steel, sometimes what mattered was whether the interested buyers could find the necessary amount of ready cash to make the purchases. Although it is true that the nationalised banks are now offering less credit to engineering companies, which do not come under the category of "sick mills", and the chairman of the State Bank of India recently advised them to rely less on bank advances, it needs to be said that they do not always plan the allocation of resources judiciously. Even units with a high record of sales and profits frequently face an acute shortage of funds either due to an excessive transfer of their current receipts and the bank credit for their expansion programmes or a large provision for current expenses. The practice of keeping a portion of the bank overdraft for meeting emergency demands is still far from common.

Much care in resources allocation is now called for, considering that the Government is unlikely to accept the recommendations of the Wanchoo Committee on Direct Taxes relating to the removal of the surtax and lowering of the maximum rate of income-tax, which alone could encourage a large flow-back of corporate profits for expansion purposes.

INVESTMENT

Talk of Curbs on Profits and Dividends Disturbs Operators

THE stock markets have continued to present an uneasy look this past week. They displayed pronounced weakness initially with the equity price index touching a new low for the year. Later the markets have turned a little steadier and in the rally that has followed, most of the earlier losses have been made good and quite a good number of shares have managed to wind up the week with plus signs. The volume of business has continued to be on a restricted scale and outside participation in the markets has shrunk to modest proportions. It was the Central Labour Minister, Mr. R. K. Khadilkar's statement that the Government had decided in principle to impose curbs on company profits and dividends which touched off considerable anxious selling. Since profits and dividends have a very important bearing on the outlook for equities, any kind of freeze there is sure to undermine investors' confidence. Nothing could be worse than this at a time when there is an urgent need to stimulate investment in order to accelerate the pace of growth.

The markets also take a bearish view of the Government's decision to step up the minimum bonus from 4 per cent to 8.33 per cent, irrespective of whether a company is earning profit or incurring losses. Whatever the merit of a higher minimum bonus, it is bound to impose an additional burden on many units and seriously affect their margins. The stock markets do not share the view that an enhanced bonus will lead to industrial peace. Trading sentiment during the week has also been unsettled by reports that the Congress panel had recommended a ceiling of Rs. 5 lakhs for urban property for each family. If strictly enforced, such a ceiling can have serious repercussions which are not all too easy to assess.

In their depressed mood, the stock markets have paid little attention to corporate news which has been quite encouraging on the whole. The recovery during the latter part of the week has essentially been technical. Lower levels have induced short-covering as well as replacement buy-

ing. Moreover, offerings have tended to dry up at lower levels. Sentiment has also been helped by the statement of the Central Minister for Industrial Development, Mr. C. Subramaniam, that the new industrial policy which the Government is busy formulating would end all uncertainties by clearly defining the rôles of the private and public sectors as well as the joint sector. The markets have taken some satisfaction from the fact that the Minister has conceded that the takeover of some companies like Indian Iron has created an uncertainty in the minds of industrialists which is coming in the way of fresh investments. This has been interpreted as an indication of the Government's desire to revive investment activity which is necessary for achieving an accelerated pace of industrial growth. The stock markets are still in an indecisive mood and the undertone remains soft. No important recovery seems likely unless the economy begins to show more positive signs of improvement.

Gilt-edged securities have attracted small selective interest and turnover has remained restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has been restricted.

The Calcutta stock market has remained erratic this past week with alternate bouts of buying and selling. As a result, turnover has remained restricted. The most disturbing news which has upset sentiment is the talk of fixing a ceiling on profits and dividends. The Government's decision to raise the minimum bonus from 4 per cent to 8.33 per cent has also depressed operators. Among engineering shares, Britannia Engineering, Bihar Alloys, Simon-Carves and Gontermann-Peipers have improved. Among jute shares, Birla, Kanknarah and Ganges have been supported. Among coal shares, Bengal, Pench Valley, Amalgamated and Rewa have been transacted. Among paper shares, Orient have eased while Straw Products and Titagur have been done. Among miscellaneous shares, Hindustan Alumi-

nium, Chemicals and Fibres, Ruby General, Mohan Meakin Breweries and India Tobacco have been supported. Among tea shares, Bishnauth, Dibrugarh and Assam Brook have been traded.

Dalal Street started the past week on a shaky note. Fears of restrictions on corporate profits and dividends led to nervous bull liquidation and some bear selling which pushed many counters to new low levels for the year. Later the market has developed a hardening tendency on short-covering and selective buying induced mainly by technical considerations and has wound up the week with a mixed price pattern. Cotton mill shares have fared the best and have recorded fair net gains on reports that the industry is enjoying a spell of prosperity it has not known for years. Even the sick units run by the Government are now earning profit. Good mills are doing really fine. Century Mills' higher interim dividend, although widely anticipated, has been well received. All the popular counters have been well sup-

COMPANY REPORTS

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

Anil Steel
Assambrook Estates
Brooke Bond
Burma Mines
Ceat Tyres
Chemicals and Plastics
Gontermann-Peipers
Graphite India
Guest Keen Williams
Hindustan Sanitaryware
India Tobacco
Jaipur Metals
Jardine Henderson
Kunal Engineering
Larsen and Toubro
Mettur Beardsell
Punalur Paper
Punjab National Bank
Standard Motor
Supreme Industries
Swadeshi Mills
Tacalemit (Hind)
Tanfort Tyes

ported. Rayons too have displayed a steadier tone and early losses have been recovered fully. Steel shares have remained subdued for want of support. Engineering shares have been slightly easier. Voltas, Tata Engineering and Larsen and Toubro have registered modest losses. Hindustan Motors have improved a little while Premier Auto have been slightly subdued. Chemicals have displayed a steadier tone with Indian Dyestuff, Gujarat Fertilisers and Zuari Agro-Chem recording fair gains. N.O.C.I.L., Chemicals and Fibres and Synthetics and Chemicals have ruled a little easier. Shipping shares have kept distinctly firm on steady support. Among tyre shares, Ceat have recorded a good rise on an optimistic assessment of the Company's prospects. Miscellaneous counters have made a mixed showing but net changes have been confined within a narrow range.

The Madras stock market has remained quietly steady this past week. In the planting section, business has been done in Coorg Tea and Lingapur. Ossoor have been supported while Vaikundam have receded on selling pressure. In the textile section, Coimbatore Cotton and Vasanta have gained. In the miscellaneous section, Ashok Leyland have improved while Mettur Chemical and Amalgamations Repco have also been transacted. Among other shares in this section, Binny have been firm while there has been stray business in India Forge. In the sugar section, Aruna Sugar have slightly declined while E.I.D. and Deccan have re-

mained unchanged. In electrics, South Madras have received investment 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	23/70—24/30—23/70—24/00
Burrakur Coal	4/44—4/44—4/00—4/00
Dunlop India	26/35—26/85—26/00—26/05
Guest, Keen, Williams	31/50—32/45—30/05—30/40
Hindustan Motors	6/65—6/90—6/65—6/75
Indian Aluminium	30/55—31/00—29/85—30/35
Indian Cable	20/95—21/10—20/70—21/00
Indian Copper	2/36—2/40—2/34—2/36
Indian Iron	6/00—6/15—5/90—6/00
J. K. Cotton	6/80—6/80—6/80—6/80
Jaipur Udyog	9/30—9/45—9/20—9/30
Jayshree Tea & Industries	15/00—15/00—14/81—14/87
Kesoram Industries	18/00—18/10—17/55—17/75
Orient Paper	33/60—33/85—32/55—32/80
Orissa Cement	18/00—18/15—17/69—17/90
Rohtas Industries	3/95—4/15—3/90—4/15
Textile Machinery	7/95 8/10—7/90—8/00—

Punjab National Bank Achieves All-round Progress

IN their report for the year 1971, the directors of Punjab National Bank say that its performance was gratifying in every sphere of activity. (Fuller details of the report were published in last week's issue of *Capital*.) Deposits have risen from Rs. 443.9 crores to Rs. 537.2 crores, recording an increase of about 21 per cent. The bank has introduced a number of new schemes for deposit mobilisation. Special deposit mobilisation cells have been established in certain potential centres to mop up savings of the people and canalise them to the organised sector. Loans and advances amounted to Rs. 341.9

crores, against Rs. 303.2 crores, registering an increase of Rs. 38.7 crores or 12.8 per cent. The lower percentage of increase in the credit expansion of the bank has been in keeping with the general trend in the banking industry as a whole during 1971-72. Loans and advances to the priority sectors have risen from Rs. 46.5 crores to Rs. 58.3 crores and the number of loan accounts in these sectors has increased from 35,385 to 44,907. Efforts made by the bank to meet the credit needs of farmers appear to be encouraging. The outstanding loan accounts in respect of small-scale industries have increased

from Rs. 12.7 crores to Rs. 15.7 crores, showing an increase of 23.5 per cent.

The export business handled by the bank has registered an increase of about 39 per cent over that of the preceding year. Extensive credit facilities have been granted to manufacturers of woollen hosiery for export. Credit assistance has also been given to other commodities such as jute manufactures, hides and skins, textiles, sugar, cement, manganese ore and sport goods. The survey of all the 28 districts allotted to the bank under the lead bank scheme has been completed. Some 262 unbanked centres have been identified for opening new offices for providing banking facilities. As for branch expansion, the bank has opened 99 new offices in 1971. Of these, 71 are in rural centres having a population of 10,000 or below. The working results of the bank have shown a significant improvement over the previous year. The gross income at Rs. 39.1 crores is higher by Rs. 6.9 crores or 21.4 per cent, compared with the increase of Rs. 5.3 crores or 19.8 per cent in the previous year. The net profit, after making the necessary provisions, has amounted to Rs. 245.2 lakhs, against Rs. 214.0 lakhs.

STANDARD MOTOR

Dividend Skipped

THE annual report of the directors of Standard Motor Products of India Ltd for the year ended March 1972 says that in July 1971, the factory undertook the manufacture of bodies on Standard 20 chassis with a view to offer Standard 20 as a complete commercial vehicle-station wagon, pick-up van, minibus and ambulance. It is stated that one commercial vehicle body is equivalent to three-fourth of Herald in terms of Standard man hours. After the reopening of the factory, the Company faced considerable difficulty in procuring components. The target for the year was 2,750 Herald and 1,000 Standard 20 chassis. The actual production was 1,922 vehicles. Out of the total loan of Rs. 1 crore applied for by the Company from the Industrial Development Bank of India, the total amount so far made available is Rs. 45 lakhs. The directors have not recommended any dividend on ordinary and preference shares. The loss for the year amounts to Rs. 5.08 lakhs after providing Rs. 27.56 lakhs for depreciation which includes Rs. 25.24 lakhs relating to prior

years. Adding to the loss of the year a deficit of Rs. 40.08 lakhs brought forward from the previous year and Rs. 1.05 lakhs transferred to development rebate reserve, there is a total loss of Rs. 46.22 lakhs which is carried forward. It is said that the working has improved in recent months with a steady demand for Standard 20 vehicles and better results are expected for the current year.

TANFORT TYRES

Share Offer

TANFORT Tyres, which is setting up a plant in Bangalore for the manufacture of tyres for scooters, motor-cycles and light vehicles in the first phase—with prospects of manufacturing car and truck tyres in subsequent stages—is likely to come to the market on 4th October to raise Rs. 28 lakhs in equity and preference shares to meet part of the cost of its project. The issue which is fully underwritten and is being offered at par consists of 220,000 equity shares of Rs. 10 each and 6,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The project cost, estimated at Rs. 70 lakhs, is proposed to be met by the share capital of Rs. 50 lakhs and a loan of Rs. 20 lakhs from the Mysore State Finance Corporation. The promoters and the Mysore Government have subscribed Rs. 22 lakhs in equity shares. The balance is being offered for public subscription. Production of scooter and other tyres envisaged in the first phase is expected to commence by December 1972. In the first year of production, sales are expected to be around Rs. 1.20 crores, rising to around Rs. 1.60 crores in the second year. The management hopes to be able to declare a maiden dividend for 1974, the second year of operations.

ANIL STEEL

Good Business Prospects

ADDRESSING the Press in Calcutta on Monday the chairman of Anil Steel and Industries Ltd, Mr. S. N. Khaitan, has said that he anticipates a good response from the investing public to the Company's share issue. In order to obtain a licence, especially where considerable foreign exchange is required, the Company had to satisfy the Government that there is an actual demand for the product, which is now wholly

imported. The production programme as mentioned in the prospectus is, according to the Government's investigation and licence, a very realistic one.

The chairman said that his studies indicated that the business of Anil Steel would be a profitable one. Three leading financial institutions of the country have examined in great detail the basis on which the Company has estimated the minimum profitability. The underwriters have likewise made a study of the Company's project and they too have expressed their confidence in the future of the Company by underwriting the entire capital offered for public subscription. The chairman firmly believes that the Company's shares will prove to be a good investment.

The Company's production should encourage the development of certain sections of industry. The production of hardened and tempered strips indigenously will open up new export

possibilities because indigenous industries have so far been unable to compete in export areas because of the lack of such strips. Trial production should begin about a year from now and the Company will go into full commercial production as soon as the inevitable minor troubles have been ironed out.

GUEST KEEN WILLIAMS

Interim Dividend

UP to 1966 it was the custom of Guest Keen Williams Ltd to declare an interim dividend on consideration of the first six months' working. This practice was discontinued when the Company went out of the dividend list in 1967 and 1968. The directors have now returned to the earlier practice and have declared an interim dividend of Re. 1 a share. For the first six months of 1972, the unaudited accounts of the Company show sales of Rs. 27.34 crores and a profit of Rs. 4.70 crores before deduction of depreciation and tax.

PUNALUR PAPER: ATTRACTIVE SHARE OFFER

PUNALUR Paper Mills, which is engaged in the manufacture of speciality papers like sack kraft, abrasive base, match paper, cable insulation paper and various other chemically impregnated and treated packing and wrapping papers and has a record of good progress to its credit, is expected to enter the market early in October to raise Rs. 1.52 crores, through the issue of equity and preference shares at par, to meet part of the cost of its expansion programme. The proposed expansion, which will raise the Company's capacity from 12,500 tonnes to 33,000 tonnes a year, is estimated to cost Rs. 6.06 crores of which Rs. 4.23 crores will be spent on machinery. The imported component of machinery is valued at Rs. 2.26 crores. The foreign exchange requirements have been fully covered by loans from the I.C.I.C.I. and the I.F.C. and by a cash licence under U.K./India Capital Investment Loan of Rs. 35.50 lakhs. Apart from the foreign exchange loan of Rs. 2.26 crores, the cost of the project is being met by the proposed share capital of Rs. 1.52 crores and internal resources of

about Rs. 2.28 crores. The expansion programme is expected to be completed by 1973-74.

The Company has been doing very well. Its working results for 1971 showed a gross profit of Rs. 58.29 lakhs on a turnover of Rs. 2.38 crores. According to the preliminary figures for the first seven months of the current year (January to July), sales are placed at Rs. 1.42 crores and the gross profit at Rs. 27.94 lakhs. The dividend of 10 per cent paid for 1971 was covered nearly five times. Barring unforeseen circumstances, the directors expect to declare a dividend of 10 per cent from 1972 onwards on the entire capital, including the new equity capital. The Company hopes to be able to make a gross profit of Rs. 3.52 crores a year after the completion of the expansion programme. The proposed capital issue which is being made at par consists of 1,016,000 equity shares of Rs. 10 each and 50,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. The public issue will be fully underwritten.

GRAPHITE INDIA

Setback Suffered

GRAPHITE India Ltd has suffered a setback in its working for the year ended December 1971. The downward trend in the profitability is due to various factors, such as labour unrest, frequent power interruptions and, last but not least, the steep rise in the cost of major raw materials, spares and services over which the Company has no control. Sales have declined from Rs. 4.06 crores to Rs. 3.98 crores and the profit has also dropped from Rs. 93.74 lakhs to Rs. 44.87 lakhs, after providing Rs. 30.01 lakhs (against Rs. 28.70 lakhs) for depreciation and Rs. 33.75 lakhs for development rebate reserve. A taxable ordinary dividend of 15 per cent has been declared, against 5 per cent for the previous year. This offers a yield of 5.9 per cent at the present price of Rs. 25.50 a share of Rs. 10 each. General reserve is allocated Rs. 44.83 lakhs (against Rs. 86.20 lakhs). After making other adjustments there is a carry-forward of Rs. 24,493, against Rs. 21,158 brought in.

JARDINE HENDERSON

Sales Up but Profit Down

THE working of Jardine Henderson Ltd shows disappointing results for the year ended March 1972. Despite an increase in sales from Rs. 6.50 crores to Rs. 15.70 crores, the pre-tax profit has declined from the previous year's Rs. 15.68 lakhs to Rs. 12.13 lakhs, after providing Rs. 1.54 lakhs (against Rs. 1.73 lakhs) for depreciation. The ordinary dividend has been skipped but the usual preference dividend has been paid which absorbs Rs. 2.50 lakhs. Allocations include Rs. 6 lakhs (against Rs. 4.61 lakhs) for taxation, Rs. 17.09 lakhs (against Rs. 9.06 lakhs) for general reserve and Rs. 483 (against Rs. 3,484) for development rebate reserve. The decline in profit is mainly attributable to reduced dividends from the subsidiary companies. The schemes of amalgamation of three of the wholly-owned subsidiaries, namely, Mangaldai Tea Co. Ltd, Diamond Products Ltd and Meameco Ltd with the Company are still awaiting the sanction of the High Court of Calcutta.

GONTERMANN-PEIPERS

Sales and Profit Rise

GONTERMANN-PEIPERS (India) Ltd has reported improved working for the year ended April 1972, in spite of an all-round steep increase in

the cost of materials and spare parts. Sales are up from Rs. 1.51 crores to Rs. 1.76 crores—an increase of 16 per cent—and the net profit has risen from Rs. 16.85 lakhs to Rs. 18.64 lakhs, after providing Rs. 10.70 lakhs (against Rs. 10.31 lakhs) for depreciation. A maiden taxable ordinary dividend of 10 per cent, absorbing Rs. 9 lakhs, has been declared, which will be paid out of general reserve. This offers a yield of 7.3 per cent at the present price of Rs. 13.62 a share of Rs. 10 each. After making other adjustments, there is a balance of Rs. 19.80 lakhs which is proposed to be transferred to general reserve. There is good scope for export of the Company's products to east African and Middle East countries.

INDIA TOBACCO

International Awards

FOUR brands of cigarettes developed and manufactured indigenously by India Tobacco Company have been awarded medals for excellence at the 1972 Monde (world) selection in Switzerland. India Kings F.T. is the first Indian cigarette to have won five gold medals in succession, two at international Monde selection contests (1968 and 1969 gold medal in Brussels, 1970 gold medal in Rotterdam, 1971 gold medal in Brussels). Windsor F.T. has won its first gold medal this year, having won awards at three contests earlier. Both Simla F.T. and Lex, previous award winners, have received silver medals this year.

ASSAMBROOK ESTATES

Sharp Fall in Profit

THE Assambrook Estates Ltd has made a pre-tax profit of Rs. 4.18 lakhs for the year ended June 1972, against one of Rs. 8.75 lakhs for the previous year. In view of the lower profit, the taxable ordinary dividend has been reduced from 10 per cent to 1 per cent, absorbing Rs. 35,000 (against Rs. 3.50 lakhs). This offers a yield of 1.3 per cent at the present price of Rs. 7.45 a share of Rs. 10 each. The usual preference dividends have been paid. After providing Rs. 1.49 lakhs (against Rs. 3.95 lakhs) for taxation, the net profit has amounted to Rs. 2.69 lakhs (against Rs. 4.80 lakhs). Allocations include Rs. 12,958 (against nil) for capital reserve and Rs. 49,000 (against Rs. 41,500) for development rebate reserve. After making adjustments, there is a balance of Rs. 8,176

which is proposed to be carried forward, against Rs. 5,399 brought in.

BROOKE BOND

Dividend Maintained

THE net profit of Brooke Bond India Ltd has declined from Rs. 1.86 crores to Rs. 1.82 crores for the period 27th June 1971 to 1st July, 1972, after providing Rs. 3.07 crores (against Rs. 2.71 crores) for taxation. A taxable ordinary dividend of 20 per cent has been maintained, which will be paid out of general reserve. This offers a yield of 8 per cent at the present price of Rs. 25 a share of Rs. 10 each. After adding Rs. 87,895 (against Rs. 1.85 lakhs) being the profit on disposal of assets, Rs. 2.50 lakhs (against Rs. 85,000) being development rebate reserve no longer required and Rs. 41,733 (against Rs. 12.36 lakhs) being other provisions no longer required, there is a surplus of Rs. 1.86 crores (against Rs. 2.01 crores) available for appropriation. Allocations include Rs. 2.50 lakhs (against Rs. 5.50 lakhs) for development rebate reserve, Rs. 87,895 (against Rs. 1.85 lakhs) for capital reserve and Rs. 1.83 crores (against Rs. 1.94 crores) for general reserve. Sales rose from Rs. 93.54 crores to Rs. 95.79 crores. The increase in sales was entirely due to a very good export performance. Domestic tea sales continue to be adversely affected by the increase in packet excise.

HINDUSTAN SANITARYWARE

Good Export Prospects

AT the annual general meeting of Hindustan Sanitaryware and Industries Ltd, held in Calcutta recently, the chairman, Mr. H. L. Somany, informed the shareholders that up to now in spite of the power cut, the Company had maintained production slightly above the corresponding period of last year. Export orders have been received from new countries and it is expected that exports will be 50 per cent higher than last year. The performance of the current year could have been better but for the drastic power cut in Haryana.

CEAT TYRES

Sales Rise

AS against the first half of 1971, sales of Ceat Tyres of India Ltd in the first half of 1972 show an increase of Rs. 5.18 crores—a rise of over 40 per cent. The Company has

already effected sales worth Rs. 17.25 crores this year.

BURMA MINES

Half-yearly Results

BURMA Mines Ltd has earned a pre-tax profit of £165 for the six months ended June 1972, against a loss of £1,919 in the corresponding period of the previous year. Foreign tax unrelieved accounts for £286 (against £412). No interim dividend has been declared. The loss, after taxation, amounts to £121 (against £2,331).

LARSEN AND TOUBRO

Bulldozer Assembly

THE supply of bulldozer attachments for caterpillar earthmoving equipment in the country is no longer fully dependent on imports alone. Larsen and Toubro Ltd has achieved import substitution by manufacturing this equipment locally. The bulldozer attachment in front of a tractor acts as a heavy workhorse in clearing virgin land, levelling uneven surfaces, building access roads, and wherever land development work is in progress. A major part of the bulldozer is made indigenously. Suitable for crawler tractors of 65 to 385 h.p., the assembly comprises blade groups, brace groups, C-frames, trunnions and hydraulic cylinders. The Company plans, with further development of indigenous sources of supply, to reduce imported components to a minimum.

KUNAL ENGINEERING

Maiden Dividend

KUNAL Engineering has produced encouraging results for the year ended March 1972 and the shareholders have been rewarded with a maiden dividend of 12 per cent. Sales have risen from Rs. 44.93 lakhs to Rs. 52.97 lakhs and the gross profit has gone up from Rs. 6.41 lakhs to Rs. 12.09 lakhs. After providing Rs. 2.77 lakhs (against Rs. 2.44 lakhs) for depreciation, Rs. 2.50 lakhs for development rebate reserve and after some adjustments, the surplus of Rs. 1.61 lakhs has been transferred to general reserve out of which the proposed dividend will be paid.

SWADESHI MILLS

Results Disappoint

SWADESHI Cotton Mills has turned out extremely disappointing results for the year ended March 1972. Despite an impressive rise of 50 per cent in turnover from Rs. 20.33 crores to Rs. 31.04 crores, the gross profit has declined by 9.7 per cent from Rs. 48.59 lakhs to Rs. 43.87 lakhs. After providing Rs. 72.48 lakhs (against Rs. 56.25 lakhs) for depreciation and Rs. 6.20 lakhs (against Rs. 19.25 lakhs) for development rebate reserve, the year's working shows a net loss of Rs. 34.81

lakhs, against Rs. 26.91 lakhs in the preceding year. After making certain adjustments the deficit of Rs. 43.33 lakhs has been transferred to general reserve. The preference dividend amounting to Rs. 14.99 lakhs will be paid out of general reserve. The equity dividend has again been skipped.

The disappointing results for 1971-72 are attributed to the rise in costs of production and labour unrest. The outlook for the current year is considered to be better. Despite further increase in wages, the imposition of 25 per cent power cut by the U.P. Government with effect from

JAIPUR METALS : RESULTS IMPRESS

THE working results of Jaipur Metals and Electricals for the year ended March 1972 show an impressive improvement over the previous year's performance. This has enabled the directors not only to wipe off the entire outstanding deficit but also to clear the arrears of preference dividend for three years ended March 1970. Sales turnover at Rs. 6.28 crores shows an increase of only 7 per cent over the 1970-71 figure of Rs. 5.93 crores but the gross profit has nearly doubled from Rs. 27.09 lakhs to Rs. 53.30 lakhs. The ratio of profit to sales has improved from around 4.6 per cent to 8.5 per cent. The marked improvement in results is attributed mainly to a better meter market and increased efficiency in various spheres of the Company's activity.

After providing Rs. 8.59 lakhs (against Rs. 8.65 lakhs) for depreciation and Rs. 10.46 lakhs (against nil) for development rebate reserve, the net profit for 1971-72 amounts to Rs. 34.25 lakhs, against Rs. 18.45 lakhs in the preceding year. After making some adjustments, there is a surplus of Rs. 37.81 lakhs. A sum of Rs. 32.61 lakhs has been utilised to erase the entire outstanding deficit and the balance of Rs. 5.20 lakhs has been transferred to general reserve. Preference dividends for three years (1967-68 to 1969-70) will absorb Rs. 6.70 lakhs.

The directors' report holds out the promise of still better results

for the current and future years. The metal division has a very healthy order position. The market for ACSR conductors, which had been experiencing a slump during the previous years, is showing hopeful signs of revival. The Company has received orders for the supply of ACSR conductors valued at Rs. 1.45 crores from various electricity boards. It is negotiating further orders worth Rs. 2.50 crores. The Company has also received substantial conversion orders from various public-sector undertakings. As on 1st April, 1972, orders of the meter division amounted to Rs. 1.02 crores.

In view of the fluctuating home demand for the Company's products, the management has been making protracted efforts to develop export markets. And export orders for ACSR conductors valued around Rs. 8 crores have been received from various countries in the Middle East (Rs. 4 crores during 1971-72 and Rs. 4 crores so far in the current year) in the face of keen global competition. The Company is also making all efforts to develop markets abroad for its meters. Some orders have been received from south-east Asian and Middle East countries. The Company started the production of poly-phase meters during 1971-72. It has received a letter of intent for the manufacture of electrical stampings and laminations. This will help broaden the activity base of the Company.

6th August and the imposition of voluntary price control on staple fibre yarn, the working results of the Company are expected to be reasonably satisfactory. The textile mill which is being set up in Rae Bareilly is expected to go into production by the end of the current year. The Company has been pursuing its policy of modernisation, renovation and expansion and it spent a sum of Rs. 38.85 lakhs during the year. Contracts aggregating Rs. 20.48 lakhs remained to be executed at the end of the year. Further orders for machinery worth Rs. 1.20 crores have been placed during the current year. The Company has decided to promote a new company under the name and style of Swadeshi Fabrics for the manufacture of knitted fabrics with foreign collaboration.

TECALEMIT (HIND)

Results Improve

THE working of Tecalemit (Hind) Ltd for the year ended February 1972 shows an appreciable improvement over the previous year's performance. The substantial increase in sales and profit was mainly contributed by new lines of product which were sold during the year to the steel industries in India for the first time. The Company has been installing more and more general-purpose machine tools for the manufacture of critical and important components. For the first time, the Company has entered the export market. A consignment for about Rs. 2.67 lakhs was supplied to Sri Lanka during the year. Sales are up by 28 per cent

from Rs. 66.92 lakhs to 85.58 lakhs, and the profit has risen by 71 per cent from Rs. 6.48 lakhs to Rs. 11.08 lakhs, after providing Rs. 1.95 lakhs (against Rs. 1.92 lakhs) for depreciation. After making other adjustments, there is a debit balance of Rs. 2.75 lakhs which is proposed to be carried forward.

SUPREME INDUSTRIES

Dividend Raised

SUPREME Industries has raised the dividend for the year ended March 1972 from 11 per cent to 12 per cent even though the Company's working results show a small setback. Sales have declined from Rs. 94.53 lakhs in 1970-71 to Rs. 88.24 lakhs in 1971-72 and the gross profit is down from Rs. 13.43 lakhs to Rs. 12.98 lakhs. After providing Rs. 6.97 lakhs (against Rs. 6.38 lakhs) for depreciation, Rs. 1.32 lakhs (against Rs. 75,000) for development rebate reserve and Rs. 2.69 lakhs (against Rs. 3.57 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 2 lakhs, against Rs. 2.70 lakhs in the preceding year. After adjustments, there is a surplus of Rs. 1.62 lakhs which has been transferred to general reserve. The proposed equity and preference dividends absorbing Rs. 1.40 lakhs (against Rs. 1.31 lakhs) will be paid out of general reserve.

CHEMICALS AND PLASTICS

Good Progress

THE report of the directors of Chemicals and Plastics India Ltd for the year ended March 1972 says that the Company has achieved all-round progress during the year, with production and sales of the various products showing an increase over those in the previous year. The Company's performance would have been still better but for the stringent limitations imposed on the supply of alcohol, consequent on the lifting of Prohibition in Tamil Nadu. With the diversion of considerable quantities of alcohol to potable drinks, the supply of industrial alcohol to the Company was drastically cut down, and this affected its working results. The Company has, however, received from the Government firm indications about increased supply of alcohol during the current financial year. The substantial improvement recorded by the Company in the production of P.V.C. pipes and fittings offset to a large extent, the adverse impact of the scarcity of alcohol.

CAPITAL, 28th SEPTEMBER, 1972

COMMODITIES

Agitation by Workers Affects Production of West Bengal Jute Mills

WITH workers and their unions agitating over issues which are fully covered by the recent tripartite settlement, industrial relations in the jute mills in West Bengal have suffered serious deterioration, leading to frequent work-stoppages and loss of production, complains the Indian Jute Mills Association in a Press note issued in Calcutta a few days ago. Considering the substantial rise in wages and fringe benefits conceded under the latest tripartite agreement, the note adds that the industry had been rearing the modest and very reasonable hope that workers would strive to maintain industrial peace and a satisfactory level of output. But the same has been belied so far. The I.J.M.A. complains that between 8th May when the settlement became effective and 2nd September, work was totally suspended in ten mills, accounting for 20 per cent of the industry's rated potential, for 80 days, causing a loss of 5.5 million man hours, 6,500 tonnes in output, and Rs. 2.5 crores in terms of money. Besides, some 30 mills in the State, representing 55 per cent of the industry's capacity, were affected by partial strikes, go-slow, and other types of labour unrest for various periods.

The Press note describes it as "extremely unfortunate" that the sudden stoppages "are caused basically by inter- and intra-union rivalry." For instance, night shift operators have been demanding reduced hours and higher wages in many cases, despite the categorical stipulation in the agreement that workers will be paid three hours' extra wages as night-shift allowance for the normal schedule hours of the mills. The agreement provides that mills are to maintain 90 per cent working complement as permanent and another 15 per cent as special *budhis* with guaranteed employment. The industry is thus already committed to maintaining a total working complement of 105 per cent, a tremendous load for an export industry, subject to sharp fluctuations in demand. Not satisfied with the industry's compliance with this extremely rigorous condition, the unions have been agitating for the regular employment of casual workers, not covered by the terms of settlement.

Seasonal Character

The Press note reiterates that employment in the industry is governed by the seasonal character of the de-

mand for certain traditional lines or manufacture—a contingency which has made a degree of mobility in the deployment of labour unavoidable. Inter-department transfer of workers has, therefore, been a long-standing practice and has become indispensable by the contingency of mills having had to employ a permanent complement of 105 per cent. The agreement also lays down that "in view of the special nature of the industry, workmen may be transferred from one department to another". In spite of this express provision, managements are meeting with stiff resistance—often leading to rowdy demonstrations or stoppages of work—from workers when some of them are transferred from one department to another.

The note says that mills have been facing stiff opposition from the unions in converting the existing system of weekly wages payment to fortnightly or monthly disbursements which had been agreed upon "in principle" at the time of the tripartite settlement. The I.J.M.A. points out that the industry can hardly meet the extra annual financial liability to the tune of Rs. 22 crores, following the implementation of the terms of the costly settlement, unless a satisfactory level of production was maintained in the industry in an atmosphere of reasonable industrial peace. It emphasises the importance of sustained drive for productivity with the unstinted co-operation of workers and their unions as the only means of the industry's survival—in the face of a sharp wage-cost infla-

METTUR BEARDSSELL: SALES AND PROFIT RISE

A SUBSTANTIAL rise in sales and profit highlights the working results of Mettur Beardsell Ltd for the year ended March 1972. The dividend has been raised by 1 per cent to 20 per cent. The directors report that the Company's textile marketing operations have been further expanded and a special section to deal with merchant converting of both mill-made and powerloom cloth has been formed. The Company expects to use its marketing experience to increase its merchant converting operations and for this purpose, it is intended to modernise and develop the processing capacity at the mills.

In the field of marketing, there has been some recovery in the demand for expanded polystyrene products following the general improvement in the air-conditioning and refrigeration trade. The directors add that further development of expanded polystyrene products continues and further expansion of manufacturing capacity has been programmed. The textile consultancy division has again made significant contribution to the overall profits. There has been considerable demand for resin finishing technology. The prospects are reported to be excellent. The Alexander Thread Company, in which Mettur Beardsell has 50 per cent interest, faced difficult trading conditions during the year. The relocation of the

plant in Mettur resulted in loss of production. The position is expected to improve.

The export performance during the year was encouraging and sales exceeded Rs. 67 lakhs. The report adds that the handloom division continues to develop handloom techniques in order to improve the marketability of its cloth. New types of production for Europe and America have been planned. The Company has submitted an application to the Government for a licence to process high density polyethylene. Although the year had been a difficult one for the textile industry as a whole, the results of the mill section have been satisfactory. The profit for the year amounts to Rs. 55.15 lakhs after providing Rs. 7.02 lakhs for depreciation. This compares with the previous year's profit of Rs. 50.49 lakhs after providing Rs. 6.51 lakhs for depreciation. After providing Rs. 26.73 lakhs (against Rs. 27.04 lakhs) for taxation, the net profit is Rs. 28.42 lakhs. The total available for appropriation is Rs. 28.42 lakhs, including Rs. 295 brought forward from the previous year. Out of this, development rebate reserve gets Rs. 95,000. (against Rs. 50,000). Goodwill reserve gets Rs. 15,000 (against Rs. 22,500). A sum of Rs. 27.32 lakhs (against Rs. 22.73 lakhs) is transferred to general reserve. The balance of Rs. 284 is carried forward.

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 August 1972. As compared with July, the August index for

Food shows a rise of 9 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 482, 704 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 5 points during August.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Aug. 1971	Sept. 1971	Oct. 1971	Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972	July 1972	Aug. 1972
Food ...	53.6	924	933	945	948	948	935	929	929	934	943	955	964	973
Fuel and Lighting ...	4.4	412	412	447	447	447	447	447	447	482	482	482	482	482
Clothing ...	12.4	704	704	704	704	704	704	704	704	704	704	704	704	704
Miscellaneous ...	29.6	401	401	401	401	401	401	401	402	402	402	402	402	402
Combined Index ...	100.0	719	724	732	734	734	727	724	724	728	733	739	744	749

Compiled and constructed by the Statistical Department of "Capital".

CAPITAL, 28th SEPTEMBER, 1972

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tion and severe competition from synthetics—can hardly be over-emphasised.

Synthetic Bag Industry

In a Press note issued this week, the Indian Jute Mills Association views with alarm the Government's policy of continuing to license new capacity, in different parts of the country, for the manufacture of woven as well as non-woven heavy-duty P.V.C. and high-density polyethylene sacks which will compete directly with jute sacks. The Association is also aware of a decision by the Fertiliser Corporation of India to have a captive unit, attached to each of its new fertiliser plants, for producing plastic bags. In all, it is understood, some 94 units, spread over different parts of the country, have been licensed. Many of these factories are already in production, with many more expected to be on stream.

Gunnies Close Steady

After opening on an extremely hesitant note on tired long liquidation in an unwilling market and a moderate extent of short-selling, jute goods prices staged a moderate recovery around mid-week. But the higher levels induced intermittent profit-taking as a result of which the top gains were somewhat pared towards the close. The earlier recession was ascribed to the extremely lean interest shown by major internal and overseas consumers in Indian goods. The release by the D.G.S.D. of some 6,000 tonnes of heavy goods, against a total of 12,000 tonnes, requisitioned earlier from the mills also disturbed the technical position and led to a heavy decline in prices. Mill circles were concerned over the unhelpful attitude of organised labour. The promulgation of the minimum bonus Ordinance by the President on Saturday pegged the floor at 8.33 per cent for all organisations. Although the jute industry's standing agreement of 1970 ensured a bonus of 7 per cent, extremist unions were spoiling for a showdown demanding a bonus of 20 per cent. The labour situation is likely to remain strained in the near future till a settlement has been reached on the bonus issue. Meanwhile, the impending Puja festival and the continuing stringency of credit combined with the persistent delay by the Government of India in conceding the much-needed and overdue relief in export duties, have unnerved the bulls. Besides, under instructions from the Forward Markets Commission, the Vigilance Committee of the East India Jute

and Hessian Exchange had clamped rigorous restrictions on the implementation of the terms of the T.S.D. and N.T.S.D. contracts, ruling out the possibility of their being used any more as a speculative counter. The elimination of weak bulls and the clearance of a lot of the market load helped in reducing prices to the dips. Mills and holders turned reserved, refusing to extend their commitments by conceding any further discount. The persistent firm trend in the fibre market was another stimulant. Clive Row was reassured over the conclusion of the Indo-Egyptian bilateral trade agreement, ensuring an annual turnover around Rs. 31 crores and also by the fact that Cairo had agreed to take more jute goods from this country in exchange of its long staple cotton. Turnover was moderate. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Sept.	Oct.	Oct.-Dec.	Jan.-Mar.
40in. 74oz.	73.50	74.00	74.00	73.00
40in. 8oz.	81.00	—	—	—
40in. 10oz.	100.50	99.00	97.00	95.00
N Twills	249.00	252.00	254.00	256.00
Heavy Cees	256.00	259.00	260.00	263.00
Cornsacks	—	—	—	—
A Twills (U.S.)	322.00	324.00	325.00	327.00
Liverpools	304.00	306.00	309.00	311.00

Fibre Steady

The raw jute market ruled steady and unchanged around the preceding week-end levels during the past week. Crop arrivals in the upcountry agencies were estimated around the recent level of 150,000 maunds a day. While a section of the trade in Calcutta held that the seasonal crop had mostly passed on to the hands of strong holders during the preceding recessionary phases, circles close to the Jute Corporation and the Block Development organisations claimed that growers' renewed confidence in the Government's genuine intention of holding the price-line had induced them to hold on to their stocks. Repeated spells of cyclonic weather and squal over large tracts in the Midnapur and Orissa coastal belts had disrupted the line of communications in the areas. Industry and trade circles appeared to be reconciled to a much lower crop of some 5 million bales for the season, against the earlier hope of some 7 million to 8 million bales. Turnover was confined to available lots of selected grade fibre at a shade above the quoted prices. The closing undertone was fairly steady.

Latest available quotations (in rupees) were as follows:

	October-November		
	Rates a quintal	Rates a quintal	Rates a quintal
	Mid.	Bot.	Bot.
Selected Assam-			
Agartala	158.07	147.36	53.00
Selected Northern			
Jute	152.72	142.00	53.00
West Bengal			
Desal	142.00	131.28	49.00
Selected			
Daissee	168.79	158.07	59.00
Assam-Agartala			
Tossa	166.11	155.40	58.00
Mesta :			
Assam Mesta	139.32	128.60	48.00
Selected			
Murshidabad	133.96	123.24	46.00
Bihar Mesta	119.23	108.51	40.50

TEA RESEARCH

Application of Results

In his chairman's address to the annual general meeting of the Tea Research Association held in Calcutta last week, Mr. S. K. Mehera said that the T.R.A. had a vital contribution to make towards the prosperity of the tea industry and in actively assisting it to achieve its objectives of increasing production and improving quality. The T.R.A. is trying to do this through its twin functions of carrying out result-oriented research and by providing advisory services to its members. The advisory department assists tea estates in all possible ways to deal with their day-to-day problems. It is also the duty of the advisory officers to advise the estates on the application of the results of research which are carried out by the various technical departments at Tocklai. There is, however, one field where Tocklai is deficient—knowledge of the economic realities of growing tea. In this context Mr. Mehera said that the primary duty of the Tocklai officers was to serve the industry, and the T.R.A. must endeavour to see that they were made increasingly and consistently aware of the financial side of producing and marketing tea.

Mr. S. K. Dutta, Director of the Tocklai Experimental Station, said that in spite of continued fiscal limitations the institution made another year of excellent progress. The services of the advisory departments of Assam and West Bengal continued to be in big demand. The widespread and unprecedented hailstorms in West Bengal in March to May consistently featured in the reports of the advisory officers of West Bengal.

CAPITAL, 28th SEPTEMBER, 1972



Public Sector has greater role in achieving economic freedom

M. Rama Brahmam, Chairman, Indian Oil Corporation Limited

Gentlemen;

It gives me great pleasure to welcome you to the 13th Annual General Meeting of the Indian Oil Corporation Limited. The Report of your Directors and the Audited Statements of Accounts are already in your hands. With your permission, I shall take them as read.

Before I turn to the main theme which will be in the nature of stock-taking about the performance and productivity in relation to the problems and challenges that were posed during this year, a little consideration about the institutional changes and their consequent impact on the environmental conditions might provide an adequate back-drop to assess your Corporation's growth in its proper perspective.

As you know the year under report has been one of trials and tribulations, effort and achievement for the nation. Indianoil as one of the premier public enterprises had an active part in all these phases and is happy to share with the people of the country the satisfaction and a sense of achievement. The nation has given its massive mandate for undertaking major changes to bring about elimination of poverty, equality of opportunity and a planned, sustained and steady growth aimed at a vibrant economy based on self-sufficiency and self-reliance. Public Sector which has already reached commanding heights, has been assigned a greater role in achieving economic freedom and an egalitarian society.

Problems of Growth

With a sense of personal pride, I report to you that Indianoil which has already become a pace-setter in the Public Sector, is well poised to play its assigned role in the fulfilment of the national aspirations and objectives. Your Corporation is faced with the problems of growth of an enterprise which has already established itself as the biggest oil refining and marketing organisation. It has also become the largest profit-yield-

ing organisation both in public and private sectors. While the success and growth have been in the context of ensuring a reasonable return on the capital invested, generating internal resources for further development at the same time your Corporation has identified itself with the weaker sections of the community,



Shri M. RAMA BRAHMAM

even if it meant an erosion in its profits.

It was a proud day for your Corporation, when the Prime Minister Smt. Indira Gandhi launched Indianoil's scheme to rehabilitate war-widows and wounded jawans after the recent Indo-Pak conflict. We could take legitimate pride that your Corporation was the first to introduce a comprehensive scheme to provide a ray of hope for those who had given their best in defending the country's freedom and integrity.

Strain Due to War

Before I describe the working results of your Corporation for the year, it will be appropriate to dwell briefly on the challenges your Corporation had to face all of a sudden when fighting started on the frontiers both in the East and the West.

The challenges which consisted in maintaining supplies under difficult conditions at the frontiers were grave and sometimes in the nature of throwing out of gear our earlier plans and projections based on normal market conditions. It was a mighty challenge for Indianoil, a national undertaking engaged in fighting shoulder to shoulder with the defence forces in difficult conditions.

Indianoilmen met the challenge fairly and squarely at great odds and personal risks. I am proud of the fact that they rose to the occasion with a rare sense of dedication and unflinching devotion to duty. The spirit of camaraderie established over a decade with men of the Armed Forces was further strengthened during the year. Encomiums poured in from the Government and from all corners including defence services and Indianoilmen richly deserved them.

Crude for Bangladesh

The aftermath of Indo-Pak war resulted in the birth of Bangladesh, a new friendly neighbour. The birth of a new vibrant nation has been given more than a conventional welcome by us. Your Corporation has been provided a unique opportunity to help Bangladesh resuscitate its oil industry. Your Corporation had the privilege of arranging for the import of crude oil for the Chittagong Refinery in Bangladesh. Vitrally-needed petroleum products were rushed to Bangladesh immediately after its emergence as a free country.

Working Results

During the year, the three refineries at Gauhati, Barauni and Baroda processed a total quantity of 6.72 million tonnes of crude oil, as against 6.34 million tonnes in the previous year. The sales turnover of the Corporation for the year amounted to more than Rs. 862 crores as against Rs. 720 crores last year, resulting in an increase of 19.7% over

the previous year. The quantity of products sold also registered a 17.8% increase, going up from 11.61 million kilolitres in the previous year to 13.68 million kilolitres. The market participation of your Corporation increased from 51.6% to 54.2%.

Increased Profits

The total profits during the year, before providing for depreciation and interest, were Rs. 53.42 crores, as against Rs. 31.32 crores in the previous year. After providing for depreciation and interest, the profits amounted to Rs. 36.94 crores during the year, as against Rs. 15.77 crores in the previous year. The increase in the profits has been phenomenal. It may be recalled that last year several extraneous adverse factors had decreased the profits of that year. Some of these adverse factors which needed remedial action were recently set right by the Government of India. Thus, the Government of India recently allowed the oil industry to reimburse to itself (through the medium of surcharge on the price) the under-recoveries on sales-tax, which your Corporation had suffered on the sale of the products of the Cochin Refineries Limited and the Madras Refineries Limited. The Corporation was also allowed reimbursement of the non-recoverable element of duty (devaluation duty) which it had to pay on imports.

The paid-up capital of your Corporation stood at Rs. 71.18 crores as in the previous year. Since 1964, your Corporation had earned net profits totalling more than Rs. 105 crores and had also generated other internal resources of about Rs. 29 crores. These are in addition to the sum of about Rs. 1,500 crores collected and paid to the Government as customs and excise duties since 1964. Your Corporation has also repaid, according to schedule, a substantial part of the loan, viz. Rs. 59.77 crores taken from the Government since 1964. The loan capital has now been reduced to less than Rs. 35 crores. During the year, the total outstandings due from customers, etc. were also reduced from Rs. 33.57 crores to Rs. 31.67 crores; keeping in view the increased turnover, the outstandings at the end of the year represented only about 12 days' sales.

The Haldia Refinery is now under construction at an estimated cost of Rs. 67.50 crores, and is being financ-

ed substantially out of your Corporation's own internal resources. It is expected that the Refinery will be able to go into trial production before the end of 1973.

North-West Refinery

The Government of India have recently decided to build a new six-million tonne refinery near Mathura. This will have, as its adjunct, a pipeline approximately 1200 kilometres long, for supplying crude oil from the West Coast to Mathura. The project is estimated to cost more than Rs. 160 crores, besides the cost of township and other facilities. In handling this project, your Corporation will be called upon to shoulder increasing burdens, involving a high degree of technical know-how, the latest trends in refinery design and correspondingly large financial commitments. These call for adequate planning and mobilisation of all types of resources, including men, materials and money. As such, in spite of the increased profits during the year, your Directors, have recommended to you to maintain the dividend at the same rate of 7% on paid-up capital as in the previous years. During the last six years including the year under review, your Corporation will have contributed to the Government by way of dividend an aggregate sum of Rs. 28.85 crores.

Refining Achievements

You may also be interested to know some of the other salient features of the working of your Corporation. On the refining side, your Corporation's three refineries were working satisfactorily with the actual throughputs being more than the capacity designed for the Gauhati and Gujarat Refineries. The Gujarat Refinery is also gearing itself to increase the crude throughput to 5.5 million metric tonnes, when more quantities of crude become available. During the year, the Gauhati Refinery eliminated the production of inferior kerosene and thus improved the quality of the product supplied to the consumer. The Barauni Refinery started manufacture of calcined coke thereby saving foreign exchange on the import of this material. The Gujarat Refinery commissioned a new plant to ensure better treatment before the disposal of the effluents from the refinery and the township. The refineries continued to take several steps towards import

substitution and also gave, liberal technical help to small-scale industries for the manufacture of more components and spare parts, which were hitherto imported.

Your Corporation has plans to expand the Barauni Refinery, so as to increase the present throughput of about 2.28 million tonnes per year, in stages, to 3.4 million tonnes per year in 1975. One special feature of this expansion is that the additional crude oil (over and above what is available from Assam) has to be imported. The import will be made through the Haldia port and the present Barauni-Haldia Product Pipeline will be used for handling the movement of imported crude from Haldia to Barauni. A pipeline has been constructed from Haldia to Baradabar, and this will be linked with the existing pipeline to Maurigram, enabling product movements to Calcutta area.

Pipelines Performance

As regards pipelines, the Gauhati-Siliguri, the Barauni-Kanpur, the Barauni-Haldia and the Koyali-Ahmedabad Product Pipelines transported a total quantity of 3.23 million tonnes of products, which represented an increase of 22.9% over the previous year. While the pipelines were normally designed to handle white oil products, the Barauni-Kanpur Pipeline was used for the transport of Light Diesel Oil also (a black oil product) as a regular arrangement and even during winter months, when the product normally shows a tendency to drag. The Haldia-Barauni Section also managed to pump various products directly from the ocean tanker to the pipeline without the use of intermediate tankage on shore. Several indigenous materials for use in the construction and maintenance of pipelines were also developed; this augurs well for the additional technological effort which your Corporation will have to make, for the designing and construction of the pipeline from the Gujarat Coast to Mathura.

Progress in Marketing

During the year, the Marketing Division of your Corporation also recorded impressive all-round progress. The Division has a network of 16 port installations, 8 pipeline installations and one inland installation besides 117 bulk depots. During the

year, the Naval installation at Port Blair was taken over by your Corporation; with this take over, your Corporation will also meet the civil trade developing in the Andaman and Nicobar group of Islands. The Division improved the tank-wagon decanting facilities at many depots, to enable the railways to make a more efficient and intensive use of the limited tank-wagons available with them. Additional facilities, to the extent possible, have also been commissioned at major ports, and suggestions have been made to the concerned port authorities to augment and improve the facilities from their side. Your Corporation also developed additional facilities to handle the Aviation Fuel trade and in particular, commissioned special giant size refuellers (tank-lorries) which can quickly meet the massive fuel requirements of jumbo jets.

Indane Clientele

The sale of Indane, the popular cooking fuel, has also increased by 56% over the previous year. Indane was made available to 38 additional towns and the clientele list increased by almost 1.7 lakh new customers.

Your Corporation conducted several training courses and conventions for the benefit of the dealers and also entered into several marketing tie-ups with companies selling related products, thus increasing the sales and improving the image of your Corporation as a service-oriented Company.

Due to the increasing demand for petroleum products in the country, the total quantity of petroleum products imported by your Corporation increased during the year. The Marketing Division successfully handled 123 tankers, as against 56 tankers in the previous year. Your Corporation believes that continuous study and efforts are necessary for effecting further improvements in its working in order to gear itself for its increasing responsibilities. Accordingly, various aspects of the work were continuously studied with a view to improving operational efficiency.

A special Technical Audit Cell was also set up to reduce costs in the refineries, especially in the use of additives and utilities; I am glad to say that these efforts have met with

considerable success as reflected in the improved profitability of your Corporation.

prove adequate to meet all our future needs.

Research & Development

Another field in which we have taken significant steps during the current year is in the establishment of a Research & Development Centre. On the basis of a world-wide search for talent we have been able to select senior personnel to take up key positions in the Research & Development Centre. It is hoped that this Centre will during its initial operations within the next few months, train up the junior personnel also in routine tests. By the time the full-fledged building is ready with all equipment, there will be not only a team of senior experts who can adequately guide its activity but also sufficient number of junior and middle level technologists to give the back up necessary for effectively translating the work of this Unit into useful results.

Technical Collaboration

One new field of activity in which your Corporation entered this year is in extending technical collaboration to a neighbouring country. At the request of the Ceylon Petroleum Corporation we have deputed four experienced engineers to help in the operation of their refinery and training of their personnel. We have also entered into a technical collaboration agreement wherein we have offered all help in solving some of their problems in operation and maintenance of their refinery. Opportunities for similar type of technical collaboration with other developing countries also exist. Apart from doing our bit towards accelerating the progress of other developing countries, I believe such technical collaboration also improves our own technical skills, and managerial abilities by the diversity of exposure it affords to our engineers, besides providing better understanding between the people of different countries. The first step which we have taken in this direction, will, I hope, lead to further activity in this new direction.

As a major oil company, your Corporation also associated itself with several local and public activities like Vintage Car Rallies, Treasure Hunts, Boat Races, etc., and took the lead in organising campaigns, for road safety; developing films like "Rom-

Value of bringing out SUPPLEMENTS in CAPITAL

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ance of the Road" and in distributing attractive book labels to the student community.

Welfare measures for the employees continued to engage the attention of all Units. The industrial relations were also by and large satisfactory.

Your Corporation as well as its employees have also made substantial contributions to the Prime Minister's Relief Fund, National Defence Fund, Bangladesh Relief Fund, besides cash donations for helping cyclone victims in Orissa.

Employee Participation

It is a truism to say that an organisation is as good as the men and women that constitute it. It is the enthusiastic participation and sustained efforts of all your employees, dealers and others that have contributed to the progress of your Corporation. I take this opportunity to place on record the appreciation of their work during the year, both on behalf of the Board of Directors and on my own behalf. I am sure that their sense of involvement and dedication will continue and grow so that your Corporation can successfully face the bigger challenges, and take full advantage of the several opportunities in the coming years.

In conclusion I would like to say that the level of performance of your Corporation for the year under review was more than adequate. Your Corporation is well set to meet the challenges that lie ahead of us. A leading organisation like yours, in my view, has to be constantly aware of the environmental changes that call for adoption of sound managerial practices so as to create a climate where the corporate and individual objectives find fruition and the company maintains robust health as a model organisation.

With these remarks, I now propose that the accounts be adopted.

This is the speech delivered by the Chairman Shri M. Rama Brahmam at the 13th Annual General Meeting of the Company held on the 6th September, 1972 at the Registered Office of the Company at Bombay,

This does not purport to be a record of the proceedings of the 13th Annual General Meeting of the Company.

INDIA STEAMSHIP CO., LTD.

CHAIRMAN, MR. K. K. BIRLA'S ADDRESS

The following is the Address of Mr. K. K. Birla, Chairman, India Steamship Co., Ltd. delivered at the Annual General Meeting of the Shareholders of the Company on the 26th September, 1972.

GENTLEMEN,

The Audited Accounts and the Directors' Report for the year ended 31st March, 1972, have been with you for sometime and with your permission I shall take them as read.

As stated in the Directors' Report, Sir A. Ramaswami Mudaliar, who was the Chairman of the Company since 1947, retired in November 1971, due to indifferent health. Apart from his contribution towards the development of this Company and for the attainment of its present state, his advice and guidance were also constantly sought by the Government of India and the business community alike on various matters pertaining to shipping. He spared no pains in espousing the cause of Indian Shipping at all times and the shipping industry as a whole benefited immensely by his keen intellect and penetrating insight into its economy and working. It is, therefore, gratifying that he has agreed to continue his association with the Company as an Adviser and his valuable views are being availed of on all important matters relating to your Company.

During the year under review 36 voyages were completed in the Liner service and 8 voyages in the Coastal trade as against 42 round voyages in the overseas trade during the preceding year. As mentioned in the Directors' Report, the freight earned during the year was Rs. 16,96,76,703/- considerably outstripping the freight earned in all earlier years.

After providing a sum of Rs. 1,57,08,990/- for depreciation and meeting all other normal charges, a balance of Rs. 1,69,81,725/- is left in the Profit and Loss Account. Out

of this amount, a sum of Rs. 95,00,000/- has been provided for Development Rebate. The balance amount together with other amount stated in detail in the Directors' Report, has been transferred to General Reserve.

Last year, the Directors were most reluctantly compelled to withhold the payment of dividend on Preference Shares. This year, the Directors have pleasure in recommending payment of this arrear dividend out of the General Reserve and also in recommending a sum of Rs. 1,62,500/- for distribution as dividend to the Preference Shareholders at 5% grossed up for the current year and Rs. 24,75,000/- to the Ordinary Shareholders at Re. 1/- per Share, subject to deduction of tax.

The year under review was a momentous one and replete with events of great significance. The tragic developments in Bangladesh led to a short but decisive war with Pakistan in last December which was quickly followed by the emergence of a friendly new State on the Eastern Border of the country. In the domestic scene, as a result of the Assembly elections in March 1972 the Congress Party has emerged as the strongest party and has secured an absolute majority in almost all the States, resulting in a political stability so essential to economic progress. The comfortable majority of the ruling party both in the Centre as well as in most of the States, offers ample scope for revitalising the economy and ensuring growth at a faster rate. The outcome of the recent Summit Meeting between India and Pakistan also augurs well and there is every reason to look forward to a period of political stability with a certain degree of uniformity, coherence and consistency in various economic policies.

The vital role of the Mercantile Marine was once again brought into full focus during the last war that was thrust on India and which happily ended with such great glory

to our country under the inspiring leadership of the Prime Minister Smt. Indira Gandhi. The satisfactory outcome of that war was in no small measure due to the perfect co-ordination in the mobilisation of resources from the different sectors and this achievement was to a great extent made possible due to the ceaseless efforts of the Merchant Navy. Although there was hardly any danger to ships and cargoes at the Indian ports during the war period, the Conferences governing the U.K./Continent and U.S. trades decided to impose an exorbitant surcharge. The Indian Lines firmly refused to abide by the Conferences' decision which ultimately led to the withdrawal of the unreasonable surcharge.

The volume of growth in world trade during 1971 was the smallest over the entire past decade, but the increase in the seaborne trade was still less while the supply of tonnage during the year was greater than demand, thereby leading to an inevitable slump in the tramp freight market.

In the Liner sector, conditions were far from satisfactory with soaring cost of operations, slower turn-round in various ports, losses due to labour strikes, dollar devaluation and currency readjustments. These were some of the major problems with which the shipping industry was confronted and in such a complex situation, it was difficult to evolve satisfactory solutions.

The shipping industry, as is well-known, is more vulnerable to changes in international conditions and competition than shore-based industries. The operations of the shipping industry, not being confined to this country alone, are subject to escalating costs over which it has no control, both within the country and abroad. As may be readily appreciated, the cargo handling costs, which constitute a major portion of the direct operating expenses of a Liner service, are rising considerably

in the Western Countries with the industry having no say in this matter. The same is true of another major item of expenditure also namely the bunkering charges. All these expenses which are uncontrollable are imposed upon the ship-owners without any negotiation or even discussion. Understandably, there exists a deep rooted resentment over any increase in the Conference freight rates to cover the enhanced cost of operation. To circumvent this situation many maritime countries extend to their shipping companies such measures which add to their internal strength and enable them to maintain their operating ability. The absence of this facility in this country has placed the Indian shipping industry at a disadvantage.

The Government's decision to withdraw the facility of Development Rebate effective from the 1st of June, 1974, will have adverse effects on the profitability and growth of the shipping industry as a whole. Moreover, the industry being a highly capital intensive one, is incapable of generating internal resources. With the exorbitant rise in the cost of new ships, the time is not propitious for acquisition of new tonnage. Therefore, before any final decision is taken by the Government on the crucial issue of Development Rebate, I would request them to kindly bear in mind that the availability of development Rebate went a long way in enabling the shipping industry to mobilise Rs. 140 crores during the Fourth Five Year Plan for its development.

The vital role played by the Calcutta Port, in the country's export-import trade as well as the shipping industry cannot be minimised. This port has always been the prime outlet for jute products, tea, mica, engineering goods, all of which form the bulk of the export trade of the

country, besides serving a largely industrialised hinterland. Being a riverine port, the Calcutta port has its own problems of which the steady increase in the siltation of the Hooghly river affecting the available draft, is the major one. This is mainly due to the diminution in the head water supply. For solving this problem the essential requirement is to provide adequate quantity of water and to undertake suitable measures to reduce the silting of the river. In order to ensure this, round-the-clock dredging operations in the river Hooghly are being carried out. With a view to moderate and prolong the present passage for ships and to reduce the entry of coarse sand, Farakka Barrage has been constructed. A feeder canal system to deliver upto 40,000 cusecs of water into the Bhagirathi river from the Farakka Project was also undertaken for the proper preservation of the Calcutta Port. At present an unfortunate controversy is going on as to the requirement of the quantity of discharge from the Barrage; it is, however, hoped that the problem will be considered in its proper perspective and the task of saving Calcutta Port, which is a national problem will be given the full attention that it deserves.

For sometime past, the shipping industry was confronted with an acute problem in the form of shortage of trained floating staff officers, particularly on the deck side. Fortunately, there has been some improvement in the situation in the recent months, with the commissioning of the Training Ship, "Rajendra". The new Training Ship, with its modern features and up-to-date training facilities, is equipped to provide for an increase of over 50% in the annual intake of Cadets. Turn-out of more trained cadets will take care of the problem of personnel for Indian and other Flag shipping.

The new 3-year Agreement effective from 1st January, 1972, has been concluded between the Maritime Union of India representing the floating staff officers employed on Indian ships and the Shipowners, revising the last Agreement signed in 1969. As a result of the new Agreement, the expenditure of the shipping companies on account of floating staff officers will increase by about 45% to 50% taking into considera-

tion the rise in their basic wages and other benefits. This is stated here only by way of information and also to illustrate that this industry, unlike other industries, has not the unlimited freedom to increase freight rates for augmenting its income commensurate with the rising cost of operations.

I have already dwelt on the depression that is now prevailing in the shipping trade in general and any recovery from the present recession will depend entirely on the extent of the recovery made in world trade. This, in turn, largely depends on the improvement in the economy and trade of the industrially advanced countries of Europe, U.S.A. and Japan. There are, however, few encouraging signs in that direction, as yet. A vigilant watch has therefore to be kept up to find out whether the increase in world trade will be adequate to absorb the expansion in world shipping tonnage. So far, the situation has not taken a definite shape; only fluid conditions prevail. In the circumstances prospects for shipping, continue to remain uncertain as of now.

Recently Sri S. K. Datta, Secretary in the Ministry of Shipping and Transport and Sri R. Doraiswamy, Director General of Shipping, retired from service. I wish to express my sincere and grateful appreciation of their co-operation and assistance to the shipping industry and to our Company. I would also like to express my thanks for the help and guidance received by us all along from the Ministry of Transport and the Office of the Directorate General of Shipping.

I wish to thank all the staff, both afloat and ashore, for the care with which they have looked after the affairs of the company during the year and I sincerely appreciate their devotion and diligence in carrying out their duties.

Thanks are also due to our Agents both in India and abroad for attending to our ships' requirements. Last but not least I would like to thank the shippers both in India and abroad for their continued support and co-operation extended to us.

Thank you all.

COMPANY MEETING

INDUSTRIAL RECONSTRUCTION CORPORATION OF INDIA LIMITED, CALCUTTA

Speech delivered by Shri V. V. Chari, Vice Chairman, IRCI, at the First Annual General Meeting of the Corporation held on the 12th September, 1972.

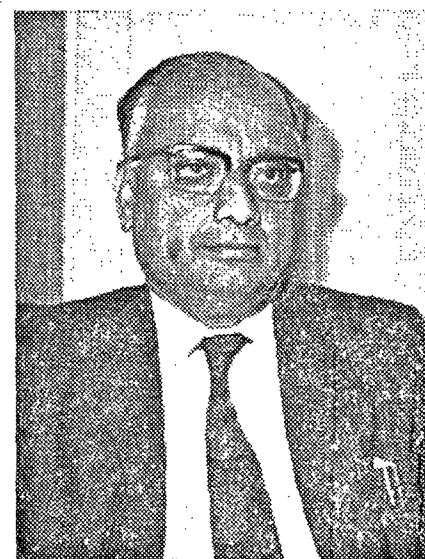
Objectives

IRCI was set up as a public limited company in April, 1971 and commenced business on 24th April, 1971. The need for setting up IRCI as an adjunct to the developmental institutions already in existence in India arose in the context of the depressed industrial climate following upon the recession combined with various adverse factors like mismanagement, unsatisfactory labour relations and critical raw materials' position which led to the closure or sickness of many industrial units which would normally not be able to attract institutional finance for their rehabilitation. The position in this regard in West Bengal particularly was calculated to arouse serious concern. The rehabilitation of the ailing and closed units was of vital importance having in view their importance to the economy of the country and the need to revive and/or safeguard employment of a large number of people. At the instance of the Central Government, the Reserve Bank of India took the initiative in setting up a specialised institution, viz.; IRCI charged with the task of reviving and revitalising the sick and closed industrial units.

IRCI is an all-India institution with its Headquarters at Calcutta. Having regard to the particularly serious position of industry in West Bengal, IRCI during the period under review, confined its activities mainly to that State. Efforts are being made gradually to extend its activities to other States.

Though the objectives of the Corporation are couched in wide terms in its Memorandum of Association, its primary objective so far has been to revive and/or revitalise industrial units which have closed down or are likely to face closure, but show promise of viability of being operated economically with suitable assistance and subject to sufficient safeguards. In attempting to achieve this objective, it

functions not as a mere lending institution in the ordinary sense but as a reconstruction agency which interests itself in the diagnosis and the removal of the short-comings which had led the unit to its present unfortunate condition. This rôle includes the restructuring of the management, pro-



Shri V. V. Chari

viding technical and managerial guidance either through its own staff or by helping in procuring suitable personnel from the market, acting as a catalyst in securing assistance from other banks and financial institutions and Government agencies. Restructuring the financial base of the companies assisted, insisting on the solution of labour-management problems as a pre-condition for providing assistance, advising the management with regard to product-mix and allied matters, a close follow-up of the course of reconstruction by watching, guiding and assisting in the operation of the assisted units—all these also fall within the area of the Corporation's functioning.

In the field of finance, assistance has taken the form of soft loans and guarantees. Substantial moratorium on repayment of instalments and interest has been provided. Reconstruction loans are not intended just for the repayment of existing debts and releasing involvement of other institu-

tions. They are granted for meeting essential capital expenditure, extinction of pressing liabilities to the extent necessary for the purpose of reconstruction and filling the liquidity gap. Working capital finance has essentially to be arranged through banks, although IRCI may provide margin for the same either through loans or guarantees. With a view to conserving resources IRCI has been following the practice of issuing guarantees to banks in respect of margin money for working capital which it undertakes to provide under its scheme of reconstruction. However, in certain cases where the payment of margin money has been insisted upon in cash, IRCI had to provide such cash.

Limited companies, co-operatives, partnership or proprietary concerns—all are eligible for assistance. However, for purposes of control, IRCI generally suggests conversion of proprietorship and partnership concerns into limited companies. Cases of units where more than 50% shares are held by State or Central Government are not intended ordinarily to be taken up for assistance from IRCI.

Financial Terms in Regard to Assistance

IRCI normally charges interest at 8½% per annum, with half-yearly rests on its term loans. However, in the case of units in the small-scale group or those located in backward areas, it charges interest at concessional rate of 7½% per annum and 7% respectively. On the amounts of guarantees executed, charges are levied at 1% per annum.

In view of the weak financial position and need for relief in rehabilitating sick/closed units IRCI does not levy any commitment charge in respect of loans sanctioned by it.

There is no rigidity in fixing repayment of IRCI's loan. The repayment of loan normally depends upon the facts of each case and has varied between four and twelve years. Depending on cash generation IRCI has granted moratorium periods of varying durations with regard to payment of principal and/or interest.

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As IRCI's reconstruction assistance is in the nature of a salvaging operation which ultimately helps to improve prospects of recovery of dues of other financial institutions, which had already become sticky, IRCI asks for a first charge on all the fixed assets of the assisted unit, ranking pari passu with charges already created/to be created in favour of the financial institutions. This is done not so much with an eye on security but mainly to see that IRCI's control over the fixed assets of the assisted units is not interfered with during the period of reconstruction. Further, IRCI's approach in this regard is justified on the ground that reconstruction operations are in the nature of joint venture, where IRCI takes the lead, and in all fairness, none of the financial institutions involved should be better or worse off than the other. It also obtains a second charge on moveable assets, first charge thereon being of bankers providing working capital. However, IRCI follows a certain degree of flexibility in these matters to accommodate other financial institutions for mutual benefit and helping the course of reconstruction.

The authorised capital of IRCI is Rs. 25 crores of which Rs. 10 crores have so far been issued and subscribed to by IDBI, LIC, ICICI, SBI and the 14 nationalised banks. (IFCI's subscription for the present is held by IDBI pending amendment to the Industrial Finance Corporation Act, enabling the IFCI to make the subscription). The paid-up capital amounts to Rs. 5 crores. This has been supplemented by an interest-free loan of Rs. 10 crores from the Central Government (out of which only Rs. 5 crores have been drawn in January, 1972), repayable in 15 equal annual instalments commencing after the expiry of a period of 15 years from the date of receipt of the loan by the Corporation. IRCI will have also access to Reserve Bank of India and IDBI as also the market for its borrowing operations.

Management

The management of IRCI is vested in a Board of Directors whose number shall not be less than nine and not more than fifteen. The first Board of Directors of IRCI comprised the following:

Shri B. B. Ghosh (since deceased)
Shri V. V. Chari
Shri C. T. Das
Shri B. K. Datta

Shri S. N. Hada
Shri H. T. Parekh
Shri C. D. Khanna
Shri Abhijit Sen
Shri R. B. Shah

Shri B. B. Ghosh passed away on 27th October, 1971. On Shri R. B. Shah resigning with effect from 18th November, 1971, Shri V. R. Desai, Custodian of the United Commercial Bank was co-opted from 28th December, 1971. Shri B. C. Randeria, Chief of Investments, Life Insurance Corporation of India, and Shri B. B. Lal, Secretary to the Ministry of Industrial Development, were co-opted as Directors with effect from 28th December, 1971 and 29th March, 1972 respectively. Shri Abhijit Sen resigned with effect from 25th February, 1972.

The first Board will hold office until the close of the first Annual General Meeting of IRCI.

So far, the Board of Directors have held seven meetings.

With a view to facilitating a smooth working and expeditious disposal of reconstruction assistance, applications received by IRCI and other matters, an Executive Committee comprising some of the Directors has been constituted.

The present members are as under:

Shri V. V. Chari.
Shri C. T. Das.
Shri V. R. Desai.
Shri C. D. Khanna.

The Executive Committee has been empowered to grant reconstruction assistance up to a maximum of Rs. 50 lakhs in any individual case and the total reconstruction assistance so granted shall not exceed Rs. 50 crores at any one time. All cases of reconstruction assistance sanctioned by the Executive Committee are reported to the Board. The Executive Committee meets generally once in a month or earlier, if so required. It has held 10 meetings so far.

The day to day affairs of IRCI are looked after by the Managing Director who is assisted by the General Manager.

Appraisal and Follow-up

A pre-requisite for the sanctioning of assistance is, of course, a careful appraisal of the viability of the scheme

of reconstruction proposed after making a detailed study of the circumstances relating to the unit seeking assistance. Reconstruction studies ordinarily cover two phases—the first one being the one at the end of which the unit reaches the break-even level of production with the existing plant capacity supplemented by some balancing equipments, if necessary. At the end of the second phase, the unit is expected to reach stable economic viability through a programme of modernization. While the first phase takes care of the immediate employment, the second phase stabilises and improves on such employment. An important aspect of study is to identify the past deficiencies in management—in the technical, financial and administrative fields. The study also takes particular care to locate other deficiencies like leakages and diversion and misutilisation of funds. Remedial measures are suggested for dealing with all such deficiencies.

For carrying out the appraisal work, the Corporation has on its staff a number of technical and financial officers. In some complicated cases, the services of outside consultancy firms or independent experts are also requisitioned. In taking up cases for scrutiny, the units which are passing through a crisis and are facing closure are given priority. Next in line are the cases of units which are capable of cutting down cash losses early because of their use of relatively modern machinery and techniques and the existence of a satisfactory order-book position. These are followed by cases where there are chances of regaining economic viability through a process of reconstruction over a period of years. In the overall assessment, however, units which are comparatively labour-intensive are given special importance. The problem of reconstruction, varying as they do in accordance with the nature and extent of the various past deficiencies of the units assisted, cannot all be handled by the application of simple formula. Each case has to be dealt with on the basis of its facts and post-sanction follow-up action has to be programmed accordingly. IRCI has been laying great stress on the post-sanction supervision and control of the assisted concerns. The control is exercised through Disbursement and Follow-up Department. The various important control measures adopted by IRCI are as under:

(a) Transfer of Share—In cases where a majority of the shares is held

by a single group presently in control of the company, IRCI generally asks for the transfer in its name of 51% shares or more. This is done with a view to ensuring that the programme of reconstruction is not thwarted by voting out the measures recommended by IRCI. IRCI has adopted this measure in 26 out of the 48 cases sanctioned up to the end of June, 1972.

(b) Appointment of nominees on the Board of Directors of assisted companies—IRCI appoints its nominees on the Board of Directors of the assisted companies to keep a close watch on all the policy matters relating to the working of assisted units. Where considered necessary, it is ensured that the composition of the Boards is such that the necessary support for the course of reconstruction will be forthcoming. The directors appointed by IRCI comprise its officers and reputed professional managers and industrialists.

(c) Appointment of key managerial personnel—Before reopening a unit, IRCI carefully studies the organisational and management structure and where found necessary the same is restructured. The important areas of management, invariably taken care of are marketing, production, research and development and finance. Any deficiencies detected are removed by selections from outside with the approval of IRCI.

(d) Purchase and Sales Committees—IRCI, wherever necessary, appoints Purchase and Sales Committee in the assisted units. The members of the Purchase Committee comprise a nominee of IRCI, a representative of the management and the Works Manager appointed with the approval of IRCI. The Committee decides about the purchase policy of raw materials, stores and spares, etc. It ensures that the purchases are made at the most economical prices. IRCI also helps to procure raw materials which are in short supply by taking up the matter with the authority concerned so that the production programme may not suffer. The Sales Committee which deals with the sales policy includes an officer of IRCI.

(e) Periodical Progress Report—IRCI keeps a close watch on the working of the assisted units by calling from them monthly progress reports on their working in prescribed

forms. These reports are carefully examined as soon as received, particularly with a view to knowing whether the production and profitability expected of the unit is being achieved or not. Wherever the working results fall short of the performance projected, the reasons for the departures are immediately studied with a view to adopting remedial measures.

(f) Visit to the plant—IRCI officials, both technical and financial, pay frequent visits to the units at almost weekly intervals with a view to ascertaining the difficulties that are being experienced by the units and generally discussing matters on the spot with the persons concerned. The remedial measures necessary are taken forthwith on the basis of steps suggested by IRCI's officers either on the spot or after discussions with their Technical Advisers.

(g) Frequent Review of the Working—Selected officers of IRCI are each made responsible for looking after the working of one or more assisted units. They are in touch with all the affairs of the units. A committee comprising the Managing Director, the General Manager and the Technical Advisers, holds meetings with individual officers every week. The problems posed by individual officers are placed before the Committee for guidance. Special visits by a senior technical/financial officer are arranged, where necessary, for advising proper course of action. Where necessary outside experts are also associated for dealing with intricate problems. Controllable factors causing deviations-departures from the projection, made after original studies for reconstruction have to be examined thoroughly and remedial measures taken without avoidable delay.

(h) Inter-Unit Service—IRCI helps its assisted units in obtaining their requirement of such raw materials as are products of other assisted units. For example, IRCI has made arrangements for supply of coal to its assisted units from an assisted coal mining unit. An electrical motor manufacturing company assisted by IRCI caters to the work of repairs of such motors and supply of new motors to other assisted concerns. In another case, a textile machinery manufacturing company is being helped in obtaining orders from the assisted textile units. It has been arranged to supply industrial fabrics required by

an assisted rubber goods manufacturing company through assisted textile units. This service helps not only in obtaining timely supply of the requirements at reasonable cost but also ensures the quality of the materials. As the volume of inter-unit services increases, this itself will take care of several problems of reconstruction of many assisted units.

IRCI started its operations at a time when the industrial and political climate in the State of West Bengal was none too happy and there were severe problems of management indifference, labour unrest and unemployment. Many units had been lying closed and several others were on the verge of closure.

IRCI did not lose time in starting its operations. Even with a skeleton staff, it set itself to work by taking assistance of knowledgeable persons in the field of industry and utilizing the services of outside professional consultants, chartered accountants, etc. Between April 24, 1971 and June 30, 1971, IRCI processed and sanctioned half a dozen cases involving assistance (including guarantees) aggregating Rs. 147.65 lakhs. This comprised 2 units each in engineering and textile industries and one each in coal and steel casting and re-rolling industries, altogether employing about 13,000 workers. Of these six units, 3 units had been lying closed while the remaining 3 units would have been closed but for timely assistance provided by IRCI which took steps expeditiously for the disbursement of assistance without which the position of the concerned units would have further deteriorated. It had to complete various formalities such as making arrangements with the banks for working capital funds, arriving at a suitable arrangement with them about the irregularities in the accounts and deciding the security aspects along with other financial institutions. It had also to negotiate agreements with the workers' unions including the workload to be accepted after reopening the units. Essential legal formalities had to be complied with and in some cases suits filed by creditors, etc., needed to be settled in or out of the court. All these involved considerable expenditure of time and energy. IRCI could, therefore, make its first disbursement of loan in August, 1971 although it had issued guarantees as early as May, 1971.

During the period July, 1971 to June, 1972 IRCI sanctioned assistance (including guarantees) to a further 42 units for sums aggregating Rs. 596.10 lakhs. The total amount disbursed, which was partial in every case according to the actual requirement of each unit, amounted to Rs. 266.23 lakhs. Besides the reconstruction assistance sanctioned by IRCI, it arranged through banks financial assistance for working capital requirements, etc., to the tune of Rs. 514.20 lakhs. These cases covered employment of about 25,300 workers.

At the end of June, 1972 the total sanctioned assistance (including assistance sanctioned prior to 1st July 1971) to the 48 units stood at Rs. 743.75 lakhs and the total amount utilized/guarantees outstanding stood at Rs. 266.23 lakhs (including Rs. 96.31 lakhs in respect of guarantees) covering a work force of 38,300. About one-third of the assistance sanctioned by IRCI was in respect of units located in notified backward districts.

Since the inception of IRCI till 30th June, 1972 it had received 341 applications (mostly requests in the form of simple letters) out of which the number of applications sanctioned is 48. After study IRCI did not accede to 51 requests for assistance as these units did not show any potentiality for viability after revival. Another 67 cases did not come within the operational strategy of IRCI and were therefore directed to banks and other financial institutions who could in the usual course, consider providing financial assistance to them. The processing of 32 cases was in hand and study of 13 cases was held in abeyance for various reasons such as non-availability of necessary data or there was lack of cooperation from the parties. The number of cases in hand which IRCI has yet to process aggregate 128.

Industry-wise Classification of Reconstruction Assistance

A table giving the industry-wise classification of reconstruction assistance sanctioned by IRCI and other relative information is given below. For the purpose of convenience, industries are divided into 3 major groups, namely, Engineering, Textile and Miscellaneous industries. The Miscellaneous group includes paper, glass, chemicals, ceramics, coal, etc.

Industry	No. of units	Total amount sanctioned	Assistance released	Amount arranged through banks	Employment involved
Engineering	24	249.09	94.03	184.18	10685
Textile	6	204.20	73.06	105.01	6783
Miscellaneous	18	290.46	99.14	225.01	20858
	48	743.75	266.23	514.20	38326

Engineering Industries

In this group are included 7 units, a textile machinery manufacturing unit in the State of Tamil Nadu, a bicycle manufacturing company with its four associated concerns and the remaining one, an aluminium manufacturing unit. The total assistance sanctioned to these 7 units amounted to Rs. 151.73 lakhs out of which the amount utilized amounted to Rs. 70.77 lakhs. This provided employment to 7500 workers. The remaining 17 cases fall under the small scale group. The assistance sanctioned to these units amounted to Rs. 97.36 lakhs out of which amount utilized was Rs. 23.26 lakhs. This helped to restore employment of about 3200 workers. The smaller units are mainly manufacturers of fans, cycle accessories, mechanical handling equipment, power transformers, dynamos, nuts and bolts, etc.

Textile

At the time when IRCI came into being, the State of West Bengal did not have any State Textile Corporation nor had the State any working arrangement, as now, so that textile concerns could not avail themselves of finance provided by the Central Government through National Textile Corporation (NTC). Thus, IRCI, among other cases, took up examining applications of sick/closed textile units as well. Out of 36 applications received by IRCI from textile units, 6 cases were sanctioned including one spinning mill which was on the verge of closure, 4 composite mills which had been closed and one small processing house. One of these composite mills has subsequently been taken over under the Industries (Development & Regulation) Act, as its management failed to comply in time with the terms and conditions stipulated by IRCI. Thus, at present, 4 textile mills are being run with IRCI's reconstruction assistance. Subsequent to the sanctions referred

to above, and as per arrangements made between the Central Government and the Government of West Bengal, NTC has opened a Regional Office at Calcutta. Thereafter, 6 cases have so far been taken over by Government of India under the Industries (Development & Regulation) Act and entrusted to NTC. Two other cases are also stated to be under their consideration. The application of one powerloom factory is being processed at present. Further, rehabilitation of more powerloom cooperative societies in the State of West Bengal is also under the active consideration of IRCI.

In fulfilling the task of reconstruction, IRCI has to associate itself very closely with the various operations of the assisted textile units. In the case of three units, it directly supervises purchase of cotton stores, spares, etc. The costly system, quality control measures, preparation of pattern of production based on market study and budgetary controls have been introduced. IRCI has also arranged to appoint professionally qualified persons at plant level and in administrative offices of assisted units for toning up general supervision and control. As a result of these measures all the four assisted units have turned the corner and ceased making cash losses.

Textile Cell

With the manifold activities which IRCI had, perforce, to carry out directly to help the assisted textile units in various facets of their working like purchase, sales, production, labour settlement, etc., IRCI has created a separate "Textile Cell" in its office since June, 1972 for regulating these functions properly.

Central Processing House

In the State of West Bengal most of the textile units (except those

controlled by large groups) with their out-dated equipment produce grey cloth such as dhotis, sarees, markins, etc., which leave very small margin of profit. These units are at a relative disadvantage compared to the textile units in the Western and Southern regions as they do not have the necessary processing facilities worth the name in this region. There has been a long felt demand for a good processing house which could help the textile units to diversify their production according to the changing pattern of demand of the present day. IRCI set up an Experts' Committee under the chairmanship of Shri S. N. Hada, one of its Directors, to study the feasibility of setting up a Central Processing unit. Based on the recommendations of the Committee, and taking into account the prevailing industrial climate, IRCI is itself taking steps to promote a modern processing house with a processing capacity of 1.5 lakhs metres of cloth per day. The preparation of project report has been entrusted to a leading textile consulting firm of Bombay who have already submitted the preliminary report.

Miscellaneous

The number of units assisted in this group is 18. The amounts sanctioned and utilized so far are Rs. 290.46 lakhs (including guarantees aggregating Rs. 23.38 lakhs) and Rs. 99.14 lakhs, respectively. These units provide employment to about 21,000 workers. Of the 18 units, 6 units are of medium size and the assistance sanctioned to them amounted to Rs. 87.63 lakhs. This helped to restore employment to about 18,800 workers. The 6 units comprised one casting and re-rolling mill, a coal company, one ceramics, one building construction company and 2 chemical and pharmaceutical companies. The remaining 12 cases falling under this group were in the small scale sector. This includes 3 paper units, 2 glass manufacturing units, one biscuit factory, one pencil factory and one dairy. The assistance sanctioned to these units amounts to Rs. 85.70 lakhs and the amount utilized Rs. 11.51 lakhs. It has given employment to about 2,100 workers.

Collaboration with other Concerns

In the case of a steel casting and re-rolling unit, collaboration has

been secured from Garden Reach Workshop Ltd., a Government of India Undertaking. The collaborators apart from their financial and technical involvement, have also spared the services of their professional managers for the proper supervision and control over production.

Size of Loans

A table giving classification of loans sanctioned by IRCI according to their size is given below:

Classification of Loans Sanctioned According to their Size

Size of loans (Rs. in lakhs)	No. of units	Loan sanctioned (Rs. in lakhs)
Less than 0.50	1	0.12
From 0.50 to less than 1.00	1	0.55
From 1.00 to less than 5.00	19	63.14
From 5.00 to less than 10.00	5	29.37
From 10.00 to less than 25.00	15	268.15
From 25.00 to less than 50.00	4	159.48
Over 50.00	3	222.94
	48	743.75

Assessment

IRCI was established at a time when the industrial climate in West Bengal was most disheartening though of course it was this very climate which made its appearance necessary. It had to act quickly at the requests received from the managements besides those received from labour unions, financial institutions, banks and Government and collection of all the necessary data for study, particularly in the face of indifference, and often reluctance of some managements was not an easy exercise.

Reconstruction study involving expert diagnosis of the various ills of an ailing unit and suggestions for remedial measures is by itself a difficult task. The post-sanction exercises or overseeing the implementation of the course of reconstruction are more onerous. Tackling creditors who, in many cases, have already instituted legal proceedings, statutory authorities to whom the units have made defaults, reconciling the discontented

labour thrown out of employment, sorting out of legal formalities as between various institutions already involved, have all been strenuous and time-consuming processes. Arranging working capital finance from banks and persuading them to nurse their earlier often insecure involvement entail protracted and lengthy negotiations and so in several cases disbursements had inevitably been delayed. Similar delays have occurred in obtaining clearances from Government authorities in respect of statutory dues, etc. In spite of these hurdles IRCI's performance may not be considered unsatisfactory.

As IRCI has been adding to its experience and expertise, its role has been expanding. With the recent amendment to Industries (Development & Regulation) Act, a number of units have been taken over and IRCI is being called upon by the Central Government to assist in rehabilitating such units. IRCI's experts have already been associated with the study of 6 such units.

One of the aspects of IRCI's reconstruction assistance needs special mention. As indicated earlier, a portion of IRCI's assistance may include payment for pressing liabilities and also a reasonable payment to trade creditors. Such payment is of definite advantage to the units which are facing financial stringency because of enlarged portfolio of sundry debtors. This is of special advantage to small scale units a number of which have been facing difficulty because of the blocking of their funds with other units. This chain of fund movement has cumulative effect in the strengthening of the finance of a number of units although they have not been directly assisted by IRCI.

Labour Relations

Good labour relations are a sine qua non in any industrial undertaking for its healthy functioning. Before reopening any unit, IRCI helps in promoting negotiations by the management with the workers and their unions. It is impressed upon the workers that while IRCI would take all the measures to provide raw materials, maintain proper inventories and arrange for sales, plugging of the loopholes for any leakages, etc. the workers' cooperation is equally necessary to give the optimum production which would reduce the cost per unit and give

higher profitability. All the important issues relating to the workload, efficiencies in various sections at the plant, discipline among the workers, amenities and recreational facilities provided are discussed in detail and agreement is entered into by the management with the workers either on a bipartite basis or tripartite basis. IRCI officers help to bring amity and better understanding between the workers and the management. The relations with the labour in the IRCI assisted units have so far been cordial.

Working Results of the Year

From the statement of accounts it will be seen that after meeting expenses and providing Rs. 79,863 for depreciation, Rs. 50,000 for payment of gratuity to the staff, Rs. 12,000 for payment of bonus to the staff, Rs. 1,81,028 for creation of Special Reserve under Section 36(1)(viii) of Income Tax Act, 1961 and Rs. 10 lakhs for taxation, a sum of Rs.

4,58,096 has been transferred to General Reserve. This being the first year of IRCI, it has been proposed that no dividend should be declared to the shareholders of IRCI.

Acknowledgements

During the short period of its existence, IRCI has received considerable encouragement from the Central Government as also the State Government of West Bengal and others. The Union Finance Minister paid a visit to the office and this has been followed by visits of high officials of the various Ministries for discussion of the various problems. The Labour Minister of the Government of West Bengal also visited the office. Special guidance and encouragement have been received from the Reserve Bank of India and IDBI and the Governor was kind enough to visit the office of IRCI and hold detailed discussions on the various aspects of its working. The Deputy Governors also visited IRCI's office.

The cooperation received from Chairman, Custodians and other high officials of banks are also worthy of special mention.

While concluding this report, the Board wishes to pay its homage to the first Chairman of IRCI, the late Shri B. B. Ghosh, who expired on the 27th October, 1971.

Sarvashri R. B. Shah and Abhijit Sen resigned from the Board during the period. The Board records its appreciation of the services rendered by them as Directors of the Corporation. The Board also records its special appreciation of the services rendered by the Managing Director, the General Manager and the Technical Advisers and of the devoted and dedicated services rendered by the officers and the staff of the Corporation.

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

PROGRESS TOWARDS SOCIAL AND ECONOMIC OBJECTIVES

Speech of Sri S. Ramachandran, Chairman, The Minerals & Metals Trading Corporation of India Limited, at the Ninth Annual General Meeting held at New Delhi on 25.9.1972

In presenting the Annual Accounts of the Corporation to you, I am happy to say that the trading results are quite satisfactory. The profit before taxation was over Rs. 16 crores, nearly double of what it was in 1970-71. The turnover was also about Rs. 17 crores more than in the previous year. Judged by various other criteria, you will agree that your Corporation has reason to be satisfied with their performance during 1971-72.

2. Today, I would like to present to you in as direct a manner as possible our efforts to fulfil the social and economic objectives which you have set for us. You had entrusted this Corporation with a monopoly of exporting iron ore, manganese ore and ferromanganese and coal. We have to admit that your Corporation did not have a good year in the matter of exports of these items. The shortfall in exports should be viewed in the context of world-wide recession in steel industry, the like of which has never been known in the history of steel. It caught all the exporting countries of iron ore—both developed and developing—off guard as much by its suddenness as by its magnitude and spread. Even so, the performance of the Corporation in the second half of the year was almost equal to the performance in the latter half of 1970-71. The default in performance was high in the first half of the year when the recession had not set in and this was mainly due to mining and the infrastructural facilities not holding our hands in certain sectors.

3. The senior management of your Corporation is now more & more conscious of the fact that they will be judged solely by the results, notwithstanding the transient setbacks due primarily to the defaults of other associated agencies. Your Corporation is not only a catalyst in the matter of exports but also an energiser and has thus to be constantly

vigilant about how others perform—production units, transport agencies and port establishments. It is seldom that all these agencies function in the optimum manner. I do not propose to tire you at this stage with more details; but sooner or later we shall have to find a new approach to the problems of co-ordination and integrated commitment to larger exports. There is no simple recipe—either organizational or administrative. It is in this context that we welcome efforts such as the setting up of an Iron Ore Board.

4. I may, however, add that we did our best not to inconvenience the mine workers; in fact, we allowed all iron ore to be delivered as usual at loading points in spite of setback in shipment. We carried, therefore, in our stocks as much as 2.1 million tonnes of iron ore on 31st March, 1972 against 1.2 million tonnes at the end of 1970-71. For your Corporation the social consequences of lower intake in this important employment sector seemed more vital than the easy way out dictated by purely commercial consideration—keeping a low inventory.

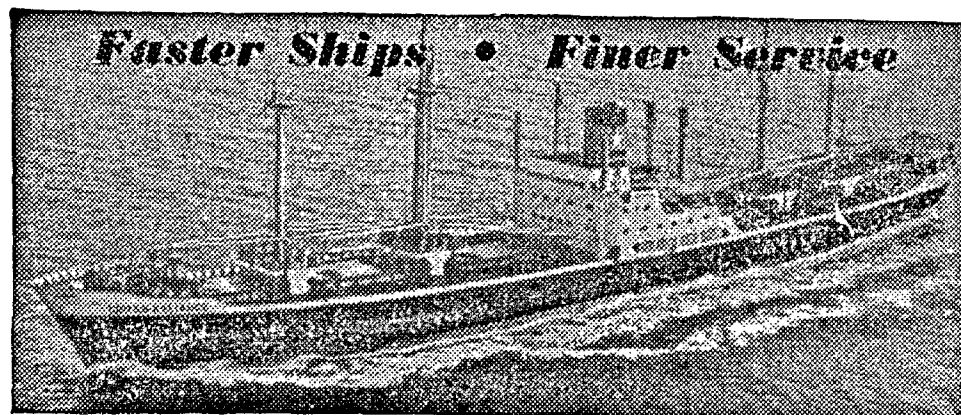
5. This is by no means the only encouragement that has been given to the mining industry. Many other incentives have been given like tyres for trucks at cost price, explosives, and also financial assistance for modernisation of mines. Your Corporation has maintained continuous watch on the infra-structure and has commissioned several facilities at its own cost such as night-lighting in loading stations, additional sidings, partial mechanisation of ports etc. The Corporation also diversified the markets for iron ore and met with significant success in new markets like Korea and Taiwan.

6. The Corporation did signal service to iron ore producing countries in the developing world by

focussing attention in the Consultative Group of producing and consuming countries, which met in Geneva in February 1972, on the fact that the competition of highly developed countries, who can invest massive sums in mineral ore development, has almost brought the economies of developing countries depending on mineral exports to the brink of disaster. The Consultative Committee was able to persuade the UNCTAD Secretariat to launch upon several studies including the price relationship between iron ore and steel, which may result in fixing a reserve price for iron ore in relation to steel prices. In the III UNCTAD Conference at Santiago also, your representative spoke on behalf of all developing countries.

7. Another depressed sector in which Government desired your Corporation to step in was the mica industry which presented innumerable problems. It was clear that unless a subsidiary was set up, it would not be possible to give sufficient attention to a trade which has ramifications unequalled in other activities of the Corporation. I am glad to report that a beginning has since been made and though a subsidiary has not yet been sanctioned, field offices have been opened in the mica districts of Bihar. The operations have just commenced in a modest way but can be fully developed only after the formation of a subsidiary.

8. Government have progressively canalised imports through state trading agencies, mainly to conserve foreign exchange by economies resultant on bulk buying, and also to ensure that regular supplies are received by industry both in the large and the small sectors, so that there is no setback to industrial production. If we examine the twin-fold objectives in respect of the commodities canalised through the Mineral & Metals Trading Corporation, it will be found that, on the whole, buying by



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your Corporation has benefited the country in securing much cheaper prices than those paid by individual importers. In a recent review of metal buying, it was noticed that significant economies had been secured in foreign exchange by MMTC's buying of non-ferrous metals. In regard to fertilizer raw materials we have gone even further. There has been wide recognition that Indian buying has by far been most responsible for keeping down prices in the world.

9. One of the most remarkable features of the recent commercial activity of your Corporation in the matter of imports has been the conclusion of long-term contracts with producers of metals and fertiliser raw materials. Long-term contracts have been concluded for copper and lead on very attractive terms. A major proportion of India's import requirements have been covered by these contracts and the spectre of uncertainty of supply in a market where shortages are beginning to appear have been removed by these long-term contracts.

10. While on this subject of procurement of valuable raw materials for industry, it must be stated that in line with the Government's desire to become self-reliant and be free from the necessity for aid, the Corporation is directing more and more of its purchases towards bilateral trading countries as also countries with which there are trade agreements for balanced purchase of goods. Thus the major proportion of sulphur imports is directed to Poland, Iraq and Iran and more emphasis is being placed on procurement of larger quantities of fertilisers from East European countries. In respect of non-ferrous metals also, there has been significant increase in the quantity procured from East European countries.

11. You are entitled to know how we are serving industry. It would interest you to learn that of late there have been very few complaints about delay in supply. Even the few complaints being received are from firms which have been black-listed or held in abeyance by the Chief Controller of Imports and Exports. The generality of complaints is about prices charged. On this question the only submission that can be made at this stage is that on the bulk of the

supply to actual users, service charges retained by your Corporation are lower than what private indent houses were levying in the pre-canalisation days. We could claim with justifiable pride that we are supplying copper, lead and zinc to exporting units consuming these raw materials, at prices cheaper than their direct imported prices. In certain selected items, where the end consumer has derived no benefit by any reduction in price of the raw material and the manufacturer has been making phenomenal profits, prices have been designed to mop up, to an extent, the high profits of the manufacturers. These prices have also acted as a disincentive to black marketing by certain industrial units who were not using the raw materials for their own production.

12. Further the time-lag between receipt of a release order and supply has been reduced from nine months to a mere two months for actual users and fifteen days to one month in respect of Priority units and this excellent position has been achieved even though the Corporation is maintaining only a month's inventory for industry as a whole—the pipe line supply is so well-timed.

13. Your Corporation is certainly looking forward to much greater achievements. In this effort we are assured of tremendous support from the Ministry of Foreign Trade and from the Minister. This encouragement has given us the confidence to meet new challenges. There has been a silent revolution in the working modalities. There has been a greater awareness of the need for making the Corporation more service-oriented, more responsive to public needs and more conscious of their crucial role in the foreign trade of the country. The training and development of managers and the staff and manning jobs at all levels by technically competent persons have been engaging our attention lately. We hope that by the time we present our accounts for 1972-73, we would be able to tell you how the new experiments in management training and development, re-structuring of the Organization, inducting new blood at appropriate levels and renovating the entire organizational pattern, have succeeded in improving not only the trading results of the Corporation but also the general service to industry in particular and the Indian economy as a whole.

COMPANY AND PUBLIC NOTICES

WOOLCOMBERS OF INDIA LTD.

(Notice under Rule 4A of the Monopolies & Restrictive Trade Practices Rules, 1970).

IT is notified for public information that Woolcombers of India Ltd. intends to invest out of its funds for the purchase of fully paid Ordinary Shares in Swan Mills Ltd. and an application under Section 23(4) of the M.R.T.P. Act, 1969 has been made to the Central Government in compliance with the provisions of the said Act.

Any person interested in the matter may make representation to the Secretary, Government of India, Department of Company Affairs, New Delhi, within a fortnight of publication of this Notice stating the nature of his interest in the proposal.

WOOLCOMBERS OF INDIA LTD.
P. K. GUPTA,
Director.

Calcutta,
Dated the 18th September, 1972.

DIVIDENDS DECLARED OR PROPOSED

Midnapore Commercial Co. Ltd.—
Rs. 4(0), a share, subject to tax

Champdany Jute Co. Ltd.—10 p.c
(0), subject to tax

Fort Gloster Industries Ltd.—20 p.c
(0), subject to tax

Hukumchand Jute Mills Ltd.—7!
Paise per share (0), subject to tax

Anderson Wright, Ltd.—Nil

Kelvin Jute Co. Ltd.—Nil

India General Navigation And Railway Co. Ltd.—Nil

Jardine Henderson Ltd.—Nil (0)

Universal Electrics Ltd.—12½ p.c. (0
subject to tax

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(Founded in 1888: Published every Thursday)

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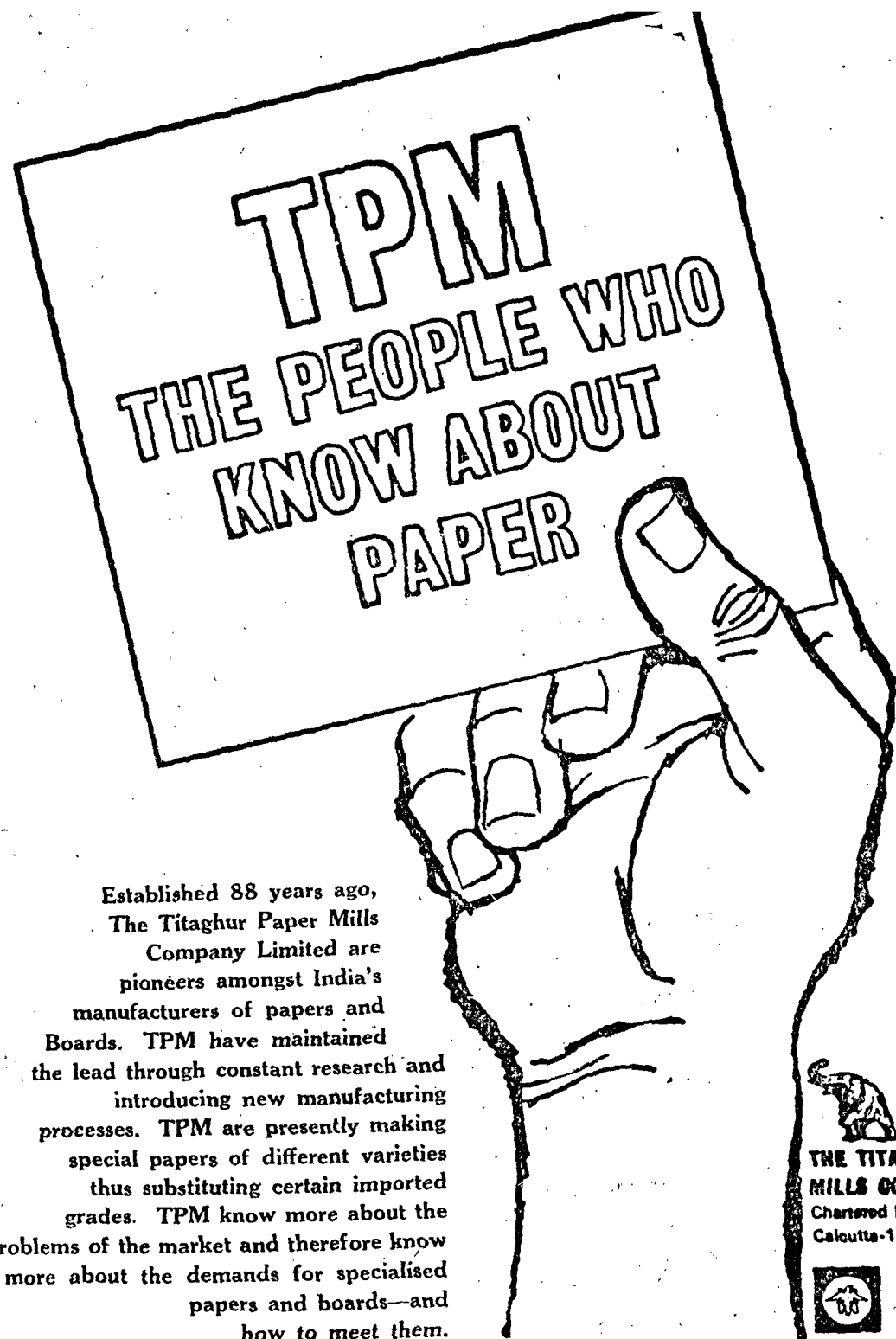
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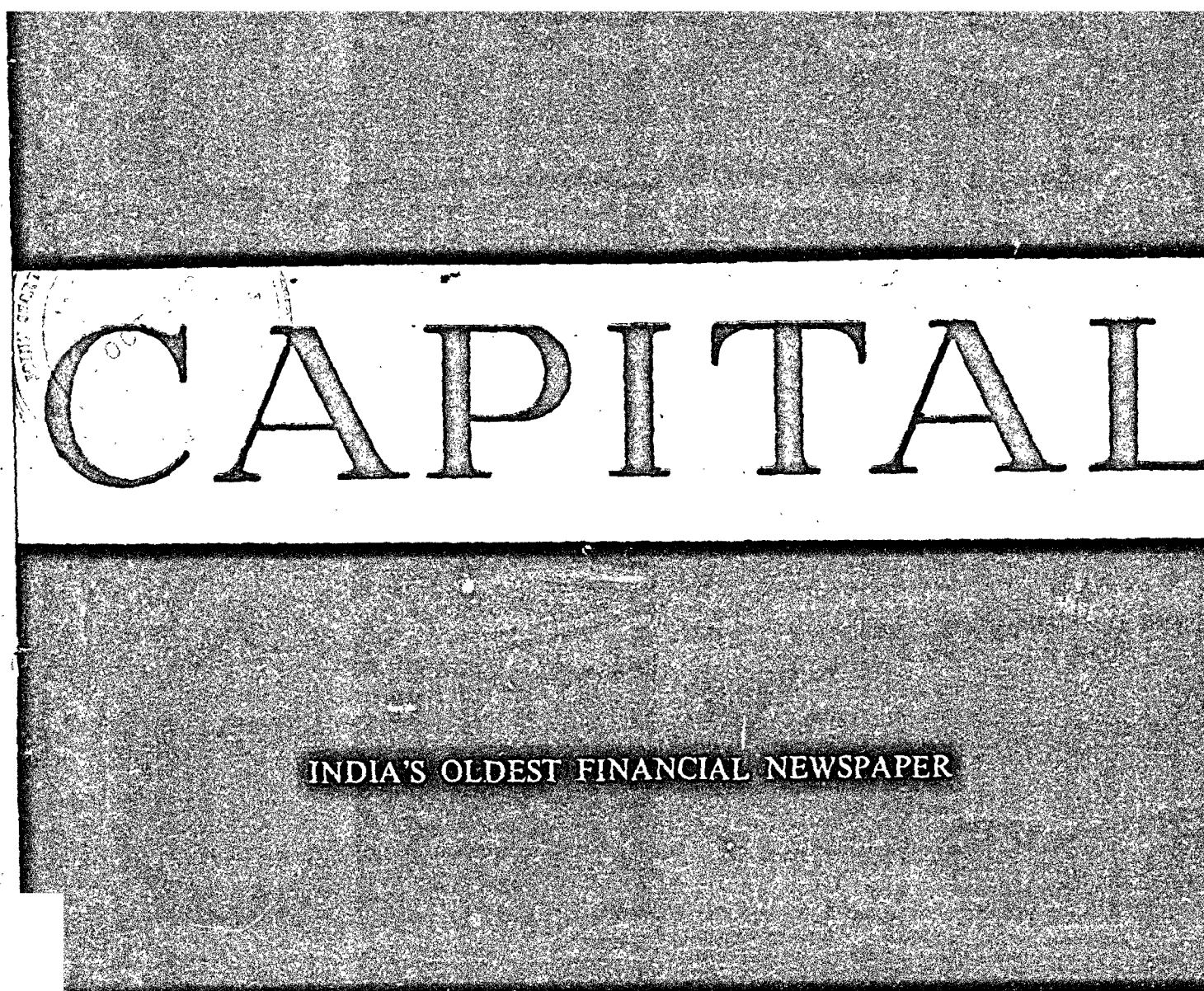
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**Raising Procurement Prices
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Lowering the Voting Age?
Britain into Europe: Impact on India
Role of Company Secretaries**

Price Rs. 1.50

5th October, 1972

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C. D. KHANNA
CHAIRMAN

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Raising Procurement Prices

THE decision of the Central Government not to raise the procurement prices of rice beyond the level recommended by the Agricultural Prices Commission, in its report for the *kharif* season, is not only wise but also the right decision. And yet, it is amazing that the decision had to be very nearly forced by the Prime Minister, Mrs. Indira Gandhi, on her Cabinet colleagues, and Chief Ministers, who were in Delhi a few days ago, to consider the A.P.C. report. It seems that but for Mrs. Gandhi's effective intervention, the Chief Ministers might have well reached a consensus in favour of raising the procurement prices by Rs. 6 a quintal, instead of Rs. 2 as recommended by the A.P.C. While it certainly speaks well of Mrs. Gandhi's leadership, it does no credit to her team at the Centre or in the States. Are the Central Ministers and State Chief Ministers so devoid of an economic sense that they cannot comprehend for themselves the adverse implications of a sharp rise in procurement prices unless these were brought to their notice by the Prime Minister? It is indeed a strange type of democracy where every decision has to emanate from a single person!

It is no secret that the Prime Minister is deeply concerned over the present price situation, showing an increase of about 8 per cent in the week ended 9th September, compared with the corresponding period of last year. She evidently realises that the recent decision to give interim relief to Central Government employees and higher minimum bonus to industrial workers would only accentuate the inflationary pressures in the economy. If, in this situation, the procurement prices of rice were also raised substantially, with or without a corresponding increase in the consumer prices, there was bound to be a further deterioration in the price level. The way the bonus issue was bungled by Mr. R. K. Khadilkar,

Central Labour Minister, put the Prime Minister on the alert this time and she successfully stalled the attempt of some States with surplus rice to secure a higher increase in procurement prices. The Chief Ministers accepted the Prime Minister's suggestion that the report of the A.P.C., recommending an increase of only Re. 1 to Rs. 2 a quintal must be approved by them without a murmur. Consequently, the move for a higher procurement target of 4.5 million tonnes of rice, as against 4 million tonnes recommended by the A.P.C., was also abandoned.

Incidentally, it is interesting to note that it is for the first time in several years that the Chief Ministers have accepted the A.P.C. report *in toto* without any modification. In the past three years, the report of the A.P.C. hardly ever received any serious consideration at the hands of the Chief Ministers and the expert body's repeated recommendations for lowering the procurement prices of wheat were consistently ignored by the Chief Ministers as well as by the Centre. It is evidently realised now that it is far better to depend on the wisdom of an expert body than on political expedients, which have so far fashioned the Government's policy on procurement prices. It is to be hoped that when the Commission makes its recommendations on minimum support prices for wheat for the ensuing *rabi* season, the Centre would not once again wobble or yield to pressures from the State Chief Ministers. If expert advice is sacrificed for political considerations, the danger to the economy is obvious.

Even the increase of Re. 1 to Rs. 2 a quintal recommended by the A.P.C. would mean a Central subsidy of Rs. 25 crores on rice procurement and distribution this year, compared with Rs. 20 crores last year. The increase is only of Rs. 5 crores but along with the subsidy of Rs. 120

crores on wheat distribution, the total amount will come to nearly Rs. 150 crores. This will be more or less equal to the amount spent by the Government in the past on food imports every year and, therefore, it would seem that the economy has not really benefited by the record increase in food production in 1970-71. The final estimates of food output for 1971-72 have not yet been officially released, although it is privately admitted that it will be at least 2 million tonnes less than the output of 107.8 million tonnes of the previous year.

In referring to the slideback in food production, the A.P.C. has rightly pointed out that "it is not in the style of nature to bestow its bounty evenly over the year". When the Commission, in its report last year, attributed much of the increase in food output to the "bounty of nature", there was a furore in the Food Ministry and the Commission was accused of deliberately belittling the contribution made by the high-yielding varieties and improved production techniques in ushering in the so-called "green revolution". Without appearing to assert its point of view, the Commission has now emphasised that the "experience of 1971-72 only serves as a rude reminder of the fact that, with an irrigated area still short of one-fourth of the total cultivated area, the agriculture of the country continues to be dependent on the vicissitudes of weather".

It is in this context that the Commission has also stressed the need to build an adequate buffer stock. And in order to bring about a greater balance in its grainwise composition, the Commission has rightly underlined the importance of enlarging progressively the rice and coarse grain composition of the buffer stock. At present, the buffer consists largely of wheat. But as the Commission points out, a buffer stock policy ought to supplement rather than supplant a direct attack on the problem of instability through a re-orientation in the production strategy. The Commission says that since the pay-off from irrigation consists not only in what it adds to production but also in what it adds to stability, it could often be more economic, at the margin, to invest in irrigation than in a larger buffer stock to buy the same measure of additional stability. Of course, this has to be a long-term policy and must form part of the planning strategy as a

whole. If the State Governments can also muster sufficient courage to raise the irrigation rates to levels recommended by the Nijalingappa Committee several years ago, the return on past investments will pay for a part of the new costs.

The Commission's suggestion for a progressive shift in the production of foodgrains from the *kharij* to the *rabi* season also deserves to be given serious consideration. As the Commission says, although there has been no breakthrough in rice production, the high-yielding varieties have been consistently successful when raised as a summer crop. But the limiting factor again in their spread during the *rabi* season is the availability of irrigation water. The removal of this

constraint would not only help achieve increases in the yield a hectare but also impart—as has happened in wheat—a measure of stability to the production of rice. It is a pity that the Chief Ministers did not give even a part of their valuable time to a discussion of these suggestions; instead, the emphasis was on State take-over of food procurement and distribution as though all evils are concentrated at these sources. If production is adequate and still there are shortages, the State must intervene but when production itself is handicapped by several limiting factors, priority attention needs to be given to the elimination of those constraints, and not in disturbing established channels of procurement or distribution.

World Bank: The Aid Perspective

IN a world that sees increasing pusillanimity about aid in general and bilateral Government aid in particular, it is reassuring to find some organisations still hopeful of stemming the trend. Total official and private net disbursements by the member-countries of the Development Assistance Committee have risen from \$10,320 million in 1965 to \$17,210 million (provisional) in 1971. But the annual report of the World Bank group for fiscal 1972 ended June itself observes that it would be rather incautious to interpret this as a change in what seems to have been a gently rising and variable trend over the last few years. "The reasons for caution are to be found in the disappointing distance by which several major members of the D.A.C. still fall short of widely accepted 'targets' for such assistance". Thus while the share of aid in the developing countries' gross national product has hardly improved from 0.77 per cent in 1965 to 0.78 per cent in 1971 (provisional), official development assistance (O.D.A.) has come to account for only 0.33 per cent of the G.N.P., against 0.44 per cent six years ago. The shortfall has been made up partly by larger private and other official flows whose share has gone up from 0.33 per cent to 0.43 per cent during the same period and by the marked step up in the activity of the World Bank group.

When most of the donors are thus failing to even scrape through the tests, the World Bank group alone seems to be scoring very high marks. The group's lending and investment operations in developing countries re-

ached a record annual figure of more than \$3,000 million in fiscal 1972. In 1968, it was only about \$1,00 million. The World Bank sanctioned 72 loans in 40 countries totalling \$1,966 million during this period. The International Development Association approved credits of about \$1,000 million for 74 projects in 38 countries and the International Finance Corporation committed investments of \$116 million in 17 countries. But how long the World Bank and the I.D.A. will be able to retain such steam, it is not clear at the moment. The group expects contributions of about \$800 million during the current year to replenish the badly depleted kitty of the I.D.A. Till June this year, 16 of the 19 richer donor nations had approved of their contributions. If the I.D.A. could maintain its aid programme in fiscal 1972, that was largely because of the move by 15 Governments to put some advance contributions into its nearly dry pipeline. Still the situation has not been described as hopeless. Banking on larger resources mobilisation through borrowing in several countries' capital markets (for which the permission so far has graciously been given by the concerned Governments) and the ultimate good sense of the member-countries, World Bank spokesmen have expressed the confidence that things would turn to be less difficult than they are imagined. When Mr. Robert S. McNamara became the President of the Bank four years ago, he had proposed to double in five years the amount of development financing recorded by the group in the period 1964-68. This will mean a volume of lending nearly equal to the total amount

lent during the previous 23 years of the Bank's operation. And Mr. McNamara has now told the annual Fund-Bank meeting in Washington that the Bank group will not only meet that goal but will surpass it.

But it is not only for the marked rise in investment or lending that the group deserves kudos. Over the last few years, it has extended its lending policy to serve purposes and areas which have so far received rather inadequate attention. The group has thus started taking more interest in such diverse but vital sectors like agriculture, education and population. Side by side, it is seeking to shift its emphasis over a wider geographical base. During its first five-year programme under the presidency of Mr. McNamara, it expects to more than treble its lending to African States over the previous 1964-68 period. For the group of its poorest member-countries — those whose *per capita* incomes average less than \$100—it will quadruple its lending. But Mr. McNamara is obviously unhappy at the trend of official development assistance. He feels that there is very little chance that during the first half of the current decade, it will exceed 0.37 per cent of the G.N.P., or only half of the official second Development Decade target. Such massive shortfall in concessionary aid will hit the poorest countries the most. "Their needs for O.D.A. are the greatest, and their chances for finding feasible alternatives are the least". And these countries account for nearly 64 per cent of the aggregate population of the Bank's entire membership of developing countries. This begs the question of servicing of debts by these countries. The annual debt service of the developing world now comes to \$7 billion on a publicly total guaranteed debt of about \$75 billion. But what Mr. McNamara is most worried about—and this has been the theme of his speech at the recent Fund-Bank meeting—is the relation between economic growth and its social impact. As he says: "Increases in national income—as essential as they are—will not benefit the poor unless they reach the poor. They have not reached the poor to any significant degree in most developing countries in the past, and this in spite of historically unprecedented average rates of growth throughout the 'sixties'".

The aid question apart, the tantrums in international monetary

field have also had their bearing on the economies of developing countries. Attempting an assessment of these repercussions, the report of the International Monetary Fund for 1972 notes that 1971 was a year marked by generally weaker gains in export volume, sagging average prices for primary products other than petroleum, and a very uneven distribution of changes in export values and trade balances. In terms of total value, the exports of developing countries other than oil exporters showed a rise of only 2 per cent, by far the smallest increase since 1967. With the continuing rise in these countries' import prices, the purchasing power of their export earnings apparently suffered an overall net decline. In any case, taking into account all the diverse changes in debt service payments and in the value of outstanding debt in real terms and in other items, the Fund believes that last year's extensive currency realignment may result in due course in an eventual improvement in the collective trade balance of the developing countries by about 2.5 per cent to 4 per cent of the group's com-

bined exports, or roughly \$1.5 billion to \$2 billion.

As for India, there are reasons to feel rather satisfied with the way the World Bank group has treated its needs. India emerged as the single largest recipient of the World Bank group commitments during fiscal 1972 with a total figure of \$472.2 million. These bring the cumulative total of Bank and I.D.A. lending to India to \$3,132 million (gross amount). The I.F.C.'s commitments total \$42 million. Indeed, India accounted for a little over 41 per cent of the I.D.A.'s total commitment of \$999.7 million during the year. But most gratifying has been the entry of the World Bank group for the first time in such vital sectors like population planning and shipping and agricultural marketing. The World Bank and the I.D.A. undertook their first operation in support of fertiliser manufacturing in India's public sector when I.D.A. credits were extended for expansion of Fertilisers and Chemicals Travancore Ltd and the Gorakhpur plant of the Fertiliser Corporation of India.

Lowering the Voting Age?

THE appointment of Dr. Nagendra Singh as the new Chief Election Commissioner of India in succession to Mr. S. P. Sen-Varma, who held the post with great distinction, is welcome. In a vast country like India, elections have always been a difficult process. The sheer magnitude of the electorate which runs into over 250 million makes it difficult for the election authorities to conduct the poll in a peaceful and orderly manner. However, five general elections have been held so far with great success and there have been any number of by-elections in the country, almost all of which have been conducted with dignity. It is this that has impressed the people who know that they have the right to express their opinion on what Government they want once in five years. This periodical holding of elections is the *sine qua non* of democracy which has certainly taken firm roots in the country.

If one were to ask the question as to who of all is most responsible for the proper functioning of the democratic processes so eloquently enshrined in the Constitution, one would unhesitatingly say that it is the Chief Election Commissioner.

The three Chief Election Commissioners whom the country had so far had—Mr. Sen, Mr. K. V. K. Sundaram and Mr. Sen-Varma—did set up certain healthy practices and their reports show the innovations and improvements that have been made from time to time to ensure that elections are held in a free and fair manner. Dr. Nagendra Singh has certainly a difficult task to perform and he has to take up matters where Mr. Sen-Varma has left. One of the more pressing questions that has been engaging the attention of the Chief Election Commissioner is the one relating to the lowering of the voting age to 18 from the present 21. The Government has sought the views of the Chief Election Commissioner on this question, since it is he who, in the ultimate analysis, has to make arrangements for enlarging the electorate. However, Mr. Sen-Varma has already made it known that it would be difficult to manage if the voting age is reduced to 18.

There is no doubt that this single step of lowering the voting age will, at one stroke, increase the number of voters in the country by another 100 million. The entire electoral rolls will also have to be recast. At

the time of the poll, some thousands of extra polling stations will have to be set up to cope with the increasing number of voters. The law and order problem which inevitably arises at the time of elections will also increase. All this leads to a substantial rise in the expenditure involved in holding the poll. The Government will naturally have to decide this issue in the light of all these factors. Already, there is a section of opinion which holds the view that democracy in India is suffering qualitatively because of the large number of illiterate voters. This is true to a large extent, although the malady cannot be defined in specific terms. The lowering of the voting age is bound to add to the problem and it will correspondingly lower the quality of democracy. Mr. Sen-Varma is stated to have advised the Government to go slow with this demand and it is to be seen what will be the final decision.

Equally important is the question of raising the strength of the Lok Sabha and the State Assemblies following the increase recorded in the population. The present strength of the Lok Sabha is fixed on the basis of one representative for every 600,000 or so of the population. On

this basis, the Government has decided to increase the strength of the Lok Sabha to 600 from the present 520. A Bill was to have been introduced in the last session of Parliament but it was deferred at the last moment. There has been adverse criticism of this move on the ground that the Lok Sabha and the State Assemblies will become unwieldy and it will harm the functioning of the Houses. Debate and discussion will become difficult and this may ultimately injure the democratic process itself. There is also the question of increased expenditure this will involve and it has to be considered whether the country can afford this at this juncture. Also, with the family planning schemes going awry, it is doubtful whether the steps that are being taken to check the growth of population will ever succeed. Which means that everytime there is a significant growth of population, there should be a change in the number of members of the legislatures. The Government will be well advised to put a ceiling on the present level itself and not create problems by tinkering with this issue. Dr. Nagendra Singh, who is a distinguished authority on law, could have a fresh look into the matter and advise the Government accordingly.

Britain into Europe : Impact on India

BOTH at his Press conference and in his address to the Indian Council of World Affairs in New Delhi last week, Mr. Geoffrey Rippon, British Minister in charge of E.C.M. Affairs, tried to assuage Indian feelings about the adverse consequences of the U.K.'s entry into the European Economic Community. The main points he made were: a stronger Britain within the Community would be of greater benefit to the Commonwealth; the greater economic strength of the enlarged Community would enable its members to make an increasingly effective contribution to the needs of the developing world; there was no risk of the British aid programme to India being affected by her participation in the Community; and two-thirds of India's present trade with the U.K. would continue to enjoy either zero rates of duty or would be included within the scope of the Community's generalised scheme of preferences. Even so, the enlargement of the Community "will have effects on

India", but it was possible to find "suitable solutions" for particular problems as the Community was committed to do so under the Joint Declaration of Intent. Mr. Rippon also added that India's present trade with Britain would not be affected next year, as Commonwealth preferences were to be phased out gradually over a four-year period ending 1977.

While no one wishes to doubt either Britain's or the Community's offer of co-operation and assistance to sort out the problems of the Asian Commonwealth nations, there is a line of thought even in Mr. Rippon's statements which has sought to emphasise the point that what the Community has already done concerning the reduction of tariff and non-tariff barriers would partly compensate the losses that are likely to be suffered by countries like India. Whatever concessions have been offered by the Community under its generalised scheme of preferences, these have

been done under the forum of U.N.C.T.A.D. to create more favourable conditions of trade for all developing countries. The advantages of some of these concessions are still uncertain. In the case of India, she has always had an adverse balance of trade with the Community, whose exports to this country have been, on average, nearly double the level of Indian exports to the Community. Therefore, it is only reasonable that benefits accruing to India from the Community's preferences scheme should not be treated as compensation for the loss of trading advantages that India will suffer following the U.K.'s accession to the Community. The additional problems which India will face must be seen as such and solutions found according to the needs of the situation.

Mr. Rippon's assurance that two-thirds of India's trade would not be affected by Britain's entry into the Community should also be viewed from this angle. The one-third of trade that will be affected, even according to Mr. Rippon's own admission, consists of goods whose exports are extremely important to India. These include jute, tobacco, coir and textiles. For instance, jute and coir manufactures continue to be excluded from the E.E.C.'s offers under G.S.P. because their inclusion has been made subject to bilateral arrangements between the E.E.C. and the exporting countries. The same applies to unmanufactured tobacco. Nearly 15 per cent of British imports of this item is supplied by India. Since tariff and non-tariff barriers on this item by the Community is already causing concern to India, exports of this commodity to Britain (after she joins the Community) might suffer a setback unless adequate safeguards are provided. It is good to learn from Mr. Rippon that the Joint Declaration of Intent could be invoked to take care of these problems.

Mr. Rippon has offered his country's assistance for concluding a commercial co-operation agreement between India and the enlarged Community, although in his view this was not an answer to all the trading problems of India with the E.E.C. Mr. Rippon's view is that India should not be content with merely protecting her existing trade with Britain and the Community, but should aim at enlarging it. This would be possible because an enlarged Community is expected to be more prosperous. While the truth

of this line of argument cannot be denied, one can only wait and see whether the enlargement of the Community would lead to more

liberal and generous trading policies. Britain has a moral responsibility in ensuring that this does happen when the Community is enlarged.

Indian Iron : The Untold Story

IT is too early to make any assessment of the progress towards the fulfilment of the objectives that led New Delhi to take over the management of the Indian Iron and Steel Co. Ltd for a period of two years; but these may well be achieved in course of time. In fact, there has been a progressive improvement in production since the take-over; the figures will speak for themselves. Even production in the last two weeks of July was better compared with the first two weeks. The average daily production of ingots and salable steel during the period 16th July to 31st July was 830 tonnes and 671 tonnes, respectively, compared with 716 tonnes and 400 tonnes during 1st July to 16th July. The August production was better at 39,219 tonnes of ingots and 29,250 tonnes of salable steel. The September production target was 45,000 tonnes of ingots and 36,000 tonnes of salable steel. But the annual production cannot be taken beyond half-a-million tonnes till the coke ovens and the steel melting shop are in a better shape and the necessary equipment replacement has been carried out. A plant rehabilitation programme for the steel plant is to be implemented, and it is expected that with the completion of the programme, production will reach the annual rated capacity of 1 million tonnes. Steps are also being taken to improve management by incorporating changes at the middle and lower levels and by involving the trade unions in the production process. All these steps are necessary for arresting the decline in production and deterioration in the condition of the plant but what one may pertinently ask here is whether the Government with its majority holding in the I.I.S.C.O. could not have brought about the changes from within, instead of resorting to the outright management take-over?

Sir Biren Mookerjee, who has been intimately associated with the Company for over 40 years and who has "seen it grow from only two small blast furnaces to what it is today with what potentialities there are for its future expansions", has in an interesting pamphlet described the circumstances that influenced the inception of the Company and the developments that occurred after it had reached the

peak of its production and was about to expand still further for higher production and greater efficiency at reduced costs. But Sir Biren regrets that over the last ten years, continued pressure—financial, labour and from other sources—brought about the present sorry state of affairs. After the second World War, the Company drew up its first comprehensive expansion scheme in 1952 and as a large amount of foreign exchange was needed, the Government suggested that it should try to tap the World Bank for the purpose. In December 1953, the World Bank sanctioned a loan of \$31.5 million covering the foreign exchange requirement of the plant. This expansion was completed well ahead of schedule, and the Company was able to effect an economy of \$1.5 million worth of foreign exchange by import substitution. The manner in which the 1953 extensions was executed impressed both the Government and the World Bank so much that they showed great interest in reviewing the 1955 extension scheme. The World Bank sanctioned a foreign exchange loan of \$20 million and the Government of India a loan of Rs. 7.9 crores. There was again a repeat performance of completing the scheme well ahead of time. The two schemes were aimed at increasing the capacity to 1 million tonnes of ingot a year. The new installations reached and exceeded the rated capacity for two consecutive years—1962-63 and 1963-64.

The Company was, however, finding it difficult to maintain the output and quality of steel, mainly due to the poor and fluctuating quality of coking coal and the irregularity of railway wagon movement. The World Bank

urged the Company to increase the output of its collieries in Noonodih, Jitput and Ramnagore and go in for a large-scale development of the Chasnalla colliery property on modern lines. Incidentally, Chasnalla has enormous deposits of very good quality coking coal—perhaps one of the best in the country. The Government took a lot of time to accept the Company's colliery development scheme. Again a loan of \$19.5 million covering the foreign exchange component of the scheme was secured from the World Bank. The object of the scheme is to meet the Company's total requirement of coking coal from its own collieries. The scheme is now nearing completion.

The World Bank was very keen on a scheme which aimed at securing an additional production of 300,000 tonnes of steel a year by introducing modern techniques and equipment. But the Government was not very responsive at the beginning. It took a long time for the Government to approve the fourth World Bank loan for the balancing of the plant project. The loan had to be cancelled by the Bank because of the inordinate delay on the part of the Government to issue import licences. In this context, Sir Biren observed that "if the balancing of plant scheme had gone through as originally planned, the plant would have been rehabilitated and the capacity of the Burnpur plant would have been increased by 30 per cent, i.e., up to 1.3 million tonnes by 1969-70." Asked by the Central Ministry of Steel, the Company submitted an updated report on the expansion scheme to the Government. Later a more detailed report was submitted. While finalisation of this was pending, the management was taken over by an Ordinance. As for plant maintenance and replacement, it will be seen that a drastic cut in the foreign exchange allocation for spares badly affected production. The cancellation of the World Bank loan, rigid steel pricing policy and the devaluation of the

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rupee imposed great financial hardship on the Company. So it could not carry out the capital repairs and replacements as and when they became necessary. The labour situation too became so bad since the last quarter

CURRENT COMMENT

W.B.I.D.C.

Many Hurdles

The West Bengal Industrial Development Corporation (W.B.I.D.C.) has been assigned to play a special rôle in the industrial revival of the State. It was reorganised in January this year and was expected to be the main instrument for the implementation of the 16-point programme. But under the existing arrangement, there is hardly much scope for active co-ordination between the State Government and the W.B.I.D.C. And in its absence, the Corporation's activities are naturally hamstrung by usual procedural delays and formalities. One of the major problems the W.B.I.D.C. is reportedly facing is paucity of funds. The S.I.C.O.M. increased its resources by as much as Rs. 6.35 crores in 1971-72 through the issue of equity shares (Rs. 85 lakhs), guaranteed bonds (Rs. 2.2 crores) and unguaranteed debentures (Rs. 3.3 crores). The W.B.I.D.C. also intends to raise Rs. 2.5 crores of market loan this year. But somehow or other, it has been reported, the proposal was not included in the list of borrowing schemes submitted to New Delhi for approval. A last-minute effort is now being made to include it in the programme. Still, within the limitations, the W.B.I.D.C. is trying to help industrialists in setting up new units in the State. It has promised assistance to a number of ventures and is trying to co-ordinate the working of various other agencies concerned with industrial revival in the State. The Corporation has already received letters of intent for factories which are to manufacture cement, nylon tyres and television sets. Similar letters of intent are expected for several joint sector projects for the production of light commercial vehicles, semi-conductors and scooters. The drive it has mounted to break the stagnation in investment is yet to bear fruit in a big way, partly because licensing often takes a pretty long time to fructify. With closer association between the State Government, industry circles and the W.B.I.D.C., there is good reason to believe that the much-talked about industrial regeneration in West Bengal will take a concrete shape.

of 1966 that normal operations became almost impossible. Sir Biren's pamphlet highlights the untold story about Indian Iron, which will prove interesting in the context of the Company's recent State take-over.

The State Industrial and Investment Corporation of Maharashtra (S.I.C.-O.M.), on the other hand, achieved a new high in its lending operations in 1971-72. The total financial assistance disbursed by the S.I.C.O.M. rose from Rs. 3.88 crores in the previous year to Rs. 5.89 crores, or by 52 per cent. The annual report of the Corporation, released recently, also mentions that the assistance sanctioned by it for the underdeveloped regions of the State too has gone up from Rs. 10.34 crores to 108 units in 1971-72, against Rs. 10.91 crores to 131 units in the previous year. And because of the initiative taken by the Corporation to attract more capital to the backward regions, as many as 1,350 units have come forward to invest Rs. 313.57 crores in these areas. Of these, 735 units representing an outlay of Rs. 134.83 crores have either commenced production or are under construction, thus creating employment opportunities for 33,550 persons.

TECHNOLOGY

Indigenous Growth Needed

Addressing a meeting of industrialists and scientists from the National Metallurgical Laboratory in Calcutta a few days ago, Mr. R. B. Shah, president, Indian Chamber of Commerce, emphasised that imported technology was not safe to depend on from the points of view of self-reliance and the country's defence and, as far as possible, India should try to develop its own technology for exploiting its industrial resources. He appreciated the rôle of the N.M.L. in this regard and said that industry could feed the research scientists and technologists with new problems and ideas arising out of the existing processes of production or applications of new techniques so that the latter could search and research for perfecting their discoveries or exploring newer techniques for utilisation on a commercial scale. Mr. Shah said that such a meeting was highly useful for it offered an opportunity to industrialists and scientists to exchange ideas about the need of industry in the field of technology and

also about what National Laboratories could do to meet such needs.

GROWTH

Stress on Social Justice

Speaking at the annual general meeting of the Merchants' Chamber of Commerce, Calcutta, a few days ago, Mr. S. N. Dalmia, president, affirmed that the chamber was in complete agreement with the socio-economic objectives that the Government had set before the nation. He thought that any economic development to be meaningful and enduring must go along with social justice. It was, therefore, necessary, according to him, not only to maximise the growth rate of gross national product, but at the same time to ensure that planning should be oriented towards a frontal assault on poverty and unemployment. The benefit of growth, he continued, must accrue primarily to the masses. This he considered to be the true meaning of socialism. He was sure that business men would consider it an honour and privilege to play a significant part in building such a socialist society in India. For, he considered business men to be better qualified and equipped than most other sections of society to strive for such transformation of society. He, therefore, urged business men to shake off complacency and be prepared to meet the challenge of broad-based economic development.

ENGINEERING

Steel Buffer Stock Needed

Addressing a Press conference in Calcutta last week, Mr. Raunaq Singh, chairman, Engineering Export Promotion Council, said that in view of the non-availability of different categories of steel needed by the engineering industry, it was most important to set up a buffer stock of the raw material with immediate effect. The chairman and the working committee of the E.E.P.C. had earlier discussed the situation arising from a fall in the export of engineering goods. During the first five months of the current financial year, exports have amounted to only Rs. 51 crores, which was less than the proportionate target fixed for the year, or Rs. 200 crores.

Although the Government had taken a policy decision to make steel available either from indigenous or imported sources and Public Notice 56 was issued for this purpose, the exporters

were not forthcoming with their indents for steel because the international prices of steel had considerably gone down whereas the J.P.C. prices had gone up. Because of the high disparity between the J.P.C. and international prices, which in some cases was more than Rs. 410, the exporters were not coming forward with their indents. Another reason was that the procedure involved in getting supplies under Public Notice 56 was time-consuming and complicated. Mr. Raunaq Singh also emphasised the need for higher allocation of indigenous steel. At the moment, the S.P.C. allocation worked out at an average of 20 per cent to 23 per cent of the sponsored effective demand.

BOKARO

First Blast Furnace

The Bokaro project, the first blast furnace of which has been inaugurated by the Prime Minister, Mrs. Indira Gandhi, on Tuesday has got a number of unique features. The first and most important feature of this project is its magnitude both in terms of the quantum of work and the financial investments. Bokaro is an integrated steel plant which will stage, and later, to 4 million-tonne out of which 1.7 million tonnes will be achieved in the first stage. In the first stage itself, a large amount of built-in capacity will be available for expansion to 2.5 million-tonne stage, and later, to 4 million tonne stage. The Government has also agreed in principle to expand the capacity of the plant to 4.75 million tonnes, as it is felt that an additional capacity of nearly 3 or 4 million tonnes of steel can be created with minimum additional capital investment. The second important point is that the design of the Bokaro Steel Plant is based on the latest technical innovations in order to ensure maximum efficiency with minimum consumption of materials, labour and energy. This plant, therefore, stands out from the existing plants not merely from the point of view of its magnitude and indigenous content but also from the point of view of sophistication in design and technology.

EXPORTS

Scope in African Countries

Addressing the participants of the first Export Business Course, organised by the Indian International Trade

Centre, Bombay, a few days ago, Mr. G. B. Bhat, export manager, Tata Engineering and Locomotive Co. Ltd, envisaged a bright future for India's exports to Africa. Countries like Nigeria, Ghana, Congo and Tanzania offered lucrative markets for Indian products as they possessed the necessary purchasing power in abundance. But these countries would buy only such products which could stand favourably in comparison with European standards. Mr. Bhat pointed out that there were instances when the quality of the Indian products were high, but the quality of the catalogues was shabby. Therefore, he suggested that Indian exporters should produce not only quality products, but also beautiful catalogues and attractive packagings. The African countries were willing to pay the price for such products. Mr. Bhat said that there was a big demand for surgical products in Nigeria but, unfortunately, he could not find the quality suppliers from India.

HINDUSTAN STEEL

August Production Figures

The upward trend in the production of salable steel in the three mild steel plants of Hindustan Steel was maintained in August 1972. The aggregate production of salable steel during August 1972 was 240,000 tonnes, as against 235,000 tonnes in July 1972. The production of ingots was, however, lower at 330,600 tonnes, compared with 341,400 tonnes in July 1972. Despatches of salable steel from the three mild steel plants was 243,000 tonnes, against 249,100 tonnes in July 1972. The movable stocks of rolled steel were higher at 83,800 tonnes on 1st September, 1972, against 77,600 tonnes on 1st August, 1972. The performance of the alloy steels plant also improved during the month. The production of ingots and finished steel in August 1972 was 6,200 tonnes and 4,031 tonnes, respectively, compared with 5,882 tonnes and 4,002 tonnes in July 1972. Despatches of finished steel were, however, slightly lower at 4,025 tonnes in August, against 4,117 tonnes in July 1972.

Bhilai's production of salable steel showed a substantial increase from 138,300 tonnes in July to 150,000 tonnes in August 1972. Rourkela's production of ingot steel at 105,516 tonnes is the highest since December 1970. The production of salable steel also went up from 62,500 tonnes in July 1972 to 68,400 tonnes. The production would have been still better but for the restricted power supply from the Orissa State Electricity Board. Production in Durgapur steel plant was affected

due to labour troubles in the first half of the month.

F.I.C.C.I.

Planning for Results

The Federation of Indian Chambers of Commerce and Industry has issued an interesting brochure entitled *Planning for Results*. The brochure forms part of the exercise on planning by the F.I.C.C.I.—an exercise which was initiated right from the time the First Plan was drafted. Starting from the premise that a new approach to planning is necessary immediately to help the larger masses of people, the Federation argues that a mere change in approach by itself would not produce the desired results, unless it is adequately supported by constructive practical measures. These measures have been covered under various subjects, such as pressure of population, employment strategy, sectoral growth and balances, agriculture, industry, infrastructure, balance of payments, overall growth and outlays, economic policy and resource generation. Plan implementation within the scheduled time, with a degree of flexibility and after continuous evaluation, is heavily underscored.

A.R.C.

Expansion of Activities

The annual report of the Agricultural Refinance Corporation for the year ended June 1972 reveals a significant expansion in its activities. No fewer than 269 schemes involving the Corporation's commitment of Rs. 135 crores out of the total financial assistance of Rs. 154 crores were sanctioned during the year, against 100 schemes with the Corporation's commitment of Rs. 54 crores out of the total assistance of Rs. 62 crores sanctioned in the previous year. The amount disbursed to the financing institutions during 1971-72 was also higher at Rs. 34.98 crores, against Rs. 30.62 crores in 1970-71. Besides sanctioning a large number of new schemes of agricultural development, the Corporation actively assisted the eligible institutions (Central land development banks, State co-operative banks and scheduled commercial banks) in the appraisal of schemes based on technical feasibility and economic viability. Following the marked expansion of activities, the Corporation earned a larger net profit of Rs. 40.45 lakhs in 1971-72, com-

pared with Rs. 28.11 lakhs in the previous year.

INDUSTRIAL PRODUCTION

April Index

The level of industrial production in the country in April 1972 rose by 7.9 per cent and 6.9 per cent, compared with the corresponding months in 1970 and 1971, respectively, according to figures issued by the Central Statistical Organisation. The index of industrial production for March 1972 stood at 209.2 and that for April of the same year was 196 (1960 equals 100). The April 1972 index showed a rise of 14.3 points and 12.6 points over the corresponding months in 1970 and 1971, respectively. The revised index for February this year was 196.7. These figures are provisional, unadjusted for seasonality. The seasonally adjusted index for the month of April 1972 stood at 200.4 and that for the preceding month stood at 200.5.

INDIA-YUGOSLAVIA

Good Trade Prospects

The products of both India and Yugoslavia will continue to be more economically beneficial to each other even after the change-over to conver-

tible system of payment from 1st January next year, says Mr. L. N. Mishra, Central Minister of Foreign Trade, writing in the special number of the *Indo-Yugoslav News* of the Indian Chamber of Commerce, released a few days ago in connection with the Zagreb International Autumn Fair now being held in Yugoslavia. Mr. Mishra says that Yugoslavia is fast developing into affluence and that India is in a position to satisfy many demands of Yugoslav enterprises both at the factory production level and consumer level. The existing tripartite co-operation agreement between India, Yugoslavia and Egypt is already playing a significant rôle in these two countries' trade, because of the 50-per cent tariff concession. Mr. Mishra points out that due to the aggressive salesmanship of Indian exporters, it was possible to achieve an export surplus of 300 per cent in 1970 over the last three or four years. Against average exports of Rs. 14 crores a year, in 1970 actual exports touched Rs. 39.4 crores.

RUSSIA

Largest Buyer

The Soviet Union is the largest buyer of Indian goods and occupies the first place in India's export

trade. This was stated by the Central Foreign Trade Minister, Mr. L. N. Mishra, in the course of an interview given to the Tass news agency a few days ago on the occasion of the first anniversary of the signing of the Indo-Soviet Treaty for Peace and Co-operation. Describing the growth of Indo-Soviet trade as phenomenal, Mr. Mishra said that the development of trade between the two countries reflects truly the very cordial and friendly feelings that existed in their political relations.

RAILWAYS

Rise in Earnings

The passenger traffic on the railways registered a rise of 9.2 per cent during the four months ended July 1972, compared with the corresponding period in the previous year. The earnings from the passenger traffic during the same period went up by 9.8 per cent, while earnings from other coaching traffic was up by 8.5 per cent. These figures, however, do not include the traffic from the North Frontier Railway. In the originating revenue earning goods traffic, there was a marginal increase of 0.8 per cent during the first four months of the current financial year over the corresponding period last year. The earnings from the goods traffic went up by 8 per cent. In terms of goods traffic in selected high rated commodities, the volume of traffic during the period went up by 6.5 per cent and earnings by 12.7 per cent over the corresponding period last year. As against 3,849,000 tonnes of traffic with an earning of Rs. 34.22 crores, in April-July last year, the traffic this year during the period was 4,101,000 tonnes and earnings were Rs. 38.56 crores.

MONEY MARKET

Call Rate Down

The short-term money market has remained more or less unchanged this past week. The call rate initially fluctuated between 4 per cent and 3½ per cent. But towards the close, the rate has quoted between 3½ per cent and 3¼ per cent, some stray lots having been done at the latter rate. The demand for remittances has been small. The supply of tea bills has been moderate and that of gunny bills has been small. The pound-sterling has strengthened somewhat against most major foreign currencies during the week.

A Ditcher's Diary

IN RETROSPECT, THE SO-CALLED "Nixon shock" appears now to have been almost a non-event. The Japanese were perturbed, indeed dismayed, to see Mr. Nixon take major diplomatic and financial initiatives without consulting Tokyo; and Mr. Tanaka at least went through the motions of consulting the U.S. President before embarking upon his mission to Peking. But even at Honolulu it was clear enough that the Japanese initiative would not be necessarily within the framework of Mr. Nixon's global diplomacy. In the event, the "Tanaka shock" threatens to invalidate some of Mr. Nixon's basic assumptions. Superficially, the Sino-Japanese accord may seem to endorse the American approaches to China. But although it was the "Nixon shock" which propelled Japan into a major diplomatic initiative of its own, the "Tanaka shock" has left Washington far behind in evolving a new global strategy. The Nixon administration has made appropriate noises of approval; but the dynamism of the Tanaka strategy cannot but be viewed with some unease. There is reason for anxiety also in Moscow; but the Japanese Prime Minister has been quick to emphasise that his next task will be to negotiate a peace treaty with Russia. It cannot be easy to establish closer relations with Moscow without placing the agreement with Peking under some strain. The difficulties, however, will largely disappear if there is a prior agreement

between Russia and China; the London report that a border agreement is imminent may not be entirely speculative. Even if a broader understanding between the three Powers is not immediately reached, the Sino-Japanese agreement itself is going to change a lot of things. Maoists outside China please note: the Chairman has not allowed ideology to come in the way of far-reaching agreements with a country that does not even pretend to have any socialistic aspirations. Chinese references to Japanese militarism ceased as soon as Mr. Tanaka took office, and this had nothing to do with his political beliefs. Mr. Tanaka is a hard-headed business man who is perfectly happy to operate in a thoroughly capitalistic order. Mr. Chou En-lai must have given him much pleasure by making fun of Japanese communists; and the Chinese leader, it may also be recalled, did not hesitate to support Mrs. Bandaranaike in her tough measures against the Ceylonese revolutionaries. Chairman Mao has further pronounced that "people can be real friends only after quarrelling". Is there a hint here for Mrs. Gandhi? Compared with the Sino-Japanese conflict, India's quarrel with China was of small consequence.

THERE IS NOT MUCH EVIDENCE OF Puja gaiety in Calcutta as yet, and I do not think that this has much to do with leftist agitation. Admittedly,

such agitation tends to disrupt normal life; in any case, demonstrations are unlikely to yield any relief. Not infrequently they cause additional hardship. Yet the existing hardship is real enough. If Puja sales are not as brisk as in previous years, the explanation surely lies not in disorderly agitation against high prices but in the price level itself. And Puja selling and buying cannot be promoted by prolonged load-shedding; a dark and stiflingly hot shop is not the most inviting place for choosing a saree. Nevertheless, this week's agitation seemed a fruitless exercise; in the C.P.I.'s case it was also pointless. The C.P.I.(M) is interested in discrediting the present Government; even if politically motivated, its agitation has at least a narrow consistency of its own. I do not think that the Marxists will find it easy to recover lost ground by their present tactics; whatever the failings of the present Government, ordinary people cannot be interested in another spell of disorder in the name of mass protest. Yet the Marxists evidently think that they can regain some prominence by exploiting the present situation; and this may not be entirely illogical in terms of party politics. But what is the C.P.I. trying to prove? It does not oppose the present Government or the ruling Party, and yet considers it necessary to establish its leftist credentials by campaigning against "monopolists" and other "reactionary" forces. Mrs. Gandhi did not spare the C.P.I. when, speaking in Ranchi on Monday, she condemned disruptive agitation by Opposition parties; she may have had the C.P.I. and the Congress radicals in mind when she pointed out that national-

PANACEA FOR HIGH PRICES

HIGH prices enquiries are now the order of the day in most countries. The main fact seems to be that within the last quarter of a century or less, the prices of commodities have increased by about 30 per cent. In other words, we have now to pay Rs. 130 for goods that were ours for Rs. 100 some few years ago. Most people have their own idea as to the cause of this state of affairs. Some are quite certain that the increased output of gold is responsible for our ill-luck; others are positive that the laws of demand and supply as regulated by the world's growing population, fully account for everything; while still others have no manner of doubt that a

mixture of the two exactly explains why our rupees have not the same purchasing power as in the good old days gone by. Of course, it is only right and proper that a go-ahead people such as the Americans should be the first in the field with a panacea for high price troubles. They found out long ago, when prices began to rise, that purchasers quite emphatically refused to rise to the occasion, as it were, and that, when prices were put up in one shop, customers flocked off to another. It does not do to lose customers, so dealers went on selling at old prices and earned the gratitude of a contented people.

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sation would not automatically lead the nation into a socialist paradise. But, on the whole, Congress leaders continue to display a certain ambivalence towards C.P.I.-inspired movements and slogans. The Prime Minister herself may have encouraged some irresponsible slogan-mongering by endorsing the allegation about C.I.A. activities in India. The most curious part of her statement was that it was for the C.I.A. to prove that it was not active in India. The C.I.A. may well be responsible for much undesirable activity in this part of the world, as probably are secret services of some other countries. But it is for the Government either to stop all such activity or at least to make it difficult by a clear exposure with specific evidence.

WITH THE PUJAS APPROACHING fast, the nip in the air in early mornings is quietly heralding the advent of the winter which is usually the season of many local art shows attracting both young and old. A number of paintings of Mr. Sunil Das, a young and enthusiastic painter, were exhibited at the residence of Mr. K. Lenz of the Consulate General of the Federal Republic of Germany last Friday which attracted quite a number of celebrated art connoisseurs of the city. The few paintings of Mr. Das that I had the privilege to see gave me the impression that he had the genius of a fine craftsman. With his innumerable solo shows, the young painter has already made a name for himself. And as Mr. Das himself explained to me, he has an abiding fascination for mysterious signs and symbols. A few of his paintings that were exhibited showed his deep involvement with the expressionist school and his equally deep attachment with human emotions such as love, jealousy, hatred, agony and frustration. In a few of his extraordinary paintings, Mr. Das has realistically concentrated on the horrors of Pakistani barbarism in Bangladesh and the torture and terror that the people were subjected to following the Pakistani crackdown on that country. Mr. Das, I see, has bagged quite a number of important awards within a short span of his career; and his paintings, which are due to be exhibited in Heidelberg this month, are sure to create a sensation in West Germany. Although somewhat different in scope, the exhibition of Japanese contemporary prints organised by the Consulate General of Japan at the New South Gallery of

the Academy of Fine Arts in Calcutta will also impress all connoisseurs of art. Japan is famous for the breathtaking beauties of nature, which have always inspired its people to resort to various forms of fine arts, including creative paintings. The contemporary Japanese prints, as the Japanese Consul General in Calcutta said, trace their origin to the Japanese wood block prints of nearly twelve centuries ago. A look at the exhibition will create the inevitable impression that the dedicated Japanese painters are busy investing the traditional art of print with new richness, creativity and variety.

THE RECENT MEETING OF COMMON-wealth Finance Ministers in London was an historic occasion, being as it was the last before Britain joins the European Community. But for my money the most interesting feature of it was the Plumptre report, called after the Canadian economist who compiled it, which set out to make some sense of the current international currency chaos. That is a task which in itself deserves unqualified praise. What I liked particularly about the report was its support for "the link", the linking of international aid with fresh issues of S.D.R.s. Not that there was anything particularly novel in this. Under the name of the Maxwell Plan, it has been around for years. No, what I enjoyed was the way Professor Plumptre placed the concept in a broad perspective. His theme was that to issue S.D.R.s to the developing countries, knowing they would promptly spend them on the exports of the richer nations, would to all intents repeat the process by which

Europe was economically stimulated several centuries ago when gold from the New World enabled mercantilist-minded countries to run payments surpluses to their hearts' content. It was a neat analogy, I thought, with "paper gold" taking the place of the metallic variety. One can only commend Professor Plumptre on his sense of history, a quality much lacking in a world where too many hackneyed ideas are paraded.

ORGANISERS OF THE BERGMAN FILM Session in Calcutta have reason to be gratified. Although *The Seventh Seal*, *Wild Strawberries* and *The Virgin Spring* had been shown in Calcutta before, it was a rewarding experience to see them again; and *The Silence* was a new attraction, not the least because of its controversial nature. Of course, all Bergman films tend to generate controversy. Judging by audience reactions to the four films shown during the past one week, people hereabouts are keenly aware of the thematic and artistic issues involved in this controversy. Bergman may not satisfy certain popular expectations from uncensored Swedish films; the violently explicit rape scene in *The Virgin Spring* does not provide any erotic titillation. But even those who came to see Bergman, for the first time cannot have been disappointed at the absence of any prurient pleasure. The effect is so overwhelming, the disturbance so total, that ordinary expectations are immediately swept aside. And those who know what to expect from Bergman discover something new at every fresh encounter. Much has been written about Bergman's themes and about what he has been trying

to convey. But what struck me once again is not only the power of what he says but also the supreme skill with which he says it. I think that in the general preoccupation with Bergman's meaning sufficient attention has not always been paid to his masterly form. Fellini made an important point when he referred to Bergman's "seductive quality of mesmerising your attention". As Fellini put it: "Even if you are not in agreement with what he says, you enjoy the way he says it, his way of seeing the world with such intensity". This is a point that Indian film-makers of the so-called "experimental" school would do well to ponder. Much of the experimental effort seems insufficiently supported by technical competence. The Film Finance Corporation, which has supported some promising ventures, may also have encouraged much amateurish effort with uncertain ideas; and this trend may be further encouraged if the F.F.C. guarantees screening facilities by setting up a chain of "art theatres" of its own. I should like to see such theatres reserved for the screening of films of outstanding quality from different parts of the world. Why should a Bergman session be an exceptional event? The National Film Archive, which co-operated with the Federation of Film Societies of India in organising this session, has acquired representative works of the acknowledged masters from different countries. Some of these are shown on special occasions. But there is a need for regular facilities for the showing of film classics and outstanding contemporary productions.

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The Growing Importance of the Role of Company Secretaries

(By a Special Correspondent)

Company secretaries will be required to play an increasingly important rôle in the changing economic pattern of the country. It is in the fitness of things, therefore, that their status is being elevated in keeping with their growing responsibilities in corporate management.

IN the changing economic and social pattern of the country, the profession of company secretaries has assumed a great deal of importance. This was recognised fully by the leaders of the Government who addressed the first all-India convention of company secretaries in New Delhi recently. To begin with, there was the President, Mr. V. V. Giri, who inaugurated the convention with a speech in which he complimented the organisers for their collective effort to place the profession of company secretaries on a firm foundation in the system of corporate management in the country. He noted that under the Companies (Amendment) Bill now before Parliament, the status of the company secretary was being elevated, the individuality of the office stressed and it was being made obligatory for every company having a paid-up capital of not less than Rs. 25 lakhs, to appoint a secretary having the prescribed qualifications. Two other spokesmen of the Government who addressed the convention had much the same thing to say although, as Ministers, they were more forthright in their exposition of the rôle of the corporate sector in the present context of industrial policy of the Government. The Central Industrial Development Minister, Mr. C. Subramaniam, for instance, was particularly happy that the organisers had chosen the joint sector as an important area falling within the jurisdiction of the future secretary as a professional.

It was left to the Central Minister in charge of Company Affairs, Mr. K. V. Raghunatha Reddy, to elaborate on the real intentions of the Government in bringing forward the Companies (Amendment) Bill. Mr. Reddy said the Government recognised the importance of the corporate sector,

but the latter could not isolate itself from the general economic trend in the country. The public sector would continue to have a dominant rôle and there were bound to be changes in the socialistic structure. It was for the private sector to adjust itself to these changes. Dwelling on the Government's decision to give statutory recognition to the office and rôle of the company secretary, Mr. Reddy drew a distinction between professional management and those practising a profession. In any industry, the "money bags" were important, but the money bags were filled by financial institutions and the common shareholders. Here came the importance of public interest. Once public interest was involved, professional management of the project became necessary. This would ultimately take the shape of techno-structure as far as company management was concerned. This was the purpose and direction in which the Company Affairs Department was functioning. This was also the object of the comprehensive Companies (Amendment) Bill.

A Significant Tool

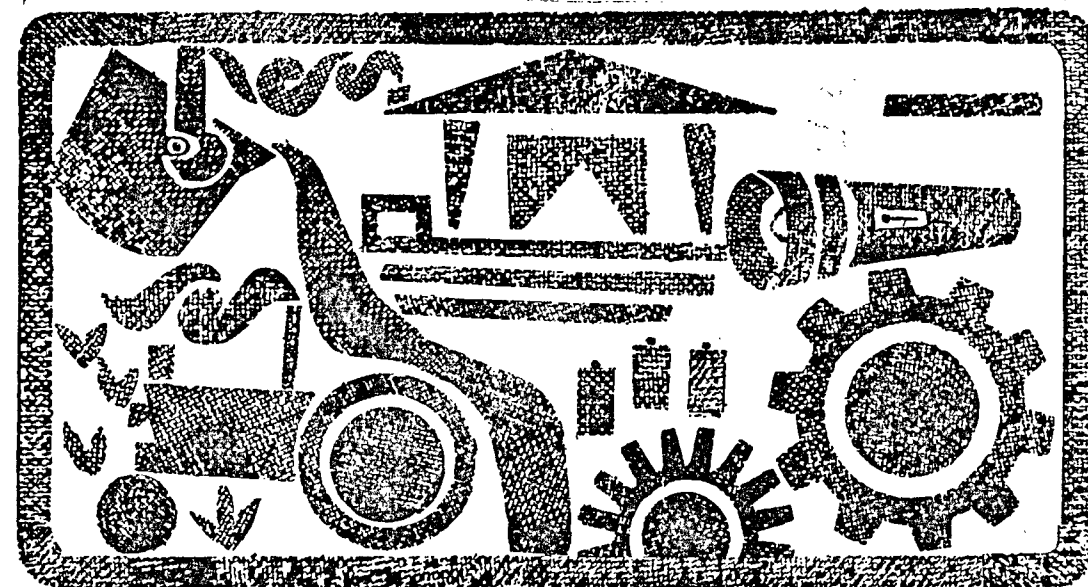
As pointed out by Mr. R. Krishnan, president of Company Secretaries of India, there could not have been a more appropriate time for such a convention as it took place at a time when the company law had come to stay as a significant tool to fulfil the social and economic policies of the country. He complimented the Government for introducing several reforms in company management through the Companies (Amendment) Bill, but there still remained a vast field in the Companies Act where further amendments were necessary. One of the objects of the convention was to discuss such amendments purely from a professional point of view. A technical session exclusively dealt with these amendments and was presided over by Mr. Raghunatha Reddy himself. The other two technical sessions related to the secretary's place in private, public and joint-sector managements, and the need for disciplined growth of the profession of company secretaries.

A reference in passing is necessary to the papers that were read at the convention. Dr. V. P. Juneja and Mr. R. Kapoor in their papers on the company secretary's place in private-sector management emphasised that, whether it was a private limited or a public limited company, the work of the secretary remained equally onerous. In his paper on the rôle of the secretary in public-sector management, Mr. A. M. Chakraborti of the Department of Company Affairs argued that while both the public sector and private-sector secretaries had to keep company goals uppermost in their minds, "public interest and profitability interchange their position in setting respective goals of private and public-sector companies and, accordingly, the secretary of a public-sector company is to shift his emphasis from profit to public interest in his order of priority".

Dr. (Mrs.) Usha Dar of the Department of Company Affairs presented a paper on the rôle of the company secretary in the joint sector. In this paper, Dr. Dar explained the concept of the joint sector as the result of rapidly changing relationship between business and Government and an explicit recognition of the need for co-operation between them. Given the financial collaboration between the Government and the private sector, and a mixture of business and social objectives, the most important issue was: what should be the nature of managerial collaboration in a joint venture? This was a major question which could not be answered straightaway. But whatever be the final shape of managerial collaboration in a joint-sector project, a key rôle would have to be played by the company secretary as he was a vital link between the board of directors representing different interests and the various levels of management.

The convention suggested a number of amendments to the Companies (Amendment) Bill which are being incorporated in a memorandum to the Government. The convention also pointed out that company secretaries had been fighting for recognition of their due place in corporate management and this recognition was in sight today. What is needed now is the passing of a statute to convert the present Institute into a statutory institution on the lines of the Institute of Costs and Works Accountants and the Institute of Chartered Accountants.

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sowing the seeds of progress

Will There be Changes in Britain's Aid Policy towards India?

By A. Raman

Although Britain will join the E.E.C., there is no reason why she cannot give increased assistance to the developing countries of the Commonwealth. France has been a member of the European Economic Community for the past 12 years, but is giving considerable assistance to her former colonies.

ABOUT half a pence in each pound of the national income of the United Kingdom goes by way of aid; and Britain's rôle in supplying capital and technical assistance to the developing countries is important even now. In spite of the balance-of-payments difficulties which she may face, Britain has certainly the capacity and the keen desire to provide considerable aid to the developing countries. This is because of certain reasons. First, as an industrial nation, the United Kingdom occupies an important place in economic matters even today. Secondly, in supplying technical assistance, Britain's potentialities are great; and the work done by the British personnel in respect of land reclamation in Guyana, road construction in Turkey, afforestation in Swaziland, survey work in Tanzania, medical care in Laos and the training of nurses in Malaysia—to mention just a few—has been of much value. Thirdly, as the leader of the Commonwealth and as the ex-ruler of many countries in Asia, Africa and Latin America, Britain has naturally her responsibilities for the economic development of these areas. More than 100 countries are receiving aid from Britain.

TABLE I
BRITISH BILATERAL AID

	(In pound million)					
	1965	1966	1967	1968	1969	1970
Commonwealth countries (including dependent territories) of which	158.2	169.5	169.0	170.7	156.9	176.2
Grants	56.7	56.5	57.2	47.8	39.8	36.6
Technical assistance	29.0	27.3	29.5	34.2	34.9	35.5
Loans	72.5	85.6	82.3	88.6	82.3	104.1
Other countries						
Grants	5.4	5.1	6.7	4.3	3.5	3.8
Technical assistance	2.7	3.1	3.9	7.0	8.7	10.1
Loans	12.3	16.0	10.0	9.5	9.6	8.9
Total	178.6	193.7	189.6	191.5	178.7	198.9

Table I shows the amount of aid to the developing countries from the U.K. in recent years.

Out of the total aid supplied by the U.K. Government to the different countries, 22 per cent, i.e., Rs. 884 crores, or £491 million, went to India till September 1971, making her the largest beneficiary of British aid. Among India's aid-givers, the United Kingdom stands second, the first being the U.S.A. It would be correct to say that Britain would be willing to help India more than any other country because of certain reasons. First, the two countries were close to each other for quite a long time. Secondly, India occupies an important place in the Commonwealth. Thirdly, India's potentialities and her capacity to put to good use the aid given to her have been recognised by Britain. Fourthly, Britain has understood the magnitude of India's problems. Although British aid to India is forthcoming since 1951, it is only since 1958 that India is getting significant amounts of aid from the U.K. Table II shows the quantum of British aid to India as in different years after 1958. In 1970-71 and 1971-72, British assistance to India was of the order of £44 million and £54.5 million, respectively.

Originally, Britain was giving aid to India at the market rate of interest. But, since 1956, interest-free loans are granted by her on soft terms repayable over a period of 25 years, without repayments during the first seven years. Since 1968-69, U.K. aid consisted

of both project and non-project aid. A number of projects have been assisted by Britain, such as the Durgapur steel plant, Security Paper Mills in Hoshangabad, Heavy Electricals in Bhopal, Tuticorin fertiliser project and Mangalore fertiliser project. So far, British assistance to the Durgapur steel plant has been of the order of £72 million (Rs. 130 crores). The Heavy Electricals, Bhopal, with which the Associated Electricals Ltd of the U.K. is associated, has, since 1955, received £30 million (Rs. 54 crores) till April 1969.

TABLE II
BRITISH AID TO INDIA
(In pound million)

	Loans	Grants	Technical assistance	Total
1958-59	18.8	—	0.3	19.1
1959-60	33.0	—	0.3	33.3
1960-61	28.1	0.05	0.4	28.55
1961-62	17.2	—	0.4	17.6
1962-63	22.3	—	0.5	22.8
1963-64	26.0	—	0.6	26.6
1964-65	30.1	—	0.8	30.9
1965-66	32.1	—	0.8	32.9
1966-67	43.2	—	0.7	43.9
1967-68	40.9	—	0.7	41.6
1968-69	30.9	2.6	0.8	34.2
1969-70	44.7	0.1	0.8	45.7
Total	367.4	2.8	7.1	377.3

A total sum of £6.1 million (Rs. 11 crores) has been provided by the U.K. for financing the laying down of the long pipeline connecting the oilfields in upper Assam with the Gauhati and Barauni refineries. The expansion programme of Hindustan Cables Ltd, Rupnarainpur, West Bengal, has been helped by British credit to the extent of £0.6 million. Britain's aid has been made available also for the imports of tractors, and a sum of £1.1 million has been provided for purchasing 850 Ford tractors manufactured in Britain. The fertiliser plant in Namrup in Assam constructed by the Fertiliser Corporation of India, sulphuric acid unit in Sindri, the fertiliser complex, Kalol, Gujarat and the Mangalore and Tuticorin harbour projects have all received considerable aid from Britain. For the Mangalore fertiliser project, the U.K. is making available a sum of £10.5 million. So far, for fertiliser plants, Britain has made available a sum of more than £25 million.

Food aid has also been given by Britain although, of course, that offered by Canada and the United States has been larger and more substantial. In March 1969, a sum of £2.7 million was given by Britain for purchasing

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TABLE III
BRITISH LOANS TO INDIA, 1966-71
(In pound million)

	1966-67	1967-68	1968-69	1969-70	1970-71
Non-project debt relief	8.4	11.6	7.5	15.0	—
Maintenance goods	27.1	19.4	17.0	27.5	26.5
	35.5	31.0	24.5	42.5	26.5
Capital goods for I.C.I.C.I., I.F.C.I., N.S.I.C. and public-sector enterprises				12.0	17.5
	35.5	31.0	36.0	54.5	44.0

wheat mainly from Argentina; and in July 1969, Britain made available another amount of £1.7 million. As a result of a loan agreement concluded on 17th March, 1972, British aid to the extent of £12 million will be made available to private-sector concerns, public-sector enterprises and firms in the small-scale sector for purchasing capital goods and equipment. Another project to receive British aid is the International Crops Institute for the semi-arid tropics to be set up in India for promoting agricultural research. Britain will also help India in her family planning efforts. Table III shows the loans signed over the years from 1966-67 to 1970-71 by categories.

Technical assistance has also been forthcoming from the U.K. for many projects. The Durgapur steel plant and the Heavy Electricals of Bhopal have benefited through the supply of British managerial personnel, while British specialist Professors have worked in the Indian Institute of Science, Bangalore, and the Indian Institute of Technology, Delhi. The Post-graduate Medical Research Centre, Chandigarh, has also benefited from British aid. The Indian Institute of Technology, Powai, Bombay, has received equipment from the Rolls Royce Ltd of England.

Mention should be made of the rôle played by the British Council. The Council is doing good work by running libraries, organising specialised book exhibitions, improving the standards of English teaching through the Institutes of English Studies for which a lot of assistance has been made available and helping the summer institutes run by universities. The Technical Teachers' Training Institute, Adayar, Madras, is benefiting very much through the British experts working there and the supply of considerable quantity of British equipment; the scheme of aid to the Institute is administered by the Council. The Council makes available the services of British experts to Indian universities and advanced educational

institutions and arranges for visits by Indian scholars and specialists to the United Kingdom to improve their knowledge of their respective branches of study. Mention should also be made of the good work done by British volunteers in the fields of teaching, animal husbandry and agriculture.

A few comments on British aid to India may not be out of place here. First, British governmental aid, although it has not been to the extent of U.S. governmental aid, has done much to improve India's economic condition; and the technical assistance of the U.K. has been invaluable. Secondly, there has been no controversy with regard to British aid. As is well known, some criticisms were put forth against P.L. 480 assistance on the ground that it added to inflationary pressures in the Indian economy. Thirdly, Indo-British trade has declined in recent years; but governmental aid from the U.K. and private investments and technical collaboration have helped the two countries to have close economic relations.

Need for Effective Commercial Publicity Abroad to Boost Exports

(By a Special Correspondent)

The 1971-72 annual report of the Federation of Indian Export Organisations describes various publicity measures undertaken by it to promote exports. But it is not clear to what extent the F.I.E.O. is able to ensure co-ordination among the various export promotion councils in the matter of commercial publicity abroad.

THE annual report of the Federation of Indian Export Organisations (F.I.E.O.) for 1971-72, released recently, describes the various types of publicity undertaken by it with a view to promoting India's industrial

It may be asked as to whether there may not be changes in the trends of British aid to the developing countries in the coming years because of certain reasons. First, Britain will enter the European Economic Community shortly. Secondly, she has sometimes balance-of-payments difficulties; and just now, Britain is managing her economy with a floating pound. Although Britain is joining the E.E.C., there is no reason, however, why she cannot give increased assistance to the developing countries of the Commonwealth. As a matter of fact, France, although she has been in the Community of Europe for the last 12 years, is able to give sufficient assistance to her ex-colonies. Also, the U.K. balance-of-payments position has shown considerable improvement. The Minister for Overseas Development, Mr. Richard Wood, has recently mentioned that British assistance to the developing countries is going to increase in the next few years. In 1972-73, Britain will spend £278 million on aid to the developing countries and this amount is likely to go up in 1973-74 and 1974-75.

India needs foreign assistance in the days to come and she will not be able to dispense totally with overseas aid in the near future. This being so, British aid to India should be significant in the future. That the U.K. Government is happy about helping India is quite evident from the following recent statement of Sir Terence Garvey, British High Commissioner to India: "In so far as Britain is concerned, we will continue to help, within the limits of our economy, when you ask us to do so".

image and export potential. It is difficult to assess to what extent the F.I.E.O.'s efforts have been really successful. But it appears that there is need to conduct this publicity campaign more effectively. For instance, the report says that for the first time, the F.I.E.O. invited to India a team of three journalist-cum-economists from Thailand in March this year. They were selected by the Indian embassy in Bangkok and they represented the three leading newspapers, namely, *Thai Rath*, *Daily News*, and *Siam Rath*. The team arrived on 18th March and visited 19 industrial units in Madras, Bangalore, Bombay

and Delhi in the course of its fortnight tour. The report claims that the despatches of the journalists to their papers "were favourable to India's progress and their visit should prove beneficial to the development of our trade".

It is pertinent to enquire why the F.I.E.O. did not include Calcutta in the team's programme. If the object of the visit was to make the team aware of India's progress and export potential, surely West Bengal should have been included in its itinerary. Conditions in West Bengal in the second half of March this year were certainly not so bad as to warrant its exclusion from the team's visit. It is hoped that in future the F.I.E.O. will give due importance to West Bengal which is vitally important to the country's export trade.

The report reveals that the F.I.E.O. has issued a folder specifically projecting the progress made in the small-scale sector. It says: "The main facts revealed in this folder are that this vital industrial sector of modern India is technologically well advanced, it places optimum emphasis on quality standards, and has economic viability in as much as the products are labour-intensive. Care has been taken to emphasise that this is a well organised sector which can meet overseas requirements at competitive prices". One feels that the F.I.E.O. should be a little cautious before recommending the products of the small-scale industries to foreign countries. For instance, is it correct to say that India's small sector is "technologically advanced" and that it "places optimum emphasis" on quality standards? The fact is that while some small-scale units may be quite competent to produce exportable products, the majority of the units in this sector are severely handicapped due to lack of availability of raw materials of the right type and want of technical guidance. In fact, India's reputation as an exporter has suffered much in many markets of the world because of the supply of goods of inferior quality. Therefore, while doing all that is possible to encourage the small sector to export, the F.I.E.O. should not be over-enthusiastic and should not ignore the limitations under which the units in this sector are working.

The F.I.E.O.'s report says that in 1971-72, it issued three major newspaper supplements on India in Beirut, Nairobi and Bangkok. It also issued a two-page spread on India's

industrial progress and export potential in the Asia edition of the *Reader's Digest* in February 1972, covering Malaysia, Singapore, Hongkong and Japan. It is relevant to ask whether such casual supplements (which should be quite expensive) are really necessary since there are Indian Missions in all these countries and many Indian delegations and numerous business men visit them frequently. It should be more desirable to strengthen the commercial sections of Indian Missions so that they can undertake publicity for export promotion on a regular basis.

It is also not clear to what extent the F.I.E.O. is able to ensure some co-ordination among the various export promotion councils and commodity boards in the matter of commercial publicity. Since publicity abroad involves considerable expenditure of foreign exchange, it is most essential that there should be some

Self-employed Ventures: The Criteria for Success

By V. Raja Ram

The easiest thing for an educated unemployed is to get self-employed by starting an industry or a business. He can always expect full support from the Government and nationalised banks.

THE easiest thing an educated unemployed can do these days is to be self-employed by starting an industry or a business, as he is assured of full support, financial and otherwise, by the Government and public-sector banks. In the recent "Convocation for Jobs" held in Hyderabad in the presence of the Central Finance Minister, Mr. Y. B. Chavan, as many as 2,000 unemployed have received letters of sanction of financial assistance from public-sector banks for their proposed ventures. The enthusiasm to start industries and be self-reliant is certainly a noble aim for any person, whether educated or uneducated, but at the same time this prospective mushroom growth of industries should not merely be a matter of ephemeral existence. The success or otherwise of a venture depends—and a lot of it—on the entrepreneur himself. The efficient running of an industry or a business calls for certain basic skills and attitudes and certain realisations and the big question is how well an entrepreneur is equipped and trained

co-ordination either by the F.I.E.O. or by the Central Ministry of Foreign Trade. The fact that even in regard to a major export industry like tea, foreign publicity has been inadequate and ineffective shows that this problem has not received the attention it should.

The Indian Tea Association has recently pointed out that because of poor propaganda, Indian tea has been steadily losing ground in the traditional markets while rival beverages have been making rapid headway because of aggressive and imaginative publicity. The jute industry has also complained of meagre allocation of foreign exchange for publicising its non-traditional products like decorative fabrics. All this emphasises the imperative need for Udyog Bhavan to review critically the commercial publicity programme and modify it suitably to make it more effective.

for this job. Here are the things which are vital for any entrepreneur in making his venture a success.

In these days of break-neck competition, it is a matter of constant struggle for an industry to remain in business, in the first instance, and then to grow. Darwin's theory of the survival of the fittest is more than a truth in the present-day commerce. No one expects a business man to speak absolute truth and be straightforward. Instead, his integrity consists in keeping up his promises and fulfilling his obligations. No business can be developed if one does not honour one's commitments. A business man must know all about his trade thoroughly and inside out, lest he should be cheated by people working for him. He must keep himself abreast of the market trends, developments in technology, consumers' ever-changing needs, etcetera, so that the business could be adapted to suit the times; otherwise, the entire business could become redundant.

No industry worth the name can be run without credit. At the same time, it pays to realise from the very beginning that credit is meant to be repaid and that the ever accumulating interest at compound rate is an

insidious growth which, if not properly attended to, would eventually eat the whole system. Ready and easy credit, as could be obtained from commercial banks now, might be very tempting to avail of but its price is too deterrent to take more than what is actually needed. If credit is not properly managed and not promptly repaid, the entrepreneur will be running the industry not for himself but for the prosperity of creditors.

There is no business without people. These people may be customers, public or employees working for the business. Customers should be satisfied, for only then a business can grow and, along with it, public confidence. The employees working for the business play an equally important rôle. The business is their source of living, strength and happiness. Their dissatisfaction is manifested in umpteen ways and it may mean, although imperceptible to the naive and nonchalant persons, incalculable loss to the business. People are a pack of mysteries and defy scientific analysis by psychologists, psychoanalysts, etcetera, and it is in dealing with people, an entrepreneur, to be successful, must have an edge over others. His ability to get along with people and get his job done through others is an indication of his success.

The basic objective of any business—let it be put frankly—is to make profit. Eternal vigilance needs to be exercised over the costs relating to all the principal four elements in any business, namely, men, money (borrowed money, particularly), materials and machines. To succeed, no matter in what activity, two things are required: suitability of the activity to one's own temperament and aptitudes and, given that suitability, the determination to succeed backed by hard-work, courage and intelligent planning.

A business has to be built up slowly and steadily and anyone trying to make quick money by questionable methods like duping customers, trading in licences, black-marketing, and speculations will sooner or later find his level. It is all right in lotteries where a lucky person might walk away with a fortune but not in business. There is no substitute for hard work, which alone can make an industry prosper. Business is undoubtedly one of the most rewarding careers to pursue but at the same time it needs to be emphasised that no harvest is reaped immediately after seeds are sown.

Background of the Higher Procurement Prices

(From Our New Delhi Correspondent)

The Prime Minister won hands down last week when she successfully persuaded the Chief Ministers to accept the A.P.C. recommendations on kharif procurement prices. Luckily for the Centre, most of the States are now being governed by the Congress.

THE Prime Minister, Mrs. Indira Gandhi, won hands down last week when she successfully persuaded the Chief Ministers (most of them Congress) to accept procurement prices for kharif paddy and coarse grains as recommended by the Agricultural Prices Commission. The A.P.C. itself had recommended an increase of Rs. 2 a quintal where the price of paddy is Rs. 54 or less a quintal and an increase of Re. 1 a quintal where it is Rs. 55. There is to be no increase where the price is already Rs. 56. In the case of coarse grains, the procurement price of *bajra* will be Rs. 60, *jowar* and maize Rs. 58, *ragi* Rs. 57 and small millet Rs. 50. Last time when the wheat prices were to be fixed the Central Government was in a quandary. The A.P.C. had already recommended that there would be no increase in price which the Central Government was prepared to accept, whereas the Chief Ministers from the wheat-growing areas had insisted that the A.P.C. recommendation be rejected. This was done. Later, when addressing a news conference in New Delhi, the Prime Minister had stated with a feeling of helplessness that the Chief Ministers had "their way".

The respective stands taken by the Central Government and the Chief Ministers were the same this week. Knowing fully well that the cultivator could not be made to produce more foodgrains without incentives (increased production is more important this year with drought and floods in several parts of the country), the Congress Chief Ministers had come prepared to insist on a higher price for paddy than recommended by the A.P.C. The problem for the Central Government was not whether to reduce the price recommended by the A.P.C., but how to make the Chief

Ministers accept this marginal increase. Not that the Central Government did not realise the importance of higher procurement prices, and the consequent possibility of an increase in production, but the naked realisation that any substantial increase in procurement prices as demanded by the Congress Chief Ministers would make it impossible to check the price rise. Already the Central Government is being blamed for increasing the bonus of workers in the organised sector under the mistaken notion that this will help in buying industrial peace.

Reports were in circulation that at the Congress Working Committee meeting, the Chief Ministers had almost prevailed upon the Centre to reject the recommendations of the A.P.C. But Mrs. Gandhi did not show any weakening of the Central Government's view on this point. She immediately summoned a meeting of the Central Cabinet where it was unanimously decided that there should be no substantial increase in procurement prices as demanded by the Congress Chief Ministers since this will make it impossible to check the price rise. Thus, the marginal increase as suggested by the A.P.C. became the Cabinet decision. Now came the question of persuading the Chief Ministers. Mrs. Gandhi made it a point to attend the meeting and keep a watchful eye so that no erring Chief Minister tried to take advantage of the Prime Minister's absence and insist on a higher procurement price.

This was important because in the case of sugar, the Maharashtra Government had refused to fall in line with the Centre. Although this problem too has now been sorted out through a direct discussion between the Maharashtra Chief Minister, Mr. V. P. Naik, and the Central Agricultural Minister, Mr. Ahmed, the precise terms on which this accord has been reached have not been divulged. Luckily for the Central Government, most of the States are now being governed by the Congress. Had this not been so, food procurement prices could have created a good deal of friction.

SPOTLIGHT ON STATES

Wrangle Over Chandigarh: A Realistic Approach Needed

(By a Special Correspondent)

The Chandigarh issue is eluding a solution because both Punjab and Haryana have failed to appreciate the realities. Punjab should take Chandigarh and give Fazilka to Haryana with grace, and the matter should end there.

IT was not long ago that Punjab and Haryana were fighting for every inch of the city of Chandigarh. Today both are saying they do not want it. Haryana says Punjab can take it. Punjab says: "Let the city remain a Union Territory. We can do without it". La Corbusier's "dream city" has now become a nightmare. The Centre too is becoming restless over the city for political as well as economic reasons. Politically, it is a dormant volcano that can become active any moment. Economically, it is a white elephant whom no one wants to feed. Punjab and Haryana have for years defaulted in paying their dues which now run into several crores of rupees in the shape of rents and other charges. The city has no municipality and no taxes on houses. The growth of the city and its periphery has been haphazard. Punjab and Haryana are building their own townships on its fringes against the original plans.

But more important perhaps than the interest of the city and its citizens is the fate of the Centre's announcement of 29th January, 1970. Haryana calls this an "award" but Punjab thinks it is a "decision". Punjab now wants to wriggle out of it while Haryana wants it to be implemented *in toto*. Critics and observers outside the two States seem to be indirectly supporting Haryana on the plea that the Centre's "awards" would lose sanctity and force if the States were allowed to flout them. Their point is that the time for going into the merits of the case is over. It is now the time for action. They blame the Centre for the delay and the resulting confusion which has given the new Punjab leadership the opportunity to unsettle a settled issue. Even now, if the Centre wants to salvage its reputation, it is not too late to make amends, they point out.

The Centre has resisted all these pressures urging it to act. It has also refrained from conceding Haryana's demand for a boundary commission provided in the award and Punjab's plea for a ten-year moratorium on the issue. The Central leadership has even refrained from pronouncing its verdict on the heated controversy whether the announcement on 30th January, 1970, was a "decision" or an "award", since the former is open to re-examination while the latter is binding on both parties. All documents of the time, including statements in Parliament, however, use the word "decision". The Prime Minister, Mrs. Indira Gandhi, reportedly told the two Chief Ministers, Mr. Zail Singh of Punjab and Mr. Bansi Lal of Haryana, to keep quiet and not to exacerbate feelings. But this discipline does not obviously apply to the Opposition parties.

All the noise in the two States and silence in quarters where it is least desirable have tended to complicate what might otherwise have been a simple issue. Briefly, the Centre's decisions of three-and-a-half years ago had three components. These were: Chandigarh, now a Union Territory, should go to Punjab; Fazilka and Abohar towns and some villages in Fazilka tehsil now in Punjab will be transferred to Haryana; a boundary commission will be appointed to examine other territorial disputes. Chandigarh would be given to Punjab by January 1975 while Fazilka would be given to Haryana along with the exchange of areas under the award of the proposed boundary commission. Haryana would get Rs. 20 crores, half of it as loan, to build a new capital. Mr. Gurnam Singh, the then Chief Minister of Punjab, refused to agree to the "barter deal". But at the same time, the Centre's announcement was considered adequate for Sant Fateh Singh to give up his threat of self-immolation. On his return from Delhi even Mr. Gurnam Singh announced that it had been a victory for Punjab since Chandigarh had been awarded to it and he was confident that the other part of the "decisions" regarding Fazilka would be scuttled. There was some

trouble in Haryana but finally the State was reconciled to the decisions.

The intervening period between then and now was one of uncertainty. With the return of the Congress in both Punjab and Haryana, the time was considered propitious for implementing the old decision but, quite unexpectedly, Punjab sought a moratorium. Afraid that it might have to quit Chandigarh by January 1975 without getting Fazilka in return, since a boundary commission had yet to be appointed, Haryana demanded the immediate appointment of the commission and implementation of its award within a year. This precipitated matters and with the Centre keeping quiet, passions ran high in both the States.

The Punjab Government's case is that the Punjab Congress which was then in the Opposition rejected the Centre's "decision" when it was announced. According to it, the areas sought to be taken out of Punjab are really Punjabi speaking but with a Hindu majority. More than anything else Punjab is afraid of the proposed boundary commission since, by the same yardstick, some of its remaining Hindu majority areas in the north may be awarded to the adjoining Himachal Pradesh. This the Punjab Congress leaders, notably the Chief Minister, Mr. Zail Singh, fear would only help create a Sikh homeland in due course. Haryana's case, on the other hand, is that the Shah Commission had awarded Chandigarh and the neighbouring areas of the Kharar tehsil to Haryana but this entire territory was wrongfully denied to it because the Centre succumbed to the pressure of the Akalis. Now if Chandigarh goes to Punjab, Haryana must be compensated in kind. Furthermore, there is substantial evidence of various commissions and census records that the disputed Fazilka area is really Hindi speaking, says Haryana.

A careful study of the situation would show that most of the fears and suspicions of both the States are exaggerated. By losing Fazilka and gaining Chandigarh Punjab does not lose the proportion of Hindus in its population. The State has 56 per cent Sikhs and 44 per cent Hindus. Both the disputed regions have a population of about 200,000 each and in each Hindus constitute nearly 80 per cent. It should also be clear to Punjab that things being what they are, it cannot get both of

them and it concedes as much when it says that Chandigarh can remain a Union Territory permanently, an impossible and unworkable solution. Haryana likewise must realise that a boundary commission cannot give much to it out of Punjab. In fact, some Haryana areas like Kalka and Morni Hills may go to Himachal Pradesh being hilly.

How to End the Crisis of Power Supply in Bihar

(By a Special Correspondent)

Industries in Bihar have been badly affected due to the power shortage. The State can hardly achieve any progress as long as the gap between the planned and actual generation of power remains.

LIKE many other States, Bihar has been suffering from a severe shortage of power resulting in a substantial loss of industrial production. Till now there is little sign of improvement in the situation. The continued power shortage has affected Bihar's industrial development both in the large and small-scale sectors. The growth of medium and small industries has been tardy and many units have to suffer losses due to frequent interruptions in power supply and fluctuations in voltage. Since the demand for power is fast outstripping the supply, the State Electricity Board frequently resorts to load shedding and switching off the supply without intimation or at very short notices. Although a tripping may cause an interruption in power supply for a few minutes only, it takes about 75 minutes to restore normalcy in production in a continuous process industry.

It would appear that the reason for this almost perpetual power shortage is the gap between planned and actual generation and some of the main contributing factors are the unachieved targets and the chronic delay in the execution of power schemes. The fifth annual power survey conducted in 1968 by the C.W.P.C. assessed the loads on the S.E.B. power system in Bihar by the end of 1973-74 as follows: north Bihar 185 megawatts; and South Bihar (excluding Damodar) 642 megawatts. Subsequently, the C.W.P.C. reduced the total to 777 megawatts due to the industrial recession which

The solution would seem to lie in the Centre as well as the two States realising these realities. Under the present circumstances, a boundary commission will benefit no one. Punjab should take Chandigarh and give Fazilka to Haryana with grace and there the matter should be allowed to end for ever by common consent.

followed in the wake of a severe drought in the State. For the period beyond 1973-74, the load survey has been done for north Bihar only but there are indications that the total demand for both north and south Bihar (outside the D.V.C. area) will be of the order of 1,300 megawatts by 1978-79.

Bihar has two agencies for supplying power, namely, the S.E.B. and the Damodar Valley Corporation. The S.E.B. has presently an installed capacity of about 570 megawatts, but it has not been possible for it to achieve a sustained generation of even 250 megawatts. There have been numerous cases of total failures in spite of the fact that the system of the S.E.B. is interconnected with the systems of the D.V.C., Orissa and Uttar Pradesh. Similarly, the D.V.C. with an installed capacity of about 1,100 megawatts is not able to supply on a consistent basis a peak demand of even 550 megawatts. The S.E.B. in Bihar runs two thermal power stations: one in Patratu and the other in Barauni. According to the latest information available, Patratu is generating 148 megawatts against the installed capacity of 300 megawatts. The Barauni station is generating 60 megawatts, against the installed capacity of 145 megawatts. There are various reasons for the slow output.

Patratu units are all coal-based. The coal needed for running these units was to have been made available by the National Coal Development Corporation (N.C.D.C.) by opening a mine close by. For various reasons, the close by mine and washery have not yet been opened by the N.C.D.C., with the result that coal has to be brought from distant places adding to its cost. It may be

mentioned here that the S.E.B. had to enter into a long-term contract with the N.C.D.C. for the consumption of coal from nearby collieries. The coal obtained at present at Patratu units does not conform strictly to the specifications recommended by boiler designers. This leads to serious operational problems and frequent troubles. Light diesel oil is used as a supporting fuel. The Indian Oil Corporation is not able to supply light diesel oil from Barauni refinery mainly due to the paucity of wagons. The oil-burning Barauni units are also not getting smooth flow of fuel oil; in emergency, some of these units can use coal.

Although the two major generating stations have the capacity to meet the present demand, it has not been possible to do so because of mismanagement and inefficiency. The Ranchor Committee mentioned that the inadequacy of transmission facilities has resulted in a power shortage in certain areas on both banks of the Ganga. The distribution system too has not been planned to take care of the expected rise in load during the next few years. It is necessary to provide a reasonable amount of stand by transformer capacity in receiving sub-stations to guard against transformer failure. The frequent revision of tariff by the S.E.B. has adversely affected all types of consumers, particularly heavy industries. A slab on energy charges was available to large consumers till July 1970. The withdrawal of this reasonable concession is neither justified nor desirable in the long-term interest of the State's economic development. Unless Bihar can enhance efficiency of power generation and transmission, there would be little prospect of increasing its *per capita* income.

PEOPLE AND PERSONALITIES

Mr. P. N. Mathur, chairman of British India Corporation Ltd, Kanpur, has been elected president of the Upper India Chamber of Commerce for 1972-73.

Mr. A. Kanoria has been elected president and Messrs B. K. Swaika and D. M. Kothari vice-presidents of the Merchants' Chamber of Commerce, Calcutta, for 1972-73.

Mr. J. V. Dehejia has been appointed Country Manager, India, for I.T.T. Far East and Pacific, Inc.

MONEY AND BANKING

Grave Risks in Opening More Branches Without Suitable Bank Personnel

(By a Special Correspondent)

Branch expansion without consideration of the availability of suitable personnel is fraught with grave risks. But the existing capacity of the training colleges is hardly adequate to meet the annual demand.

FOURTEEN major Indian commercial banks were nationalised in July 1969. For some time earlier, the banking system in India had been subjected to social control and the banks had begun to respond and re-adjust themselves to the new situation. However, the pace of progress was felt to be inadequate and, therefore, nationalisation was considered to be the only means to achieve the desired results. It is now over three years and a balance-sheet of this period should give a fair assessment of the banking situation. Unfortunately, the balance-sheets of banks are for calendar years and figures are not available for the exact periods. *Banking Profile* published by the Reserve Bank of India provides some information up to the end of 1971 but it only seeks to highlight the achievements—the credit side. It does provide a lot of information, but as in the case of a balance-sheet, one has to hunt for hidden facts, and to draw inferences and conclusions to get a full picture.

One should look at the credit side first. The Statewise enumeration of facts and figures, however impressive, is not material. If the States have lagged behind either in development or in promoting the banking network and other facilities, the entire blame cannot be laid on the banking system. The banks could have taken the lead but in the absence of consciousness and awareness among the States themselves, no amount of external spoon-feeding is likely to lead to any perceivable results or spectacular achievements. The primary responsibility in this regard, therefore, squarely rests on the States themselves and they alone should own the responsibility for their backwardness or lack of development. The banking system has but little scope to make any headway unless the States concerned are equally eager to

take fullest advantage of the facilities which are available for the asking.

Banking Profile states that "commercial bank branch expansion has received a great impetus since the nationalisation of the 14 Indian banks in July 1969. No fewer than 4,723 new offices of commercial banks were opened between 19th July, 1969 and 31st December, 1971—2,775 branches by 14 nationalised banks, 1,310 branches by the State Bank group and 638 branches by banks in the private sector". As at the end of December 1971, 1,901 licences were pending, over and above a total of 12,985 branches already in existence. Licences pending with the State Bank group are not indicated; in any case the group enjoys a privileged position in that in addition to the monopoly of Government business and as the agent of the Reserve Bank, it has the added advantage of having an Integration and Development Fund which can be used to make up the losses arising from its new branches. A reference to this was made by one of the custodians some time ago and a demand was also put forth that a similar facility should be made available to the nationalised banks to give a fair view of their performance and particularly of their profitability. The State Bank is reported to have agreed to give up recourse to this fund and the Banking Commission has also recommended its discontinuance. But the fact remains that the progress achieved by the State Bank in the field of branch expansion has not been as spectacular as that of the 14 nationalised banks either before nationalisation, under social control, or even thereafter.

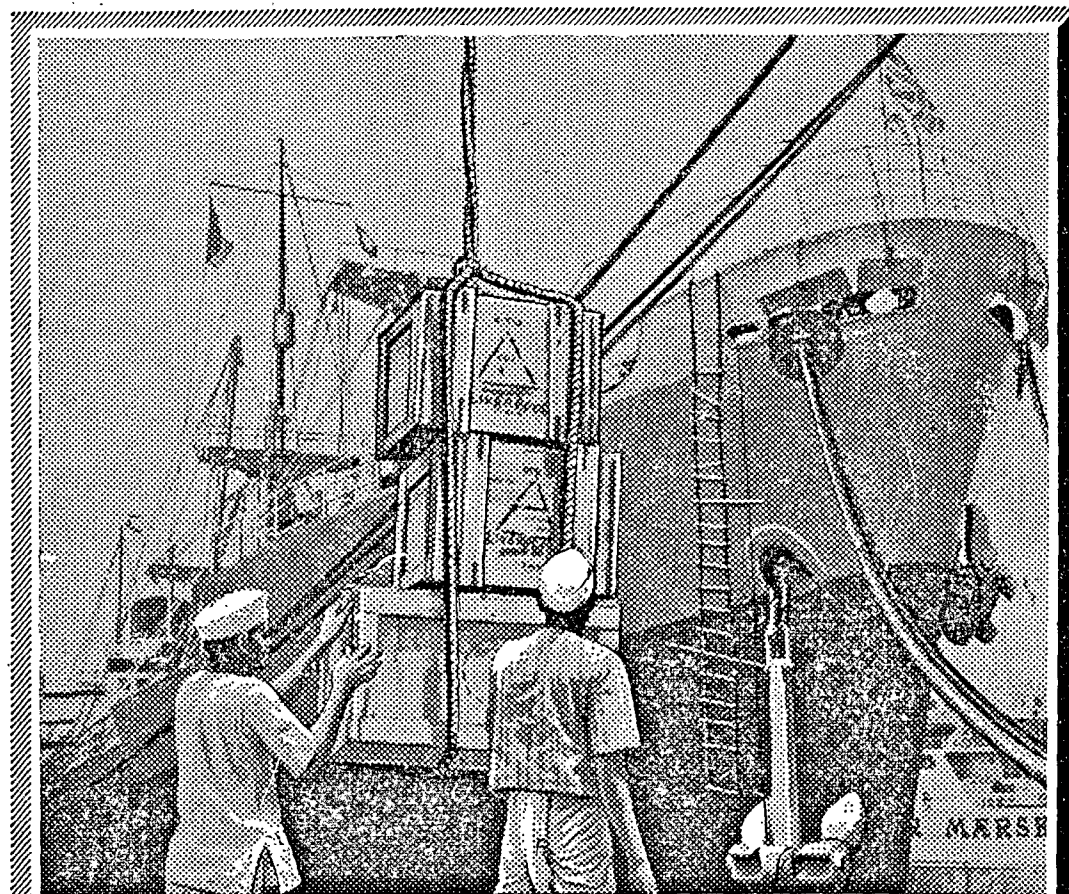
The total deposits of the banking system or the deposits mobilised by the new offices as on 31st December, 1971, have not been given. The Statewise break-up is as on the last day of March 1971. Certainly, the Reserve Bank should be in a position to give relative figures as at the end of December 1971, considering that its profile was published in the beginning of August 1972 (although it does not bear a date). Total deposits of the banking system stood at Rs.

6,855.88 crores as at the end of December 1971, an equally commendable achievement, although it is just around 18 per cent of the national income. But there is considerable ground to cover. Take the case of branch expansion. Despite the fact that as many as 5,311 new offices have been opened during the three years 1969 to 1971 and at least 1,901 more offices would be opened in 1972 on the basis of the pending licences—and this by any standard is a remarkable and commendable achievement—commercial banks in India had not made any serious effort in this direction in the past, as would be evident from the table.

Year	No. of bank branches
1951	...
1956	...
1961	...
1966	...
1967	...
1968	...
1969	...
1970	...
1971	...

It is necessary to understand and analyse why the pace of expansion was slow and what were the deterrents. The growth was indeed haphazard and there was marked concentration of bank branches at certain centres. The first effort of the authorities in this direction was, therefore, aimed at curbing expansion rather than promoting growth. It is equally necessary to bear in mind that with the enactment of the Banking Companies Act, later amended as the Banking Regulation Act, 1949, banking in India has been controlled and regulated and, therefore, the authorities should bear primary responsibility for the failure or lapses in the system. Having analysed the causes, necessary steps should have been taken to secure the desired results. It cannot be said that the authorities were not alive to this aspect but perhaps they lacked adequate powers or the banking system itself was not alive to its needs and could not bring sufficient pressure to secure reasonable opportunities and facilities conducive to its growth.

It may be remembered that despite the acknowledged achievements, the Indian banking system lacked a pioneering and innovative spirit and a dynamic leadership which could guide it on its onward march. In the absence of such a leadership, it is unfortunate that the official machi-



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hery too failed to provide it the necessary direction and guidance. The Reserve Bank did indeed establish the Bankers Training College with aid from the Colombo Plan and over the years the College has done a commendable job. But the little impact it made on the banking system should have awoken the authorities to the fact that no amount of external effort would and could straighten or strengthen the mechanism.

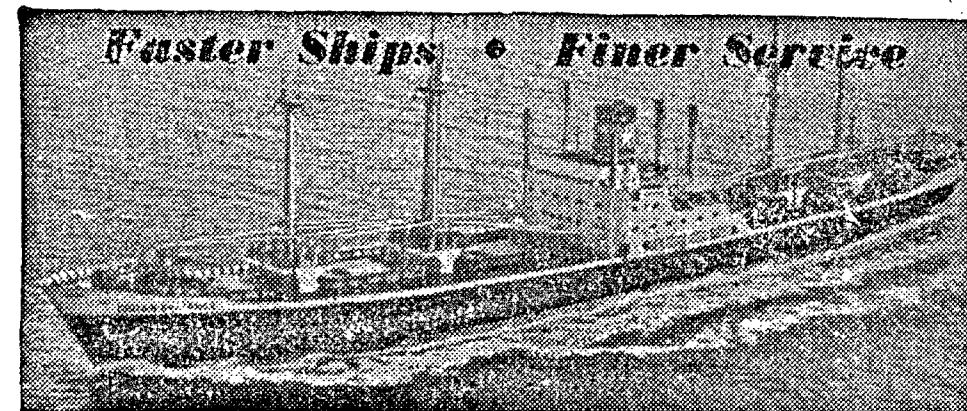
It is worth while to note that before establishing the B.T.C. the Reserve Bank was cautious in permitting banks to open branches without consideration of the availability of adequately trained and sufficiently experienced personnel, paucity of which prompted it to take the lead in settling up the B.T.C. But such seems to be the hurry and anxiety to accomplish miracles that a basic requirement such as availability of suitable personnel would appear to have been totally ignored. Indeed, while introducing social control, the then Central Finance Minister was cautious enough to say that the pace of progress had necessarily to be slow and no miracle should be expected overnight. He appointed a working group to go into the training and long-term requirements of the banking industry. The working group re-

commended the establishment of an apex body to take care of training and developmental aspects.

Accordingly the National Institute of Bank Management was set up in 1968. But this august body with a galaxy of talent recruited from international markets has yet to make any impact on the system. The Banking Commission has gone into this aspect at great length and has reiterated the view of the Adarkar Committee that the Institute should have a good admixture of academic personnel and bankers with experience in commercial and central banking. The annual report of the N.I.B.M. for 1971, however, shows that while its 16-member governing council had three custodians of commercial banks in addition to the chairman of the State Bank of India, the faculty consisting of 24 experts in various areas had only one banker. However, despite the negligible turnover by the training colleges, even with an apex body to streamline the training programmes, banks have been goaded into phenomenal expansion in utter disregard of the availability of personnel to man the branches. Mr. B. N. Adarkar, chairman of the working group which recommended the setting up of the N.I.B.M., in his A.D. Shroff Memorial Lecture last year had utter-

ed a warning that branch expansion without consideration of the availability of suitable personnel was fraught with grave risks and, therefore, the authorities should ensure that the branch expansion programme was accompanied by concurrent training programme. But even a year after this observation was made, the year's target appears to be 2,000 branches, although the existing capacity of the training colleges is hardly 1,000 a year and many of them are not working at full capacity.

The N.I.B.M. has produced two papers, "Manpower Planning in Indian Commercial Banks" and "Long-term Forecasting of Manpower Requirements of the Commercial Banking Industry in India", for the International Conference on Applications of Operations Research in Banking and Finance in Montreal, Canada. But their relevance and application to the industry concerned at home seems to have been underplayed or are these not meant for home-consumption or cannot they bear application? It has also a number of research projects on hand for 1972 but if the fruits of research do not contribute to progress or lead to results or are not applicable, it should prove a futile exercise and lead to waste of energy.

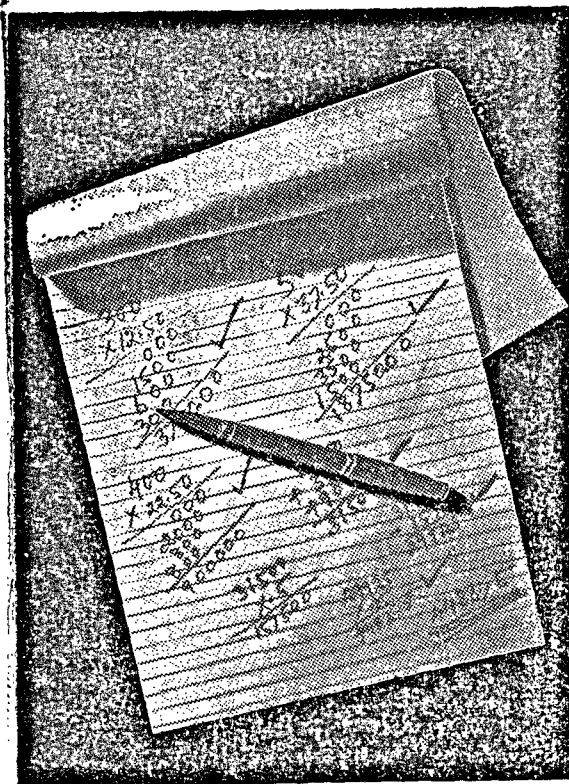


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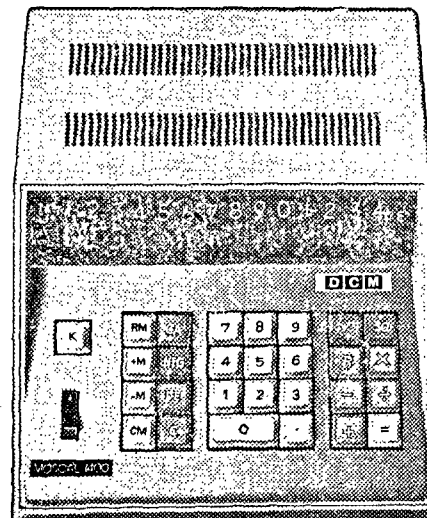
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Shares Steadier: Talk of a Pragmatic Approach Helps Sentiment

THE stock markets have presented a steadier front this past week. The start was hesitant, but the markets have later edged their way up. General reluctance to press sales at lower levels, short-covering and replacement buying have contributed in varying measure to the week's rally. With caution still the keynote of trading, interest has continued to be selective and turnover has remained restricted. Net changes over the week have shown a mixed pattern but plus signs have far outnumbered the minus signs and gains recorded by certain counters have been quite impressive. Since the all-India index for variable dividend securities had touched a new low for the year in the preceding week and that this was only some 2 per cent above the lowest point for nearly two years, technical considerations have favoured a rally. But sentiment has also been aided by certain other favourable influences as well.

The news from the corporate front has been encouraging. Orissa Cement, Hindustan Lever, Sylvania and Laxman, Jost's Engineering, Fibreglass Pilkington, Garware Nylon, Enfield India, Great Eastern Shipping and Scindia Steamship—to mention some names—have had a message of cheer for their respective shareholders. The markets appear to be in a mood to respond to favourable news. The signing of the agreement between India and the I.D.A. for two credits aggregating Rs. 118 crores and the Central Finance Minister, Mr. Y. B. Chavan's statement that the Indo-U. S. relations would show a steady improvement over the years have had a steadying influence on sentiment. Reports that the Central Industrial Development Ministry has been planning to liberalise imports of raw materials and components used by priority industries have further aided sentiment as the liberalisation of the import policy has been interpreted as an indication of the Government's earnest desire to boost industrial production. An intensive utilisation of the existing capacity alone can yield quick results.

The stock market seems inclined to the view that if the Government can quickly remove uncertainties

about its economic and industrial policies, it will greatly help the revival of business confidence which has been shaken by too many radical official pronouncements. The deliberations at the forthcoming A.I.C.C. session in Ahmedabad will be watched with keen interest. The recent overall behaviour of the markets suggests that they are reluctant to move lower, but their ability to push their way up will depend largely on a positive evidence that the Government is keen to adopt a pragmatic approach to revive the economy.

Gilt-edged securities have remained steady and turnover has been moderate. The 3 per cent conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has been moderate.

The Calcutta stock market has shown a steadier trend on short-covering and replacement buying during the past week. But trading has been cautious in view of a number of imponderables of the economy. The larger outlay proposed for the Fifth Plan, the Government's anxiety to accelerate industrial growth and its reported decision to liberalise raw material imports have apparently helped sentiment. This apart, corporate news during the week has been quite helpful. Among engineering shares, Guest Keen Williams, Escorts, Burn and Electrosteel Castings have improved. Among jute shares, Birla, Ganges and Agarpara have been supported. Among coal shares, East Indian and Sahu Minerals have been transacted. Among paper shares, Tribeni Tissues, Straw Products, Sirpur and Titaghur have been bought. Among miscellaneous shares, Hindustan Aluminium, Rekitt Coleman, Mohan Meakin Breweries, Universal Cable and English Electric have been better. Among tea shares, Hoograuli, Tengpani and Hasimara have been traded.

After a brief spell of hesitancy, Dalal Street has turned steadier with leading equities edging higher on short-covering and fresh support. The volume of business has continued to be small and interest has tended to be selective. While the week's

recovery appears to be essentially technical, buying has also been inspired by the growing feeling that the market has by now discounted most of the bear factors. Gains have been widespread and quite impressive in some cases. Certain shares have received good attention on special considerations. Scindia and Great Eastern Shipping have been marked higher on ideas of a bonus issue. Century Enka, Ceat Tyres, National Rayon, Associated Cements, Century and Premier Constructions have been among the bright spots. Cotton textiles, rayons, engineerings, shipping, cements and chemicals—all sections have ruled steadier. Although quite a few shares have wound up the week with minus signs, net losses have been relatively small.

The Madras stock market has been fairly active this past week. Several shares have attracted better enquiries. Among planting shares, Nelliampathy, Neelamalai and Stanes Amalgamated have been bought while Consolidated Coffee have remained dull. In the textile section, there has been a general improvement in sentiment. As a result, Madura, South India Viscose and Travancore Rayons have improved. There have also been

COMPANY REPORTS

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

Binny
Century Mills
Champdany Jute
Enfield India
F.C.I.
Gillanders Arbuthnot
Hindustan Lever
Hindustan Wire
India Steamship
Kanoria Chemicals
Khatau Mills
M.M.T.C.
Midnapore Commercial
Mysore Stoneware
Polygas
Ruby Mills
Siemens
Vayitri Plantations
United Breweries
Ugar Sugar
Western Bengal Coal-fields

enquiries for Anglo-French, Radhakrishna and Rajalakshmi due to favourable corporate news. In the miscellaneous section, Aluminium Industries have been supported. Ashok Leyland and Mettur Chemicals have also been favoured. But India Cement have declined on selling pressure. In the sugar section, several shares have attracted better enquiries. Aruna Sugars and E.I.D. have shown a steadier trend while K. C. P. have attracted selling pressure. Bank shares have been quiet. But some business has been done in Indian Overseas Bank.

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 24/25—24/60—24/25—24/50—(22/55)
Burr.ku. Coal 4/00—4/06—4/00—4/06—(10/80)
Dunlop India 26/55—27/50—26/25—27/40—(33/80)
Guest, Keen, Williams 30/55—31/55—30/30—31/50—(34/85)
Hindustan Motors 6/80—6/80—6/60—6/75—(9/25)
Indian Aluminium 30/45—31/50—30/30—31/35—(35/15)
Indian Cable 21/00—21/35—20/75—21/35—(20/55)
Indian Copper 2/38—2/40—2/38—2/39—(3/77)
Indian Iron 5/95—6/00—5/90—5/95—(9/65)
J. K. Cotton 6/75—7/20—6/75—7/20
Jaipur Udyog 9/35—9/35—9/30—9/30—(8/00)
Jayshree Tea & Industries 14/81—14/94—14/81—14/81—(14/75)
Kesoram Industries 17/75—18/10—17/75—18/00—(13/50)
Orient Paper 32/90—33/45—32/70—33/40—351/0)
Orissa Cement 17/94—18/35—17/94—18/35—(17/20)
Rohtas Industries 4/15—4/20—4/05—4/05—(5/00)

India Steamship Records Big Rise in Freight Earnings

ADDRESSING the annual general meeting of the India Steamship Co. Ltd held recently, Mr. K. K. Birla, chairman, said that the Company's freight earning during the year ended March 1972 was Rs. 16.97 crores which was considerably higher than the earnings in all earlier years. (A fuller text of the chairman's statement was published in last week's issue of *Capital*.) Thirtysix voyages were completed in the Liner service and eight in the coastal trade, as against 42 round voyages in the overseas trade during the preceding year. After providing Rs. 1.57 crores for depreciation and meeting all other normal charges, a balance of Rs. 1.70 crores is left in the profit and loss account. The directors have recommended the payment of the arrear dividend out of general reserve and also Rs. 1.63 lakhs for distribution as dividend to the preference shareholders and Rs. 24.75 lakhs to the ordinary shareholders at Re. 1 a share, subject to deduction of tax.

The chairman mentioned some of the major problems confronting the shipping industry. He said that in the Liner sector, conditions were far from satisfactory with soaring cost of operations, slower turnaround in various ports, losses due to labour strikes, dollar devaluation and cur-

rency readjustments. The cargo handling costs are rising considerably in the western countries with the industry having no say in the matter. The shipowners are also subjected to the imposition of the bunkering charges. The chairman referred to certain facilities which the maritime countries extend to the shipping companies to help their operations. The absence of such assistance in this country has placed the Indian shipping industry at a disadvantage. The chairman said that the Government's decision to withdraw the facility of development rebate effective from 1st June, 1974, will have adverse effects on the profitability and growth of the shipping industry as a whole.

M.M.T.C.

Satisfactory Results

IN his speech at the annual general meeting of the Minerals and Metals Trading Corporation of India Ltd held recently in New Delhi, Mr. S. Ramachandran, chairman, said that the trading results of the Corporation were quite satisfactory during 1971-72. (A fuller version of the speech was published in last week's issue of *Capital*.) The profit

before taxation has been over Rs. 16 crores, nearly double that of the previous year. Turnover has been also about Rs. 17 crores more than in the previous year. The chairman said that the Corporation did not have a good year in the matter of exports of certain items such as iron ore, manganese ore, ferro-manganese and coal, due largely to the worldwide recession in the steel industry. The Corporation has diversified the markets for iron ore and has met with a significant success in new markets, like Korea and Taiwan. The chairman said that "in a recent review of metal buying, it was noticed that significant economies had been secured in foreign exchange by the M.M.T.C.'s buying of non-ferrous metals". One of the most remarkable features of the recent commercial activity for the Corporation in the matter of imports has been the conclusion of long-term contracts with producers of metals and fertiliser raw materials. In line with the Government's desire to become self-reliant, the Corporation is directing more and more of its purchases towards bilateral trading countries and other countries with which there are trade agreements for the balanced purchase of goods.

ENFIELD INDIA

Sales Rise

THE operating results of Enfield India Limited for the half year ended June 1972 are encouraging. Sales were more than 25 per cent higher at Rs. 3.95 crores, against Rs. 3.14 crores for the corresponding six-month period last year. It is estimated that the aggregate turnover for 1972 will be higher by about 20 per cent at Rs. 8.50 crores, subject to the power cut announced by the Tamil Nadu Government not having any serious impact on production in the last quarter of the year. The increase in sales is due to larger production and demand for both motor-cycles and agro-industrial engines. The Company feels that with a rise in turnover, it will not be difficult to raise its net earnings to a new high level, although not in proportion to the rise in turnover.

The Company has made progress on its new project in Anaikarai-patti. With the completion of its expansion scheme in Thiruvottiyur and commissioning of the new unit, the Company hopes that production

and sales in 1973 would possibly cross the Rs. 10-crore mark. The future prospects are, therefore, promising.

HINDUSTAN LEVER

Interim Dividend

HINDUSTAN Lever has decided to pay an interim dividend of 70 paise a share for the year 1972, subject to deduction of tax. The dividend is payable on 10th November, 1972, to shareholders registered in the books of the Company at the close of business on 23rd October, 1972.

HINDUSTAN WIRE

Profit Declines

DESPITE an increase in sales from Rs. 3.28 crores to Rs. 3.34 crores for the year ended March 1972, Hindustan Wire Products Ltd has earned a lower profit of Rs. 21.53 lakhs (against Rs. 29.64 lakhs), after providing Rs. 6.33 lakhs (against Rs. 4.62 lakhs) for depreciation and Rs. 2.02 lakhs (against Rs. 1.70 lakhs) for reserve for development rebate. An ordinary taxable dividend of 12.5 per cent on the enhanced capital has been declared, absorbing Rs. 4.38 lakhs. This offers a yield of 6.9 per cent at the present price of Rs. 18 a share of Rs. 10 each. Taxation accounts for Rs. 12.25 lakhs (against Rs. 16.90 lakhs) and general reserve gets Rs. 5 lakhs (against Rs. 9 lakhs). After making other adjustments, a sum of Rs. 5,044 is carried forward, against Rs. 14,883 brought in.

BINNY

Profit Earned

IF the results of Binny Ltd for the half-year ended June 1972 are any guide, it can well be said that the Company has turned the corner. For the six-month period, the Company has earned a profit of Rs. 87 lakhs, after providing depreciation of Rs. 63 lakhs and the statutory minimum bonus. This compares with the previous year's loss of Rs. 144 lakhs, after providing depreciation of Rs. 64 lakhs. Sales for the half-year amounted to Rs. 2,503 lakhs, as against Rs. 2,037 lakhs for the corresponding six months of the previous year. The directors say that the trading profit, before depreciation, shows

UNITED BREWERIES

A Good Year

DUE to a substantial rise in profit and sales for the year ended March 1972, the directors of United Breweries Ltd have stepped up the dividend to 12 per cent from the previous year's 10 per cent. The net profit for the year amounts to Rs. 37.94 lakhs, after providing Rs. 20.69 lakhs for depreciation, Rs. 31.60 lakhs for taxation and Rs. 2.77 lakhs for development rebate reserve. This compares with the previous year's profit of Rs. 17.85 lakhs, after providing Rs. 19.12 lakhs for depreciation, Rs. 20.50 lakhs for taxation and Rs. 5.25 lakhs for development rebate. Sales were higher at Rs. 224.65 lakhs (against Rs. 172.04 lakhs). With Rs. 3,272 brought forward, the total sum available for appropriation comes to Rs. 37.97 lakhs. Out of this, taxation relating to previous years amounted to Rs. 1.44 lakhs. The balance of Rs. 36.53 lakhs is transferred to general reserve. The dividend is to be paid out of general reserve.

CENTURY MILLS

Bigger Interim Dividend

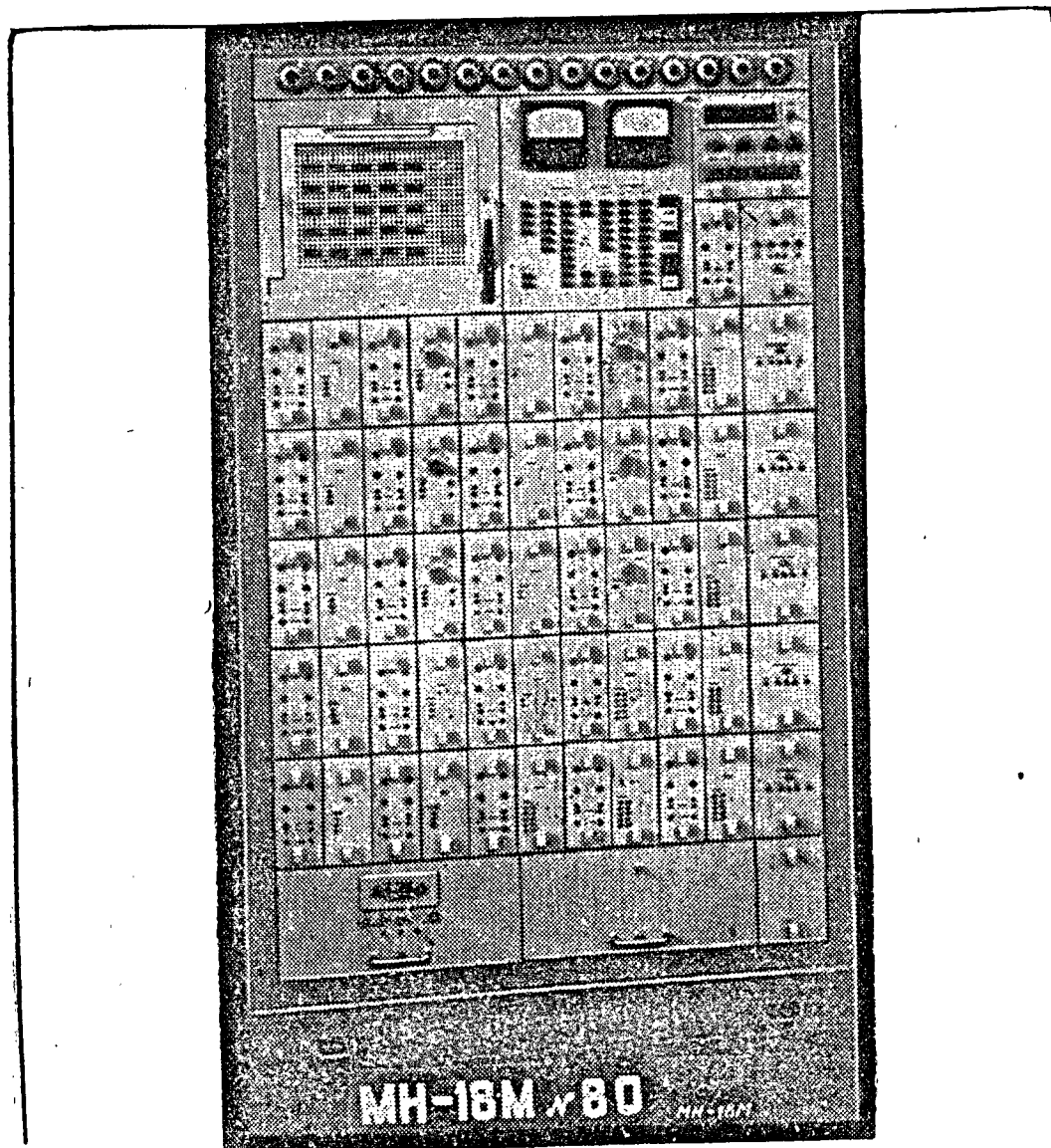
THE directors of Century Spinning and Manufacturing Company have declared an interim dividend of 20 per cent (Rs. 20 a share) for 1972, against 16 per cent paid for 1971. The interim payment will require Rs. 70.98 lakhs, against Rs. 56.78 lakhs last time. The Company had paid a

GILLANDERS ARBUTHNOT : DIVERSIFICATION PLAN

THE working of Gillanders Arbuthnot and Co. Ltd for the year ended March 1972 shows that the pre-tax profit has fallen from Rs. 38.46 lakhs to Rs. 36.38 lakhs, after providing Rs. 1.45 lakhs (against Rs. 1.22 lakhs) for depreciation. The taxable ordinary dividend of 12 per cent has been maintained, 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. 9.06 a share of Rs. 10 each. Allocations include Rs. 10,275 (against Rs. 3,942) for development rebate reserve and Rs. 19 lakhs (against Rs. 18.06 lakhs) for taxation. A sum of Rs. 6,284 (against Rs. 19,313) has

been transferred from development rebate reserve. After making other adjustments, Rs. 16.33 lakhs (against Rs. 36.36 lakhs) have been transferred to general reserve. Sales rose from Rs. 2.22 crores to Rs. 2.44 crores.

The impact of the cessation of the managing agency of the Indian Copper Corporation on the Company's profitability has been severe. The Company is considering several projects for diversifying its manufacturing activities. It has recently received from the Central Government a letter of intent for manufacturing aluminium slugs, solid containers and tubes.



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total dividend of 45 per cent for 1971. The higher interim dividend for 1972 has been in line with general market expectations.

KHATAU MILLS

Bonus Issue Proposed

KHATAU Makanji Spinning and Weaving Company has reported a substantial decline in its profit for the year ended June 1972. Even so, the dividend has been kept unchanged at 12 per cent and the directors have also proposed a one-for-two bonus issue which is subject to the consent of the Controller of Capital Issues. The gross profit has declined by nearly 23 per cent from Rs 130.02 lakhs in 1970-71 to Rs. 100.24 lakhs in 1971-72 even though sales have improved by a little over 5 per cent from Rs. 11.72 crores to Rs. 12.32 crores. The ratio of profit to sales has declined from around 11.1 per cent to 8.1 per cent. After providing Rs. 54.73 lakhs (against Rs. 45.46 lakhs) for depreciation, Rs. 17.84 lakhs (against Rs 13 lakhs) for development rebate reserve and Rs 13.50 lakhs (against Rs. 38.50 lakhs) for taxation, the net profit amounting to Rs. 14.17 lakhs (against Rs. 33.06 lakhs) has been transferred to general reserve out of which the proposed equity and preference dividends will be paid.

UGAR SUGAR

A Prosperous Year

UGAR Sugar Works has turned out substantially improved results for the year ended June 1972 and the dividend has been stepped up from 14 per cent to 20 per cent of which 8 per cent will be exempt from tax in the hands of shareholders. The Company's working has recorded all-round improvement in production, sales, profit and margins. The sugar output has increased from 29,513 tonnes to 34,472 tonnes. While the production of industrial alcohol was only a little higher at 3.68 million bulk litres, against 3.66 million bulk litres, that of potable alcohol rose from 28,638 to 43,962 bulk litres. With sales up by about 45 per cent from Rs. 5.01 crores to Rs. 7.28 crores and the gross profit rising by about 130 per cent, the ratio of profit to sales has improved from around 10 per cent to 15.7 per cent. After providing Rs. 24.43 lakhs (against Rs. 28.13 lakhs) for depreciation, Rs.

32,600 (against Rs. 5.03 lakhs) for development rebate reserve and Rs 74.60 lakhs (against Rs. 2.20 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 14.89 lakhs, against Rs. 14.50 lakhs in the preceding year. After some important write-backs, the disposable surplus amounts to Rs. 44.31 lakhs, against Rs. 17.61 lakhs in the previous year. A sum of Rs. 15.61 lakhs (against Rs. 16 lakhs) has been transferred to general reserve and Rs. 10 lakhs (against nil) to dividend equalisation reserve. The equity dividend will absorb Rs. 16.81 lakhs (against Rs. 10.08 lakhs).

MIDNAPORE COMMERCIAL

Sales Up but Profit Down

DESPITE a rise in sales from Rs. 16.91 lakhs to Rs. 54.03 lakhs for the year ended 13th April, 1972, the profit of Midnapore Commercial Co. Ltd has amounted to Rs. 6.76 lakhs (against Rs. 7.08 lakhs), after providing Rs. 77,585 (against Rs. 86,123) for depreciation and Rs. 7.90 lakhs (against Rs. 7.80 lakhs) for taxation. The ordinary taxable dividend of Rs. 4 a share has been maintained which will be paid out of general reserve. This offers a yield of 9.5 per cent at the present price of Rs. 42 a share of Rs. 85 each. General reserve is allocated Rs. 6.75 lakhs (against Rs. 7.25

lakhs). After making other adjustments, a sum of Rs. 6,975 is carried forward, against Rs. 6,235 brought in.

SIEMENS

Fuel Cell Battery

SIEMENS has developed a compact fuel cell battery with a continuous rating of 5 kW at 80 V. The current density is then 250 mA/cm² of electrode surface. The output can be raised to 8 kW for a few minutes. The battery consists of two units of 50 fuel cells each and weighs 90 kilograms. The temperature of the alkaline electrolyte is about 80°C.

KANORIA CHEMICALS

A Good Year

KANORIA Chemicals and Industries has raised the dividend for the year ended March 1972 from 8 per cent to 10 per cent which seems well justified by its improved performance during the year. Sales have risen by about 25 per cent from Rs. 3.08 crores to Rs. 3.86 crores and the gross profit by 31 per cent from Rs. 55.66 lakhs to Rs. 72.87 lakhs. After providing Rs. 34.50 lakhs (against Rs. 29.71 lakhs) for depreciation and Rs. 30 lakhs (against nil) for development rebate reserve, the net profit

CHAMPDANY JUTE : GOOD RESULTS

THE working results of the Champdany Jute Co. Ltd reflect the favourable conditions which prevailed during the year ended March 1972. Production was maintained at a high level despite power cuts. The jute crop during the year was satisfactory and the price of fibre was at a reasonable level; these factors enabled the Company to secure adequate stocks of fibre. The Company has made a profit of Rs. 13.14 lakhs, against a loss of Rs. 3.38 lakhs in the previous year, after providing Rs. 21.09 lakhs (against Rs. 18.58 lakhs) for depreciation and Rs. 5.43 lakhs (against nil) for development rebate reserve. A taxable ordinary dividend of Re. 1 a share (against nil) has been declared, absorbing Rs. 2.96 lakhs. This offers a yield of 7.7 per cent at the present price of Rs. 13 a

share of Rs. 10 each. Taxation is allocated Rs. 6.55 lakhs (against Rs. 1,800). After making other adjustments, Rs. 90,204 is carried forward, against a debit balance of Rs. 2.73 lakhs brought in. Sales rose from Rs. 5.01 crores to Rs. 6.97 crores.

The prospects for the current year have to be viewed with caution. The jute crop has been affected by drought conditions in parts of West Bengal and Bihar and by floods in north Bengal and Assam. The State Trading Corporation and the newly set-up Jute Corporation of India have commenced purchases of raw jute. It is hoped that the operations of these Corporations will help stabilise raw jute prices which will be beneficial to both growers and the industry.

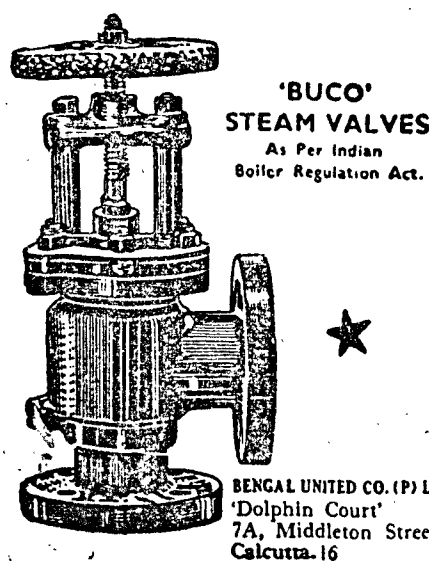
for 1971-72 amounts to Rs. 8.37 lakhs, against Rs. 25.95 lakhs in the preceding year. After adjustments, a sum of Rs. 3.29 lakhs (against Rs. 22.45 lakhs) has been transferred to general reserve. The equity and preference dividends absorbing Rs. 12.28 lakhs (against Rs. 10.49 lakhs) will be paid out of general reserve.

The Company produced 18,442 tonnes (against 17,657 tonnes) of caustic soda. It has secured an industrial licence to expand annual capacities of caustic soda by 12,000 tonnes, chlorine gas by 10,641 tonnes, liquid chlorine by 7,250 tonnes and hydrochloric acid by 12,000 tonnes. The I.C.I.C.I. has sanctioned a loan in U.S. currency equivalent to Rs. 58.60 lakhs for the proposed expansion. The Company has also a licence to double the capacity of the B.H.C. plant to 6,000 tonnes a year. The Company has submitted proposals for foreign collaboration for the manufacture of methyl methacrylate monomer, polymer and toluene diisocyanate for which it has a letter of intent.

RUBY MILLS

Better Results

RUBY Mills has reported improved results for the year ended March 1972. Sales have gone up from Rs. 2.88 crores to Rs. 3.36 crores and the gross profit has risen from Rs. 33.54 lakhs to Rs. 39.63 lakhs. The dividend has been kept unchanged at 8 per cent. After providing Rs. 23.56 lakhs (against Rs. 16.39 lakhs) for depreciation, Rs. 7.33 lakhs



(against Rs. 3.29 lakhs) for development rebate reserve and Rs. 4 lakhs (against Rs. 7.40 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 4.74 lakhs, against Rs. 6.47 lakhs in the preceding year. The equity dividend will absorb Rs. 2.56 lakhs.

F.C.I.

Steel Tube from Britain

NEARLY 300 miles of cold drawn steel heat exchanger tube made by a British firm will be used in a fertiliser plant now being built in southern India by the Fertiliser Corporation of India. The contract placed with the firm—Accles and Pollock Ltd, a T.I. Steel Tube Division Company of Oldbury, Worcestershire—is worth more than £130,000. It involves the supply of a million feet of mild steel tube and half-a-million feet of a higher carbon, higher manganese steel tube. To the plain tube division of Accles and Pollock, which is handling the contract, it represents one of the largest export orders for many years. It was obtained with the help of T.I. (Export) Ltd and its Indian agents, T.I. and M. Sales Ltd.

VAYITRI PLANTATIONS

Loss Incurred

THE Vayitri Plantations Ltd has maintained the dividend for the year ended March 1972 at 6 per cent. The working of the Company for the year has resulted in a loss of Rs. 1.30 lakhs, compared with the profit of Rs. 3,805 in the previous year. A sum of Rs. 46,558 being excess provision is transferred to the profit and loss account along with Rs. 82,200 transferred from general reserve, Rs. 24,000 transferred from dividend equalisation reserve and Rs. 1,645 brought forward from the previous year, making a total of Rs. 1.54 lakhs. Out of this, the dividend amounts to Rs. 24,000. After deducting the brought-forward loss of Rs. 1.30 lakhs, there is a small balance of Rs. 21 which is being carried forward.

WESTERN BENGAL COAL-FIELDS

Encouraging Results

WESTERN Bengal Coal-fields Ltd has produced encouraging results for the year ended March 1972. There has been an all-round improvement in production, despatches and stocks. The various development

programmes of the Company have made further satisfactory progress. The year was marked by the take-over of management of coking coal mines by the Central Government from October 1971 which have since been nationalised. However, the Company has not been affected as all the mines belonging to it consist of non-coking coal. Sales are up from Rs. 3.54 crores to Rs. 4.09 crores, and the profit has increased from Rs. 12.83 lakhs to Rs. 17.04 lakhs, after providing Rs. 18.01 lakhs (against Rs. 17.23 lakhs) for depreciation, Rs. 2.54 lakhs (against Rs. 2.40 lakhs) for development rebate reserve and Rs. 23.65 lakhs (against Rs. 13.22 lakhs) for taxation. In view of the Company's better results, the taxable ordinary dividend has been raised from 8.5 per cent to 10 per cent which will be paid out of dividend equalisation reserve. This offers a yield of 13.7 per cent at the present price of Rs. 7.31 a share of Rs. 10 each. Allocations include Rs. 8.75 lakhs (against Rs. 5 lakhs) for general reserve and Rs. 9.74 lakhs (against Rs. 8 lakhs) for dividend equalisation reserve. There is a carry-forward of Rs. 8,517, against Rs. 11,360 brought in. Production rose from 1,092,843 tonnes to 1,179,386 tonnes and despatches from 1,059,018 tonnes to 1,205,483 tonnes.

MYSORE STONEWARE

Dividend Raised

HE Mysore Stoneware Pipes and Potteries Ltd has produced good results for the year ended March 1972. The directors have raised the dividend to 13 per cent from 10 per cent paid for the previous year. Sales moved up to Rs. 24.10 lakhs (against Rs. 20 lakhs). The profit amounts to Rs. 4.52 lakhs (against Rs. 3 lakhs) after providing for depreciation. Adding to the year's profit of Rs. 4.52 lakhs Rs. 6,600 withdrawn from development rebate reserve no longer required, excess provision of Rs. 2,177 and Rs. 17,500 being provision for bad debts no longer required, there is a total of Rs. 4.78 lakhs. Out of this, provision for taxation is Rs. 2.51 lakhs (against Rs. 1.87 lakhs). A sum of Rs. 8,707 is transferred to development rebate reserve, leaving a balance of Rs. 3,394 brought forward from the previous year, totalling Rs. 2.21 lakhs. Out of this, general reserve gets Rs. 1 lakh (as against Rs. 25,000). The dividend claims Rs. 1.20 lakhs. The balance of Rs. 1,453 is being carried forward.

COMMODITIES

Concerted Action Needed to Ensure Fair Price for Growers, Says J.C.I. Chief

A MULTI-PRONGED concerted action was needed to ensure a proper and fair price for jute growers, observed Mr. Dwaipayan Sen in Calcutta on Saturday. Addressing the first annual meeting of the Jute Corporation of India, a public-sector undertaking, as its chairman, Mr. Sen disclosed that the J.C.I. intended to set up suitable consultative machinery at different levels in the major jute growing States like West Bengal, Bihar, Assam, Orissa, Andhra Pradesh and Tripura to serve growers' interests more effectively. He commended the setting up of "a viable super-structure of marketing institutions in which jute growers and their representatives could increasingly participate and develop their managerial talents and capabilities for undertaking marketing functions from the growers' level to the final stages of marketing". He also emphasised the need for eliminating growers' dependence on traders-cum-moneylenders for meeting their financial requirements.

The chairman believed that if jute growers were to be given a fair deal, it was not enough that prices were maintained at a reasonable level. It was also necessary that the quality of their produce was assessed fairly and weighing made accurately. In the present system of marketing, this did not always happen, Mr. Sen complained. He revealed that the J.C.I. had, therefore, decided to establish a direct relationship with growers, operating through their co-operative organisations and its own departmental purchase centres in various jute-growing States. The support prices of jute this season had been placed on a statutory basis and the J.C.I. had been made solely responsible for ensuring that prices did not drop below the prescribed levels. He referred to the various constraints under which the Corporation had to operate and hoped that when the bulk of the crop was released by growers in the coming months, the J.C.I. would be able to overcome the constraints and fulfil its planned purchase targets for the season. He reminded his audience that the J.C.I. was the youngest of several public-sector agencies set up during recent years for "ending the exploitation of millions of farmers in the country as a part of the programme of achieving

democratic socialism". About the activities of the J.C.I. during 1971-72, the chairman said that it was able to export some 96,000 bales of raw jute worth more than Rs. 4.54 crores, making a net profit of Rs. 12.91 lakhs and declaring a dividend of 8.5 per cent. It had paid a bonus to its staff even for the first year of its operation.

Fall in Prices

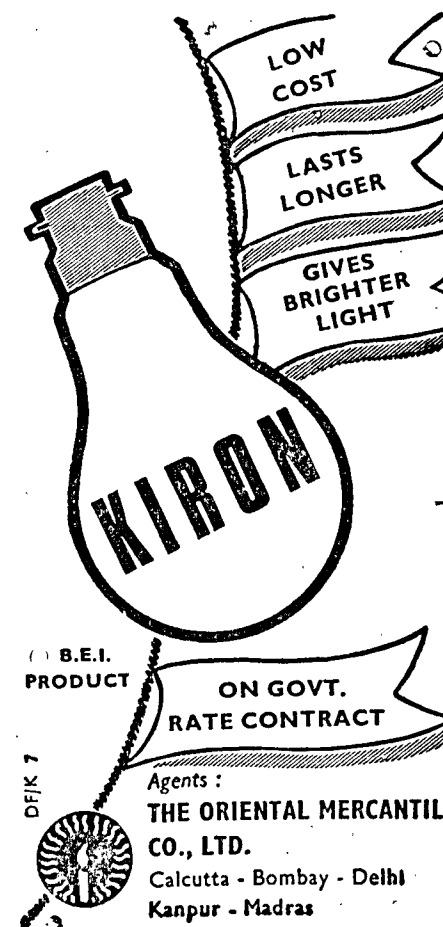
Concerned over recent reports that raw jute prices have declined to the season's lowest level of Rs. 23 a maund in some remote primary and secondary markets, Mr. L. N. Mishra, Central Minister for Foreign Trade, has directed the Jute Corporation of India effectively to gear up its procurement machinery in the primary and secondary markets of the jute-growing States to guarantee the statutory minimum price of fibre for growers. He has also sought the co-operation of the Chief Ministers of various States to ensure the statutory minimum price of Rs. 43 a maund, f.o.r. Calcutta ready, basis Assam Bottoms and their respective derivative levels for the ultimate growers. He is understood to have expressed the Government's anxiety over this fall in raw jute prices and has said that for guaranteeing the statutory minimum prices, it will be necessary to ensure not only a wide network of procurement agencies in the primary and secondary markets with a sizable volume of turnover but also the selection and appointment of an adequate number of agents and the provision of enough storage facilities and a well co-ordinated and speedy system of transportation linking up the interior markets with Calcutta and mill stations.

In organising these efforts, Mr. Mishra has assured the Chief Ministers that finance will pose no problem, for the Government has agreed to extend a guarantee to the State Bank of India for advancing about Rs. 15 crores to the Jute Corporation of India for financing the seasonal procurement operations. The main difficulty, he adds, relates to an adequate organisational infrastructure for the J.C.I., which cannot be provided without the co-operation of the State Governments. He has, therefore, requested the State

Governments to issue relevant instructions to their officials both in the capitals and in the interior areas to assist the J.C.I. in organising price-support purchase operations speedily and effectively.

Crop Prospects Improve

Assessing an approximate crop of 6 million bales for the current season, Mr. Sree Chand Bothra, chairman, Calcutta Baled Jute Association, has discounted the fears of any fibre shortage during 1972-73. Speaking at the annual meeting of the Association last week, Mr. Bothra observed that a very favourable weather was now prevailing in the Daissee and Tossa districts, where crop prospects had been considered rather bleak earlier during the season. One should not be surprised, he said, if eventually the crop turned out bigger than what he had estimated. Taking account of the usual inflow of 800,000 bales from across the border and 1.6 million bales as the carry-over with the trade, the total availability of raw jute this season could reasonably be estimated at 8.4 million bales. Out of this, the total consumption by mills and the usual



export of 100,000 bales to the Soviet Union would absorb some 7.2 million bales, leaving a carry-forward of some 1.1 million bales for the next season. In view of these facts, he appealed to the Central Ministry of Foreign Trade not to dismiss the issue of fibre exports but to give it serious consideration.

Power Shortage

Jute mills in and around Calcutta continue to suffer unannounced load-shedding, causing heavy loss of production, says the Indian Jute Mills Association in a recent Press note. Between 1st September and 25th September, 50 units, representing about 80 per cent of the industry's productive potential in the State, did not have adequate supply of electricity. The resultant loss of output was about 2,700 tonnes, worth about Rs. 1 crore, bringing the industry's loss on this account from 1st January to that date to some 30,000 tonnes, roughly valued at Rs. 11.10 crores, including some Rs. 6.66 crores in foreign exchange.

Jute Team to Rome

Mr. S. N. Chakrabartee, Jute Commissioner, is leading the three-man Indian jute delegation to the current session of the Jute, Kenaf and Allied Fibres Consultative Committee of the Food and Agricultural Organisation of the U.N.O. in Rome. Mr. B. D. Kanoria, chairman, I.J.M.A. and Mr. N. S. Maini, Joint Commissioner, Central Ministry of Agriculture, are the other two members of the delegation.

Gunnies Erratic

The Calcutta gunny market developed erratic trends during the past week. The initial firm spell was ascribed to brisk short and shipper-covering on the rumour that the floating stocks with mills after the clearance of the held-over August-shipment cargo had been considerably depleted and that the end-September due-date turnover would also be considerable. Besides, intermittent load-shedding caused a continuous loss of production. Pre-Puja bonus disbursement tension among workers also affected overall output. Besides, the D.G.S.D. was reported to have placed a fresh tender for some 6,000 bales of heavy duty sacks for September delivery. In spite of some nervous transactions, total turnover fell much below par for this time of year. The bullish factors soon exhausted their momentum and prices again eased on

a broad front as cautious bulls started booking their profits at the bulges. A near-balance in technical position induced bears to toe a cautious line and refrain from starting a bear-raid. Mills and holders of P.D.O.s were on the alert, taking note of the persistent firmness and slow arrivals in the fibre market. The I.J.M.A. statement on the massive development of the synthetic woven and non-woven P.V.C., heavy-duty and high density polyethylene packaging industry in the country depressed sentiment. Overseas enquiries for, and offtake of, jute goods also continued to be dull. The Government's delay in initiating any remedial step accentuated the industry's disappointment. The continued lack of overseas interest in Indian jute goods was reflected in the shrinkage in recent shipments to east Canada. In view of the coming seasonal holidays, shipping circles were keen on round-the-clock loading and unloading operations, even on Sundays and holidays. But so far they had not received any intimation on the matter. I.J.M.A. despatch statistics for August showed that exports had registered a small decline of 1,100 tonnes over the July-level to 40,000 tonnes. While hessian showed an increase of 800 tonnes to 21,900 tonnes, sacking dropped by 1,200 tonnes to 5,400 tonnes, carpet-backing cloth by 600 tonnes to 7,500 tonnes and miscellaneous goods by a bare 100 tonnes to 5,200 tonnes. The sharp decline in spot and afloat and September and October delivery burlap prices in the New York market by as much as 0.15 cents a yard in course of the past three weeks or so indicated the existence of a selling scare among the holders in the face of stiff buyers' resistance. The internal offtake during August was higher by 3,500 tonnes over July at 38,700 tonnes, solely due to the 3,000-tonne rise in sacking despatches to 29,700 tonnes. Turnover was moderate and the closing undertone was buoyant.

Latest available quotations (in rupees) were as follows:

	Oct.	Oct.-Dec.	Jan.-Mar.
Liverpools	75.00	75.00	74.50
40in. 7½oz.	92.50	—	—
40in. 8oz.	101.00	99.50	97.00
40in. 10oz.	254.50	256.00	259.00
B Twills	261.00	263.00	266.00
Heavy Cees	—	—	—
Cornsacks	327.00	328.00	329.00
A Twills (U.S.)	307.00	310.00	312.00

Gains in Fibre

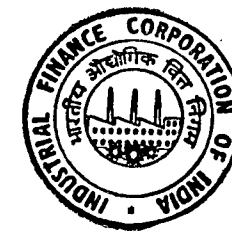
The raw jute market opened pretty firm around the preceding week-end

levels and gradually shot up to the recent high of Rs. 57.50 a maund, f.o.r. Calcutta ready, basis Assam Bottoms, registering a gain of Rs. 2.50 a maund. The report that the Governments of India and Bangladesh had been thinking of completely sealing the long Indo-Bangladesh border, barring half-a-dozen well-staffed checkpoints for the passage of licensed items of trade, including raw jute, was followed by a complete suspension in the movement of fibre along the border regions. Market circles believed that henceforth the movement of fibre of even Indian origin from the border regions would be arrested drastically. The New Delhi report that the Central Foreign Trade Minister, Mr. L. N. Mishra, had asked the Jute Corporation of India to gear up its purchase machinery and extend brisk price support to fibre in some remote pockets in the jute growing States where prices had touched rock-bottom levels accentuated sellers' reluctance to release their holdings in spite of the rising prices. Sustained interest from mills and mill agents in selected grade fibre for ready and forward positions was a stimulant. Taking an extremely bullish view about the ultimate prospects, strong holders who had been operating in a big way were reluctant to entertain enquiries for forward positions. The end-August raw jute position of mills indicated that inclusive of an undelivered quota of 696,000 bales against previous purchases, they had an inventory of 1.52 million bales, showing an improvement of some 80,000 bales over the previous month. They had purchased 623,000 bales in August, against 451,000 bales in July, and consumed 543,000 bales, and 540,000 bales, respectively. Imports in August totalled 2,000 bales. Turnover was small. The closing undertone was bullish.

Latest available quotations (in rupees) were as follows:

	October-November		
	Rates a quintal Mid.	Rates a quintal Bot.	Rates a md. Bot.
Selected Assam-Agartala	163.43	152.72	57.00
Selected Northern Jute	158.07	147.36	55.00
West Bengal Desal	147.36	136.64	51.00
Selected Daissee	176.83	166.11	62.00
Assam-Agartala Tossa	174.15	163.43	61.00
Mesta :			
Assam Mesta	142.00	131.28	49.00
Selected Murshidabad	136.64	125.92	47.00
Bihar Mesta	121.91	111.19	41.50

CAPITAL, 5th OCTOBER, 1972



INDUSTRIAL FINANCE CORPORATION OF INDIA

CHAIRMAN, SHRI C. D. KHANNA'S STATEMENT

Statement made by Shri C. D. Khanna, Chairman, Industrial Finance Corporation of India, at the 24th Annual General Meeting of the Shareholders of the Corporation held on the 28th September, 1972.

Friends,

I have great pleasure in presenting to you the Annual Accounts of the Corporation and the Report of the Board of Directors for the year ended the 30th June, 1972. The printed copies of the Accounts and the Report have been circulated to all the shareholders and I trust I can take them as read.

Working Results for the year

2. The working results for the year disclose a higher gross profit before tax of Rs. 4.84 crores as against Rs. 4.47 crores in the previous year. Out of the profits for the year, provision has been made for income-tax amounting to Rs. 2.17 crores. The total amount of income-tax already paid by the Corporation since its inception and that kept apart as provision for the years 1970-71 and 1971-72, for which assessments have yet to be completed, aggregate Rs. 20.32 crores. This is an indication of the direct contribution which the Corporation has made to the national exchequer.

During the year, additions made to reserves out of the profits aggregate Rs. 1.77 crores. The total reserves of the Corporation, including the General Reserve of Rs. 9.17 crores, now amount to Rs. 16.02 crores, which figure exceeds the paid-up capital by Rs. 6.85 crores. I am happy

to mention that for the second year in succession, the Corporation has declared a dividend of 5% for the year on its paid-up capital, the maximum permissible under the provisions of the I.F.C. Act.

Operations during the year

3. During the year 1971-72, the Corporation approved financial assistance of Rs. 39.16 crores for 68 in-



Shri C. D. Khanna

dustrial projects compared with assistance of Rs. 35.03 crores for 61 projects approved during the previous year and assistance of Rs. 18.44 crores for 47 projects approved in 1969-70.

The aggregate cost of the projects for which assistance was sanctioned during the year is estimated at about Rs. 405 crores. Of the projects assisted, 39 were new projects accounting for about 72.8% (Rs. 28.53 crores) of the total sanctions for the year.

The projects assisted this year cover a wide variety of industries.

Assistance was sanctioned for five projects in the fertiliser industry, six projects in the iron and steel industry, five projects in the paper industry, seven projects in the electrical machinery industry, five projects in the chemical industry and two projects in the synthetic fibre industry. Other industries which received assistance were sugar, cotton textile, automobile ancillaries, rubber products, metal products, glass, etc.

The sanctions were spread over 15 States. Out of the 68 projects, for which financial assistance was sanctioned during the year, 17 projects with net total sanctions of Rs. 14.10 crores (about 36% of the total sanctions for the year) would be located in districts notified by the Central Government as industrially less developed. During the year, the Corporation sanctioned assistance to 10 sugar co-operatives and one textile co-operative, for a total amount of Rs. 9.99 crores which was about 25.5% of the total sanctions. The Corporation sanctioned assistance to one public sector undertaking in Kerala for a project involving the manufacture of caustic soda/chlorine and liquid sulphur dioxide.

The Corporation's assistance has been instrumental in bringing to the industrial field a large number of new entrepreneurs some of whom have already made their mark on the industrial scene. During the year, the Corporation sanctioned financial assistance for 13 projects promoted by new entrepreneurs and technologists.

Assistance disbursed in cash during the year aggregated Rs. 21.99 crores compared with Rs. 17.15 crores during the previous year.

Assistance for Joint Sector Projects

4. The Corporation sanctioned during the year assistance to the extent of Rs. 7.32 crores for seven joint sector projects with a total capital cost of Rs. 142.93 crores. These projects covered industries like fertiliser, mild steel, glass, tractor and iron ore mining. These projects have been mostly promoted by the various State Industrial Development Corporations in collaboration with entrepreneurs in the private sector.

Cumulative Sanctions and Disbursements

5. Over the 24 year period ending the 30th June, 1972, net cumulative financial assistance sanctioned by the Corporation for 565 large and medium-sized industrial projects spread all over the country totalled Rs. 397.86 crores. This assistance comprised rupee loans of Rs. 264.31 crores, foreign currency loans of Rs. 47.20 crores, underwritings and direct subscriptions to shares and debentures of Rs. 34.68 crores and guarantees to the extent of Rs. 51.67 crores.

Assistance of the order of Rs. 259.85 crores was extended for new projects and assistance of Rs. 138.01 crores was extended to existing units for expansion, modernisation or diversification. The total cost of the 565 projects for which the Corporation has so far extended financial assistance is of the order of Rs. 2006 crores, which is an index of the overall resources mobilised for the implementation of the projects. In the case of a development bank like the Industrial Finance Corporation of India, the number and quality of industrial projects financed by the Corporation along with resources mobilised from other sources, rather than the absolute amount of the Corporation's own assistance should, in my opinion, be regarded as the true measure of the Corporation's contribution to the industrial development of the country.

Assistance actually disbursed upto the end of the year under review amounted to Rs. 340.86 crores, constituting about 85.7% of the total sanctions. This could be considered as quite satisfactory having regard to the fact that disbursements are made in line with the progress achieved

in implementing the projects. The repayment record of the assisted concerns could be considered satisfactory having regard to the large operations of the Corporation. In several instances, the Corporation has taken a constructive approach and has evolved schemes for the rehabilitation of sick units keeping in mind their special needs.

Foreign Currency Loans

6. In December, 1971, the Corporation was allocated a further loan of DM 8 million, being the tenth line of credit, under an Inter-Governmental Agreement between the Governments of the Federal Republic of Germany and India. With the allocation of this credit, the ten lines of West German credit to the Corporation aggregate DM 120.50 million. A notable feature of the DM lines of credit is that they can be utilised for the import of capital goods, engineering know-how and services, etc., not only from West Germany but also from other countries, except certain countries specifically named.

Under the U.K./India Capital Investment Loans 1969 and 1971, the Government of India allocated £. sterling 1 million to the Corporation in September, 1970 and a similar amount again in September, 1971, to enable it to finance the import of capital goods from U.K. Though the U.K. lines of credit happen to be tied credits, these are welcome additions to the foreign exchange resources of the Corporation, which are of a limited nature in the absence of any line of credit from the World Bank or any other foreign lending agency except Kreditanstalt of West Germany.

As on the 30th June, 1972, the Corporation had sanctioned sub-loans aggregating DM 114.50 million, U.S. \$26.75 million, FF 13.01 million and £. sterling 1.27 million. While the two lines of credit from the U.S. AID have already been fully utilised, the credits from the Kreditanstalt, BFCE (Paris) and U.K. also stand almost fully committed. The Corporation is hoping that a further line of DM credit from Kreditanstalt would be made available to it for this year too out of the Consortium Aid to Government. A further allocation is also expected out of the Capital Investment Loan 1972, after the relative

agreement is signed by the Government.

Assistance to Industrial Co-operatives

7. An important feature of the Corporation's activities is the substantial assistance being given to the industrial co-operatives and in particular to the sugar and cotton textile co-operatives. Upto the 30th June, 1972, the Corporation had sanctioned financial assistance to 79 sugar co-operatives and 22 textile co-operatives and a co-operative each in the fertiliser, jute and vegetable oil extraction industries, with a total net assistance of Rs. 87.45 crores. This constitutes about 22% of the total assistance sanctioned by the Corporation since its inception.

The total cost of 79 co-operative sugar projects financed by the Corporation was Rs. 152.49 crores, of which nearly one half was contributed by the Corporation as long-term loans. Sugar co-operatives have proved to be a very effective instrument for rural development, for rural employment, for mobilisation of rural savings for productive purposes, for improving the standard of living of the cane growers and lastly for capital formation. Their credit record with the Corporation has been generally satisfactory.

With the current accent on the industrialisation of the less developed regions as also identification of industries which have high employment potential, a sound start for the economic development of such underdeveloped areas can be made with the promotion of sugar co-operatives in selected locations having potential for sugarcane development. The main difficulty in promoting new sugar co-operatives in the less developed States is the collection of initial share capital from the grower members. I suggest that the Central and State Governments should strengthen the institutional arrangements for helping the grower members in purchasing shares of new sugar co-operatives, particularly in less developed areas.

Assistance to the Corporate Sector

8. The Corporation's financial assistance, since its inception, to the Corporate sector amounted to Rs. 310.41 crores in respect of 460 projects covering a wide variety of industries.

Assistance to Industrially Less Developed Regions

9. The Corporation has all along recognised the need for achieving dispersal of industries in the country with a view to help remove regional imbalances in the economy and has played its part in stimulating industrial growth in less developed areas. I would like to present some figures to highlight the contribution of the Corporation in this regard. The Central Government has notified 211 districts and 8 Union Territories as less developed and as such qualifying for concessional finance from public financial institutions. The Corporation's assistance, since its inception, has so far covered 68 such districts and 3 Union Territories with a total assistance amounting to Rs. 107.11 crores spread over 148 industrial projects including 41 co-operative units. This assistance accounts for about 27% of the total sanctions. It must, however, be emphasised that concessional finance alone cannot achieve the objective of industrial development of less developed areas. Provision of adequate infra-structure facilities, especially power, transport and communications, is a pre-condition for promoting industrial activity in such areas.

It might be worthwhile to examine whether development efforts in less developed areas could be channelled through multi-purpose developmental agencies which could promote the integrated economic development of the area keeping in view the special problems of the region and the availability of local resources and local skills. These agencies can make their impact only if they are equipped with requisite technical staff and are assured of adequate resources with the help of Central and State Governments. Commercial banks and all-India financial institutions could also contribute to the resources of these agencies, and more importantly provide technical assistance and guidance.

The Corporation has participated, alongwith other all-India financial institutions, in surveys of the less developed States/Union Territories, which have been sponsored by the Industrial Development Bank of India, with a view to assessing their industrial potential and for identifying projects which could be implemented over the short term. The Corporation is offering assistance to

the various State Industrial Development Corporations and the State Governments in implementing their project ideas, alongwith other all-India financial institutions.

Assistance for Public Sector Projects

10. As you are aware, industrial projects in the public sector are also now eligible for financial assistance from the Corporation on the same basis as projects in the private sector. As mentioned earlier, the Corporation sanctioned during the year, assistance amounting to Rs. 1 crore to one public sector undertaking in Kerala. With this, the Corporation has so far sanctioned financial assistance amounting to Rs. 6.92 crores to six public sector concerns. Under the IFC Act, as it stands at present, only such public sector undertakings as are constituted as public limited companies, are eligible for financial assistance from the Corporation.

Share Capital

11. To augment its resources and increase its borrowing powers, the Corporation issued in June, 1972, 3308 shares (Fourth Series) of Rs. 5,000/- each of the total face value of Rs. 1,65,40,000/- which were fully subscribed. With this issue, the Authorised Capital of Rs. 10 crores stands fully issued and subscribed. I would like to thank our shareholders for extending generous support to our equity issue.

Bond Issue

12. To maintain a steady pace of lending operations, an adequate inflow of funds is required. The main sources of funds for the Corporation, other than its own capital, retained profits, repayment of loans and sale of investments, are borrowings from the market by issue of bonds, loans from the Central Government and foreign credits. The Corporation will enter the market in the third week of October, 1972 with a bond issue of Rs. 10 crores. I trust that, as on previous occasions, the shareholders of the Corporation as also other investors will give generous support to the bond issue and help make it a success.

Additional Offices of the Corporation

13. With a view to render more effective service to our existing and

prospective constituents in various States, particularly in industrially less developed States, and also to be able to participate in a greater measure in the industrial development that is taking place in the country, the Corporation is setting up new offices in different parts of the country. Over the past year and a half, we have opened offices at Gauhati, Ahmedabad, Hyderabad, Bangalore, Bhubaneswar, Kanpur and Patna. The Corporation has also made a beginning in constituting Local Advisory Committees at places where it has branch offices.

National Defence Fund

14. The Corporation contributed a sum of Rs. 5 lakhs to the National Defence Fund in January this year.

Conference of Sugar Co-operatives

15. With the increasing participation of the Corporation in the financing of sugar co-operatives, the question of promoting amongst them a better understanding and appreciation of the criteria, policies and practices followed by the Corporation in the matter of rendering financial assistance was considered. It was felt that this objective could be best achieved by holding a conference of the assisted sugar co-operatives. Accordingly, such a conference was held on April 2, 1972 and it was inaugurated by the Hon'ble Deputy Minister (Cooperation), Ministry of Agriculture Shri Jagannath Pahadia, in the absence of the Hon'ble Minister of State for Agriculture, Shri A. P. Shinde, who could not be present on the occasion. Apart from the representatives of sugar co-operatives, it was attended by the representatives of the Central Government, various State Governments, the National Co-operative Development Corporation and all-India financial institutions. The conference proved to be a useful forum for free exchange of views among the Corporation, the sugar co-operatives and the other interests concerned.

Management Development Institute

16. In my speech last year, I referred to the imperative need for having agencies which would provide training in modern management techniques to entrepreneurs entering industry for the first time and to the professional managers in industry. The Corporation has given thought

to this problem and has taken steps to meet this need to some extent by sponsoring a Management Development Institute. The Institute was registered under the Societies Registration Act, 1860 on the 17th May, 1972.

It has been the experience of the Corporation that finance alone cannot ensure the success of an industrial project. The quality of day-to-day management, executive, financial and technical, is of crucial importance for the success of an industrial venture. The Corporation also felt that an institute of the kind envisaged, would be more useful if it would be sponsored and guided by a financial institution like the Corporation, which has accumulated experience over the last 24 years in the financing of large and medium-sized industrial projects, has enough case material for study and research, and is familiar with the kind of problems which the new entrepreneurs are likely to run into while planning, implementing and operating an industrial undertaking.

Apart from imparting training in modern management techniques to the Corporation's clients, it is also proposed that the Institute would impart training to the staff of the Corporation at all levels as also to the staff of the financial institutions at the State and all-India levels in development banking.

The Institute would be financed out of grants made available to the Corporation by the Central Government from the interest differential funds arising out of the various lines of credit in DM sanctioned to the Corporation by the Kreditanstalt Fur Wiederaufbau (KfW), Frankfurt, West Germany. The funds at the disposal of the Institute would be supplemented with grants from the Corporation.

Third Asian International Trade Fair, 1972

17. The Corporation is participating in the ensuing Third Asian International Trade Fair, 1972, to be held in New Delhi, along with other financial institutions in the public sector.

Silver Jubilee of the Corporation

18. The Corporation, which is the oldest development bank in the

country, has completed 24 years of service to industry. It is now in its 25th year and will be celebrating its Silver Jubilee this year.

As part of the Silver Jubilee celebrations, apart from the establishment of the Management Development Institute, to which I have already referred, it is proposed to institute an annual lecture on development banking. The lecture to be known as "IFCI Silver Jubilee Memorial Lecture" would be delivered by distinguished professionals in development banking. The Corporation is also planning to hold a conference, early next year, of its constituents in the corporate sector. It is also proposed to start work during the year on a housing colony for the Corporation's staff in New Delhi. Land for the housing colony has already been acquired from the Delhi Development Authority.

Some Reflections

19. The country is now celebrating the 25th anniversary of its Independence. Over the past 25 years, the country has achieved marked progress on many fronts and particularly on the economic front. Indian agriculture today is on a sound footing though not entirely free from the vagaries of the monsoon. The industrial sector has now a range and depth which was not there before and is much better served by infrastructure facilities. The economic setting now presents opportunities for industrial investment which were not available in the 'fifties and early sixties'. Today, it is possible to set up projects, in the case of many industries, largely based on indigenous machinery and without foreign technical know-how. If this offers wide investment opportunities, it also presents a number of problems pointing to the need for paying greater attention to project planning in setting up new projects and for the wider use of modern management techniques in the implementation and operation of industrial projects.

During the first two decades of Independence, a large number of industrial projects were set up in the country with the help of foreign collaborators of international repute, who, in addition to technical know-how, brought with them their expertise in modern management tech-

niques of project planning and project implementation. In future, most of the industrial ventures in the country would be planned and implemented by Indian management without foreign technical collaboration. The achievement of self-reliance in management would have real meaning only when we learn the necessary techniques for implementing projects efficiently and on schedule. This ability is all the more important if Indian industry is to undertake on a large scale joint ventures or turn-key contracts in other developing countries, a small beginning towards which has already been made.

Successful implementation of a project largely depends on the availability of plant and machinery, of the required specifications, with a reasonable delivery period and at a reasonable cost. Import of plant and machinery and spare parts from foreign manufacturers of international repute helped in giving a sound start to a new project in the past. If similar results have to be achieved today, indigenous manufacturers of plant and machinery need to pay greater attention to achieving cost economies and to the problem of maintaining a high standard of quality. They should also take steps to establish research and development organisations for improving their products. In fact there is need for greater attention both to quality control and to research and development if Indian industry has to reduce its dependence on foreign technology and know-how.

The viability of a project is more open to question today, as its initial cost is substantially higher than that of similar projects in the past. In industries like sugar, textiles, paper, cement, automobile tyres, aluminium, engineering, chemical industries, etc., the capital cost of establishing new capacity has already substantially increased and is increasing every day. Further, with the greater accent being placed on the control of industrial pollution, projects in the future would also have to provide for additional investment in better affluent disposal and pollution control facilities with resultant increase in the total project cost. With the substantial increase in the capital cost of establishing new projects in these industries, doubts are being raised about the financial viability of fresh investment. Pricing policies may, therefore,

have to be suitably adjusted for encouraging fresh investment in selected industries of high national priority. As the public financial institutions make a substantial contribution to the cost of new projects, they are naturally interested in the project being able to generate adequate surplus for servicing the loans.

The grant of an industrial licence today no longer carries with it an implicit assurance of a ready market. Industrial licensing has been liberalised and with the resultant increase in the number of likely new entrants into industry, a detailed market survey is an increasingly important aspect of project planning.

I have taken this opportunity to stress the need for paying greater attention to project planning and modern management techniques as we in the Corporation have found that the preparatory work done by the promoters, prior to seeking financial assistance from the Corporation, is often not adequate.

It is now an established policy of the Government to encourage new entrepreneurs in the industrial field. The changed circumstances of investment today, which I have mentioned earlier, make it all the more difficult for a new entrepreneur, admittedly unfamiliar with the problems of setting up a project, to make a successful start.

Whereas the Corporation is following a policy of encouraging new entrepreneurs, there are practical difficulties in making this policy truly effective. One of the main problems faced by the new entrepreneurs and technologists intending to promote an industrial project is the lack of resources to be contributed by them as promoters' equity. Today, capital formation with individuals is negligible. Whatever capital formation exists today is with the established and successful companies. Unless a solution is found to this very real problem, the process of encouraging new entrepreneurs and technologists to enter the industrial field is not likely to gain momentum. A project with a capital cost of about one crore of rupees would call for a promoters' contribution of about fifteen lakhs of rupees in the form of equity. This is a reasonable contribution which one can expect a promoter to make in order to

demonstrate his genuine stake and interest in the project and inspire confidence in the general public, who are asked to contribute to the equity share capital of the new company. Similarly, the institutions financing the project would like to assure themselves that the promoter would put in his best efforts to make the project a success. The promoters' contribution to the cost of the project is, therefore, a very important aspect of project financing. The contribution is as important from the financial angle as from the point of view of ensuring the close association of the promoter with the project and thus providing the project with the best attention of the promoter. In order to enable new entrepreneurs with limited resources to set up new industrial projects, it might be worthwhile to examine whether separate institutional arrangements should be made for assisting the new entrepreneurs in contributing promoters' equity to the capital cost of the project.

Changes in the Board of Directors

20. At the last Annual General Meeting held on the 27th September, 1971, Shri C. P. Shah was elected in place of Shri N. Ramanand Rao who retired. At the same meeting, Shri B. C. Randeria was elected in place of Shri N. V. Nayudu, who retired, and Shri Vasant Rao B. Patil was elected in place of Shri P. S. Rajagopal Naidu, who retired after serving two full consecutive terms of four years each. On the 27th March, 1972, Shri Vasant Rao B. Patil tendered his resignation from the directorship of the Corporation consequent upon his assumption of office as Minister of Power & Irrigation in the Government of Maharashtra. His place was filled by Dr. W. C. Shrishrimal who was elected as a director at the Special General Meeting of the Corporation held on the 17th June, 1972.

On behalf of the Board, I take this opportunity of thanking Shri N. Ramanand Rao, Shri N. V. Nayudu, Shri P. S. Rajagopal Naidu and Shri Vasant Rao B. Patil for their valuable services and the keen interest they took in the affairs of the Corporation. I would further like to place on record my thanks to all the present directors on the Board for their valuable co-operation and wise counsel.

Acknowledgments

21. The Corporation is grateful to the assistance extended by Kreditanstalt-fur-Wiederaufbau of the Federal Republic of Germany, Overseas Development Administration of the U.K. Government, the United States of America Agency for International Development and Banque Francaise du Commerce Extérieur of France. Our relations with these foreign friends have been very cordial and we look forward to having still closer ties with them. I also wish to place on record our appreciation of the co-operation and assistance received from the various Ministries and Departments of the Government of India and the all-India financial institutions.

I would also like to express, on behalf of the Board, our gratitude to the members of the Advisory Committees for their expert knowledge and experience placed at the disposal of the Corporation and to the non-official nominees on the boards of directors of assisted concerns, for looking after the interests of the Corporation.

On behalf of the Board, I would also like to express our appreciation of the dedication with which the General Manager, other officers and staff of the Corporation at all levels have worked. The relations between the management and the members of the staff have remained cordial and I would like to thank the staff for their co-operation. I am particularly happy to mention here that this year also the Directors have agreed to transfer Rs. 1 lakh from the profit for the year to the Staff Welfare Fund.

Friends, I thank you for attending the Annual General Meeting and hope the Corporation shall continue to have your co-operation and goodwill in full measure in the years ahead.

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RURAL ELECTRIFICATION CORPORATION LTD.

(A Government of India Undertaking)

Third Annual General Meeting

EXCERPTS FROM ADDRESS BY THE CHAIRMAN

SHRI B. VENKATAPPIAH

The following are excerpts from the address by Shri B. Venkatappiah, Chairman, Rural Electrification Corporation Ltd. at the Third Annual General Meeting of the Shareholders held in New Delhi on September 26, 1972.



Shri B. Venkatappiah

Financial Results

The operations of 1971-72 resulted in a surplus of Rs. 150.88 lakhs before deduction of tax and a net profit of Rs. 73.37 lakhs after such deduction. The Board of Directors has recommended that, out of the latter amount, Rs. 15.23 lakhs should be transferred to the Special Reserve and Rs. 45.00 lakhs to the General Reserve. The Board has also recommended that a dividend of Rs. 12 lakhs be paid on equity capital. On doing so, the Corporation will have paid a dividend for the second year in succession, the previous one being Rs. 9 lakhs. It has earned a surplus for the third consecutive year.

Progress

The Rural Electrification Corporation has traversed two financial years in full and two others in part. With-

in this span, however, its active or operative life has been only about 30 months or 2½ years: from March, 1970 to, say, the end of August, 1972. During this period, we sanctioned 279 loans for project-based schemes of rural electrification. Five of these were for Rural Electric Cooperatives. The remaining 274 loans pertained to projects prepared by State Electricity Boards and approved by the Corporation. In addition, we have sanctioned 14 special loans for the electrification of more than 1400 harijan bastis. All these loans aggregate Rs. 166.70 crores. The loans to State Electricity Boards account for as much as Rs. 153.89 crores of this total. The sanctioned projects are usually spread over 3 to 5 years and are today at various stages of progress. Together, they cover more than 26,000 villages, nearly 3.6 lakh pumpsets (out of REC's target of 5 lakhs for the whole of the Fourth Plan) and about 56,000 rural industries. The domestic and commercial connections exceed 11 lakhs in number. Disbursements are made initially on sanction of the project and thereafter in correlation with performance. The amount so far disbursed is Rs. 67.11 crores.

Loan Policies : Backward Areas

I have cited these figures to give you some indication of our total performance. I shall now try to analyse the data with reference to our objectives. There were two aims which governed each of the 274 loans sanctioned to State Electricity Boards. These may be summarised as: (1) economic development of the project area and (2) financial viability of the project investment. The economic development was oriented, firstly, to agriculture—ground water being an important component—and secondly, to rural industry; but, with these as core, the electrification of house, shop and street was also part of the design and content of each project. The second objective of financial viability had specific reference to the project outlays of State

Electricity Boards. In actual application it also took into account the varying degrees of development of different areas and, consequently, the varying periods over which investment could be expected to be remunerative. Thus, specially underdeveloped (SU) hill areas would have to be allowed a longer gestation period than ordinary "backward" (OB) areas and these latter a longer gestation period than ordinary "advanced" (OA) areas, for a given norm of financial return to materialise in terms of the Board's outlay on a particular project. This important consideration was taken into account by the REC in formulating the terms and conditions of its loans to the State Electricity Boards. The more underdeveloped the area, the lower the interest and the longer the period of repayment. For hill projects, for example, the period is as long as 30 years and the interest charged is as low as 4% in the initial years. For backward areas, the corresponding period is 25 years and the interest, 5%. Out of the 274 projects sanctioned by the REC, as many as 122 are for backward and specially underdeveloped areas.

Loan Policies: Less Advanced States

Another aspect needs to be emphasised. If there is disparity between one project area and another in point of development, there is imbalance between one State and another in regard to the degree of rural electrification hitherto achieved. For working purposes, the REC has proceeded on the basis of the average level of all-India village electrification (21.7%) and divided the States—the ones with State Electricity Boards—into those (1) Above the Average (AA), and (2) Average and Below (AB) So classified, there are 9*AA States and 8**AB States. Of

* Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Kerala, Mysore, Maharashtra, Punjab and Tamil Nadu.

** Assam, Bihar, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Uttar Pradesh and West Bengal.

the 274 projects sanctioned for State Electricity Boards, 143 are for the AB (average and below) category of States and 131 for the AA category. In terms of amount sanctioned, AB States account for Rs. 84 crores and AA for Rs. 69 crores, out of a total of about Rs. 153 crores.

Loan Policies : Weaker Classes

The REC's objectives and policies are no less concerned with the weaker classes of the rural population than with areas which are backward or States which are less advanced in village electrification. We have followed a deliberate policy of trying to effect maximum coordination with those rural programmes which are designed for the benefit of the weak and under-privileged sections of the community. Thus, REC projects have already been established in more than half the districts in which the Small Farmers' Development programmes are located, and in more than a third of the districts in which agencies have been set up for the benefit of Marginal Farmers and Agricultural Labourers. Wherever possible, we endeavour to ensure that the projects financed by the Corporation are so located, formulated and operated that they dovetail into and supplement the efforts of the agencies and institutions set up either for the specific uplift of the rural poor or the general development of the rural economy. An instance in point is the coordination between REC projects and the area programmes financed by the Agricultural Refinance Corporation. In order to gain experience, intensive exercises in such co-ordination have been started in some of the relevant project areas of Rajasthan and Madhya Pradesh.

Harijan Basti Loans

Among the weaker classes, the Harijans call for special mention. There are many instances in which the village is electrified, but not the harijan basti. The REC for its part is trying to ensure that this does not happen in the projects financed by it. But a great deal remains to be done which is not only outside the coverage of these projects, but beyond the scope of the project approach enjoined on the Corporation. In such a context, that is to say, where it cannot directly concern itself, the REC can nevertheless act as

agent of Government and render available the services of the technical and field organisation it has built up. In pursuance of such an arrangement, Government have formulated a special scheme for harijan bastis which is financed by Government but operated by the REC. The focus of the scheme is on harijan habitations which have remained without electricity while the main village is itself electrified. For taking electricity to such bastis, the State Electricity Boards can now get loans on concessionary terms from specific funds which the Government of India have made available to the Corporation. The present position, as I have already indicated, is that the REC has sanctioned 14 special loans covering more than 1400 harijan bastis. The assistance involved is, so far, about Rs. 70 lakhs. More such loans are being sanctioned. Government have hitherto provided Rs. 1.00 crore in all for this purpose.

Hill, Desert & Tribal Areas

While on the subject of the weaker classes and the less favourably situated regions, there are developments I should like to mention about the special loan for underdeveloped areas (SU) which hitherto has been confined to certain backward hill areas. The Board has now decided that desert and tribal areas should also be included in this category. As a result, appropriate schemes are under formulation or consideration from Rajasthan, Bihar, Madhya Pradesh and a few other States.

Area Development

The concept of area development, of which one of the corollaries is district planning, is widely accepted to-day. An important feature of the strategy implied in the concept is the development of the infrastructure of the area selected. Another important requirement is the effective provision of the major inputs of the development envisaged. Electricity has the two-fold aspect that it figures both as an important part of the infrastructure and a significant item among the developmental inputs. There are other parts of the infrastructure such as credit and banking, transport and communications, storage and marketing. There are also other important inputs, such as

seed, fertiliser and ground water. In any area development plan, electricity has to take its place—clearly an important place—along with all these. The projects with which REC has concerned itself, therefore, have never been mere electrification projects as such, but area development projects of a versatile character into which electricity fits both as input and infrastructure. Village electrification as a programme, with area development as an incidental—often accidental—aspect, must be clearly distinguished from area development as the primary objective with village electrification as a very desirable, but sub-primary, component of the total project. The usual approach is to brighten the village; the project approach is to heighten its economy. I am stressing this point because I think it is very necessary for the States to concentrate as much attention and effort on making plans as on taking loans for their project areas. A good start has been made. But much ground remains to be covered.

Co-ordination

The REC for its part has been endeavouring to equip both itself and the State Electricity Boards adequately for the three-fold purpose of proper formulation, proper implementation and proper coordination of development-oriented area projects of rural electrification. The question of effective co-ordination—at project level, district level, and State level—has been the subject of discussions with a number of State Governments. In order to bear fruit, the co-ordination has not only to permeate to different levels, but must inform all the relevant processes of project management, including formulation and implementation. Moreover, co-ordination must involve not only the principal development authority of the district—such as the Collector in most States or the executive head of the Zilla Parishad in some—but also the corresponding district or regional authorities responsible for agriculture, animal husbandry, rural industries, ground water and so forth. This is in addition to the appropriate officials of the State Electricity Board. But that is not all. The co-ordination must extend—at the stage of formulation no less than of implementation—to all relevant sectors of the infrastructure of the district,

especially credit in its long-term and short-term aspects; that is to say to the land development bank, the district co-operative bank and the commercial banks. While the principle of co-ordination is the same in all States and by now fairly well understood by most of them, including their State Electricity Boards, the details of the machinery of co-ordination and the frequency and effectiveness with which it is employed greatly differ from State to State and, within a State, sometimes even from district to district. It is earnestly to be hoped that the on-the-spot discussions which my colleagues in the REC and myself have held with most of the States—in many cases more than once—will result in concrete measures for the improvement of the whole process of co-ordination. In terms of the development content of REC projects, optimum results demand optimum co-ordination.

Mini Projects

I have tried to tell you something of the REC's efforts to adapt its loaning policies to the varying requirements of a largely undeveloped and largely unelectrified country-side. Before concluding this part of the account, I should like to mention an innovation which we have just introduced in the shape of the "mini-project" loan. This is a new category which is governed by all the old principles and prescriptions, except in regard to size. It supplants none of the existing categories of loans and is available in addition to all of them. It applies to all States, irrespective of the level of electrification, but is admissible only in such development blocks of any particular State as are classifiable either as backward (e.g. dry, arid or drought-prone) or specially under-developed (e.g. hill, desert or tribal) in the light of the criteria employed in this connection by the Rural Electrification Corporation. The new loan, like the older categories, is project-based and growth-oriented; in other words, it is directly relatable to a specific programme of development in a well-defined area. The difference is that the area, and therefore the loan, are very much smaller than is now the case. Today, the outlay on the typical REC project ranges from Rs. 50 lakhs to Rs. 60 lakhs. The new loan will ordinarily be limited to Rs. 5 lakhs and in no case exceed Rs. 10 lakhs. In today's typical project, again, there may be about 100

villages: roughly the equivalent of a development block in size, though not necessarily co-terminous with it. The mini-project is differently conceived. It will have 5 or 10 villages, and no more, which together form a strip or a cluster. They will be so chosen that one of them—possibly at the end of the strip or the centre of the cluster—will invariably be a specially important village from the point of view of the block as a whole. Thus, it may be a banking or marketing centre for the surrounding area or for the entire development block. Or it may be a primary health centre with facilities, perhaps, for both medical care and family planning. The provision of electricity at growth centres and health centres of this kind is of obvious importance in the strategy of development.

In view of the very large number of undeveloped and unelectrified blocks spread over almost all the States, and since any general programme of electrification of large areas is bound to be gradual, it is hoped that the new facility offered by the REC will help accelerate the advance electrification of economically or socially strategic segments of the backward blocks of the country.

System Improvement and Conservation of Power

I will now turn to another set of measures initiated by the REC. Power is in short supply and likely to be so for some time to come. It is therefore more than ever important to conserve available power. Loss has to be avoided and use made more efficient. The REC has reviewed the problem of line losses, their causes and remedies. Preliminary studies indicate that these losses can be reduced substantially if appropriate measures are taken for system improvement. The measures needed comprise, among other items, the strengthening of the transmission system, the incorporation of devices for correcting the power factor, and the augmentation of inter-connections. These not only help step up the technical efficiency of the system, but improve its economic outputs in terms of electrical energy and rural production. Moreover, system rectification will help to improve the levels of voltage and the continuity of distribution, and thus ensure reliability of supply where it is now lacking. The uninterrupted availa-

bility of power at proper voltage levels is of the utmost importance to rural users since this reduces the incidence of breakdowns as well as of damage to pumps. Measures of this kind are also important to the Electricity Boards since they constitute one of the most practicable ways of effecting a significant improvement of the load factor. In the light of all these considerations, the Corporation has recently approved the introduction of a Special loan for system improvement (SS). The loan is repayable in 8 years and carries an interest of 7% p.a.

A number of State Electricity Boards are formulating system improvement schemes on this basis. We are hopeful that, on these schemes being executed, there will be both a substantial saving of power and an appreciable streamlining of the system.

Standardisation

Finance is no less a constraint than power on the spread of rural electrification. Economies are as necessary in the utilisation of available funds as of available energy. Standardisation of equipment, designs and construction practices can lead to considerable reduction of cost in all the processes involved from manufacture to maintenance. Accordingly, in collaboration with the Central Water & Power Commission on the one hand and the Indian Standards Institution on the other, REC took up the task of standardisation as early as May, 1970. Three specifications covering distribution transformers, conductors and insulators, which account for a substantial part of the cost of materials in rural electrification, have already been issued. Besides, a set of 23 construction standards have also been issued. The work is proceeding and there has been wide support for the role of the Corporation in this regard. The Conference of the Chairmen of State Electricity Boards held in May 1971 unanimously adopted the specifications standardised by REC.

Research and Development

There is much scope for an exploration of the economies which can be effected in rural transmission and distribution. The REC recognises that it has a stake in such research

and believes it has a part to play in its promotion. It has made a beginning in this direction. A research programme has been sponsored in collaboration with the Cement Research Institute of India for evolving an economical design for fabrication of pre-stressed cement concrete poles. These form an important element of the rural distribution of electricity. Secondly, with a view to developing an appropriate standard design for electrically operated motor pump-sets for irrigation, the Corporation has, in collaboration with the Indian Institute of Technology, Delhi, sponsored a research project for assessing the technical characteristics of pumpsets manufactured in the country. Lastly, action has been initiated on a problem of some importance, namely, the wide prevalence of imperfect joints and connections and consequent losses in transmission. Inadequate tools often contribute to this result. The Corporation has, accordingly, launched a project for duplicating a hand-crimping tool which has been found to be effective and is in vogue in other countries. It is proposed to fabricate and supply a prototype of the tool to each of the Electricity Boards.

Pilot Rural Electric Cooperatives

The Corporation took two major steps in regard to the rural electric co-operatives which had been set up as pilot projects in certain States. The first of these was the appointment of an informal working group to study in depth measures to be taken for ensuring member-involvement in the co-operatives. The second was to appoint a Review Committee "to examine all aspects of the formulation, organisation and working of the five rural electric co-operatives, with a view to evaluating their performance, problems and promise and, in the light of such evaluation, to suggest guidelines for the future in regard to the existing co-operatives as well as those which may be promoted with REC assistance in future." The work of this Committee is in progress. In order to provide the necessary data-base for specific aspects of the working of the cooperatives, the Corporation has also organised the conduct of quick studies in respect of all the five societies.

Organisation

I have already referred to the enlargement of the business of the Corporation during the year covered by the Directors' Report. In the context of the project approach which is enjoined on the Corporation, such a large expansion of its operations would not have been possible if the organisational set-up of the Corporation had not been geared to the task. Considerable attention has been paid during the last 12 months to the evolution of an appropriate organisational structure in order that REC might cope with the increasing complexity and volume of its task. A number of steps have been taken to streamline the organisation.

It may be recalled that, with a view to ensuring proper utilisation of the loan funds and timely development of service connections in the area concerned, the Corporation insists on satisfactory performance as a pre-condition to the release of the second or subsequent instalment. The performance is judged in terms of the scheduled programmes of work in respect of high tension and low tension lines as well as sub-stations and, importantly, the service connections for agriculture and industry. In the monitoring work undertaken for this purpose, the Finance Division collaborates with the Technical

Division. The Technical and Finance Divisions in co-ordination have at present, as I have indicated ten teams for field inspection and monitoring. Out of 86 schemes for which the first instalment had been released in the year 1970-71, monitoring of performance has so far been completed in respect of as many as 7 schemes. Thereupon, the second instalment has been released for 5 of these schemes on the basis of the reports of the monitoring teams and the returns of physical progress submitted by the State Electricity Boards. Where the second instalment has so far been withheld, the major shortfall generally pertains to service connections. One important reason for this shortfall was the excessive pre-occupation of some State Governments, and consequently the Electricity Boards with target of village electrification in general, a distinguished from the energisation of pumpsets for agriculture and machines for rural industry. Another reason lay in the lack of co-ordination at the project and higher level between the different authorities concerned with the development of the project area.

Note : The above does not purport to be a record of the proceedings of the Third Annual General Meeting of the Rural Electrification Corporation Ltd.

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HINDUSTAN STEELWORKS CONSTRUCTION LTD.

BOKARO STEEL CITY

Speech delivered by Shri R. S. Gahlowt, Chairman, at the Eighth Annual General Meeting of the Company held on 29th September, 1972 at Company's Project Office at Bokaro Steel City.

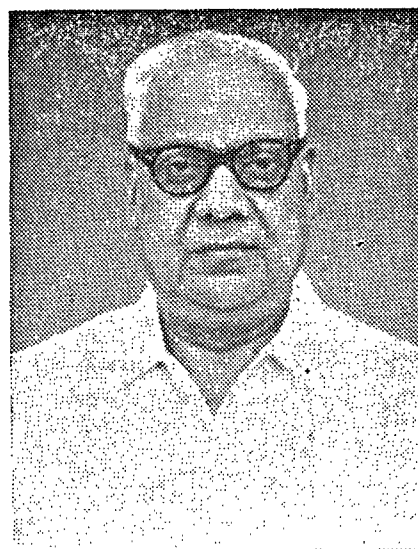
Gentlemen,

I have pleasure in welcoming you to the 8th Annual General Meeting of the Company in our Bokaro Steel Project Office. It is gratifying to note that the performance of this Company has been continuously improving from year to year. This can be judged from the fact that the turn-over of the Company which was 3.65 crores during 1966-67 increased to Rs. 39.62 crores during the year ended 31st March, 1972. This ten-fold increase during a period of 4 to 5 years is no mean achievement. The Construction Industry which consumes nearly 50% of the each Plan expenditure, has been in the hands of the agencies which are not able to keep pace with the technological developments and the changing working conditions which require harmonious Employer-Employees relations, besides requirement of complete departure from the traditional contracting practices.

The Company has been developing various specializations which cover the complete field of construction including not only Civil Engineering and steel structural works but those of Erection of Equipment, Technological Structures, Electrical Installations and Refractories. Problems in Steel Plant construction gain considerable importance, on account of large volumes covering a wide range of specializations over practically all the facets of Construction Engineering. The period of steel Plant construction extends over comparatively much longer period employing a labour force of the order of 55,000 to 60,000. It is a matter of pride that during a short period of less than 7 years since the Company started its first job of Site Levelling of Bokaro Steel Project, the Company has made its impact in the construction industry. In fact, the Company has stood out in performance in

Bokaro whose First Blast Furnace Foundation was laid on 6th April 1968 by Shrimati Indira Gandhi, our Prime Minister who is now inaugurating the Blast Furnace Complex on the 3rd October, 1972.

At Bokaro besides sophisticated and voluminous erection works of Blast Furnaces our work covers Steel Melting and Rolling Mills Complexes, Out-



Shri R. S. Gahlowt
Chairman, Hindustan Steelworks
Construction Ltd.

door Pipelines, Technological structures, Cable net-work; Electrical Equipment Installations and Refractory Lining etc. In addition to the Steel Plant Construction, the Company has undertaken construction of 10,000 quarters for the township as well as Bokaro's Lime Stone Quarries and Township works at Bhawanathpur. While Bokaro Stage II 4.0 Million Tonnes works have been started, the works of Dalli Mechanised Mines, Second Sintering Plant and 8th Coke Oven Battery and Borodih Reservoir of Bhilai Steel Plant all of which are works of high priority have also been entrusted to your Company and these are to be followed by the Expansion works of Bhilai Steel Plant to 4.00 Million tonnes stage.

In the New Steel Projects at Salem (Tamil Nadu), Visakhapatnam (Andhra Pradesh) and Vijayanagar (Mysore) which were inaugurated by Smt. Indira Gandhi, our Prime Minister in September, 1970, January, 1971 and October, 1971 respectively. Your Company has been associated right from the Site selection stage. It is heartening to note that the Government in recognition of the performance of your Company have decided that HSCL would be the Principal Construction Agency for all the New Steel Plants, as well as expansion works of existing Plants. In line with this thinking and decision, the work of site levelling of Salem Steel Project was started by the Company on 13th June, 1972 with Inauguration by Shri S. Mohan Kumaramangalam, Union Minister of Steel & Mines.

Your Company is working with Socio-economic goals to which the nation is committed. It stands for quality, speed and economy. The works in the Steel Plants as well as all other Projects are being executed at economical rates.

Outside Steel sector, your Company has undertaken a number of Industrial Projects in several states. These include at Allahabad (U.P.) Bharat Pumps & Compressors Ltd. Plant which is in advanced stage of completion, and the Gas Cylinder Plant likely to be taken up shortly, besides the Indian Telephone Industries two factories, the Transmission Factory has already gone in production while the work on the Telephone Instruments Factory is in progress. At Hyderabad the Company has completed the Zircaloy Fabrication Plan (already in production) and the work of Hindustan Cables Factory is in advanced stage of completion. Iron Ore Deposit, Civil Engg. and Structural Works at Baladila were also started during the year besides Bharat Aluminium Co. works at Korba, the Construction of Grain Silos for storage of grains for Food Corporation of India at Delhi besides a number of other works including the Coal Storage, Conveyor units of Power House for Haryana

State Electricity Board at Faridabad, the Dry Dock for Garden Reach Workshops Ltd. at Calcutta and last but not the least the Second Hooghly Crossing works at Calcutta are in hand.

Diversifications in the activities of the Company can be judged from the various projects the Company is executing cover besides large number of Specialisations in the Steel Plant Construction.

The country is facing serious problems of un-employment. Your Company has at Bokaro itself construction workers numbering 45,000 approximately out of which 9,000 are on the Company's rolls and another 10,000 to 12,000 employed direct on piece rated contract basis. In addition the strength employed on outside jobs is 12,000. This number is bound to increase in the ensuing years. In respect of Graduate Engineers and Diploma Holders, the Company has been able to provide jobs to 1100 persons during the last 3 to 4 years. Industrial Relations are receiving our special attention.

The Income of the Company increased from Rs. 32.77 crores in 1970-71 to Rs. 40.28 crores during the year showing an increase of approximately 22.5%. Surplus in the contract account also increased to Rs. 346.10 lakhs as compared to Rs. 291.97 lakhs in 1970-71 and Rs. 197.88 lakhs in 1969-70. The net profit after provision for depreciation and interest during the year was Rs. 79.23 lakhs against Rs. 64.64 lakhs during 1970-71, and Rs. 25.59 lakhs during 1969-70. Your Directors have recommended a Dividend of 20% on the Paid-up-Capital which requires your approval.

The cumulative value of Contracts entered into with Bokaro Steel Ltd. increased from Rs. 195.52 crores to Rs. 229.16 crores besides contracts for Rs. 11 crores for works at Bhilai Steel Plant. In the New Steel Plants even though the value of contract as such is small, your Company undertook and completed all the site investigation works, on the basis of which Feasibility Reports have been prepared by the Consultants.

Outside Steel Sector, the cumulative value of the contract entered increased from Rs. 518 lakhs to Rs. 2,763 lakhs. This does not include works costing over Rs. 1600 lakhs being entrusted to the Company for Korba Smelter Unit of Bharat Aluminium Co. Ltd.

During the execution of Stage-I works at Bokaro, your Company has been able to create new records some of which are:—

- (1) Monthly rate of concreting of over 53,000 M3 achieved in January-March, 1970;
- (2) Continuous pour of concreting in 10,000 M3 single foundation in Hot Rolling Mill slabbing Mill Roughing Stand;
- (3) Structural fabrication pace of over 5000 tonnes per month achieved in December, 1971 and January, 1971;
- (4) Equipment Erection rate of 2500 tonnes already achieved. This is bound to improve as the erection works in the Rolling Mills gain momentum.
- (5) Construction of 180 Metre high R.C.C. Chimney, the highest of its kind in the country.

Your Company has contributed a sum of Rs. 70,000/- to the National Defence Fund as the Company's contribution besides Rs. 5000/- to West Bengal Citizens Council. In addition the contribution of Rs. 1,10,081/- was made to National Defence Fund by our Contractors and employees, the total contribution from the employees being of the order of Rs. 36,000 approximately.

Keeping in view the performance in the year, your Company has sanctioned an ex-gratia payment of 20% to all the employees including daily

rated workers, as has been done in the previous years also.

In view of the heavy steel programmes, your Company is looking to a much better and bright future ahead. The encouragement given by the Ministry, the assistance we are getting from the State Governments of Bihar, West Bengal, Uttar Pradesh, Madhya Pradesh, Tamil Nadu, Mysore and Andhra Pradesh, have given us the confidence to meet the new challenges. We are also grateful to Bokaro Steel Limited, Hindustan Steel Limited and their Consultants and all other Government of India Undertakings with which we are associated.

I am personally indebted to all the Directors on the Board without whose support and active co-operation, it would not have been possible for me to shoulder the heavy responsibilities of the onerous job of a construction Undertaking aiming at opening a new era in the field of construction, discarding some of avoidable practices in contracting of construction jobs, thus establishing new traditions which would enable to meet challenge of the present day. I would specially like to thank Shri J. C. Luther who was actively associated on the Board for more than four years.

In the end I would like to thank all the employees of the Company through whose efforts the acceleration in the Company's performances is being maintained.

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

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THE NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

CHAIRMAN, SHRI K. B. RAO'S STATEMENT

Statement made by Shri K. B. Rao, Chairman, the National Industrial Development Corporation Limited at the seventeenth Annual General Meeting of the Corporation held on 29th September, 1972.

Gentlemen,

I have great pleasure in welcoming you to the 17th Annual General Meeting of the Corporation. I trust that I have your permission to take as read the Report of the Directors and the Audited Accounts of the Corporation for the year ended 31st March, 1972, which have already been circulated to you.

The year under review was a crucial and eventful one for our country. The challenges faced through the influx of millions of refugees and an armed conflict with Pakistan were successfully faced under the able and dynamic leadership of our Prime Minister, Smt. Indira Gandhi and through the united effort of the people of our country. I would like to pay my humble tribute to our Armed Forces for their magnificent achievement and to the single-minded devotion to duty of all the workers in factories, in offices and on farms. The unity and ability to face adversity gives me confidence that we shall soon win the battle on the Economic Front also.

The turn-over for the year under review was Rs. 128.02 lakhs and the net surplus was Rs. 15.02 lakhs.

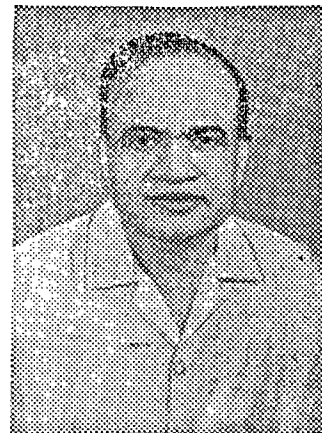
The Dividend rate of 15 per cent and the Bonus/Ex-gratia to employees at the rate of 20 per cent has been maintained for the third consecutive year.

The Foreign Exchange Earnings during the year amounted to Rs. 12.33 lakhs.

It has been the policy of your Company to retain in business the

profits after payment of reasonable dividend. Ploughing back of such profits has been the main source for meeting requirements of Working Capital. As on 31st March, 1972, the Reserves and Surpluses amounted to Rs. 60.39 lakhs against the paid-up capital of Rs. 10 lakhs.

The primary activity of your Company in providing Consultancy Ser-



Shri K. B. Rao

vices continued to develop and was pursued with great vigour. The phase of initial development of expertise in the highly complicated fields of Engineering Consultancy, Management Consultancy and Economic Development has come to an end and the Organization is now well-set to handle important tasks and large assignments in these fields.

During the year under review, your Company extended its Consultancy Services to the Pulp and Paper Industry and was engaged as the turn-key Consultants for the Nagaland Pulp and Paper Project, in addition to being commissioned to prepare the Project Report for the proposed Assam Paper Project at Nowgong and the Newsprint Plant in Kerala. Other note-worthy Projects on which it was engaged during the year under review included the Bailadilla Iron Ore Project Deposit

No. 5, Pumps and Compressors Project at Naini and the New Cable Factory at Hyderabad.

Consultancy Services of your Company have been steadily gaining more and more recognition overseas and by international Agencies. It is a matter of pride that your Company was selected from amongst a number of world-renowned Organizations from the United States, France and Switzerland by the United Nations to evolve a Detailed Plan for the Development of the Capital Goods Industry in Iran. It was also appointed by the Government of the Libyan Arab Republic to provide turn-key consultancy services for the establishment of a Steel-melting and Billet-casting Plant in that country.

I am happy to report that TECHNOLOG INC., a Consultancy Organization established by the Imperial Government of Iran—through its Industrial Development and Renovation Organization of Iran—for which your Company had been appointed as the Collaborators, has developed in a most satisfactory manner and is to-day one of the leading Consultancy Organizations in that country.

In the type of business in which your Company is engaged, it is inherent that we must always look ahead and gear ourselves to meet the changing needs of the economy. Profit, in itself, cannot be the sole yard-stick for judging the performance of an Organization such as ours. Of greater relevance in the present context of economic development of the country is the ability of an organization to recognize the changing needs of Industry and its ability to meet such challenges.

Your Company has given careful consideration to this problem and is now preparing itself to be in a position to offer consultancy services in non-traditional fields, such as Pollution Control and Traffic Engineering etc. for which the need is now clearly discernible.

Understandably, considerable emphasis is being placed on the need for increasing R & D effort in the country and for greater reliance on indigenous capabilities in the technical sphere. One of the handicaps which indigenous R&D effort has been facing relates to inadequate engineering back-up support for the work being done by our National Laboratories and other Research Centres for the proper and effective exploitation of the fruits of such indigenous research. Your Company intends to immediately institute action to provide the necessary engineering back-up support to such indigenous research work. Essentially, this engineering back-up support is intended to cover the development of the detailed manufacturing processes, tooling designs etc., which normally constitute the manufacturing know-how for an engineering industry. It would also provide the necessary plant engineering support through its already established consultancy activities. With such engineering back-up support, your Company is confident that there will be greater appreciation and more ready acceptance of the fruits of indigenous research, much of which has been languishing for want of this effort.

All over the world, consultancy has been recognized as a profession. This fact has, however, yet to find wide acceptance in India. This is evident from the manner in which Consultants are generally being appointed. The prime consideration in appointing a professional, including a Consultant, is to base judgment essentially on competence rather than on price. I would make an earnest appeal to Government as well as to entrepreneurs that the selection and appointment of Consultants should primarily be based on their competence.

Time is now to set up a Chartered Institute of Consulting Engineers in India for regulating this profession. Only through self-discipline which such an Institute established by law will ensure, can there be a healthy growth of the profession in the country. I would appeal to Government to take early action for the setting up of such an Institute, which has also been recommended by the Venkataraman Committee of the Planning Commission in 1970. One of the first tasks which I would suggest for this Institute would be the codifi-

cation of the ethics for this profession and its acceptance by all practising Consultants in the country.

A subsidiary function of your Company has been to grant loans to the cotton textile, jute and machine-tool industry for their rehabilitation and modernization, although under Government directives your Company has not been entertaining fresh applications for loans since February, 1963.

It has now been decided by Government to transfer this activity to the Industrial Finance Corporation of India and action for completing the formalities of transfer are in hand.

I wish to thank all our clients for the trust and confidence reposed by them in the competence and professional integrity of your Company. I am grateful to the officials of various Government departments and organizations and the many other organizations, institutions and individuals

for their valuable assistance and guidance.

I wish to thank all my colleagues on the Board of Directors for their wise counsel in the management of the affairs of the Company.

The establishment of new plants and equipment, so necessary to the economic progress of our country, are not just the products of steel and brick and glass. They come, mainly, from the imagination and hard work of people. The employees of your Company are deep in experience, knowledge and skill. They have applied themselves with vigour and single-minded devotion during the year to the challenges of the tasks assigned to them. Theirs was a significant contribution to the achievements recorded during the year for which I would request you to join me in paying our tribute to them.

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



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INDIAN COPPER CORPORATION LTD.

CHAIRMAN, MR. G. D. KOTHARI'S ADDRESS

Working to a common purpose... By generating employment

We have tried, for decades to create and generate employment—directly as well as indirectly.

Today, our total direct employment number 11,000—20% more than in 1967. And when our planned diversification programmes start, over 2,500 new jobs would have to be manned. Additionally, our interconnected concern, Indian Leaf Tobacco Development Company Limited, already employ 25,000 including seasonal labour during the tobacco season.

Employment for 5.5 lakh more has been generated indirectly by our operations. They are the trade in general. They are our suppliers and professional agencies and transport and other tertiary services. They also include the several thousand people in the 110 small scale sector units we have helped to develop.

Further self-employment opportunities have been created by our novel Jai Jawan Stalls Scheme, first started in 1966.

Our efforts indeed are humble : but if they go even a small way towards helping national interests, we shall have served our purpose.

India Tobacco Company Limited
—in pursuit of progress



Address delivered by Mr. G. D. Kothari, Chairman of Indian Copper Corporation Ltd. at the Annual General Meeting of the Company for the year ended 31st December 1971 held on the 29th September, 1972.

Gentlemen,

I welcome you to the 48th Annual General Meeting of the Company.

The accounts for the year ended 31st December, 1971 and the Directors' Report have been in your hands for sometime and with your permission I shall take them as read. From these you will see that the results for the year 1971 were very satisfactory. The working profit for the year under reference increased by Rs. 74,33,562 but the profit before taxation was considerably less due to very high depreciation and development rebate reserve which had to be provided for on account of commissioning of the Flash Smelter on 10th December, 1971, benefit of which could not be derived during the year under reference. It pains me to see that the advantage of installing Flash Smelter and the Sulphuric Acid Plant for which your Company had put in so much efforts and money would no longer be available to its stockholders, as you now the undertaking of the Company has been taken over by the Central Government.

The main objectives of acquiring the undertaking of your Company, as contended by the Government of India, are to ensure the conservation and development of the scarce copper resources of the country by an integrated approach and to increase copper production in the country at a much faster speed. In my view, these objects could have been achieved in a better way without nationalization as we were exploiting copper mines and producing copper strictly in accordance with the guidelines laid down by the Central Government from time to time. We had given an assurance to the Central Government after having discussions with our technical people as well as with the Central Government, that mill-head grade of copper

would be reduced from 2% to 1.8% within three years in order to increase copper ore reserves and keeping this objective in view, steps had already been taken by your Company to implement and fulfil this assurance. In the year 1971 the average grade of copper ore milled was brought down from 1.98% to 1.912% as can be seen from the Directors' Reports. In fact, your Company was considering to bring down the cut off grade from 1% to 0.5% which would have reduced the mill-head grade further to about 1.5% by undertaking an expansion programme of all mines of the Company, particularly of Surda Mines which was being examined by technical experts of your Company when the management of the undertaking of your Company was taken over by the Central Government on March 10th, 1972 and for which your Company had already decided to engage a world renowned mine consultancy firm.

You are aware that your Company had undertaken an expansion programme at the cost of about 9 crores under which the Flash Smelter having an annual capacity of 17,000 tonnes was commissioned on December 30th, 1971. Your Company was also thinking of utilising the old smelter by increasing copper ore production from its own mines and also by treating copper concentrates available from indigenous as well as from overseas sources which would have increased the production of copper by your Company to 26,000 tons per year. Various schemes were submitted to the Government for this purpose. Thus the Company was fully alive to its responsibilities and duties towards increasing copper production in the country and conservation of ore. I am sure that with the co-operation and assistance from the Government of India, we would have achieved these objectives in a comparatively shorter period than what possibly it would take now, if past performances are any guide.

I am grateful to the Minister of Steel and Mines, Mr. Kumarmangalam for giving us the credit of managing the affairs of the Com-

pany efficiently but at the same time it pains me to see that the Company having to its credit a remarkable record of services and achievements has been deprived of its undertakings because it was being run efficiently and it had developed Indian expertise which is very valuable for the future growth of the copper industry in the country. The Company would have been happy to make its humble contribution in the larger interests of the country by sharing its experience and knowledge with any public sector unit in achieving self sufficiency in copper production, had any such indication been given to the Company.

In this connection I would also like to point out that the kyanite lease of the Company, the profit of which was shared between the Government of Bihar and the Company on 60.40% basis was also taken over by the Central Government although this property cannot be linked in any way with the Government objective of the take over of the undertaking of your Company. In my view discrimination has been made against your Company by taking over its kyanite property as other kyanite leases in the country are still in the hands of private parties. This however, should not be construed to mean that I am in favour of the Government taking over the kyanite mines from private parties but what I wish to convey is that in all fairness at least the kyanite property should have been left with the Company.

The Central Government has been paying management compensation to your Company at the rate of Rs. 75,000 per month with effect from 10th March, 1972 and probably this will continue till the date of commencement of The Indian Copper Corporation (Acquisition of Undertaking) Act, 1972. The Honourable Minister of Steel and Mines had stated that the management compensation was determined after taking into consideration the Managing Agency Commission which was being paid to your Company's Managing Agents Gillanders Arbuthnot & Co. Ltd. So far as the Managing Agents are concerned, the commission paya-

ble to them as Managing Agency Commission was their profit whereas your Company has been asked to bear out of this Rs. 75,000/- all expenses in connection with Share Department work of your Company and in discharging all responsibilities and obligations under the Companies Act. Your Company has also been asked to meet all liabilities arising out of retrenchment of clerical and subordinate staff of your Share Department such as gratuity, retrenchment benefit etc. if the Company is wound up. Thus the management compensation paid to the Company was not even sufficient to meet all the aforesaid liabilities.

In accordance with the directives of the Custodian and the Central Government, your Company prepared and submitted the accounts for the period from 1st January, 1972 to 10th March, 1972, the date when the management of the undertaking of your Company was taken over by the Central Government and these accounts reveal the networth of the Company's undertaking at Rs. 16.60 Crores as on that date. While preparing these accounts the Company had changed the basis for valuation of finished and semi-finished stocks such as wire bars, rolled products, concentrates, kyanite etc. Such stocks

were valued in the past at cost price whereas these have now been valued at realisable rates which is appropriate as the undertaking of the Company have been taken over by the Government and these accounts have been prepared mainly for the purpose of determination of compensation. It is indeed very disappointing that a sum of Rs. 7.5 crores is being paid to the Company which is not even 50% of the networth of the Company on the basis of the accounts prepared by us for the period ended 10th March, 1972.

If the compensation had been determined on the basis of the present day replacement value, it would have been in the vicinity of Rs. 75 Crores. For example, it will cost Rs. 90 Crores for Hindustan Copper Limited to create the installed capacity of 31,000 tons of copper per year, whereas the annual installed capacity of both the smelters (new Flash Smelter and Old Reverberatory Smelter) of your Company was about 26,000 tons.

The Company was hoping to make a gross profit in the neighbourhood of Rs. 8 Crores in 1972 and therefore had the compensation been calculated on the basis of capitalisation of earnings, the amount would have

been far far greater than what the Government have proposed.

In view of what I have stated above I am sure you will agree with me that the compensation awarded to your Company is grossly inadequate, unreal and illusory. The Honourable Minister of Steel and Mines has himself admitted that it is about 50 to 60% of the market value of the shares. In our various representations to the Government we had pointed out that out of approximately 24,000 Stockholders of your Company, about 22,500 Stockholders held between 100 to 2000 units of stock and these small stockholders would be adversely affected if a reasonable compensation was not paid, but I am sorry to say that in spite of these representations, the Government have decided to pay a very low compensation to the Company which cannot be justified on any ground. I assure you, however, that your Directors have done their best and will continue to do what they can to safeguard your interests.

I regret to inform you that the Central Government have not approved the recommendation of the Board of Directors for the payment of Dividend at the rate of 10.544% i.e. 20 Paise per unit of stock. Representation was made to the Government for reconsideration in view of the increase in profit but they have expressed their inability to agree to pay more than 8% dividend for the year 1971. This matter is now before you for consideration.

I am fully aware that you are anxious to know the future of the Company, but at this stage it would not be possible for me to spell it out for a number of reasons. Amongst various alternatives your Directors will also examine how soon money can be paid back to the stockholders if it is decided to wind up the affairs of the Company. Your Directors will come up with suitable proposals to you at the appropriate time.

I trust that you will join me in expressing our appreciation of the hard work put in by all workers and members of the staff. I thank my colleagues on the Board for their valuable guidance throughout the year and the difficult period thereafter.

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

COMPANY AND PUBLIC NOTICES

INDIA TOBACCO COMPANY LIMITED

37 Chowringhee, Calcutta

GENERAL NOTICE is hereby given to members of the public under Rule 4A of the Monopolies and Restrictive Trade Practices Rules 1970 that the Central Government is to consider an Application by the Company under Section 22(2) of the Monopolies and Restrictive Trade Practices Act 1969 with regard to the Company's proposal to establish a five star hotel each in Delhi, Agra and Madras. 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, if any, with regard to the proposal and also the nature of his interest therein.

INDIA TOBACCO COMPANY LTD.
F. REHMAN,
Secretary.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

NOTICE

NOTICE is hereby given that the Board of Directors of this Company at a meeting held on 27th September, 1972, have declared payment of an Interim Dividend on the Company's Preference Stock for the year ending 31st March, 1973, at the rate of 3% gross. Payment will be made on 17th November, 1972, after deduction of appropriate Indian Income Tax to those Stockholders whose names are registered in the Company's Stock Register on 20th October, 1972.

Applications for transfers received in this office before 12 o'clock noon on Friday, 20th October, 1972, will, if otherwise satisfactory, be registered at that date for the purpose of participation in the above Dividend.

By Order of the Board
Sd/- S. K. MITRA
Secretary.

Victoria House,
Calcutta, 27th September, 1972.

GUEST KEEN WILLIAMS LIMITED

NOTICE

PURSUANT to Rule 4A of the Monopolies & Restrictive Trade Practices Act, 1969, it is hereby notified that Guest, Keen, Williams, Limited propose to give notice under Sub-Section (1) of Section 21 of the aforesaid Act to the Government of India (Department of Company Affairs, Company Law Board, New Delhi) in the matter of expansion of their activities to recondition, rebuild and build special purpose and sophisticated machine tools to the extent of Rs. 2 crores per annum in their various manufacturing Divisions at 97, Andul Road, Howrah-3, West Bengal.

Any person interested in the matter may make representation to the Secretary, Department of Company Affairs, New Delhi, stating the nature of his interest therein within fourteen days of the publication of this notice.

For GUEST, KEEN, WILLIAMS, LIMITED
(K. RAMACHANDRAN)
Director & Secretary

Dated: 26th September 1972.
Registered Office:
3A, Shakespeare Sarani,
Calcutta-16,
West Bengal.

GUEST KEEN WILLIAMS LIMITED

NOTICE

PURSUANT to Rule 4A of the Monopolies & Restrictive Trade Practices Act 1969, it is hereby notified that Guest, Keen, Williams, Limited propose to give notice under Sub-Section (1) of Section 21 of the aforesaid Act to the Government of India (Department of Company Affairs, Company Law Board, New Delhi), in the matter of expansion of their activities to manufacture 1,000 tonnes per annum of Pressed Metal Component Parts and Assemblies each in their existing factories of their Precision Pressing Division at Bangalore and Howrah.

The Company propose to manufacture Precision Pressed Metal Component Parts and Assemblies to specifications and designs of their customers in diverse industries such as engineer-

ing, textile, refrigeration, electronics and etc. industries for different applications.

Any person interested in the matter may make a representation to the Secretary, Department of Company Affairs, New Delhi, stating the nature of his interest therein within fourteen days of the publication of this notice.

For GUEST, KEEN, WILLIAMS, LIMITED
(K. RAMACHANDRAN)
Director & Secretary

Dated: 26th September 1972.
Registered Office:
3A, Shakespeare Sarani,
Calcutta-16,
West Bengal.

THE CALCUTTA ELECTRIC SUPPLY CORPORATION LIMITED

(Incorporated in England)

NOTICE is hereby given that the Board of Directors of this Company have decided to recommend to stockholders at the forthcoming Annual General Meeting that a Final Dividend for the year ended 31st March, 1972 on the Company's Ordinary Stock at the rate of 2 per cent gross less Indian Income Tax at appropriate rates be paid on 14th December, 1972, to those stockholders whose names are registered in the Company's Stock Register on 31st October, 1972.

Applications for transfers received in this office before 12 o'clock noon on Tuesday, 31st October, 1972, 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, 27th September, 1972.

BOOKS RECEIVED

The Indian Economy Under Planning. By Nabagopal Das. (Published by World Press Private Ltd, 37 College Street, Calcutta 12. Price Rs. 18, pages 138.)

Ends and Means. By C. G. Shah. (Published by Popular Prakashan, 35C Tardeo Road, Bombay. Price Rs. 30, pages 161)

CAPITAL

(Founded in 1888. Published every Thursday)

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CAPITAL, 5th OCTOBER, 1972

CAPITAL, 5th OCTOBER, 1972

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

CLEARED SECURITIES

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Birla Jute	9	11	24.45
10 Burrakur Coal	12	5	4.00
10 Dunlop India	20	20	27.50
10 G. K. W.	16	20	31.60
10 Hind Motors	Nil	Nil	6.75
10 Howrah Jute	Nil	Nil	6.37
10 Ind Aluminium	14	17	31.40
10 Indian Cable	2½	15	21.35
2 sh. Indian Copper	11.1	10.5*	2.40
10 Indian Iron	6	6	6.00
10 J. K. Cotton	Nil	...	6.90
10 Jaipur Udyog	10	5	9.30
10 Jayshree Tea	11	14*	14.87
10 Kesoram Ind	10	5	18.00
10 National Rubber	Nil	...	6.44
10 Orient Paper	10	11½	33.40
10 Orissa Cement	12½	15	18.35
10 Rohtas Ind.	Nil	Nil	4.05
10 Texmaco	Nil	...	8.00

COAL

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Amalgamated	10	10	10.31
100 Bengal	12	Nil	43.50
10 Bengal-Nagpur	2½	...	5.25
10 Borrea	12½	Nil*	8.00
10 Karanpura	20	10-7*	6.00
10 Katras Jherriah	10	6	7.06
10 New Beerbhoom	16	10	5.62
10 North West	2½	...	5.25
10 Pench Valley	10	10	10.31
10 Rancegunge	10	7½	10.50
10 Rewa	20	20	19.62
10 S Karanpura	20	20	9.00
10 W Bangal	8½	8½	6.31

COTTON

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Basanti	Nil	...	2.75
10 Bharat Com	12	12	16.56
10 Bowreah	12½	...	12.75
5 Cawnpore	Nil	Nil*	2.19
10 Dunbar	Nil	...	9.50
10 Elgin	6	...	6.37

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

ENGINEERING

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Braithwaite	...	...	2.90
10 Biecco Lawrie	Nil	Nil	10.62
10 Bridge & Roof	2½	Nil	35.19
100 Burn & Co.	Nil	Nil	55.00
10 Cal Steel	5	10*	8.00
10 Hind Wire	10	10	15.50
10 Ind St. Wagon	Nil	...	3.40
10 Industrial Cont	...	...	11.50
10 Jay Eng.	8	10-10*	11.00
10 Jessop & Co.	Nil	...	3.75
10 J. K. Steel	Nil	5	9.97
3 Kumardhubi	Nil	15*	4.06
2 Marshall	Nil	...	0.90
10 Sen-Raleigh	Nil	...	4.69
10 Simon-Carves	15	15	14.37
10 Wellman Incan.	10	Nil-10*	7.81

JUTE

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Agarpara	5	5*	8.31
100 Anglo-India	5	7½-15*	106.00
100 Auckland	Nil	Nil	64.00
10 Bally	10	10	12.12
£5 Barnagore	Nil	Nil	70.00
10 Budge-Budge	12	6	7.37
10 Champdany	5	Nil	13.00
10 Chitavalsah	Nil	...	11.25
100 Dalhousie	Nil	Nil-10*	59.25
10 Fort William	Nil	Nil	14.00
10 Ganges	7½	7½	6.87
100 Hastings	2½	1	102.00
12½ India	4.8	8	8.87
100 Kamarhatty	Nil	Nil	103.00
100 Kanknarrah	Nil	...	41.50
100 Kinnison	Nil	Nil-Nil*	39.00
10 National	Nil	...	10.75
10 Nellimarla	Nil	10	8.25
10 New Central	Nil	...	4.44
10 Northbrook	Nil	Nil-25*	13.81
100 Union	Nil	Nil-Nil*	56.00
1 Waverley	Nil	...	3.75

CEMENT AND LIME

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Asoka	6	Nil	4.06
10 Bisra Stone	15	15-Nil*	12.75
10 Dalmia	12½	12½	12.00
10 Karanpura Dev.	5	5	10.25
10 Kumardhubi Fire	20	20	18.45
10 Orissa Minerals	5	12½	9.12
5 Sone Valley	Nil	...	1.37

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

CHEMICAL

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Alkali & Chem.	15	17½	24.62
10 Cal. Chemical	9	9	10.81
100 Bengal Chem.	Nil	Nil	34.50
10 Chem. & Fibres	27½	...	31.25
10 Indian Explosives	15	15	20.25
100 Phosphate	5	7	106.00
5 Smith Stanistreet	10	...	3.50

ELECTRIC

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
100 Agra	10	10	115.00
10 Bareilly	10	6	13.44
10 Bhagalpur	12	10	8.50
£1 Calcutta	13	13	8.94
10 Dishergarh	9	9	9.94

MISCELLANEOUS

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Aluminium Corpn.	Nil	...	5.50
10 Angelo Bros	...	...	3.81
5 Avery India	20	20	12.12
100 Balmer Lawrie	8	...	74.00
10 Brit. Biscuit	22	16	26.50
5 B. I. C.	7½	5	5.66
10 British Paints	12½	12½	18.12
10 Brook Bond	20	20	25.06
10 Bararee Coke	15	15	4.50
100 Duncan Bros	12	12	125.00
10 Electric Cons.	20	10	10.00
10 Eng. Electric	10	18	20.56
100 Fort Gloster	7½	7½	224.00
10 Garuda Invest.	10	10	6.75
10 G. E. C.	27½	31½	21.12
10 Gillanders	10	12	9.06
10 Godfrey Phill.	57½	35	55.00
10 Goodyear	47½	...	44.75
10 Gramophone Co.	15	17½	25.75
10 Hind. Alumini	12½	12½	18.06
10 India Tobacco	13½	14	16.25
10 Inchek Tyre	Nil	Nil	6.12
10 India Carbon	16	18	30.50
10 Indian Oxygen	14	14	21.66
10 Indian Wood	9	10	8.75
10 J. K. Synth.	15	...	44.81
100 Jardine Hend.	Nil	Nil	35.00
100 Macneill	5	...	41.25
10 Martin Burn.	10	10	5.81
10 Metal Box	6	8	13.31
5 Mohan Meakin	12	10	8.87
10 N. I. Cable	10	8	8.19
10 Nat. Pipes	4	Nil	5.50
10 Nat. Rolling	2½	Nil	4.00
10 Nat. Tobacco	10	10	12.75
10 Ondal Invest.	10	10	14.10
10 Phillips Carbon	15	12	15.69

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

MISCELLANEOUS (Contd.)

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
100 Rallis India	13	14	172.00
10 Reckitt & Col.	14	11	13.62
10 Phillips India	20	24	45.62
10 Sendra Invest	7	7	4.75
10 Schrader Scovil	25	25	32.00
10 Shalimar Wires	10	10	13.50
10 Shaw Wallace	18	27½	30.00
10 Stewards & Lloy.	10	11	14.75
10 Universal Cables	10	...	18.62
10 Union Carbide	15	17½	29.50
10 Universal Elec.	7½	...	18.06
10 Usha Martin	15	16	27.31
1 Walford Trans.	Nil	...	0.81
10 Williamson Magor	10	...	10.00
10 Woolcombers	7½	...	14.44

PAPER

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Ballarpur	15	12½	22.25
10 Bengal	10	10	14.50
10 India Paper	Nil	Nil	4.06
10 Seshasayee	...	12	12.19
10 Sirpur	3	...	10.19
10 Straw Pro.	12	11	14.94
10 Titaghur	2½	4	7.19
10 Tribeni Tissues	11½	...	17.00

SUGAR

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
2½ Balrampur	10	Nil	2.81
10 Carew	Nil	Nil	6.00
10 Cawnpore	Nil	Nil	3.50
10 Champarun	Nil	Nil	10.44
10 Durbhanga	Nil	Nil	2.87
10 Ramnugger	6	...	4.50
10 Raza	Nil	Nil	1.56
10 S. K. Gyan.	Nil	Nil	5.50
10 U. Provinces	5	Nil	5.50

TEA

	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	
10 Asambrook	12½	10	6.06
100 Banarhat	16	...	71.50
10 Betjan	10	...	10.75
100 Birpara	11	...	72.00
10 Bishnauth	...	...	7.25
10 Dimakusi	15	...	16.12
10 Dhelakhat	5	...	8.25
10 Dhunseri	12½	12½	9.50
10 Dibrugarh	30	...	23.00
10 Gohpur	5	Nil	10.06
10 Huldibari	5	...	6.00
10 Hasimara	Nil	...	6.19
10 Jutlibari	10	...	11.00
10 Teloijan	4	...	3.44
10 Tengpani	12½	...	10.50
10 Tirrihannah	40	...	43.00

*1972

CAPITAL, 5th OCTOBER, 1972

CAPITAL, 5th OCTOBER, 1972

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees)	Week Ended		
	8-9-72	1-9-72	10-9-71
Liabilities—			
Notes in Banking Dept.	32,91,07	58,95,04	16,31,03
Notes in Circulation	46,69,10,25	46,04,70,58	43,56,75,20
Total Notes Issued	47,02,01,32	46,63,65,62	43,73,06,23
Assets—			
A. Gold Coin and Bullion	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities	2,11,65,38	2,11,65,38	1,93,42,00
Total of A	3,94,18,49	3,94,18,49	3,75,95,11
B. Rupee Coin	33,51,60	35,16,11	44,10,76
Rupee Securities	42,74,31,23	42,34,31,02	39,53,00,36
Total	47,02,01,32	46,63,65,62	43,73,06,33
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up	5,00,00	5,00,00	5,00,00
Reserve Fund	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund	2,09,00,00	2,09,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund	15,00,00	45,00,00	39,00,00
National Industrial Credit (Long Term Operations) Fund	1,75,00,00	1,75,00,00	1,35,00,00
Deposits—			
(a) 1. Central Govt.	52,67,31	54,88,48	54,70,45
2. State Govts.	48,76,32	25,64,91	6,81,70
(b) Banks—			
(i) Scheduled Banks	2,88,61,28	2,74,13,96	2,04,62,58
(ii) State Co-operative Banks	11,43,12	11,33,57	10,73,15
(iii) Non Scheduled State Co-operative Banks	98,84	96,64	82,15
(iv) Other Banks	42,40	46,08	38,00
(c) Others	1,29,65,81	1,17,57,97	73,82,03
Bills Payable	48,17,87	42,08,82	36,63,00
Other Liabilities	2,99,54,48	3,26,47,19	1,55,87,48
Total	14,64,27,43	14,37,57,62	10,63,40,54
Assets—			
Notes	32,91,07	58,95,04	16,31,03
Rupee Coin	3,09	5,55	4,24
Small Coin	2,55	2,71	3,97
Bills Purchased and Discounted:—			
(a) Internal	1,36,60	1,41,90	19,63,81
(b) External	6,26,37,00	4,16,07,02	74,89,12
(c) Govt. Treasury Bills	1,42,90,46	1,41,77,29	1,94,47,58
Balances held abroad	1,89,21,41	3,78,78,47	1,20,91,67
Investments			
Loans and Advances to:—			
(i) Central Government	24,16,00	6,14,00	1,37,85,31
(ii) State Governments			
Loans and Advances to:—			
(i) Scheduled Banks	4,95,05	2,63,00	77,85,05
(ii) State Co-operative Banks	1,88,75,67	1,77,49,76	2,27,83,36
(iii) Others	5,19,97	5,78,97	2,29,24
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts.	53,68,84	53,68,83	42,02,68
(ii) State Co-operative Banks	21,55,03	21,62,35	22,80,63
(iii) Central Land Mortgage Banks			
(iv) Agricultural Refinance Corp.	5,00,00	5,00,00	...
(b) Investment in Central Land Mortgage Bank Debentures	10,60,85	10,60,85	10,64,11
Loans and Advances to State Co-operative Banks	28,68,06	28,69,08	21,52,43
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund	92,31,94	92,31,34	59,26,21
the Development Bank			
Other Assets	36,53,84	36,50,86	35,00,20
Total	14,64,27,43	14,37,57,62	10,63,40,54

SCHEDULED BANKS

(In lakh of Rupees)	Week Ended		
	15-9-72	8-9-72	10-9-71
(i) Demand Liabilities—			
(a) Demand Deposits:			
(1) From Banks	1,97,81	2,33,31	1,56,05
(2) From others	33,88,79	33,96,75	28,51,92
(b) Borrowing from Banks	43,50	46,62	73,80
(c) Others	2,40,24	2,55,23	1,90,18
(ii) Time Liabilities—			
(a) Time Deposits:			
(1) From Banks	2,10,05	2,06,67	1,32,22
(2) From others	45,23,68	45,07,29	37,64,33
(b) Borrowing from Banks	7,62	10,57	12,06
(c) Others	50,76	50,98	45,66
(iii) Borrowing from State Bank—			
(a) Demand Liabilities	17,65	12,04	11,80
(b) Time Liabilities	87,71	86,86	75,30
(iv) Borrowing from Reserve Bank	2,42,48	2,37,04	3,44,39
(v) Cash	1,96,05	1,99,33	1,65,50
(vi) Balances with Reserve Bank	2,82,12	2,56,10	2,12,27
(vii) Balances with other banks in current account	96,41	94,88	75,18
(viii) Money at call and short notice	68,65	80,38	95,63
(ix) Investments in Central and State Govt. Securities	21,01,07	21,88,72	15,85,63
(x) (a) Loans, Cash Credits and Overdrafts	43,93,69	43,42,18	38,82,97
(b) Due from banks	4,73,60	4,61,33	4,51,51
(xi) Inland Bills purchased and discounted	7,67,74	8,14,76	7,94,79
(xii) Foreign bills purchased and discounted	2,04,95	2,06,03	2,16,19
(xiii) Total of X, XI and XII	58,39,98	58,24,30	53,45,46

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	1891.92	1567.52
1971		
April	144.33	127.12
May	159.15	132.16
June	184.08	124.60
July	178.87	154.18
August	145.19	127.29
September	153.25	117.57
October	130.88	125.11
November	159.56	134.81
December	188.45	143.61
1972		
January	177.79	143.37
February	152.05	134.86
March	142.97	156.85

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

CAPITAL, 5th OCTOBER, 1972

DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS DISPOSAL WING : COMMODITY SECTION

TENDER PROGRAMME

FOR THE MONTH OF OCTOBER—1972

IS AS UNDER :—

S.NO.	TENDER NO.	LOCATION	STORES	DATE OF OPENING	OFFERS TO REMAIN OPEN UPTO
1	2	3	4	5	6
1.	DGS & D/SVH/VH/507429/22	Hyderabad House, New Delhi	Mobile Car	18-10-72	18-12-72
2.	DGS & D/CPM/543967/18	ESD (M), Kankinara	Tractor, Cranes, etc.	20-10-72	20-12-72
3.	DGS & D/CPM/543965-966/14	A.F. Stn., Tambaram	Horizontal Milling M/C.	24-10-72	26-12-72
4.	DGS & D/SVH/VH/507412-419 & 506996/25	C. O. D. Dehu Siding	M.T. Spares (G.M.C. & Neu)	27-10-72	27-12-72
5.	DGS & D/SVH/VH/507420-429 21, 22	CAFVD Kirkee (Poona)	Tank cruiser Sherman & Armoured Cars. etc.	31-10-72	1-1-73

Tenders should be addressed to the Director General of Supplies and Disposals, Disposals Wing, Jeewan Tara Building, Parliament Street, New Delhi-1, so as to reach him by 2-30 P.M. on the date of opening as mentioned against each tender. These tenders will be opened on the same day at 3.00 P.M. in public. Each tender must be accompanied by two Deposit-at-Call Receipts, one representing 5% of the tendered value as Earnest Money and the other representing 5% of the tendered value as Security Deposit. (Subject to maximum amount of Rs. 1 lakh). The Deposit-at-call Receipts would be on any branch of the State Bank/Nationalised Banks of India and in the name of Director General of Supplies and Disposals, New Delhi. Tender forms containing particulars of stores, conditions of sales and permit to view the stores at site, etc. can be had @ Rs. 5/- per set payable in cash or by Money Order from the Cashier, DGS&D, New Delhi, Director of Supplies and Disposals, Calcutta, Bombay, Madras and Kanpur.

Tender fees are non-refundable and tender sets are non-transferable.

All sales are strictly on the basis of

'AS IS WHERE IS'.

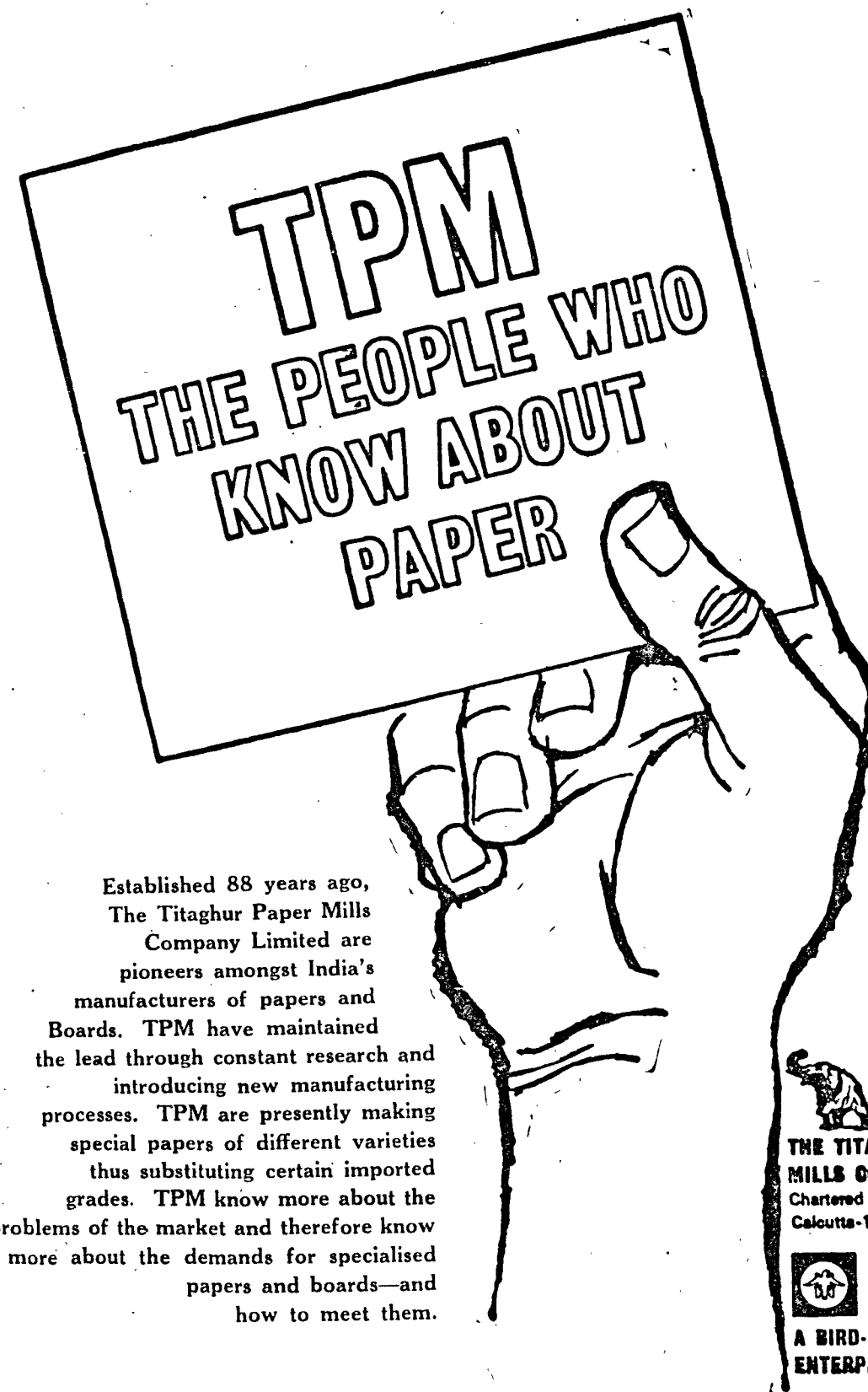
OFFERS WILL BE CONSIDERED STRICTLY ON THE BASIS OF TENDER-TERMS. IF THERE IS ANY DEVIATION OFFERS SHALL BE IGNORED.

D.G.S. & D. RESERVE THE RIGHT TO REJECT ALL OR ANY OFFERS WITHOUT ASSIGNING REASONS THEREOF.

DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS.

Parliament Street, New Delhi

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Editor: A. K. Ganguly.

CAPITAL

INDIA'S OLDEST FINANCIAL NEWSPAPER

**ECONOMICS
INDUSTRY
MANAGEMENT
PUBLIC AFFAIRS**

Strategy for the Core Sector

Tackling the Economic Challenge

The Role of I.D.B.I. and I.F.C.

Reserve Bank's Monetary Measures

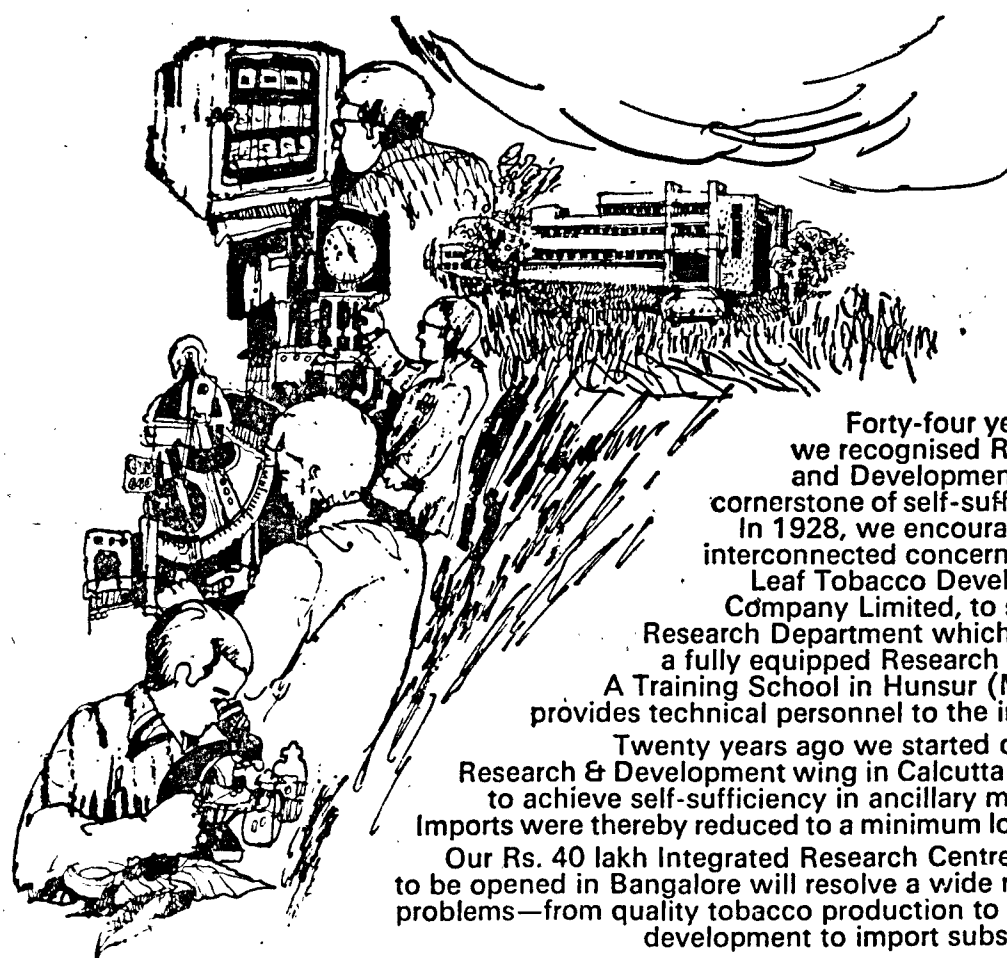
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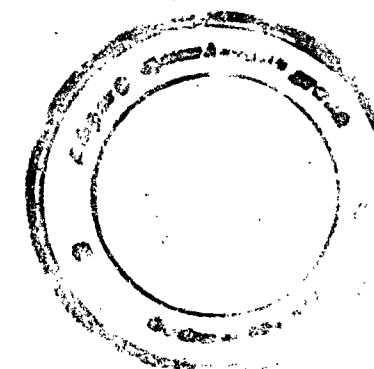
CAPITAL

Incorporating the Indian Financial Review
Established 1888

Calcutta, 26th October, 1972
Vol. CLXIX-4236

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Strategy for the Core Sector

IF prices continue to rise at the present rate, another devaluation of the rupee may not be far off. The consequences of this on the Fifth Plan could be very bad indeed. The foreign exchange gap, estimated to be about Rs. 2,000 crores in the Fifth Plan period, would then shoot up as India's imports which are now roughly around Rs. 2,000 crores a year and are expected to mount steadily during the next five years would cost much more in rupees while exports, now placed around Rs. 1,800 crores a year, will fetch much less. The foreign exchange factor would not have been so vital if it had not been made clear in the recent A.I.C.C. session in Ahmedabad that once again the highest emphasis is to be placed on the "core sector" which consists of steel, heavy machinery, power, fertilisers, heavy chemicals, oil, railways, shipping and mining. Experience of the 'sixties has shown that despite all the pious hopes, all these sectors still remain heavily dependent on foreign technology and assistance and will continue to be so for at least a decade or two more.

The exposition by Mr. D. P. Dhar, Central Minister for Planning, of the economic situation at the A.I.C.C. session is very revealing. Mr. Dhar said that the basic cause of the present ills was that the country slowed down on the "core" sector immediately after the Third Plan ended in March 1966 and has continued to do so ever since. As a result, the sinews of growth have weakened and there are acute shortages of almost all the basic materials and power. This constitutes a major bottleneck to progress and even if savings are increased and more money made available for developmental purposes, not much can be achieved until these shortages are removed. Mr. Dhar was highly critical of this lack of foresight during the last five years reflected in the neglect of the core

sector. But he was perhaps glossing over the hard realities of those times. It was a period beset with three difficulties which he would do well to take note of now to be able to avoid them in the future. Just after the 1965 war with Pakistan, western donors, particularly the U.S.A., were dragging their feet about aid as they are doing now. Secondly, the war was followed by two years of severe famine. And thirdly, six months after the war, the rupee was devalued by as much as 36 per cent. This had a traumatic effect on India's dollar earnings.

There are indeed some parallels in the situation that makes it necessary for the authorities to sit up. This year is again a postwar year as 1966 was. This year too the country has had a bad crop, although not so bad as six years ago. Like that time the economy is again passing through a phase of heavy inflation caused by excessive spending during the war year. Industry is once again in the doldrums, this time largely due to the acute scarcity of steel, power, fertilisers and so on. It would thus seem that foreign exchange management in coming years would have to be the hard core of Mr. Dhar's new strategy of developing the core sector of the Plan. Without it, the whole Plan could collapse. To ensure success in this field a number of steps are unavoidable. In the first place, prices must be kept in check. If India has to go through another heavy dose of devaluation of the rupee as in 1966, all the plans would be upset and, despite Mr. Dhar's best intentions, the country may once again have to go on a "Plan holiday" and say goodbye to the core sector for several years with disastrous consequences. Furthermore, foreign exchange will have to be earned as well as conserved. The shaky basis of the figures released by the Central Ministry of Foreign Trade has proved to be a big head-

ache to the Finance and other economic Ministries at the Centre. The impact of the growing trade with the Soviet bloc on the country's hard currency earnings still remains an unanswered question and needs to be examined in all its aspects.

It is also necessary to make a more realistic estimate of the country's foreign exchange needs and take the public into confidence about it. The slipshod way in which the problem is being handled in the Planning Commission is indicated by the projections that have been coming out of the august body. One day an expert group reported that the foreign exchange gap in the Fifth Plan would be of an order of Rs. 2,000 crores. A few days later, another group came out with the finding that there would be no shortfall at all. Although this is a highly unpopular field in the present suspicious climate, it might be worth examining whether the Government can still try to attract foreign private capital in key sectors to meet the obvious shortage of technology, machinery and funds. If there are fears that this would compromise India's ideology or national interest, it would be worth while examining the new developing rela-

tionships between Russia and China on the one hand and the capitalist countries on the other. The Soviet Union is trying hard to attract capitalist Japan to invest in a big way in the development of the vast Siberian tracts. This would obviously involve inviting foreign private capital in the sensitive tract which the Russians have kept sealed from the outside world for half a century.

The Russians are also trying to enter into deals to manufacture cars and other consumer goods in their country with west European countries. Talks with the U.S.A. for technological collaboration along similar lines are already far advanced. China is making efforts of its own to make a breakthrough in importing western capitalist technology. The big question that Mr. Dhar would do well to answer to himself and to the nation is whether in the present fast changing world, ideology should be allowed to stand in the way of importing modern technology, especially even when all the major socialist countries have discarded such inhibitions. In the answer to this question may lie an important element of the solution to the Fifth Plan problems.

Tackling the Economic Challenge

IT is not known on what basis the Prime Minister, Mrs. Indira Gandhi, claims that her Government will be able to tide over the gathering economic crisis, which is becoming all-pervasive day by day. The crisis is essentially due to growing shortages in such vital sectors as power, industrial production and agricultural output. It is obvious that these shortages cannot be made good overnight. Therefore, a certain measure of distribution regulation will undoubtedly help ease the situation. But if the Government imagines that the basic malady lies in distribution and its takeover of wholesale trade in foodgrains will provide the solution, it is sadly mistaken. Unfortunately, however, the authorities at the Centre appear to be making exactly this grave mistake.

Little has been done in the last six months to check the steady rise in prices. But what is more disconcerting is the complacency with which the Government views the price situation. For instance, the

Central Finance Minister, Mr. Y. B. Chavan, told the Consultative Committee of Parliament for his Ministry last week nothing more than what he had to say on the price situation four months ago. Mr. Chavan admitted that prices had "shot up unduly" and added that the Government was fully aware of "the gravity of the situation". The same day, the Central Minister for Power and Irrigation, Dr. K. L. Rao, made a similar statement in regard to the power situation in north India. Even after taking emergency steps to maximise power generation, he said, there would be a shortage of 4 million units a day in the northern region.

The power shortage is, in fact, a more serious matter than the shortages of commodities, which could at least be imported from abroad to meet difficult situations. Already fertiliser production at the Nangal factory has been affected by the power shortage in Punjab. The output in a number of small and big units will likewise be affected by the shortage

in the north and some southern States like Mysore. The obvious solution to this situation is to regulate power supply to industrial units according to their needs and encourage industrial units in States that have not been hit by the power crisis to step up production. But the second possibility can be tried only if there is unstinted co-operation from labour. The Central Labour Minister, Mr. R. K. Khadilkar, who with undue haste committed the Government to raising the statutory minimum bonus in industrial units from 4 per cent to 8.3 per cent, has found to his utter dismay that his call to industrial workers to increase production by working seven days in a week has been totally ignored. If Mr. Khadilkar had linked his bonus scheme to higher production, the result would surely have been different.

All these instances show clearly the lack of concerted thinking in the Government on current economic problems. Price rise is not viewed as a national problem but one of Mr. Chavan to tackle; similarly, the power crisis is considered to be the headache of Dr. K. L. Rao. As a result, there is often no co-ordination among economic Ministries in dealing with problems of national importance. Instead, one hears only of differences between this Minister and that Minister on their approach to economic issues. A classic example of this is the way in which the joint sector concept has been presented to the public by the Central Minister for Industrial Development, Mr. C. Subramaniam, and his colleague for Planning, Mr. D. P. Dhar. While the former is all for defining the concept clearly and writing it down in the Industrial Policy Resolution, the latter is for leaving the concept vague, as it is now, and not making any changes in the 1956 Policy Resolution. And yet, both deny they have any differences!

According to reports from New Delhi, the Prime Minister is believed to have frowned at the manner in which some of her colleagues spoke at the recent A.I.C.C. session in Ahmedabad. She is evidently anxious that the public should not get the impression that Ministers at the Centre are pulling in different directions and working at cross purposes. This can be avoided not by talking to the concerned Ministers alone but by coming to an understanding at the general body of the Congress Parliamentary Party that no member will attack another, especially those

in Government, without first bringing his charges to the attention of the Prime Minister and the Party.

This is essential because the months ahead are going to be even more difficult than those that have passed. Even though the Government has decided to import 50,000 tonnes of pulses and 100,000 tonnes of oilseeds, they will only help to check a further rise in prices and not in bringing down the price level. Higher internal production is, therefore, the obvious remedy. Here the constraints are well known. Besides the vagaries of weather, there are shortages of fertilisers, seeds and water. According to latest estimates, the *kharif* production may be better this year than that of last year but even so, the loss due to drought will be as high as about 11 million tonnes. It will not be realistic to expect the crash production programme for the *rabi* season to make the projected addition of 15 million tonnes in the face of difficulties like power and fertiliser shortages.

On the industrial front too, there may not be any spectacular spurt in output in the coming months. On the contrary, the power shortage may well hit production in several units in the north and may bring down the overall growth rate. Already steel production in Rourkela has been hit by power difficulties and it is obvious that the Government cannot make good the entire shortfall in production and meet the demand of the consuming industries with imports. It is, therefore, clear that shortages in critical sectors will continue for several months to come, in spite of what the Government may do to reduce their intensity.

It is in this context that one has to view Mr. Chavan's disclosure that deficit financing this year may be much higher than the figure of Rs. 225 crores assumed in the Central Budget. The inflationary impact of a large dose of deficit financing—estimated between Rs. 400 crores and Rs. 450 crores—can be dangerous to the economy, already reeling under adverse effects of a very difficult price situation. Mr. Chavan has spoken of financial discipline in the Government and 10 per cent cut in non-Plan expenditure, but if past experience is any indication, such assurances are rarely ever honoured either by the Centre or the States; nor are the credit curbs by the Reserve Bank the only answer. What is needed now is a dynamic policy, designed to promote industrial and agricultural

production by every possible means; otherwise, the glib talk of self-reliance, which is to be the plank for

the Fifth Plan, will neither have any meaning nor credibility with the public.

The Role of I.D.B.I. and I.F.C.

FOR Indian industry, 1971 was not the best of years. Industrial production rose by only 3.1 per cent, against 4.8 per cent in the previous year. But industry's demand for funds did not show any sign of slowing down; on the contrary, it tended to absorb more money. The leading financial institutions like the Industrial Development Bank of India (I.D.B.I.) and the Industrial Finance Corporation (I.F.C.), whose annual reports for the year ended June have recently been published, did more business during 1971-72 than in any previous period. To a certain extent, the rise in assistance has been due to diversification in their lending policies to newer sectors. The I.F.C., for instance, has taken special care to step up assistance to the industrially backward regions and co-operative agencies at concessional rates. (A fuller version of the chairman, Mr. C. D. Khanna's statement was published in the issue of *Capital* dated 5th October, 1972.) In 1971-72, the I.D.B.I. sanctioned assistance of a total of Rs. 168 crores, against Rs. 131.3 crores in the previous year; the extent of assistance utilised also rose correspondingly from Rs. 79.8 crores to Rs. 94.5 crores. The figures for the I.F.C. are equally impressive. The Corporation approved financial assistance of Rs. 39.16 crores for 68 industrial projects, compared with Rs. 35.03 crores for 61 projects in the previous year. Indeed, that has been the pattern for all the term-lending institutions in general; during fiscal 1971-72, these agencies, including the I.D.B.I., I.F.C., I.C.I.C.I., S.F.C.s and S.I.D.C.s/S.I.I.C.s, together sanctioned 36 per cent more assistance, compared with the previous year. To push the assistance programme in such a big way at a time when industry was not exactly racing ahead speaks highly of the dynamism of these institutions.

In spite of this performance, the financial agencies seem to be watchful about their own resources position in the coming months. The I.D.B.I. annual report thus frankly concedes that if disbursements of assistance, both direct and indirect, takes place in 1972-73 as anticipated, it is likely to face a resources constraint. The I.D.B.I. may have to resort to borrowings on a large scale or adopt new

techniques of resources mobilisation. Borrowing from the market has not been considered to be very prospective in view of the larger competing claims by the Government and public-sector undertakings. Two main possibilities are being explored: accelerated repayment of loans by such assisted units as are doing well, and the sale of I.D.B.I. loans in one form or another to banks, the L.I.C. and the U.T.I.; other sources held in view are discounting of machinery bills and export bills and assistance from international agencies like the World Bank. The problem is apparently shared by the I.F.C., more so because defaults both in principal and interest payments at the end of 1971-72 have recorded a disconcerting rise. The Corporation is going to the market towards the end of this month to raise Rs. 10 crores of loans. The fact that some financial institutions like the I.D.B.I. are fearing resources difficulties at a time when some others, notably banks, are flushed with funds can have a significant impact on the pattern of industrial financing in the coming months and years.

The last year was significant for the financial institutions for another reason. During the year, the provision for conversion of their loans into equity under certain circumstances can be said to have come into full play for the first time. Up to the end of June 1972, the I.D.B.I. imposed the conversion clause in respect of 43 cases. The period during which the conversion option could be exercised has not been reached in any case. Similarly, during 1971-72, the I.F.C. included the conversion clause in respect of 35 concerns out of a total of 68 units assisted. Out of these, one concern has declined to avail itself of the facility sanctioned by the Corporation. Loan agreements with the conversion proviso have been executed in ten cases and in the remaining 24 cases, terms and conditions were being finalised at the end of June. It is too early to assess the impact, if any, the conversion clause will have on the demand for funds from these agencies, but the fact needs to be properly weighed in shaping their lending policy for the years ahead. The I.D.B.I., the I.F.C. and other agencies of their nature

are also showing increasing interest in public and joint-sector projects. Last year, the I.F.C. extended Rs. 7.32 crores of loan to seven joint-sector units; the I.D.B.I. sanctioned assistance of Rs. 1.8 crores for the expansion of Travancore Cochin Chemicals Ltd, a Kerala Government project. Aspirants for loans from these agencies have to take note of the consequences that might flow from the preference likely to be shown to such joint or public-sector units.

As the two topmost financial institutions in India, the I.D.B.I. and the I.F.C. have commitments for every part of the country. And nobody can say that they have not tried their best to fulfil the expectations. But unfortunately, the Statewise break-up of assistance granted during 1971-72 shows an askewed distribution of funds. Taking the case of the I.F.C. first, the annual report reveals that among the 15 States covered by the Corporation, West Bengal, not so long the pace-setter for the country's

industrial development, comes last but one in the assistance table. Its share in the total amount of loans and underwritings sanctioned by the Corporation came to a dismal 1.7 per cent, against Maharashtra's 25.8 per cent, Tamil Nadu's 12.5 per cent, Uttar Pradesh's 12.4 per cent, and Gujarat's 11.4 per cent. Similarly, in the case of the I.D.B.I., West Bengal got less than half of the financial assistance sanctioned to Maharashtra, and considerably less than the amount allotted either to Tamil Nadu or Mysore. The law and order situation and a temporary despondency about West Bengal's economic prospects might have influenced the decision-makers. Admittedly, the amount of loans sought by West Bengal parties from the Bank was substantially lower than the corresponding figures of many other parts, but now that the perspective has vastly improved, it is to be hoped that the term-lending institutions will be more liberal about accepting loan applications from the State and sanctioning them.

Public Sector in Britain and India

THE discussions that took place at the British Labour Party's conference held in Blackpool in the first week of October this year on the expansion of the public sector are of considerable interest to India. The consensus of opinion at the conference favoured a vigorous extension of the rôle of the public sector. It was emphasised that if the Labour Party came to power, it would not only undo what the Conservative Party had done in the field of nationalisation but would even go further by taking over many basic industries and trades. Mr. Ian Mikardo told the conference that the next Labour Government would expand the public sector of industry "far and fast". He said that the principle of nationalisation of banks and insurance companies had already been accepted. "We are not considering whether—only considering how to do it", said Mr. Mikardo.

One of the resolutions discussed at the conference called upon the next Labour Government to implement fully the Party's commitment to public ownership. It said that Labour should bring into public ownership "any industry which is essential to the national interest and initiate State industries at growth points of the economy". Among the industries proposed for nationalisation by several

speakers were banks, insurance, building societies, drugs, aircraft production, oil and ancillary industries. The arguments that were advanced in favour of extending the public sector in Britain were more or less on the lines advocated in India. It was pointed out, for instance, that it was only by greater and more effective State control that it would be possible to reduce inequalities in income and wealth. The fact was highlighted that 1 per cent of the population owned 43 per cent of the national wealth while 70 per cent owned only 2 per cent. The private sector of industry was "accused of putting financial fiddling ahead of efficiently organised production".

One speaker at the conference said that the best-paid man in a company today was not a production man but the man who could lay out the company's annual accounts to ensure the highest level of tax evasion. He added that the bright men of the present system were not producers, developers, or creators, but "the merger barons, the take-over merchants, the asset strippers—the people who organised deliberate redundancies". Another argument that was put forward in favour of nationalisation was that a large part of private industry was getting massive doles from the public purse by way of "fantastic grants",

subsidies, subventions, and tax reliefs. Mr. Harold Wilson, former Prime Minister, declared that it was necessary to take into public ownership all the land that was required in this century for urban development. But this alone would not be enough. He referred to "the racket" in agricultural land which enabled people to amass money. He explained that while the money going into capital could increase the supply of fixtures and equipment, and money going into jobs could increase the demand for labour, the money used to acquire land did not produce more land but only increased its price. Mr. Wilson was also emphatic about the nationalisation of mineral resources. "We cannot leave this to private enterprise", he said, and added, "for environmental considerations alone, we believe that the State, and only the State, should decide the balance between mineral development and the safeguarding of our national heritage".

As in India so also in Britain, the working of public-sector enterprises had revealed many gross deficiencies and anomalies and had created complicated problems in relation to various aspects of management. That was why public opinion supported the Conservative Government's decision to hive-off certain sectors of the publicly-owned industries. Nevertheless, the Labour Party wants to go ahead with schemes for further nationalisation. It remains to be seen to what extent the Labour Party's view on this subject would be backed by public opinion. In India also, there has recently been an increasing insistent demand from certain sections of public opinion for a vigorous policy of nationalisation of various trades and industries. The fact that the working of the public sector in India has, on the whole, resulted in large losses and has created an image of inefficiency has not deterred the leftists from persisting in making a demand for further nationalisation. What is surprising is that the Congress Party is also inclined to enlarge the rôle of the public sector rather indiscriminately. As the ruling Party, the Congress has certainly a responsibility to ensure that the existing industries in the public sector function at least with some reasonable efficiency before taking over more industries and trades. The resolution adopted recently by the Congress Working Committee on the economic policy deplores the administrative lethargy. It says that "a modern economy and an antiquated administrative structure go ill together" and that the procedures here are "anchored in an era of leisurely activity".

Yet the Congress seems determined to expand the public sector in a spectacular manner solely on ideological considerations.

In Britain, the administrative machinery is certainly far more competent than in India. Even so, it has not been easy to run the nationalised industries efficiently. Moreover, industrial relations have become greatly strained in Britain in recent years because of inflation and other causes. This is also affecting Britain's exports. Mr. John Heath, Britain's Counsellor (Commercial) in Bonn, recently wrote

Report on Currency and Finance

THE Reserve Bank's *Report on Currency and Finance* has always provided a study in depth of the performance of the economy during a year but what makes the latest one stand out is the admission of policy failure. The report for 1971-72 (July-June) will be found particularly useful because of the presentation of structural transformations that have occurred in recent years as an introduction to the changes during the year under review. The details of monetary and real changes have been fitted in a framework of aggregate savings and investment in the economy. A trend which can hardly be overlooked is the declining proportion of public investment financed by public savings, even though the Government has continued to increase the level of forced savings through taxation. As a result, additions to public investment outlay have come to depend more and more on drafts on household savings and the drafting is done mostly through the financial institutions, including the Reserve Bank. While the flow of household savings into the equity market is now very small, it has become almost extinct in the bond market. In both these markets institutions like the Industrial Development Bank of India, Life Insurance Corporation and the Unit Trust have become the principal operators. Private corporations are now depending more on conversion of reserves and investment by term-lending institutions for equity capital than on new household subscriptions.

Certain features of the tax structure have become distinct over the years. Direct taxes have not exhibited much income elasticity and increases in tax rates do not any longer

offer much scope for enlarging the yields. As for indirect taxes, the ease with which they are shifted makes them partly the instrument of cost-inflation. With the public-sector itself being a large consumer of goods and services, this has meant that the real transfer of resources to the public sector secured by additional commodity taxation has become smaller a unit of normal tax.

Total receipts of the Central and State Governments (revised estimates) rose by 15 per cent during the year, compared with 4.1 per cent in 1970-71; their development outlay increased by 17.4 per cent (against 14.3 per cent) and non-developmental outlay by 19.8 per cent (against 12.1 per cent). The combined overall budgetary deficits of Central and State Governments increased from the originally anticipated level of Rs. 387 crores to Rs. 631 crores (revised estimates).

Despite larger supplies of wage goods and slower additions to development expenditures than envisaged in the Fourth Plan, price increases could not be avoided, although they have been moderated very considerably. As a result of price and output increases, there has been a rapid enlargement of monetary resources in the economy. The increase in aggregate monetary resources in recent years has been faster than the rise in the net domestic product at current prices. The Reserve Bank report says that this is partly due to the lower income velocity of monetary resources. Money supply with the public rose by 13.6 per cent and aggregate monetary resources expanded by 16.2 per cent.

There has been an enlargement of agricultural incomes and perhaps an

increase in income inequalities in rural areas as a result of a shift in relative prices in favour of agricultural producers. The tendency of domestic prices to keep rising has reduced both the incentive effect of many export promotion measures and the deterrent effects of tariffs and other restrictions on imports. It is true that inflationary developments outside India have moderated somewhat the repercussions of domestic price increases on the balance-of-payments position, but as the R.B.I. report points out, the changes that have already occurred could accentuate the pressure on foreign exchange reserves as domestic investment picks up and competition from third countries becomes more intense in the export market. During 1971-72, exchange reserves increased by Rs. 59 crores to Rs. 846 crores.

The far-reaching political and economic changes during 1971-72 could have had a shattering impact on the internal and international balances of the Indian economy, but as things turned out, the economy continued to be in good shape until fairly recently. In the last few months only, some of the consequences of these changes were felt. *The Economic Survey for 1971-72* had placed the growth rate at 4 per cent in the national product, but subsequent developments, particularly the shortfall in foodgrains output, suggest that the actual growth rate was less. In spite of the setback, the Reserve Bank's provisional estimates show that during 1971-72 both domestic savings (10 per cent) and investment (11.5 per cent) constituted larger proportions of the net domestic product at market prices. The growth in public-sector Plan and non-Plan outlays and the unforeseen expenditure incurred by the Government in connection with the war with Pakistan necessitated an increase in budgetary deficits. Increases in Government expenditures are reflected in the rise in the aggregate monetary demand. Smaller increases in both agricultural and industrial sectors contributed to the deceleration in the growth of national product. The industrial growth rate declined further to 2.9 per cent in 1971 from 4.8 per cent in 1970 and 7.1 per cent in 1969. Against this general background, the Reserve Bank's credit policy was operated with two main objectives, namely, the maintenance of restraint on overall credit expansion by banks and provision of adequate credit for legitimate productive purposes in general and for priority and hitherto neglected sectors in particular.

CURRENT COMMENT

LLOYD'S REGISTER

Progress in Shipping

Mr. A. C. Grover, chairman of Lloyd's Register of Shipping, has once again reported record figures in the annual report for the year 1971. The total classed fleet now exceeds 77 million tons gross and last year there was a rise of 21 per cent in the gross tonnage of new ships classed by Lloyd's Register, bringing the figure to well over 6 million tons gross for the first time. There was also a rise, for the fourth successive year, in the tonnage of ships for which it approved plans, the final figure being 10,434,150 tons gross. The number of ships which this represents, 705, is greater than the figure for 1970 but less than that for 1969—an indication of growth in ship sizes in the last two years. In fact the average ship for which plans were approved has gone from 10,350 tons gross in 1968 to 14,772 tons gross in 1971, an increase of nearly 43 per cent in four years. A major contributory factor to this growth, is the development of the V.L.C.C.s for which 300,000 or 350,000 tons dw. is now not unusual. Other trends which emerge are the present eclipse of the standard "Liberty replacement" ship, the decline in demand for new ships, the increase in size and number of liquefied gas carriers, and the expansion in refrigeration, automation and containerisation. Alternating current is being adopted for virtually all new ships of any size.

The current indifference to "Liberty replacement" ships is more due to the lack of demand for dry cargo tonnage than to any aversion to standardisation, which is now being considered for vessels ranging from the smaller bulk carrier up to the tanker of 300,000 tons dw. Tanker building, on the other hand, is booming and there is practically no berth space for large tankers or O.B.O. ships before the end of 1975. Gas carriers share this popularity and those on order total more than 1.9 million tons. While a number of large container ships are under construction or on order, comparatively few new orders are being placed, and attention centres mainly on the building of small container vessels, the conversion of existing ships to carry containers and the growing use of refrigerated containers. This

last coincides with a strong demand for traditional refrigerated cargo ships and it seems there is room for both types in this expanding traffic. It is reported that 66 per cent of new ships classed by Lloyd's Register are automated, compared with 46 per cent only one year earlier.

AVIATION

New Association

Manufacturers and suppliers of specialised equipment to the aviation industry have formed an association to promote this nascent sector. Called Aviation Suppliers and Equipment Manufacturers' Association, it seeks to encourage co-operation among its members to ensure maximum self-reliance in respect of sophisticated items required by national and international airlines. A notable feature of this Association is that the users—the airlines, for instance—have also agreed to be associated with it. This joining of hands is the result of the conviction that India should attain maximum self-sufficiency in the shortest possible time in respect of aviation equipment. The move for import substitution in this field acquired greater urgency and momentum following difficulties experienced in the import of supplies during and after the last Indo-Pakistani conflict. The progress of import substitution since then was so heartening that the national airlines and leading manufacturers and suppliers of aviation equipment thought it logical to form an association to put the industry on an organised footing.

CHEMICALS

Seminar in Bombay

The All-India Manufacturers' Organisation, Bombay, is organising a two-day seminar on research and development in the chemical industry on 2nd and 3rd November, 1972, in Bombay. Mr. C. Subramaniam, Central Minister for Industrial Development, Science and Technology, will inaugurate the seminar. The Director Generals of the C.S.I.R., the D.G.T.D. and other Government departments concerned, leaders from the industry, directors of National Research Laboratories all over India and professors of universities and other educational institutions will take part in the semi-

nar. The main subjects to be discussed are: general aspects of R and D; R and D in National Research Laboratories, Government and public-sector undertakings; private-sector efforts; transfer of technology problems and promotional efforts.

POWER SHORTAGE

Gas Turbine Generators

To enable West Bengal to survive the deepening power crisis for the next 18 months or so till electricity from Santaldih becomes a reality, the Bengal Chamber of Commerce and Industry has strongly recommended the immediate installation of gas turbine generators, among other short-term and long-term measures. In a comprehensive memorandum submitted to the Government of West Bengal a few days ago, the Chamber has argued that the use of plant of this type, even if it may not lend itself to economic generation of power on a long-term basis, has immense possibilities when undertaken as part of the State's power development programme. What makes the proposition even more attractive, according to the memorandum, is that gas turbine generators with an aggregate capacity of about 40 mW can be eventually located in Haldia after use at a number of other places to meet localised deficits. Besides, for a minimum of four to five years after the commissioning of two 120 mW units at the Santaldih power station in 1973-74, there is to be no further increase in the State's conventional generation capability. The addition of a mere 240 mW of installed capacity in that year will hardly be adequate to cover West Bengal's power needs up to 1976-77, not to speak of the urgent and immediate need for additional capacity.

Mr. R. P. Patodia, chairman, Engineering Association of India (Eastern Region), in a Press statement issued a few days ago, has also expressed grave concern over the deteriorating power supply position in West Bengal. He stated that although the Government had finalised several measures to mitigate the difficulty arising out of power shortage, there was undue delay in their implementation. Industries, therefore, continued to suffer. Power was being cut off without any prior intimation, and the duration was also uncertain. The manhours lost was continuously increasing. In some units, load shedding is done up to three times a day during working hours. With these conditions factories were finding it difficult to main-

tain normal production. Mr. Patodia urged the Government to put into effect without delay the suggestions already finalised and approved by it.

EASTERN INDIA

Seminar on Entrepreneurship

A seminar on "Growth of Entrepreneurship in eastern India" is to be held under the joint auspices of the National Alliance of Young Entrepreneurs and the South Calcutta Jaycees on 28th and 29th October, in Calcutta. The Chief Ministers and other Ministers of all the States in eastern India, Mr. C. Subramaniam, Central Minister of Industrial Development, Mr. D. P. Dhar, Central Minister of Planning, Mr. Mohan Kumaramangalam, Central Minister of Steel and Mines and Professor Sidheshwar Prasad, Deputy Minister in the Central Ministry of Industrial Development, among others, have been invited to address the seminar. Several of them have already consented and the consents from others are expected.

MANAGEMENT

Information System

Addressing the annual general meeting of the Institute of Office Management in Calcutta a few days ago, Mr. K. Hartley, managing director, Indian Oxygen Ltd, said that the development of a sound and effective management information system on which successful management so largely depended was something that needed considerable effort and above all knowledge and expertise. The time, effort and the cost of developing such a system should not be considered a luxury. Even in terms of immediate returns on investment the outlay on the development of an effective management information system will yield returns in the shape of higher profitability, improved productivity and smoother internal functioning of the organisation.

In more industrially advanced countries large organisations are more and more making use of the computer to store and to process the information required. Even within this country, the use of the computer for storing, processing and retrieving information is gaining currency, particularly in large service organisations. However, management information systems need not necessarily be computer-based. Any scientific system which will achieve the objectives of making avail-

able the information required and making it available at the right time may be adequate for the organisation concerned even if it does not use sophisticated computers. But inevitably even medium scale organisations in relatively less developed countries like India will need some mechanical devices for the functioning of an efficient management information system. However, those organisations which do not use any data processing machine will nevertheless require the use of methods to ensure the proper flow of information to different levels of management.

TECHNOLOGY

An Important Seminar

The Government of India will hold an international seminar on technology transfer in Delhi in the middle of December with the assistance of the United Nations Industrial Development Organisation. The seminar would be organised by the Council of Scientific and Industrial Research (C.S.I.R.). Nearly 60 countries are expected to participate in the seminar. It will deal with transfer of technology from the advanced to the developing countries; in between the developing countries; and within the developing countries from research laboratories to industries. It will also discuss a number of industrial topics both in the sophisticated and traditional fields, such as fertilisers, steel, drugs and pharmaceuticals, instruments, textiles, leather and food industries.

ENGINEERING

International Convention

Announcing the programme of the international convention on engineering industries being organised by the Engineering Association of India on 23rd and 24th November in New Delhi, Mr. Strya Paul, chairman of the convention, stated in a Press statement issued a few days ago that the convention would be divided into three sessions dealing with (a) engineering industries in developing countries: 25 years of growth and experience; (b) engineering exports: perspective of growth; and (c) development through co-operation: scope for joint ventures and technical assistance. The object of the convention is to enable world business leaders to exchange views on matters of mutual interest relating to development of industries, growth of

trade and joint ventures. An assessment would be made of new opportunities for trade and industrial co-operation in the vital field of the engineering industry. A large number of representatives from both the developed and developing countries are expected to participate in the convention.

TRADE

U.S.-Soviet Accord

Ending a quarter of a century of virtual trade deadlock, the world's two largest economic powers—the United States and the Soviet Union—have signed a historic agreement that could triple their mutual trade in the next three years. They also signed on 18th October an agreement settling Moscow's old second World War lend-lease debt to the United States. This in turn opened the way for President Nixon to grant Government Export-Import Bank credits to firms doing business with the Soviet Union.

Mr. Nixon announced that he will ask Congress to reduce tariffs against Soviet goods on a most-favoured-nation basis. Some opposition has been expressed by several leading Senators who object to the Soviet emigration tax on Jews wishing to go to Israel. The Secretary of Commerce, Mr. Peter Peterson, told newsmen at a briefing that the U.S. Government will pursue "quiet diplomacy" between now and early next year, when the President will send his legislative proposal to Congress. Mr. Peterson also announced that the agreement opens the way to vastly increased trade between the two economic giants.

ELECTRONICS

Seminar in Calcutta

A seminar on electronics in West Bengal, jointly sponsored by the Development Committee for Electronics in West Bengal, the West Bengal Industrial Development Corporation Ltd and the West Bengal Small Industries Corporation, is going to be held on 16th November, 1972, in Calcutta. Professor M. G. K. Menon, chairman, Electronics Commission, will be the chief guest and principal speaker on the occasion. The object of the seminar is to chalk up a definite plan of action for West Bengal. It is being designed to provide the necessary impetus to the electronics industry in the State.

WORLD BANK

Two New Loans

India's capacity to meet the growing demand for transport services from an increasing domestic oil refinery capacity and rising consumption of refined petroleum products will be expanded with the help of a credit of \$83 million from the International Development Association (I.D.A.), an affiliate of the World Bank. The credit will enable India to buy four oil tankers, each of about 80,000 deadweight tons, for carrying crude from the Persian Gulf ports to feed the Haldia and Barauni refineries and two refined oil products tankers, each of 20,000 dwt, for the import, export and coastal distribution of refined petroleum products. The credit is the first direct lending by the Bank group for ocean-going ships in a developing country. The previous direct lending for ships by the Bank was in the Netherlands in 1948 during the post-war reconstruction phase of the Bank's work. The shipping industry in developing countries, however, has been indirectly assisted by Bank group commitments to development finance companies.

Simultaneously, a credit of \$75 million from the I.D.A., will enable

selected Indian industries to expand their production of fertilisers and capital goods essential for the development of key sectors of the economy—agriculture, electric power and transport. The credit will meet 29 per cent of the industries' foreign exchange requirements of about \$258 million during 1972-73 for imports of raw materials, components and spare parts. The following industries were selected because of their priority in India's economic development: tractors and power tillers, fertilisers, pesticides, electric motors, transformers, switch gear, aluminium smelting, commercial vehicles, automotive ancillaries, machine tools and abrasives, and ball and roller bearings. The beneficiary industries employ about 350,000 persons and in 1971 they exported goods valued at about \$60 million.

SMALL LOANS

Liberal Guarantee Scheme

The Credit Guarantee Corporation of India (Small Loans) Guarantee Scheme has been liberalised further with effect from 1st October, 1972, in respect of transport operators and farmers and agriculturists. Credit facilities granted for repairs and renovation of vehicles (including body build-

ing and replacement of parts) and for working capital requirements will also be eligible for the guarantee; at present, only credit facilities granted for the purchase of a vehicle are eligible. The total amount of credit facilities to an operator should not, however, exceed Rs. 1,00,000.

Credit facilities not only to individual farmers and agriculturists but also to joint Hindu families and groups or associations (not being companies or co-operative societies), every member of which is jointly and severally responsible to the credit institution in respect of the entire amount of the credit facility, will be eligible. Credit facilities granted for two farming activities (instead of one) will also be entitled to the guarantee. The liability of the Corporation will be up to 75 per cent of the total amount of the loss, subject to a maximum of Rs. 37,500 or the aggregate of the individual ceilings prescribed in respect of the two activities, whichever is lower.

RAILWAYS

Joint Forum

The Railway Board has decided to set up a joint forum to enable the free flow and exchange of ideas on the running and shaping of the enterprise of railways. To be known as the Corporate Enterprise Group of Management and Labour (C.E.G.), the forum will consist of the chairman, members and additional members of the Railway Board, secretary of the Board and three representatives from each of the two labour federations. The workers will be represented by the president and general secretary of each federation and one member to be nominated by each of the federations. The Corporate Enterprise Group will evaluate the functioning of the railways. It will exchange data and ideas on ways and means of improving the efficiency and viability of the railways.

MONEY MARKET

Easier Trend

The short-term money market has been easier this past week. Borrowers have been scarce and the demand for funds has been poor. The call rate quoted initially at 3½ per cent, and it has come down to 3 per cent towards the close. The market has closed squarish. The demand for remittances has been moderate. The supply of tea and gunny bills has also been moderate. The pound-sterling has weakened against most major foreign currencies during the week.

A Ditcher's Diary

WILL A VIETNAM CEASE-FIRE BE announced before the American Presidential election on 7th November? Past experience tends to make one sceptical about predictions, but the latest reports about some kind of understanding between Washington and Hanoi do not seem entirely speculative. The area of understanding could still be limited; there could still be several unresolved questions but a basis for serious negotiation emerged with the communist proposal for a three-segment interim Government. The communists may have made one or two further concessions since the proposal was first made. In any case, Dr. Kissinger clearly had a possible settlement in mind when he went to Saigon. If Hanoi and Washington were agreed, the concurrence of the South Vietnamese communists could be taken for granted—if only because Hanoi could not have agreed to anything without the consent of the comrades in the south. But, by all accounts, President Thieu suddenly discovered that he had an independent rôle to play. He knows that this is an illusion; what he has really discovered is that he will have no rôle to play if the Americans leave. It is rather late for him to tell the South Vietnamese Press not to distinguish between the North Vietnamese and the Vietcong. Air Marshal Ky had a more interesting formulation. He once said that while the Vietcong was a reality, it was not an entity. To explain, he added that a wife

was an entity but a girl friend was a reality. But Messrs Thieu and Ky ought also to know that a reality does not take long to become an entity; the distinction, even in their own semantics, should have ceased when their representatives agreed to sit at the same negotiating table with the National Liberation Front delegates in Paris. The N.L.F. delegation is no more—or, if one insists, no less—a part of the North Vietnamese team than the Saigon delegation is a part of the American. But these arguments are now purely academic. President Nixon knows this; so does Dr. Kissinger. The question is whether they are ready to accept the consequences that flow from the South Vietnamese reality, and make Mr. Thieu and his men accept them as well. If Mr. Nixon can end the Vietnam war before or immediately after the November election, he may be forgiven for much he has done—in Vietnam itself and elsewhere. Much will at least be forgotten, except of course by the Vietnamese themselves. It is too late in the day to pronounce on the merits of the conflict; what matters now is that the fighting must end. And the Americans cannot end it by staying on in Vietnam or anywhere else in Indo-China.

IT IS PROFOUNDLY DISTURBING TO think how things have changed since Bangladesh was born less than a year ago. Around this time last year,

everybody in that suffering land was waiting for India to act; the millions who had migrated to this country were wondering what Mrs. Gandhi would do in the face of increasing Pakistani belligerency and the world's inaction. At the end of the war in December it seemed that nothing could ever divide the peoples of India and Bangladesh; the expressions of Bangladeshi gratitude were often embarrassing, not the least because even the most effusive seemed wholly sincere. Who could have imagined that anti-Indian slogans would be raised within a few months? Who could have imagined that communal disturbances would occur in less than a year? I have always been inclined to distrust euphoric notions about the future of Indo-Bangladeshi relations. Even so, I never thought that the fund of goodwill would be so severely depleted so soon. When I visited Dacca a few months ago I saw several manifestations of anti-Indian feeling, but this I ascribed to certain temporary factors and to a defensive psychological reaction to the help received from a powerful neighbour. While I did not expect the "bhai-bhai" euphoria to be revived, I did hope that some of the prevailing misunderstanding would be removed and the relations would find a stable basis in common interests. But evidently things have gone from bad to worse; unfounded suspicions have found their confirmation in deep-seated prejudice; frustration and discontent have found a focus in a mythical external monster. This may sound unduly pessimistic; but optimism is not easily sustained by the reports of intense and widespread anti-Indian feeling I have late-

POPULARITY OF TEA IN FRANCE

A CORRESPONDENT writes in Current Coin: Tea-drinking is becoming more and more popular in France and it is marvellous the change that has come over the working man in abandoning the liquor on which he had practically been weaned for the "cup that cheers". In some parts of France, notably in Brittany, cider is the drink of the labouring classes, and being so cheap, a large sized bottle (a litre) containing more than a quart in English measure, costing only a couple of sous, every working man carries a bottle to work with him. In other parts a cheap red wine is equally favoured. Within the last few years, however, tea is to a large extent replacing the national drinks and the only reason why it is not more universally favoured is be-

cause of its cost. It is much cheaper in France to drink liquor than tea, which is retailed at the prohibitive price of four to five francs a lb. The duty on tea in France comes to about a rupee a lb. or a franc and a half, so that the grocer who retails tea makes an enormous profit on the cheap stuff that he gets five francs or over Rs. 3 a lb. A tea planter who has just returned after a long holiday in France was so struck with these facts that he has made arrangements to ship a good quality of tea to Brittany and retail it there at less than the local grocer charges for a much inferior stuff. He is convinced that there is a large field open to any firm that goes in for this trade on a large scale with the increasing popularity of tea in France.

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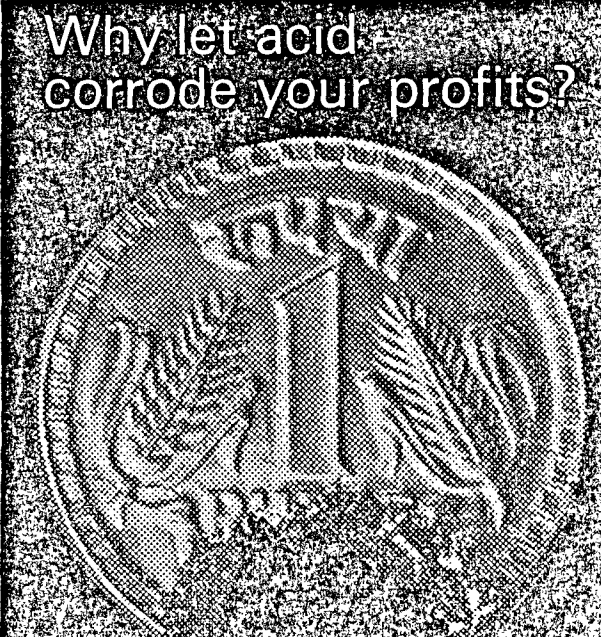
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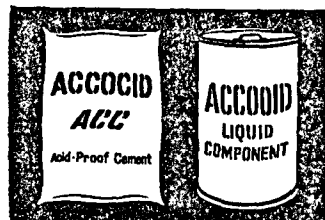


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ly received from several dependable sources. Some of the evidence is public. Border trade has been suspended and other trade is apparently suspect. Ordinarily people in Bangladesh are hardly to blame if they become angry when a saree which costs Rs. 6 in India is sold for Rs. 26 in Bangladesh. They do not know that India sold it for no more than Rs. 6; they are not in a position to find out how the price is increased more than four times by commercial interests in Bangladesh aided and abetted by corrupt politicians and obliging, and possibly also venal, officials. The Indian authorities have gained nothing from their policy of not doing or saying anything that might embarrass the Bangladesh Government or the ruling Awami League. It cannot be in India's interest to strengthen forces which are opposed not only to the present regime in Bangladesh but also to India's friendly rôle; yet silence has often helped these forces to hold India responsible for the failings of the Sheikh's Government and Party.

BRITAIN'S CONSERVATIVES MADE much of the two-to-one victory over Mr. Enoch Powell's racial policies they achieved at their annual Party conference recently. The subsequent trumpeting seemed to indicate that from now on we can all regard Mr. Powell as a political has been. But in fact, one gathers, all the evidence points the other way. It seems the voting went against Mr. Powell mainly for two reasons. One was that the organisers contrived to defeat him at precisely the point he is most vulnerable, namely, the question of Britain admitting the Uganda Asians. Few people, whether in the Conservative Party or not, really believe Britain has no responsibility towards these people, and scarcely anybody is interested in the legal question, which Mr. Powell claims does not involve any automatic liability arising from the possession of a British passport. So it was not difficult for the Government to secure a confidence vote on this issue. The second reason was that Conservatives are traditionally loyal to the leadership, at any rate when the public is watching. Thus a large proportion of the votes cast against Mr. Powell were an expression of disapproval at the way he has been openly attacking the Party's leaders, more especially Mr. Heath. But the support accorded the Prime Minister was clearly intended to be dependent on his being able to show

more success with the policies he is now professing—new ones let it be noted, because with the possible exception of joining Europe, he has completely reversed about every one of the policies on which he won the 1970 election. The most important of these fresh initiatives, at the moment, are concerned with Ulster and inflation, especially the latter.

THE RECENT REFERENDUM DECISION in Norway not to join the European Community after all was promptly and joyfully heralded by anti-Marketters both in Britain and Denmark as the ultimate justification for consulting the democratic wishes of the people in such weighty matters. Oddly enough, you might feel, there was no similar enthusiasm expressed about the overwhelmingly favourable vote registered by the Irish Republic in its referendum a few months previously. But such quibbles apart, it must surely be seen that if the Norwegian decision did in fact prove anything at all about the referendum principle, it was that such expedients are wholly inappropriate for settling questions of this importance. For one thing, the margin against was narrow enough to raise serious doubts as to what the verdict might have been had different wording been used to phrase the proposition. Most people interpret a decision not to do something as being in favour of maintaining the *status quo*. But would the Norwegian dissidents have taken quite such a complacent view if it had been put to them exactly what they stand to lose by remaining outside the Community? The Oslo Government had a more balanced picture, and that was doubtless

why it favoured entry. Moreover, the opposition appears to have come overwhelmingly from the Norwegian countryside and the more remote regions to the north. Without entering any plea for the superior wisdom of town-dwellers, it is easy to see that whereas the more sophisticated sectors of Norwegian society, including the business circles, were in favour of joining Europe, it was the more conservative and traditional, not to say reactionary, elements, whose voice finally counted.

THE SOLEMNITY WITH WHICH delegates to the United Nations have been discussing a draft treaty on the moon might suggest that man's time is up on this earth. Speaking for India, Mr. K. C. Pant has proposed that the moon's resources should be declared part of "the common heritage of mankind". As a spectacle that affects different people in different ways, the moon has always been a part of this heritage. What other inheritance can we think of? A lunar settlement might be theoretically possible, but in practical terms it would be sheer lunacy. Besides, even in moments when this earth of ours seems totally unbearable, I am not tempted to migrate to the moon. In fact, even the idea of a short visit does not attract me. And floating in space is not my idea of fun. Even the space people are beginning to feel that they could do with a little more on-flight fun, particularly if they have to spend months or years inside a sealed cabin surrounded by nothing at all. About a month ago came the first hint that love in space might cease to be a bizarre dream. At a conference on space medicine

held in Nice, Dr. Charles Berry, the life sciences director of the U.S. space administration, expressed concern over the psychological effects of a long space journey, say, of a year or more, and said that lack of normal sexual activity might cause a serious build-up of tension, with unsettling effects. He thought that for manned missions to Mars or beyond, "mixed crews must be seriously considered". But he added that the women members must be fully qualified and operating astronauts. Whether women astronauts are the most pleasing female company is perhaps arguable, but a man in space cannot expect much choice. There is also the question of weightlessness in space, which may not be among the ideal conditions for love-making. Perhaps it might be possible to create artificial gravity inside a mating chamber within the spaceship; but the delights seem highly problematical. Yet the novelty itself could be a source of additional pleasure; there's no knowing people's tastes in these matters. Anyway, the idea is interesting, to say the least. There is already some speculation that the first astro-romance might be between an American and a Russian. There are at present no women astronauts in the U.S.A., while several female cosmonauts have been trained in Russia. But the Russians have not yet said that they approve of Dr. Berry's idea of sex in space. Asked to comment, Professor Oleg Gazenko, director of the bio-medical institute in Moscow, said: "A mere man would be advised to obtain the woman's point of view before pronouncing on such a subject".

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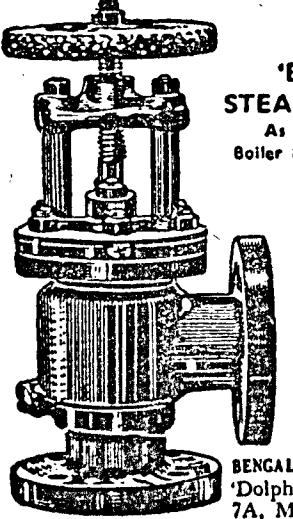


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Role of the Generalist and the Specialist in Indian Management

By V. S. Bhatia

For many years it was accepted as a gospel truth in India that learning a craft makes a man unfit for learning anything else. But experienced managers today hold that the rôles of experts and generalists are interlocked.

THIS column has attracted contributions from those experienced in the art and science of management, including professionals. The bulk of contributions over the last two years was from senior operators on specific rôles of different types of managers, in terms of functions and business operations. The context was invariably foreign, although valuable points were made that are of fundamental importance to any country in today's industrial age. Time and again, the authors emphasised the need to harmonise modern management practices with the dynamics of the Indian situation. Admittedly, this is no easy task, for the Indian management scene is not clearly defined and gives the impression of a confused outlook. Local pulls and pushes, political and economic, tend to take a toll of policies applied in the West. Through no fault of theirs, practising managers in India are yet to establish norms of management behaviour to fit in with the moving situation in business, as administered today in the private and public sectors of the Indian economy. The credibility gap is thus obvious; there is not enough actual application. There is not much debate either on controversial issues. These have been avoided in this column also, although controversy often helps in

building a sound and purposeful background.

Specialist or Generalist

Departing from the general run, it might be useful to select for discussion some aspects of the "new times" in relation to the future. One such area is the relative rôle of a specialist and/or a generalist in management in the situation likely to develop in India. Managers, in the middle sector, i.e., those having five to ten years experience in industry and commerce would perhaps like to know to what extent business administration is a specialised function. How does specialisation arise, and whether it springs from experience alone or from training? As to experience what does it actually mean in practical terms—ten years in one place, or one year each in ten places? What is the worth of job hopping—does this make a specialist or an experienced generalist? How does one rate the performance in finance, sale, purchase or production? Is co-ordination of all these sectional responsibilities the job of a generalist or that of a specialist? A repetitive successful policy-maker can establish the reputation of being an expert, even though a generalist.

Embedded in all the above questions is the need to define what makes an expert, and what is his rôle in the changing Indian economic scene. For many years, it was accepted as a gospel truth in India that learning a craft (including that of Governmental administration) makes a man unfit for learning anything else and this permeated even the thinking of top administrators. It was assumed that there was only one way of doing a job, and nobody could tell the skilled operator that the same way might be the right way to do some other job, let alone there might be other ways of doing any job. In today's situation, it is established beyond doubt by management people that even the most difficult skills can be acquired if taught through programmes and systems.

Knowledge based skills often change, and a really alert manager can be got at through constant training only, right from the day of joining to the day of retirement. Against this background, the rôle of Indian management would assume an entirely different shape, colour and prospect for the future.

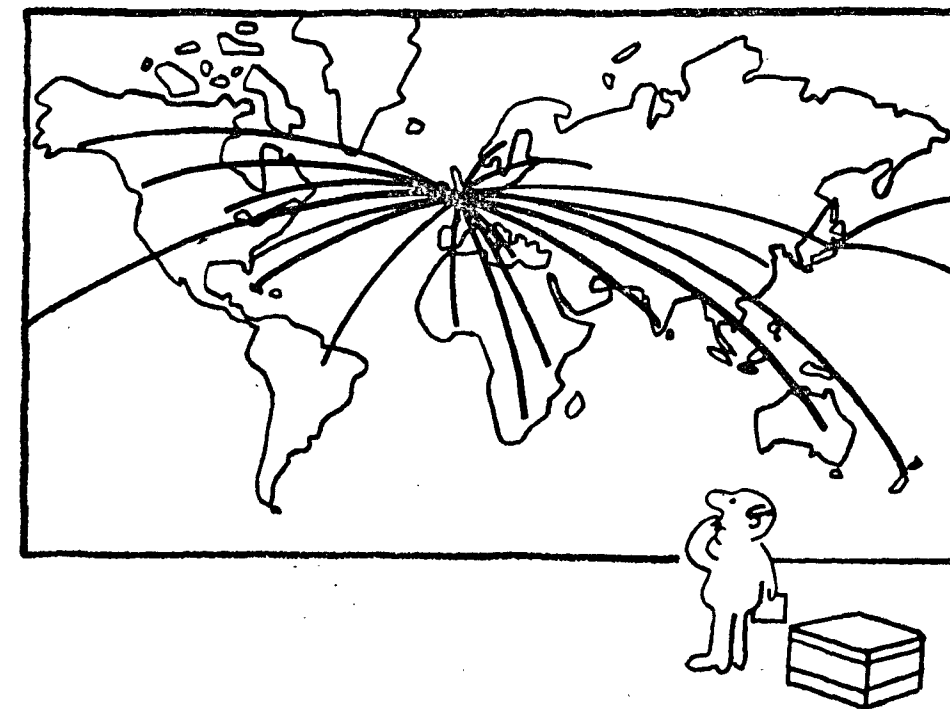
Roles Interlocked

Experienced managers today hold that the rôles of experts and generalists are now interlocked; a generalist after a series of runs in different areas builds within himself a specialist core and can become a better generalist, whereas experts are those who have picked up sufficient knowledge and experience of a job or jobs to be able to project that experience for application at other jobs, and compete for a dual rôle of specialist and generalist. This is how management has progressed elsewhere, sometimes in concentric circles. Regrettably, little debate on this subject is encountered in the peculiarly Indian context.

The air is thick with reports about Government's future policy to bear on business and industry, concerning production, distribution and pricing, not to speak of the much-talked-about implication of the joint sector, and acquisition of a share in management of private industry. This sort of situation must be quite novel for the founding fathers of management in India, when there is little comparison offering with other developed economies. The situation is also not helped by ministerial pronouncements. Recently, a senior Cabinet Minister of the Government of India appealed to students at one of the management institutes not to be satisfied with the easy money available by peddling consumer goods, but asked them to prepare themselves to work for the challenge of it for public-sector firms. It is forgotten that even consumer goods would be made by public-sector firms which must compete with private-sector salesmanship, in order to show profit. The homily is, therefore, not understood. Agreed that the future of management in India would depend very much on the complexion of political events, but this does not do away with the need for exchange of ideas for the future. All these are pertinent points, especially for middle managers who will have to bear the brunt of tomorrow's economic activity, and therefore deserve detailed discussion.

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India's Growing Burden of Foreign Debt Servicing: Need for Relief

By Subhash J. Rele

Debt servicing is imposing a heavy burden on India. What the country needs is a drastic reduction of the burden which can be done through a larger measure of debt relief.

LARGELY due to the rising burden of repayment, the actual contribution of foreign aid to the financing of economic development has been markedly reduced in recent years. More than one-third of the foreign loans received are spent on interest and repayment charges. In fact, debt servicing has led to further debts. India has reached a stage where it has to seek foreign loans from the western countries in order to make interest payments. Debt servicing increased sharply from Rs. 238 crores in the First Plan to Rs. 119.4 crores in the Second Plan and further to Rs. 542.6 crores in the Third Plan. In 1966-67, the burden of debt servicing was Rs. 274.5 crores and it has since been increasing year after year. In 1970-71, the burden was higher at Rs. 450 crores and will continue to be at that level in 1971-72 also. The peak will be reached in 1972-73 and 1973-74 and roughly 30 per cent of the country's annual export earnings will be used towards the servicing of past debt obligations. Taking debt servicing into account, the net flow of assistance into the economy has declined from Rs. 863 crores (the peak level since 1961-62) in 1967-68 to Rs. 341 crores in 1970-71 and was expected to decline to Rs. 328 crores in 1971-72.

The debt service ratio, that is, the ratio of debt service to foreign exchange earnings, which was about 5 per cent in 1960 shot up to 16.5 per cent in 1965, 19.8 per cent in 1966, 22.6 per cent in 1967, 20 per cent in 1968 and 22 per cent in 1970. Currently, India is devoting more than 4 per cent of the national income for debt servicing. Mr. Lester Pearson in his report has described the rise in debt and debt service payment of developing countries in the last 15 years as "explosive". He feels that this can jeopardise the development process if developing nations fail to take proper action at

the earliest. But India's policy-makers seem to have hardly bothered to take heed of this warning.

The *Economic Survey* for 1971-72 points out that the debt servicing burden will be as much as 28 per cent of the country's exports and 55 per cent of new aid commitments. India is now faced with interest and principal costs of about \$600 million a year payable in foreign exchange. Thus, a significant share of future Indian income and product, saving and export proceeds that could be more beneficially devoted to domestic development will have to be diverted instead to paying interest and principal as outstanding obligations. According to the mid-term appraisal of the Fourth Plan, total external payments requirements in 1973-74 have been projected at Rs. 2,913 crores as against non-aid foreign exchange receipts of Rs. 1,907 crores. This leaves a gap in foreign exchange requirements of Rs. 1,000 crores.

Most of the assistance received by India has been in the form of interest-bearing loans, only a fraction being in the form of outright grants. The share of grants in overall external assistance fell sharply after the First Plan period and in recent years, has dwindled down to just 5 per cent. Aid does not carry generous terms. For nearly half of the country's loans, interest rates are high and the loans have short maturity periods. The poser is: can India afford the high cost of aid? The amount of interest payable on foreign loans during 1972-73 is estimated at Rs. 168 crores. The burden of debt servicing has been accentuated by contributory factors such as the decline in the proportion of grant to total aid and the increase in tied loans. The burden of debt has vitiated the whole purpose of aid. There is no justification whatsoever for tied aid by countries which do not face balance of payment difficulties.

The Government feels that the present form of debt relief given by the foreign creditors offers no solution to

the problem of ever-rising debt obligations. It is pointed out that the debt relief, in effect, does not amount to rescheduling of debts. The current practice of Aid India Club countries is to allow a portion of their new aid commitments to be utilised for repayment of debts. In its latest report, the World Bank has recommended these countries to allow \$200 million a year of new aid commitments to be treated as "debt relief". The *Approach to the Fifth Plan* document says: "The objective of bringing down net aid to zero implies that gross aid will be required only to the extent of repayments of principal and interest. To the extent that debt rescheduling is available, the requirements of other gross aid can be reduced. Where debt repayments have to be met from free foreign exchange debt relief is in fact equivalent to untied aid. It is necessary to emphasise debt relief more and more as a preferred form of assistance".

What the country needs is considerable lessening of its debt servicing burden, which can be effectively done by affording it a larger measure of debt relief rather than by providing a larger quantum of aid. The following table gives the total amount of debt relief provided during the last few years by the Aid India Club.

TABLE

Year	Million Dollars	Million Rupees
1966-67	34.39	257.9
1967-68	63.20	474.0
1968-69	101.26	759.5
1969-70	124.98	937.3
1969-70	323.83	2,428.7

Source: Government of India, Ministry of Finance.

On the basis of the study of debt relief by the World Bank, the members of the Club provided debt relief for an amount of over \$300 million during the last three years, 1968-69, 1969-70 and 1970-71. The Aid-India Club has in its last meeting in June agreed to the World Bank's estimates of India's needs for 1972-73—\$700 million as non-project aid (including \$200 million in debt rescheduling) and \$500 million as project aid. Experience often shows that actual disbursement of aid falls short of commitment. The question is: how much of this aid will materialise?

It is estimated that in future more than one-fourth of India's export

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earnings will have to be set aside for debt servicing. With the rising trend of debt servicing cost, one wonders if any marginal increase in exports would be of much avail. The country's external debt liability has increased by 84 per cent whereas its exports have increased only by 14

per cent during the last five years. On India's part it must be said that not enough effort is being made to explore the possibility of repayment through exports. There is a case for a lower rate of interest on loans, longer repayment periods and re-scheduling of debt repayments.

a way as to encourage and facilitate smuggling on a large scale. Consider, for instance, the list of commodities that were permitted to be exchanged in the "Rest of Bangladesh and Rest of West Bengal sector", as given in the adjoining Table.

It will be seen that the items that were allowed to be exchanged were these mostly required for the daily use of the common people. But the quantities were indicated in very vague terms. Many commodities, for example, could be carried on "head loads", "boat loads", "cart loads" and "raft loads". Such loose definitions obviously gave scope for smuggling and other malpractices. Schedule B laid down the procedure for persons to cross the border. It said: "Every person holding such a special permit may carry across the border in each sector only such goods and commodities and in such quantities as are specified, in the annexure to this schedule and for this purpose, may cross the border only once a day in each direction on any two specified days of a week and only through such routes as may be authorised in this behalf. If market conditions in a locality justify relaxation of the number of days in a week on which persons holding special permits may cross the border in that locality, the additional days shall be mutually agreed between the concerned competent authorities in the two countries".

The carriage of goods across the border was exempt from import, export, and exchange control restrictions and also Customs formalities. Each person was allowed to carry in cash a sum not exceeding Rs. 100 in Bangladesh or Indian currency when crossing the border from either country into the other. The above provisions do not seem to have been properly implemented. The officials entrusted with the execution of the border trade agreement were given wide discretion but they did not exercise effective vigilance to prevent smuggling and other irregularities.

There is no doubt that the suspension of the border trade is bound to cause hardship to the people living in the border areas. When the agreement was signed in New Delhi on 28th March, 1972, Mr. L. N. Mishra, Central Minister for Foreign Trade, said that the agreement was being dedicated to the common people of both the countries. But the common people have so far derived little benefit from this agreement.

Dacca and New Delhi should ponder carefully as to what exactly has

gone wrong in the past six months in the implementation of the agreement not merely with reference to the border trade but in other respects also. The agreement expressed the view that the objective of benefiting the common people "can be best secured by organising trade between

the countries on a State-to-State basis as far as possible". State trading obviously has failed to deliver the goods to the common people. But will New Delhi and Dacca be prepared to admit this frankly and agree to make suitable changes in the trading strategy?

whatsoever. Economic policy is so directed as to provide both managerial freedom and operational infrastructure to the maximum extent possible so that the total pool of activity concentrates towards securing an actual growth of the economy. Unless a chain of new investments is made and the existing investments allowed to proliferate, the momentum of growth cannot be sustained with the result that stagnation soon overtakes the economy and does not allow it either to expand or diversify. Various experiments and combinations apart, unless this basic principle is followed, any attempt to circumvent the normal process of growth is bound to make the economy founder on the rocks of its own premises.

Much the same thing happens in India today. The industrial landscape, as it appears after a quarter century of planning, does not hold any significant promise of making up the loss, far from materialising any plan for economic growth. The industrial policy which originally stipulated a mixed economy, has of late developed a marked bias towards broadening the scope for the public sector and throttling the growth of the private-

Need for Pragmatism in Promoting Rapid Industrial Growth

By Amar Nath Dutta

In order to avoid the pitfalls of the past, the Government should pursue a pragmatic industrial policy. What it should remember is that in the present circumstances, no strategy other than a realistic one can promote industrial growth.

THE question of changing the Industrial Policy Resolution of 1956 came up at the recent Ahmedabad session of the All India Congress Committee. But the detailed deliberations could do little to indicate what exactly the Government has in mind on this issue. The Central Planning Minister, Mr. D. P. Dhar, spoke against any need to change the resolution; the idea of a mixed economy as conceived by Mr. Jawaharlal Nehru and embodied in the 1956 document still held good. On the other hand, Mr. C. Subramaniam, Central Minister for Industrial Development, who has been speaking for some time of the necessity of amending the policy, reiterated the plea at the conference. Evidently, they were not speaking on the same wavelength, although Mr. Subramaniam loudly denied that there was any difference of opinion between him and Mr. Dhar on this issue. The same vagueness came to the surface also on the question of the much-talked-about joint sector. Mr. Dhar said that the Government has not yet accepted the joint sector as an instrument of policy.

The twin evils of inflation and unemployment have plagued the country's economy for more than a decade. Inflation has already eroded the value of the currency by as much as 42.4 per cent during the last 20 years. The wholesale price index has kept on leap-frogging, particularly during the last two years. The annual increase registered a new high of 8 per cent in the current financial year (up to 9th September), compared with 4 per cent in the last year with 1970-71

as the index. Food and raw material prices continue shooting upwards indicating a similar rise, if not more, in industrial cost. Whether such a rise is due to heavier doses of deficit financing or a failure of monsoons or a decline in labour productivity remains a moot point. But the down-to-earth truth is that inflation has become a serious problem to reckon with; its unbridled growth will not only aggravate social discontent but also largely depreciate the value of planned investments over a long span of time.

If inflation is the direct offshoot of a shortage economy, the other and the more baffling problem lies with unemployment. Economic planning in this country started with creating more employment as one of its major premises, but consistently failed to reach anywhere near the prescribed targets. On analysing the spread of unemployment overtaking the last two decades, it is found that the backlog of unemployed far surpassed the new entrants in the employment market and this process repeated itself with a growing momentum. Thus with more than 20 million jobless people in the country today, including educated unemployed, the policy-makers are now finding themselves unable to come out with any strategy that could effectively cope with this gigantic problem.

The clue that leads to a better understanding of the related problems of inflation and unemployment lies in a common concept of optimum utilisation of capacity in the economy. The optimum concept is again based both on the most favourable product-mix on the one hand and a liberal, very often a persuasive approach on the part of the Government, on the other. What is implied here is that the Government would always see to it that there is no wastage in the economy in any form

Suspending Border Trade between India and Bangladesh

(By a Special Correspondent)

The suspension of India-Bangladesh border trade has come hardly as a surprise to many people. In a larger perspective, the move seems to suggest that State trading between the two countries has failed to deliver the goods to the common man.

THE suspension of the border trade between Bangladesh and India has come hardly as a surprise to those who have been closely watching the implementation of the trade agreement between the two countries. In fact, the agreement itself provides for the suspension of the border trade in certain circumstances. Schedule B to the agreement, which relates to provisions for the border trade, says: "These arrangements shall be subject to review after a period of six months to consider whether they should be extended or amended in any way. If, even before the expiry of this period of six months, either country feels the need to withdraw or

modify the facilities under this agreement, it would enter into immediate consultations with the other country, taking such measures as it may consider necessary".

The agreement provides for the border trade in six sectors as follows: (1) Mizoram-Chittagong Hill Tracts sector; (2) Khasi Jaintia and Garo Hills-Sylhet Mymensingh sector; (3) Cachar-Sylhet sector; (4) Tripura-Bangladesh sector; (5) Rangpur (Bangladesh)-Assam (bordering district) Cooch-Bihar Jalpaiguri (West Bengal) sector, and (6) rest of Bangladesh—rest of West Bengal sector. The facilities for border trade were available only to persons living in areas, other than municipal areas, within 16 kilometres of the land Customs frontiers and holding special permits issued by their respective competent authority.

The provisions in the agreement were unfortunately laid down in such

TABLE
REST OF BANGLADESH—REST OF WEST BENGAL SECTOR

Export from West Bengal to Bangladesh		Export from Bangladesh to West Bengal	
Name of commodities	Quantities allowed to be carried	Name of commodities	Quantities allowed to be carried
1. Fresh fruits	Head load	1. Fish	Head load
2. Vegetables	"	2. Poultry and eggs	"
3. Spices	2 kilograms	3. Coconuts	"
4. Milk and milk products	Head load	4. Spices	2 kilograms
5. Gram and pulses	"	5. Betel leaves	Head load
6. Gur	"	6. Fodder/cattle	"
7. Firewood	Boat, raft or cart load	7. Galpatta	"
8. Bamboo	"	8. Chhana and sweet-meats	"
9. Thatching grass	"	9. Fresh fruits	"
10. Simul cotton	Head load	10. Vegetables	"
11. Mustard oil	1 kilogram	11. Hogla leaves	"
12. Mustard seed/rape seed	Head load	12. Firewood	"
13. Coconut oil	1 kilogram	13. Broomsticks	"
		14. Simul cotton	"
		15. Gur	"
		16. Bamboo	Boat, raft or cart load
		17. Thatching grass	"

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sector enterprise. The result has been distressing indeed. The balance-sheet of most of the public-sector units today is dipped in the red with little prospect of early recovery. On the other hand, the Government seems to be indulging in a reckless venture of frequent take-overs and well without notice of the existing undertakings. Now that the problem has grown more acute and made planning policies more vulnerable to doubts, the Government is having fresh thoughts on bringing out another industrial policy.

The impediments for the existing industrial units are many and varied. An operational infrastructure is singularly lacking which could have been most effective in delivering the goods. An equally serious problem is the negative industrial policy which does not in any way help industries to do their bit in this critical hour. The maze of restrictions and controls over the licensing of new units and expansion of the existing ones, restriction on profits and dividends, withdrawal of development rebates and an acute dearth of financial assistance have all put the corporate enterprise to a quandary. Again, the policy of conversion of loans into equity is another way of securing a compulsory control over the existing management in that it makes representation of the Government on the board of directors mandatory with every loan exceeding Rs. 25 lakhs. Even this would not have fettered the existing management had it not synchronised with the Government directing the day-to-day administration.

In fact, such odds are so commonplace as do not also escape the notice of the Government. Thus with a view to avoiding the pitfalls of its own policy the Government now seems inclined towards having a new idea, the joint sector approach, which seeks to combine the professional expertise of the private sector with the financial facilities of the public sector. But the official policies continue to be vague enough on many issues like "dominant undertakings", "large industrial houses", "normal expansion", "joint-sector participation", and "minimum economic level". Also the Government's policy of exclusive reservation of some areas for small industries seems to be a wrong approach because in countries like Japan and West Germany where small industries flourish no restrictions are imposed on the large ones.

Some Crucial Issues Before Mrs. Gandhi

(From Our New Delhi Correspondent)

Mrs. Gandhi's visit to Darjeeling has been described as a working holiday. This is because she is expected to utilise this opportunity to take decisions on several outstanding issues.

THE Prime Minister, Mrs. Indira Gandhi, has been away from the capital for a week, of which five days are to be spent in Darjeeling. This period of absence from New Delhi will give Mrs. Gandhi an opportunity to examine in a calm atmosphere the many political, economic and administrative problems that have been held up for decision for long. These include the proposed reorganisation of the Congress Party (as indicated by her at the A.I.C.C.'s Gandhinagar session), the formulation of the strategy for the Fifth Plan in the light of the A.I.C.C. economic resolution, and the baffling personnel problem to man several gubernatorial, diplomatic and key administrative posts that have or are due to fall vacant in the wake of the impending retirement of many I.C.S. officials. Mrs. Gandhi's stay in Darjeeling has been described in official circles as a "working holiday". The Prime Minister's Principal Secretary, Mr. P. N. Haksar, has accompanied her to Darjeeling to be available for consultations on the crucial questions.

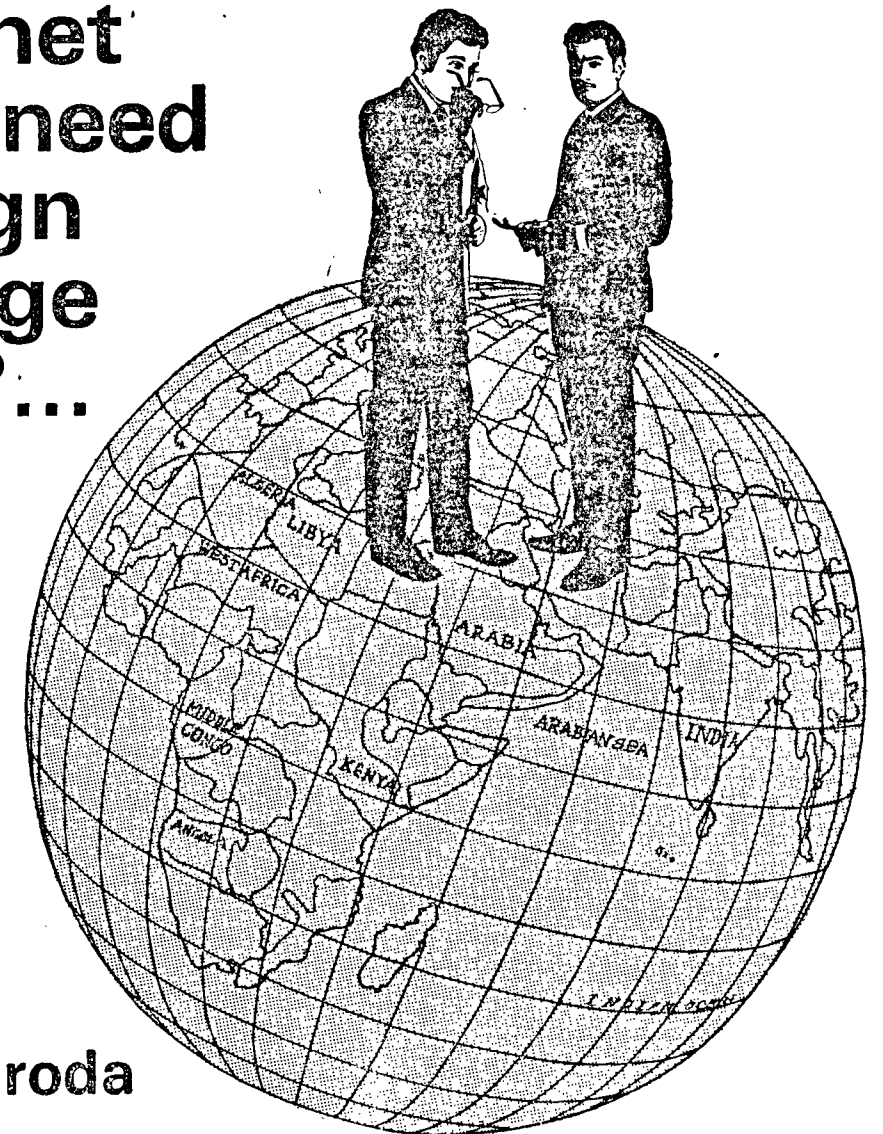
Each one of the pending issues is urgent. For instance, the appointment of Governors cannot be delayed since Uttar Pradesh and Orissa are having their Chief Justices as acting Governors while those in Kerala, Haryana and Jammu and Kashmir are due to retire soon. Since the next annual conference of Governors is taking place on 1st December, Mrs. Gandhi is reported to be anxious that the new Governors should be named soon so that they get reasonable time to acquaint themselves with their responsibilities before the conference. Similarly, from the Cabinet Secretary downwards a number of key official posts are lying vacant, besides chairmanships of many public-sector undertakings. In all, it has been

estimated that the Prime Minister has to choose suitable incumbents for seven posts of Governors, ten posts of Ambassadors, 16 posts of Secretaries of various departments and over half-a-dozen chairmen of statutory commissions and corporations.

Then, on the economic front, the Gandhinagar A.I.C.C. decisions have to be translated into action. In doing so, she has not only to take care of the radical elements in the Party who are becoming increasingly critical of the present leadership, but also of the reality of the economic situation following the suspension of U.S. aid and the need for economic growth to carry out the promise of *garibi hatao*. In other words, she has to evolve an Indian road to socialism, steering clear of the extreme solutions and also keeping in mind the need for self-reliance in the context of having to go without foreign assistance of the dimensions that were available for the earlier Plans.

According to Yojana Bhavan sources, the Planning Commission has sent the draft of the approach to the Fifth Plan to the Prime Minister before she left for Darjeeling so as to give Mrs. Gandhi, who is the chairman of the Commission, about a week's time to apply her mind on the proposed Plan strategy, which is based on self-reliance as its principal objective and "growth with equality" as its operational strategy. A full meeting of the Commission is scheduled to be held on 30th October to discuss and approve the draft approach. The Plan strategy for employment spells out that "reduction of inequality principally through expansion of employment opportunities and of social consumption and investment oriented to meeting essential needs of the masses must be the second prong of the attack on poverty". It further says that the employment policy must aim at expanding both wage employment and self-employment and raising productivity. The emphasis on "self-employment" is significant.

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Planning in India : The Lessons for the Future

The Indian Economy under Planning. By Nabagopal Das. (Published by the World Press Private Ltd, Calcutta. Price Rs. 18, pages 140.)

More than two decades have passed since economic planning began in India and the country is now on the threshold of the Fifth Five Year Plan. Looking back to what has happened in the past, particularly where it has achieved success noticeably and where it has failed dismally require to be spotted in clear terms, so that the future plans take adequate account of the failures of the past. Mr. Das's assessment in this context is welcome for several reasons. It is a highly readable exercise highlighting the country's aspirations, the constraints and problems in realising them, planning—how it has been done and with what effect—the problem of population, the “green revolution”, the public and private sectors, business-Government relationship, foreign capital and other important aspects of the economy. Secondly, it raises various issues which require serious consideration in the formulation of the Fifth Plan, particularly concerning taxation, resource mobilisation, need for sponsoring and nurturing entrepreneurship, price rise, etcetera.

The author points out: “While the objective of social justice should certainly be pursued, the basic importance of growth must not be lost sight of. Growth is an organic, self-generating, multiplying process. Growth alone can create the conditions necessary for the achievement of distributive justice; mass poverty and mounting unemployment cannot be tackled without a higher rate of economic growth.” The author is right in emphasising the importance of economic growth. He quotes the experience in other countries where the concentration of economic power has been far greater than in India. True, a rapid economic transition makes it almost a concomitant that economic power tends to get concentrated as the economy takes off from a certain stage of development to another. What, however, is the optimum point between growth and social justice is yet to be found and in this respect the book does not offer a concrete solution. However, in a short compass, the author has ably dealt with the problems of the Indian economy. It should be read with interest and profit by students of planning and the planners and policy-makers.

Parliamentary Privileges

The Law of Parliamentary Privileges in U.K. and India. By P. S. Parchuri. (Published by N. M. Tripathi Private Ltd, 164 Samaldas Marg, Bombay 2. Price Rs. 45, pages 507.)

This book exhaustively discusses the law of parliamentary privileges in India. Article 105 (3) of the Constitution lays down that the powers, privileges and immunities of each House of Parliament and of the Committees of each House of Parliament shall be such as may from time to time be defined by Parliament, and until so

defined, shall be those of the U. K. House of Commons and its members and Committees at the commencement of the Constitution. For this one has to look to May's *Parliamentary Practice* which gives the main principles without detailing the precedents out of which the law has developed. In this book the author's researches bring out these cases. He also discusses the cases on the subject in India. The treatment of the subject is scholarly, though diffuse, and the book might have been shorter.

The author discusses the question of codification of the privileges and other problems like whether any rules of natural justice are binding on the legislatures while determining the question of breach of privileges, whether a counsel should be allowed to appear on questions of breach of privileges, to what extent the Press should be allowed to report the happenings in the legislatures, etcetera. An important problem discussed in the book after referring to decided cases is the potential area of conflict between the legislatures and the courts, which delicate subject the author has treated with skill and concludes that a gradual awareness has been dawning and in the near future the area of conflict would be reduced to the minimum and the relations between the legislatures and courts, in the field of privileges, would be established on the same basis of mutual trust and respect on which they exist in the U. K. today.

M. R. MEHER

Management Gap

Management Gap in a Developing Economy. By Dr. M. S. Gosavi. (Published by Progressive Corporation Private Ltd, Jehangir Wadia Building, 51 Mahatma Gandhi Road, Bombay 1. Price Rs. 16, pages 140.)

Principal Gosavi's is an interesting exercise in an area in which everybody believes that there is a management gap in India's developing economy but no one knows its extent and behaviour; more important, everyone appears to be indifferent to the ways in which the gap could be bridged. In a short compass, the author grapples with some formidable issues. The presentation is effective. The stress on the need for strengthening the marketing function and the need for the public enterprise to act as a model

employer is apt and timely. The frame of enquiry suggested by him should be seriously considered in formulating the national policy.

Inventory Management

Inventory Management in India. By R. S. Chadda. (Published by Allied Publishers (Bombay), 17 Chittaranjan Avenue, Calcutta 13. Price Rs. 15, pages 126.)

The second edition of this fairly well-received book is a welcome addition to the literature on the subject of inventory management which has gained considerable significance in recent public discussions on the performance appraisal of public-sector units. The Indian context adopted by the author has brought into lime-light some of the characteristic features of inventory management in this country. Large inventories carried by many public-sector units have obviously affected their profitability and call for a scientific approach to the problem. The author has discussed the various techniques of inventory management succinctly and the case studies given have good practical relevance. The study will be found useful by students and managers as an introductory exercise.

P. CHATTOPADHYAY

Taxation of Agriculture

Taxation of Agriculture in India. (Published by the Indian Merchants' Chamber, Economic Research and Training Foundation. Pages 115, price Rs. 20.)

This is a study of the rôle which agricultural taxation should play in the economic development of India. It is common knowledge that the agricultural sector does not make contribution in relation to its capacity to the exchequer. The rise in prices has rendered land revenue completely out of alignment with the current economic situation while agricultural income-tax which is levied in some States makes a minimal contribution to the State revenues. The work discusses various proposals which have been made for the taxation of the agricultural sector, which has a dominant place in the economy, and shows

some broad directions in which solutions should be sought. It points out that there has been a shift in the public opinion which is now inclined to the view that the agricultural sector should bear a reasonable burden imposed in the process of implementation of massive development programmes. The experience of countries like Japan, China, Mexico and Taiwan in levying taxation for transforming the age-old mono-cultural economy is cited.

The study suggests that States which have not so far imposed taxes on agricultural incomes, should evolve steps to tax these incomes. Some States like Maharashtra have high exemption limits and it is suggested that the limit should be lowered so that all sections of society bear their share in the cost of development. As for the proposal to merge agricultural income-tax with general income-tax, the study says that although it is an ideal proposal, it is difficult to implement in the present constitutional position. It is pointed out that the importance of land tax has declined. Proposals for the imposition of surcharge on land revenue are supported and while it is conceded that there is justification for the abolition of land revenue on un-economic holdings, it is urged that States which do away with land revenue should be called upon to make up the loss of revenue by devising alternative measures. Finally, it has

been emphasised that taxation is a powerful tool but with limitations. Tax measures would succeed provided there is co-ordination and co-operation among the taxing authorities, the States pursue complementary policies, and taxes are levied in a way which would provide incentives. The study is a useful addition to the literature on the subject.

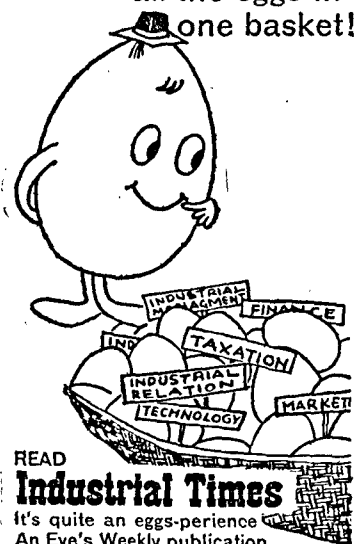
M. R. MEHER

Salmond's Jurisprudence

Summary of Salmond's Jurisprudence. By A. K. Sarkar. (Published by N. M. Tripathi Private Ltd., 164 Samaldas Marg, Bombay 1. Pages 194, price Rs. 9.50.)

Jurisprudence has been aptly defined as the study of fundamental legal principles with their historical, philosophical and sociological bases and an analysis of legal concepts. Some concepts in the field of jurisprudence have undergone a change since Salmond wrote his book, particularly because of the impact of social philosophy and economic theory. But Salmond's book still remains the standard classic on the subject after seven decades. The summary of Salmond's work is well written and will be a useful adjunct to the students in the study of the original work.

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THE RESERVE BANK —LOOKING BACK

This fascinating book is about the first sixteen years of the Reserve Bank of India. How the Bank came to be set up, what it did in the formative years, and how it dealt with the problems of war financing (1939-45), reconversion to peace-time economy (1945-47) and partition (1947-51) are vividly described, with plenty of background material and extensive extracts from official papers. The study is preceded by a comprehensive record of developments in money, banking and exchange in India for about a century.

Some copies of the 860-page book are now available for sale at Rs. 50 (postage extra). A discount of Rs. 10 per copy will be allowed on bulk orders for ten or more copies. A concessional price of Rs. 30 is offered to educational institutions, teachers and libraries.

Copies can be obtained from :

The Administrative Officer, Economic Department, Reserve Bank of India, Post Box No. 1036, Bombay 1.

Do Fiscal Policies Run Counter to Reserve Bank's Monetary Measures?

By Suhas Joshi

There are many instances when the fiscal policies of the Government had run counter to the Reserve Bank's monetary measures. As a result, the Bank had been unable to contain the inflationary pressures generated mainly by the deficit financing resorted to by the Government.

THE Reserve Bank of India, in its annual report for the year ended 30th June, 1972, published recently, has expressed grave concern over the fast deteriorating economic situation in the country. This is quite contrary to the note of optimism struck by the Bank while assessing the prospects for the year 1971-72 in its previous annual report. On the basis of favourable circumstances like improvement in foodgrains production and in investment both in the public and private sectors, the last year's annual report concluded that "the economy is in a better position than ever before to attain a high sustained rate of growth", provided a reasonable degree of price stability in the economy is maintained and a reasonable degree of balance is achieved between increases in money supply and the increases in real income. Of course, the Bank cannot be blamed for creating such a situation for two important reasons. First, there were the unforeseen circumstances like the influx of Bangladesh refugees and the Indo-Pakistani war in December 1971. Secondly, right from the inception of the Reserve Bank, the Government and the Central Finance Ministry, in particular, have assigned the Bank a subordinate rôle in controlling the monetary situation in the country.

The Reserve Bank has been asked to keep a vigilant watch over the economic situation without at the same time possessing the necessary powers to make its impact felt. The Bank has been reduced to a watchdog without teeth. In fact, there are many instances when the fiscal policies of the Government had run counter to the Reserve Bank's monetary measures, with the result that the Bank had been unable to contain

the inflationary pressures generated mainly by the deficit financing resorted to by the Government. The advanced countries are today witnessing a trend towards strengthening of the central bank's authority over the domestic situation, making them more independent to implement boldly their policies in the national interest. West Germany has recently provided a classic example, where the Minister for Finance had to resign in his struggle with the chairman of its central bank—Bundesbank. It is interesting to note that the economic policy group of the right-wing Conservative Party in power in Britain is recently reported to have made a demand for "denationalisation" of the Bank of England.

If the Reserve Bank would not have acted as another banking de-

partment of the Ministry of Finance, it would have been free to pursue a more appropriate credit policy and could have acted with the Central Government with the same boldness with which it deals with the State Governments concerning their overdrafts. The annual report for 1971-72 states that the Bank has successfully pursued its new policy in respect of States' overdrafts and that since 1st May, 1972, no State Government has overdrawn its account with the Bank continuously for a period of more than seven days, and even within this period, the amounts actually overdrawn from time to time were marginal. This fact proves that the Bank has been able to improve financial discipline among the different States.

The Bank's annual report for the year 1971-72 has adopted its traditional technique of narrating the economic events and the measures undertaken. While reviewing the trends in the money supply, the report has emphasised two notable changes—first, the currency component (as revealed in Table 11 on page 19 of the report) in the increase in money supply had declined significantly from 71 per cent in 1968-69 to 47 per cent in 1971-72.

UBI IN THE LIFE OF WEST BENGAL

Assistance to Agriculture

In West Bengal UBI plays the leading role in taking banking facilities to people and in giving assistance to agriculture and small-scale industry.

Take the case of assistance to agriculture. As in December 1971 all commercial Banks together had 29,547 agricultural loan accounts. Of them UBI's share was 18,679 or 63 per cent. Again, the amount advanced by all commercial Banks stood at Rs. 10.50 crores. UBI's share was Rs. 3.38 crores or 32 per cent. This means loan per borrower is relatively small in UBI. There is ample reason for it. Of all the farmers assisted by UBI about 83 per cent are small farmers having less than 5 acres of holding.

UBI's special schemes of assistance also cover paddy growers, cotton and mulberry cultivators, vegetable growers, fishermen, poultry farming, besides ordinary farmers. The emphasis of UBI's farm financing is to assist the smaller man to improve his economic position.



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CAPITAL, 26th OCTOBER, 1972

CAPITAL, 26th OCTOBER, 1972

and that of bank deposits increased from 28.7 per cent to 53 per cent during the same period. The Bank has, however, taken advantage of this situation to pay tributes to the extension of banking habit among the rural community following the nationalisation of 14 major banks in July 1969. The whole analysis falls to the ground if 1967-68 is taken as the base year and not 1968-69 as selected conveniently by the Reserve Bank. Since 1967-68, the currency component had actually increased from 44.8 per cent to 47 per cent in 1971-72 and that of bank deposits had declined from 55 per cent to 53

per cent. It is difficult to explain this trend as the currency component had shown erratic variations since 1961-62.

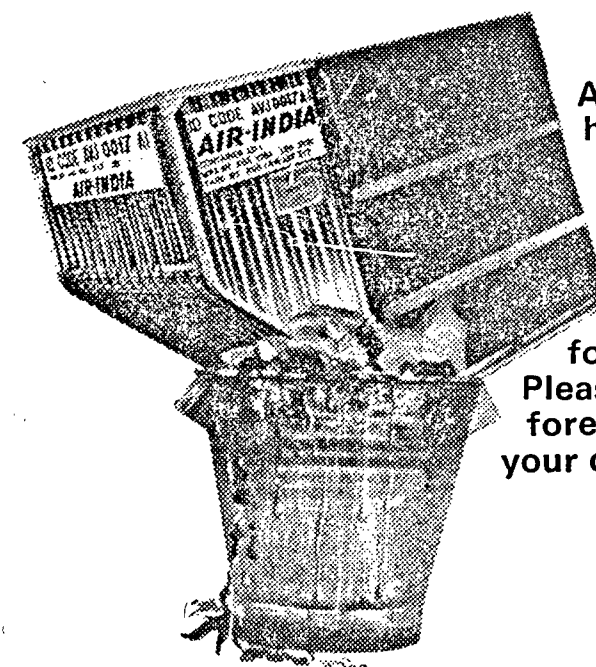
The second notable change pointed out by the report is the growing proportion of savings deposits to current deposits. The Bank has ascribed this again to the spread of banking habit. "Simultaneously, and again in the rural areas particularly, a section of the population, which was accustomed to keep its savings in the form of currency, has apparently developed the banking habit". The Reserve Bank is quite sugges-

tive in attributing this spread in the banking habit to nationalisation because the report further adds: "Whether this is attributable more to the feeling of security engendered by the nationalisation of banks than to the attraction of interest yields, it is difficult to say. Perhaps both have contributed to this change of habit and require to be borne in mind in the formulation of banking policies". It must be pointed out here that if the feeling of security has been a factor in the growth of savings bank deposits, it ought to have been engendered through the scheme of deposit insurance, much prior to nationalisation of the 14 major banks.

Although the impact of vigorous branch expansion programmes launched by the nationalised banks on the growth of savings deposits cannot be denied, one wonders whether this factor can bring about such a rapid result. In fact, barring the year of 1971-72, the percentage proportions of current and savings deposits in the total money supply have been more or less the same in 1969-70 (24.8 per cent and 24.7 per cent) and 1970-71 (25 per cent and 27 per cent). It is true that since the abolition of interest payment on current deposits by banks, the growth rate in current deposits has slackened and that of time deposits including savings deposits has spurred mainly because the Reserve Bank has allowed a hike in the interest rates. Another potential factor contributing to the growth of savings deposits has been the liberal withdrawal facilities offered by banks to savings bank account holders. Although some banks have introduced restrictions on savings bank accounts, they are not strictly enforced. Savings bank accounts have been virtually operated as current accounts with the additional advantage of earning 4 per cent rate of return.

Finally, the Reserve Bank is happy over the self-reliance achieved by commercial banks in respect of meeting the busy season credit needs much ahead of the country in regard to foreign aid. The Bank derives satisfaction particularly from the low credit-deposit ratio of banks and the substantial rise in their investment portfolio. Actually, the surplus funds with banks seem to reflect the failure of the Reserve Bank to give guidelines much in advance for the full and productive utilisation of banks' resources.

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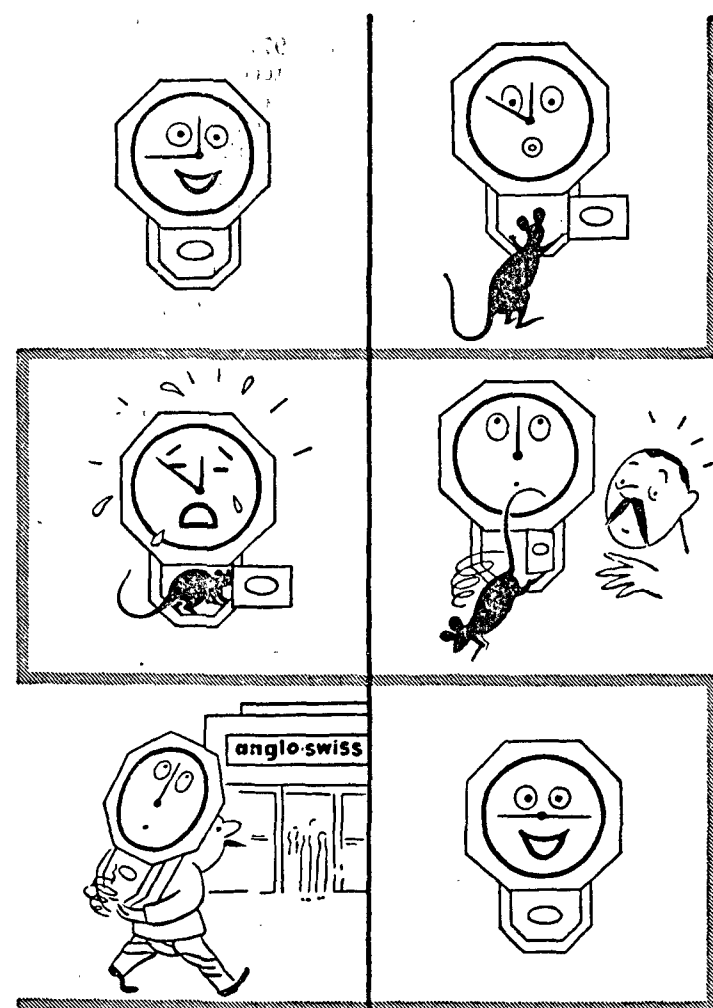


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Improving the Basic Facilities for Tax Administration

(By a Special Correspondent)

The Wanchoo Committee has made a number of recommendations for improving the basic facilities for tax collection and administration. It is hoped that the Government will soon implement these in order to enable the Income Tax Department to function more efficiently.

THE problems of tax evasion and black money have received a great deal of attention in this country in recent years. But, surprisingly, the Government has not cared to provide the Income Tax Department with the basic facilities which are so essential to cope with its responsibilities. The Direct Taxes Enquiry Committee, headed by Mr. K. N. Wanchoo, a former Chief Justice of India, has referred to the general complaint about the inadequate office accommodation and furniture. Forms, stationery and manual aids are said to be in short supply and, in some cases, "totally wanting". The committee was informed by the Board of Direct Taxes that on the basis of the existing staff strength, there was a shortage of office accommodation to the extent of 248,852 square feet. It has recommended that the Board of Direct Taxes should give top priority to the construction of adequate office accommodation at all places and the provision of suitable furniture and other essential facilities and aids for work.

Does it not seem strange that a high-powered committee has to tell the Government to provide its Income Tax Department with forms and furniture? India has long ago acquired the reputation of being one of the highest taxed countries in the world. Successive Central Finance Ministers went on adding to the tax burden but no one has bothered to find out whether the Income Tax Department has been equipped with the elementary needs to do its job with reasonable efficiency. "The Department has not yet taken to modern aids to work", says the Wanchoo Committee. The committee does not favour all-out mechanisation or automation, but it has recommended that simple mechanical aids like calculators, tabulators, addressographs, numbering machines, copying ma-

chines, and electronic typewriters be provided in adequate numbers to the tax officers. It points out that electronic equipment like computers can be used for processing statistics, checking tax deduction statements, matching information, and similar bulk jobs.

Another significant disclosure made by the Wanchoo Committee is that the field staff in tax recovery units are not provided with any vehicle or given any conveyance allowance. It is, therefore, hardly surprising that the officers are unwilling to move out and unable to do their work properly. The lack of adequate storage facilities for the distrained goods has been another handicap to the efficient working of the Income Tax Department. The committee has suggested that the Government should provide strong rooms and safes in sufficient numbers to ensure safe custody of the distrained goods; and it has also recommended that adequate funds should be given to the Tax Recovery Officers to meet the expenses of the defaulters' stay in the civil lock-up.

The Income Tax Department has been facing difficulties in undertaking recovery work because of its need to requisition the service of the police, when necessary. It has not always been possible for the Department to anticipate correctly when it will need the assistance of the police; nor is the latter readily available in view of its preoccupation with routine work. The Wanchoo Committee has, therefore, suggested that the recovery units of the Income Tax Department should be provided with their own *sepoys and havildars* on the lines of the Central Excise Department. The committee has also recommended that the officers and inspectors doing the work of recovery, searches, and seizures should be provided with fire-arms.

The Government of India should examine how soon and to what extent it can effectively implement these recommendations of the Wanchoo Committee in order to provide the Income Tax Department with the necessary equipment and facilities. It is to be hoped that narrow considerations of

finance will not deter the Government from doing this. It is worth recalling that tax arrears in the country have assumed almost scandalous proportions. It is estimated that in India while the net collections from income-tax in 1969-70 amounted to Rs. 786.85 crores, the outstanding as on 31st March, 1970, was Rs. 840.70 crores. The Wanchoo Committee has said that the magnitude of the problem of tax arrears in India has "no parallel elsewhere".

The Central Finance Minister, Mr. Y. B. Chavan, may have political and other difficulties in implementing some of the major recommendations of the Wanchoo Committee such as the reduction of the maximum marginal rate of income-tax. But Mr. Chavan should promptly and effectively carry out the committee's proposals to improve the basic facilities for tax collection and administration, which had been neglected during all these years.

PEOPLE AND PERSONALITIES

Dr. S. Ramachandran, an eminent metallurgist, has joined Hindustan Steel, as General Manager, Research and Development.

National and Grindlays Bank has announced that Mr. H. D. Cayley had retired as a director of the bank on 3rd October, 1972; this is the 50th anniversary of Mr. Cayley joining the National Bank of India, the name at that time of National and Grindlays Bank. Mr. Cayley served with the bank in Madras, Calcutta and Bombay. From 1939 to 1948 he was seconded to the Reserve Bank of India where he acted as the Deputy Controller of Foreign Exchange. Mr. Cayley was appointed Chief General Manager in London in April 1964 and was appointed a director of the bank in April 1966. He retired as Chief General Manager in May 1969.

Lord Ballantrae (formerly Sir Bernard Ferguson) has been appointed chairman of the British Council in succession to Sir Leslie Rowan who died earlier this year. He will take up his appointment next month. Lord Ballantrae is a former Governor-General and Commander-in-Chief of New Zealand.

Mr. K. C. Balakrishnan has been appointed Sales Director, Tyres, of Dunlop India Ltd, with effect from 1st October, 1972. He was till recently General Sales Manager of the Tyre Division.

Mr. Chavan's Threat to Broaden Taxation Base Depresses Equities

AFTER pushing their way further up during the earlier part of the fortnight under review, the stock markets have turned hesitant and have staged a small retreat. Net changes over the fortnight have, however, shown widespread gains. The early improvement was in the nature of continuation of the rally which had been in progress for some weeks. While the rally was mainly the result of heavy short-covering and scarcity of offerings, there were also reports of cautious investment buying. At their best level, the markets had recovered nearly 40 per cent of the ground they had lost during the decline after April. With anxious short-covering nearly completed and bulls reluctant to follow the rise, being more inclined to cash available profits, the markets have developed a slightly reactionary tendency during the second week.

The corporate news has been good and plentiful, and it has had an impact on the markets. Operators have also derived some satisfaction from reports of a rise in industrial production and exports during the first six months of the current year. The Prime Minister, Mrs. Indira Gandhi's statement that the economy has turned the corner has also seemed to impart a measure of steadiness. Particularly welcome has been her statement that poverty cannot be banished merely by shouting radical slogans and that the nationalisation of private industries cannot be of much help in taking the country forward. The impression has somehow been gaining ground that the economic situation has deteriorated so much that a change for the better has become inevitable. The growing awareness on the part of the Government of the difficult economic situation and also of the need to accept appropriate practical measures to boost production, both in farms and factories, has encouraged hopes that the Government will try to be more practical in future.

Deliberations at the A.I.C.C. session in Ahmedabad have been on a far more sober note than many had anticipated. Apart from the takeover of the wholesale trade in wheat and rice and a stricter control over a few other

essential articles, the ruling Party has given no other shock to the markets. As the takeover had been widely anticipated, the economic policy resolution has been welcomed as it recognises the right of the private sector to exist and utilise its resources, although to meet the changed social objectives. The list of industries, which have been permitted to increase their licensed capacity, has been expanded. While there are indications of a welcome change in official thinking, the revival of the economy will call for strong positive action. In view of the setback in agriculture because of the failure of the south-west monsoon and a serious power shortage in many States, the economic outlook appears to be far from promising. Nor can the stock markets dismiss lightly the Central Finance Minister, Mr. Y. B. Chavan's statement that there was no scope for reduction in indirect taxation and that the taxation base will have to be broadened in order to raise massive resources for financing the Fifth Five Year Plan. How the additional tax effort will affect the corporate sector, it is difficult to say. No less disturbing is the price situation. The inflationary spiral has intensified social tensions which are having an adverse effect on industrial relations. Under the circumstances, the outlook for equities must remain uncertain.

Gilt-edged securities have remained mostly steady, although turnover has been moderate. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has been restricted.

After long Puja holidays, the Calcutta stock market opened on Tuesday. Prices have been narrowly irregular because the economic outlook appears to be still hazy in view of the conflicting policy pronouncements made by some Central Ministers. The Central Finance Minister, Mr. Y. B. Chavan's statement that the taxation base might have to be broadened has disturbed operators. Among engineering shares, Guest Keen Williams, Bihar Alloys and Kumardhubi Engineering have been transacted. Among jute shares, Agarpara and Nellimarla have been sup-

ported while Birla have been quiet. Among coal shares, Amalgamated, Pench Valley and South Karanpura have been traded. Among paper shares, Seshasayee, Sirpur, Ballarpur and Tribeni Tissues have been done. Among miscellaneous shares, English Electric, G.E.C., Reckitt Colman, Hindustan Aluminium and J. K. Synthetics have been supported. Among tea shares, Bishnauth, Grob and Seeyok have changed hands.

Dalal Street has presented a livelier appearance during the earlier part of the fortnight under review. Buyers dominated the scene in the first week and equity prices scored widespread gains. The rise was impressive in shares where some special influences were at work. Higher levels have, however, attracted a fair amount of corrective profit-taking and buyers have turned hesitant. Despite the all-round setback in prices during the second week, most counters have wound up the fortnight with plus signs. Cotton textiles have continued to rule firm despite some anxiety about the new cotton crop and the cut in power supply. Century, Mafatlal Fine and Standard have been the bright spots. Rayons too have displayed a steadier tone, although the best levels have not been sustained due to profit-taking at higher levels. Steel and engineering

COMPANY REPORTS

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

Anderson Wright
Crompton Greaves
Heavy Electricals
Hindustan Teleprinters
Indian Aluminium
Indian Hume Pipe
Megna Mills
N.I.D.C.
Punalur Paper Mills
Siemens
Tata Chemicals
Textool
Unit Trust
Universal Steel

shares have hardened on short-covering and moderate selective buying. Among shipping shares, Scindia have staged a good recovery from the setback following the sharp upswing. Great Eastern have fluctuated irregularly with a steady undertone. Cement shares have ruled fairly steady despite the uncertainty about the interim price increase. Among chemicals, Bayer (India), Synthetics and Chemicals, N.O.C.I.L., Polyolefins and Gujarat Fertilisers have continued to attract steady support. Among miscellaneous counters, United Carbon have recorded a sharp rise on an optimistic assessment of the Company's prospects. Hindustan Aluminium, Indian Hume Pipe, Hindustan Motors and Zuari Agro-Chem have been the other firm features.

The Madras stock market has remained steady this past week. Operators have been closely watching the new trends in Tamil Nadu politics and the birth of a new party. But they believe that the present Government will be able to tide over the crisis to establish a stable administration in the State. In the planting section, Consolidated Coffee, Peria Karamalai, Stanes Amalgamated and Annavarai have received support. In the textile section, Madura, South India Viscose and Travancore Rayons have met with demand. Among sugar shares, Cauvery Sugar have risen while Deccan Sugar, K.C.P. and E.I.D. have also been supported. In the miscellaneous section, Mettur Chemical, India Cement, Binny

and United Breweries have been supported while Aluminium Industries have declined on selling pressure. Among bank shares, Indian Overseas have attracted 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	25/00—25/25—25/00—25/20—(22/15)
Burrakur Coal	4/00—4/06—4/00—4/06—(10/80)
Dunlop India	26/65—27/50—26/60—26/80—(31/25)
Guest Keen Williams	33/15—33/25—32/60—33/20—(32/15)
Hindustan Motors	7/25—7/85—7/25—7/80—(8/75)
Indian Aluminium	32/90—34/05—32/65—33/75—(32/660)
Indian Cable	21/20—21/45—21/20—21/30—(19/20)
Indian Copper	2/36—2/38—2/36—2/38—(3/60)
Indian Iron	6/05—6/10—5/90—6/00—(9/20)
J. K. Cotton	8/00—9/35—8/50—8/80—(8/00)
Jayashree Tea & Industries	15/12—15/50—(14/10)
Kesoram Industries	18/20—18/80—18/20—18/80—(14/10)
Orient Paper	35/60—36/60—35/60—36/25—(32/10xd)
Orissa Cement	19/10—19/10—18/95—19/00—(17/00)
Rohtas Industries	4/05—4/20—4/05—4/15—(4/90)
Texmaco	8/20—8/65—8/10—8/50—(9/70)

Attractive Share Offer from Punalur Paper Mills

PUNALUR Paper Mills Ltd, which is an old integrated paper mill in the country, has entered the market with an attractive share offer of 1,016,472 equity shares of Rs. 10 each and 50,000 9.5 per cent redeemable cumulative preference shares of Rs. 100 each, both at par. The subscription list, which opened on 26th October, will be closed on 4th November or earlier at the discretion of the directors but not before 30th October. Applications must be for a minimum of 50 equity shares or multiples thereof and in the case of preference shares five shares or multiples thereof. As for the terms of payment, Rs. 2.50 an equity share and Rs. 25 a preference share are to be paid on application and on allot-

ment Rs. 2.50 an equity share and Rs. 25 a preference share are to be paid. The balance in both cases are to be paid against a call to be made by the board of directors after three months from the date of allotment. The authorised capital of the Company is Rs. 4 crores made up of 3,000,000 equity shares of Rs. 10 each and 100,000 preference shares of Rs. 100 each. The issued and subscribed capital is made up of 983,528 equity shares of Rs. 10 each. The Company is to raise Rs. 1.52 crores from the present issue which are to be utilised for financing its capacity expansion to 100 tonnes a day. There is no doubt that the response to the share offer will be extremely good since the progress of Punalur since

1966-67 has been tremendous. During 1971, the Company's gross profit was Rs. 58.25 lakhs.

Addressing a Press conference in Calcutta a few days ago, Mr. L. N. Dalmia, chairman, said that since he acquired the Harvey group shares in 1967, the Company's production had shown a steady improvement. Not only has production increased from 6,000 tonnes to 10,000 tonnes but the production pattern has also been changed to those varieties which were imported in the country. The Company developed sack kraft, a very strong paper used for making bags for the export of cement and packing of chemicals and fertilisers. Punalur's one machine out of three is running only on this variety but still it is not able to meet the entire demand. As a result, sack kraft continues to be imported. Similarly, Punalur has developed base paper for emery and sand papers, some speciality posters, match papers, insulation papers, etcetera. The chairman said that increased production and the new production pattern changed the complexion of the Company. From a losing concern it has become a profitable one. After wiping off fully old debts and losses, the Company embarked on expansion and modernisation in 1969. Till now about Rs. 2 crores have been spent from Punalur's own cash generation. An analysis of the working during the last three years will show that Punalur can be well compared with the country's leading paper mills in terms of profitability, return on capital employed and quality.

The present estimated cost for putting up a paper mill would be around Rs. 13,000 a tonne. On this basis, the cost of a 100-tonne-a-day mill would come to about Rs. 40 crores whereas the cost of the 100-tonne-a-day plant at Punalur would be about Rs. 7.50 crores. The gross profitability—after the completion of the present expansion—is expected to be more than Rs. 325 lakhs a year. The gross earning on equity capital of Rs. 2 crores will thus work out to 160 per cent approximately when the factory attains its full capacity during 1974. The gross earning on the working of 1973 is expected to be 100 per cent. The chairman is confident that even without all this the Company will be able to maintain a dividend of 10 per cent on the enlarged capital, including the present issue, on the basis of its present production and profitability. No doubt this dividend will increase gradually.

CAPITAL, 26th OCTOBER, 1972

UNIVERSAL STEEL

Satisfactory Progress

ADDRESSING the annual general meeting of Universal Steel and Alloys Ltd held recently in New Delhi, Mr. Raunaq Singh, chairman, said that notwithstanding the shortages of various construction materials like cement and steel, satisfactory progress had been made towards implementation of the project. The share capital was raised through public subscription during October 1971. The term loan by the Industrial Finance Corporation of India was sanctioned during August 1971 and the first instalment was disbursed in June 1972. The construction of factory building is now nearing completion. The chairman is confident that commercial production will commence by December end or early January. Another eight-ton electric arc furnace is proposed to be installed by the middle of 1974. The Company also approached the Government of India for grant of an industrial licence for a continuous casting plant, a rolling mill and wire drawing plant. Permission has also been sought to manufacture alloy and special steels. As soon as the letter of intent is issued, steps will be initiated to complete the expansion programme within 18 months. This will enable the Company to roll the ingots into sections, flats, wire rods, and eventually wires. Mr. Singh said that the acute steel shortage in the country has been responsible for inhibiting production and, indeed, in bringing down the rate of industrial growth itself.

HEAVY ELECTRICALS

Good Performance

ADDRESSING the annual general meeting of the Heavy Electricals (India) Ltd recently held in New Delhi, Mr. V. Krishnamurthy, chairman and managing director, said that the performance of the Company during the year 1971-72 had been encouraging. (A fuller version of the speech was published in *Capital* dated 12th October, 1972.) The Company's production targets set for the year had been substantially achieved. A finished output, including major assemblies, of Rs. 35.96 crores had been achieved against the target of Rs. 36.18 crores. The total value of turnover is Rs. 4,243 lakhs, against Rs. 2,890 lakhs, registering an increase of 46 per cent. Production targets have been kept up in switchgear, capacitor, traction and industrial machines. In

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the case of transformers, the targets could not be maintained because of the scarcity of steel and the delay in receipt of materials and imported components. As for turbines and generators, the progress has been slow. The first MW turbo-generator—the largest yet produced in India—has been built and satisfactorily tested in the factory. The erection and commissioning of 30 MW turbo-generator set at Parli thermal power station and 15 MW Hydro generators in U.B.D.C. and Bassi hydel power stations have been completed.

The Company's operating results show a loss of Rs. 142 lakhs. The chairman said that if account were taken of the receipt of Rs. 231 lakhs relating to the earlier years, there would be a net surplus of Rs. 89 lakhs during the year. He said that this presented a considerably improved performance over the previous year. The Government of India has examined in detail the financial structure of the Company through the Bureau of Public Enterprises. It is hoped that on the basis of this analysis, the Government will extend the necessary financial relief to

the Company. The Company has done a fair amount of export business. At the end of the year the export order book has been at about Rs. 138 lakhs.

INDIAN ALUMINIUM

Bonus Issue

THE board of directors of Indian Aluminium Co. Ltd has declared an interim dividend of 75 paise on each fully-paid ordinary share. The dividend will be payable to shareholders on record as on 2nd November, 1972, and will be subject to tax. The approval of the Controller of Capital Issues having been received, the directors have also declared a bonus issue of ordinary shares in the proportion of one new fully-paid ordinary share for every two fully-paid ordinary shares held. Holders of partly-paid ordinary shares whose calls are in arrears as on 22nd December, 1972, will not be entitled to participate in the bonus issue.

The directors state that sales for the first six months of the year at

UNIT TRUST : SALES UP

SALES of units by the Unit Trust of India during the first quarter of the current year (July-September) have been appreciably higher than in the same period last year—Rs. 13.16 crores, against Rs. 8.84 crores. The major part of this increase is accounted for by the encouraging response to the "special offer" during July when sales totalled Rs. 10.94 crores, against Rs. 7.83 crores in July 1971. The increase in the dividend by $\frac{1}{2}$ per cent to 8.25 per cent, the reduction in the spread between the sale and repurchase prices of units from 4 per cent to 3 per cent and the uncertain outlook for equities seem to have turned investors' attention towards units. It needs to be noted, however, that sales of units during July-September 1970 were still higher at Rs. 13.65 crores.

Of the current year's July-September total sales of Rs. 13.16 crores, Rs. 17.40 lakhs have been invested by non-residents under 176 applications and a sum of Rs. 31.71 lakhs has been invested under the children's gift plan.

Despite the reduction in the spread between the repurchase and sale prices, units repurchased during the first quarter amounted to Rs. 71.30 lakhs, showing only a small decline over the previous year's corresponding figure of Rs. 74.56 lakhs. The total number of unit holders registered with the Trust on 30th September, 1972, stood at 467,000 and the total amount invested in units was Rs. 116 crores. The unit-linked insurance plan is stated to have made fair progress. New business of about Rs. 32.71 lakhs was done in the first quarter of the current year involving 406 new applicants.

The Trust's investment portfolio is being reshuffled with a view to making units more remunerative and attractive. The Trust invested about Rs. 5 crores in equities in the first quarter of the current year, compared with Rs. 2.2 crores in the same period of the previous year. It hopes to invest at the rate of about Rs. 1.5 crores a month in the remaining part of the year.



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Rs. 21.85 crores were Rs. 2.05 crores higher than in the comparable period of 1971. The significant expenses related to the start-up of the new Rs. 15 crore Taloja sheet-rolling mill and the 10,000 tonnes capacity expansion to the Belgaum smelter together with higher raw material and labour costs affected the increase in earnings. The profit before taxes and development rebate was Rs. 5.03 crores in the first half of 1972, compared with Rs. 4.72 crores in the last year's first-half. The net profit after taxes and provision of Rs. 62 lakhs for development rebate reserve was Rs. 2.34 crores, compared with Rs. 2.3 crores for the first half of 1971. The Company has recently received an industrial licence for further expansion of the Belgaum smelter from its present level of 40,000 tonnes annual capacity to 60,000 tonnes.

ANDERSON WRIGHT

Loss Incurred

ANDERSON Wright, Ltd has suffered a setback in its working during the year ended December 1971. The Company has incurred a loss of Rs. 1.28 lakhs, against a loss of Rs. 1.89 lakhs in the previous year, after providing Rs. 2,310 (against Rs. 2,608) for depreciation. In view of the Company's loss, the dividend has again been skipped. After making other adjustments, the debit balance of Rs. 2.87 lakhs is proposed to be carried forward. Sales rose from Rs. 85.61 lakhs to Rs. 87.17 lakhs.

HINDUSTAN TELEPRINTERS

Diversification Plans

IN his recent chairman's speech at the annual general meeting of the Hindustan Teleprinters Ltd, Mr. G. U. Menon, said that the Company continued to maintain its progress during the year ended March 1972. (A fuller version of the speech was published in the issue of *Capital* dated 12th October, 1972.) The Company has produced 4,779 units of teleprinters against 4,911 units in the previous year. The slight decrease in production has been due to labour unrest resulting in stoppage of work in the factory for more than two months during September-December 1971. The board of directors has fixed a production target of 6,000 units of main machines and spares for 1,200 unit machines of the value of Rs. 60 lakhs for the current year. The chairman

is happy to say that till the end of August 1972, the Company has produced 2,600 units of teleprinters which is 100 units more than the proportionate targeted production for the period and nearly 500 units more than the production during the corresponding period of the previous year. The Company's despatches have amounted to 4,836 units of teleprinters with a total sales of Rs. 335.22 lakhs. Although the Company's turnover during 1971-72 has been Rs. 335.22 lakhs, against Rs. 345.49, the profit before tax is Rs. 136.40 lakhs, against Rs. 126.24 lakhs. The chairman said that this increase is on account of reduced consumption of raw materials, components and stores, better operating efficiency, lower interest charges and depreciation and increased interest receipts. A dividend of 12½ per cent on equity capital has been recommended as in last year.

The chairman said that the main growth-oriented development will be in the field of telex services. With the growth of commerce and industry and the increasing awareness of the utility of the telex service, the demand for this service is bound to grow. The Company has taken up certain diversification projects like the manufacture of regenerative repeaters, power plans for telex and other exchanges, various types of line units, teleprinters and ancillary equipment operating at higher speeds. The Company will be taking

up development work on data printers and also the manufacture of certain peripheral equipment for use with computers. Prototype machines have been made and these are undergoing trials. The Company will commence production of electric typewriters by the end of this year.

INDIAN HUME PIPE

Results Impress

THE preliminary statement from Indian Hume Pipe on the Company's working results for the year ended June 1972 shows an appreciable improvement over the previous year's performance. The shareholders have been rewarded with a higher distribution of 12 per cent, including a bonus element of 2 per cent, against 10 per cent paid for the previous year. As against an increase of about 9.4 per cent in sales and work bills from Rs. 5.77 crores to Rs. 6.31 crores, the gross profit has recorded an impressive rise of 34 per cent from Rs. 54.09 lakhs to Rs. 72.47 lakhs. The ratio of profit to turnover has improved from around 9.4 per cent to 11.5 per cent. After providing Rs. 24.92 lakhs (against Rs. 27.06 lakhs) for depreciation, Rs. 1.54 lakhs (against Rs. 1.41 lakhs) for development rebate reserve and Rs. 22.40 lakhs (against Rs. 15.25 lakhs) for taxation, the net profit amounts to Rs. 23.52 lakhs, against Rs. 10.37 lakhs in the preceding year.

TATA CHEMICALS : DIVIDEND STEPPED UP

TATA Chemicals has raised the dividend for the year ended June 1972 from Rs. 1.50 to Rs. 1.70 a share (Rs. 10-paid) and, in addition, the directors have proposed to issue rights shares on a one-for-five basis at a premium "as may be approved by the Controller of Capital Issues but not exceeding Rs. 5 a share". The proceeds of the rights issue, estimated around Rs. 1.50 crores, are to be utilised to finance partly the Company's expansion programme aimed at raising the soda ash capacity from 600 tonnes to 1,000 tonnes a day.

The preliminary figures released by the Company show a further improvement over its previous year's encouraging performance. Margins, however, have been eroded by the rise in production

costs. With sales up by about 15.6 per cent from Rs. 13.38 crores to Rs. 15.47 crores and the gross profit higher by 9.8 per cent at Rs. 3.87 crores, against Rs. 3.60 crores, the ratio of profit to sales has moved down from around 27 per cent to 25 per cent. After providing Rs. 96.06 lakhs (against Rs. 86.92 lakhs) for depreciation, Rs. 40 lakhs (against Rs. 55.50 lakhs) for development rebate reserve and Rs. 1.12 crores (against Rs. 1.04 crores) for taxation, the net profit for 1971-72 amounts to Rs. 138.60 lakhs, against Rs. 113.85 lakhs in the preceding year. The entire surplus has been transferred to general reserve. The equity dividend absorbing Rs. 88.20 lakhs (against Rs. 77.83 lakhs) and the usual preference dividend amounting to Rs. 4.28 lakhs (same) are to be paid out of general reserve.

SIEMENS

Electrical System for Zuari

TO meet the ever growing needs of a wide range of mixed and nitrogenous fertilisers, the Birlas have set up Zuari Agro Chemicals, a large fertiliser plant in Goa. Built mostly from indigenous equipment, Toyo Engineering Corporation, a Japanese firm, has put up this complex plant in a record time. Almost all equipment for the electrical system is supplied by Siemens India. Keeping in view the importance of maintaining a continuity of supply in a process plant like this, Siemens has supplied motor control centres, so designed that in the event of main power failure, important feeders are automatically switched on to the supply from the emergency generator. In such an eventuality, the light circuits in strategic locations are also automatically transferred to a battery supply. Safety is a prime consideration in a chemical plant, as there is the danger of explosion due to likely concentration of inflammable gases and vapours. To safeguard this, Siemens has supplied indigenously manufactured increased safety flame proof motors.

N.I.D.C.

Good Progress

AT the annual general meeting of the National Industrial Development Corporation Ltd recently held, Mr. K. B. Rao, chairman, said that the Company's turnover for the year ended March 1972 was Rs. 128.02 lakhs and the net surplus was Rs. 15.02 lakhs. (A fuller text of the

statement was published in the issue of *Capital* dated 5th October, 1972.) The income of the Company has increased from Rs. 32.77 crores in 1970-71 to Rs. 40.28 crores during the year under review showing an increase of approximately 22.5 per cent. Surplus in the contract account has also increased to Rs. 346.10 lakhs, against Rs. 291.97 lakhs. The net profit after provision for depreciation and interest has been Rs. 79.23 lakhs, against Rs. 64.64 lakhs. The directors have recommended a dividend of 20 per cent on the paid-up capital. As in the previous year, the Company has sanctioned an ex-gratia payment of 20 per cent to all the employees, including daily rated workers.

The chairman said that consultancy services of the Company have been steadily gaining recognition by overseas and international agencies. The phase of initial development of expertise in the highly complicated fields of engineering consultancy, management consultancy and economic development has come to an end and the organisation is now well set to handle important tasks and large assignments in these fields. The Company has extended its consultancy services to the pulp and paper industry and has been engaged as the turn-key consultants for the Nagaland pulp and paper project, in addition to being commissioned to prepare the project report for the proposed Assam paper project in Nowgong and the newsprint plant in Kerala. The chairman said that it is a matter of pride that the Company has been selected from among a number of renowned organisations from the United States, France and Switzerland by the United Nations to evolve a detailed plan for the deve-

lopment of the capital goods industry in Iran. It has also been appointed by the Government of the Libyan Arab Republic to provide turn-key consultancy services for the establishment of a steel-melting and billet-casting plant in that country. The Company is now preparing itself to offer consultancy services in non-traditional fields, such as pollution control and traffic engineering.

CROMPTON GREAVES

Results Disappoint

CROMPTON Greaves has turned out poor results for the year ended June 1972. Sales at Rs. 28.21 crores are down by about 10 per cent from the previous year's figure of Rs. 31.14 crores and the gross profit has shrunk by nearly 20 per cent from Rs. 2.79 crores to Rs. 2.22 crores. The working results were adversely affected by labour indiscipline, strikes and lock-outs in some of the Company's works between October 1971 and April 1972. Despite poor results, the directors have proposed to keep the dividend unchanged at 10 per cent.

After providing Rs. 52.11 lakhs (against Rs. 45 lakhs) for depreciation, Rs. 13.60 lakhs (against Rs. 4.75 lakhs) for development rebate reserve and Rs. 15 lakhs (against Rs. 6.60 lakhs) for doubtful debts, the surplus of Rs. 1.41 crores (against Rs. 2.22 crores) has been transferred to general reserve out of which the tax liability, estimated around Rs. 81 lakhs (against Rs. 107.25 lakhs), will be paid. The unchanged dividend will claim Rs. 48 lakhs.

TEXTTOOL

Sales and Profit Up

THE working results of Texttool Company for the year ended April 1972 show a marked improvement over the previous year's performance. Sales have increased by nearly 34 per cent from Rs. 1.54 crores to Rs. 2.06 crores and the gross profit has risen by a little over 28 per cent from Rs. 35.45 lakhs to Rs. 45.44 lakhs. After providing Rs. 3.88 lakhs (against Rs. 4.35 lakhs) for depreciation and after some adjustments, the surplus amounting to Rs. 41.56 lakhs has been utilised to reduce the outstanding debit balance to Rs. 147.39 lakhs which is carried forward.

COMMODITIES

I.J.M.A. Urges Withdrawal of Export Duty on Jute Goods

EXPRESSING concern over the slump in the overseas offtake of jute goods, the Indian Jute Mills Association has urged the Central Government to take immediate remedial measures, including the "withdrawal of the export duties which make the final export prices of Indian jute goods uncompetitive to overseas buyers." Explaining the industry's plight, a Press note issued by the Association on the eve of the recent Puja holidays says that the industry has been in the vortex of a crisis, resulting from intermittent power-cuts, labour unrest and a severe recession in offtake. Frequent and unannounced power-cuts between January and 25th September caused a loss in output to the tune of 30,000 tonnes, worth some Rs. 11 crores.

The tripartite settlement of 7th May, entailing an additional annual wage burden of Rs. 22 crores, failed to "buy peace" and labour relations have deteriorated. Between 8th May and 2nd September, strikes, resulting in the complete closure of ten mills for 80 days, caused a loss of 5.5 million manhours and a production cut of 6,500 tonnes, worth Rs. 2.5 crores. The present lack of demand has made the future of many jute goods manufac-

turing units "dangerously uncertain". The main difficulty with them is the high costs which render them unable to market their end-products in competition with synthetics and those offered by their counterparts in Bangladesh. As a result, the industry's exports and production have shrunk gradually, while their inventories have shown a disproportionate increase during the four-month period ended August 1972.

Fall in Exports

Exports of jute goods during the period registered a decline of 12 per cent over the figure for the corresponding period of 1971 and of as much as 22 per cent over those for January-April 1972. Production totalled 361,000 tonnes for the four months, against 366,000 tonnes and 398,000 tonnes for the respective periods. The dip in exports and production has been followed by a large increase in the stocks of end-products by as much as 38 per cent over the end-April level to 105,000 tonnes at the end of August.

The most alarming development, runs the Press note, has been the loss in the production and exports of

carpet-backing cloth—the principal item of shipment to north America—for a recession in this item upsets the entire economy of the industry. A reference to the statistical position reveals that production of carpet-backing cloth, the biggest dollar-earner, dropped from 19,000 tonnes in April this year to 17,000 tonnes in May, 15,000 tonnes in June, 14,000 tonnes in July and 13,000 tonnes in August. The average of 15,000 tonnes a month during the four-month period ended August compares poorly with 17,000 tonnes for the same period in 1971 and 19,000 tonnes for the first four months of 1972. Exports of the construction during the four months were down to 45,000 tonnes from 74,000 tonnes in the previous four months and 66,000 tonnes during the corresponding period of 1971. With inventories mounting steadily since January last, the industry carried a stock of 29,000 tonnes of the variety at the end of August, against 12,000 tonnes a year ago.

Rise in Minimum Price

The Central Government was likely to raise the statutory minimum price of raw jute to Rs. 50 a maund "in order to make it remunerative to the growers", said Mr. L. N. Mishra, Central Foreign Trade Minister, at Patna to Press men a few days ago. In the context of the enhancement of the minimum support price of fibre to Rs. 50 a maund at the growers' level by Bangladesh, a corresponding increase in fibre prices was imperative for India, he added. The Government

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 September 1972. As compared with August, the September indices for Food and Clothing show

risers of 1 point and 48 points, while those for Fuel and Lighting and Miscellaneous remain unchanged at 482 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 6 points during September 1972.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Sept. 1971	Oct. 1971	Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972	July 1972	Aug. 1972	Sept. 1972
Food ...	53.6	933	945	948	948	935	929	929	934	943	955	964	973	974
Fuel and Lighting ...	4.4	412	447	447	447	447	447	447	482	482	482	482	482	482
Clothing ...	12.4	704	704	704	704	704	704	704	704	704	704	704	704	752
Miscellaneous ...	29.6	401	401	401	401	401	401	402	402	402	402	402	402	402
Combined Index ...	100.0	724	732	734	734	727	724	724	728	733	739	744	749	755

Compiled and constructed by the Statistical Department of "Capital".

MEGNA MILLS : SATISFACTORY RESULTS

THE working of the Megna Mills Co. Ltd for the year ended March 1972 shows a marked improvement over the results of the earlier year. But these results cannot be considered satisfactory in as much as the Company was not able to obtain the full benefits of the favourable trading conditions that prevailed during the year due to the increased demand for jute goods that followed the disruption in the Bangladesh jute industry and a favourable crop. Sales are up from Rs. 6.68 crores to Rs. 10.08 crores. The Company

has earned a profit of Rs. 41.65 lakhs, against a loss of Rs. 62.86 lakhs in the previous year, after providing Rs. 22.75 lakhs (against Rs. 25.90 lakhs) for depreciation. The dividend has been skipped. Sums of Rs. 3.50 lakhs and Rs. 11.25 lakhs have been written back from provision for taxation and development rebate reserve, respectively. After making other adjustments, Rs. 44.40 lakhs is transferred to general reserve and Rs. 223 is carried forward, against a debit balance of Rs. 9.49 lakhs brought in.

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was worried over reports of a slump in prices to some Rs. 30 a maund in scattered interior pockets of Darbhanga, Purnea and Saharsa districts, despite the sharp decline in the State's seasonal output. The Minister reiterated that he would not allow jute prices to crash and indicated that the Jute Corporation of India had been asked to absorb at least 600,000 bales of fibre in Bihar through Government agencies. The State Government, he said, had already appointed a chief marketing manager. Mr. Mishra urged the Pandey Government to set up a network of jute purchasing agencies in the three affected districts.

Gunnies Firm

Trading was interrupted in the Calcutta gunny market during the past fortnight by the long Puja holidays. Earlier during the period, the trend was firm following brisk short- and shipper-covering mainly in ready and near-delivery goods for shipment on board the end-September loaders in respect of which the close-out date had been extended by about a week by the shipping companies. Besides, there was hectic hessian business with Russia for November-March delivery as sellers were worried over the rather lean floating stocks of the construction. Sentiment in the fabric was also propped up by reports of sizable enquiries from Egypt and the Sudan. Heavy goods, however, lacked interest and suffered an appreciable setback on the talk that the D.G.S.D. might release more heavy goods, requisitioned earlier for extended deliveries. In the absence of fresh enquiries and bookings, anticipations of broadening off-take by the major internal industries, like cement, sugar, fertiliser and

cereal and oilseeds storage and distribution trades, were belied, accentuating the bearishness in the construction. The I.J.M.A. Press note, issued on the eve of the holidays, on the sharp slump in bookings and off-take of jute goods in general and carpet-backing cloth in particular by the major overseas consumers and the gathering competition with synthetic substitutes and end-products from Bangladesh sparked off tired long liquidation, causing prices to retreat on a broad front. The 4,000-tonne increase over the August level in end-September inventories with mills to 109,600 tonnes, against a 2,900-tonne rise in output to 91,700 tonnes, failed to produce any perceptible impact, for overall despatches too had risen by 9,000 tonnes to 87,700 tonnes during the month. The handsome increase in carpet-backing cloth exports during the month by 5,700 tonnes to 13,300 tonnes, against a 200-tonne rise in production to 13,000 tonnes, was particularly welcome. While the hessian output rose by 2,600 tonnes over August to 28,800 tonnes, despatches expanded by 1,800 tonnes to 28,300 tonnes. Sacking production rose by 1,200 tonnes to 40,500 tonnes and despatches by 1,700 tonnes to 36,800 tonnes. The output of miscellaneous goods receded by 1,100 tonnes to 9,400 tonnes and despatches by 200 tonnes to 9,300 tonnes. The maximum rise of 3,700 tonnes over end-August stocks to 50,500 tonnes in sacking at the end of September reinforced the earlier rumour that the off-take by Central Government agencies and semi-Government bodies which had substantially cushioned the adverse impact of a gradual recession in exports of the construction during the past few seasons, might slump sharply following the installation of captive high density polyethylene packaging

manufacturing units by the gigantic fertiliser plants and the increasing substitution of gunny usage by woven and non-woven polyvinyl chloride packaging materials. Yet another factor, causing a positive worry to the export trade was the announcement of a fresh freight increase by the Bay of Bengal/Brazil and River Plate, W.C.S.A., East Africa and West Africa Services from the forthcoming January loaders. Since the resumption of trading after the holidays, prices continued to be high and sentiment firm, although activities were mostly of a squaring up nature. Both mills and holders were reserved and reluctant to extend their commitments, mainly in view of the tight technical position and the exceptional firmness in fibre prices. Turnover was meagre for this time of the season. The closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	Oct.	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	74.50	75.50	75.50	76.00
40in. 8oz.	83.00	—	—	—
40in. 10oz.	102.50	101.50	100.50	99.50
B Twills	253.50	256.50	259.00	261.50
Heavy Cees	258.50	262.50	265.00	267.50
Corn sacks	—	—	—	—
A Twills (U.S.)	328.00	329.00	331.00	333.00
Liverpools	308.00	310.00	312.00	314.00

Buoyancy in Fibre

The raw jute market ruled exceptionally firm throughout the fortnight and turned buoyant after the holidays due to the reluctance of holders to release their slender stocks except at a heavy premium over the quoted prices. The price upsurge was triggered off by the reported statement of the Central Minister of Foreign Trade, Mr. L. N. Mishra, in Patna on the eve of the Pujas that New Delhi was thinking of raising the statutory minimum price

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

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

Description	30th September, 1972		31st August, 1972		Increase over (+) or decrease from (-) last month		30th September, 1971	
	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	781.74 (8.55)	22.2 (21.8)	7,61.39 (8.33)	21.7 (21.3)	+20.35 (+22)	+0.5 (+0.5)	10,32.89 (11.30)	30.3 (29.8)
sacking cloth and bag	11,44.81 (12.52)	50.5 (49.7)	10,57.27 (11.56)	46.8 (46.1)	+87.54 (+96)	+3.7 (+3.6)	13,15.52 (14.39)	59.1 (58.2)
carpet-backing	2,71.60 (2.97)	28.6 (28.2)	2,73.29 (2.99)	28.9 (28.5)	-1.69 (-2)	-0.3 (-0.3)	1,22.21 (1.34)	13.3 (13.1)
others		8.3 (8.1)		8.2 (8.0)		+0.1 (+0.1)		7.4 (7.3)
Grand Total		109.6 (107.8)		105.6 (103.9)		+4.0 (+3.9)		110.1 (108.4)

Note: All figures are at bale-point.

I.B.—These statistics are based on replies received and represent all members of the Association, and New Central and three Hanuman. The figures in brackets are in British measures.

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CAPITAL

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of fibre at the growers' level to the Bangladesh floor price of Rs. 50 a maund and also his instructions to the J.C.I. to absorb at least 50 per cent of the reduced Bihar crop forthwith. Both industry and trade circles could not secure any corroboration of Mr. Mishra's statement that in scattered pockets of Darbhanga, Saharsa and Purnea districts, fibre prices had receded to even Rs. 28 a maund despite the availability of adequate financial resources with the J.C.I. to carry on

price-support operations, the resolution of transport bottleneck and an adequate supply of wagons. The circulation of the story of a price crash somewhere in Bihar by interested parties and the issue of immediate instruction to the Jute Commissioner to absorb a moiety of Bihar's slender crop of 1.2 million bales forthwith produced the desired impact of raising fibre prices further to prohibitive levels. The temporary suspension of border trade between India and Bangladesh

created a fresh complication for the industry in India. So far, Clive Row had been thinking that the J.C.I. or the S.T.C. had already moved in the matter of procuring raw jute from Bangladesh and Thailand in order to cover the shortfall in the the season's crop. Now it was learnt that New Delhi had just started talks with Dacca to settle the price of fibre to be imported against the standing April-March Rs. 7.5-crore bilateral agreement. Turnover was small. The closing undertone was 'buoyant.

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	168.79	158.07	59.00
Selected Northern Jute	162.09	151.38	56.50
West Bengal Desal	152.72	142.00	53.00
Selected Daissee	184.87	174.15	65.00
Assam-Agartala Tossa	182.19	171.47	64.00
Mesta : Assam Mesta Selected	150.04	139.32	52.00
Murshidabad	144.68	133.96	50.00
Bihar Mesta	127.26	116.55	43.50

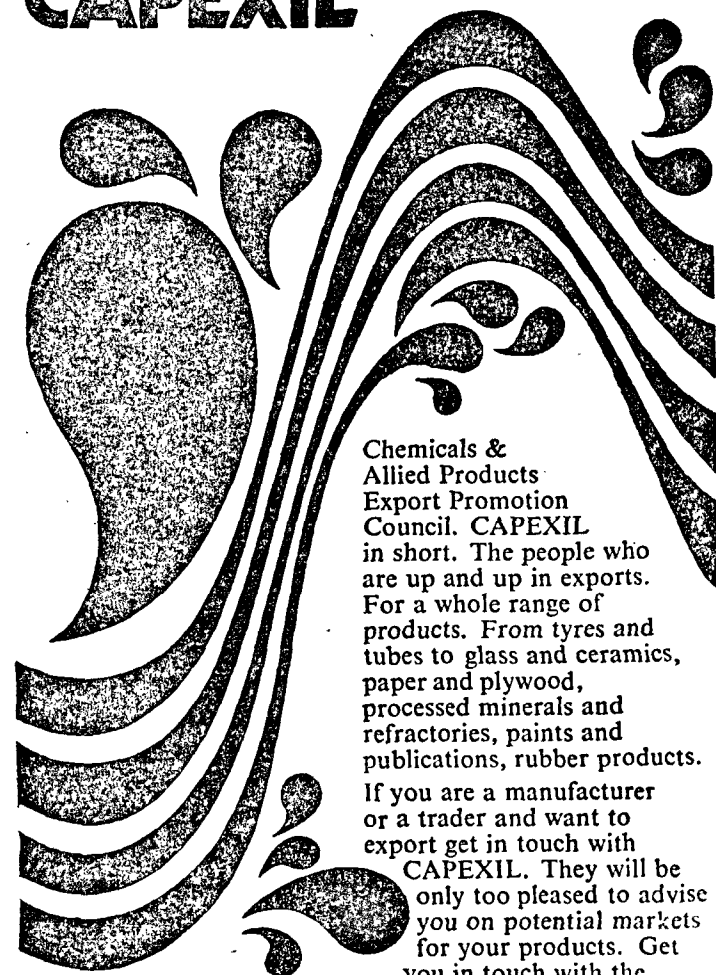
I.J.M.A. PRODUCTION FIGURES FOR SEPTEMBER

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

	(000 metres and 00,000 yds.) Sept. '72 Aug. '72 Sept. '71		
Hessian	9,31,76 (10,19)	8,66,55 (9,48)	7,42,37 (8,12)
Sacking	8,87,78 (9,71)	8,67,74 (9,49)	8,01,22 (8,76)
Carpet-backing	1,24,79 (1,36)	1,23,49 (1,35)	1,44,66 (1,58)
	(000 tonnes and tons) Sept. '72 Aug. '72 Sept. '71		
Hessian	28.8 (28.3)	26.2 (25.8)	23.2 (22.9)
Sacking	40.5 (39.9)	39.3 (38.7)	36.0 (35.4)
Carpet-backing	13.0 (12.8)	12.8 (12.6)	15.7 (15.5)
Others	9.4 (9.2)	10.5 (10.3)	4.6 (4.5)
Grand Total	91.7 (90.2)	88.8 (87.4)	79.5 (78.3)
Hours worked:	208.0	208.0	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, and New Central and Shree Hanuman. The figures in brackets are in British measures.

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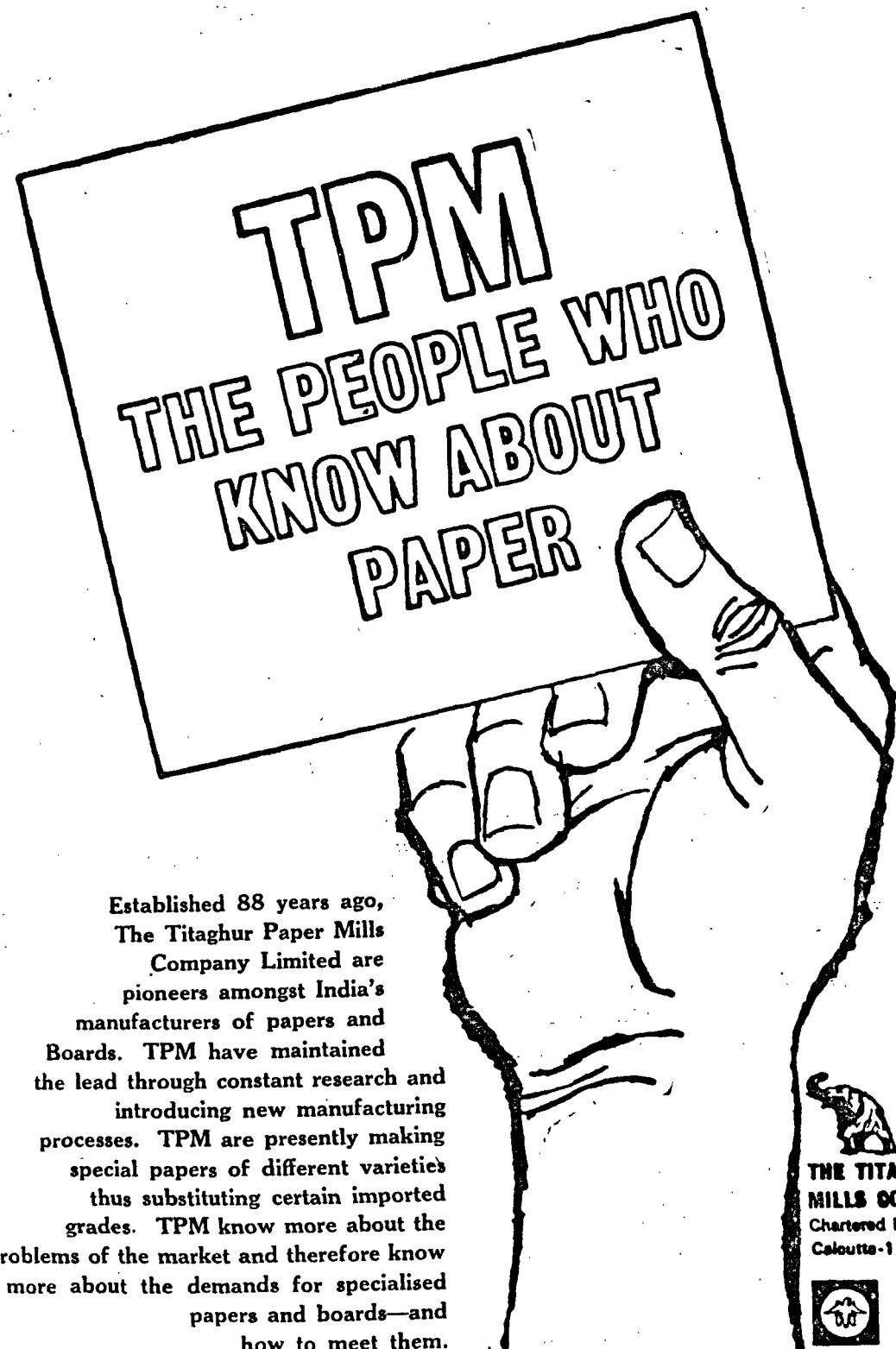
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New Shipyard in Haldia?

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Fifth Plan: New Approach Paper

THE new approach paper on the Fifth Plan, which was finalised at a full meeting of the Planning Commission on Monday, is nothing but old wine in a new bottle. A brief resume of the approach paper, released to the Press after the meeting, is an essay in vagueness and marks no major departure from the earlier paper prepared under the aegis of the former Central Planning Minister, Mr. C. Subramaniam. Even the present Planning Minister, Mr. D. P. Dhar, admits that there is no basic difference between the two documents. The only welcome feature of the new approach paper is the greater accent it places on growth. In his paper, Mr. Subramaniam had found fault with the previous Plans and observed: "In elaborating our strategy of development in earlier Plan documents, we seem to have assumed that a fast growth rate of national income will by itself create more and fuller employment and produce higher living standards for the poor. We also seem to have assumed that, for reduction of disparities in income and wealth, the scope of redistributive policies is severely limited."

This line of thinking does not find adequate backing in the new approach document. The Prime Minister, Mrs. Indira Gandhi, who presided over the full meeting of the Commission, even went to the extent of saying that "there was nothing wrong with our earlier Plans and policies". What had happened was, according to her, that goods and services intended for the poor and the backward did not always reach them. That is why Mr. Dhar has underplayed the rôle of redistributive policies in his approach paper and taken the stand that "growth and reduction in inequality are both indispensable to a successful attack on mass poverty". Barring this difference, which can be meaningful only when policies attuned to accelerated growth are formulated, the new document is as sloppy as the old. Mr.

Dhar's private criticism of the earlier document was that it was "slogan-oriented"; unfortunately, his own document is no improvement on that, although he has tried to avoid the use of such slogans as "garibi hatao". An approach paper for a Five Year Plan cannot be taken seriously unless it gives at least an inkling of the policies to be pursued for achieving the lofty objectives spelt out.

The two professed aims of the Fifth Plan are to reduce poverty and promote self-reliance. For the removal of poverty, the approach paper says, measures for providing larger employment and income to the poorer sections of society will have to be supplemented, up to at least certain minimum standards, by social consumption and investment in the form of education, health, nutrition, drinking water, housing, communications and electricity. For this purpose, the paper envisages a National Programme for Minimum Needs on which an investment of Rs. 3,600 crores is proposed. While Mr. Subramaniam had sought an allocation of another Rs. 6,000 crores to Rs. 7,000 crores for meeting the minimum needs in specific fields, Mr. Dhar has proposed dovetailing them into the Plan programmes under these heads. This is undoubtedly a welcome change.

According to the approach paper, an investment of Rs. 51,165 crores will be necessary in the Fifth Plan period to secure an overall growth rate of 5.5 per cent. This investment has been estimated at 1971-72 prices which will have to be suitably modified in the light of the recent spurt in prices. The outlay proposed includes Rs. 5,850 crores for financing the current development programmes in the public sector, which may spill over into the Fifth Plan period. The balance of Rs. 45,315 crores has been estimated as available for financing new investment. Of this, Rs. 29,745 crores will be available for the public sector and

Rs. 15,570 crores for the private. This gives a ratio of 65.6 to 34.4 between the public and private sectors, as against 60:40 in the Fourth Plan period.

On the crucial question of financing the Plan, the approach paper is conveniently vague. While estimates of tax revenues, to be raised by the States and the Centre have been drawn up—it is claimed that these estimates are on the basis of studies made by the Planning Commission—the approach paper fails to throw light on the new means by which the required resources are to be mobilised. Even on the question of deficit financing, it does not go beyond saying that any increase in money supply will not be such as to exert an undue pressure on prices. Those who are familiar with ministerial pronouncements on deficit financing will refuse to be taken in by this kind of assurance. It seems as though the planners have fixed the overall outlay without a deep study of the resources position.

As for self-reliance, the approach paper declares that the "goal must be carried a step further during the Fifth Plan period by reducing net aid to zero in the terminal year, 1978-79." To this end, it adds, the Plan proposes to consolidate self-sufficiency in food-grains, to increase production of cotton and oilseeds, to step up the output of steel, non-ferrous metals, fertilisers, crude oil, petroleum products, engineering ancillaries and basic chemicals. But how are these objectives going to be achieved when the performance of the economy today is even lower than at the time of the mid-term appraisal? There is, for instance, a growing power crisis which is bound to cripple production in a wide range of industries, not to talk of agriculture. Transport is another major problem, the inadequacy of railway wagons being responsible for slower and lower offtake of essential raw materials like coal and ore by major industries.

It is surprising, therefore, that the approach paper is blissfully silent on the built-in constraints to achieving a higher growth rate in industry and agriculture, arising out of the present policies of *ad hocism* in the Government. One may not agree with the Prime Minister that there is nothing wrong with the present policies of the Government but one cannot but share her view that much of the malaise today is due to the inept implementation of policies. The approach paper, no doubt, talks of the need to "improve the performance of the administrative

apparatus, to avoid delays, to cut out waste and to stop leakages". But why blame only the administrative apparatus when there are indecision and inordinate delays even at the highest level?

It would appear, therefore, that the approach paper has been drawn on the basis of what is desirable than what is possible. To that extent, it certainly lacks realism. For instance, it puts

The Vietnam War and After

THE end of the war in Vietnam will mark the beginning of a new era in world history. All mankind seems to share the hope that the sufferings of the unfortunate people of Vietnam will never have to be borne by any nation. The two decades of war in Vietnam have shattered the economy, social structure, political attitudes and even the geography and ecology of that war-ravaged nation. Sociologists may find that in many respects a great number of people in the two Vietnams—particularly those in the South—may have been virtually dehumanised. This is not unnatural after exposure to wars of such intensity for such a long duration. Their concepts of family life, kith and kin, love and hatred, justice, democracy and religion must have been rudely shaken. They will need help, all that mankind can give and more to become a human society again in material terms.

For the Americans, too, it has been a traumatic experience. Whatever the rights and wrongs of the war and whoever the aggressor and the aggressed only history will decide. But no one can deny that the Americans too have suffered. Their wounds too will not heal easily. Their material sufferings, as compared with those of the Vietnamese, have been negligible. The number of Americans killed and wounded in the war is also much smaller. But the war threw the entire American nation into a state of moral turmoil. The world's mightiest nation was locked in what seemed to the whole world to be an unfair battle with one of the smallest. It smote the conscience of many, particularly the youth who had to do the dirty job in Vietnam, and they revolted against it and forced their Government to sue for peace. But the tasks of peace are often more difficult than those of war. This applies in this situation to both America and Vietnam. The prob-

lem has many facets. Through all these years violence has become a way of life in Vietnam. The youth in Vietnam which will inevitably constitute the most powerful force in that war-ravaged country has never known peace. It will take a long time to adjust to the slower rhythms and mores of peace.

The huge war machine with 500,000 men in arms under the Saigon regime and an unknown number of soldiers on the rolls of the Vietcong will have to be slowly disbanded. But before this is accomplished the territorial claims and counter-claims between the two groups will have to be resolved without recourse to arms. For quite some time, the national Government must be formed under the terms of the peace agreement will be a hotchpotch of conflicting interests. It is not necessary that the new political set-up that may emerge after the proposed elections would be more homogeneous. Nor is it clear how far international supervision will be able to ensure fair and free elections in the present charged atmosphere in which each side will try to use all the forces at its command to edge out the other party. The chances of a lasting truce undisturbed by skirmishes that could lead to a major conflict between the Saigon forces and the Vietcong are not too bright either.

The first and foremost task for all the parties and in fact for the international community is to stabilise peace in Vietnam for some time. It has to be ensured that this does not repeat the illusory peace which followed the signing of the Geneva Agreement in 1954 when an International Control Commission presided over by India was to keep the combatants apart on the two sides of the 17th parallel. The truce lines will be far less distinct and not easy

to mark on the map this time. The redeeming feature is that all parties seem clearly exhausted by war and have a stake in peace. It is as much in the interest of the communists as of their opponents to allow things to settle down and enable a national consensus to emerge. The transition to peace in Vietnam will take a long time and the world will have to wait and watch patiently for normality to descend on the unhappy land.

The brief mention about Laos and Cambodia in the agreement is not very reassuring. North Vietnamese troops are still there in South Vietnam in two divisions and some unspecified numbers may be operating in Laos and Cambodia. While American withdrawal can be assured, there can be no similar guarantee about North Vietnamese withdrawal. Does it mean that the U.S.A. has quietly agreed to let things take their own shape in these two countries or, in other words, it has agreed to let the two countries slip quietly under the communist forces. Will it eventually mean the return of Prince Norodom Sihanouk to Cambodia? These are some of the vague and possibly disturbing aspects of the agreement and may explain why President Nixon has been anxious not to sign it before the Presidential election on 7th November. While in the U.S. withdrawal from Vietnam there is some face-saving appearance of give and take, in Laos and Cambodia the U.S.A. seems to have given in without taking much in return except a paper promise with no means of enforcing it.

Another question to which only the future will provide an answer is: who will fill the vacuum to be created by the American withdrawal from south-east Asia? For the present there are three powerful contenders. They are China, Japan and Russia. The U.S.A. will, of course, keep its economic presence in the region as long as possible. Communist forces in the whole region will continue to draw active support in varying degrees from Russia and China. The rivalry between the two communist powers will only help the extremists in this region to get support from both. Japan and the U.S.A., on the other hand, will continue to provide moral, economic and military help to the forces of democracy and free enterprise. So, in a way, the battle is still on, although one hopes it will never take the sinister shape of another armed conflict. Communist influence will no doubt increase in the region but this does not neces-

sarily mean that the other countries of south-east Asia will fall like nine pins before its advancing forces.

The future of this area, it seems, will continue to be uncertain for many years.

New Shipyard in Haldia?

THE speech of Mr. S. Balakrishna Shetty, chairman of Hindustan Shipyard Ltd, at the annual general meeting of the Company held in New Delhi recently, should be of considerable interest to the Government and the people of West Bengal. The need to set up a shipyard in the State has been under the consideration of the Government of India for the past several years but there does not seem to be any sense of urgency in implementing the project. It is true that some studies have been made and reports submitted on the feasibility of the project. But unless New Delhi moves in this matter in right earnest, not only West Bengal but the entire country will suffer.

"I am firmly of the view", said Mr. Shetty, "that our shipbuilding industry has to be developed with much greater speed and determination than has been the case hitherto". He did not refer to the proposal to set up a shipyard in West Bengal. But it is obvious that if New Delhi is to take his speech seriously, it can hardly afford to go slow in this matter. Mr. Shetty highlighted the fact that during the last 15 or 20 years, new entrants like Poland and Yugoslavia had stolen a march over India in shipbuilding. In India there are only three shipyards, two of which have until very recently been concentrating on repairing and are only now being equipped with facilities for shipbuilding. A fourth shipyard is being put up in Cochin. While strongly pleading for setting up new shipyards, Mr. Shetty also emphasised the need to expand the capacity of the existing ones.

Even if New Delhi takes a firm decision to locate a shipyard in Haldia, it will take several years before it starts functioning. Apart from the inevitable delay involved in completing the agreement with the foreign collaborator, there is the problem of arranging for the adequate and regular supply of raw materials required for building ships. Mr. Shetty's speech shows that even Hindustan Shipyard is facing many difficulties in procuring raw materials. Mr. Shetty said: "The procurement of materials in shipbuilding has been the weakest segment in the scheme of things currently obtaining in the country. This

is basically due to the acute shortage of foreign exchange which has to be conserved to the maximum extent possible and the problems arising from a transitional economy in respect of import substitution. The procedures relating to imports have now been streamlined with the assistance of the Government and a steering committee has been appointed by the Ministry of Transport and Shipping to deal with the Shipyard's requirements of import. In addition, a certain amount of foreign exchange in free resources is kept at our disposal to meet unforeseen contingencies—a step which will go a long way to obviate hold-ups for want of small but vital items."

Mr. Shetty disclosed that even in getting raw materials from indigenous sources, there have been many difficulties and uncertainties. He observed: "The problems relating to indigenous supplies still continue to persist. We are compelled to depute frequently our technical officers to the works of indigenous manufacturers for purposes of chasing and to ensure the production and supply of materials in time and this has lately proved to be a major distraction for us." It is, therefore, essential that both the Centre and the West Bengal Government should do a great deal of preparatory work if the shipyard in Haldia is to have a smooth career. Mr. Shetty revealed that shipbuilding could be carried out efficiently and economically only if the order-book of the shipyard was kept full at all times. Even in advanced countries like Japan, a minimum of two years is necessary for effective planning before keel laying.

Meanwhile, Admiral Nanda, Chief of the Naval Staff, has suggested the need for a separate Ministry at the Centre for shipbuilding. Speaking at the three-day seminar on "indigenous production of equipment for warships and the shipbuilding industry" held recently in Bombay, Admiral Nanda said that separate Ministries of Shipbuilding were existing in several countries where this industry flourished. But what India needs more urgently today is not a separate Ministry for Shipbuilding but effective co-ordination among the various economic Ministries at the Centre. In the absence of

such co-ordination, not only shipbuilding but the progress of other industries will suffer. The Government of West Bengal should impress on New

Delhi to implement the scheme for a shipyard in Haldia. This will strengthen the State's economy and create vast scope for employment.

Expanding the Monopolies Commission

WITH the appointment of Mr. Justice Alagiriswamy as a judge of the Supreme Court, the Company Affairs Department has got an unexpected opportunity to reform the Monopolies and Restrictive Trade Practices Commission whose chairman he was ever since its inception in August 1970. It is a known fact that serious differences of opinion have often arisen in the three-member Monopolies Commission in regard to a few cases from big business houses referred to it, particularly the one from T.E.L.C.O. for expansion of its heavy truck production capacity. In fact, judging from such of those reports of the Commission as have been made public (not officially by the Government, which is generally reluctant to make such reports public), unanimity has been achieved by the Commission only in two or three cases, all of them relatively trivial merger proposals having no relevance to either the problem of concentration of economic power or monopolisation of markets. In each of the other cases involving substantial expansion proposals with significant implications for concentration and/or monopoly, the Commission has been divided, two of the members supporting and one opposing the proposals. With Mr. Justice Alagiriswamy's elevation to the Supreme Court, the Government is likely to hasten the selection of his successor, as otherwise the Monopolies Commission will become inoperative without a chairman. The Commission now consists of a chairman and two members and, under the M.R.T.P. Act, a minimum of three members have to be present to constitute a sitting of the Commission.

Perhaps by the time this appears in print, the Government may have taken a decision on the choice of a new chairman. At this writing, according to informed sources, Mr. V. R. Krishna Iyer, a member of the Law Commission, and former Law Minister, is likely to succeed Mr. Justice Alagiriswamy as chairman of the Commission. There is, however, no indication as yet whether the Government also intends either to increase the membership of the Com-

mission from the present three to five or seven, or to bifurcate its dual functions of curbing the concentration of economic power and checking restrictive trade practices. The question of expanding the membership of the Commission has been in the air for some time. This started at a meeting of Parliament's Consultative Committee for the Department of Company Affairs when, in response to a suggestion by the late Mr. C. C. Desai, Mr. Raghunatha Reddy agreed to consider the expansion of the Commission. However, he later clarified to newsmen in an interview that this was in the nature of "loud thinking". By then, probably, he had received a communication from the then chairman, Mr. Justice Alagiriswamy, welcoming the proposal, but pointing out that certain innovations had to be made in the Act itself before embarking on the expansion of the membership. There was no reply from the Minister to this communication (again, according to Press reports). But from the clarification of the Minister to newsmen that the proposal was only loud thinking, it appeared that Mr. Justice Alagiriswamy's suggestions about some preliminary steps had either appealed to the Minister or had embarrassed him so much that he decided to shelve the idea of expansion for the time being.

The "radicals" in the Congress had, of course, jumped at the idea of expansion of the Commission but this was for very different reasons. They had been feeling embarrassed by the nature of the verdict of the Commission on each of the case referred to it. While Mr. Justice Alagiriswamy and Mr. D. Subramaniam were inclined to take a strictly legalistic view of the issues involved, the third member, Mr. H. K. Paranjape, took an ideological view which was more in tune with the "social objectives" of the Party in power. The Central Cabinet is free to accept or reject the Commission's verdict but, as far as the Commission is concerned, the majority report is the verdict of the Commission. In other words, Dr. Paranjape's is, for all practical purpose, a minute of dissent. The radicals, however,

thought that if the membership of the Commission was expanded from the present three to five or seven, the entire complexion of the Commission would change and Mr. Justice Alagiriswamy and Mr. D. Subramaniam could be reduced to a minority. This would save the Government of the embarrassment of having to reject any verdict of the Commission.

But is there a real need for the Government to increase the membership of the Commission, taking advantage of the exit of Mr. Alagiriswamy? The present workload of the Commission does not seem to justify such an expansion. Although it is true that if any one of the three members happens to be sick or on leave, the Commission cannot take a decision, this has hardly affected its working. Ever since the Commission was set up in August 1970, only 28 cases were referred to it, of which 20 have been disposed of. It is possible that the Government itself did not think it necessary to refer too many cases to the Commission. Now that the A.I.C.C. has decided that there is no question of modifying or abridging the principles underlying the 1956 Industrial Policy Resolution with a view to enlarging the scope of private enterprise, the chances are that the number of applications from "monopoly houses" will become fewer. But even before the Gandhinagar A.I.C.C. resolution, the Commission was not, at any rate in the Government's view, confronted with a heavy workload. Otherwise, Mr. Alagiriswamy would not have been granted two months' leave without hesitation, which meant that the Commission did not take any decision during this period.

These considerations may not, even now, restrain the Government from expanding the Commission. But one thing seems to be certain. Even if the Government decides to increase the membership of the Commission or to bifurcate "restrictive trade practices" from its "monopoly" function, this will be done for reasons other than the workload of the Commission. For bifurcating the Commission's functions, the M.R.T.P. Act will have to be amended, since the present law envisages a unified Commission. It is only in the U.K., from where the Government of India has presumably borrowed the concept of the Monopolies Commission, that there is a bifurcation of the Commission's functions.

Mergers and Equity Investment

THE merging of companies into bigger and fewer units has been discussed from various angles; so has investment in companies' ordinary shares. But mostly the discussions have been separate, or equity investment has been considered in relation to mergers only in so far as they affect the quality of particular shares. Suddenly (or so it seems, in the long time-scale involved in such matters) the City of London has become aware that the whole basis of equity investment in Britain will be changed—even that the share market itself may disappear—if the recent years' rate of merging continues through this decade and into the next.

The trend towards "bigger and fewer" may be specially conspicuous in Britain, but it is a worldwide trend. Many Governments (including the British) are groping for a rational policy on the structure of private enterprise, both national and multinational; some (most obviously, the American, by its anti-trust laws) have retarded the trend for a long time. But industrial economists who have studied the trend have almost unanimously deduced that, however national—and possibly international—policy may develop, the process of consolidation will continue. Consideration of its effects on the capital markets, on the procedures for distributing savings into productive use, is overdue.

The simplest question is whether there will be enough separate companies to sustain a conventional share market. Industrial economists' predictions that within 10 to 15 years about a 100 groups will operate 80 per cent to 85 per cent of the world's private sector and about a dozen will operate a similar proportion of Britain's may leave room for a large number of "ungrouped" companies, but in the residual 15 per cent to 20 per cent of the private sector most of them would be too small for the massive investments of such financial institutions as insurance companies, and most small savers who invest individually incline towards big ("blue chip") shares. In London, for example, a market that dealt in a dozen or so "majors" and an assortment of "minors" of various quality would not be the kind of market that the City knows, and it would not require

the present complex mechanism of the Stock Exchange.

Current thinking is not concerned only with this numerical aspect of the trend. It is concerned equally, or more, with the implicit change in the character of equity investment. Either an admirer or a detractor of the present social system might point to Unilever as an example of a giant that had become more profit-conscious in recent years, and suggest that Imperial Chemical Industries was moving in the same direction. But in general there is plenty of evidence that big companies—while acknowledging that they need adequate profits to finance development, and perhaps to maintain or restore their shares' "market rating" so that they can issue new shares on satisfactory terms—are becoming more interested in satisfying their employees and in dealing with such social problems as pollution and less interested in gratifying their shareholders.

Another idea is that megalomania compels big business men to maximise their groups' sales, and that maximised sales are incompatible with maximised profits. A variant of this idea is obsession with costly, and not properly rewarding, technology. In so far as these accusations are valid (it should be observed that some big groups have ruthlessly eliminated unprofitable products and reconsidered the economics of technology), their implications are unfavourable to ordinary shares.

If the number of companies in which investment through the market is practicable is rapidly diminishing and "the crude profit motive" is being replaced by "a new social ethic", the conventional concept of equity investment will soon, indeed, be outmoded. There is no reason to doubt that financial institutions will still provide capital to "majors", but the character of their investments will change. They will still provide capital to some "minors", but the environment in which these firms operate will be more specialised and restricted.

Britain, on the threshold of her venture into the Common Market,

is specially conscious of "European-scale" companies, and of the supposed need to consolidate her own industries so that they will compete more effectively in the Market—including its British sector. But the European Community Information Service in London is campaigning against the idea that, "either deliberately or at least indirectly and by implication", the Community favours big business. "In reality", it says, "a stronger and enlarged Community is the last chance given to the Europeans to preserve their diversity."

This "diversity" will certainly be preserved, if only because huge groups are not interested in low-volume and low-value production and small firms are, therefore, needed to complement their activities. But when the European Community Information Service cites examples of "smaller firms" that have operated more profitably than their giant rivals it exposes itself to the comment that some of these firms are by ordinary standards very big and that Gerald Newbould and Andrew Jackson (whose much-discussed book on "multimerging", *The Receding Ideal*, was published in Britain this year) regard such firms as destined to be merged with the giants.

Truly small firms, with specialised functions and agile management, will be viable in any foreseeable circumstances; but few such firms have ever been involved in equity investment through the market. It is among the medium-size firms—even among the giants themselves—that opportunities for selective investment are being rapidly reduced by "multimerging". It seems likely that "big money for big business" will gradually impel financial institutions into some kind of partnership with industrial and commercial institutions (as they can now be termed). It may be doubted that this process will maximise returns on capital invested, but if that is the system's prospective form one should prepare for it.

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CURRENT COMMENT

ESSO

Offer to New Delhi

Esso's offer of 76 per cent equity participation to the Government of India or if that is not found acceptable, the total sale of its business interests in the country has created a big stir. Mr. A. G. Neff, General Manager of Esso in India, said that the decision had been an excruciating one for the Company considering its long association with the country. But the Company could not operate in a situation, as Mr. Neff said, where it was not wanted. Mr. Neff further complained that the Company had been denied the right to growth with the market and various controls on price and profit had reduced its profitability to inadequate levels. It is with all this in view that Esso has offered two alternatives to nationalisation of its business. Thirtv months ago, the best that Esso could offer was majority participation to the Government in the ratio of 51: 49. The Company has now made an important concession concerning its right to procure crude from sources of its own choice. It has suggested a system of global tender with the Company having the right to make a matching bid at the lowest global offer. Mr. Neff said that Esso would not insist on preferential right or obligations whatever. While the Company believes that crude supply rights will have a different connotation in the future because of the anticipated tight supply position in crude, the Government holds a different view.

Esso's assets in India totals about Rs. 40 crores and its net worth is Rs. 30 crores. The purchase price, Mr. Neff said, would be a subject for negotiation. If the Government were to accept the majority equity participation offer, the management of the Company would be run by a board of directors composed on the basis of proportional representation. Mr. Neff denied that he had ever shown a "take-it-or-leave-it" sort of attitude to the Government or that any threat was implied. Esso expects that the Government will take a quick decision on the matter facilitating the full use of its refinery capacity. The Company has no doubt gone a long way to meet the Government's demand. There is also a note of despair in its present offer. A pertinent question is why Esso chose to make the offer now.

The Company knows that it would be able to regularise the excess capacity it had created if it could become a junior partner of the Government. The participation of the Government would also enable Esso to build up pressure for further expansion of its refinery capacity. The Company may not stand to lose by offering majority capital participation to the Government, if the anticipated rise in business—particularly in the western region—would increase its share of profit in absolute terms. The Central Minister for Petroleum and Chemicals, Mr. H. R. Gokhale, said that Esso's proposal for equity participation was being considered by the Government. But the idea of nationalisation has not yet been abandoned. The Minister said that Esso's proposal involved big complications and a decision could not be taken in a few days.

RE-ROLLERS

Supply of Billets

In a memorandum recently submitted to Mr. S. Mohan Kumaramangalam, Central Minister for Steel and Mines, Mr. D. R. Goel, vice-president, special sections, Re-rollers Association of India, has stated that recently some rolling mills in the country have made arrangements for rolling special and difficult sections so as to ensure economy in the use of steel materials which are already in short supply in the country at the present moment. These special and difficult sections are being rolled by some of the re-rolling mills registered with the State Directorates of Industries apart from those registered with the B.R.C. Unfortunately, however, while there has been a regular supply of billets to the re-rolling mills registered with the B.R.C. against their requirement for the manufacture of special and difficult sections, in the case of the re-rolling mills manufacturing similar sections but registered with the State Directorates of Industries an utterly apathetic attitude has been shown by the Government by depriving them of any allocation of billets, heavy rounds, etcetera. He has, therefore, urged the Government to do away with this discrimination against a particular section of the re-rolling industry which has been quite conspicuous by its humble and sincere contribution to the economy.

TAMIL NADU

Task for S.I.P.C.O.T.

At the recent annual general meeting of the State Industries Promotion Corporation of Tamil Nadu, Mr. Thiru M. G. Raja Ram, chairman, said that only last year the Corporation was set by the Government of India to quicken the rate of growth of the backward areas of the State. So far the Corporation has decided to assist nine industrial projects, two of which are large-scale ones and the remainder medium-scale. Term loans have been sanctioned to four projects for an aggregate amount of Rs. 24 lakhs and other cases are being processed. The Government of Tamil Nadu has approved the Corporation's proposal for a credit guarantee scheme for medium-scale industries with a view to protecting commercial banks in respect of term loans advanced by them to medium-scale industries. S.I.P.C.O.T. has taken up the task of identifying viable and profitable projects and preparing feasibility studies which will be available to entrepreneurs free of cost. The Corporation is actively considering the question of developing a few growth centres by providing the necessary infrastructure facilities. These centres are proposed to be selected in consultation with the State Planning Commission. The Corporation is examining a proposal to set up a consultancy organisation in collaboration with other term lending institutions and leading industrial houses.

BANKING

A Useful Manual

That the lending policies of institutional agencies (co-operative or otherwise) providing finance for agriculture should be so designed as to help production and at the same time ensure proper utilisation of the moneys lent has been emphasised by the Reserve Bank in the manual on *Production-oriented System of Lending for Agriculture* brought out by it. It is important, the manual says, that the credit needs of agricultural producers are assessed on a rational basis, taking into account the quantum of outlay required for each activity and their repaying capacity so that proper and efficient utilisation of the meagre resources is ensured. The manual sets out broadly the policies and procedures governing the sanction of short, medium and long-term loans for agricultural production purposes. It also contains a few new *pro formae* for

assessing the repaying capacity of borrowers, feasibility of investment, valuation of land and the like. The appendices included in the manual on "Crop Loan System" brought out by the Reserve Bank in 1966 have been considerably simplified as recommended by the All-India Rural Credit Review Committee.

FOREIGN INVESTMENT

German Incentive

For another year the West German Government has granted tax concessions to German business men in case they invest their money in developing countries. The Development Assistance Tax Law which was introduced in 1963 has just been extended for one year. These tax incentives cost the West German Government about 200 million deutschemarks (Rs. 46 crores) a year. West German total private investment in developing countries comes to 6.3 billion deutschemarks (end of June 1971). A sum of 637 million deutschemarks has been invested in Asia. Among the Asian countries, India has the major portion of the German private capital investment of 131 million deutschemarks.

NATIONAL AND GRINDLAYS

Conference in Calcutta

The Overseas Banking Division (O.B.D.) of National and Grindlays Bank Ltd is holding a conference in Calcutta from 30th October to 3rd November to discuss the concept of "planning" within the division. Some of the subjects being discussed are the problems of implementing the concept of planning in the field, the changing rôle of the branch manager in the future and a look ahead over the next five years. Delegates attending the conference include from India Mr. H. M. Jackson, general manager in India, and regional managers and their planning officers. Delegates from the management in London of the bank groups include Mr. Alastair Thomson and Mr. Peter Jefferys, group deputy managing directors, and Mr. R. S. Rees, deputy to the managing director, O.B.D.

CO-OPERATIVE CREDIT

Rise in Working Capital

The total working capital of co-operative credit institutions (all

types) increased by Rs. 618 crores to Rs. 4,869 crores during the year ended June 1971 and membership from 43 million to 45 million, according to the *Statistical Statements relating to the Co-operative Movement in India, 1970-71: Part I: Credit Societies*, published by the Reserve Bank of India a few days ago. As at the end of June 1971, there were in all 182,460 co-operative credit institutions—25 State co-operative banks, 341 central co-operative banks, 27 industrial co-operative banks, 19 central land development banks, 865 primary land development banks, 160,780 primary agricultural credit societies, 15,346 non-agricultural credit societies and 5,057 grain banks.

The number of primary credit societies declined from 162,700 to 160,780 in the course of the year. The owned funds of the agricultural credit societies stood at Rs. 265.3 crores on 30th June, 1971, a rise of Rs. 26.5 crores. The deposits at Rs. 69.5 crores formed barely 6 per cent of the total working capital. Borrowings from central financing agencies, however, increased from Rs. 576 crores to Rs. 635.4 crores as on 30th June, 1971, while loans granted by them went up from Rs. 540.1 crores to Rs. 577.9 crores. The overdues rose further from Rs. 268.2 crores in June 1970 to Rs. 322.4 crores in June 1971, accounting for 41.1 per cent of the total loans outstanding, against 37.7 per cent a year before.

DEVELOPING COUNTRIES

World Bank Chartbook

Developing countries have made substantial gains in broadening education and improving nutrition in the last two decades, according to statistics in the fourth edition of *Trends in Developing Countries*, just published by the World Bank. In addition, the total gross national product has risen significantly, although the increase has to a great extent been offset by accelerated population growth. The gross national product *per capita* in developing countries increased by about 25 per cent between 1960 and 1969 despite rapid population gains. At the same time, the external debt of these countries as well as costs of servicing this debt have risen, while their share in world exports have declined.

The chartbook includes a new section on socio-economic indicators.

Data in this section indicate that education, as measured by the ratio of first and second level school enrolments to the school age population, gained rapidly. The ratio in Africa rose from about 15 per cent in 1950 to more than 30 per cent in 1967; in Asia from more than 25 per cent to almost 50 per cent; in Latin America from just under 40 per cent to well over 60 per cent; and in the Middle East from just under 20 per cent to more than 40 per cent.

The estimated total population in the developing world rose from about 2 billion in 1960 to some 2.5 billion a decade later. Projections of the figures, however, indicate that the present population of developing countries may double by the year 2000. In contrast, the total population in more developed regions—which increased from 1 billion in 1960 to 1.1 billion in 1970—is projected to rise to about 1.5 billion at the end of the century. The picture is even more startling in the case of urban population, which is expected to increase in developing countries by more than threefold during the same period. The data indicate that the external debt of developing countries rose sharply, from \$37.5 billion to \$59.3 billion between 1965 and 1969, while the debt service as percentage of export earnings increased from 8.9 to 10.4. During the same period, their share of world trade decreased from 20 per cent to 18 per cent.

U.N.D.P.

Fresh Aid for India

The Governing Council of the United Nations Development Programme has recently approved financial and technical assistance to the tune of \$50 million for the next five years for India's country programme. With its accent on science and technology, the Indian country programme envisages U.N.D.P. assistance of \$88 million for a seven-year period covering the remaining two years of the Fourth Five Year Plan and the entire Fifth Plan, but in accordance with the U.N.D.P. policy decision, assistance was approved for the present for the next five years.

In the past, U.N.D.P. assistance was on a project-by-project basis. The new long-term country programme has been evolved on the basis of the recommendations made by Sir Robert Jackson to the then

U.N.D.P. Administrator, Mr. Paul Hoffman, for improving the U.N. development assistance system to handle more efficiently a greater volume of funds. The new system also enables developing countries to plan sufficiently in advance in an integrated manner, taking into account other foreign aid programmes. According to the U.N. authorities, country-programming represents a logical step forward in building the most productive partnership possible between the U.N.D.P. and the developing countries. The new U.N.D.P. Administrator, Mr. Rudolf Peterson, who recently visited India, has evolved effective procedures to implement the policy.

AGRICULTURE

U.S. Assistance

India has been by far the largest recipient of U.S. agricultural commodities under Title I, Public Law 480. The first Title I agreement with India was signed on 29th August, 1956. Since then nine additional agreements and 35 supplemental agreements have been signed. The agreement signed on 20th February, 1967, was the first with any country under the Food For Peace Legislation. The new agreement included

a section describing the self-help measures which the Government of India was undertaking to increase food production and promote economic development. Since the first agreement in 1956, P.L. 480 commodities have constituted a large portion of India's agricultural imports. While the major emphasis has been to supply foodgrains during deficit periods, other agricultural commodities were supplied to supplement Indian production and maintain price levels. More than 59 million tons of wheat, grain sorghum, corn, and rice have been imported under P.L. 480—mainly during drought years when domestic foodgrains were in short supply.

Cotton has been an important P.L. 480 import as domestic production does not meet the demand of India's large cotton textile industry. Increasing quantities of vegetable oils have been imported to meet demands of the *vanaspati* industry and stabilise prices of domestic edible oils. Tallow imports have supplied an inexpensive source of fats for the soap industry, releasing high priced vegetable oils for edible purposes. Imports of tobacco have provided high-quality leaf needed for premium cigarettes during a period when foreign exchange resources

were particularly scarce. Relatively small quantities of dairy products—non-fat dry milk, whole dry-milk, evaporated milk, and cheese—have been supplied at various times to supplement local production. At the special request of the Government of India, a small quantity of canned fruit was also included in the programme.

MONEY MARKET

Easier Trend

The short-term money market has been easier this past week. The call rate initially shot up to 3½ per cent but it has later come down to 3¼ per cent, with small lenders over. The demand for remittances has been moderate. The supply of tea and gunny bills has been fair. The pound-sterling has weakened against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 20th October, 1972, shows a drop of Rs. 10.13 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 271.89 crores, compared with the previous week. Their borrowings from the Bank have declined by Rs. 1.86 crores to Rs. 4.86 crores, of which advances against usance bills have amounted to Rs. 50 lakhs, against the same. Balances held abroad by the Reserve Bank in the Banking Department show a drop of Rs. 2.44 crores to Rs. 152.45 crores.

"CAPITAL" CHRISTMAS TOY FUND

STATEMENT OF ACCOUNTS FOR 1971

	Rs.	Rs.
Balance from 1970 ...	1,388.28	
*Collection for 1971 ...	1,546.00	2,934.28
Less cost of toys and donations to various institutions in 1971 ...	2,601.87	
Postage ...	15.00	
Miscellaneous ...	3.00	2,619.87
Balance for 1971 brought forward to the next year ...		314.41
*Includes donations of Rs. 15 as follows:		
S. Mitra ...	Rs. 14.00	
Anonymous ...	Rc. 1.00	
		Rs. 15.00

FOOTPATHS IN CALCUTTA

A CORRESPONDENT writes in Current Coin: As long as the Improvement Trust confines itself towards opening up congested areas such as it has already picked upon, there is not much chance of any newly-paved paths being broken up to any considerable extent. Whether it be the Calcutta Corporation or its Chief Engineers, who have to choose the streets to have their side-walks pave, it is imperative, therefore, that they should confine themselves entirely to the main thoroughfares with which the Improvement Trust is not likely to deal for ages to come. The question of footpath paving raises also the other common experience in this city of the paths being dug open to lay cables and pipes. It would be impossible to avoid this

altogether, but somebody should be responsible for a little more judicious discernment in granting permission to dig open an entire street walk, as was done recently along Government Place and Old Court House Street. There should be hard and fast rules laid down regarding this matter, as for instance that not more than a limited distance, say, a hundred feet or a hundred yards, should be "up" at the same time. Further either the District Engineer or the Ward Commissioner should make it his duty to see that after opening up a path the same should be properly closed up again by the company responsible. The prevailing customs appears to be to heap up the earth over the opening and leave the pedestrians who use the path to do the levelling.

FROM

CAPITAL

7th November, 1912

A Ditcher's Diary

AT THIS TIME OF YEAR, DEAR reader, I am not ashamed of approaching you with my begging bowl. As the autumn bids a quiet adieu and the winter sneakily announces its advent through a mild nip in the air, the day is not quite far off when the whole world will go gay on Christmas day. There are innumerable poor children whose life will remain as dreary and miserable as ever before. But can't we kindle a happy smile on their undernourished faces, however momentary it may be, by a token gift of a toy? I know well enough that a gift of this nature will not help redeem their misery for the whole of the year, nor will their poverty be banished through a small gesture of this kind. I also know well enough that there are thousand causes which clamour for your charity at a time when the inflationary pressures are eroding the real value of the rupee and the Finance Minister, Mr. Y. B. Chavan, is constantly casting his rapacious glances at your purse, no matter how depleted it might be. But let me tell you straightaway that our readers had been quite generous last year in contributing to *Capital's* Christmas Toy Fund, even though times were very hard indeed as the whole nation was busy fighting a war with Pakistan and Mr. Chavan had siphoned off as much as Rs. 500 crores by imposing a back-breaking burden of taxation. In our own humble way, we offered our hand of succour to refugee children who crossed the border with nothing but a firm faith

in our charity. And the meaning of charity, as you know dear reader, is love. This year too, we want to do the same good work for the poor, hungry and neglected children in our own humble way; let me remind you that in doing this, we will follow our traditional practice of ignoring all considerations of race, religion or creed. A lion's share of this year's contribution will be utilised in giving small gifts to poor, destitute children in city streets, to Mother Teresa's Missionaries of Charity and other such deserving causes. But in doing this, we shall not certainly deprive the usual beneficiaries of your munificence. An illustrious predecessor of mine fixed the maximum contribution at Rs. 10 more than sixty years ago. And I need hardly remind you that the value of Rs. 10 is not even one-tenth of what it was six decades ago. But let me not fix any definite amount for your contribution. I know well enough that readers of *Capital* are all intelligent and enlightened people to appreciate its crusade for a good cause. Cheques (preferably crossed), cash or toys—all are welcome, and should reach the *Capital* Christmas Toy Fund, 19 R. N. Mookerjee Road, Calcutta 1.

HANOI'S INSISTENCE THAT A CEASE-fire agreement must be signed on 31st October was clearly intended to force Washington's hands, but I did not think that the tactic would succeed. If Dr. Kissinger had agreed to signing on this date, the North Viet-

namese were perfectly justified in their insistence. But could they afford to conceal the agreement if Washington failed to observe an agreed time-table? They warned that the Nixon administration would be responsible for the "consequences" of such failure; but surely the threat was not credible enough to stampede the administration. It did not even sound particularly dire. The North Vietnamese had not lost their good humour, and said that Dr. Kissinger was welcome to meet them before or after 31st October—to drink champagne on the eve of the signing ceremony or to discuss questions that would "interest the two sides" after the signing. But Dr. Kissinger had to contend with Mr. Thieu who was in no mood for such pleasantries. The draft agreement, going by the text released by Hanoi, cannot have brought him the slightest comfort. Whatever guarantees there may be against a "communist take-over", he must be reconciled to a future when there will be no American forces to prop him up while nothing will be done to dislodge the North Vietnamese from their positions in the South. Phnom Penh and Vientiane may be stricken by graver uncertainties. Even if Washington is irrevocably committed to the reported agreement, it must go through the motions of persuading its allies in Indo-China that all is not lost. Nor is it certain that Washington itself is prepared to lose everything; the agreement will not necessarily mean total American disengagement from the region. However, at least a cease-fire agreement can now be taken for granted; and the signing cannot be much delayed if the pattern of control by the two sides in



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South Vietnam is not to be greatly disturbed. Paris would be an appropriate venue for the signing ceremony; the French will recall their own experience in Indo-China and note, perhaps with some satisfaction, that the Americans learnt little from it. Another ceremony in Geneva would have been singularly inauspicious after what had happened to the 1954 accords. These agreements, as well as those of 1962, are still mentioned by Hanoi and Washington with formal deference, but this may be no more than a diplomatic ritual. I am not surprised that the existing I.C.C. is considered inadequate in the new context; and India need not be inconsolable if she is not included in a new and larger commission. An international rôle, which is not necessarily rewarding even in the best of circumstances, may not be the nation's most urgent need at this moment.

THE FULL STORY OF WHAT HAPPENED in Assam does not seem to have been told as yet; and some reports suggest that the story itself may not be complete. Even if there is no further trouble, what has already occurred must cause grave disquiet. A comparison with the language riots of 1960 is perhaps an exaggeration; and, in any case, some of the recent disturbances were apparently communal in character. From a distance it is hard to say at what point and in what manner the language agitation sparked off communal violence. (It is a curiosity of Indian semantics and an irony of our social legacy that the word "communal" refers only to religious communities.) Perhaps there was no direct link; perhaps there were dark, unnamed forces to "take advantage of the situation". It may not be entirely fanciful to suspect some unseen hand at work behind the recent communal tension in Bangladesh and some parts of India. But there is also much that is clearly visible, and the language controversy in Assam can be discussed without reference to any sinister external plot. The starting-point in any such discussion must be an analysis of a certain intolerance in the Brahmaputra valley. The intolerance is not entirely without an explanation. The majority community in the Assam plains has been trying to assert a distinctive Assamese ethos, which it considers threatened not only by equally strident tribal assertions but also by the presence of large linguistic communities from other parts of the country. These communities are seen either as symbols of economic exploi-

tation or as obstacles to cultural integration. But to recognise the psychological origins is not to accept that they are healthy. Much of Assam's trouble in recent years has been due to the Brahmaputra valley's refusal to face facts. Prejudice and obduracy in the valley widened the gulf between the hills and the plains. There is now little to be salvaged from the hill areas for the greater glory of Assamese chauvinism; and another form of intolerance has apparently been revived. But the problems arising from Assam's ethnic and linguistic variety will not disappear even if the Bengalis of Cachar are separated from the mainstream of the State's life and those elsewhere obliged to submit to majority dictates.

THOSE WHO SAY THAT BUSINESS men are not sentimental do not know what they are talking about. They are, as was amply proved, according to reports, at 11.45 a.m. on Thursday, 12th October, in the City of London. This was the time and date when, for the first time "since the memory of man runs not to the contrary", there was no announcement of Bank rate from the Bank of England. No tears were shed; those are nowadays reserved for Britain's ailing economy. But there was a feeling of nostalgia at the abrupt passing of an era which dates back no less than 270 years. Some apparently welcomed the change; others deplored it mainly for the reasons it was made. These were represented by the British authorities as belated adjustment to modern realities. But everybody knows that the real reason was, quite simply, that the Bank was anxious to raise its own lending rate without causing the kind

of panic which a sharp increase in the more psychologically-significant Bank rate would cause. Pure financial wizardry, in other words. In fact, the new rate—the minimum lending rate, as the Bank of England has named it—was quoted for the first time on the following day at no less than 7½ per cent, compared with the 6-per cent level at which Bank rate expired. How's that for monetary slight of hand? The "Old Lady" would do well at poker. Of course, Bank rate is not to disappear altogether. It will still be available for use in emergencies, whatever those might be.

THIS IS NOT THE FIRST TIME THAT a film by Mrinal Sen has provoked a controversy, and Mr. Sen has every reason to be gratified. For any serious artist, it is more rewarding to be provocative than inconsequentially pleasing. And *Calcutta 71* has done more than start an academic or sectarian debate; evidently it has created a lively interest even among those who are not particularly concerned with points of cinematic form or details of the film's political content. The Press reviews have not been uniformly flattering; but by all accounts the film remains a big box-office draw. In fact, the controversy over some of the points made in the reviews may have generated a wider and more passionate interest in the film. I do not wish to join this controversy; but I have no hesitation in saying that it is an important film. It is also clear that it has made an impact, even if the nature of the impact is seemingly varied. The film carries a social commentary, and even the critics will agree that the commentary is forceful. I consider it

highly reassuring that the Bengali audience remains acutely responsive to serious social commentary. To respond is not necessarily to agree; and, as Mr. Sen himself shows with heavy banter, the power "to react" can be easily and fashionably feigned. But the general response to the core of *Calcutta 71* is unlikely to be feigned. The genuineness of such response can be seen in different contexts, some far less controversial than Mr. Sen's film. Last week, for example, I was delighted to see how keenly the audience responded to the social satire in Utpal Dutt's play *Tiner Talwar*. Of course, Mr. Dutt's play has little in common with Mr. Sen's film. Apart from the differences arising from two distinctive art forms, the two works are wholly dissimilar in temper. Mr. Dutt's work, too, contains a fairly explicit social commentary; but, above all, it is a highly entertaining drama. A significant period in the history of the Bengali stage has been re-created with brilliant effect; and in re-creating it Mr. Dutt has also touched upon our social, economic and political history with a kind of merciless merriment. His own performance is predictably impressive; but far more impressive is the way in which he has organised the whole.

A WAG IN CALCUTTA DEFINED technology the other day as "what goes from the notebook of the professor to the notebook of the student without passing through the brain of either". The Minister of Science and Technology, Mr. C. Subramaniam, who stressed the need for a larger allocation for technology the other day, may please note.

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IMPALA PT-71/7

Management Executives: Trend Towards Professionalisation

By V. Krishna

Head of General Line Container
Division (Eastern Region),
The Metal Box Co. of India Ltd

Executives in India are now passing through a phase of steady professionalisation. In future, they will rely less on product and operational know-how and more on their professional management expertise.

THE term "executive" derives from the Latin word meaning "to do". However, the primary responsibility of an executive is to formulate guidelines on organisational policy and make decisions. This does not mean that an executive cannot be involved with the implementation of decisions and policies, but rather that in most organisations the stress would be on relieving him from day to day matters so that he can devote his time to formulation of corporate policy and decision-making. The executive in an industrial organisation is associated with the establishment of the long-term goals of the company and formulation of policies and guidelines for facilitating the achievement of these goals. This necessarily means his close involvement in long-range and short-term planning, periodic control and evaluation of performance, initiation of changes in organisational structure, evaluation of mergers and acquisitions, market penetration and new product developments, etcetera. On the other hand, the rôle of the manager, as opposed to that of an executive, is more routine in nature, in that the manager must operate within the broad policy guidelines as set by the executives of an organisation. He will be more concerned with implementation, evaluation, and appraisal of the goals and objectives of the organisation. In Indian industry the term "executive" is a misnomer and is often used loosely to mean almost anyone who has completed his management training with the concern and has been absorbed as a member of the company's management team.

Having defined the scope of responsibilities of an executive, it be-

comes necessary to identify his functions in an organisation. Even though the functions of an executive would vary depending on his area of responsibility within the business, there would, however, be broad similarities in the scope and nature of his functional responsibilities. An executive in an industrial organisation would be responsible for performance of a number, if not all, of the following functions in his area of responsibility: (a) establishing company objectives; (b) conversion of the objectives into long-range plans; (c) development of short-range plans to facilitate achievement of the long-term plans and appraisal and control of short-term performance; (d) development of a suitable organisational structure to facilitate implementation and achievement of the short-term and long-range goals; (e) selection and grooming of executive personnel and managers, and initiation of programmes for their development; (f) evolving policy on the conduct of Research and Development, with a view to developing new technology and products; and (g) evaluation of acquisitions.

To direct and control the functioning of an organisation requires the formulation of corporate objectives. The corporate objective formulation process for an organisation should be such that the formulated policy objectives are achievable from a practical standpoint. Formulation of corporate policy must take into account the organisation's aspirations as to its share of the market, product diversification, return on investment, new product development, technological leadership, dividend policy, policy on labour turnover and work force deployment, etcetera. No organisation exists for the fulfilment of one sole objective—it has a multiple set of objectives some of which could very well be in conflict with one another. Furthermore, various organisations give different weightage to the multiple goals.

An executive must actively participate in the formulation of corporate objectives. He must see to it that the objectives which he evolves in his area of responsibility are realistic. In evolving corporate policy, the executive would be in touch with divisional managers and representatives, and once he has formulated his recommendations these must have the approval of the chief executive and the board of directors. Once the corporate objectives have been formulated they require to be integrated in the long-range plans of the organisation. Corporate objectives and long-range planning are very closely linked to each other and often corporate objectives may require to be modified once an attempt is made to convert them into specific plans.

Although the time horizon for long-range planning varies, mostly it is between three years and seven years, with quite a few concerns adhering to the five-year planning cycle. The process of long-range planning could originate at the bottom of the organisation and go up to the top. This would mean that divisional and regional managers would first formulate the plans, while the involvement of top management would come at a later stage in such a planning process. In organisations where the central staff is functionally responsible for long-range planning the process could be the other way round. However, in practice, there is considerable overlapping and plans are modified based on feedback obtained either from the top or lower echelons of the organisation.

Marketing Capability

The long-range planning process requires an estimation of the marketing capability of an organisation, which is then converted into a capacity plan. The preparation of a capital investment programme is based on such plans. The next step is to tie these up with the divisional plans, which can then be converted into projected profit and loss statements. Underlined in the long-range planning process are the corporate objectives—areas in which the company is to concentrate, the market share and growth rate to be achieved, development and introduction of new products, return on investment, etcetera. As the survival and growth of an organisation depends on the fulfilment of company objectives, an executive's participation in long-

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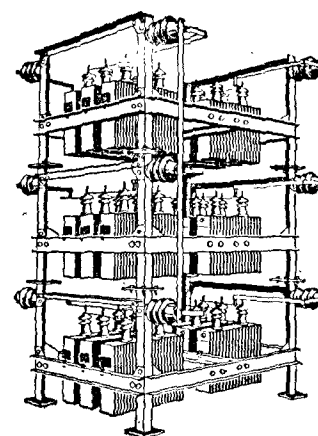
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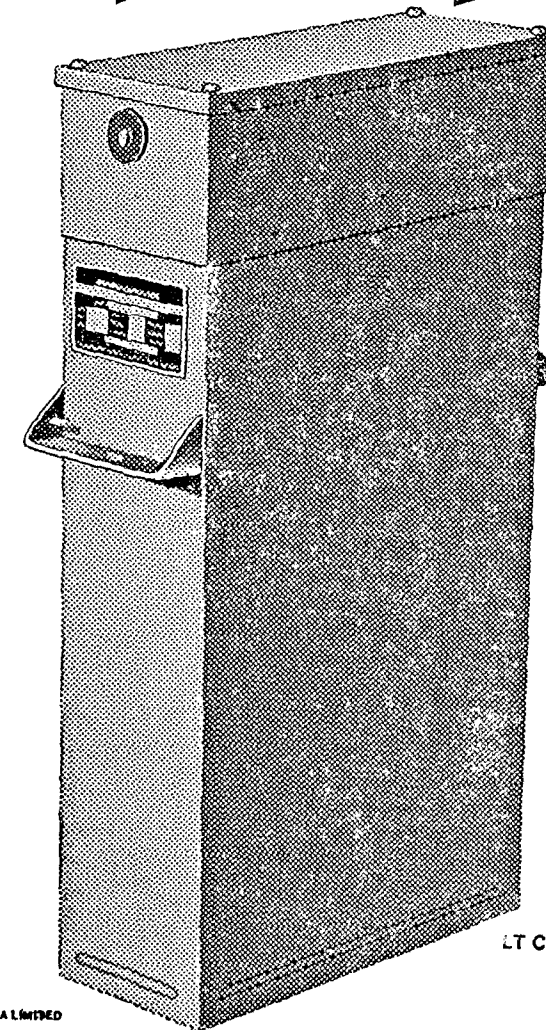
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ange planning is a vitally important function for him.

To facilitate achieving the long-range organisational plans and with a view to exercising control, the long-range plans require to be translated into short-term plans. This facilitates the executive to delegate responsibility to the manager for routine operation of day to day business. The executive cannot, however, absolve himself from the responsibility of achieving the long-term goals based on inadequate performance in the short-term. He must make periodic reviews of short-term performance and must initiate corrective action wherever the performance significantly falls below the targeted level. The budget is a powerful tool for exercising control by making monthly or quarterly reviews of budgeted performance against actual performance. The executive must take corrective action whenever substantive controllable variances from budgeted or targeted performance occur.

So that the long-term goals of the organisation do not have to await fulfilment due to the lack of an adequate organisational structure, the executive must make decisions as to the organisational pattern. Factors such as centralisation or decentralisation of company operations fall in this realm. Different types of organisational structures exist in various companies, each suited to the specific needs of that organisation and its people. No text has yet been able to throw light on the "best" structure for an organisation. Not only must an executive evolve, change, and define a company's organisational structure with a view to facilitating efficient operation and control, but he must also be able to establish responsibilities and appropriate means of communications for the various functions of the organisation.

Personnel Selection

For an aggressive organisation the achievement of its corporate objectives would require infusion of competent and creative individuals at various echelons. The organisation must also provide facilities for development and training of its promising individuals so that they can discharge their responsibilities efficiently and are ready to assume higher positions, as and when vacancies arise. The executive must lay down guidelines for recruiting outside personnel, from time to time, to in-

ject new blood in the organisation. He must initiate programmes for evaluation and review of performance so as to spot the potential executives and managers. Incumbents must be encouraged to line up their successors and adequate exposure to various aspects of management should be systematically provided by job rotations and development programmes, both within and outside the organisation.

An important rôle of an executive is to assess the magnitude and importance of the Research and Development effort of an organisation. The Research and Development effort may be vital in terms of maintaining the leadership and image of an organisation, giving the organisation a competitive position through new product development, ensuring a satisfactory rate of growth by product diversification, and sustaining or improving the profitability by cost reductions as a consequence of development of specific technologies. The expenditure on research and development and the avenues in which this activity should be undertaken are some of the areas on which corporate guidelines require to be developed. The evaluation and selection of Research and Development projects is also a matter of close concern to the executive.

With the increasing competition and the squeeze in profits—not to mention the Government policies on corporate taxation and the restrictions on concerns controlling a substantive share of the market, and/or concerns with foreign collaborations—the larger organisations are under pressure to make acquisitions in areas somewhat, although not directly, related to their mode of business. This will be more true of organisations which are facing a profit squeeze due to governmental regulations and competition. To enhance their overall profitability acquisitions may be desirable. Organisations which control a substantive share of the market in their "bread and butter lines" may not normally find it profitable to make acquisitions in related product lines. However, such organisations could invest in areas which are not directly related to their main product lines. By selection of the appropriate area for investment, a concern must be able to maintain or improve its level of profitability in the long-term and also ensure growth rate which may not be possible if it were to concentrate only on its existing range of products. The

executive must decide on the broad policy for acquisitions and product diversification of a concern.

The Changing Role

Rapid developments are taking place in the sphere of Indian management. Coupled with the increased emphasis on the consumer and the presence of competition between organisations producing same utility products, the rôle of the executive has become more demanding. The concept that managerial and executive traits are inborn in an individual and cannot be acquired through preparation and educational discipline is rapidly becoming outdated. More emphasis is now placed on the executive being able to grasp the new developments and approaches relating to the performance of his functions. This is bringing forth the professionalisation of the executive function and the Indian executive of the future will rely less on product and operational know-how and more on his professional management expertise. This trend has already manifested itself in the increased executive turnover at present in Indian industry.

The development of disciplines such as marketing research, operations research, industrial engineering and data processing has made a definite impact on the decision-making processes of organisations. Previously, decision-making in organisations was largely subjective because of non-availability of adequate information and the absence of a methodical framework for decision-making. With the emergence of new disciplines and the importance which will be placed on management information systems, this will no longer be true. Executive decision-making is becoming less subjective and is characterised by a greater emphasis on the availability of relevant information and the prediction of various alternative courses of action. This has definitely brought forth refinements in the process of long and short-range planning, the evaluation and selection of investment proposals, the introduction and development of new products and technologies, and other executive functions. However, this change in the rôle of the executive has not modified or altered his responsibilities. Any future changes in the rôle of the Indian executive are also expected to be in the mode of execution of his functions rather than in the scope of his functional responsibilities.

SPECIAL ARTICLES

How to Make Small Savings More Attractive

By Shyamal Banerjee

The present interest rates are not enough to cover the loss in the purchasing power of money. If small savings are to be attracted, the interest rates would have to be made more attractive.

AT a recent seminar in Calcutta, the Finance Minister of West Bengal, Mr. Shankar Ghosh, and the Central Deputy Finance Minister, Mrs. Sushila Rohatgi, emphasised the need for accumulation of small savings to make a large dent into India's national investment portfolio. It is very necessary in this context to make a fundamental analysis of how, through improved motivation, the national savings programme can be made a self-expanding, self-sustaining cycle.

The classical motives for any saver, after Keynes, are three-fold. A saver puts away a part of his earning for security in the future. Savings are more attractive to the saver if the same can be retained in a liquid or semi-liquid form. The closer is the form of saving to cash which is the most liquid form of asset, the greater is the incentive for such savings. Keynes identified a third motivation in the "speculative" instinct of an individual. In the context of the business section of people who save, in a small or moderate way for security and liquidity, the "speculative" motive is relatively weak. On the other hand, even the small investor is keen that his investment should grow through the earning of interest and that the purchasing power of the capital saved does not suffer an erosion. From this brief analysis one can identify some of the weaknesses of the various small savings schemes which are now operated through different institutional channels, including post offices.

First, currently a savings scheme which gives a reasonable interest, say, 6 per cent or above, is usually a fixture as far as the investor is concerned. It blocks the saver's money for three to seven years or longer. The saver has little or no access to the money put away by him in such a savings scheme until it becomes

due for repayment. Secondly, for the ordinary investment, in the postal savings bank, for example, which retains the liquidity of the savings, the interest offered is between 4 per cent and 4½ per cent which is not sufficiently attractive. Thirdly, the capital erosion due to the diminishing purchasing power of money is so substantial that the interest rate which is less than the average rate of inflation is unable to compensate for the capital loss. The small investor who necessarily calculates his earnings against the loss in the purchasing power of money, invariably argues that a long-term deposit or saving is hardly attractive. In the last two or three years, the value of gold has gone up by 30 per cent or 35 per cent. Any saver three years ago, if he had invested in gold, had earned a return of no less than 10 per cent a year. Even a not-so-careful investor does not fail to notice this big difference. Any fixed deposit or small savings scheme is, therefore, at a significant discount in this economic computation.

In this article it is proposed to discuss two innovations which seem harmless but would completely change the present system of small savings scheme. As usual, in many other fields, the old concept and philosophy in formulating the savings scheme is being continued without analysing the inhibitions underlying the scheme and also without enquiring whether within this system of the economic rationality, the schemes can be so moulded as to make them attractive and worth while for the investor.

The concept of current deposit and term deposit—in the conventional banking system—has been adopted in various national savings schemes. Under this principle, there is a short-term or current earning with a small rate of interest. On the other hand, a long-term deposit such as 3 years, five years or longer fetched a higher rate of return. The argument for this arrangement was that a bank had to be ready to honour any demand for withdrawal from depositors. The bank, therefore, had to maintain a

portion of the deposits in liquid cash. The liquid cash held by a bank cannot be invested by it to earn a good return. Therefore, a bank, depending on its total assets and small credit, had to keep at least 10 per cent or 15 per cent or even 20 per cent of its deposits in liquid form. Also, the method of bank financing, before the nationalisation of banks, was basically in short-term or medium-term investments. After nationalisation, there has been a shift in the banking system from short-term to medium and long-term investments.

After the banks were nationalised, the fear of a run on a bank is no longer there. Moreover, since depositors' confidence in a nationalised bank ought to be as good as their confidence in the Treasury or the Reserve Bank of India, the run concept in the operation of the banking system and formulation of the banking philosophy is a thing of the past. Secondly, bank finance can now be diverted, barring the average need for cash, to long-term and medium-term institutional financing, thereby earning a much larger interest. The basic assumption only has to be that the investment of deposits of the banking system will be on sound and profit-earning investments. The same principle can be applied to postal savings bank deposits. Basically, they suffer from no relative disability *vis-à-vis* the long-term changes in the various small savings schemes operated by the postal department. Thus, if on average the entire postal system needs 10 per cent or 15 per cent of the savings bank deposits to meet the day-to-day demands of depositors for withdrawal, 85 per cent or 90 per cent of all deposits can be switched over to more rewarding medium and long-term investments.

Given an efficiency of the investment portfolio and the market rate of return on capital for the deposit money through investment in trade and industry, and also given an efficient and economic administration of the banking and savings bank services, an increase in deposit interest is quite possible. Once the rate of interest is enhanced on current deposits, whether in a nationalised bank or in the postal savings bank, three things will happen:

(1) The liquidity of the deposit will be guaranteed. There will be no need to divert the bulk of the small savings of the middle class, lower middle class and the poorer

sections of the community to long-term deposits. This will itself generate a strong motivation for the saver to put whatever money he may collect or earn into the banking or savings bank system.

(2) Since the inflationary erosion from year to year so far is around 4 per cent to 6 per cent, an interest rate of between 6 per cent and 7 per cent on current deposits would assure the saver that his earning from the money saved will at least compensate the capital erosion due to the fall in the value of money.

(3) This will immediately enhance the "security motive" of investment since the saver would be sure of three things, namely, (a) the money would be saved in a nationalised institution; (b) the money would be available whenever it is needed; and (c) the money would not lose its value out of all proportion, considering the return on the money saved.

As a result, an increasing proportion of the people's savings, instead of flowing into the acquirement of gold and other fixed assets, would become available for productive purposes.

In an underdeveloped economy like India's, the thrust on consumption fluctuates in incremental income, especially in the lower income groups. The hypothesis of Keynes, namely, that a part of all incremental earning is saved is not realised by a large section of the people. In this sphere of subsistence or near-subsistence living, the Duosenberry hypothesis has a greater field to play. According to it, in the lowest income groups, a small increment in income will be entirely used up in consumption and, in fact, may lead to dis-saving. It is common knowledge that, in a family where children are not sent to school, if the earning goes up, the parents may decide entirely to set apart the added income for the schooling of children. In the process it may also happen—which is very likely—that if the added income falls short of the added expenditure on schooling, some money out of the provident fund or some other saving may be diverted to supplement the schooling expense. The same is true of any other essential expenditure, such as social obligations, medical expenses, housing and even the basic comforts in life.

It follows that for not only the same absolute amount of saving, but

even the same proportion of saving to added income, the intensity of motivation required in this country has to be enormously stronger than in a developed country. Therefore, the latest saving power, which today is inactive and dormant, will come into play once the co-efficient of motivation crosses the neutral level.

Can Trade Union Unity be Achieved in India?

By M. R. Meher

At a recent seminar in Bombay, participants felt that the multiplicity of trade unions has come to stay in the country. This opinion may seem to be rather surprising in view of the steps recently initiated to forge some degree of unity in the trade union movement.

AT a seminar held recently in Bombay under the auspices of the Bombay Management Association to consider the question whether trade union unity is feasible, there was a consensus among the participants that the multiplicity of unions has come to stay in India and that the country must learn to live with it. The fact that inter-union and intra-union rivalry had strong political overtones was referred to and there was general agreement that in the present socio-political set-up, there is no likelihood in the near future that trade unions will close their ranks and develop a united trade union movement.

This view may seem surprising, having regard to the steps taken in the recent period to forge some degree of unity in the trade union movement. It is, therefore, necessary to examine whether the negative aspects of trade unionism are diminishing or are becoming accentuated. It is well known that for long inter-union and intra-union rivalry have been a bane for the trade union movement. The rivalry has been intensified because of politicisation of unions. Almost every political party is having its trade union wing. Unhealthy rivalry in trade unionism has divided workers, led to wasteful application of scarce leadership, lack of loyalty to trade unions among their members, complication of the issue of union recognition and has hampered the development of collective bargaining. Furthermore, existing legislation has encouraged the multiplicity of unions by allowing as few as seven persons to

If by the above steps, mainly by improving the liquidity and the earning rate of small depositors, the motivational level can be taken beyond zero point, the complexion of the small savings is bound to change overnight beyond recognition and beyond the dream of the planners and administrators.

form a union and allowing any union to raise an industrial dispute and have its demands referred to adjudication.

There have been cases in a number of industries, e.g., jute, tea and cotton textile in West Bengal and the steel industry in India, in which unions of all shades have formed negotiating bodies and worked together for evolving a common line of approach and have attained success in collective bargaining with employers. Experience has shown that, at all events, a limited degree of trade union unity has been feasible, and while in the foreseeable future it may not be possible for the working class in India to unite in one trade union organisation, as in the Trades Union Congress in the U.K., it would be unjustified pessimism to regard a degree of trade union unity in this country as a mirage.

Reference may be made to the strenuous efforts made by the Central Labour Minister, Mr. R. K. Khadilkar, during the last year and a half to secure unity in the trade union movement. At the conference of trade unions convened by him in May 1971, there was general agreement that multiplicity of unions hampered collective bargaining and that the main problem was one of the method of determining the bargaining agent for the workers, which would have sufficient authority to influence the relationship with the employer. At the instance of the Labour Minister, the three principal trade union centres, the I.N.T.U.C., A.I.T.U.C. and H.M.S., formed a working party to evolve some agreement on the formula for determining the recognised union in an industry or establishment. The working party came to a tentative agreement on the formula, but the agreement was not finalised on account of difference of opinion between the representatives of the three organisations on the application of the

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formula to the States where statutory provision for determining the majority union by verifying the paid membership is already in existence.

It is understood that the Central Government would be bringing in a comprehensive legislation on industrial relations in the next session of Parliament in the light of the above-mentioned discussions between the three central organisations, the report of the National Labour Commission and the discussions in the last State Labour Ministers' conference. It is likely that the general formula referred to above may be adopted for determining the recognised union in industries and establishments. The question of application of the formula in the States where the system of determining the majority union by verification of membership prevails under State laws may have to be left to the States, since labour is a concurrent subject.

The proposed legislation providing for determination of the majority union as a bargaining agent would be a step in the right direction, but may not solve all the problems that have arisen from union rivalry. For example, there may be situations where the bargaining agent may not be able to perform efficiently and deliver the goods. A minority union may endeavour to embarrass the majority union and make it ineffective by inciting workers against it or inciting them to break agreements with the management made by it. However, experience in the working of the formula may show the way of dealing with such situations.

Reference may be made to some other recent developments. Some time back, the three principal trade union centres, viz., the I.N.T.U.C., A.I.T.U.C. and H.M.S. set up a national council with the object of providing a platform for better understanding and closer co-operation between these major trade union organisations. It was hoped that in due course other trade union federations would also join this agency and that the formation of the council would pave the way for the ultimate unity of the working class in the country. The formation of the national council was hailed by the Central Labour Minister as a "historic agreement" which would have far-reaching effect on the labour movement in the country. However, the national council has so far met once, at which the demand for increasing the minimum bonus from 4

per cent to 8½ per cent was made. Since then, the council has not met.

Meanwhile, this move for unity appears to have received a setback. The C.I.T.U., H.M.P. and a few other trade union organisations have recently formed a rival "united council of trade unions" with the ostensible purpose of bringing about working class unity. The leaders of this rival organisation have appealed to the A.I.T.U.C. and H.M.S. "to retrace their steps of staying away from the path of unity and dissociate from the

national council of trade unions" and further urged them to "join in the mass action to secure the legitimate rights of workers." This move by militant Marxist and other extremist unions, which appears to be motivated by political and trade union rivalry, is calculated to exacerbate disunity, instead of promoting unity in trade unionism. It is learnt that the national council formed by the three central trade union organisations is to meet shortly and it is to be seen how the situation created by the emergence of the new organisation develops.

The Criteria for Installing Computers in Industrial Undertakings

(By a Special Correspondent)

The Committee on Automation has laid down the criteria that should govern the installation of computers by industrial undertakings. But the use of computers should not be unduly discouraged, for that will only slow down the modernisation of the economy.

THE criteria laid down by the Committee on Automation for the use of computers in India deserve a critical analysis in the context of the need to modernise industry rapidly and to increase employment opportunities. The committee was set up by the Government of India in July 1969 under the chairmanship of Professor V. M. Dandekar, and it submitted its report in May this year. The full text of the report is not yet available. But its recommendations relating to the installation of computers have been circulated by the All-India Organisation of Employers among its constituents to ascertain their comments. The committee had been asked to recommend the criteria for the determination of any specific areas and fields in which the introduction of automation, including computers, may be permitted or restricted with due regard to the need for raising efficiency and productivity in industry and trade, especially in export-oriented industries; the requirements of scientific research and development; the need for the timely tabulation, analysis and study of the large masses of data that arise in modern industry, trade and transport; and the need for restricting the import of foreign equipment for automation and for encouraging the use of such equipment manufactured in the country.

The committee has made a distinction between the use of computers by the educational, scientific and research institutions, statistical organisations of the Central and State Governments and defence establishments; and commercial and industrial establishments whether in the private or public sector, including consultancy services. It has proposed that the use of computers should be generally permitted in educational, research and similar institutions subject to reasonable provisions to protect employment and working conditions. But in regard to the use of computers in commercial and industrial establishments whether in the public or private sector, including consultancy services, certain criteria have been laid down.

The criteria proposed are as follows: (a) All proposals for installing computers should be examined and scrutinised, case by case, by two experts. They are to be selected jointly by the management and workers and they should have sufficient knowledge of the computer technology; (b) the use of computers for unapproved purposes and underutilisation of computer installations should be prevented; (c) as far as possible, the need of computer use should be met from computer facilities to be created preferably in the public sector; and (d) in all cases, the use of computers should be subject to a prior agreement with the workers.

The committee is certainly right in urging for a cautious approach in regard to the use of computers. But this should not be overdone. If the use of computers is deliberately discouraged in various ways, it will slow down the

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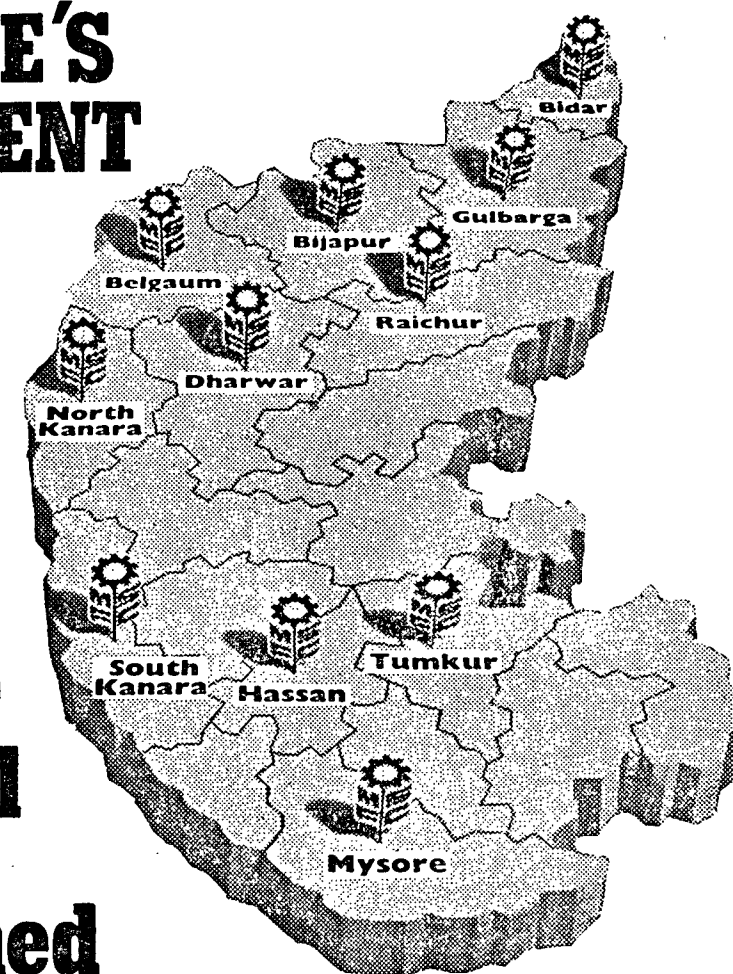
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Split in the D.M.K.: A Threat to Its Supremacy in Tamil Nadu

(By a Special Correspondent)

The split in the D.M.K. has been the result of personal rivalry between Mr. M. Karunanidhi and Mr. M. G. Ramachandran. Will the split give the Opposition parties the opportunity to remove the D.M.K. from power?

THE D.M.K., which is the ruling Party in Tamil Nadu, is going through a crisis. The happenings in the Party have attracted nationwide attention mainly because it is the only non-Congress Party that is in power in the whole country. Secondly, non-Congress Governments have one by one been toppled as, for instance, in Orissa and much earlier in Uttar Pradesh. It is now being asked whether a similar thing will happen in Tamil Nadu following the trouble within the D.M.K. and the formation of Anna D.M.K. by Mr. M. G. Ramachandran. Since 1967 the D.M.K. has been the ruling Party in Tamil Nadu. When the State went to the polls in 1971, it was thought that the Organisation Congress would inflict a crushing blow on the D.M.K. But that did not happen; the D.M.K. had, in fact, improved its position. This was a frustrating experience for the Opposition parties which are waiting for an opportunity to avenge the defeat. Will the present split in the D.M.K. give them the chance to displace the ruling Party?

To understand the position in the proper perspective, one must realise that the D.M.K. is a well-knit organisation which has come to power after a good deal of hard political work among the masses. But it must also be noted that the Congress Party too had a solid mass base and, therefore, the victory over it was not easy to achieve. If the D.M.K. is a corrupt body as is sought to be made out, how does one explain its success at the polls? But what has given credence to the oft-repeated charge of corruption against the D.M.K. is the fact that Mr. Ramachandran has said in public that corruption does exist. He was a responsible member of the Party and had been its treasurer till his suspension the other day. His demand was that all Ministers and members of the D.M.K. executive council should

declare their assets. But the leader of the Party, Mr. M. Karunanidhi, did not see any need for this. It was not very difficult for him to understand that what M.G.R. meant was that there was large-scale corruption on the part of Ministers and important functionaries of the Party and that the disclosure of their assets would reveal the extent of the riches acquired by them.

On the face of it, the demand made by M.G.R. looks innocuous and even reasonable. The Chief Minister and his supporters have, however, come out with the explanation that in the name of fighting corruption, M.G.R. was actually trying to disrupt the Party and create dissensions where there were none. Even if there are some discontented elements, it is the view of the top leadership of the Party that this must be settled internally and not by open disclosures and public statements. But it is not as though the demand made by M.G.R. is without its parallel in other parties. Only recently, a big controversy arose over the statement made by Mr. K. Hanumanthaiya, former Railway Minister, that he was launching a movement to cleanse the Congress Party in Mysore. The point to be noted is that to imagine that the D.M.K. will be badly shaken by M.G.R.'s resolve is almost like believing that the Congress Party in Mysore would fall asunder by Mr. Hanumanthaiya's attempts to purify it.

There is no gainsaying the fact that much of the controversy that has now

arisen within the D.M.K. is due to the personal rivalry between Mr. Karunanidhi and Mr. Ramachandran. Many leaders, not excluding M.G.R., were not reconciled to submit themselves to the commands of Mr. Karunanidhi. It is also true that Mr. Karunanidhi who was prepared to listen and take advice from his colleagues in the initial stages of his career as Chief Minister is now well entrenched in his position and, therefore, is in a position to lead and dictate. Naturally, this irked leaders like M.G.R. who were anxious to put Mr. Karunanidhi in his place. M.G.R. has chosen the plank of corruption to indict the Government but Mr. Karunanidhi has cleverly used his supreme position in the Party to curb this. When the decision to suspend M.G.R. from the Party was taken, it had the full support of the council.

M.G.R., having been suspended from the Party, realised that he had no other option but to form his own Party. He has called the new Party Anna D.M.K. The name of Anna-durai still has a charm and M.G.R. is trying to gain public support by using it. It is not yet clear what the new Party stands for and whether it will be any different from the D.M.K. M.G.R. had, much earlier, established associations in various towns comprising his admirers and these "Manrams", as they are called, will now form the nucleus of the new Party. It is reported that four or five legislators belonging to the D.M.K. have joined his Party though only one member of Parliament has agreed to align himself with M.G.R. However, some of the Central D.M.K. leaders who were expected to show sympathy with the cause espoused by M.G.R. have now pledged their loyalty to the Chief Minister and this only goes to prove that the support which M.G.R. might get from the legislators or M.P.s will be only marginal.

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Truth About the Rags Scandal

(From Our New Delhi Correspondent)

The rags scandal has been highlighted by the Press in the past few weeks. During the ensuing winter session of Parliament, all members, whether belonging to the ruling Party or the Opposition, should try to find out the whole truth about it.

THE Central Foreign Trade Ministry appears to have done it again. This time over woollen "rags". For over a fortnight now, the Press has been publicising all aspects of this scandal and yet the whole truth has not come out. One should hope that since the winter session of Parliament is not far off, the members, both of the ruling Party and the Opposition, will try to elicit as much information as possible so that the public will know how this came about and who is responsible for it. From the facts so far known, it appears that the Central Foreign Trade Ministry having thrown open the flood gates, the Customs authorities were asked to plug the loopholes. This seems to be the unsavoury truth about the import of "wearables" under the garb of "rags" for which import licences were issued by the Central Foreign Trade Ministry.

"Rags" have been imported into India for several years in the past, but their quantity was insignificant and, therefore, they did not attract much attention. With the export of hosiery increasing in recent years, the replenishing imports, too, have been considerable. However, this year perhaps sufficient care was not taken to ensure that the import licences were given only to actual users. Consequently, the licences went into the hands of importers who have no facility of their own to convert the rags into shoddy yarn. This has resulted in the "rags", which were mostly "wearables", finding their way into the consumer market on a large scale. It is pointed out that the licences for the import of "rags" are normally issued on three conditions: that the importers are actual users, that the rags will not be sold in the domestic market as "wearables", and that the rags will be turned into shoddy yarn by the importing

shoddy spinning mills themselves. As the report goes, there has been slackness in respect of all the three conditions and, consequently, these wearables have found a ready market in northern India where the winter is setting in.

The Central Foreign Trade Ministry has not said much on whether the licences were issued only to actual users. But when it came to the notice of the Government that the rags were being sold as wearables, the Central Foreign Trade Ministry woke up, but only after the Customs had seized 12,000 bales. Normally, nothing comes to the notice of the Government on its own. Some one affected must always make a representation to the Government. In this case, when the wearables were being sold so cheap, there was no market for the new knitwears being produced by the mills, particularly in Ludhiana and elsewhere. And, when these mills protested, the bales that could be caught hold of were seized by the Customs. Then came another kind of protest—the shoddy mills for which they were meant were not getting their raw material and, consequently, they were lying idle, throwing a number of people out of employment. So, word went from the Central Foreign Trade Ministry to the Customs that the bales should be released, after ripping the rags open and making them "unwearable". Now, who is to do this job? The Customs authorities cannot be expected overnight to set up a machinery to rip open thousands of bales of rags, hydraulically-compressed, which is a colossal task. So, they were allowed to be sent to the mills "on bond" and were to be ripped open by them in the presence of the Customs authorities. At this stage, it is possible there was collusion between some Customs people and the unscrupulous importers.

The amount involved in the import of rags is not considerable—just about Rs. 5 crores, but it is large enough for this particular commodity. Hence Parliament cannot be expected to gloss over what appears, *prima facie*, to be a grave scandal.

modernisation of the economy. It is relevant to point out that, so far, India has been going very slow with the introduction of computers. Mr. Naval H. Tata, Mr. Babubhai Chinai and Mr. B. D. Somani have the following estimates: "In general, only companies having a paid-up capital of Rs. 1 crore or more can afford to have their own computer installations. Since the number of such companies registered under the Companies Act as on 31st March, 1968 was 445, and assuming that 50 per cent of these companies would install their own computers, the total number of computers to be installed would be 223. Of these 94 have already been installed. On the basis of the number of employees affected by the introduction of computers so far, i.e., about 16 per computer, it will be seen that the total number of employees that would be affected would be about 2,064, and that too over the next decade and more. The above figures are not intended to be precise estimates, but to indicate the magnitude of the so-called unemployment that is likely to result even if the introduction of computers is permitted without any check or hindrance."

Even though the fears of unemployment arising from the use of computers may seem exaggerated, it will be prudent on the part of managements to take the workers into confidence before installing them. But the workers and their representatives should approach this question not solely from their own point of view but in the interest of their establishments as well as of the economy as a whole. If the country is to make rapid strides in import substitution, export promotion, and in the modernisation of agriculture, the country should readily avail itself of the latest developments in the field of science and technology. Ultimately, such a policy will help to create more employment and improve the standards of living of the common man. This has been the experience of many developed countries. Labour leaders should, therefore, adopt a realistic approach to this problem.

The committee has referred to the underutilisation of the computers that have been already installed. It says that, in many cases, the underutilisation is mainly due to the fact that the computers have been installed without sufficient justification, thought, and adequate preparation and planning for their legitimate use. But underutilisation is not confined to computers. It prevails in many sectors of the economy due to unimaginative planning.

Political Rivalries in Kerala: Threat to Economic Progress

(By a Special Correspondent)

The political scene in Kerala today is marked by intense rivalries among the parties. But without political stability, it will not be possible to maintain the State's economic progress.

AN economist normally does not bother much about politics. But modern trends emphasise the need for keeping track of political as well as economic developments as only then a correct appraisal of the general situation is possible. Against this background, politics in any State and in the country has now become a primary concern for economists, administrators and even for the common man. Investors and industrialists know well the possible impact of changes in the political weather on the economy. The emerging political weather in Kerala needs a closer watch, as political rivalries whenever they are allowed to go beyond a point, will produce an adverse effect on economic development. The recent pronouncements by leaders of political parties in Kerala have given an impression that the present rivalries may lead to undesirable consequences. Kerala is moving ahead economically. More and more employment is being created in the State. But Kerala needs not only industrial peace but also continued political stability.

The emergence of political violence started with the murder of a Marxist leader in Trichur. The reaction of the C.P.I.(M) to this incident was understandably harsh. Mr. E.M.S. Namboodiripad is now much in the picture of Kerala politics and he has levelled many accusations against the opponents. The allegation of Mr. Namboodiripad was that certain extremist organisations were working in alliance with the Congress in some parts of the country. On the contrary, opinion in Congress circles and among members of the ruling alliance underlined that the Marxist leader was trying to capitalise on certain recent developments in Kerala. The general feeling outside the C.P.I.(M) seems to be that the present posture of the Party might be a prelude to a shift towards violence. It appears from the pronouncements of important political parties in Kerala that there has been a shift in thinking towards extremism, if not violence. The charges and counter-charges do not indicate the prospect of political stability unless the present trend is checked. The C.U.C. (the Communist Unity Centre formed in May 1972 by the amalgamation of extremist groups) and the C.P.I.(M) have now assumed a mutually competitive or antagonistic posture.

What is, however, interesting from the national angle is the change that is visible in the political atmosphere in Kerala. The warning given by the C.P.I.(M) about stepping up its struggles and reviving the agitation for grabbing land from 1st November has added to the vulnerability of the political situation. Evidently, this "land-grab" agitation is considered mainly in its political perspective. It has little economic significance. At any rate, economic upliftment is not to come from any political agitation. If this is realised by the political parties, there will be less tension in the State.

All-India Farm Convention

The all-India convention of the Farmers' Federation of India held recently in Bangalore discussed

the problems facing agriculture. The discussions centred on the present trend of agricultural legislation, the position of agriculturists and the national importance of maintaining the tempo of agricultural production in order to sustain the "green revolution." It is significant to note that the convention was the first of its kind to be held at the national level. What is more, the convention decided to convert itself into the first National Council of the Farmers' Federation of India. The Federation has to chalk out an action programme and recruit volunteers to take part in peaceful and non-violent agitation which might be launched for the protection of the democratic rights of the agricultural community. The voluntary corps are also expected to be utilised for rural development work.

Particular attention was focussed on the Mysore Land Reforms Amendment Bill. In the opinion of the convention, the land reform legislation in Mysore was "too drastic in nature" and would affect the incentives for increased production. Furthermore, it was feared that this legislation would convert many small land-owning families into land reforms refugees. The convention also expressed the view that residential and income restrictions, were "unfair and harmful" because they were in the nature of depriving the peasants of their right to own land even it was within ceiling limits. The compensation was also viewed as very insignificant. The convention decided to submit a memorandum to the Government of Mysore pointing out the difficulties that would flow from the operation of the proposed measures.

PEOPLE AND PERSONALITIES

Mr. Keshub Mahindra has succeeded Mr. H.V.R. Iengar as chairman of the board of directors of Indian Aluminium Co., Ltd. Mr. Mahindra has been a director of Indal since 1962.

A four-member delegation from the Federal Republic of Germany is visiting India from 1st November to 4th November. The delegation is headed by Dr. F. Wien, member of the board of directors of the Deutsche Messe-und Ausstellungs AG, organisers of the world-renown Hanover Fair.

INDUSTRY

Developing Merchant Shipping to Earn More Foreign Exchange

(By a Special Correspondent)

Although the foreign exchange earning capacity of the shipping industry has not yet been fully explored, it already contributes a large amount to the Exchequer. The industry certainly deserves a more sympathetic consideration from the Government in acquiring new ships.

DEVELOPING countries confronted with the problem of adverse balance of payments have been adopting various schemes of export promotion to overcome this difficulty. India, too, has been in the throes of this vexatious problem since 1947. The Government has invested considerable sums in pursuing various policies of import substitution and export promotion; research on various merchandise and markets abroad has been conducted to find avenues of earning more foreign exchange, but due attention has not been paid to invisibles, including shipping. This is in spite of the fact that while for the export of goods international co-operation is essential, the initiative for the expansion of shipping must lie with the country itself. The neglect of shipping is, however, a phenomenon common to all developing countries.

The Third World countries have now started considering investment in merchant shipping. It is now realised that investment in shipping influences the export potentiality of a country to a very great extent; a fact evidenced by the direct relationship between a country's exports and the size of its merchant fleet. At present, a significant portion of India's foreign trade is carried in foreign ships. In so far as the freight in either direction is being paid for by its own residents, the substitution of national for foreign ships means a saving of foreign exchange. In addition, the freight earned by Indian ships from shippers of foreign countries means foreign exchange earning. If substitution takes place in cross trades—voyages not involving call at home ports—then presumably the entire freight earned is net contri-

bution to foreign exchange earnings. Thus the whole of the revenue in both directions, whether in cross trade or not, becomes a gain to the balance of payments.

No official study has been undertaken locally of the present and potential foreign exchange contribution of merchant shipping, particularly when developed to the optimum. It is, however, important to know the exact position of shipping in this respect. The U.N.C.T.A.D. Secretariat report submitted to the conference held in New Delhi analysed the available data concerning the contribution of merchant marines to the balance of payments of certain developing and developed countries between 1961 and 1965. The study shows that of the gross freight earnings of the fleet, the net contribu-

tion to balance of payments was between 44 per cent and 63 per cent.

The earnings from shipping in 1971 amounted to Rs. 150 crores. Out of these nearly 50 per cent, i.e., Rs. 75 crores can be taken as the net foreign exchange earning. This is the net figure for 1971 when Indian vessels carried only 20 per cent of the country's overseas trade. The position becomes clear when one sees that the gross foreign exchange earning from shipping will be to the tune of Rs. 330 crores a year (net Rs. 165 crores) when the share of Indian tonnage in overseas trade will be 50 per cent.

It is argued that the replacement of foreign ships by national ships may not bring much additional foreign exchange; when national ships replace foreign ones, there will be a loss of foreign exchange formerly earned by provision of port services and levy of port charges on foreign ships. This apart, Indian ships will have to pay for port and repair charges in foreign exchange at ports abroad. There is a measure of truth in this argument but it will be more appropriate to measure the marginal change in the balance of payments with a given addition to



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the national fleet. It will, of course, be impossible to know the exact contribution of a unit of shipping to the balance of payments but still it can be said that the marginal addition will definitely be there. National shipping may not only help in earning foreign exchange through freights but boost exports through provision of direct links with foreign markets, quick delivery of export cargoes at destinations and saving national shippers from exploitation by foreign conference lines.

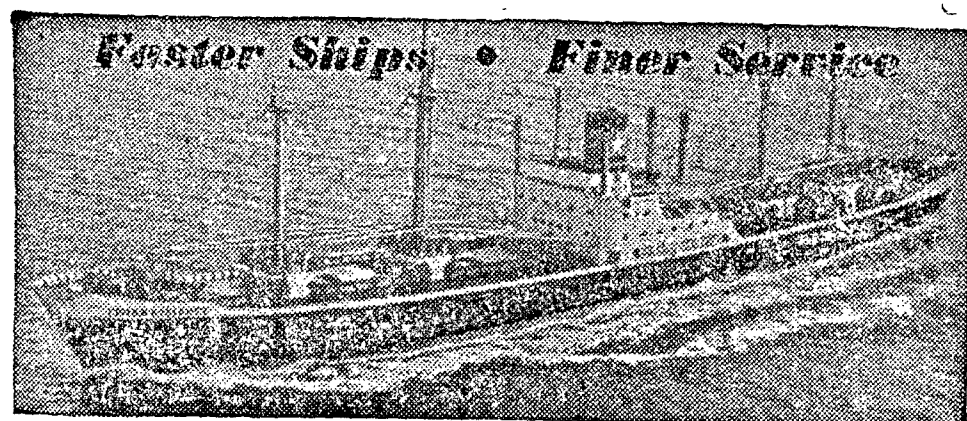
A comparison of the shipping industry with other export industries will reveal that the former is capable of earning more foreign exchange with a smaller investment in much less time. The cost structure of Indian shipping is competitive because of cheap labour and low repair costs as the Indian fleet is young. Secondly, to establish any export industry there is a gestation period of at least three to four years, but ships start earning as soon as the delivery is taken. Moreover, it is possible to get second-hand ships at any time. Thirdly, investment in the shipping industry can

earn more foreign exchange with lesser amount of State help. It has been worked out by Dr. S. N. Sanklecha, Secretary and Deputy Manager of the Great Eastern Shipping Co. Ltd., that to earn foreign exchange worth Rs. 100 lakhs, the shipping industry needs a subsidy of Rs. 4.4 lakhs while other export industries require Rs. 21.4 lakhs.

The most intricate problem concerning investment in shipping in India is the foreign exchange required to purchase ships. If the country is to purchase them from foreign shipyards, the immediate result will be a large outflow of foreign exchange. This difficulty can be overcome by building ships at home; the country knows its limitations in this regard. Indian shipbuilding is restricted to two and a half ships of 15,000 d.w.t. a year. Purchase of ships on deferred payment terms has somewhat eased the problem. Under this scheme the down-payment requirements could be financed by raising foreign exchange loans from banks against rupee payments and instalments could be paid out of foreign exchange earnings of the ships.

According to the calculations of the Shipping Corporation of India, a vessel costing Rs. 3 crores when employed on a profitable route would pay back all its price in six or seven years and then earn an additional Rs. 6.10 crores for the country during the remainder of its sea-borne existence. Even in the most unfavourable situation, when the profitability is low, a ship would pay back its price in about ten years and yield another Rs. 3.13 crores during its remaining maritime career. Of late, due to the boom in the world shipbuilding industry soft credit terms are not easily available and the deferred payment terms are difficult to get.

Besides the foreign exchange earning capacity of Indian shipping in all its manifestations, its direct net contribution of Rs. 150 crores a year is considerable. Only two visible exports—tea and jute—earn a higher amount than shipping in terms of foreign exchange. Does not this industry, therefore, deserve a more sympathetic treatment in the release of foreign exchange, grant of cheap loans and levy of taxes?



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MONEY AND BANKING

Some Basic Limitations of the Concept of Rural Banks

(By a Special Correspondent)

The Banking Commission has strongly recommended the establishment of co-operative rural banks as a measure to spread the banking habit. But co-operative banks, which generally do not follow commercial banking principles, have some very serious drawbacks.

ONE of the terms of reference of the Banking Commission was "to review the working of co-operative banks and to make recommendations with a view to ensuring a co-ordinated development of commercial and co-operative banks" having regard in particular to the extension of the "geographical and functional coverage of the commercial banking system". The commission has dealt with the issues concerned in chapters 8, 9 and 10 of its report. In its recommendations for the field level organisation, it has outlined the "steps that need to be taken to improve the structure of banking institutions at what might be called the field level". According to the commission, "the starting point for these improvements is the strengthening of the primary credit societies in such a way that they are able to provide not only adequate credit but develop the banking habit in rural sector by providing it with a wide range of banking services as well as certain closely allied non-banking services. In short they have to become rural banks".

The commission was keen to provide a solution "to the problem of extending the geographical coverage of banks". It examined the three methods being tried out for the purpose, viz., (1) opening of branches by commercial banks, (2) financing of a group of primary agricultural credit societies by commercial banks, and (3) the village adoption scheme tried out by the State Bank group. The commission felt that "opening of branches by commercial banks or village adoption can develop the banking habit and provide the full range of banking services to the rural sectors" but it was afraid that "at the same time, they can result in the extinction of the co-operative endeavour

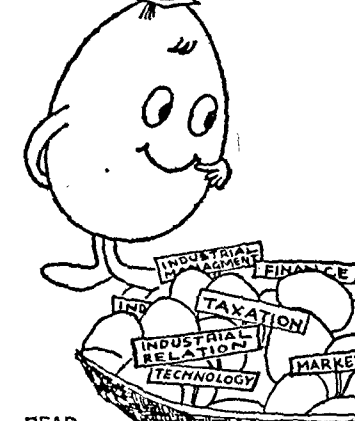
in the field of credit institutions". "The method of financing primary societies by commercial banks can strengthen the co-operative institutions provided satisfactory solutions can be obtained to the various difficulties" experienced by commercial banks in this connection. And it went on to say: "It is doubtful whether all these three methods will suffice to give adequate geographical coverage of the rural sector in the foreseeable future". The commission was, therefore, prompted to suggest establishment of rural banks.

An outline of the scheme of rural banks is given in paras 8.48 to 8.65 of the commission's report. A rural bank is "a primary banking institution set up to serve a compact group of villages generally, working as a co-operative bank or as a subsidiary of a commercial bank". Its object is to provide at one place the special type of credit and banking facilities and other related services needed by agriculturists and other rural producers. The commission regards rural banks as a further development in the institutional framework for the provision of rural credit. They are simplified types of banking undertakings tailored to the needs of the rural community. A rural bank is defined "as a notified co-operative bank or a licensed subsidiary bank of a commercial bank, functioning or set up in a rural area for the purpose of providing banking and credit facilities in that area". "It is intended that a rural bank should cater to the full credit needs of all medium and small cultivators", and where there are other needs beyond the capacity of the rural banks they should be met by commercial banks.

The commission has taken great pains to provide necessary details for the implementation of the scheme but there would appear to be something basically wrong with this approach to the problem. Banking is a mechanism which pools the resources of the community and provides credit to various productive efforts. India has two types of banking institutions; com-

mercial and co-operative. In the case of commercial banks, resources for lending are derived mainly from deposits from the public. Borrowings from the Reserve Bank of India are only marginal in volume intended to meet seasonal requirements. Co-operative banks, on the other hand, derive resources for lending, in a substantial measure, by way of borrowing from the Reserve Bank of India at concessional rates. On the whole, except the urban co-operative banks, the co-operative banks are less dependent on deposit mobilisation as compared with commercial banks. Having thus distinguished the structure and differences between the operations of commercial and co-operative banks, it is rather surprising that the commission should have failed to locate the drawbacks in the co-operative structure and make suitable suggestions to make them self-supporting and self-sustaining like the commercial banks rather than go the whole hog in feeding the co-operatives even in the matter of suggesting new institutions such as rural banks. It would appear that the whole approach has been faulty from its very conception and if the various steps taken from time to time over the years have not raised the stature of the co-operative to the level of commercial banks, despite the official patronage and discriminatory policy pursued so far in their favour, something radical has to be thought of

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and that certainly should not lead to supporting and sustaining a structure which has miserably failed to prove up to expectations.

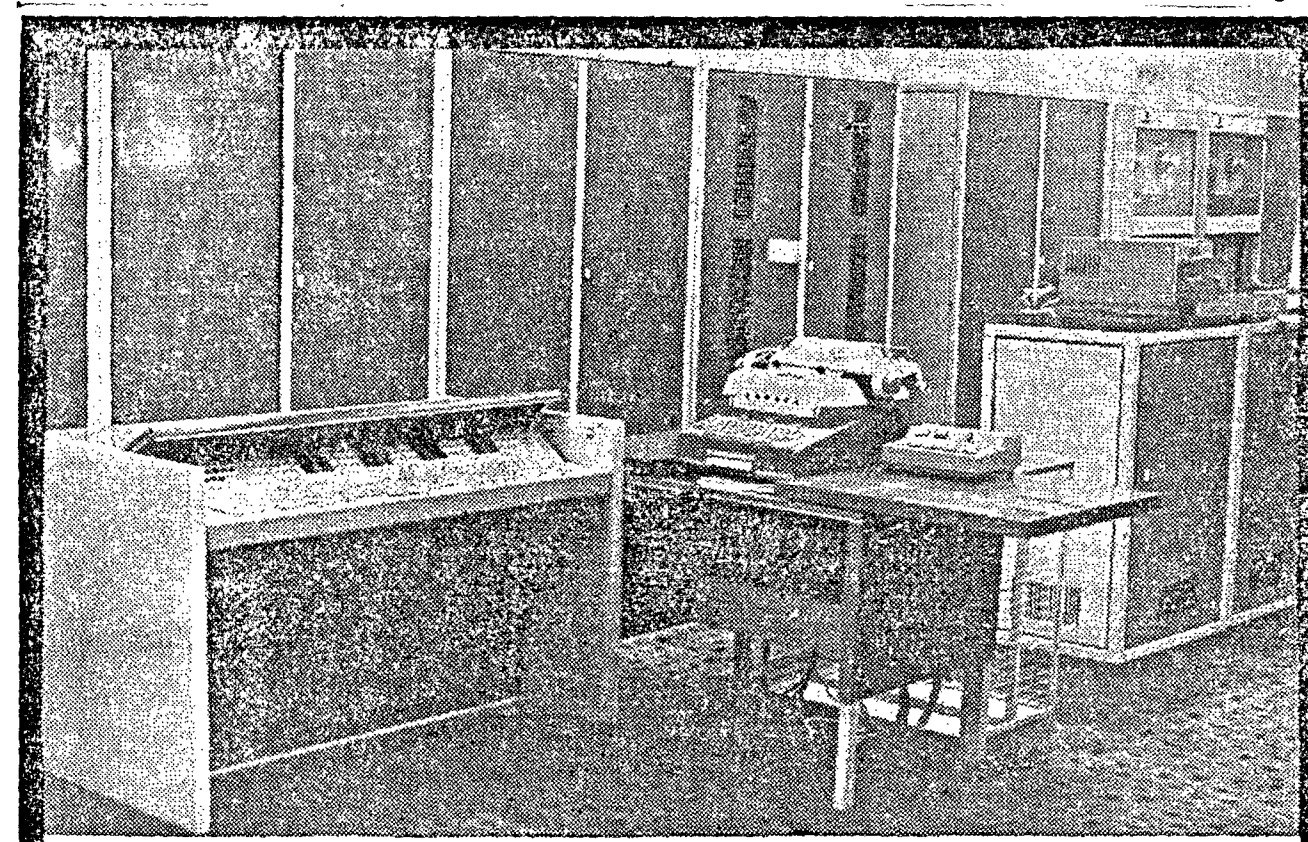
In other words, the co-operatives must be made to adopt and follow commercial banking principles; their management should be professionalised, and they must be made to mobilise resources to keep themselves alive. The employees should be paid commensurate emoluments and the rôle of the Reserve Bank should be restricted to that of the lender of the last resort as in the case of commercial banks. It would not perhaps be uncharitable to say that it is the official patronage which has spoiled the co-operatives. One would have in the circumstances expected that the commission would be bold enough to recommend the merger of the co-operatives into the mainstream of commercial banking, a logical consequence now that the State owns over 85 per cent of the banking system and the goals of both the systems are now the same, viz., to meet in an increasing measure the credit needs of every productive sector or effort, be it in the large scale or the small scale, in the priority or non-priority sector.

The commission has spelt out the functions of the rural banks in great details. However appealing and impressive these may be, it is perhaps too tall an order. Banking in this country has grown out of agency houses and the experience of the past would appear to have awakened the authorities to restrict and curtail the activities of banking institutions. Over the years, the Indian banking system has gained in stability and strength by the various measures taken by the authorities from time to time out of sheer necessity following various ills that had shaken public faith and confidence in it. The commission was not indeed unaware of all these but yet it is surprising that it should have succumbed to the temptation to make banking something utopian, which in the prevailing circumstances and in the light of past experience would seem to lead to undoing of all the good work done over the years.

What then is the alternative method to secure geographical coverage of the commercial banking system? Mr. V. T. Dahejia, a former chairman of the State Bank of India, had expressed the view some years ago that the mini-

mum need of this country would be of the order of 50,000 branches. Although the commission does not appear to have expressed its views on the subject, its advocacy of rural banks would place it near about it. Whether it is extension of commercial bank branches or the establishment of rural banks, the banking needs of the country cannot be met all too in a hurry. It has necessarily to be a slow process and at the current rate of expansion, the entire country would be covered by bank branches within the next 15 to 20 years—certainly not too long a period to wait.

The country should not seek to achieve a miracle or experiment with ideas which cannot be translated into practice, if past experience is any indication. The first task is to build up the necessary infrastructure, the personnel to deliver the goods; and these issues cannot be treated on a different footing, separate from the mainstream. The commercial and co-operative banks cannot have two standards, nor can necessary enthusiasm be created under those circumstances. The pace would be slow—and it better be slow rather than rushing into wilderness and inviting chaos.



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Role of the L.I.C. in Promoting the Growth of the Public Sector

(By a Special Correspondent)

Through its judicious investment policy, the L.I.C. has promoted the growth of the public sector. At the same time, it is the largest single holder of equity shares of public limited companies in the country.

THE Life Insurance Corporation of India has been rightly described as the "pace-setter" for public-sector undertakings in the country. The Corporation is keen on canalising savings towards the public sector. It is also carrying the message of security to the remotest villages. For the socio-economic development of the country, the Corporation has already invested substantial amounts in industrial estates, rural electrification, housing, water works and drainage schemes. Till March 1971, the L.I.C. invested more than Rs. 707 crores in the form of subscription to Government loans to assist India's planned development. Incidentally, the total book value of its investments stood at Rs. 1,952.66 crores as on 31st March, 1972 (i.e., an increase of Rs. 235 crores over 1970-71) and out of the total investments in India of the Life Department, 74 per cent (Rs. 1,375 crores), 10.9 per cent (Rs. 201 crores), 0.2 per cent (Rs. 4.42 crore

and 14.9 per cent (Rs. 277 crores) were in the public, co-operative, joint and private sectors, respectively.

In this context, Mr. K. R. Puri, chairman, said that the pattern of investment had undergone significant changes over the years. In fact, social-oriented investments now receive the foremost attention of the Corporation. Which is why loans for housing, rural electrification, urban and rural water supply schemes and sewerage schemes of municipalities now get special consideration. In short, social investments of the L.I.C. now claim a "preponderant" share. Investment under these heads in 1971-72 amounted to over Rs. 117 crores, against Rs. 18 crores in 1963-64.

It is interesting to note here that investments of the Corporation mainly constitute stock exchange securities and loans to companies or statutory bodies or house property or land. For instance, about 69 per cent of its total investments, according to an estimate, was in stock exchange securities at the end of 1970-71. And under the statute, a minimum of 50 per cent of the Corporation's investment must be in Govern-

ment or other approved securities. But in effect, investment in such securities has invariably exceeded 70 per cent. Investment in the public sector is vital in the sense that it helps to develop the nation's infrastructure besides promoting industrial growth. But the Committee on Public Undertakings in its fourth report on L.I.C. while appreciating the investment in Government and other approved securities has observed that "it does not mean that the funds of the Corporation . . . should be invested in them beyond the statutory minimum of 50 per cent." It has also pointed out that the Corporation is expected to work on business principles and further the interest of policy-holders.

The Corporation has not been indifferent to the private sector either. In fact, it is the largest single holder of equity shares of public limited companies in the private sector. And the total investment of the Corporation in large business groups constituted 64 per cent of investments in the private sector at the end of March 1971 and its investments in the leading ten business groups represented 37 per cent of investments in the private sector. In addition, a study by the Reserve Bank of India has concluded that within six years, the ownership of shares in Indian joint-stock companies has proved that the proportion of share capital held by the L.I.C. has increased from 5.8 per cent to 9.2 per cent. Again, but for the L.I.C.'s huge investment in the nation's infrastructure, the growth of the private sector itself would have been inhibited.

To sum up, one has to concede that the investment of the Corporation in the public sector has so long been directed to develop the nation's infrastructure and then to promote industrial units. Through its sound investment policy, the Corporation not only helps in developing the nation's infrastructure but also ensures the proper utilisation and safety of funds. The present bias of the Corporation towards the public sector shows that it believes in the philosophy that the people's money must be invested for the people's good. To quote Mr. Puri in this context: "The more we invest, the greater is the demand reflecting the increasing hunger of the people for early satisfaction of their needs. We are happy about this and propose to give electricity, housing and water supply our continued support."

Shares Quiet : Lack of Fresh Buying Affects Sentiment

THE stock markets have displayed a distinctly easy tone this past week, with equity prices recording all-round losses which have been quite marked in certain counters. Sellers have dominated the scene most of the time, although the pressure has not been heavy except in a few speculative shares. With fresh support lacking, even small selling has been enough to depress prices. The markets have become thin, and they respond quickly to small buying and selling orders. But for steady institutional buying, they would have performed much worse than they have done. Individual investors have continued to adopt a very cautious attitude, but they seem always willing to subscribe to new issues with good prospects. A number of new issues will be on offer during November and December, and this may affect the demand for old shares.

Equity prices have moved down, even though the week's corporate news has been quite pleasing. Union Carbide, Excel Industries, Saurashtra Cement and Chemicals, Indian Aluminium, Hindustan Brown Boveri, Special Steels, Motor Industries, Kirloskar Oil, Khatau Mills and Crompton Greaves—to mention some names—have had a message of cheer for their respective shareholders, whether by way of higher dividend, bonus issue, improved results or promise of a brighter future. Trade figures for the first five months of the current fiscal year have been encouraging in that they show a surplus of Rs. 56 crores, against a deficit of Rs. 125 crores in the same period last year. Industrial production also has shown a fair improvement during the same period. The appointment of an expert committee by the Planning Commission to go into the short-term steps required to improve the power supply is welcome in that it shows that the authorities are fully seized of the gravity of the situation. The Commission is also reported to be examining whether industrial production could be given a boost by encouraging industrial units to plough back profits.

If the stock markets have continued to rule easier despite these favourable influences, it is perhaps because they fear that the countrywide acute shortage of power will hit industrial produc-

tion in the months ahead and that even the much-talked about crash programme for stepping up agricultural production during the *rabi* season is likely to prove a flop because of the acute shortage of water and electricity. With industry and agriculture performing poorly, the price situation is likely to worsen further, thereby aggravating social tensions.

Trading in gilt-edged securities has remained restricted, although prices have been steady. The 3 per cent Conversion loan 1986 has been quoted at Rs. 60.20. The State Government loans have received selective support. Turnover has remained restricted.

The Calcutta stock market has remained quiet this past week due to a large number of imponderables in the economy. The prospect of deficit financing, estimated at Rs. 225 crores in the 1972-73 Budget, increasing by about twice the figure, the need for a massive mobilisation of resources for making the Fifth Plan a success and the aid outlook remaining uncertain—all have dampened the enthusiasm of operators. Among engineering shares, Guest Keen Williams, Calcutta Steel and Bihar Alloy have been quiet. Among jute shares, Budge-Budge Amalgamated, Anglo-India, New Central and Nellimarla have changed hands. Among coal shares, Western Bengal, South Karanpura and Katras Jherria have been traded. Among paper shares, Titaghur, Ballarpur and Orient have receded. Among miscellaneous shares, English Electric, Incheek Tyres, G.E.C., Metal Box and Reckitt Colman have weakened. Among tea shares, Sapoi, Mothola and Rydak have changed hands.

The reactionary trend noticed on Dalal Street during the preceding week has gathered fresh momentum during the week under review. Equity prices have suffered sizable losses all-round and very few counters have closed with plus signs. With buyers reserved, even small selling has been enough to push prices down. The volume of business has been small and interest has tended to be selective. The firm features include Motor Industries, Kohinoor, New India Assurance, West Coast Paper, Tata Chemicals, Richardson Hindustan, Excel Industries and

Camphor and Allied Products. The spurt in Motor Industries is attributed to the announcement of a fresh proposal for a one-for-one bonus issue and a rights issue at a premium of Rs. 90 a share. New India Assurance have been marked higher following the declaration of an interim dividend of Rs. 6 a share. Cotton textiles shares have ruled easier on reports that the festival offtake of cloth has been uninspiring. Forecasts of a much smaller cotton crop have also affected sentiment. Rayons have been subdued and only National Rayon have kept steady on speculative support. Steel and engineering shares have displayed an easier tendency due to the lack of support and light selling. Voltas have managed to keep steady. Automobile shares have been dull and subdued. Barring a few counters, chemical shares have encountered light but persistent selling. Shipping shares have eased on profit-taking. Tyre company shares have also been distinctly easy. Only Madras Rubber have been marked higher.

The Madras stock market has met with selective support this past week, although trading, by and large, has been restricted. In the planting section, Peria Karamalai, Consolidated Coffee, Coorg Tea and Kil Kotagiri have received support. In the textile section, Mettur Beardsell, Coimbatore

COMPANY REPORTS

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

A.C.C.
Banarhat Tea
Barium Chemicals
Bharat Bijlee
Bharat Gears
Golden Tobacco
Indo National
Kelvin Jute
Morarjee Mills
Motor Industries
National and Grindlays
Premier Automobiles
Richardson Hindustan
Trimurti Chemicals

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Cotton, Madura and Loyal have been transacted. In the sugar section, Deccan Sugar, Andhra Sugar and K.C.P. have been bought. In the miscellaneous section, Binny and Mettur Chemical have received investment support while Aluminium Industries have declined due to profit-taking. In the cement section, Dalmia Cement have met with demand. Among bank shares, Andhra Bank and State Bank of Mysore have met with business.

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 24/70—26/55—24/60—26/50—
(21/65)
Burrakur Coal 4/00—4/03—4/00—4/03

Dunlop India 26/60—26/75—26/40—26/40—
(31/20)
Guest, Keen, Williams 32/35—32/35—31/05—
—31/10—(31/45)
Hindustan Motors 7/00—7/25—6/90—6/95—
(8/65)
Indian Aluminium 33/60—33/75—32/35—
32/60—(31/50)
Indian Cable 21/25—21/50—21/20—21/20—
(18/40)
Indian Copper 2/36—2/38—2/35—2/36—
(3/56)
Indian Iron 6/05—6/10—5/80—5/90—(9/15)
J. K. Cotton 9/35—9/40—8/80—8/90—(7/40)
Jaipur Udyog 9/40—9/40—9/40—9/40—
(8/60)
Jayshree Tea & Industries 15/25—15/62—
15/19—15/50—(14/69)
Kesoram Industries 18/90—19/10—18/20—
18/40—(13/65)
National Rubber 6/44—6/44—6/44—6/44
Orissa Cement 19/05—19/10—18/60—18/70—
(16/90)
Rohtas Industries 3/90—4/05—3/90—4/00—
(4/80)
Textile Machinery 8/70—8/75—8/40—8/40—
(9/90)

Motor Industries Proposes to Issue Bonus and Rights Shares

THE board of directors of Motor Industries Co. Ltd has declared an interim dividend of Rs. 10 an ordinary share of Rs. 100, fully paid up, for the year 1972. The dividend is subject to statutory deduction. It is payable on 5th December, 1972, to members of the Company whose names appear on the register of members on 1st December, 1972. It has been decided to capitalise Rs. 3.75 crores out of general reserves and issue 375,000 equity shares of Rs. 100 each as bonus shares in the proportion of one share for one existing share, subject to the Government's sanction.

It has also been decided to issue 95,588 equity shares at a premium of Rs. 90 each, subject to the Government's sanction. Of these shares, 48,000 will be reserved for the financial institutions which will exercise their option to convert their debentures out of privately placed debentures of Rs. 3 crores to be issued to them against a loan of like amount. The balance of 47,588 shares will be issued to shareholders other than Robert Bosch GmbH in the ratio as far as possible of three shares to 20 existing shares. An extraordinary general meeting of the Company for the capitalisation of reserves and the issue of further shares

as indicated earlier is being convened on 27th November, 1972, in Bangalore.

GOLDEN TOBACCO

Rise in Turnover

THE directors of Golden Tobacco Co. Ltd have maintained the dividend at 10 per cent on the increased capital for the year ended June 1972. Out of general reserve, the dividend will be paid on Rs. 3.5 crores of the capital for the full year and on the increase of Rs. 1.5 crores in the capital (issued in March 1972) for three months. The total disbursements on account of dividends will amount to Rs. 38.75 lakhs. During the year, the Company's turnover increased to Rs. 40.79 crores (against Rs. 39.60 crores). The gross profit was slightly lower at Rs. 161.60 lakhs (against Rs. 164 lakhs), but the net profit increased to Rs. 55.76 lakhs (against Rs. 51.56 lakhs).

The directors have allocated Rs. 26.22 lakhs (against Rs. 32.12 lakhs) for depreciation, Rs. 62,000 (against Rs. 80,000) for development rebate and Rs. 79 lakhs (against Rs. 80.10 lakhs) for taxation, leaving a balance of Rs. 55.76 lakhs (against Rs. 51.56

lakhs). Adding thereto the tax credit certificates, development rebate for earlier years no more required, adjustments for excess provision for expenses, transfer from bad and doubtful debts and excess provisions and refund of taxes for previous years, the net amount is Rs. 76.08 lakhs. Out of this amount, after deducting share capital issue expenses of Rs. 11.95 lakhs, the directors have transferred Rs. 64.10 lakhs to general reserve. The Company's total general reserves now stand at Rs. 188.26 lakhs.

BHARAT GEARS

A New Venture

BHARAT Steel Tubes Ltd and Raunag and Co. Private Ltd are jointly setting up a new project, under the name and style of Bharat Gears Ltd, for the manufacture of automobile gears. The Government of India has granted permission for the establishment of the new project in Maharashtra for the manufacture of spiral bevel, straight bevel, spur and helical and worm gears with an annual capacity of 1,000 tonnes. These transmission gears are required for all types of vehicles from small cars, passenger cars and tractors to heavy commercial vehicles. Mr. Raunag Singh, president of Bharat Steel Tubes Ltd and chairman of the Raunag group of companies, has said that the required land has already been purchased near Thana on the Bombay-Poona Road, where the plant will be located.

The total cost of the project is estimated at about Rs. 4.6 crores which will be raised by the issue of share capital of Rs. 1.9 crores and term loans from financial institutions of Rs. 2.66 crores. The financial institutions, namely, the Industrial Credit and Investment Corporation of India, Industrial Development Bank of India, Industrial Finance Corporation of India, Life Insurance Corporation of India and the Unit Trust of India, have already sanctioned term loans of Rs. 2.66 crores, including a foreign currency loan of Rs. 1.46 crores. These financial institutions and some insurance companies have already agreed to underwrite the equity capital of Rs. 72 lakhs and the entire preference capital. The promoters have also finalised arrangements for underwriting the rest of the equity capital. The promoters themselves will be investing about Rs. 64 lakhs by way of equity capital. The Company proposes to enter the market for the issue of shares to the

public during the second week of this month.

Gear manufacturing equipment will be supplied by the Gleason Works of the United States. Orders for other equipment have also been finalised with well known reputed manufacturers. The civil construction work has already commenced. The plant is expected to be commissioned by December next year. The board of directors of Bharat Gears includes Dr. Bharat Ram, Mr. A. N. Haksar, Mr. J. B. Dadachanji and Mr. S. C. Trikhia.

INDO NATIONAL

Share Offer

INDO National, which proposes to set up a plant in Nellore (Andhra Pradesh) for the manufacture of "Hyper" and special grade "Hi-top" dry cell batteries, is expected to enter the market some time this month to raise Rs. 20.83 lakhs in equity shares of Rs. 10 each to meet part of the cost of the project. Matsushita Electric Industrial Company, the largest manufacturer of dry cell batteries in Japan, is collaborating in the venture. The Company has been licensed to manufacture 60 million dry cell batteries a year. If all goes well, the plant is expected to go into commercial production about the middle of next year. Starting with a production of 20 million in the first year, the Company expects to achieve full capacity in 1975-76—the third year of production. The project is estimated to cost Rs. 1.63 crores which is proposed to be met by the share capital of Rs. 62.50 lakhs (all in equity shares) and rupee and foreign currency loans from financial institutions. The cost of imported plant and machinery is placed at around Rs. 50 lakhs for which the necessary import licence has been obtained. The Company expects to receive an import licence for some of the raw materials which are not available from indigenous sources.

Marketing is not expected to pose any problem as demand far exceeds the supply. It has been estimated that the demand for dry cells will be around 1,350 million pieces a year in 1975. The total licensed capacity until recently was 557 million. An additional capacity of 650 million has been allowed to be set up, but out of the new licences issued only Toshiba Anand Batteries having a capacity of 60 million has

gone into production. Against the estimated demand of 787 million pieces, the actual production in 1971 was 481 million pieces. The Company is required to export, in terms of the approval of the foreign collaboration agreement, 5 per cent of its total production for a period of five years. The promoters are hopeful of exceeding the minimum export obligation. Barring unforeseen circumstances, the Company expects to be able to declare a maiden dividend of 10 per cent for 1975-76 when its gross profit is estimated to exceed Rs. 1 crore.

BARIUM CHEMICALS

Results Disappoint

BARIUM Chemicals has reported disappointing results for the year ended June 1972. Although net sales have gone up by nearly 22 per cent from Rs. 29.50 lakhs to Rs. 36.09 lakhs, the year's working has resulted in a loss of Rs. 2.31 lakhs, against a profit of Rs. 95,000 in the preceding year. The working was adversely affected by the eight-week strike lasting from 7th April to the end of May. Production declined from 1,826 tonnes to 1,527 tonnes. No provision has been made for depreciation amounting to Rs. 10.44 lakhs and arrears of depreciation amount to Rs. 20.58 lakhs. Together with the previous losses, the total deficit carried forward amounts to Rs. 23.84 lakhs.

The Company has changed over from coal to petroleum coke and this has increased production. The directors state that the Company's

plant will become profitable only with considerable increase in production. The Company needs balancing equipment worth about Rs. 15 lakhs to step up the production of barium salts from 2,000 tonnes to 5,500 tonnes. An application has been made to the I.D.B.I. for a loan.

TRIMURTI CHEMICALS

Share Offer

TRIMURTI Agro Chemicals will be offering for public subscription at par 150,000 shares of Rs. 10 each towards the end of November to raise part of the finance required for its fertiliser project. The Company proposes to set up a Rs. 75-lakh N.P.K. complex fertiliser project employing the wet chemical granulation process. The plant, which will be located in Mangrol, a sea port in Junagadh district (Gujarat), proposes to manufacture ammonium polyphosphate and other highly concentrated fertilisers and it will have an annual capacity of 50,000 tonnes. The cost of the project is proposed to be met by the share capital of Rs. 25 lakhs and loans from financial institutions. Equity shares worth Rs. 10 lakhs have been taken up by the promoters and their associates. Special arrangements have been made for technical consultancy from the Tennessee Valley Authority which has supplied the design. The plant, to be procured indigenously on a turn-key basis, is expected to go into commercial production by September 1973 and the promoters hope to be able to declare a maiden dividend for 1973-74.

PREMIER AUTOMOBILES: BIG RISE IN PROFIT

THE working results of Premier Automobiles for the year ended June 1972 show an impressive improvement over the previous year's unsatisfactory performance. While sales at Rs. 40.33 crores show an increase of only 7 per cent over the 1970-71 figure of Rs. 37.62 crores, the gross profit has shot up from a mere Rs. 35.80 lakhs to Rs. 195.22 lakhs, indicating a marked improvement in margins. The ratio of profit to sales has gone up from less than 1 per cent to 4.7 per cent.

Together with the price difference arrears collected for cars sold during the earlier year (Rs. 24.30 lakhs), tax refund (Rs. 74,000) and the

previous year's surplus (Rs. 86,000), the total disposal surplus amounts to Rs. 221.12 lakhs. Out of this, the Company has provided Rs. 102.69 lakhs towards development rebate, Rs. 97.05 lakhs for depreciation in respect of previous years and Rs. 15.33 lakhs for unserviceable items of inventory, leaving a balance of Rs. 6.05 lakhs to be carried forward. While all arrears of development rebate have been cleared, no provision has been possible for depreciation for 1971-72 amounting to Rs. 135.85 lakhs. With arrears of depreciation exceeding Rs. 7.60 crores, shareholders will have to wait patiently for a return on their investment.

A.C.C.

Another Disappointing Year

THE chairman of the Associated Cement Companies, Mr. N. A. Palkhivala, has stated in a circular letter to the shareholders that the year ended July 1972 has again been a "disappointing" one because of the cumulative adverse impact of a fixed price, rising costs and inadequate transport facilities—factors completely beyond the Company's control. While the chairman has been at pains to explain at considerable length the various factors responsible for the poor performance, he has not given any indication of how badly the Company has really fared. The omission can give rise to avoidable speculation.

The cement output during 1971-72 is placed at 5.15 million tonnes, against 5.38 million tonnes in the previous year, with the capacity utilisation down from 81.2 per cent to 77.3 per cent. The wagon shortage has been a major factor behind the shortfall in production and des-

patches. The loss in production was 142,000 tonnes (against 30,000 tonnes) due to power shortage, 134,000 tonnes (against 17,000 tonnes) due to strikes and 197,000 tonnes (against 296,000 tonnes) due to major repairs and the balance due to other reasons.

In order to reduce the impact of wagon shortage, the management increased despatches of cement by road. During 1971-72, the Company despatched 1.60 million tonnes of cement, or about 30 per cent of the production, by road against 1.32 million tonnes in the preceding year and 1.23 million tonnes in 1969-70. Despite larger despatches by road, the total despatches of cement declined from 5.40 million tonnes in 1970-71 to 5.32 million tonnes in 1971-72. The loss in despatches due to wagon shortage was over 800,000 tonnes, against 700,000 tonnes in 1970-71. The percentage of wagon supplies to those indented came

1970-71 and 66.8 in 1971-72.

Referring to the Company's prospects for growth, the chairman says that its applications for the establishment of a new factory in Rajasthan and extension of Bhupendra and Wadi factories have been turned down by the Government as "we were a large house and a dominant undertaking". Mr. Palkhivala has, however, assured the shareholders that with a view to improving the Company's profitability, the management is exploring new paths within the purview of the Government's policy.

RICHARDSON HINDUSTAN

Profit Declines

RICHARDSON Hindustan has turned out disappointing results for the year ended June 1972. Despite a rise of some 8.4 per cent in net sales from Rs. 4.83 crores to Rs. 5.24 crores, the gross profit has shrunk by a little over 27 per cent from Rs. 83.39 lakhs to Rs. 60.65 lakhs, pulling down the ratio of profit to sales from 17.2 per cent to 11.6 per cent. Even so, the equity dividend has been raised sharply from 10 per cent to 18 per cent. Margins have been eroded by the rise in costs of production. After providing Rs. 18 lakhs (against Rs. 16.68 lakhs) for depreciation, Rs. 1.60 lakhs (against Rs. 1.20 lakhs) for development rebate reserve, Rs. 25.50 lakhs (against Rs. 33.50 lakhs) for taxation and after making some adjustments, the surplus of Rs. 16.90 lakhs (against Rs. 31.29 lakhs) has been transferred to general reserve. The proposed dividend absorbing Rs. 12.60 lakhs (against Rs. 7 lakhs) will be paid out of general reserve.

KELVIN JUTE

Loss Incurred

TRADING conditions of the Kelvin Jute Co. Ltd for the year ended May 1970 continued to be adverse during the year. The industry as a whole was forced to curtail production of carpet-backing cloth due to the lack of overseas demand and consequently the Company was not in a position to utilise its productive capacity to the full. Sales are down from Rs. 8.44 crores to Rs. 6.33 crores and the Company has incurred a loss of Rs. 49.80 lakhs, against a loss of Rs. 7.06 lakhs in the previous year, after providing Rs. 18.77

depreciation. Writing back Rs. 55.13 lakhs (against nil) on account of a change in the method of calculating depreciation, Rs. 34,256 (against nil) being excess tax provision, Rs. 33,446 (against nil) from development rebate reserve and making other adjustments, there is a balance of Rs. 6.01 lakhs. A net deficit of Rs. 23.74 lakhs is carried forward, after adjusting a debit balance of Rs. 29.75 lakhs from the previous year.

NATIONAL AND GRINDLAYS

Acquisition of Gillespies

NATIONAL and Grindlays Bank Ltd has purchased Gillespie Bros. (Holdings) Ltd and its subsidiaries from a group of private shareholders and Charterhouse Development Ltd (a member of the Charterhouse Group). Gillespie Bros. and Co. Ltd is an established confirming house and the principal subsidiary of Gillespie Bros. (Holdings) Ltd. Gillespies have customers in the Caribbean, east and central Africa in addition to the Far East. National and Grindlays has purchased the business of Gillespies in order to broaden its U.K. base and to develop the range of services available to international customers. It is the intention to maintain Gillespies as a separate entity under the existing management but at the same time making available to them the financial resources and expertise of the group. It is hoped that Gillespie's activities can be expanded into new areas and particularly those areas where the National and Grindlays Bank group is represented.

BANARHAT TEA

Profit Declines

BANARHAT Tea Co. Ltd has not fared well during the year ended December 1971. Climatic conditions were generally unfavourable with a drought early in the year followed by heavy rainfall which adversely affected leaf growth. Road and rail communications were disrupted by heavy floods resulting in a serious dislocation in tea movements. Tea despatches were held up and there was a consequential delay in the receipt of sale proceeds. After providing Rs. 8.50 lakhs (against Rs. 8.82 lakhs) for depreciation, the profit has declined from Rs. 15.53 lakhs to Rs. 5.57 lakhs. A taxable ordinary dividend of 4 per cent has been declared

paid out of general reserve. offers a yield of 5.6 per cent at present price of Rs. 71.50 a share of Rs. 100 each. Taxation receives Rs. 1.05 lakhs and general reserve Rs. 3.19 lakhs. Total crop has declined from 29,844 quintals to 28,749 quintals and the average price realised was Rs. 6.47 (against Rs. 6.41) a kilogram. Estimates for the current season have been framed for a crop of 29,350 quintals.

MORARJEE MILLS

Bonus Issue

THE directors of Morarjee Goculdas Spinning and Weaving Company have raised the dividend for the year ended June 1972 from 10 per cent to 14 per cent and, in addition, recommended the issue of bonus shares in the ratio of one share for every four shares held by capitalising a sum of Rs. 37.35 lakhs out of general reserve. The last bonus issue

The preliminary statement from the Company on its working results shows that it has fared better than in the previous year. Both sales and profit are higher. Margins, however, have been under pressure. While sales have gone up by 18.6 per cent from Rs. 10.14 crores to Rs. 12.03 crores, the gross profit has risen by only 7.7 per cent from Rs. 100.22 lakhs to Rs. 107.71 lakhs. Appropriations of profits include depreciation Rs. 43.60 lakhs (against Rs. 37.53 lakhs), development rebate reserve Rs. 14 lakhs (same) and taxation Rs. 21 lakhs (against Rs. 20 lakhs), leaving a net profit of Rs. 29.18 lakhs, against Rs. 28.71 lakhs in the preceding year. The equity and preference dividends will absorb Rs. 22.04 lakhs (against Rs. 16.06 lakhs). The Company continues to pursue its programme of modernisation and rehabilitation. Additions to plant, machinery, etcetra, made during the year were valued at Rs. 93.65 lakhs, against Rs. 92.44 lakhs in the preceding year.

BHARAT BIJLEE : IMPRESSIVE PERFORMANCE

BHARAT Bijlee has done exceedingly well during the year ended June 1972 and the equity distribution has been stepped up from 10 per cent to 15 per cent, inclusive of the bonus element of 3 per cent. The entire dividend is tax-free. The preliminary figures show a rise of 20.7 per cent in net sales from Rs. 4.20 crores to Rs. 5.07 crores. With the gross profit registering an impressive rise of 152 per cent from Rs. 30.93 lakhs to Rs. 78.16 lakhs, the ratio of profit to sales has improved from around 7.4 per cent to 15.4 per cent. The improved results are attributed mainly to the encouraging performance of the transformer division in terms of higher production and better price realisation. The pending order position for transformers is good but the directors state that it is difficult to be sanguine about the level of the demand for motors from the rural sector because of the uncertainties about the availability of power and because of drought conditions in many States. The Company has recently entered the business of manufacture, installation and maintenance of lifts. This new activity is expected considerably to augment turnover and profits of the Company. The Company has got

its manufacturing licences for electric motors and transformers endorsed for increased capacity following the liberalisation of industrial licensing for stepping up capacities in a number of industries.

After providing Rs. 10.80 lakhs (against Rs. 11.05 lakhs) for depreciation, Rs. 37,000 (against Rs. 1.13 lakhs) for development rebate reserve and Rs. 3 lakhs (against nil) for taxation, the net profit for 1971-72 amounts to Rs. 63.99 lakhs, against Rs. 17.75 lakhs in the preceding year. After writing back refund of Rs. 35,000 (against Rs. 18,000), the surplus of Rs. 64.34 lakhs (against Rs. 18.93 lakhs) has been transferred to general reserve. The proposed equity and preference dividends absorbing Rs. 11.79 lakhs will be paid out of general reserve. A sum of Rs. 34.83 lakhs, being the excess realisation arising out of the sale of land and investments, has been taken to capital reserve. The directors have pointed out that the small tax liability in 1971-72 is because of carried-forward losses, unabsorbed depreciation and development rebate and the relief available under Section 80J of the income Tax Act.

NOTICE

UNION CARBIDE INDIA LIMITED

IN TERMS OF RULE 4A OF THE MRTP RULES, 1970 IT IS HEREBY NOTIFIED THAT UNION CARBIDE INDIA LIMITED, 5 PARLIAMENT STREET, NEW DELHI-1 HAVE GIVEN NOTICE UNDER SECTION 21 OF THE MRTP ACT TO THE DEPARTMENT OF COMPANY AFFAIRS, NEW DELHI IN REGARD TO ITS PROPOSAL TO ESTABLISH MARINE PRODUCTS' PROCESSING FACILITIES WITH AN ANNUAL CAPACITY OF 10,000 MT AND INVOLVING AN ESTIMATED INVESTMENT IN LAND, BUILDING PLANT AND MACHINERY OF RS. 1.5 CRORES. FOR THE YEAR ENDED 25TH DECEMBER 1971, THE TOTAL SALES OF THE COMPANY WERE OVER RS. 57 CRORES AND TOTAL ASSETS OVER RS. 33 CRORES.

ANY PERSON INTERESTED IN THE MATTER MAY, IF HE SO DESIRES, INTIMATE TO THE CENTRAL GOVERNMENT IN THE DEPARTMENT OF COMPANY AFFAIRS, WITHIN 14 DAYS OF THE PUBLICATION HEREOF HIS VIEWS WITH REGARD TO THE PROPOSAL CONTAINED IN THIS NOTICE AND ALSO THE NATURE OF HIS INTEREST THEREIN WITH A COPY OF THE SAME TO THE UNDERSIGNED.

V. P. ARYA
Secretary,

UNION CARBIDE INDIA LIMITED.

October 23rd, 1972

Export Duty on Carpet-backing Cloth Reduced

AFTER keeping the jute industry and trade on suspense for a long time, the Government of India has finally reduced the export duty on carpet-backing cloth. The impost has been cut down from Rs. 700 a tonne on carpet-backing cloth weighing nine ounces or more a square yard to Rs. 300 a tonne. The duty on secondary varieties of the cloth, however, remains unchanged at Rs. 700 a tonne. The new rate becomes effective from Wednesday. The lower duty will come as a relief to the industry which has long been complaining of the high incidence of the levy. Carpet-backing cloth has been one of the principal foreign exchange earners for the country and has been the mainstay of India's jute exports, particularly to the United States. In the face of a relentless onslaught from cheaper syn-

thetic substitutes, backed by a massive promotional drive by international companies, the use of jute cloth in the tufted carpet industry has been rapidly shrinking. Industry circles have been expressing alarm at this trend. It now remains to be seen whether, and if so, how soon, New Delhi makes a similar gesture for hessian and sacking which have also been losing ground because of uncompetitive prices.

Import from Bangladesh

A formal contract for the export of jute worth Rs. 7 crores from Bangladesh to India against the trade agreement signed by the two countries in March 1972 is likely to be concluded soon. The deal is to be made between the Bangladesh Jute Corporation and the Jute Corporation of India—the jute selling and purchasing organisations of the two countries. At the recent high level talks between Indian and Bangladesh delegations in Dacca, an accord was reached on the terms of trade—the gradewise export prices, the grades to be exported, the types of baling and related issues. Details relating to the prices, grades, and quantum to be bought and the import schedules have been kept a closely-guarded secret by either side. Well-informed sources believe that while Bangladesh has allowed some discount over its earlier quotations, and waived the export duty on fibre, India has agreed to forgo the regulatory duty on imports. A bulk of the jute to be exported to India, it is learnt, will be of good quality and mostly of tossa and white varieties. India needs these most for her sophisticated types of jute products. The setback to the seasonal crop, particularly in Assam, Bihar and West Bengal, has widened the demand-supply gap in respect of these grades.

It will be recalled that India has already bought Rs. 60-lakh worth of raw jute which had been lying in the interior northern districts of Bangladesh. Due to disruptions in road, rail and river communications, Dacca could not manage to move

these stocks to the port cities or industrial concentrations like Narayan-ganj, Chittagong and Chalna either for internal consumption or for exports. Against the deficit of about a million bales of high grade jute in India this season, the import of the negotiated lots, however, will produce only a marginal impact on the operation of the industry. With the reopening of the Hardinge Bridge and the resumption of the Cachar-Sunderbans steamship service linking Assam to West Bengal through Bangladesh territorial waters, jute stocks from northern parts of Bangladesh have already started moving to the country's main jute trading and export centres in the south from where Bangladesh will be able to move its exports to India both by rail and river.

Recovery in Gunnies

After opening on a shaky note on hectic liquidation by nervous bulls, the Calcutta gunny market witnessed a subsequent reversal of the trend, partially erasing the earlier losses during the past week. The initial hesitancy was induced by the continuing lack of interest from major overseas and internal buyers, including Government and semi-Government agencies and the reported postponement of the bulk Syrian tender on an extended delivery schedule. The market was also in an overbought position. Holders of P.D.O.s were scared by the talk that the Forward Market Commission had been initiating a scrutiny of the records relating to the disposal of P.D.O.s as in the previous season and might impose deterrent penalties on black sheep. The prevailing stringency of credit and the forthcoming pre-Diwali settlement of accounts also accentuated such nervous offerings. Reports of an agreement with Syria for substantial lots of hessian, and further sales to Russia and east European countries also reinforced the rising price trend. Furthermore, the announcement of the despatch figures for September dispelled the earlier pessimism and induced the belief among operators that being booked to capacity levels for pretty long positions, the industry in Bangladesh had little to offer for ready and near deliveries. The statement showed that export shipments from Calcutta had improved from 40,000 tonnes in August to 44,600 tonnes in September, and the internal offtake from 38,700 tonnes to 43,300 tonnes. In the hedge market,

trading followed the pattern of the spot goods market. Operators were keen on squaring up their outstanding positions on the eve of the October and pre-Diwali settlement of accounts. Fluctuations were narrow and turnover moderate. The closing undertone was firm.

Latest available quotations (in rupees) were as follows:

	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	75.00	75.00	75.50
40in. 8oz.	81.00	—	—
40in. 10oz.	100.50	99.00	98.25
B Twills	252.00	254.00	257.50
Heavy Cees	257.00	260.00	263.50
Cornsacks	—	—	—
A Twills (U.S.)	327.00	328.00	329.00
Liverpools	305.00	307.00	310.00

Fibre Steady

The raw jute market ruled exceptionally firm during the past week in spite of the reluctance of mills to follow the rise and enter into long-term commitments at the prevailing rates. Notwithstanding the heavy demand for funds for the ensuing festive season, holders too were not keen on selling for forward positions. They believed that in spite of the planned bulk imports of fibre from Bangladesh, a wide demand-supply gap in fibre in India would linger. Besides, they thought that inclusive of the handling charges by the Jute Corporation of India, imported fibre was unlikely to be cheaper than the indigenous varieties. Strict vigilance on either side of the India-Bangladesh border had reduced the clandestine flow of fibre, accentuating the unseasonal shrinkage in upcountry arrivals. These factors reinforced the market men's belief that the remnant of the season's fibre had been lying with strong holders and affluent growers. The availability of an adequate supply of fibre in appropriate qualitative combination also posed a serious problem for the industry. In the absence of precise details, mill and fibre trade circles were unable to make an estimate of the quantum, grade combination and respective prices of fibre India would be able to import from Bangladesh against the trade agreement. Assuming the average export price of cuttings and fine quality long jute at Rs. 50 a maund, the J.C.I. could at most import some 300,000 bales of 180 kilogrammes each out of the Rs. 7-crore quota. With a carryover of 1.523 million bales of fibre from the 1971-72 season and a reduced seasonal crop of 5.5 million bales, total imports of 303,000 bales (inclusive of the Rs. 60-

lakh of fibre purchased earlier in the season from the northern areas of Bangladesh on the other side of the Indian border), a total of some 7.326 million bales of fibre was likely to be available to the industry this season. Out of this, the average monthly consumption of 550,000 bales, on the basis of the trend for the first quarter, would leave an extremely meagre carryover of some 725,000 bales for the next season. The end-September stocks with mills was adequate for 2.949 months at the September level of intake, while a month ago the stocks had been enough for 2.8 months on the same basis. Turnover was small and the closing undertone was bullish.

Cotton Textile Exports Record an Impressive Rise

SHIPMENTS of mill-made cotton textiles in September are provisionally placed at Rs. 14.36 crores, against Rs. 11.91 crores in the previous month and Rs. 9.36 crores in September 1971. Only once before has the monthly performance been better this year and that was in March when exports were valued at Rs. 15.33 crores. Exports of piecegoods, however, at 45.5 million square metres (valued at Rs. 9.12 crores) are the highest since January 1971 and the unit price realised at Rs. 2 a square metre is an all-time high, reflecting a change in the pattern of exports. There has been steady increase in exports of high-priced printed fabrics.

The cumulative figure for the first nine months of the current year (January-September) comes to Rs. 102.1 crores, against Rs. 76.7 crores in the same period last year and Rs. 84.3 crores during January-September 1970. All items have fared better. Exports of piecegoods are valued at Rs. 57.1 crores, against Rs. 47.4 crores during January-September 1971. Yarn exports have risen from Rs. 8.02 crores to Rs. 14.6 crores, apparel from Rs. 8.67 crores to Rs. 14.6 crores, "other manufactures" from Rs. 12.3 crores to Rs. 15.2 crores and hosiery from Rs. 25 lakhs to Rs. 39 lakhs.

Zonewise, exports of piecegoods have shown marked improvement in Europe and America. The Asian countries also have taken larger quantities of Indian fabrics. But exports to the African zone have

Latest available quotations (in rupees) were as follows:

	October-November Rates a quintal	Rates a quintal	Rates a md.
	Mid.	Bot.	Bot.
Selected Assam-Agartala	168.70	158.07	59.00
Selected Northern Jute	163.43	152.72	57.00
West Bengal Desal	152.72	142.00	53.00
Selected Daissee	184.87	174.15	65.00
Assam-Agartala Tossa	182.19	171.47	64.00
Mesta : Assam Mesta	150.04	139.32	52.00
Selected Murshidabad	144.68	133.96	50.00
Bihar Dist.	129.94	119.23	44.50



GONTERMANN-PEIPERS (INDIA) LIMITED

SPEECH OF THE CHAIRMAN, MR. G. BASU

Presiding over the Fifth Annual General Meeting of the Company held at its Registered Office in Calcutta, on the 27th October, 1972, the Chairman, Mr. G. Basu said:

Gentlemen:

I have much pleasure in welcoming you to this the Fifth Annual General Meeting of the Company.

The audited Statement of Accounts and the Director's Report for the year ended 30th April, 1972 have been in your hands now for some time and I am sure you have perused them at your leisure.

From the Directors' Report you must have observed that the Company has increased its turnover during the year from Rs. 151 lakhs to Rs. 176 lakhs and earned a net profit of Rs. 18.63 lakhs as compared to Rs. 16.85 lakhs of the previous year. The percentage of net profits over turnover remains constant at about 11%. This is so inspite of increased output because of growing increase in the cost of materials, labour and other operational expenses. The Company has been able to maintain uniform progress inspite of wide variation in the circumstances under which such operations had taken place.

The Directors have every hope that the performance so far achieved will be maintained and when the expansion scheme now on hand are completed they will provide the Company with better facilities for earning increased quantum of profits.

We are happy that the year saw a significant change in the industrial climate in our State and although full impact of all the measures our State Government has taken is not yet apparent, it is undoubtedly clear that the present State Government by its strenuous efforts have been able to make good a considerable amount of vacuum that existed in this State in the industrial field.

The rising cost of raw materials, irregular supply of them and frequent load shedding by electricity generating units have disturbed the flow of

our operations. We are set for larger output if these handicaps could be overcome.

It is needless for me to state that in the existing circumstances prevail-



Mr. G. Basu

ing in the State we should not complain but should lend our co-operation and support to the efforts which the Government is making to secure uninterrupted production in the industry.

Our Factory is located in a rural area of 24 Parganas and I am happy to state that our employment policy has enabled about 75% of our employees, mostly non-technical, being employed from among the local people.

We have not neglected export possibilities and have already exported our products to Egypt, Thailand and Kenya, and we are now negotiating with East African and Middle East Countries. Bangladesh also is in our mind.

The products we manufacture are sophisticated backed by international quality control and we are experiencing increased appreciation by our constituents of our products. Our Order Book at present is satisfactory and we do not anticipate anything which is likely to interrupt our flow of operations.

Our present rated capacity has been increased from 3,000 tonnes to 3,600 tonnes per annum and when the next

phase of expansion, which has been taken in hand, is completed we hope to reach a target of 5,040 tonnes per annum.

Our arrangements for the infrastructure for the increased production have been completed.

May I conclude by thanking our workers, officers, Financial Institutions, Bankers and our Collaborators for their continued co-operation and support in our achievements.

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

COMPANY AND PUBLIC NOTICES

THE ORISSA MINERALS DEVELOPMENT CO. LTD.

THE Board of Directors of the Company has recommended a final dividend for the year ended 30th June, 1972 at 7½% on the Ordinary Shares subject to deduction of tax for declaration at the Annual General Meeting to be held on 22nd December, 1972.

By Order of the Board
(R. SONDHU)
General Manager

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
Dated 30th October, 1972.

DIVIDENDS DECLARED OR PROPOSED

Hastings Mill Ltd-1 p.c. (0), subject to tax

Megna Mills Co. Ltd-Nil

Hindustan Motors Ltd-Nil

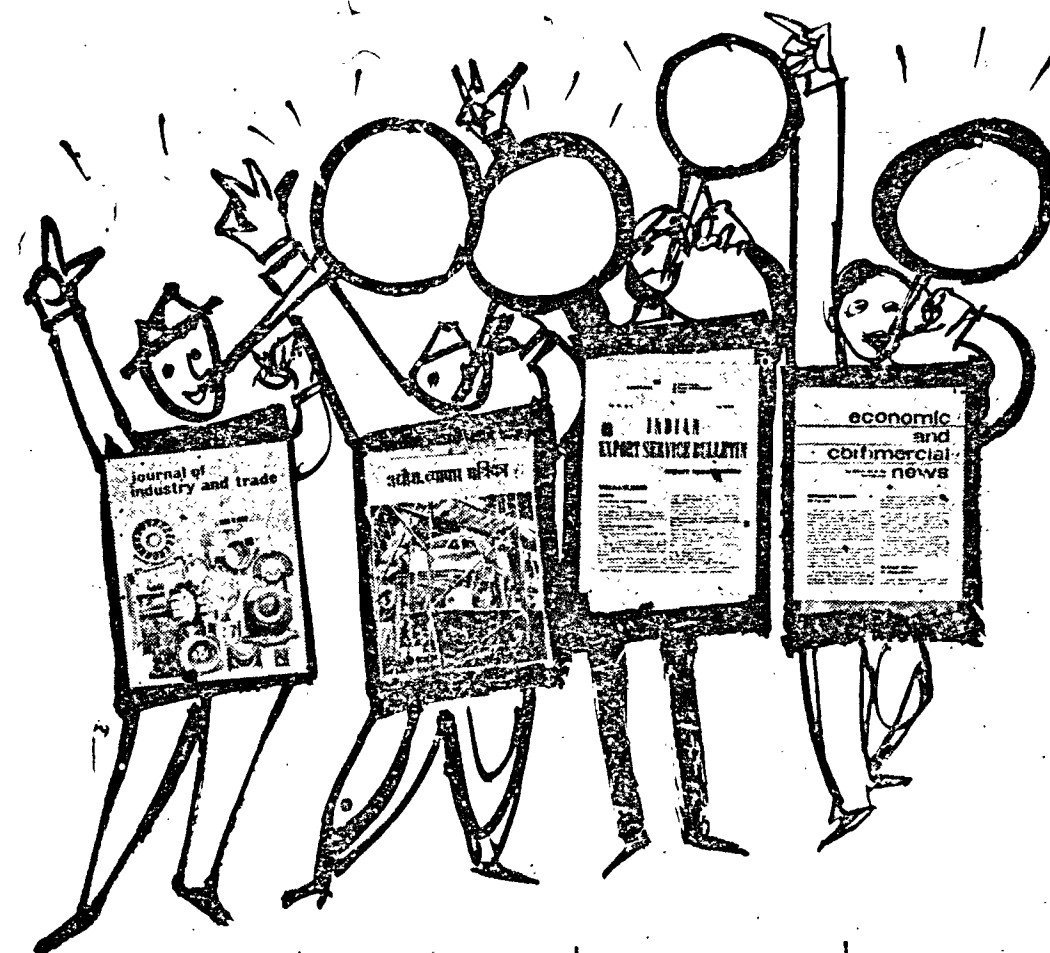
Sungma Tea Co. Ltd-3 p.c. (0), subject to tax

Rameshwara Jute Mills Ltd-5 p.c. (0), subject to tax

Indian Aluminium Co. Ltd-7½ p.c. (Int.) (0), subject to tax

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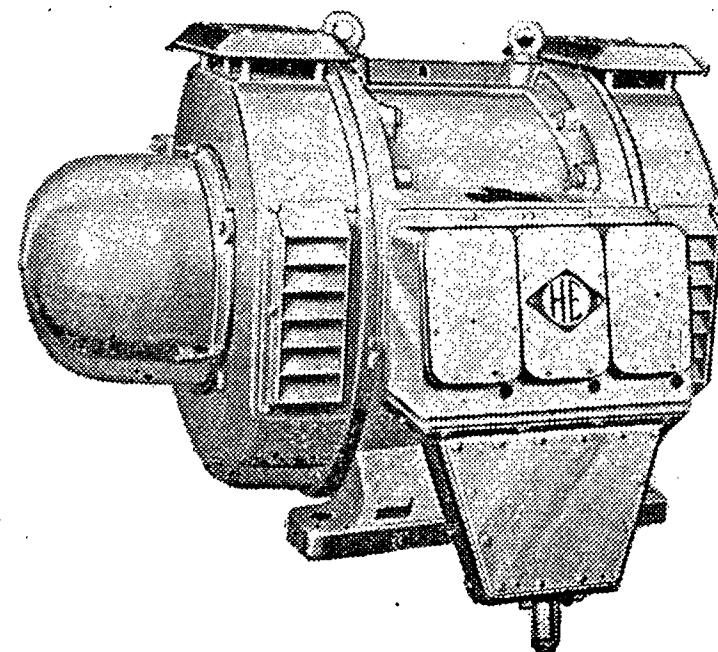
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Youth Unrest Again

British Investments in India

Price Rs. 1.50

9th November, 1972

UBI

IN THE LIFE OF WEST BENGAL

In West Bengal UBI plays the leading role in taking banking facilities to people and in giving assistance to agriculture and small-scale industry.

As in December 1971 all commercial Banks together had 377 branches in rural and semi-urban areas. Of them UBI's share was 127 branches or 34 per cent. Out of the total number of 734 commercial Bank offices in the State, UBI's share was 190 or 26 per cent. UBI's share is larger in rural and semi-urban areas than in urban and metropolitan areas. It indicates UBI is striving to take banking facilities to people who were denied these before.

As regards assistance to agriculture all commercial Banks together had 29,547 agricultural loan accounts as in December 1971. UBI's share was 18,679 or 63 per cent. Again, the amount advanced by all commercial Banks stood at Rs. 10.50 crores. UBI's share was Rs. 3.38 crores or 32 per cent. As many as 83 per cent of the farmers assisted by UBI are small farmers having less than 5 acres of holding.

Take the case of assistance to small-scale industry. As in September 1971 all commercial Banks together had assisted 6,202 small-scale industrial units. Of them UBI's share was 1,775 or 29 per cent. The amount advanced by all commercial Banks stood at Rs. 45.30 crores. UBI's share was Rs. 11.65 crores or 26 per cent. Last year UBI assisted on an average more than one small-scale industrial unit each day of the year.



United Bank of India

(A GOVERNMENT OF INDIA UNDERTAKING)

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Dispute Over Delineation

TWO views can be taken of the recent lull in talks between the Pakistani and Indian commanders on the delineation of the line of control in Jammu and Kashmir—the particular and the general. The two are naturally interlinked. In fact, the specific problem is but a reflection of the wobbly nature of the broad policy. At both levels, the failure is more deliberate than consequent upon the actual circumstances and the responsibility for it can be squarely placed on Pakistani shoulders. At best, an apologia can be put together for Mr. Z. A. Bhutto personally but that is neither here nor there. General Tikka Khan who is very much on the negotiating scene is trying to delay the successful conclusion of talks for all he is worth. General Manekshaw, on the other hand, is the very picture of sincerity with the spirit of give-and-take necessary to speed up a settlement. It looks as if he is at the moment cast for the rôle of the gracious giver as long as it does not prejudice Indian honour. The contrasting tone of the correspondence between the two Generals proves it beyond doubt. Thus after having insisted on the signing of the territorial arrangement agreed upon earlier, General Manekshaw had been unbending to the extent of being prepared for further discussions on the current bone of contention provided an accord on the basis of 19 maps was formalised about the remaining portion of delineation preparatory to withdrawing troops from the occupied sectors.

Mr. Bhutto may have wept for the Pakistani refugees longing for a return to their lands before the winter sowing begins. But to the Pakistani commanders, time seems far from being of the essence in carrying the talks through to a happy end.

General Tikka Khan most positively put his foot down and the resumption of talks at Wagah does not dispel the gloom. Whether progress results remains to be seen. On the face of it, the dispute seems hardly worth all the big fuss. Neither strategically nor politically the 1½ square mile tract over which the talks foundered can mean anything material to Islamabad. Although it seems more than likely that legality makes not a scrap of difference to Mr. Bhutto and General Tikka Khan, even that line of enquiry will put Pakistan in the wrong. Whatever difficulties Pakistan may have made in the beginning, the principle at least has been accepted that troops will be withdrawn from both sides of the international frontier. Thakur Chauk which has given rise to the dispute is a feature of the international boundary as distinct from the line of control in Jammu and Kashmir and that Pakistan should vacate as a matter of course. In any case, General Manekshaw has thrown the subject open to discussion. But Mr. Bhutto's spirit of accommodation about the Lipa Valley posts has found no echo in the Pakistani attitude at the present juncture.

If General Manekshaw has been reasonableness itself, Mr. Swaran Singh may be said to have gone one better. Making what may be a choice specimen of understatement to the effect that India is not wanting in patience, he has indicated that should military talks fail, a political discussion may be started to smooth things over. It is arguable that points of legality had better be thrashed out at a political level. In any event, this overture is a sufficient indication of India's keenness on a prompt settlement. It does not take any great perspicience to grasp the essential

point. Whatever may be the pace of the meandering parleys between the commanders, what really matters is the interplay of higher political forces behind the scenes. It will be helpful to cast one's mind back to the beginning of the dialogue. Mr. Bhutto's sweetness and light had emanated then from the realisation that internationalising the outstanding problems would not do him any measure of political good. He came to Simla with something of a low-key profile and with Mrs. Gandhi determined to bring a durable peace in the sub-continent, the peace-making moves at Simla went satisfactorily up to a point. Mr. Bhutto's acceptance of the principle of bilateralism was no mean triumph. Unfortunately, however, the sequel was not as smooth going as the start. Mr. Bhutto has shown his superb mastery of the art of wriggling out of commitments; carrying conviction, of course, is another matter. He has so far stalled the recognition of Bangladesh, although more than once he has let on his acceptance of the fait accompli. He has tried to lump different issues together to obscure all of them. In consequence, he has failed miserably in achieving anything except a fruitless expenditure of time. How to stay in power against such odds is not easy to answer.

To what extent Mr. Bhutto is personally responsible for the present difficulties in the prolonged talks is not entirely clear. General Tikka Khan may not be playing the second fiddle as far as the latest operation of throwing a spanner into the works is concerned. Mr. Bhutto is no longer the same man with a firm grip on the source of power. He has overcome minor squalls but there may yet be the last uncontrollable storm. His policy of survival is based on concessions to the extent of giving in to a Westminster-style Government and an increasing dependence on men who are even more ultra than the President himself. He has to do a balancing trick between two extremes. The Frontier is a sensitive spot which he has to handle gingerly. On the other hand, he can never play too soft lest he should rile the hawks who still dominate his bastion of strength—Punjab. The job becomes increasingly tricky as time passes without the President bringing the P.O.W.s back home or doing anything about the decision of Dacca to go ahead with the trial of war criminals. From this dismal scene, Mr. Bhutto probably expects to divert attention by dragging his feet over

the talks with India. Even if he has other ideas, the army will not let him act on them. And it seems the Pakistani army has to a great degree lived down its inglorious debacle in the eyes of the local people.

The straws in the wind may be even more alarming. The Government of India is disinclined to pay serious attention to the renewal of sabre-rattling by the Pakistani spokesmen presumably briefed by Islamabad, but it is happening all right. The Pakistani propaganda machine which for a while assumed

a gentle air has become something of its old self. Accusations against India are acquiring increasing acerbity and the old practice of playing up on an international level minor incidents at P.O.W. camps and similar alleged Indian wrongdoings is back with considerable venom. All this gives rise to the suspicion that Peking is pulling the strings behind a lot of goings-on in Islamabad after casting the U.N. veto on the admission of Bangladesh. If that is the case, New Delhi has a good deal more on its hands than the temporary breakdown of the eighth round of talks.

Youth Unrest Again

STUDENTS in the whole of northern India from Punjab to Assam seem to be in a state of turmoil. Youth agitations are also brewing in Tamil Nadu and Andhra Pradesh and there are signs of commotion in Orissa. The issues in each State are different, but there is a marked similarity in the response of the youth everywhere. Burning of buses, destroying public property, raiding cinema houses and abstaining from classes are some of the expressions of revolt. What is perhaps most disturbing is that at times there are no issues at all and students run amuck on mere non-issues, as if they were only looking for an excuse to go on a smashing spree. Long experience has convinced them that college students enjoy some kind of immunity from the law not enjoyed by ordinary mortals when they go out in the streets to destroy public property. While no one would grudge the young people the right to revolt, it is doubtful whether that right could be extended to cover acts of vandalism. In their extreme anxiety not to alienate the sympathies of youth, most of the States have shown an indulgence that has blurred the distinction between the right of dissent and licence to destroy. This kind of rebelliousness for its own sake is hardly the right training for the citizens of tomorrow.

In Delhi, the students have been time and again holding the city's entire transport service to ransom and causing inconvenience to hundreds of thousands of commuters to press their demand for privileged treatment. While there are any number of examples of misbehaviour by the bus

conductors and drivers, it is also true that quite often the fault of the conductor is no more than his insistence that students like every one else should carry tickets or passes. It is not often that students demand that the conductors respect their self-assumed right of free travel. And, of course, the students are always right as long as they can present themselves as a mob. The matter is hushed up, the erring conductors are publicly admonished and the whole affair is given the appearance of a fight on principle to get a better bus service for the students.

In Punjab, the students very nearly paralysed the machinery of the State Government and forced the army to appear on the scene to control an agitation over the issue of concessions for them in cinema houses. At their command, police officers were suspended or transferred and even a Deputy Commissioner was transferred before a judicial enquiry ordered by the Government to sift the blame for the shooting incident had begun its work. In the storm that ensued all the political parties, including the ruling Congress, backed the students and no one dared to question their "right" to cinema concessions or their State-wide violent response to the shooting incident in Moga. Nor was there any condemnation by the political parties of burning of buses, railway property and cinema houses by student mobs. Much the same symptoms have been in evidence in U.P. and Bihar where any provocation, real or imaginary, seems to suffice to bring about the closure of colleges and ugly demonstrations on the streets.

All this leads to but one question. Why are students so keenly averse to their main occupation, studies? Why are they always looking for an opportunity to disrupt their normal academic routines? The answer is not very difficult. In the whole history of college education of the western style in India, academic life in a great majority of colleges was never so devoid of content. True, there are many institutions that maintain high standards of education and extra-curricular activities but their number is very small indeed. Overcrowding and lack of minimum facilities for study and living makes education a nightmare for the students.

Added to the problem of numbers and breathing space in the colleges is the question of language. Thanks to the irresistible craze for the regional languages, the students are unable to comprehend anything in English and there is hardly any worthwhile reading material in their own languages. The result is a vacuum in the lives of students. It is of a kind that politicians and educationists who frame policies for schools and colleges have never experienced in their lives. The whole idiom, imagery, mode of life and psycho-social associations of the student of today have been changed by this single fact of language. A vital source of contact with the modern world has been withdrawn from the colleges and its replacement may take several decades. Till then the student must live in a closed world of his own.

Another equally important factor is economic. It is often forgotten that the student too is a consumer and perhaps a very sensitive consumer. Within the meagre resources placed at his disposal by loving but hard-pressed parents the student does his best to enjoy the good things of life. But even elementary necessities like a cup of tea are gradually entering the realm of luxuries in the student's life, thanks to the rising cost of every ingredient that goes into the making of tea—that is sugar, milk and tea leaves. Largely due to the undiminished avarice of the State Governments to tax entertainment to the maximum, rates of cinema tickets are becoming prohibitive, more so because of the rampant black-marketeering in them. Then the student does wish to wear some clean clothes that are not torn and most of the time his ambition is frustrated by the ever-rising prices. While in view of the rampant unemployment the future is admittedly bleak, there is little in the

present which an average youth can describe as enjoyable.

To add to his unhappiness the student has to cope with a highly repressive society where even innocuous contacts between boys and girls are frowned upon by the teachers and elders. The impact of such repression on the mind of youth cannot be measured quantitatively or qualitatively. But social psychologists the world over are convinced that repression of this kind can be very damaging to the healthy growth of not only individuals but of whole communities and nations. It makes India a nation of morons, a people who are unable to grow beyond adolescence.

And finally, the youth are apt to revolt against the injustices being daily meted out to them in their in-

stitutions by their superiors. The examination system is the worst enemy of peace in the campuses not because the students dread the examinations but because they are made victims of numerous malpractices. Allegations of manipulations of all kinds in the examination results are heard all over the country. Examinations have become merely a means of money-making for the academic community. Leakage of papers to favourites, setting unfair conditions for appearing in the examinations, mass copying, submitting to bullying or bribing, accepting money or other favours to increase marks and special consideration to girls are some of the complaints heard in every university against the academic community. The teacher's robe no longer commands respect. To bring order on the campuses, the authorities have to try to right all these wrongs.

Takeover of Grains Trade

IN a desperate move to hold the jumping price line, the Government has now decided to take over the wholesale trade in rice and wheat. The decision has been taken not on the basis of any conclusive evidence that prices are marked up only at the wholesale level but rather on a vague assumption that State entry into the field will somehow foil the machinations of an "unscrupulous" trade. But the approach is too simplistic. Nobody denies the capacity—and the practice—of the wholesaler to manipulate prices to make quick money, particularly in a difficult food year like the present. But to believe that control at this point only in a long chain of agricultural marketing will do the trick is at best naïve and at worst misguided. What precisely gives the men in power such confidence that Government takeover of the wholesale trade will push down prices of foodgrains has not been explicitly spelled out yet, but the public, by and large, have not been enthused by the move. In any case, if the measure is to yield any concrete result, it would not be before another full year or so, and by that time prices may tend to stabilise on their own. It is surprising, however, that few Ministers have said anything much about the follow-up action on the takeover move, even though quite a few weeks have passed since the A.J.C.C. session took the decision; those who have, have mainly tried to raise excuses or alibis.

Nearly the biggest challenge that the administration would face is that

agriculture in India has remained outside the pale of organised marketing. Transactions take place not strictly according to the forces of demand and supply but along channels that have come in existence and have been found workable for a long time. Nobody should favour the continuance of such a system which mostly acts against the interest of growers but somehow it has lingered on. To make an inroad into this tradition-bound sphere will perhaps prove to be the main problem for the Government. Procurement of the marketable surplus from big and small farms is not a matter of expertise or finance only but of personal relationships which would be difficult to develop overnight. Even after so many years of operation, the Food Corporation of India buys, according to the Parliamentary Committee on Public Undertakings, only 0.1 to 3.4 per cent of its total purchases directly, the rest being provided by co-operatives and middlemen. In other spheres also—like banking—and in other agricultural crops—like jute and cotton—Government agencies are facing the same handicaps. In some cases, even after takeover, the actual trade is run by erstwhile agencies while the State undertaking merely charges a commission from them for allowing its name to be used. One hopes that the fate of the wholesale trade in rice and wheat will not prove to be as dismal as that.

Indeed, if New Delhi is determined to make an impact on foodgrain prices it has got to take up the challenge

with a greater sense of commitment than it has done in the past. The wholesale trade in rice and wheat will require elaborate and extensive plans for the transport of farm produce, warehousing, distribution over numerous retail outlets and inventory control. Several Chief Ministers have noted the inadequacy of the existing organisational structure to cope with such onerous operations. A number of States are going ahead with plans to set up their own food corporations. But how far these institutions alone will qualify them better to discharge the functions associated with the foodgrains trade remains to be seen. Besides leading to duplication at the State level of a machinery that is already in existence at the Central level, the appearance of these agencies may conceivably retard the process of covering the entire country as one single food zone.

One of the major dangers that the Government will have to guard against is the high cost of operation. The F.C.I.'s experience shows that many items of cost—particularly labour—have tended to rise following State takeover. Unless extreme vigilance and economy are exercised at every point, the cost of operation may go up and this may conceivably set at naught the high hopes that lie behind the move. Since retail trade continues to remain in the hands of private business, the consumer price may still be widely manipulated; if over and above this, prices tend to be unduly marked up at the wholesale level, the purpose of helping the poorer sections of society may be totally lost. The Federation of Indian Chambers of Commerce and Industry evidently has such misgivings; it feels that the takeover would entail 10 per cent to 15 per cent additional cost to consumers directly by way of higher foodgrains prices or by way of higher taxes. To maintain a big inventory of grains—the total marketable surplus in rice and wheat in an average year comes to about 25 million tonnes—a substantial volume of credit will be locked up. And the F.I.C.C.I. is not sure that such diversion of development finance to mere inventory-holding would be wise. About the employment aspect of the takeover, no clear picture is yet available; nearly 5 million people, according to one estimate, are likely to be affected, although some of them might be reabsorbed.

The pitfalls that lie ahead of the Government are many. Still, for the sake of argument, let it be assumed that they have been averted. But will the takeover of foodgrains trade alone

achieve the desired purpose? Will it give the much-needed relief to the poorer sections of the community? The fact is that most of the people below the poverty line switch from rice and wheat to coarse grains when the inflationary pressures mount, and little has been done so far either by way of procurement or public distribution of these items. Besides, even if cheaper rice and wheat are made available to the poor, how many of them have the purchasing power to buy

Compulsion in Industrial Housing ?

THE Government of India is reported to be considering a proposal to enforce compulsion on industrialists to build houses for their workers. It has expressed its disappointment at the "half-hearted and tardy efforts" made by employers to provide accommodation to their workers and it feels that something positive must be done in the matter. The Government is said to have carefully studied the impact of such a legal compulsion on capital formation, industrial development, employment and the price of end-products. New Delhi, of late, has come to believe that the country's economy can be developed quickly by compelling people to do various things. But such a policy will not produce the desired results. It will, surely, be more realistic if the Government relies on persuasion and incentives than on compulsion and threats to achieve its objectives.

The Government should have examined why employers have not been enthusiastic in building houses for their workers. Without making such a thorough study, to compel employers to build houses for workers will have adverse consequences on the industries concerned, and on the economy. Apart from the acute shortage of cement, steel and various other building materials as well as railway wagons, there have also been many practical difficulties felt by employers in building houses for workers. It is true that under the subsidised housing scheme for industrial workers, introduced in 1952, an employer who wants to build houses for his workers is entitled to financial assistance from the Government to the extent of 50 per cent loan and 25 per cent subsidy. The remaining 25 per cent of the cost is to be met by the employer from his own resources. But, unfortunately, the employers have had to face serious difficulties of various types in getting the subsidy from the Government.

them? As any rationing authority will say, even in suburbia many cardholders cannot just draw many items because they do not have the money or draw them only to sell again. Wheat and rice prices should be reduced by all means, but if it is believed that such a step alone will improve the lot of the poorer people, it is taking too narrow a view of the inflationary problem. No better method to check inflation has yet been invented than increased production.

The scheme has been administered by the State Governments who have not been able to implement it with speed and sympathy. There have been cases where the applications submitted by industrial units under the industrial housing scheme more than three years ago are still kept pending by the State Governments concerned. Therefore, unless the State Governments are able to dispose of promptly the employers' applications for loans and subsidies for construction of houses for workers, the scheme is unlikely to make any progress. Employers have complained that the overall ceiling costs fixed for the various types of tenements have become unrealistic on account of the sharp increase in the cost of building materials. They had represented to the Government of India to revise the ceiling costs realistically on the basis of the existing prices. But New Delhi does not seem to have accepted this suggestion.

Employers have also pointed out that there is no statutory provision to permit an employer to evict an ex-employee from the house that has been allotted to him at a low rent. There have been numerous instances of workers being unwilling to vacate their houses even after they have been legally discharged. How does the Government expect employers to become enthusiastic about building houses for workers when they are faced with this kind of difficulties? Official statistics show that even the meagre Budget allocations for the subsidised housing scheme are not being fully spent. In West Bengal, for example, for 1969-70, the amount earmarked for loan and subsidy for employers was Rs. 7 lakhs but only Rs. 3 lakhs were spent. For 1970-71, the expenditure was Rs. 2.5 lakhs out of Rs. 20 lakhs that was allotted for the purpose. For the plantation industry, the money earmarked for loan and subsidy for 1969-70 and 1970-71 was Rs. 5 lakhs and Rs. 15

lakhs, respectively. But the expenditure was about Rs. 2 lakhs and Rs. 28,000, respectively.

Perhaps in a few cases, the applications submitted by the tea companies were not satisfactory or complete in all respects. But this factor by itself does not explain the lapse of large sums of money. The fact is that the plantation labour housing scheme has not been conceived realistically. Under the rules of the subsidised housing scheme for plantation workers, employers were expected to provide accommodation for at least 8 per cent of their workers every year till the latter were adequately housed. Two types of houses were to be provided, namely, normal two-roomed houses and small two-roomed houses. The employers were also enjoined to give adequate attention to the construction of roads, drainage, lighting, and other facilities. But even after several months after the scheme came into force, neither the Tea Board nor the tea industry seemed to have a clear and correct idea about its implications. For example, it was not clear whether loan and subsidy were to be made available to all types of tea estates or only to those which are financially weak.

Currency Reform : The Task Ahead

AS though to remind overoptimists of the kind of problem that the reformed monetary system would be required to avoid, and of the difficulty of agreeing the system, a critical disagreement within the Japanese Government on methods of correcting the country's payments surplus erupted just after the International Monetary Fund's meeting in Washington. Conflict of opinion is healthy at this stage if it clarifies the problems and ideas for solving them, but if we spend much time on individual issues, the expectations of real progress at the I.M.F. meeting in Nairobi next year will be disappointed. The meeting in Washington was rated positive, if only because the Americans were more accommodating and the French were more co-operative than usual. Observers felt that moods and attitudes boded rather well for agreement; and if there was a distinct difference between what Mr. George Shultz, U.S. Treasury Secretary, and Mr. Anthony Barber, U.K. Chancellor of the Exchequer, envisaged for Nairobi—"main outlines" of a new system in the former's view, "operative decisions" on monetary reform in the

latter's—it could be attributed to the diplomatic low profile of the Americans, whose proposals were explicitly "not a blueprint" for next year's negotiations. The I.M.F. executive directors' report, which preceded the meeting, was likewise not presented as "a blueprint". It was a broad statement of the problems, with some alternative ideas for solving them, but no declared preference for any particular idea. Most noteworthy was its frank acknowledgment that the disparity between the official and the free prices of gold had virtually immobilised official holdings of gold (roughly a third of reserves)—national authorities will not release gold at the official price when it is worth much more in the market—and that Special Drawing Rights and reserve positions at the Fund, both valued in terms of official-price gold, could be affected similarly. One is so accustomed to the dispute on gold—whether to enhance it in or to phase it out of the system, at what level to price it officially—that one may easily assume that it can be left for settlement some time in the vague

future. But for real progress in Nairobi "some time" is not soon enough; for it is difficult to imagine even the outlines of a new monetary system in which the status of gold is not established. The central issue is not the price but the permanence of official gold. The argument for demonetising the metal is that non-monetary requirements absorb virtually all current production, leaving no appreciable supply for the monetary system, and that money-linked gold is intrinsically unstable because speculators anticipate changes in the link. The counter-argument is that price rather than quantity determines the value of available gold, and that any artificial "numeraire" is intrinsically less stable than gold because it can be artificially created. A "new" monetary system in which the "numeraire" against which currencies are valued has not been agreed is only a temporary expedient.

A drastic idea for replacing gold by Special Drawing Rights (it was argued recently by Mr. Xenophon Zolotas, former Governor of the Bank of Greece, in the *London Times*) is to sever the link between gold and S.D.R. denominate currencies in terms of S.D.R., and let the official gold price float. Central banks (whose gold reserves would fluctuate in value—but so do their dollar reserves) could use their gold for international payments at the market price. Discussion of procedures for demonetising gold is, however, academic unless it is agreed that demonetisation, involving substitution by S.D.R., is the right objective; and there is no evidence that France (particularly) is moving towards the American position in this matter. Extending flexibility of exchange rates (against whatever "numeraire") is less controversial. There is a question of principle involved in Mr. Shultz's proposal that a supranational authority should be empowered to compel countries to restore equilibrium in their overall payments, by adjusting exchange rates, imports, and/or domestic demand; but any country that subscribes to an orderly system yet objects to authority to keep it orderly puts its sincerity in doubt. Collective regulation of national monetary policies is not strictly in the currency system's field, but it could usefully be considered an important factor in the equilibrating mechanism.

The American plea for maximum possible freedom of capital movements is superficially unanswerable. But critics who have looked below the surface have perceived that a com-

bination of free capital movements and compulsorily-adjusted payments accounts could maintain one of the most inequitable characteristics of the old dollar-dominated system. That system, in which the dollar has been a privileged reserve currency, has allowed the U.S.A. to acquire a huge total of assets abroad in exchange for inconvertible paper. In the new system envisaged, the chronic payments deficits that the acquisitions have largely caused will disappear and (when payments generally are properly balanced) dollars will be convertible. But the obligation to maintain balance not on current account but on current and capital accounts combined implies that non-American countries could be obliged to offset a chronic deficit in the U.S. capital account by deficits in their

current accounts, balanced by surpluses in their capital accounts from the flow of U.S. capital. One method of financing American acquisitions is not necessarily as bad as another, but a plan that provides this kind of facility should be—and undoubtedly will be—carefully scrutinised. In the deliberations before Nairobi, it will certainly be emphasised that smooth functioning is only the mechanical quality required of the new system. An inequitable system that functions well is some improvement on an inequitable system that functions badly, but it is not good enough. In the proposals presented in Washington there was not enough inclination to make the new system serve less-developed countries, which have certainly not been well served by the old one.

CURRENT COMMENT

COLOMBO PLAN

British Contribution

Britain spent \$10,601,700 on Colombo Plan technical assistance in 1971. This amount included \$4,062,000 for students and trainees, \$2,774,400 for experts, and \$1,226,500 for equipment. These figures are included in the latest report on technical assistance given under the Colombo Plan. The report has been published by the Colombo Plan Council for Technical Co-operation in south and south-east Asia in connection with the twentysecond consultative committee meeting of the Plan which started in New Delhi on 30th October.

The report also reveals that in 1971 Britain provided 835 new places for students and trainees from the Colombo Plan region, bringing the total number of places offered by Britain to 11,507 since the beginning of the Plan in 1950. During the year, 124 British experts went out to the region, bringing the total assigned since 1950 to 1,451. Most trainees and students came from India (178), followed by Sri Lanka with 136 and Malaysia with 103. Other countries were Afghanistan 17, Burma 62, Indonesia 47, Korea 20, Laos 5, Nepal 48, Pakistan 44, Philippines 47, Singapore 34, Thailand 66 and Vietnam 16.

TEXTILE MILLS

Take-over Ill-advised

Referring to the recent Ordinance taking over 46 textile mills in the country, Mr. A. R. Kanoria, president, Merchants' Chamber of Commerce, in a representation to the Prime Minister, Mrs. Indira Gandhi, and also to the Central Minister for Foreign Trade, Mr. L. N. Mishra, has stated that this decision has been extremely hasty and ill-advised. He feels that apart from other adverse effects on the economy, it will seriously affect the investment climate. Mr. Kanoria has pointed out that quite a good number of mills taken over were properly functioning, while some have made requisite arrangements for resuming production. He has, therefore, urged the Government to re-examine the whole issue and to exclude the mills which were doing well from the purview of the Ordinance so as to ensure a healthy investment climate.

I.D.B.I.

More Assistance Sanctioned

There was a 12 per cent rise in the effective sanctions of assistance by the Industrial Development Bank of India under direct assistance to industry, refinance of industrial loans and rediscounting of machinery bills during the first quarter (July-September) of 1972-73, compared with the

corresponding quarter of last year. The total assistance sanctioned was Rs. 19.46 crores, against Rs. 17.37 crores. The marked rise in assistance greatly offset the decline of Rs. 3.74 crores in direct loans for exports and refinance of export credits, so that the aggregate effective sanctions of assistance (excluding guarantees) during the July-September 1972 quarter were marginally lower at Rs. 20.26 crores, against Rs. 21.16 crores in July-September 1971. The sanctions include subscriptions to the shares and bonds of financial institutions amounting to Rs. 75 lakhs, against nil. Sanctions under direct assistance to industry other than for exports were substantially higher at Rs. 3.78 crores during the three months ended September 1972, against Rs. 1.05 crores a year before.

FOREIGN INVESTMENT

Rôle of Global Concerns

Addressing the annual meeting of the International Association for the Promotion and Protection of Private Foreign Investments held in Munich a few days ago, Mr. William S. Gaud, executive vice-president, International Finance Corporation, said that perhaps more alarming to the developing countries than the scale and character of modern foreign private investment had been the size of the companies making those investments. Of the 100 largest economic entities in the world today, only 50 were nation States. The other 50 were giant corporations—the so-called multinational corporations—and of these two-thirds were owned in the United States. Put in another way, it means that the sales of General Motors last year—more than \$28 billion—exceeded the gross national product of all but 14 or 15 countries in the world. Of course, not all these global corporations were American. In fact, other international companies with famous names might be said to have blazed the trail and set United States corporations an example.

It is sometimes said that, in terms of the so-called third world, these giant corporations are more effective instruments for economic development than earlier and smaller-scale forms of private investment—that they can provide more capital, more entrepreneurial, management and technical skills and deploy them more effectively. This may be so. But there is no denying that, given their scale, the activities of these giant corporations have inevitably attracted wide-

spread attention—in the industrialised no less than the developing countries. And the attention they attract is not always favourable.

INFLATION

Suggested Remedies

In a Press statement issued a few days ago, Mr. A. R. Kanoria, president, Merchants' Chamber of Commerce, Calcutta, has said that the phenomenal rise in price level is eating into the very vitals of the economy. The immensity of the problem will be evident from the fact that the wholesale price index in the last decade has more than doubled. In other words, the general level of wholesale prices has risen at an average compound rate of 7.5 per cent a year. In the long run, the remedy of the situation lies in reducing the quantum of deficit financing, pushing the production of mass consumption goods; imposing income-tax on agricultural income to curb excess purchasing power generated in the rural areas, and merging the sales tax and the excise duty. As a short-term remedy, supply of mass consumption goods should be ensured through the existing distribution channel.

COMMUNIST BLOC

U.S. Trade Prospects

Nixon administration officials hope that the willingness of Russia and the People's Republic of China to make sizable agricultural purchases, mostly grains, from the United States signals a desire for continuing and expanding East-West trade relations, coupled with a lessening of political tensions. In a recent radio speech, President Nixon referred optimistically to the recent sale of more than \$1,000 million in grains, largely wheat, to the Soviet Union, and announced that in the past few days China had signed a contract with a private U.S. exporting firm to obtain 300,000 tons (or 12 million bushels) of corn (maize). The more than \$17 million maize purchase is relatively small in as much as the total annual U.S. production of maize is 5,300 million bushels. "We have opened new markets in communist bloc countries," Mr. Nixon said, "by lifting restrictive ocean shipping regulations of the last administration. This action led to last winter's \$150 million sale of foodgrains to the Soviet Union,

and then to the three-year grain sales agreement which we signed with the Soviets in July—the biggest peacetime transaction of its kind in history."

SOUTHERN INDIA

Company Registration

In the southern region comprising the States of Tamil Nadu, Andhra Pradesh, Mysore and Kerala and the Union Territory of Pondicherry, company formation during the quarter ended 30th September declined slightly as only 116 new companies (12 public and 104 private) were registered, against 123 (12 public and 111 private) registered during the preceding quarter. However, the aggregate of authorised capital of the registered companies was Rs. 20.43 crores, or higher than that of the companies registered in the preceding quarter. Of these new registrations, seven are big or giant sized companies each having an authorised capital of Rs. 50 lakhs and above. During the same period, eight companies with an aggregate paid-up capital of Rs. 40.74 lakhs went into liquidation and eight companies with an aggregate paid-up capital of Rs. 99,000 were struck off the register pursuant to Section 560 of Companies Act, 1956, in this region.

I.D.A.

Credit for Farm Education

The International Development Association, an affiliate of the World Bank, has announced the Group's first operation in India's education field—a credit of \$12 million to develop two new agricultural universities in Assam and Bihar. The project, when completed in 1979, will enable the two new universities to consolidate their constituent campuses and to become more cohesive and effective institutions. They will be able to produce better trained graduates to contribute to agricultural development in the two States. With increased responsibilities for research and extension, the two universities will provide increased institutional support to the technological demands of the "green revolution." India's strategy for agricultural development seeks to establish innovative agricultural technology through the introduction of new, high-yielding varieties of foodgrains and efficient application of other inputs, such as fertiliser, credit, water and pesticides.

The success of this strategy depends upon efficient service institutions, including agricultural universities. The Government, through the Indian Council for Agricultural Research has supported the development of agricultural universities on the American land-grant model in many States. Those in Punjab, Uttar Pradesh and Mysore, for instance, have been able to produce a new breed of well trained graduates motivated toward rural development. The Assam Agricultural University and Rajendra Agricultural University in Bihar will follow this pattern.

PAINT

Prospects in South India

Inaugurating the Southern Regional Committee of the Indian Paint Association a few days ago in Madras, Mr. I. M. Malkani, president of the Association, pointed out that the industrial development of the southern region had been taking place rapidly and vigorously. In the coming years, there was going to be further momentum in the industrial progress of this area. The paint industry also could look forward to fast expansion in the region as the demand for various types of paints in the south was bound to grow rapidly due to the development of agriculture as well as engineering and numerous other industries and the consequent rise in the standard of living of the masses. The formation of the Southern Regional Committee, therefore, was quite timely. Mr. Malkani mentioned that regional committees of the Association had already been functioning in Calcutta, Bombay and Kanpur.

VOCATIONAL TRAINING

Regional Service

A feasibility study is now taking place in 11 Asian countries into the creation of a regional service to support national vocational training schemes. It is being conducted jointly by the International Labour Organisation (I.L.O.) and the United Nations Development Programme (U.N.D.P.). A three-man mission has already visited Thailand and India. It will now visit Indonesia, the Philippines, Japan, Korea, Malaysia, Singapore, Sri Lanka, Pakistan and Nepal for further discussions with the Governments and institutions in the vocational training fields. It will re-

port its findings to the U.N.D.P. and the I.L.O. in December. The proposed regional service would be designed to support national vocational training schemes—which have been set up in most Asian countries often with I.L.O. and U.N.D.P. assistance—by pooling experience and providing specialised services and information in such fields as planning, organisation, cost reduction, training materials and training methodology.

U.S. AID

Share of Developing Nations

The developing nations of Asia, Africa and Latin America are competing for and winning a greater share of U.S. foreign aid contracts in their respective areas as a direct result of President Nixon's policy of "untying" programme loans to the less developed countries. This finding is based on the recent data released by the U.S. Agency for International Development which indicates that the developing nations are now averaging monthly sales of about \$2.2 million under U.S.-financed procurement contracts. In October 1969, the Nixon administration exempted the Latin American countries from the requirement that purchases financed by U.S. aid be made only in the United States, thereby enabling them to buy from other developing countries. This privilege was extended to the Asian and African countries the following year.

The developing countries were somewhat slow in responding to the opportunity for new business, since most of them had neither the quantities nor specific types of goods required for export to a primary market consisting of other less developed countries. As a result, it was not until May 1971, that the Nixon policy began to show positive results. By September of that year, the developing countries had won U.S.A.I.D.-financed contracts totalling about \$1 million; in November, they received \$1.5 million in orders, \$2.6 million in December and orders totalling \$3.3 million in January 1972. As of 30th June, 1972, the cumulative U.S. expenditures for procurement from the less developed countries amounted to about \$21.4 million. Countries whose export industries benefited from this U.S.A.I.D.-generated business were India, Taiwan, South Korea, Zambia, Singapore, Liberia and Brazil, while Nigeria, Indonesia, India, Uruguay, Columbia and Ghana were among the principal recipients of contracts sales. Product areas in which the developing countries have competed most successfully are textiles, fertilisers, non-ferrous metals, leather goods, rubber and essential oils.

S.D.R.

Drawings in September

Drawings of currencies from the International Monetary Fund totalled

the equivalent of 36.3 million units of special drawing rights (S.D.R.s) in September, including the equivalent of S.D.R. 20 million drawn by the Philippines and of S.D.R. 10 million drawn by Sudan. Bolivia, Indonesia and Nigeria drew the equivalents of S.D.R. 2.8 million, S.D.R. 1.8 million and S.D.R. 740,000 under Fund arrangements permitting drawings to help finance contributions to buffer stocks under international commodity agreements, in this case the International Tin Agreement. Repurchases of previous drawings totalled the equivalent of S.D.R. 47.7 million, including a repurchase of S.D.R. 28.9 million by Colombia, S.D.R. 5 million by Indonesia and S.D.R. 5 million by Pakistan. Net drawings outstanding at the end of September were the equivalent of S.D.R. 3,645.7 million.

MONEY MARKET

Call Rate Firm

The short-term money market has been slightly more stringent this past week. The call rate initially quoted at $\frac{3}{4}$ per cent, but due to the shortage of funds, the rate has firmed up to $\frac{3}{4}$ per cent and the market has closed squarish. The demand for remittances has been moderate. The supply of tea and gunny bills has been moderate. The pound-sterling has remained steady against most major foreign currencies during the week.

"CAPITAL" CHRISTMAS TOY FUND

WE acknowledge, with thanks, the receipt of the following donations for the 1972 Fund:

- Rs. 100**
Paschim Banga Charitable Society
- Rs. 50**
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P. T. Dustoor
- Rs. 5 each**
Raouf M. Gangjee and Sabeeka M. Gangjee

The Fund totals Rs. 504.41, including a carry-forward of Rs. 314.41.

CAPITAL, 9th NOVEMBER, 1972

A Ditcher's Diary

I SAW NO POINT IN SPECULATING ON THE American Presidential election. A Nixon victory seemed a certainty long before the latest public opinion polls. Not that pollsters have always been right, but it is difficult to accept Mr. McGovern's wish-fulfilling conclusion that they have misread "the mood and mind" of the 1972 American electorate. I am writing on election day, and surprises may be in store; but nothing short of a miracle is likely to vindicate the Senator's optimism. This is not because Mr. Nixon was invulnerable on every issue. Charges that he has been tolerating a corrupt and inept administration have grown; but somehow the impression seems to have gained ground that Mr. McGovern is not quite the man for the White House. Yet the Senator seemed genuinely confident even when public opinion surveys were showing a 26 per cent lead for his rival. The imminence of a ceasefire in Vietnam did not shake this confidence; indeed he thought that a settlement before the election would help him because it would show that he had been "right all along about the possibility of ending the war". The war did not end by Tuesday; but Mr. Nixon seemed to have created the impression that it had—and there was no sign that this had helped Mr. McGovern. Could the Republican Administration be accus-

ed of deliberately misleading the electorate? According to public opinion surveys last week-end, it was widely believed that the President had kept the pledge he had given four years ago to end American involvement in the Vietnam war. But what the U.S. Government did over the week-end was to rush more warplanes to South Vietnam in "the highest military aid effort of the war". This does not necessarily mean that the search for a settlement is going to be abandoned; but a settlement does not seem as imminent as it did a fortnight ago. I hope Mr. Nixon will not go back on the draft agreement after re-election. It is one thing to ask for a further meeting for clarification, even for minor changes in the draft; quite another to re-open any of the main issues. It appears that Washington now wants to persuade Hanoi to withdraw some 35,000 troops from the Quang Tri area in South Vietnam. These troops are established in this area following this year's communist offensive; apparently the North Vietnamese troops who had entered the South earlier would be permitted to stay. I cannot see Hanoi readily agreeing to this "partial withdrawal", which would undo its most important gain from the offensive. If further rounds of tough bargaining were to follow, it could be weeks rather than days before final agreement was reached.

THE PUJA SEASON CAN BE SAID TO have ended with *Diwali*. No more work was done during the past three or four weeks than is customary at this time of year. The custom is particularly pleasurable in West Bengal. For about a fortnight all work seems to cease; and this is preceded by a week of anticipation and a week of recuperation. I enjoy it all, even though there is hardly any respite for the Press. It is nice to see everyday so relaxed and carefree; Bengalis seem to take a holiday even from politics. I cannot think of any other place in the world which allows itself such a long period of general rest and recreation. However, let me not strike a puritanical note immediately after the seasonal festivities. It would be more appropriate to note that the seasonal mood this year has been particularly joyous. The community Durga Pujas were less noisy than they often are; even the collectors of Puja subscriptions were less menacing. The Kali Puja, unfortunately, was not quite so restful; and the incessant cracker bangs were decidedly a torture. This is one reason why I am a little relieved that the whole thing is at last over. Which, of course, also means a return to the daily grind, to the problems that seem never to leave us. Normal supply of electricity was creditably maintained during the festive season. Is there now going to be

CALCUTTA IMPROVEMENT TRUST

A CORRESPONDENT writes in Current Coin: The fourth scheme of the Calcutta Improvement Trust, which was published last week, is one which will interest European residents of this city more than the three which preceded it. For one of the chief objects of the scheme is to widen the northern end of Russa Road and thereby provide an approach to the city of 100 feet in width. The motorist knows well the narrowness and inadequacy of the approaches to the city, and must heartily welcome the excellent intentions of the Trust to remove

these deficiencies. Roads such as Russa Road and Bentinck Street with their narrow pavements and double tramlines are a disgrace to the city and a great danger to the poor people who live in them. In Russa Road when the road has been widened to 100 feet, the tramlines will run down the centre, a wide footpath will be provided on either side, trees will be planted and the road for a distance of 1,800 yards will be a very fine one. It is to be hoped that steps will be taken as soon as possible to continue the same breadth of road right out to Tollygunge.

FROM

CAPITAL

14th November, 1912

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a return to load-shedding? I am keeping my fingers crossed; I am prone to be excitable on this subject. Meanwhile, friends returning from other parts of the country tell me that things are not necessarily better managed elsewhere. I have heard shocking accounts of the mess at the Asian trade fair in New Delhi. Apparently, what the Prime Minister opened was a spectacle of confusion. Even now, a great deal is unfinished. I do not see why we had to make such an international exhibition of our incompetence. And, from what I hear, it is not a question of inefficiency or mismanagement alone; there are many complaints of dishonesty. Charges of corruption are not always specific; but there seems little doubt that all the money spent is not being properly utilised. I hear that the fair is going to cost more than Rs. 70 crores; and there is already much speculation on the amount of what is euphemistically called waste. Even if there had been no such waste, I would not be sure if the money had been well spent. To what extent does a show of this kind actually promote trade?

THE WORLD IS DIVIDED INTO TWO kinds of people, or so they say; those who admire M. Jacques Rueff, and officials of the U.S. Treasury. The latter, one gathers, are apt to foam at the mouth if his name is as much as mentioned. But whatever one may think about ex-President de Gaulle's monetary *éminence grise*, there is no denying his courage, nor, after his recent proposal for a Marshall Plan "in re erse", his originality either. He made the suggestion at a conference on the international rôle of gold held in London towards the end of October, and as far as I can see it did not get the publicity it deserved. Not that what he proposed was altogether new. Briefly it amounted to doubling the price of gold from its current official \$38 an ounce, which is what he has been advocating for years, and lending the increment to the U.S.A. on a long-term basis at a low rate of interest. The exercise would, M. Rueff contends, provide the U.S. gold reserve with an extra \$31,000 million, which, when added to the increment in America's own gold holdings, could guarantee the repayment of \$41,000 million of dollar balances. Neat, practical and wholly ingenious you might say; and so it is. But to call it a Marshall Plan in reverse is surely just the kind of feline touch calculated to cause apoplexy in the U.S. Treasury. But it does offer

about the only answer to the world's present monetary problems which is both complete and simple in concept. It may go diametrically opposite to modern fashions of world "paper gold", and evoke criticism about "old shibboleths". But with the prosperity of the western world, not to mention the rest of us, so obviously threatened by inflation, it has the unique advantage of being soundly based on an asset in which everybody except the most extreme economic theorists has complete confidence.

AT THE TIME IT WAS ANNOUNCED 18 months ago, the Dunlop-Pirelli merger was represented as a pioneering example of all those cross-frontier industrial tie-ups which will follow the enlargement of the European Economic Community. It was not defensive, everybody was at pains to point out; the idea was to improve competitiveness in preparation for expansion. Yet now it is on the rocks, or anyway near enough to being; and certainly there will have to be changes in the financial arrangements originally laid down. The trouble lies with the Pirelli half of the merger, or more accurately with the Italian economy in which Pirelli mainly operates. Inflation, labour anarchy, slower growth of demand, mounting imports in the face of an over-valued currency—all the usual ingredients are there. But in Italy's case they seem to have reached the level of the worst in western Europe, although Britain, of course, is catching up fast. The result is a massive loss for Pirelli and various other Italian industries besides, and according to many of Italy's industrialists

the situation is now becoming critical. We all know what Mr. Micawber would have said about that kind of situation. Yet it is not uncommon in Italian industry. Some people are once again predicting a communist takeover. They could be right. It is an intriguing point that in this modern world the communist system is the only one that has so far proved capable of holding down workers' expectations to the level at which they can be satisfied.

SATYAJIT RAY'S "ASHANI SANKET" should be ready early in the new year, and it promises to be another major creation. Although the novel by Bibhutibhushan Bandopadhyay is not as well known as the Apu story, it provides Mr. Ray with the kind of material he can work upon with memorable effect. Most of the film has already been shot—in a village near Santiniketan; the shooting is expected to be complete in about a week's time. A few scenes, however, have also been shot in a Calcutta studio, where I watched an afternoon's work last week. It is always instructive to see Mr. Ray at work—not merely because of the sensitive imagination with which he conceives a scene but also because of the astonishing care he devotes to every detail. Those who work with him must feel the strain imposed by his exacting standards; yet they seem to bear it cheerfully because not for a moment does he spare himself. And surely they find the experience immensely rewarding. It must be more interesting to see him at work on location; but studio shooting, too, has its special technical interest.

Those who have never seen a film being shot may, however, be a little disappointed to see that what goes into the making of a film is quite different from the finished product. The proceedings are likely to seem fragmentary, disjointed and painfully slow. What was shot in more than three hours last Thursday afternoon is unlikely to take more than a couple of minutes' screening time. While I watched the exhausting work for two small scenes, it was also a pleasure to look at the beautiful face of Babita—not the popular Hindi star but a girl from Bangladesh who is making her first Indian appearance in this film. She is well known in Bangladesh; but in spite of her professional career she has managed to retain a natural loveliness that is absolutely bewitching. I hope nothing will make her lose or shed this exquisite natural charm; no art can improve upon it. Of course, this ecstatic appreciation has nothing to do with any judgment of her performance in the Ray film; obviously, no judgment is possible at this stage about any aspect of the film. The theme, about the shadow of a famine over a rural area, has a stark quality which Mr. Ray can be trusted to explore in depth; that the film is being made in colour should have nothing to do with its tone or temper. But what will be Mr. Ray's next film? He has not decided yet; as he told me, one does not have a wide range of ready material to choose from. But sometime or other—he does not know when—he intends taking up Tagore's *Ghare Baire*, perhaps also a story by Buddhadeva Bose.

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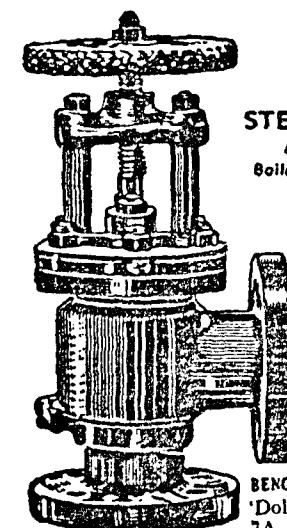
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Should Workers Participate in Company Management?

By K. K. Rai

It is primarily through the teamwork between management and workers that a concern can thrive. It is only by workers' participation in management that an atmosphere of trust can be created in an organisation.

THERE has been much talk recently of workers' participation in the management of a company. In India, the public-sector units, most of whom have unfortunate records of chronic labour unrest, have been asked by the Government to have workers' representatives in the board of directors. In Norway, legislation

making workers' representation on the board of directors of every company compulsory is being considered. In the communist countries, which claim to have a Government of workers, labour unions and company executives have joint consultation, especially on problems of production and discipline. It would be interesting to scratch beneath the surface to find out the extent to which such participation took place in the various cases and to reflect on this phenomenon.

In the public sector in India, every corporation unfortunately has a mul-

tiplicity of unions. There was a time when the senior executives believed in divide and rule and felt that the best policy would be to keep the various unions at logger heads. Every head (chairman or managing director) had his protege in one union or the other and such a protege often got selected ironically as workers' representative in the board. In such cases, the head never really did or does believe in the principle and takes it sometimes as a gimmick of the Government or at others as a necessary evil.

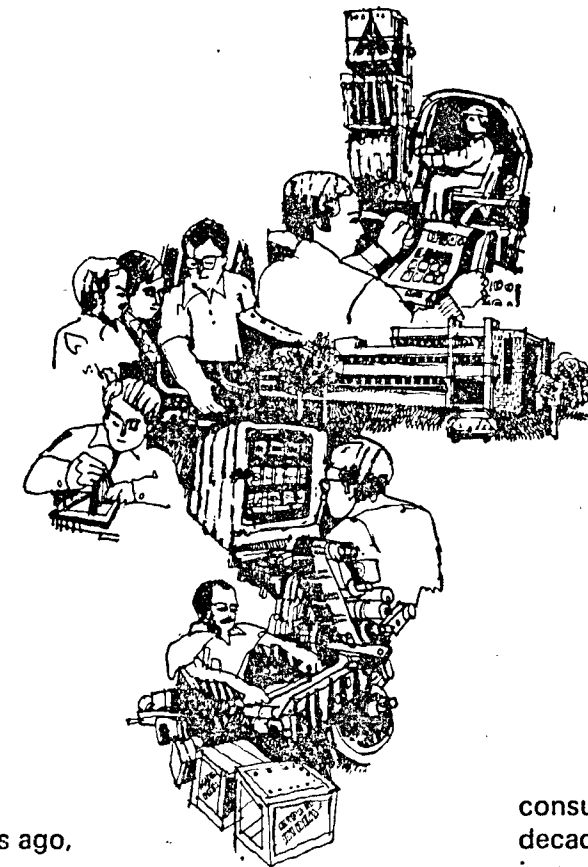
Enforcing Discipline

In the communist countries, unfortunately, the union is a wing of the Party and, therefore, of the Government, and functions primarily for the enforcement of discipline and increasing working hours without additional wages if production targets are not met. In Norway and other countries, where workers' participation has been experimented with, results have varied depending upon the attitude of the two parties and in no case has there been any significant achievement where such participation has been brought about solely under Governmental pressure or because of any legislation.

It is not necessary to seek far for the reasons. Traditionally, labour has been treated as a resource like raw materials, money, machinery and power to be "exploited" for larger production and profits. Today, one cannot any more ignore that labour is human and, therefore, the traditional concept must be changed. Till this is done, one would be approaching the question on fallacious premises and from a wrong direction. With the traditional approach, whether it is consciously admitted or not, there does remain the feeling that differences in the attitudes of workers and owners are inevitable and that there can be no identity of interests of labour and management. Therefore, from the beginning the objective of any consideration of the question is a compromise which under the circumstances is accepted by both parties. No compromise can ever be a principle. It is reached under duress by both parties, because that appears to be at that time the most advantageous thing to do. Therefore, by its very nature, a compromise is short-lived. It causes resentment of one party against the other

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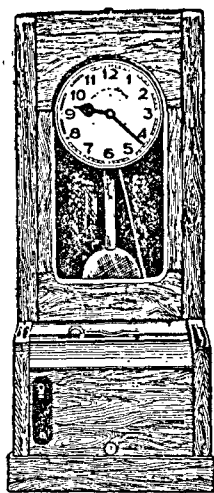
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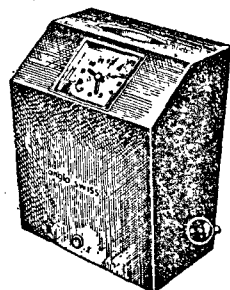
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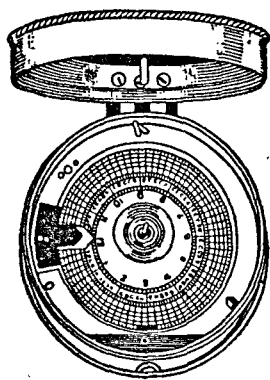
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and sows the seeds for future confrontation and conflict.

The Widening Gulf

The importance and growth of the personnel managers in industry has been a corollary of the widening gulf between management and labour. Specially in this country, and more so when a large industrial unit is considered, in any meeting across the table neither the personnel manager represents the management nor the union official represents labour. Mr. Tank Neilson from Norway's biggest industrial complex says (as reported in *International Management* of August 1971) regarding workers' representation on the board of directors: "It is right and fair. On the board today, you have only representatives of shareholders, and there are none for the 7,500 people who are devoting their lives to the company. But the employee must act on the board as a full-fledged board member, and he must be the right man. The trouble is that in the past the wrong men were often chosen to serve on the boards."

It has to be accepted that an industrial organisation is a partnership of the owners, shareholders, managers and workers; and here its day-to-day working is concerned, it is primarily teamwork between the management and workers. Once this is accepted, it is not difficult to see that the interests of workers and managements can be identified and an atmosphere of trust created. With this change, frequent consultations between the two main partners in the day-to-day running of the company would start, without the help of any Government legislation. I am very certain that till there is such a change of attitude or outlook, employer-employee relations will continue to cause anxiety. Against this background, it is not difficult to understand why "wrong men" were chosen to serve on the boards. Till a climate in which the interests of all partners can be identified with each other, the question of workers' participation in management would remain controversial, and any attempt at effecting such participation, whether under pressure of public opinion or in response to legislative action, would remain a farce.

In all justice and fairness, even solely in the interests of investors in

industry, it is necessary that there is whole-hearted participation of workers in management. This has to start from the bottom. The following excerpts from Messrs W. R. Hayward and G. W. Johnson in *The Story of Man's Work* are worth quoting: "There is one principle that has held good ever since the day when savage men still dwelt in caves. That is the principle that the work goes forward most easily and swiftly, when and only when, all hands co-operate earnestly and willingly. That held good when the two hairy apemen moved the stone, when all the people, noblemen, yeomen and serfs joined to raise the medieval cathedrals. It holds good today, when in some giant corporation, with scores of factories and hundreds of thousands of workmen, all the managers, all the directors combine to turn out some product." To ensure that all work together towards the objectives of the organisation, it is necessary that workers also become shareholders in the company. The various incentives and schemes at profit-sharing motivate the workers; they may also tend to be a retrograde step, taking one back to the piece-rate system.

PEOPLE AND PERSONALITIES

Mr. Howard L. Clark, chairman of the board of the American Express Company, and Mr. James Robinson, III, president of American Express International Banking Corporation, were in India in late October. They are on a world business trip. In India they visited Bombay, Delhi and Calcutta and investigated the industrial fields where they are helping to finance expansion with rupee or hard currency loans. They also studied ways in which tourism to India can be increased through the American Express Company.

Mr. Anthony Royle, Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, will visit India next month in the course of a 17-day eastern tour.

Mr. A. Ray of Metal Box Co. of India Ltd has taken over as the Custodian of the Indian Iron and Steel Co. Ltd. from 6th November at the invitation of the Government of India.

SPECIAL ARTICLES

The Future of British Private Investments in India

By A. Raman

Britain once accounted for the largest share of private investments in India. But these are likely to decline in future since she now finds that the investment climate elsewhere is far more favourable than in this country.

BRITISH private investments in the different countries of the world, both developed and developing, have had a long history; and these investments have been made in a number of spheres, such as manufacturing, petroleum, services, plantations and mining. But U.K. private investments are to be found more in countries such as Australia, South Africa and Europe, when compared with the developing countries. For example, in 1966, the U.K.'s private overseas investments amounted to £276 million; of them, investments in the developed countries were of the order of £216 million. In 1965 and 1964, the developed countries attracted £194 million and £191 million out of £308 million and £263 million, respectively. But this does not mean that British private investments in the developing countries are not significant.

As the National and Grindlays Bank pamphlet on *Private Overseas Investment (1969)* observes, the importance of U.K. private foreign investments can be looked at from two angles, namely, in relation to the overseas assets of the United Kingdom and secondly, the importance of these same U.K. assets in relation to the total foreign investments within the recipient countries. These investments take the following forms: (1) portfolio investments, that is, investments in overseas securities, including the loans raised by the overseas countries on the London market; (2) the setting up of subsidiary companies abroad; and (3) the acquiring of an interest in the overseas enterprise. Direct private investments of the U.K. are dependent on certain factors. One of them is the taxation policy of the Government. The flow of British private investments, for example, went up substan-

tially between 1961 and 1965. But, in 1966, there was a decline partly due to the Finance Act. The exchange control regulations of the Bank of England also influence the flow of British investments abroad.

British private investments in India have been in existence for well over a century; and before the attainment of independence, British capital was flowing freely into this country. In June 1948, British private investments were of the order of Rs. 206 crores or 80.5 per cent of the total investments. American investments were just 5 per cent of the total of foreign investments. At the end of March 1967, British private investments amounted to Rs. 587 crores or 47.7 per cent of the total investments. The position regarding U.K. private investments in India in different spheres is as follows:

	(In Rs. crores)	
	1964	1968
Plantations	105.9	121.0
Mining	4.7	6.3
Petroleum	97.5	106.0
Manufacturing	151.4	278.5
Services	73.5	113.7
Total	433.0	625.5

Even now, the U.K. is the largest single investor in India and she accounts for 45 per cent of the total overseas private investments. The investments of the U.K. in manufacturing, petroleum and the service industries account for 45 per cent, 17 per cent and 18 per cent, respectively. In plantations, the U.K. investments account for 25 per cent of her total investments and no other country has interests in plantations. Apart from plantations, there is in the oil industry the Burmah Shell, whose importance has, however, declined with the development of Indian Oil. The important British concerns such as the Imperial Chemical Industries, the English Electricals the Levers, and Leylands have their concerns in India; apart from them, English firms, such as the Parry and Co., Binnys, Shaw Wallace and Gordon and Woodruffe, just to mention

a few, are functioning for so many decades.

In recent years, the climate for British private investments is not attractive for India; and certainly, there is the feeling that India is not a suitable country for overseas investments. A number of factors are responsible for this. First, the tax rates in India are extremely high; and companies are subjected to the maximum rate of 55 per cent. The return on capital invested in India is, therefore, very low; and it works out to 4 per cent in a favourable year, compared with 19 per cent in the African countries and 16 per cent in the U.K. In Malaysia and Singapore, the rate of return is very favourable. At one time, the rate of return on British capital in the U.K. was considered to be low; but now it is quite high. When this is the case, British private capital is unlikely to flow into India, where the rate of return is unfavourable.

It is very difficult for the overseas concerns to expand their activities in India; there are the restrictions on the expansion of the 70 top companies (with a view to preventing monopolistic tendencies) and they are also applicable to the British companies incorporated in India. It takes easily three years, if not more, for an overseas company to complete all formalities and start its activities in India. But, in Malaysia or Singapore or Hongkong it becomes possible to start business within 18 months from the initiation of the proposal. It is true that in India raw materials are available and that this is an advantage. But, at present, raw materials can be obtained at competitive rates and hence, this is not an insurmountable difficulty. The royalty rates in India in the case of projects with foreign collaboration are very low; and they work out to less than 4 per cent. In many other countries, they work out to more than 10 per cent. It is a fact that the British private investor or, for

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that matter, any other country's investor, when investing his money overseas, would like to earn as large an amount of profit as possible and this is understandable. But the climate in India certainly stands in the way of overseas investments. The constant threat of nationalisation is another factor retarding overseas private investments.

The question might be asked as to whether the flow of British private investments will be influenced by the extent to which British personnel are employed. It is a bit difficult to answer this question. It is true that for a long time, the British-owned firms gave employment to a large number of British personnel. After the attainment of independence, the Government of India urged that there should be rapid Indianisation of the top posts in the British firms in this country. Of late, however, the pace of Indianisation has been quite fast and the number of British personnel employed in the British firms or British banking institutions in India is very insignificant. This, however, might be due to a number of reasons other than the desire of the Central Government for Indianisation. First, the rates of personal taxation in India are very high. Secondly, the salaries offered to the British executives are not as attractive as they were before. For example, in the Far East, the salaries offered to company directors are fabulous and they run to even Rs. 3 lakhs a year. Besides, life in Singapore or Hongkong has its variety, which is not to be found in India. Hence, British directors of executives may not very much prefer India. Nevertheless, the need for expertise in business should be recognised and talented British personnel can certainly give their best for the development of industries in this country. The employment of British personnel should certainly not be discouraged.

What about the future of British private investments in India? As already explained, the climate is far more favourable for British private investments in Hongkong, Malaysia and Singapore than in India and hence, more investments may be made in those countries in future. Also, fresh opportunities are available now for Britain (because she is joining the E.E.C.) for investing her resources in Europe. So, one may reasonably feel that British private investments will decline rather than increase in this country.

U. S. Accord on Debt Relief

(From Our New Delhi Correspondent)

It is all to the good that the U.S.A. has now agreed to the Aid-India Club's proposal to grant debt relief to India. The country is expected to get the same amount of foreign aid during the current year as was given to it last year.

THERE is good news from Washington over the week-end that the United States has agreed to join the World Bank Consortium in granting India debt relief. This relief, sought by India, was thrown into turmoil last June when the Aid-India Club met in Paris and the U.S.A. suddenly refused to accept the formula agreeable to the Aid-India Club members. The World Bank, it will be recalled, had suggested a total of \$200 million as debt relief for 1972-73 and the absence of a U.S. stand on this question had turned out to be a major hitch in the consortium countries in arriving at an early decision. The total flow of foreign assistance in the current year is expected to be the same as last year (Rs. 600 crores), and before the U.S. decision to accept the World Bank's formula was known, the net aid (after repayment) was expected to be between Rs. 120 crores and Rs. 150 crores. The net aid will now be increased to the extent of the debt relief by the Consortium countries about which a communication is expected to be received soon.

India's next concern is about the International Monetary Fund working out a formula for the continued creation of Special Drawing Rights (S.D.R.) over the next two years. A decision on this should be available next month. India and other developing countries had urged at the recent annual meeting of the I.M.F. that there should be no vacuum in the creation of this additional liquidity facility which is a matter of immediate practical concern to the developing countries. The other vital question—a link between the Special Drawing Rights and development finance—depends on the U.S. willingness to restore convertibility of the U.S. dollar into other acceptable assets. The U.S.A. suspended on 15th August last its obli-

gation under the Bretton Woods system to convert the dollar or any other currency of a country into gold, S.D.R.s or any other assets acceptable to other countries.

The impression in official circles is that the U.S.A. will not concede to restore convertibility unless other countries agree for refunding or consolidation of the past dollars held by them, which are estimated to total about \$60 billion. This is a difficult question which is unlikely to be solved in a year or two as part of the world monetary reform.

Meanwhile, a full meeting of the Planning Commission has approved the approach to the Fifth Five Year Plan proposing a total outlay of Rs. 51,165 crores at 1971-72 prices, including Rs. 35,595 crores in the public sector, to achieve an overall annual growth rate of 5.5 per cent. The approach document emphasises that the goal of self-reliance must be carried a step further during the Fifth Plan by reducing net aid to zero in the terminal year 1978-79.

The week also witnessed the signing of three trade agreements, all of them with socialist countries. Turnover of trade with Czechoslovakia under the protocol is of the order of Rs. 130 crores in 1973 and that with the German Democratic Republic Rs. 69 crores. The agreement with Yugoslavia is for the continuation of India's trade relations on the basis of payment in convertible currency from next year. The agreements with the east European countries have been based on rupee trade, but Yugoslavia, which was among the first to come to such arrangement has now opted for a free convertibility system, probably because in the past it turned out to be heavily a one-sided affair, India importing more than she exported to Yugoslavia. When Yugoslavia suggested the free convertibility system, it was feared that this may well prove to be the end of rupee trade since this system is in vogue only with the socialist countries. However, the signing of two more protocols with Czechoslovakia and the German Democratic Republic has disproved this fear.

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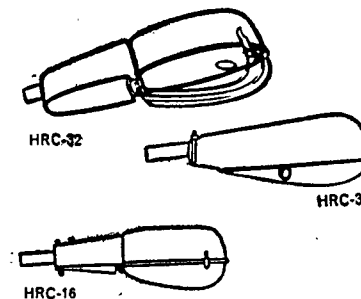
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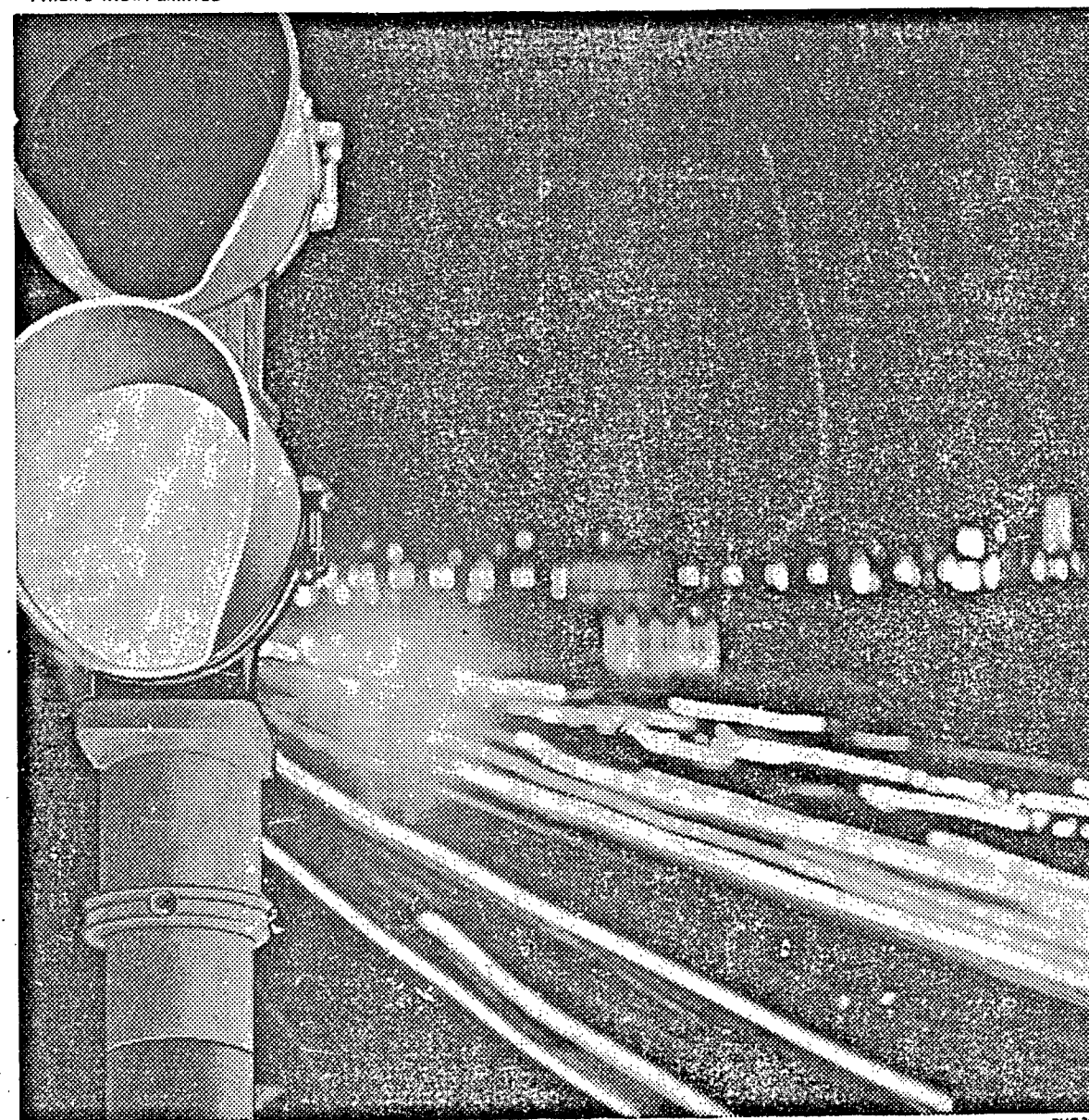


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Maharashtra : Maximising the Tempo of Relief Work

(By a Special Correspondent)

Maharashtra has been a victim of droughts for three years in a row. The State Government deserves compliments for the efforts it is making to bring maximum relief to the affected people.

SCARCITY conditions for the third year in succession have seriously hit the *kharif* crop in a number of districts in Maharashtra. The prospect for the *rabi* crop also is not bright as the failure of the monsoon and the dry and hot weather has driven the sub-soil water deeper and deeper. A scarcity relief committee has been set up with the Chief Minister, Mr. V. P. Naik, as its president and the president of the Bombay Pradesh Congress Committee as its chairman. The Government spent Rs. 43 crores on scarcity relief works last year. This year it has, up to the time of writing, spent over Rs. 21 crores and the total amount required to be spent may go up to Rs. 80 crores. Already some 1.5 million people are taking advantage

of scarcity relief works. The Government is also investigating a scheme for the supply of protein food to the affected people. The spectre of scarcity of drinking water for men and cattle and of fodder for cattle is also looming large.

Addressing a meeting of industrialists and business men in Bombay recently, Mr. Naik called for maximum efforts to raise a fund of Rs. 5 crores from the urban areas, mainly from Bombay, to provide relief to the scarcity-hit people. This amount would be in addition to the Government funds that would be available. It was suggested that donations of Rs. 3.50 a family should be collected from 1.5 million families and that professional men should donate ten days' income to the fund. The industrialists and business men present offered their full co-operation. The representatives of the film industry also agreed to arrange special shows and such other programmes in aid of the fund and to ask those working in the industry to make contributions to the fund. An appeal was also made by the Chief Minister at another meeting to trade union leaders. Some of the trade union leaders agreed to call upon the workers to contribute a day's wage in a month to the fund and also to work on an additional day for making further contributions to the fund. The Opposition parties in the Maharashtra Legislature have also agreed to extend their full co-operation to the State Government to meet the scarcity conditions, despite some differences between them and the Government.

Lokayukta Appointed

The Maharashtra Government has set a good example by appointing a Lokayukta (Ombudsman) for the State. Mr. S. P. Kotwal, who recently retired as Chief Justice of Maharashtra, has been appointed to this very responsible post. Any member of the public can make a complaint to the Lokayukta against any Government servant, including the Ministers, but excluding the Chief

Minister. The complaint may be about corruption, misconduct or even a grievance not amounting to misconduct caused by maladministration or negligence. The Lokayukta is an independent authority who would, if the complaint has any substance, investigate it. For this purpose, he is authorised to summon any person to give evidence or to produce whatever official documents are required. He would then make his recommendation for remedial action to the Government. It is hoped that the creation of this new post will help in rooting out the evil of corruption.

Agitation in Vidarbha

At a meeting of the representatives of the C.P.I.(M), C.P.I. and certain other small parties it was decided to agitate "not to allow" the Maharashtra Legislature's session scheduled to be held in Nagpur from 20th November. The decision is supposed to have been taken as a protest against the failure of the Government to check the steep rise in prices, growing unemployment, etcetera. The Centre and the State Government are fully aware of these grievances. The holding of the session of the Legislature periodically in Nagpur is a privilege to Vidarbha, and it is difficult to see how the stopping of the holding of the session in Vidarbha, which would mean holding it in Bombay, would serve any useful purpose except as a political stunt.

Separate University

The decision of the State Government to set up a separate university for four districts of Vidarbha, viz., Amravati, Akola, Buldana and Yeola, has been welcomed in the region. Educational circles are awaiting with keen interest to see whether it will be a mere examining university, or a university with affiliated colleges doing undergraduate teaching and the university itself organising post-graduate teaching and research. The view has been expressed that it should be the latter and something more, i.e., that it should concern itself not only with the teaching of students after passing the school leaving examination, but should also take up the work of teaching of adults of all ages by extension courses of education as in some of the universities abroad where extension work is recognised as a useful bridge between universities and society.

Central Policy towards West Bengal : A Study in Depth

The Agony of West Bengal: A Study in Union-State Relations. By Ranajit Roy. (Published by New Age Publishers Private Ltd, Calcutta 12. Price Rs. 19.50, pages 170.)

The book's main contention is that West Bengal has received less than its due from New Delhi during the last 25 years. This is not the first time that such an allegation has been made. But where the book scores is in backing up the charge with a formidable array of facts and figures culled from different sources. The author has not indicated the political rationale that might or might not have underlain such a Central approach, and has been content with enumerating the economic consequences that have flowed from such a move. But he has left enough suggestions that unless the trend is reversed and the agony of West Bengal is properly attended to, the situation may deteriorate fast. In the last paragraph of the last but one chapter, he writes: "It is time for India to take a lesson from the happenings in Pakistan. Unity of the country can be preserved by a 'strong' Centre with the help of the police and the Army in the short run. The other method—the one that the Congress preached until before independence—is to acknowledge that the country is a varied one and that the autonomy of the States should not be fake as under the present Constitution but real, with requisite financial and political powers, and guarantees against Central interference, open or hidden". The second enlarged version of the book, which already seems to have kicked up controversy in many quarters, has been enriched with the addition of a few more interesting chapters.

Central Excise

Central Excise and Salt Act 1944. By B. C. Mitra (Published by Eastern Law House Private Ltd, 54 Ganesh Chandra Avenue, Calcutta 13. Pages 486, price Rs. 40.)

The author is one of the leading legal luminaries in the country and has to his credit quite a good number of important law publications. His

penetrative insight into the legal implications and consequences of the various provisions in the different statutes is well known. Central excise which originally constituted a very nominal element in the revenue resources of the Government, has assumed great significance today because of the total amount of revenue collected by the Government through this source, as also its coverage. The Central excise duty has become all pervasive and as a matter of fact, there is hardly anything in one's daily life which is not touched by it. Naturally, the number of litigations arising out of the Central Excise Act is large these days and it is, therefore, in the fitness of things that an authoritative publication dealing exhaustively with the various provisions of the Act and the rules framed thereunder along with authoritative interpretations thereon should be available to the practising lawyers as also to persons with commercial interest. Mr. Mitra has dealt with the subject in details. A special feature of the publication is that the author has taken pains to get hold of various other Acts, having direct or indirect bearing on the Central Excise Act.

H. R. Bose

Business Directory

Indian Business Directory—Exporters and Importers 1971. (Compiled by the Indian National Committee of the International Chamber of Commerce in co-operation with the Federation of Indian Chambers of Commerce and Industry. Price Rs. 35, pages 168.)

With the expansion of trade and commerce and establishment of trade relations with new countries, there has been a growing demand for up-to-date trade information. This directory is a standard reference book. It contains information of about 1,000 exporters and importers. The directory is divided into four sections. Section one gives the general survey of the economy, export-import trade control, arbitration facilities and guidelines for foreign collaboration. Section two gives the alphabetical list of exporters with their addresses and commodities

three gives the alphabetical list of importers and the commodities which each firm has been importing. Section four gives lists of Chambers of Commerce and other trade associations in India and abroad, export promotion organisations and other information useful for exporters and importers. A commodity index is given at the end.

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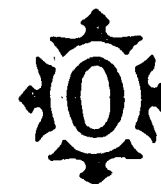
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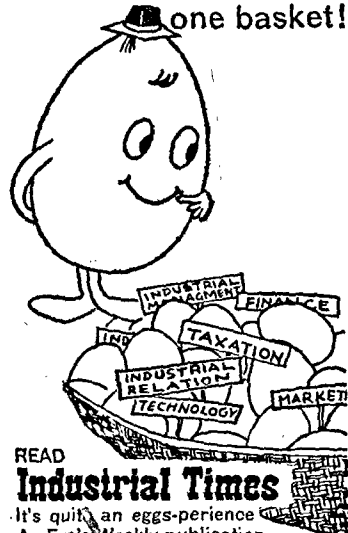
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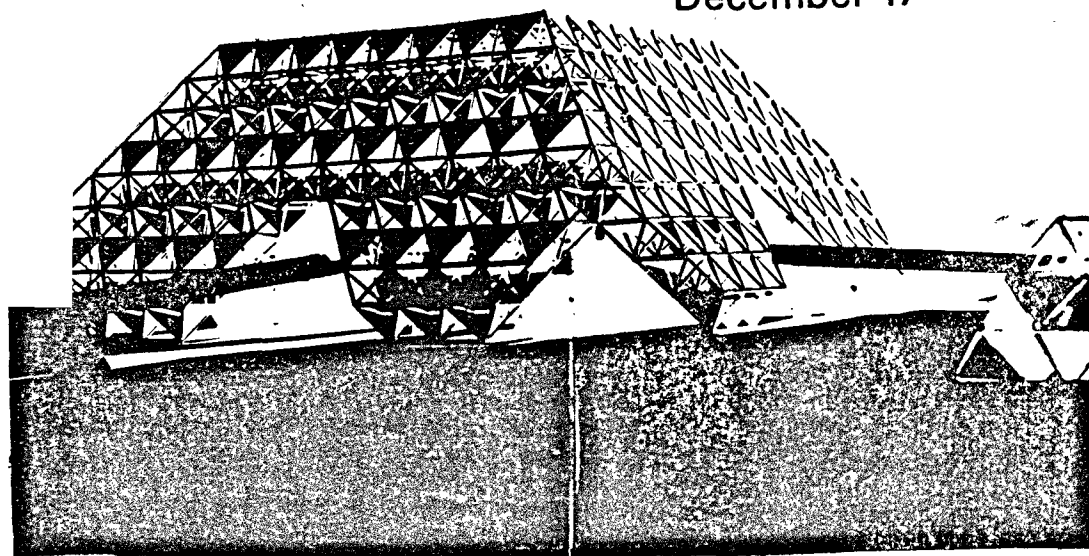
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CAPITAL, 9th NOVEMBER, 1972

Third Asian International Trade Fair

Asia 72 : A Concrete Step Towards Unity

(By a Special Correspondent)

Asia 72 tries to capture the spirit of a resurgent continent. What it attempts to do is to spread the message that there is much scope for the Asian countries for give and take.

WITH the exception of Expo 70, there has been nothing like the Asia 72 International Fair in Asia before. Spread over a sprawling area of 160 acres in New Delhi, close to the historic ruins of Purana Quilla, the third Asian International Trade Fair tries to capture the spirit of a resurgent continent. And it has done that to a remarkable degree. When the fair closes in mid-December, Asia in a narrow commercial sense will most likely remain the same, but the message of Asia 72—that there is so much scope for these countries for give and take—will not be lost. And that will be something.

Indeed, it is on this aspect of closer economic co-operation among the Asian countries that the Prime Minister, Mrs. Indira Gandhi, laid the stress when inaugurating the fair on 3rd November. Asia has too long been exploited by the rich countries. A time has come for the countries of the continent to shake off their dependence on the developed economies of the West and to forge closer ties among themselves to improve the lot of the teeming masses. That has also been the original idea behind organising such fairs every three years under the sponsorship of the United Nations. And as Asia moves ahead in the economic field, the fairs have also become more varied and exciting. The first such

fair was held in Bangkok in 1966 and 30 countries participated. The second was in Teheran in 1969 where the number of participating countries rose to 39. In New Delhi, the tally has gone up further—to 47. In addition, 19 firms from abroad have set up pavilions.

Asia 72 coincides with the year-long silver jubilee celebrations of India's independence. For the Central and State Governments, public-sector undertakings and private industry, it thus affords a big opportunity to show to the world the best of their achievement during all these years. Fifteen Ministries of the Government of India and 19 State Governments and two Union Territory Governments are participating in the grand spectacle. More than 40 industrial organisations in the public and private sectors have also set up pavilions.

But the impressive part of Asia 72 is not the attendance roll call. Fairs of such a massive scale do not distinguish themselves by the number of participants but by the quality of exhibits. And here Asia 72 can be said to have established a high water mark, not only by Indian or Asian standards but by world standards. The *piece de resistance* of the show is the Theme Pavilion. In two auditoriums, fitted with weird looking electronic equipment, it tries to capture India's march through the ages. Using the latest techniques, the panorama of India's odyssey through history with all its notes and nuances has been sought to be reproduced in 30 minute shows of light and sound, all blended together. Produced by the National Institute of

Design, Ahmedabad, and a team of experts from the Art Centrum of Prague, led by Professor Jaroslav Fric, the programme is an exhilarating experience. If it is a marvel of modern science, it is also a testimony of man's creativity.

Equally impressive, although its appeal is of a different type, is the Hall of Nations, the tallest building in the fair site. In this structure are displayed the choicest exhibits of a large number of nations. Architecturally, the building itself has been regarded as a remarkable one, based on detailed mathematical calculations done by computers. It is believed to be the first structure of its kind attempted in India. The Hall of Nations forms the nucleus of the permanent complex of Asia 72 covering an area of 40 acres. The other constituents of this complex are the Hall of Industries, the textile pavilion (textile is the theme of Asia 72), Nehru pavilion, Theme pavilion, an open air theatre, a cinema-cum-theatre and an international restaurant. This permanent complex, which will remain after Asia 72 has closed down, will enable New Delhi to become a member of the International Union of Trade Fairs with whose permission trade fairs are organised all over the world. Among Asian cities, Tokyo is the only other member.

The response to the fair has been satisfactory although not entirely devoid of political overtones. Among India's neighbours, China has been a conspicuous absentee. In a project of such a scale, some delays are of course not unexpected, and after a rather slow start, the fair has now got going in a brisk manner. Fair authorities hope that deals worth several crores of rupees between participants would be struck during the exhibition. Still, its true success will lie not on how many transactions have been clinched but how far it is able to spread the message of Asian unity of which Mrs. Gandhi has spoken.

CAPITAL, 9th NOVEMBER, 1972

Australia at Asia 72 : Looking Forward to Profitable Trade Ties

(By a Correspondent)

Australian business men with their own product exhibits at Asia 72 are looking forward to meeting Indian parties to discuss trading arrangements. Trade between the two countries is now mostly limited to traditional products.

AUSTRALIAN business men and their agents with their own product exhibits in the Australian "Namaste" Pavilion at Asia 72 are looking forward to meeting Indian business men and women and are ready to discuss mutually-profitable trading arrangements. Products of interest to trade visitors range from wool textiles and the latest processing techniques, radio-telephone systems, agricultural machinery and electronic hardware to the latest Australian-made motor-cars and agricultural aircraft. These exhibits are part of Australia's overall display at the fair which depicts aspects of Australia's development and how it is co-operating in the development of India and other countries in the region. A trade enquiry counter will be staffed continuously to handle enquiries. This is in addition to a general information counter located at the entrance to the pavilion. Trade and business visitors interested in Australian products which are not on display in the pavilion are requested to provide full details so that the Australian Trade Commissioner and his staff can process these daily for on-forwarding to Australia on their behalf. Facilities are provided for this purpose.

While there is a great deal of general interest to see in the Australian pavilion, the visiting business men from Australia and their agents are particularly keen to take this opportunity of expanding business contacts. Trade between Australia and India is mostly in traditional products (Indian jute goods, tea, cashew-nut kernels, cotton piecegoods, coir, mica and handicrafts, and Australian wheat, wool, zinc, lead, iron and steel), but there is potential for greater diversification. New Indian items which have found a market in Australia include steel pipes, machine tools and other manufactures; while from Australia have come passenger cars for the India Tourist Development Corporation, shipments of rice,

concrete pumps, nickel and copper, and phosphate rock.

Other ways of developing stronger trade relations between India and Australia include joint venture arrangements, in which there has been increasing interest in recent years. With exports and imports representing some 13 per cent of gross national product, Australia is very much a trading economy. It now sends 43 per cent of its total exports to Asian countries, compared with 14 per cent two decades ago. This significant trend in the direction of Australian exports in the past 20 years has been accompanied by dramatic growth in manufacturing industry and in exports of manufactures. Australia believes that its own experience as a developing nation in the geographical Asian region makes it a logical source of supply for specialised machinery and equipment and the technical skills needed to help the development of its Asian neighbours.

Australian products on show in the industrial court area of the pavilion have some outstanding features which will be of interest to trade and business visitors.

The Agricultural Machine that Flies: When Transavia Corporation Pty. Ltd of Sydney set out to design the Airtruk it was with the objective of developing an aircraft which can distribute more tonnage at lower operating cost and cover a larger area in less time than any other plane of similar size and power. It has many unique design features.

A Seed Planter that Jumps Obstacles: A seed planter which can operate as a single or multiple unit drawn by a tractor, and jumps over any obstacle in its path, is being exhibited by Frigrite Pty. Ltd of Melbourne. The Company is also showing refrigerated tanks for bulk storage of milk, using refrigeration-condensing units—a product of 30 years' specialisation, research and development.

The Sparkle of Precious Gem Stones: Australian opals, sapphires and gem-stones have been exhibited by Daddow's Gems of Brisbane which

has developed markets in Asia, Europe and the U.S.A. Australia supplies 95 per cent of the world's opal market. The opal's fiery glint is in the heart of the stone with colours ranging through red, orange, green, blue and purple.

The World's First "Fluid Action" Camera: This Australian invention by R.E. Miller Pty. Ltd of Rushcutters Bay, which ensures smooth panning and tilting of film cameras, is now in use around the world. It is also used in conjunction with telescopes and electronic equipment where smooth action is required. The Company is also exhibiting a range of the latest photographic equipment.

Computer Designed for Student Training: This Australian-designed and relatively low-cost unit from Electronic Associates Pty. Ltd of Sydney is primarily an educational system, but its sophistication and flexibility of the analog and logic sections also make it suitable for research and industrial use. The computer has attracted international interest and has been sold in many countries.

Simple and Adaptable Radio-Telephone: This product developed by Amalgamated Wireless (Australasia) Ltd of Sydney, one of the largest Australian-owned electronics companies, functions like a normal household telephone, and can link areas 50 kilometres from post office telephone facilities to a national telephone network. A.W.A. is exhibiting a range of the latest communications equipment.

Seed-Sower which is also a Cultivator: A linkage disc drill which can over-sow existing pasture, sow all cereal crops in prepared ground and can be used also as a cultivating implement, is exhibited by Connor Shea and Co. Pty. Ltd of Sunshine, Victoria. The Company has developed a range of tillage and seeding equipment for use in both rugged and cleared country.

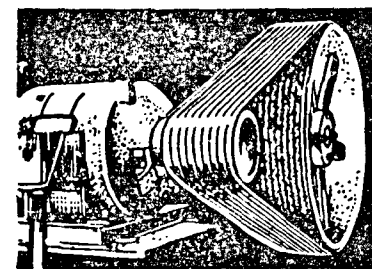
Latest Australian-designed Motor Cars: From the Ford Motor Co. of Australia Ltd and from General Motors Holden's Pty. Ltd, the nation's two leading motor vehicle manufacturers, are certain to attract a lot of interest. Each Company has two cars on display. These models are popular in Australia and are exported to many countries.

: CAPITAL, 9th NOVEMBER, 1972



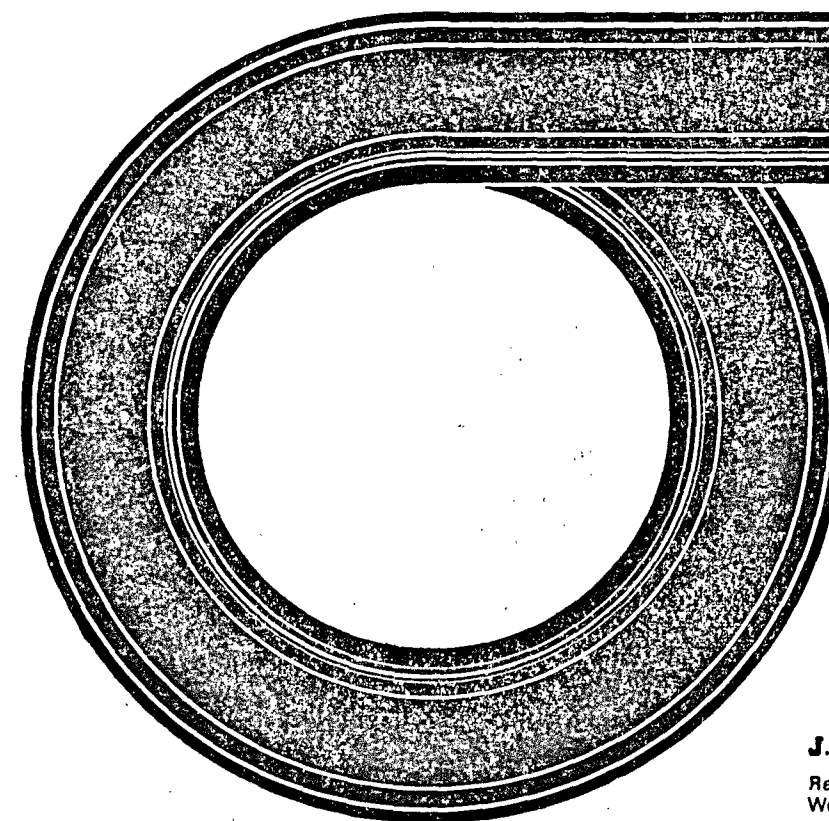
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A section of the Australian pavilion is devoted to a colorful display featuring important aspects of the country's rôle in the development of Asian countries and India in particular. The development of close ties between Australia and her neighbours has resulted, in many cases, from the former's active membership of regional organisations, such as the Economic Commission for Asia and the Far East (E.C.A.F.E.). Australia has been a member since the Commission's foundation in 1947.

Until the second World War, Australia's ties were mainly with western Europe. But the events of that war, particularly the engagement of Australian troops in Asia and the Pacific, emphasised to Australians the geographical proximity of Australia to Asia. The postwar emergence of many new and independent Asian and Pacific nations led to the development of an outward-looking policy aimed at establishing closer and more meaningful relations between Australia and her close neighbours. The efforts of this policy have now become obvious in many aspects of Australian life.

Australia's trade with Asia has greatly increased; thousands of Asian students attend Australian educational institutions or come to Australia for technical training; Australia's bilateral external aid programmes are largely concentrated on the E.C.A.F.E. region; Australians visit Asia in ever-increasing numbers; cultural and sporting links are being constantly extended and Australian business men are becoming more aware of potential economic opportunities in Asia.

Australia's first 17 years of E.C.A.F.E. membership were as a non-regional member. In 1963 Australia decided to identify more closely with the countries of the region by applying for regional membership. This application was readily accepted. The then Australian Foreign Minister, Sir Garfield Barwick, said at the time: "I think our request was understood by the people of Asia not as a wish to obtrude or to take advantage of our geographical situation in the Far East, but as an expression of our desire to help tackle with them the problems of the region. We face common problems and we need to concert together in seeking solutions."

This Australian policy objective has been steadily maintained since 1963.

Like many Asian countries, Australia faces difficulties of climate and topography and the need to transport materials and machinery over long distances. Like many Asian countries, Australia has needed to invest large amounts of capital on other essential infrastructure—airways, shipbuilding, electric power, irrigation, health, education and housing. And like many Asian countries, Australia is unable to find all the capital she needs from her own

resources and must import additional capital from abroad.

Australia has found that her experience in finding solutions to some of these problems has been of use to many of her neighbours. But this has not been a one-way road, for Australia has also been able to learn from the experiences of other members of the E.C.A.F.E. Through her membership of the E.C.A.F.E., Australia has sought to co-operate in every way with the countries of Asia in their struggle to overcome the obstacles impeding their economic growth.

Asian Trade Fair : Round the Pavilions

Tyre Industry's Pavilion

The automotive tyre industry of India is putting up a pavilion in the Third International Trade Fair: Asia 72 in Delhi, which is expected to attract many prospective buyers of tyres from overseas. The industry already exports a wide variety of tyres, including tyres for trucks, buses, cars, aeroplanes, large earthmoving machines and tractors, to 90 countries, including the U.S.A., the U.K. and Russia. Elaborate arrangements are being made at the tyre industry pavilion to receive overseas visitors who will have an opportunity to see and examine various types of tyres now being manufactured in this country and discuss export possibilities. It is said that the pavilion at the Asian Fair "is the largest ever put up by the Indian tyre industry" to attract foreign buyers. The various interesting displays and exhibits in the pavilion will highlight the tremendous progress made by the industry to make the country self-reliant and also boost exports.

Heavy Electricals at Asia 72

Heavy Electrical (India) Ltd, Bhopal, is participating in the Third Asian International Trade Fair in New Delhi. The two-storey pavilion, covering an area of 1,984 square metres projects the

activities of the factory in the building up of equipment for generation, transmission and utilisation of power—the much needed electric power for the advancement of a nation. In line with the overall theme of "Asia 72", i.e., "Peace and Progress for Asia through Economic Co-operation", the H.E. pavilion's theme is "power for powerful Asia". The theme is woven round a well-knit story which projects to the visitor the rôle Heavy Electricals plays in making available "power" for the service of India and other developing countries.

The exterior of the pavilion is symbolic of the heavy and sophisticated equipment being built by the factory. The two circular forms, mounted on pillars, with vertical vanes all around, represent the stay ring of a water turbine symbolising hydro-power equipment. Sandwiched between the two cylindrical forms is a dam representing tapping of power from water with the aid of turbines. The cylindrical rings on the extreme ends represent large motors—another product of the H.E. factory for utilisation of power. One of the two motors provides the exit for the visitors. In the H.E. pavilion, the visitor enters through the dam, walks through the turbines and goes out from one of the motors.

The interior of the pavilion unfolds to the visitor the story of Heavy Electricals woven round the "How" and "Why" of the multifarious activities of the factory. India's first and largest heavy electrical equipment factory in

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OUR EXPERIENCE—YOUR BENEFIT

Bhopal is supplying basic power plant and equipment to different nooks and corners of the country and other developing nations to help build economic power. This is how the factory is introduced with the aid of different techniques of display. Subsequent display depicts activities of the factory in different spheres followed by emphatic projection of the men who man the factory. On the ground floor of the pavilion actual equipment representing the wide range of manufacturing activity of the factory have been displayed.

Ashok Leyland's Participation

Ashok Leyland's display includes the mighty Hippo Dumper capable of taking a load of 16 tons of heavy materials, such as iron ore and bauxite, and operating in difficult terrains and off-the-highway. A modern luxury bus built with 98 per cent indigenous materials, which is expected to attract the attention of foreign visitors to the Fair, is also being exhibited. Ashok Leyland will also depict its varied products and social contribution by photographic display. In the pavilion, complicated castings produced by its sister concern, Ennore Foundries, which are used in automobiles, engines and tanks and also the high precision spare parts used on Ashok Leyland vehicles will also be displayed.

Hall of Nations

One of the elements of the Permanent Complex, the 107-foot high Hall of Nations will be the tallest building in the 120-acre Fair Complex. For its size, it is the biggest spaceframe in R.C.C. anywhere. It is made of insitu concrete members, with triangular frames of 16 feet sides. The frame analysis was done with the help of computers. Over 350 mathematical equations had to be solved to arrive at a proper structural design, requiring about 24,000 memory locations of the computer. The analysis was also repeated for static loads, wind and seismic loads and for various construction stages. At a height of 22 feet from the floor level, the Hall of Nations has an L-shaped mezzanine. Inclusive of it, the Hall of Nations will provide an exhibition area of 120,000 square feet. Over 20 nations participating in Asia 72 display their goods and manufactures here.

Defence Pavilion

The theme of "self-reliance in defence production" has been projected in the Defence pavilion through a display of aircraft, defence engineering and communications equipment, guns and ammunitions, heavy transport vehicles and logistic equipment. The 4,185 square metre plot, situated south-east of the Hall of Nations, has a built-in area of 1,800 square metres. The pavilion has two columnless parabolic structures. The surrounding wall of the pavilion is a tapering curve standing about 17 feet at its highest and 10 feet at its lowest.

The exhibits within the covered area and outside of it include sophisticated defence stores and equipment entirely designed and fabricated in India. Among them will be the Vijayanta tank with its crew demonstrating its operation. The *Gnat*, I.A.F.'s celebrated fighter jet, is also on display along with the trained pet aircraft *HJT-18*. Among the sophisticated fire-arms are the radar-controlled anti-aircraft gun. Other exhibits include electronic and radar equipment, steel, armour and alloy castings of high specifications, ammunitions and general stores, clothings, machine tools and earth-moving equipment.

Czechoslovak Pavilion

The Czechoslovak pavilion in Asia 72 not only depicts that country's economic and industrial strides but also brings into focus the Czech contribution to the development of basic industries in India. Built on a 2,200 square metre plot, the graceful pavilion has been designed by Raj Karer and Associates. It houses machine tools, textiles and leather-making machines, printing machines, tractors, farm machinery and models of industrial plants.

Maharashtra Pavilion

Maharashtra is a major participant in the States sector in Asia 72 with a plot of 2,300 square metres close to the Nehru Pavilion on one side and the Administration Block on the other. It covers an exhibition area of 1,165

square metres. As many as 6,000 products are on display. The pavilion has a pond in the front and decorated panels and paintings inside. Maharashtra's tourist potential has also been highlighted. The theme of the pavilion is "Peace through Prosperity."

Mysore Pavilion

The pavilion depicts five decades of the State's industrial traditions. The highlight of display is a 14 feet dried up sandal tree which was on view in Expo 70 in Osaka. Conceived as a series of three octagons with self-supporting roof, the pavilion houses the export industries of Mysore, like N.G.E.F. and R.E.M.C.O. The State's participation in Asia 72 is estimated to cost Rs. 15 lakhs.

Punjab Pavilion

The Punjab pavilion depicts the State's "struggle for modernity." Using pure geometric forms, it reveals the people's love of life and nature. The pavilion has a display area of 10,500 square feet. Designed by Mr. Surjit Singh and Mr. S. S. Bains, the pavilion displays a variety of industrial goods and products now being manufactured in the State.

India 72 Pavilion

India has entered the twentyfifth year of freedom. Two years ago, when the E.C.A.F.E. was approached with a request to host the third Asian fair in New Delhi, it was decided to organise Asia 72 as a complement to the twentyfifth year of freedom. Now the dream has taken a concrete shape. Twentyfive years of endeavour and achievement are finding their embodiment. The construction work commenced on 14th November, 1971. Eleven elements of the Permanent Complex, 15 pavilions of the Central Ministries, 19 of the State Governments, 14 of the 48 public-sector undertakings and four times as many of the private-sector industries along with a score of foreign countries have risen on a 120-acre expanse. For the first time, the nation is going to acquire a permanent complex of exhibition struc-

tures. More than 35,000 labourers, drawn from different parts of the country, have worked round the clock to fulfil the Prime Minister's directive to make the Fair "an impressive image of what India is today and what it hopes to be tomorrow."

The richest tribute to the years of freedom has been paid in the theme pavilion, India 72. This mosaic in moving images is a rediscovery of India and will remain on view outlasting the Fair. There will also be special days dedicated to the children and youth of a free nation. Daily fireworks displays by the lakeside will add gaiety and charm to the celebrations of the freedom anniversary.

Indian Steel Pavilion

The Indian Steel Pavilion faces one of the principal entrances to the Fair. Designed by Mr. Ranen Ayan Dutt, the pavilion depicts the theme: "Steel for Development." The display is organised in two geodesic domes designed as spaceframe structures with tubular sections resting on elevated pinpoint foundations. The crown of the first dome rises to 40 feet and that of the second to 54 feet from the road level.

An architecturally novel and visually exciting subway ushers in the visitor to the Steel Pavilion and leads him on to the first of the two domes. The first exhibition dome projects the rôle of steel in a country's development whether in the field of industry, defence, agriculture or in the day-to-day life of man. It also reflects the pioneering efforts of those men of vision who introduced modern steel industry to India in the earlier part of this century. The second dome, which is two-tiered, tells the story of the birth and growth of the Indian steel industry in the Government sector and its impact on the socio-economic life of the nation and the future of the industry. The pavilion has its own auditorium where films on steel technology are to be shown. At the exit of the pavilion there is a giant mural depicting the country's heritage in steel making and its promise for the future. Participants in the Indian Steel Pavilion are: Hindustan Steel Ltd, Bokaro Steel Ltd, Mysore Iron and Steel Ltd, Central Engineering and Design Bureau, Hindustan Steelworks Ltd and Construction and Engineering Projects (India) Ltd.

Machine Tool Pavilion

Indian Machine Tool Manufacturers' Association has organised the Machine Tool Pavilion in the third Asian International Trade Fair. The pavilion has been set up in the Hall of Industries under the auspices of the Engineering Export Promotion Council, which has sponsored the exhibition of major engineering industries in India, which includes industrial machinery, automobile ancillary industries, air-conditioning and refrigeration equipment, electrical products, pumps and other engineering items. The total area allotted to the Machine Tool Pavilion is about 7,500 square feet in which 17 machine tool firms are displaying a range of 65 metal working and metal forming machine tools, small tools, foundry equipment and accessory items. The Machine Tool Pavilion affords a valuable opportunity to the visitors and particularly to the foreign delegations to have a close look at the various types of machine tools made in India by reputed firms.

The Soviet Pavilion

Russia is a major international participant in Asia 72, with the largest plot—4,700 square metres, in the international sector of the Fair. The year 1972 marking the quarter century of Indo-Soviet co-operation, the Soviet pavilion in Asia 72, within a covered exhibition space of 1,550 sq. metres, mirrors not only the Soviet Union's social, economic, cultural and technological progress but also the steady growth of Indo-Soviet co-operation for development. Of particular interest is the participation of five Central Asian republics of the Soviet Union, namely, Uzbekistan, Kazakistan, Tajikistan, Kirghizia and Turkemanistan.

The goods on display range from machine tools to consumer goods. Representatives of the Sovexport are on hand in the pavilion for negotiating business deals. Documentaries on life in the Soviet Union are being shown in an auditorium in the pavilion. A total of 26 export organisations of the Soviet Union has been represented.

Korean Pavilion

The Consul General, Mr. Shin Yong Lho, on 28th July, performed the

groundbreaking ceremony of the Korea pavilion. Mr. Lho said that Asia 72 was the most significant of all the 20 fairs his country was participating in during the year. He said Korea was the first foreign importer of Indian freight cars and steel products and India was the first importer of Korean chemical fertilisers.

G.D.R. Pavilion

The theme of the G.D.R. pavilion is bifocal: "G.D.R.—A Reliable Economic and Trade Partner" and "G.D.R.—For Worldwide Trade and Progress". Participating in the pavilion are four State-owned foreign trade enterprises of the G.D.R. representing the entire range of industries there. The exhibits to be displayed have been carefully selected to be in tune with India's needs. Some of the major exhibits are: a harvesting combine E 512, silo equipment and seed dressing equipment—from Transportmaschinen; printing equipment and allied industries—from Polygraph Export; models of ships—from Schiffs-commerz; and cameras, raw film and photo chemicals—from ORWO. Many of these products are already well known in India.

Kuwait's Participation

The star attraction of the Kuwaiti pavilion is going to be the "Boum", the traditional ship which was used for pearl-diving, fishing and marine trade between the Indian Ocean area and the Arabian Gulf in the past centuries. The rest of the pavilion will depict the strides of the oil-rich nation in the fields of education, health and community welfare. Among the industrial exhibits will be the products of the oil and petrochemical industries for which Kuwait has already earned a name in the world markets. Manufacturing industries like steel pipes, copper utensils, aluminium sections and windows and asbestos pipes and fittings will also be on display. Among the other products to be exhibited will be melamin household items, fibre glass, boats and tanks, erosol products, foodstuffs, confectioneries, biscuits and macaroni. In all about 18 firms and three Ministries of Kuwait are represented in the pavilion.

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CAPITAL, 9th NOVEMBER, 1972

INVESTMENT

Tame Trading in Moorat Session : Economic Situation Causes Concern

MOO RAT trading put through in the stock markets on Sunday evening ushering in the new Samvat year 2029 turned out to be a very tame affair. The markets did wear a festive look and crackers also boomed to celebrate the occasion but that could not hide the underlying feeling of despondency, reflecting the growing concern over the deteriorating economic situation. Bulls and bears performed the ritual but they kept their business to the minimum. Institutional investors did not behave very differently. Enquiries with stock-brokers revealed that institutional orders were much smaller than in the past. The Unit Trust purchased some shares and also sold some shares. The price pattern at the close of the special Moorat session was mixed with minus signs outnumbering the plus signs.

Trading during the earlier part of the week was characterised by small turnover and narrow fluctuations and the undertone was distinctly subdued. The overall behaviour of the stock markets suggests that while there is a general reluctance to press sales at lower levels, confidence to follow the rise is also lacking. The decline in floating stocks of good shares due to persistent purchases by institutional investors, who have more funds than they can easily invest in equity shares and the steady flow of good corporate news have prevented bears from assuming an aggressive posture. But there is little enthusiasm to follow the rise as the economic prospect is far from pleasing. Agricultural production, which had suffered a small setback in 1971-72, is likely to show an appreciable fall in the current year. The drought has played havoc with the *kharif* crop and the acute shortage of water, power and also of fertilisers is not conducive to an increased output of *rabi* crops.

The setback in agriculture is bound to affect industrial production adversely and the general economic tempo. Not many observers expect the increase in industrial production noticed during the past few months to be maintained in the months ahead because of the shortage of critical raw materials and power. The labour situation also remains

unsatisfactory. The price situation continues to worsen despite various measures taken by the Government to hold the price line. Exports have no doubt recorded an improvement in recent months, but here again the future outlook is not considered promising. How can exports be expected to show any significant rise if agricultural and industrial production does not improve and prices continue to rise, thereby undermining the competitive position of Indian goods in the overseas markets?

There have been some hopeful signs of a change in official attitudes. It is now being increasingly realised that social welfare cannot be achieved without a significant breakthrough in production in farms as well as factories. But unfortunately good intentions are not yet properly supported by suitable action. And words are no substitute for firm action. Most observers expect the economic situation to worsen further before it starts improving. How exactly the situation will develop is difficult to say. In the circumstances, the prospects of any big recovery in equity prices cannot be regarded as encouraging. Investors will have to be very discriminating in future.

The prices of gilt-edged securities have remained steady. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.85. The State Government loans have received selective support. Turnover has remained restricted.

The Calcutta stock market has remained quietly steady this past week. Prices have firmed in the special Moorat trading where both cleared and cash shares have shown a moderate rally. Sentiment has apparently been helped by the reported acceptance by the U.S.A. of the World Bank's suggestion of debt relief of \$200 million to India. Among engineering shares, Indian Iron have improved while Texmaco and Guest Keen Williams have been subdued. Jute shares have met with little business except Birla which have improved. Among paper shares, Orient have been maintained while Titaghur and Ballarour have improved. In the miscellaneous section, Indian Aluminium have been held while

Hindustan Motors have receded. Among other shares in this section, India Tobacco, G.E.C., Hindustan Aluminium, Union Carbide, Universal Tyres, Woolcombers of India and India Steamship have been transacted.

Dalal Street has displayed a distinctly subdued tone almost throughout this past week. Activity has remained at a very low ebb. Equity prices have registered small to moderate losses all-round on scattered selling and lack of fresh support. The market would have fared much worse but for the steady support extended by institutional investors, more particularly by the Unit Trust. The shares purchased by the Unit Trust last week included Associated Cements, Tata Steel, Tata Oil, Premier Automobiles, Surat Electricity, Phalton Sugar and Hindustan Lever. Business put through during the special Moorat session in shares was of a ceremonial nature. But fairly large business was transacted in Government securities. Cotton textiles have turned easy on fears of a cutback in production because of the power shortage. The cotton supply position also will not be as comfortable as in the last season. Rayons have fared no better. Steels, engineering, chemicals, shipping—all sections have displayed a more or less similar pattern. Prices have tended to recede for want of fresh support and emergence

COMPANY REPORTS

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

American Express
Audco India
Bhilai Wires
Crompton Greaves
Deccan Sugar
Gontermann-Peipers
Jubilee Mills
Madras Oxygen
Mangalore Chemicals
Scindia
Spencer
Standard Motor
Travancore Sugars

of selling pressure on the rise. Most counters have finished at around the week's lowest levels. Very few counters have managed to close with plus signs. Despite the diffident mood of the market, new issues which will be on the market shortly are expected to evoke satisfactory response. This is because the supply of new shares has still to catch with the growth of investible fund.

The Madras stock market has remained steady but dull during the past week. In the planting section, Peria Karamalai and Manjushree have improved but Consolidated Coffee, Kailash Rubber and Pullangode have declined on selling pressure. In the textile section, Coimbatore Cotton have been bought while Mettur Beardsell, Radhakrishna Mills, Anglo-French and Madura Mills have been done. In the sugar section, Deccan Sugar and Cauvery Sugar have been firm on dividend news. In the miscellaneous section, Ashok Leyland and India have been wanted but Mettur Chemical and Chettinad Cement have been easy. Among bank shares, Andhra Bank has been supported.

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 24/50-25/37-24/50-25/25-
(21/20)
Burakur Coal 3/44-4/00-3/44-4/00-
(10/80)
Dunlop India 26/50-27/00-26/40-26/80-
(29/00)
Guest, Keen, Williams 31/00-31/80-30/60-
-31/80-(30/55)
Hindustan Motors 7/05-7/30-7/00-7/20-
(8/70)
Indian Aluminium 32/40-32/55-32/25xd-
32/50xd-(30/65)
Indian Cable 21/00-21/25-21/00-21/25-
(18/40)
Indian Copper 2/34-2/38-2/34-2/38-
(2/37)
Indian Iron 5/80-6/10-5/80-6/00-(9/30)
J. K. Cotton 8/85-8/90-8/85-8/90-(7/40)
Jaipur Udyog 9/30-9/30-9/30-9/30-
(8/55)
Jayshree Tea & Industries 15/69-15/69-
15/56-15/62-(14/94)
Kesoram Industries 18/30-18/40-17/95-
18/35-(13/55)
National Rubber 5/50-5/50-5/00-5/00
Orient Paper 34/25xd-34/25xd-34/10xd-
34/25xd-(30/25)
Orissa Cement 18/56-18/65-18/45-18/50-
(16/50)
Rohas Industries 3/85-4/10-3/85-4/10-
(4/45)
Textile Machinery 8/40-8/55-8/20-8/35-
(9/61)

Mangalore Chemicals : An Attractive Share Offer

MANGALORE Chemicals and Fertilisers Ltd is offering for public subscription 7,299,870 equity shares of Rs. 10 each and 150,000 9.5 per cent redeemable cumulative preference shares of Rs. 100 each, both at par. The entire public issue has been underwritten. The subscription list will open on 14th November and will close on 30th November or earlier at the discretion of the directors but not before 16th November. Applications must be for a minimum of 50 shares or multiples thereof in the case of equity shares and five shares or multiples thereof in respect of preference shares. As for the terms of payment, Rs. 2.50 an equity share and Rs. 25 a preference share are to be paid on application and on allotment Rs. 2.50 an equity share and Rs. 25 a preference share are to be paid. The balance in both cases are to be paid against two equal calls each to be made simultaneously on both equity and preference shares by the board of directors within 12

months of allotment but with an interval of not less than two months between the calls. The proceeds of the issue will be utilised to finance the huge fertiliser project that the Company is setting up in Mangalore. The total cost of the project is estimated at Rs. 57.50 crores, of which the foreign exchange component is Rs. 20.84 crores. The foreign exchange cost is to be met out of credits advanced to the Government of India by the U.K. and the Netherlands.

The Government of Mysore has been associated with the project since its inception. The Mysore State Co-operative Marketing Federation Ltd and the Mysore State Agro Industries Corporation Ltd are the present promoters of the Company. At present the promoters hold equity shares worth Rs. 450 lakhs and preference shares worth Rs. 150 lakhs. The Company's agreements with Humphreys and Glasgow Ltd., U.K., and Stamicarbon NV, Netherlands, have been approved by

the Government. Based on naphtha the M.C.F. plant will produce 217,800 tonnes of ammonia a year, a major portion of which will be utilised in the production of 340,000 tonnes of urea which, in terms of plant nutrients, equal 178,000 tonnes of nitrogen a year. The plant has an annual excess capacity of 19,300 tonnes of ammonia for the setting up of complex N.P.K. fertiliser/calcium ammonium nitrate manufacturing facilities at a later stage. The Company has carried out detailed market surveys in order to justify the capacity of the plant, the product mix and the salability of products. Work on the project has already started and the directors expect that the erection of the plant will be completed by May 1974. Commercial production should begin from October 1974. According to the directors, the Company will start earning profits from its financial year 1975-76, that is, the second year of commercial production. A maiden dividend of 10 per cent on equity capital is likely to be paid for 1976-77. The dividend for the following year is expected to be raised to 12½ per cent and it may be 15 per cent for 1978-79. The Company will not face any difficulty in marketing its products since the consumption of fertilisers in the country—particularly in Mysore—is at present very low. Considering all these factors, it is expected that the present issue will evoke a good response from the investing public.

GONTERMANN-PEIPERS

Progress Maintained

IN his chairman's speech at the annual general meeting the Gontermann-Peipers (India) Ltd recently held in Calcutta, Mr. G. Basu said that the Company had maintained uniform progress during the year ended April 1972. (A fuller version of the speech was published in last week's issue of *Capital*.) The Company's turnover has increased from Rs. 151 lakhs to Rs. 176 lakhs. The net profit for the year is Rs. 18.63 lakhs, against Rs. 16.85 lakhs. Mr. Basu said that the operations of the Company had been affected by the shortage of raw materials, rising costs and frequent load shedding. The export performance has been good. The company has already sold its products to Egypt, Thailand and Kenya. It is now negotiating export business with other east African and Middle East countries. The Company manufactures sophisticated products backed by international quality control.

The Company's order-book position is satisfactory. As for the employment policy, about 75 per cent of employees, mostly non-technical, are from the local people. With the completion of expansion schemes, the Company's performance will improve. The rated capacity has been increased from 3,000 tonnes to 3,600 tonnes a year. The next phase of expansion, which has been taken in hand, is to take the capacity to 5,040 tonnes a year.

AMERICAN EXPRESS

New Records Set

FOR the nine month period ended September 1972, the consolidated net income a common share of American Express Company increased 22.5 per cent, to \$1.25 a share, compared with \$1.02 a share. The total net income amounted to \$89.2 million, as compared with \$72.5 million in the 1971 period. For the third quarter, the consolidated net income a common share increased 21.4 per cent, to \$.51 a share from \$.42 a share. The net income totalled \$36.4 million, up from \$29.7 million.

For the nine months, the net operating income of travel and financial services (other than insurance) increased 18.4 per cent, to \$40.2 million from \$33.9 million. For the third quarter, the net operating income increased 19.4 per cent, to \$18.6 million from \$15.6 million. The net operating income of insurance subsidiaries for the nine months increased 28.3 per cent, to \$41.2 million from \$32.1 million. In the third quarter, the net operating income increased 26.2 per cent, to \$15.4 million from \$12.2 million. The three months' and nine months' results of insurance services were achieved despite an approximate \$10 million strengthening of disability reserves in the third quarter of 1972. For 1971, the nine months' results reflected a \$2.5 million strengthening of disability reserves in the second quarter, (supplemented in the fourth quarter by a further strengthening).

In reviewing these results Mr. Clark said, "The card division experienced earnings improvement, growth in volume, a continuation of the strong increase in the number of cardholders and a reduction in credit and fraud losses." The Fireman's Fund American Insurance subsidiaries continued to show good performance in premium income and

earnings, particularly in the property and liability company. Underwriting results, aided by the absence of any major catastrophe in the third quarter, improved for virtually all lines of business, and there was a steady gain in net investment income.

CROMPTON GREAVES

Bonus Settlement

THE management and the workmen of Crompton Greaves Ltd have recently signed a long-term settlement before Mr. Bhagwat, Deputy Commissioner of Labour. This provides for a minimum bonus of 10 per cent for four accounting years starting from 1970-71 to 1973-74 inclusive. Except for this minimum bonus, the payment of the bonus will be in accordance with the provisions of the Payment of Bonus Act. The settlement also makes a detailed provision for the procedure to be adopted for setting off the amount of bonus paid in excess of the allocable surplus in any year. Any dispute on calculation of bonus will be resolved by adjudication. The settlement further provides for the workmen an interim relief of 15 per cent of their basic wages from 1st July, 1972, and that the union/workman will not resort to any agitation in pursuance of the issues covered by the settlement. The parties have also expressed a desire to continue their negotiations and arrive at a comprehensive long-term settlement covering wages, dearness allowances, classification, etcetera.

Loading of Tea

MR. T. K. Sarangan, Director (Transport), Ministry of Foreign Trade, paid a visit to 4 King George's Dock in Calcutta a few days ago where Scindia's M. V. *Jalapankhi* was loading considerable amount of tea for U.K. He was accompanied by Dr. Subramaniam, Director, I.S.I., New Delhi; Dr. Banerjee, Director, I.S.I. Calcutta; Mr. Brocar, deputy chairman, Tea Board; Mr. Rikhye, tea trade representative; Mr. Gibbs and Mr. Raghavan, chairman and deputy chairman, respectively, of India-U.K./Continental Conferences and Mr. N. M. Trivedi, Scindia's Calcutta Manager. They inspected the tea pallets with iron hoop bands and nylon straps, and also the general quality of plywood used for tea chests. Certain conclusions were reached with a view to improving the standards of plywood and the pallets, and it is hoped that as a result of these discussions there will be some improvement in the general standards of tea packing being exported from Calcutta.

AUDCO INDIA

Promising Outlook

THE outlook for Audco India Ltd, which manufactures valves of British and American designs, is promising. This is because of the expansion in the demand for the Com-

SPENCER : PROFIT AND SALES RISE

THE directors of Spencer and Co. Ltd have maintained the equity dividend at 20 per cent for the year ended June 1972. Both profit and sales have recorded an improvement over the previous year. The profit amounts to Rs. 13.98 lakhs, after providing depreciation of Rs. 9.25 lakhs, development rebate of Rs. 35,000 and taxation of Rs. 16.25 lakhs. This compares with the previous year's profit of Rs. 11.63 lakhs, after providing depreciation of Rs. 9.47 lakhs, development rebate of Rs. 1.50 lakhs and taxation of Rs. 10 lakhs. Adding to the year's profit a sum of Rs. 3.85 lakhs brought forward from the previous year, Rs. 64,332 being profit on sale of sundry assets, Rs. 15,000 being excess provision for development re-

bate and Rs. 5.18 lakhs transferred from investment reserve, there is a total of Rs. 23.80 lakhs. Out of this the interim dividends on "A" and "B" preference shares absorbed Rs. 1.91 lakhs. The final preference dividend on "A" and "B" preference shares will claim Rs. 1.91 lakhs. The proposed ordinary dividend of 20 per cent will account for Rs. 8 lakhs. A sum of Rs. 64,332 has been transferred to capital reserve. The amount written off from investment in shares of Spencer and Company (Pakistan) Ltd amounts to Rs. 5.18 lakhs. The balance of Rs. 6.16 lakhs is being carried forward. Sales for the year amounted to Rs. 20.53 crores (against Rs. 15.64 crores).

pany's products from various industries. One significant feature is that its valves are produced to international standards from indigenous materials. These pipeline valves vary in size from 1/4 inch to 20 inches and are essential components of the petroleum, petro-chemical, fertiliser, steel, aluminium, cement and many other industries. Audco India Ltd is a joint venture of Audco-Serck Ltd of the United Kingdom and Larsen and Toubro Ltd, Bombay.

MADRAS OXYGEN

Loss Incurred

THE directors of Madras Oxygen and Acetylene Co. Ltd. in their annual report for the year ended March 1972 state that there has been a steady improvement in sales from March 1972 onwards and the figure for August 1972 touched a lakh of rupees. The directors point out that this achievement is creditable in the context of the Company not possessing cylinders. The Company made an application to the Government in March 1968 for an import licence, but it was granted as late as December 1971, for Rs. 8.45 lakhs. Out of this the Company placed orders for Rs. 6.45 lakhs. For the balance of Rs. 2 lakhs, the Company could not avail itself of the licence since no rupee country was able to supply acetylene cylinders. The Company has approached the Government to permit it to import cylinders from the general currency area. Against the

Company's second application for cylinders it has received a licence for Rs. 4.41 lakhs for import from Poland. For the year ended March 1972, the Company has incurred a loss of Rs. 6.36 lakhs, after providing depreciation of Rs. 2.04 lakhs.

TRAVANCORE SUGARS

Profit Earned

TRAVANCORE Sugars and Chemicals Ltd. has reported encouraging working results for the year ended April 1972. The equity dividend has, however, been skipped. The profit, before taxation, amounts to Rs. 8.32 lakhs, compared with the previous year's loss of Rs. 91,514. After deducting Rs. 3.14 lakhs (as against Rs. 1 lakh) being provision for taxation, there is a net profit of Rs. 5.18 lakhs from which is deducted Rs. 2.24 lakhs being the loss brought forward. This leaves a profit balance of Rs. 2.93 lakhs. Out of this, development rebate reserve sets Rs. 13,103 and the preference dividend amounts to Rs. 97,500. The balance of Rs. 1.83 lakhs is being carried forward.

DECCAN SUGAR

Big Rise in Profit

DECCAN Sugar and Abkhari Co. Ltd's declaration of a final dividend of 10 per cent for the year ended May 1972 has caused satisfaction

among shareholders. The total dividend, with the interim dividend of 6 per cent, amounts to 16 per cent, against 3.4 per cent paid for the previous year. The gross profit, before depreciation, amounts to Rs. 131.99 lakhs (against Rs. 17.28 lakhs). The provision for taxation is Rs. 90.55 lakhs in spite of the carried-forward deficit. The available profit for disposal is Rs. 41.44 lakhs from which the brought-forward debit balance of Rs. 15.94 lakhs has been deducted. A sum of Rs. 3.99 lakhs is transferred to development rebate reserve while dividend equalisation reserve gets Rs. 3.64 lakhs (against nil). A sum of Rs. 6.02 lakhs (against nil) is transferred to general reserve. The final dividend will be paid out of general reserve.

JUBILEE MILLS

Setback Suffered

THE brief preliminary statement from Jubilee Mills on its working results for the year ended June 1972 shows a substantial setback, with the gross profit declining to Rs. 27.74 lakhs from Rs. 32.97 lakhs in the preceding year. The dividend, however, has been kept unchanged at 10 per cent. After providing Rs. 17.41 lakhs (against Rs. 16.29 lakhs) for depreciation, Rs. 3.20 lakhs (against Rs. 6.40 lakhs) for development rebate reserve and Rs. 3.86 lakhs (against Rs. 4.55 lakhs) for taxation, the net profit amounts to Rs. 3.27 lakhs, against Rs. 5.73 lakhs. After adjustments, a sum of Rs. 4.60 lakhs has been transferred to general reserve out of which the proposed equity and preference dividends will be paid.

STANDARD MOTOR

New Model

STANDARD Motor Products of India Ltd has manufactured a new modified model of Standard Herald Mark III Saloon known as Standard Gazel. The new features are: complete new front grille and a new rear look, five to six seater, more leg room in the front as well as back, doors fitted with sturdy frames and redesigned locks, bonnet locking arrangement operated from inside, and rigid rear axels with coil springs. The Company hopes to produce 10 cars by January and to step up to 2,000 cars in the next year. The price is Rs. 22 1/2 on the road.

COMMODITIES

I.J.M.A. Considers Export Duty on Sacking an Anachronism

AFTER an assessment of world market conditions and of the relevant economic factors, the Indian Jute Mills Association considers the export duty on sacking an anachronism and has urged the Central Government and the industry to plan a collaborative approach for stepping up the country's exports of heavy goods. In view of the disruption in production in and exports from the former East Pakistan in 1971, the Indian industry was called upon to meet the essential world demand for sacking and India exported as much as 100,000 tonnes of the product, earning about Rs. 27 crores in foreign exchange. For the 1971-72 jute year, the export offtake was much higher at 149,200 tonnes, in spite of the resumption of shipments from Dacca since the emergence of an independent Bangladesh.

An I.J.M.A. Press note issued during the week-end recalls that the Indian industry had been cut off from its principal sacking markets as a result of persistent price cutting by the jute industry in the erstwhile East Pakistan through the export bonus voucher scheme. The revival of demand for sacking since 1971 has enabled India to establish many excellent trade contacts and renew some old links. The Press note refers to the abolition of the discredited bonus voucher system by the friendly Bangladesh Government immediately after assuming the reins of administration and deems it vital in the Indian industry's interest to continue nurturing these contacts on an enduring basis.

Sacking Export

The I.J.M.A. estimates that on the basis of the average monthly export of heavy goods from India during the first three quarters of 1972, the annual export offtake this year will be 120,000 tonnes. It believes that with proper planning and a measure of stability, it should be possible for India to share the world sacking market with Bangladesh on an expanding basis. The Association feels that it would not be too optimistic to aim at an average annual export of 200,000 tonnes, or half of the mid-'fifties' figure of 400,000 tonnes which, in the face of aggressive com-

petition from the former East Pakistan, had dipped to the rock bottom level of 48,000 tonnes in 1969.

Another important reason for urgent action to step up sacking exports, continues the Press note, is the pronounced downward trend in Indian offtake of the product which, in the face of a high level of production, has been acting as a drag on the market, tending to depress its prices. By way of illustration, the note cites the 20.8 per cent decline in the internal offtake of sacking during the five-month period ended September over the comparable figure for the preceding five-month term to 144,800 tonnes. The availability of a higher tonnage of goods for exports, maintains the Press note, "is not too unwelcome a development, for, in the present difficult foreign exchange situation, the country needs to allot a precedence to exports over internal consumption."

Simultaneously therewith, contends the I.J.M.A., the jute industry can have no future without a stable raw materials base. The overriding consideration for increasing the export of sacking stems from the assured outlet it would provide for the lower grades of jute and mesta which predominate in the Indian crop. Concluding, the Press note urges the Government of India to readily see "the utter irrelevance of the export duty of Rs. 150 a tonne of sacking, which has clearly outlived its purpose in the present jute world, already manifesting an increasing elasticity of demand."

In an earlier Press note issued last week, the I.J.M.A. expressed its positive disappointment over the inadequate fiscal relief of Rs. 400 a tonne on exports of only primary carpet-backing cloth. Although it "welcomed the long-awaited decision as a step in the right direction," it considered the official action to be "rather meagre to arrest the rapid incursion of synthetics into the carpet-backing sector." The withdrawal of the additional export duty, ostensibly imposed as a revenue measure in mid-December 1971 to finance the war with Pakistan, would not produce any material improvement in the competitive position of primary carpet-backing cloth because

of the continuing burden of a levy of Rs. 300 a tonne.

Considerable Price-differential

Polypropylene backing was cheaper than jute primary backing by six cents a square yard. Even after the latest relief, the Press note added, considerable price-differential to the detriment of jute would continue. Analysing the current trend in the consumption of backing cloth, the I.J.M.A. said that jute's share of all primary backings used by the U.S. tufted carpets industry had come down from 81 per cent in 1963 to a bare 46 per cent in the second quarter of 1972. While by now synthetics had already taken 54 per cent of the market, its share might increase to 60 per cent by the end of 1972. The Association failed to find out as to why the authorities had made a distinction between primary and secondary backing and deprived the latter of any fiscal benefit. Synthetics had made a heavy intrusion into the sphere of secondary backing as well, resulting in a decline in jute's share from 71 per cent in 1968 to 62 per cent in the second quarter of 1972.

BHILAI WIRES : SHARE OFFER

BHILAI Wires will be offering at par for public subscription some time in December 315,000 equity shares of Rs. 10 each to raise part of the finance for its project for the manufacture of various types of wires—high tensile, medium tensile and mild steel. The plant which is being set up in Bhilai will have an initial installed capacity of 42,000 tonnes of steel wire (32,000 tonnes of mild steel wires and 10,000 tonnes of high tensile steel wire). The project is estimated to cost Rs. 97.50 lakhs. Besides the share capital of Rs. 52.50 lakhs (including Rs. 21 lakhs already taken up by the promoters), the Company will receive a loan of Rs. 20 lakhs from the Madhya Pradesh Financial Corpo-

ration and Rs. 25 lakhs from M.P. Audyogik Vikas Nigam. The plant, fabricated indigenously according to a Japanese design, is expected to go into commercial production in July 1973. Production during the year ended June 1974 is estimated at 8,800 tonnes, sales at Rs. 2.49 crores and gross profit at Rs. 24.56 lakhs. For 1974-75, production is estimated at 12,690 tonnes, sales at Rs. 3.87 crores and gross profit at Rs. 51.63 lakhs. The Company expects to produce 28,800 tonnes in the fifth year. The management hopes to be able to declare a maiden dividend of not less than 10 per cent for 1973-74 and 15 per cent for subsequent years.



The Central Government has issued an industrial licence in favour of a private firm for the manufacture of synthetic woollenised jute fabrics in Malda, West Bengal, in technical collaboration with Jute Technological Research Laboratories, Calcutta. The new venture will be the first of its kind in India and will provide employment opportunities to about 1,200 persons. Designed to serve as a substitute for wool in the manufacture of blankets, wrappers, suitings and knitwear, the scheme for the manufacture of woollenised jute has been developed at the Central Government-run J.T.R.L. Incidentally, it may be mentioned that a few days ago, the Jute Technological Research Laboratory in Bangladesh claimed to have developed JUTON fabrics after batching 30 per cent jute fibre with 70 per cent cotton and combination blankets with 15 per cent wool and 85 per cent jute.

Gunny Prices Rise

Despite dull and inactive conditions, the Calcutta gunny market was in the grip of a hectic price upsurge last week. Even the disappointment over the inadequate fiscal relief in respect of primary backing alone and the virtual absence of major internal and overseas buyers from the market could not arrest the unwarranted buoyancy. Market circles ascribed the price rigging to sustained bull support in a market where sellers were difficult to locate. The impending Moorat trading on Sunday and the soaring costs of fibre were the additional stimulants. Bulls took an unusually buoyant view of the ultimate outlook for the market and went on absorbing any offer at

quoted prices. The unwary shorts and shippers had to follow the rise in covering their open positions, lending additional support to the rising market. The Moorat trading on Sunday night was a tame affair in terms of turnover. But as for prices, there was no relenting on the part of the bulls who appeared to have held control of the entire market. The leanness in overseas interest in Indian products, despite capacity bookings by the industry in Bangladesh, was ascribed to the lower price ranges offered by Dacca, positively inducing the ultimate consumers to hold over for the time being. Internal consumers, including Government and semi-Government agencies, also showed an inclination to reduce their bookings in view of the rising premiums charged on forward bookings. Clive Row was disappointed over the meagre duty relief in respect of a commodity which was not in keen demand from the U.S.A. The off-take of the item by other developed countries was rather nominal. The retention of export duties on other items and the cheaper price ranges offered by Dacca ruled out prospect of any broadening of overseas demand. Taking note of the disappointing outlook on the export front and the pronounced deceleration in the internal off-take of sacking, the I.J.M.A. renewed its appeal for the abolition of the prevailing export duty on sacking. In the hedge market, sentiment was governed by the trend in the spot goods market. Operators took keener interest in February delivery futures contracts in B Twills. The outstanding open positions in respect of November-delivery contracts were mostly squared up or converted into February-delivery deals. Turnover was small. The closing undertone was buoyant.

Latest available quotations (in rupees) were as follows:

	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	74.25	74.50	75.00
40in. 8oz.	81.50	—	—
40in. 10oz.	100.75	99.75	98.75
B Twills	233.00	255.00	258.50
Heavy Cees	257.00	260.00	263.50
Cornsacks	—	—	—
A Twills (U.S.)	325.00	327.00	329.00
Liverpools	304.00	307.00	310.00

Fibre Steady

The raw jute market ruled exceptionally steady during the past week due to the virtual absence of declared sellers. Taking note of the meagre allocation of imports from Bangladesh out of the Rs. 7-crore quota,

industry circles were scared as to the fibre supply prospects. The fibre trade was inclined to believe that much higher prices likely to be paid by the J.C.I. on its imports from Dacca, would cause a flutter in the Indian jute market as well. Although the mills had been holding a comfortable fibre position for the time being, they had been experiencing difficulty in maintaining the pace of their purchases in Calcutta and in the upcountry markets. The unusual feature of an absence of nervous offerings during the Puja and Diwali seasons corroborated the conclusion that the remaining stocks had been lying with strong holders and affluent growers. Arrivals in the upcountry markets and also in Cossipore were meagre. Keen on absorbing available stocks of fibre of selected grades, mills and mill agents agreed to rising premiums over the quoted rates. The closing price revealed a sharp rise of Rs. 4 over the preceding week-end level to Rs. 63 a maund, f.o.r. Calcutta ready basis, Assam Bottoms. Turnover was meagre. The closing undertone was buoyant.

Latest available quotations (in rupees) were as follows:

	November-December		
	Rates a quintal	Rates a quintal	Rates a quintal
	Mid.	Bot.	Bot.
Selected Assam-			
Agartala	179.51	168.79	63.00
Northern Jute	172.81	162.09	60.50
West Bengal			
Desal	163.43	152.72	57.00
Selected			
Daissee	195.58	184.87	69.00
Assam-Agartala			
Tossa	195.58	184.87	69.00
Mesta :			
Assam Mesta	160.75	150.04	56.00
Selected			
Murshidabad	155.40	144.68	54.00
Bihar Mesta	139.32	128.60	48.00

TEA

Fair General Demand

A Special Correspondent writes: The offerings at last week's tea auction in Calcutta amounted to 69,320 packages for which there was a fair general demand. C.T.C. brokeners were slightly easier, especially the better kinds, but fannings sold at around the previous week's levels. Orthodox B.O.P.s me with selective enquiry and eased further in value while there were very heavy withdrawals. Orthodox fanning were also slightly easier except for few selected lines and the better liquoring kinds. Whole-leaf grades were easier except for the poorest sorts.

THE DELHI CLOTH & GENERAL MILLS CO., LTD.

CHAIRMAN, DR. BHARAT RAM'S REVIEW

The following is the speech delivered by Dr. Bharat Ram, Chairman, Board of Directors, The Delhi Cloth & General Mills Co., Ltd., at the 84th Annual General Meeting of the Company held on Thursday, the 2nd November, 1972 at its Registered Office at Bafa Hindu Rao, Delhi.

Ladies and Gentlemen:

I have great pleasure in welcoming you to this 84th Annual General Meeting of your Company. The Directors' Report and Audited Statement of Accounts of the Company for the year ended 30th June, 1972 were sent to you sometime ago. The results, as you will notice, are satisfactory. As reported last year, replacement of 35 thousand spindles and 4 hundred looms at the new textile mill at Dasna has been completed. The factory has started working, although because of untrained labour and other teething troubles, it is not yet working with full efficiency. It is hoped that within the next few months this Mill will be running to its expected efficiency.

The Company has already received permission from the Government and the various formalities have been cleared to expand the fertiliser plant by 50 per cent. The work on construction has already commenced and every step is being taken to expedite the implementation of the increased capacity.

Your Company has started production of Electronic Desk Calculators. From the test reports obtained from some sample users, the product appears to be an excellent one. It is a matter of satisfaction that these Desk Calculators have been produced entirely by indigenous know-how developed in the Company.

Satisfactory as the working results of your Company have been during the year under review, we can not ignore the larger social milieu in which we are operating, the clamour of competing demands and doctrines and the approaches of Government to forge a synthesis between political and economic democracy.

We are living in an age when events crowd and every year has some special significant features of its own. Since we met last year, the poignant drama



Dr. Bharat Ram

of the influx of 10 million refugees from Bangla Desh completed its full cycle: A war was thrust upon India by Pakistan and, happily, it was successfully over within a short time. The refugees have gone back to their homeland. It is a tribute to the stability of the country that the Indian economy was able to withstand the great stresses and strains of this period and our Defence Forces and people as a whole revealed, cool courage, and quiet discipline.

In a democracy, however, attitudes switch with incredible rapidity, and despite the fact that this year marks the Silver Jubilee of Indian Independence, the mood is not joyous. Unfavourable monsoons have given a sharp spurt to prices, particularly of food articles. Industrial production, by and large, continues to be sluggish. Every section holds the other responsible for the malaise. Apart from mutual criticism, private grouches and slender provocations tend to blow up into law and order situations.

Inasmuch as the present is the product of the past and will fashion the future, it is necessary, I think, that we dispassionately consider the strength and weaknesses of our national poli-

cies. Statistics reveal an impressive list of achievements and an equally formidable list of failures in the economic field. There has been growth in various fields like power generation, heavy machinery building capacity and several other sectors. Yet, there is acute shortage of power and critical raw materials; the burden of our debt service payments abroad continues to be heavy.

National accounting must also bring out the qualitative change in the environment which is certainly for the better. In the eyes of the world, India is no longer looked upon as a hewer of wood and drawer of water. We have emerged from a backward to an intermediate stage of development with clear potentialities for a rapid and sustained advance. Notwithstanding the immense increase in population, potential has been generated to create resources to increase employment, produce goods and improve the standard of living of the people.

There are some people in India and abroad who want us to believe that our policies have been all along wrong and short-sighted. To them may I ask a question? If our policies have been all wrong, how is it that India in spite of so many problems, economic, social and political, maintained a healthy democracy and economic development. When we look round the world, there is hardly any country, developed or developing, which has not its own problems, ranging from political instability to group neurosis, from monetary crises to religious cleavages. It is wise to count our blessings not in a spirit of complacency, but with humility.

I have no doubt in my mind that the political will, as developed and manifest in our Prime Minister Shrimati Indira Gandhi, is strong enough to make such changes as are necessary to translate the long-spelt Economics of Promise into Economics of Results. She has committed the nation to bigness that will not be and should not be reversed. But the challenges are many; chances are inevitable; some crises, probably, cannot be avoided. A major responsibility is cast on all, particularly leaders, old and new, in all walks of life.

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In the recent past there has been a good deal of discussion on the present economic situation. May I express some thoughts in respect of the required changes in the techniques and management of the national economy? To start with, it is upto the policy makers to think in more positive terms. This will have a salutary influence on public opinion. During the thirties, when depression overtook Europe and the American continent, the fundamentals of capitalism, as then known, were boldly questioned and the concept of a mixed economy emerged. We are living in days when those politically aware all the world-over are also busy analysing and probing what is wrong with Socialism. It is clear that we should not allow the dead hand of either Adam Smith or Karl Marx to row the national boat. We must full use of the enhanced knowledge that is available, and keep our doors open to new ideas, technology, processes, management and organisation. Secondly, policy at all levels must be so re-oriented on the principle that men will operate best if they are given chance to operate at full capacity. This applies equally to administrators, entrepreneurs and managers of enterprises. Thirdly, committed as we are to development in a big way, big enterprises should be looked upon as national agents of speedy growth instead of viewing them with distrust and placing them in strait jackets. They should be permitted to vigorously function subject to regulations that will take care of restrictive business practices or such other activities which are harmful to the interests of the people. Small and medium industries will grow round the large ones.

Citizens, in their turn, have to reassess their thinking. Everyone has to shift his focus to the national rather than personal or group welfare. The tendency to test wits will have to be replaced by honest hard work on the part of each. We, in business, must not only accept but welcome reforms ap-

propriate to the removal of exposed abuses both in letter and in the spirit. Had we done this earlier, perhaps, private enterprise would not be in the same defensive position as it is today. Reaction is as bad as rebellion, for both repudiate the presumption that there is scope for peaceful change.

The question of raising the living standards and opening out to the people new opportunities for a richer and more varied life has many facets and implications—political, economic, social and moral. Each of them by itself, more so in combination, firmly points out that we have to step up our economic development. There are in our country a large number of pockets, where poverty is in a very intense form. I believe that there must be a concerted drive on the part of larger enterprises to establish new industries in these centres. Fiscal incentives apart, which may be necessary, the biggest incentive could be the availability of Power. The planners must, therefore, concentrate on quickly developing Power and other infrastructural facilities, and even here private enterprise may be able to contribute its bit.

There is a very important point to which I would like to refer, though with some hesitation. It concerns the leadership provided by our trade union friends. Time was when the industrial worker required all the support of legislation. Today, those who are working in the organised industry are in an advantageous position when compared to the other sectors of the working class. The demand that are made on their behalf and by them are often more out of habit or political motivation rather than through real necessity. This is not all. Cessation of work for one cause or another is not quite uncommon. The public sector enterprises are no less affected than the private sector. It is, to say the least, surprising that trade unions which are keen for nationalisation of industries should ill-treat those indus-

tries which are already being run by the State. Strikes and lock outs in today's society is an exploitation of the consumer and a crime against the nation.

This brings me to the question of emoluments of industrial labour. In my view, while an industrial worker may as an incentive be paid more than his due, he must work to earn this through his output. For historical reasons, his pay packet is currently composed of many elements. In addition to basic pay, there is the dearness allowance related to the cost of living index numbers, statutory cum gratia payment related or unrelated to earned profits, gratuity, employers' contribution to the Provident Fund, ESIC, miscellaneous allowances and customary fringe benefits. Bonus is the most controversial component. It has become a source of constant friction. Partly through semantics and partly through pressure, the minimum bonus has been increased from 4 per cent to 8½ per cent and it is payable even by units which incur losses. I do hope and trust that some rational principles will soon emerge to determine our wage policy, and that bonus is firmly related to production and profits.

I have not referred to so many policies of the Government which affect economic development of the country but have only referred to a few important aspects. In any case, whatever the policies of the Government may be, it is most important to expedite the administration of these policies in a positive manner so that they result in increased production and industrial peace.

I have always been an optimist and feel certain that with the dynamic leadership of our Prime Minister Shrimati Indira Gandhi, the country will forge ahead. As the Prime Minister herself said, we have only a few years in which if we do not show quick economic results for the large masses, the country may be overtaken by unforeseen forces. In the country's great endeavour, your Company will always play its role.

Finally, on your behalf and mine, I would like to place on record sincere thanks to all the workers and staff of the Company who have spared no efforts to produce such outstanding results.

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

CAPITAL, 9th NOVEMBER, 1972

COMPANY AND PUBLIC NOTICES

THE AUCKLAND JUTE COMPANY LTD.

AT a meeting of the Board of Directors held on 27th October 1972 the following Dividends have been recommended for declaration at the Annual General Meeting of the Company to be held on 29th November 1972, payable on or after 12th December 1972.

On the Cumulative preference shares @ 7.15% for the year ended 31st March 1972.

On the Redeemable cumulative preference shares @ 5.85% for the year ended 31st March 1972.

Final Dividend on the Ordinary shares @ Rs. 2/- per share for the year ended 31st March 1972.

By Order of the Board.
THE AUCKLAND JUTE COMPANY LTD.
R. N. DUTTA
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.
Dated 27th October 1972.

THE AUCKLAND JUTE CO. LTD.

NOTICE

NOTICE is hereby given that the Annual General Meeting of THE AUCKLAND JUTE COMPANY, LIMITED, will be held at its Registered Office, Chartered Bank Buildings, Calcutta-1, on Wednesday, the 29th November, 1972, at 11 A.M. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 31st March, 1972, the Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.

2. To declare the Dividends recommended by the Directors.

3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

4.(a) To appoint Mr. Sree Chand Bothra, a Director of the Com-

pany, who retires at this Annual General Meeting and, if thought fit, to pass the following resolution of which the prescribed notice has been received by the Company, Mr. Bothra having filed with the Company his consent to act as a Director, if appointed.

(As an Ordinary Resolution)

"RESOLVED that Mr. Sree Chand Bothra be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation".

4.(b) To appoint Mr. Dip Chand Kankaria, a Director of the Company, who retires at this Annual General Meeting and, if thought fit, to pass the following Resolution of which the prescribed notice has been received by the Company, Mr. Kankaria having filed with the Company his consent to act as a Director, if appointed.

(As an Ordinary Resolution)

"RESOLVED that Mr. Dip Chand Kankaria be and is hereby appointed a Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation".

5. To consider and, if thought fit, to pass the following resolution:—

(As an Ordinary Resolution)

"RESOLVED that pursuant to the provision of Section 293 (1) (c) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to make contribution to any charitable institution or other funds not directly relating to the business of the Company or the welfare of its employees, in any financial year to a maximum of Rs. 2,00,000/- or 5% of its average net profit as determined in accordance with the provisions of Section 349 and 350, during the three financial years immediately preceeding, whichever is greater, and that the

Secretary be and is hereby authorised to register it with the Registrar of Companies, West Bengal, within 30 days of the Passing of the resolution in compliance with Section 192 of the said Act".

The Registers of Members of the Company will be closed from the 15th November, 1972 to 29th November, 1972, both days inclusive.

By Order of the Board
R. N. DUTTA
Secretary.

Registered Office:
Chartered Bank Buildings,
Calcutta-1.

Notes : 1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. A blank form of proxy is enclosed which if used should be returned to the Company not later than 48 hours before the commencement of the Annual General Meeting.

2. The Dividend, if declared, will be paid on or after the 12th December 1972 to those Shareholders so entitled, whose names appear in the Company's Registers of Members on the 29th November, 1972.

3. The relative explanatory statement is being sent to members.

THE ORISSA MINERALS DEVELOPMENT CO. LTD.

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 on Friday the 22nd December, 1972 at 11-00 a.m. for the following purposes:—

1. To consider the Profit and Loss Account of the Company for the year ended 30th June, 1972 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 Directors in place of retiring Directors.

4. To appoint Auditors and fix their remuneration.

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Special Business

5. To appoint Mr. S. K. Ghosh, 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. S. K. Ghosh having filed with the Company his consent to act as a Director if appointed.

"RESOLVED that Mr. S. K. Ghosh 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. M. M. Dutt, 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. M. M. Dutt 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".

7. 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. 99'2/- per month for a period of five years with effect from 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 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 Register of Members of the Company will be closed from 11th December, 1972 to 22nd December, 1972 both days inclusive.

By Order of the Board
R. SONDIH
General Manager.

Registered Office:
Chartered Bank Buildings,
Calcutta, 30th October, 1972.

Notes : (1) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of himself.

(2) The Dividend, if declared, will be paid on or after 5th January, 1973 to those Shareholders so entitled whose names appear in the Company's Books on 22nd December, 1972 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.

BOOKS RECEIVED

Twenty Five Years of Indian Independence. (Compiled by Indian Oxygen Ltd. and published by Oxford and I.B.H. Publishing Co., 17 Park Street, Calcutta 16. Price Rs. 35, pages 300.)

Garment Industry in India. By M. Narayanaswamy and V. Sri Ram. (Published by Economic and Scientific Research Foundation, Federation House, New Delhi 1. Price Rs. 25, pages 251.)

International Trade and Economic Development. By G. K. Helleiner. (Published by Penguin Education, England. Pages 164.)

International Investment. By John H. Dunning. (Published by Penguin Education, England. Pages 495.)

Keynes and Post Keynes. By Dr. R. D. Gupta. (Published by S. Nagin and Co., Partan Road, Tullundur City 1. Price Rs. 25, pages 824.)

International Liquidity. By R. D. Gupta. (Published by S. Chand and Co. (Pvt.) Ltd., Ram Nagar, New Delhi 55. Price Rs. 35, pages 385.)

Working of Stock Exchanges in India. By U. L. Gupta. (Published by Thomson Press (India) Ltd., 19 Malcha Marg, Diplomatic Enclave, New Delhi. Price Rs. 42 pages 335.)

Capitalism, Socialism and Planning. By Baidyanath Mishra. (Published by Oxford and I.B.H. Publishing Co., 66 Janpath, New Delhi 1. Price Rs. 7, pages 272.)

Office Organisation and Management. By S. K. Sahni and G. S. Sundaresh. (Published by Oxford and I.B.H. Publishing Co., Park Hotel Buildings, 17 Park Street, Calcutta 16. Price Rs. 12, pages 194.)

Civic Amenities in Greater Bombay. (Published by Economic and Scientific Research Foundation, Federation House, New Delhi 1. Price Rs. 25, pages 176.)

India's Mineral Resources. By S. Krishnaswamy. (Published by Oxford and I.B.H. Publishing Co., 65 Janpath, New Delhi 1. Pages 503.)

Structure of Financial Institutions. By V. V. Bhatt. (Published by Vora and Co. Publishers Pvt. Ltd., 3 Round Building, Bombay 2. Price Rs. 20, pages 198.)

Mass Media in a Free Society. By Warren K. Avee. (Published by Oxford and I.B.H. Publishing Co., 66 Janpath, New Delhi 1. Price Rs. 7.50, pages 95.)

Indian Cotton Annual 1970-71, No. 52. (Published by East Indian Cotton Association Ltd., Marwari Bazar, Bombay. Pages 238.)

Income-Tax Penalties. By R. N. Lakhotia. (Published by Asha Publishing House, P-16, C.I.T. Road, Calcutta-14. Price Rs. 24, Pages 244.)

Essays in Planning and Growth. By J. J. Anjaria. (Published by Vora and Co. Publishers Private Ltd., 3, Round Building, Bombay 2. Price Rs. 15, page 181.)

Practical Investment. By Heman R. Dani. (Published by Hemant R. Dani, 13, "Joothica", Veer Sawarkar Marg, Mahim, Bombay 16. Price Rs. 25, pages 208.)

Inequality and Social Change. By Andre Beteille. (Published by Oxford University Press, Mercantile Buildings Calcutta 1. Price Rs. 2.50, pages 36.)

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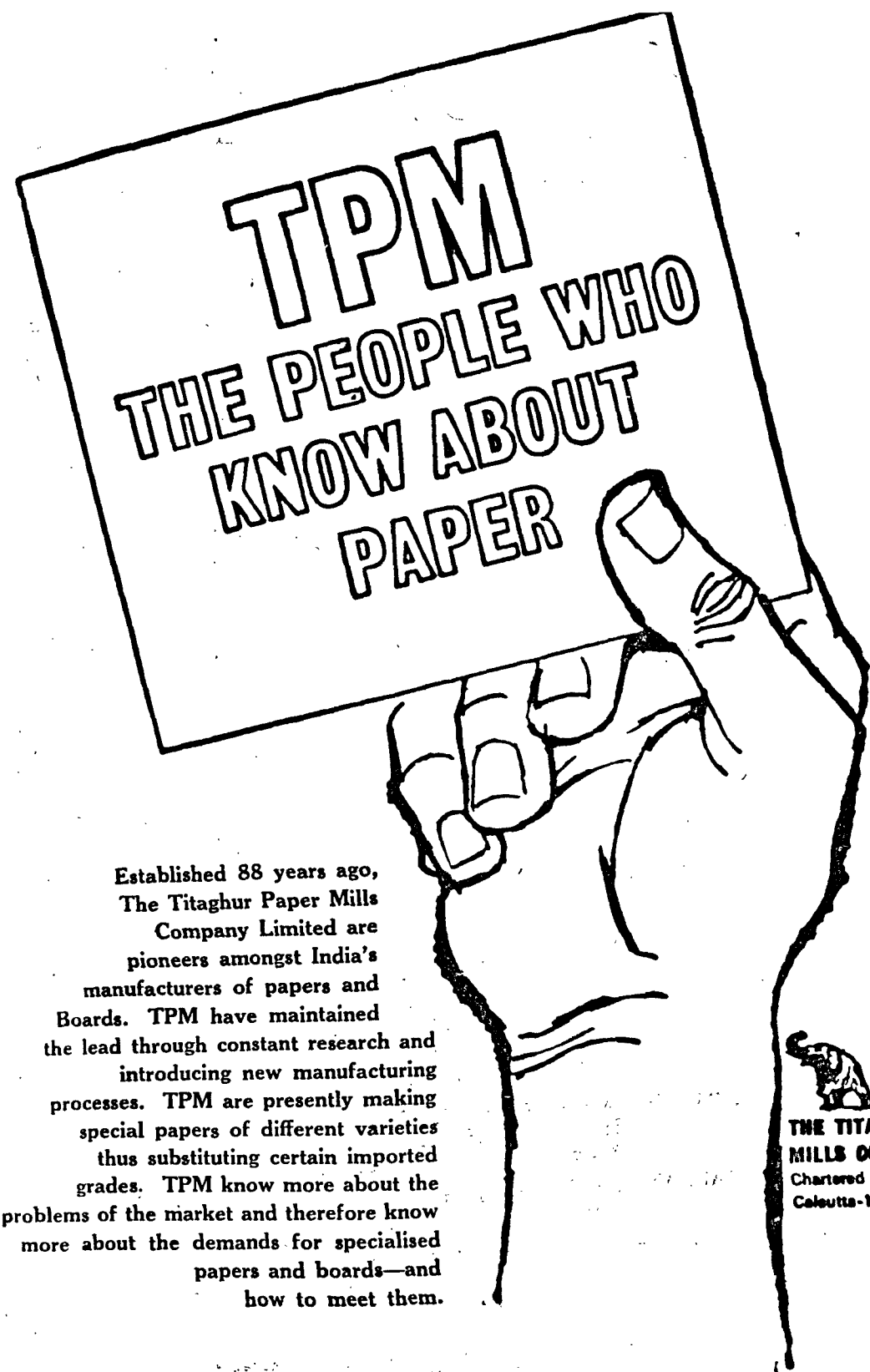
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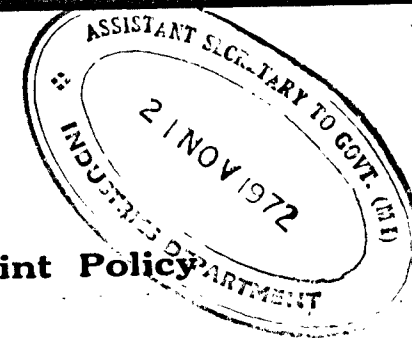
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The Nixon Victory

IT would be wrong for the people in this country to imagine, as some do, that high on the list of priorities of President Richard M. Nixon on his re-election would be the objective of settling old scores with India by making his country tilt further towards Pakistan. Such fears betray a lack of self-confidence as well as a poor understanding of international affairs. The decisive victory which President Nixon has won against Senator George McGovern, the first of its size since the re-election of President Abraham Lincoln in 1864, suggests that the people of the U.S.A. overwhelmingly endorse his policies. This belief is strengthened by the fact that President Nixon's victory is largely personal since the Republican Party has lost more ground in the elections to Congress and to the offices of Governor. He is known to have no personal charm about him for the average voter. His is not a charismatic vote-catching personality of a Kennedy, Eisenhower or a Roosevelt.

An important feature of President Nixon's character loudly commended even by his erstwhile critics was his refusal to hasten too fast towards peace in Vietnam for the sake of popularity at home. This has been interpreted by many as placing national interests above his own. The same streak in President Nixon's character was evident in his dealings with Peking and Moscow. Although for a time Dr. Henry Kissinger's secret dash to Peking last year seemed like a sudden and dramatic move, it was evidently the result of long months of patient preparation and prior agreement. The same can be said about the Nixon visit to Moscow. These are some of the events that should give to people in India a clue to the American President's character. If these are any indication, it would seem that his personal prejudices and predilections, if indeed he has any against India, are unlikely

to play a decisive part in determining the U.S. policy towards India.

In retrospect it seems more likely that support to Pakistan and alienation of India were all part of the grand Nixon design to befriend Peking and pull out of Vietnam. The U.S.A. is now entering the most crucial phase of postwar diplomacy. Past equations and alignments are rapidly changing. The picture that may emerge is not clear at all. The U.S.A. is still walking on a tight rope between China and Russia. The possibility of the two communist giants eventually making up with each other cannot be completely ruled out. Furthermore, the U.S.A. is rapidly losing friends in Asia and cannot as yet be too sure of Chinese friendship. The Arab countries are positively hostile to the Nixon administration. The Japanese are becoming increasingly suspicious of it. All the erstwhile American allies in south-east Asia now have a feeling of being let down. Ever since the Bangladesh war India has become cold towards the U.S.A. Even in Pakistan there are strong murmurs of discontent against the Americans.

In the face of all these uncertainties why should the Nixon administration go out of its way to alienate India completely? If it is in India's interest not to lean too heavily towards Russia, it is equally in the interest of the U.S.A. not to write off India as a total loss. With their shrewd business instinct, the Americans might like to look back upon their considerable investment in this country and examine how the relations can be improved again. And if the Americans are prepared to undertake such an exercise, there is no reason why India too should not make a more pragmatic reappraisal of the world situation and try to come to a better understanding with President Nixon than has been possible so far. In a give and take of

this kind it is really immaterial who gives more at a particular time. What really matters is the result.

India cannot for ever remain bound by the passions and prejudices of the Bangladesh war. There is no one in this country with a grain of patriotism in him who does not condemn the U.S. rôle in that war as being hostile not only to India but to the whole of humanity. The U.S.A. was guilty of condoning barbarity and genocide. It was guilty of supporting a ruthless dictatorship at the cost of the world's largest democracy. It was guilty of sacrificing human rights for the sake of expediency. But so was China. The communist regime in Peking was guilty of all the crimes committed by the U.S.A. in the Indo-Pakistani war over Bangladesh. Yet New Delhi is keen on joining the race to Peking while it still has an aversion to making a similar gesture towards the U.S.A.

It is not India alone which has to take a second look at the alliances forged after the Bangladesh war. Already many of the euphoric suppositions built in the wake of that war—like the everlasting bonds of blood between India and Bangladesh—are proving illusory. The hard realities of the economic situation in both countries are now asserting themselves and the best India and Bangladesh can aspire to is a good-neighbourly relationship. Similar limitations are becoming evident in India's relations with Russia. It is obvious that no power in the world, leave alone Russia, can underwrite the gigantic technological effort that will have to be made to revive India's economy. Some strains as a result of India's exaggerated expectations from Russia are already becoming apparent in the economic discussions between the two countries.

India would also do well to remember that the current phase in international diplomacy is unique in the sense that it cuts across ideological barriers. The E.E.C., Japan and China are emerging as giant independent entities that defy any ideological line-ups. What is even more to the point, Russia and the U.S.A. have suddenly discovered that they need each other urgently for mutual security and economic development. The Russians have approached the Americans for the largest grain deal ever transacted in the world. They have also asked the Americans to help them explore their highly stra-

tegic oil reserves in Siberia and in the foreseeable future Russian oil may be shipped to the U.S.A. in large quantities.

With such tremendous new possibilities in international diplomacy and trade, it would be tragic if

A Reprieve for the Pound

IT was not seriously to be expected that Britain's new prices and incomes freeze would produce an immediate and spectacular improvement in the value of sterling. The announcement was certainly welcomed by the foreign exchange markets, as indeed by the City of London. But the reception was far from enthusiastic, because too many doubts inevitably remain. Is the new initiative going to be in time to save the British economy from the inflationary collapse? Will it prove adequate to meet a situation already left to deteriorate for too long? Can it succeed in the face of all the technical and political problems that are bound to be encountered? Such questions are unlikely to be answered much within a year. The actual freeze, after all, is only the first stage in a continuing struggle against inflation which must somehow be developed into a permanent feature of the British economic scene. There is just no guarantee that this can be done under a Conservative Government whose reputation for efficient economic management is now probably even worse than that of its Labour predecessor. There are undoubtedly some factors which are in favour of the new policy succeeding. But the overwhelming weight of evidence still points to its being a failure. The foreign exchange markets are acting wisely in reserving their judgment—at least for the time being.

On this question of success it has already become fashionable to compare the Heath experiment with that made by Mr. Nixon in August 1971. It is an exercise which can easily be carried too far. Put simply, Britain is not the United States. An American President enjoys more executive power and much greater national prestige than a British Prime Minister. In the United States the trade unions are not as strong, or as prestigious as they are in Britain. The British economy is an open one, and therefore much more responsive to international influences than is the

India remained tied to its traditional ideological inhibitions or outdated notions of relative permanence of relations between nations. This is an age of change and no one can afford to stand in the same position for long. Everyone has to keep moving forward.

American. Admitted that Mr. Heath must have had Mr. Nixon's example prominently in mind when he decided to abandon his former belief in the efficacy of market forces for containing inflation, just as he had Mr. Wilson's failures to deter him from too enthusiastic a conversion. But the fact remains that Britain's circumstances are altogether different from those which existed in the U.S.A. around the summer of 1971, and that the policies chosen for dealing with them could turn out differently as well. What has happened to the dollar since then need not be repeated by the pound.

To doubt the likelihood of the Heath policy succeeding is not to deny the thoroughness and imagination with which it was launched. In Britain, where the electorate is so equally divided, the key to effectiveness for any such policy is public opinion, and that is something the Prime Minister went to great pains to cultivate. Doing something against inflation is a popular enough rallying call with the British public; exactly what ought to be done is another matter. For this reason the "tripartite" talks which preceded the announcement of the freeze, although so obviously a political exercise, were wholly necessary. They were virtually bound to fail, at any rate the first time. But they had the great value that they showed the Government in a reasonable and co-operative light, something which it has so far contrived to avoid. It can thus be taken for granted that the next stage will be the culmination of yet another round of tripartite talks, and devised with the same objective in view. This is, briefly, to ensure that the public always puts the blame for inflation where it rightfully belongs, namely, on the shoulders of the trade unions.

It was clear all along that the T.U.C. regarded the tripartite talks as a trap, as indeed they were. Whether the unions were, therefore, as responsible for the breakdown as

the Government has made out, is another matter. What the unions sought was a statutory control of prices unmatched by any restraint on wages. But this was a bargaining position and undoubtedly a compromise could have been reached if the Government had been prepared for the necessary concessions. But the Government claimed all along that it was working to an economic model which simply could not be adapted to what the T.U.C. was demanding. Whatever the merits of the different arguments, the fact remains that it is the unions that have taken the major share of the blame for the failure of the talks, and that they are likely to do so again unless they can contrive to represent themselves to the public as being more co-operative. It can justifiably be looked at as the beginning of a long-term political process of pushing the unions into a position where they must take appropriate responsibility for the power they undoubtedly wield in the British economy. It is on the failure or success of this policy, essentially a political one, that the entire future of Mr. Heath's anti-inflationary campaign depends. Again it is little wonder that the foreign exchange markets find little excuse for optimism.

Apart from instilling some sense of responsibility into the trade unions, it has long been accepted in Britain that a freeze policy cannot succeed unless it is effective in controlling prices, and is seen to be fair as between all groups in society. These two criteria raise formidable problems. It is interesting to note that up to the moment the freeze was announced, the Government was publicly proclaiming that comprehensive price control was impossible. It should soon be clear whether or not it was correct. The range of controls required is surpassed only by that which existed in wartime Britain. The technical problems involved are staggering. Yet even these pale by comparison with the difficulty of holding down wages. One of the main factors in modern inflation is the joint interest which management and labour find in conceding pay demands in exchange for uninterrupted production runs. The danger is that they could still do so even under freeze conditions, and that the two sides of industry will in effect conspire to wreck the whole policy.

This possibility highlights yet another factor essential to the success of an anti-inflationary initiative for Britain, namely, the control of the

money supply. It is indeed a crucial factor, because it arouses political differences within the Conservative Party. When Mr. Enoch Powell accused Mr. Heath in Parliament of having "taken leave of his senses" by adopting *dirigism*, he was offering as the alternative a pure form of Friedmanism which enjoys considerable support among Conservative backbenchers. The answer to this argument, of course, is the simple one that in fact there is no real choice between the two policies; they will both have to be run together. It can be said with some confidence that unless Mr. Heath backs his freeze with strict control of the money supply, it has no chance at all of working. Indeed, this fact is among the main reasons for suspecting that things have anyway been left too late. So far this year the expansion of the money supply has been so great—up to 30 per cent on a yearly basis—that it is bound to cause considerable strains in prices whatever the legal controls on them. If the Bank of England were now to get some belated control over the money supply, reducing its rate of expansion to, say, 6 per cent or 8 per cent a year, there might be a fair chance of the second stage of the policy working. But so much damage has already been done that it is going to be extremely difficult to implement the freeze stage.

The Raj Committee Report

THE immediate reaction to the report of the Raj Committee on taxing agricultural holdings may be to wonder whether it is worth taking all the steps, enumerated in the report, to net a revenue of just Rs. 200 crores a year. And when this amount is divided among the States, the average a State will be only between Rs. 10 crores and Rs. 12 crores. Viewed purely as a revenue-raising measure, the new agricultural holdings tax, recommended by the Raj Committee, may not appear worth acceptance. But that certainly will be a short-sighted view, for the philosophy behind the need to tax every sector as equitably as possible will have no relevance if tax proposals are accepted or rejected merely on the basis of their revenue potential. In fact, as the Raj Committee itself points out, it may be possible to raise an additional Rs. 200 crores by introducing a greater degree of progression in existing indirect taxes or even levying new ones. But again as Dr. K. N. Raj has rightly observed, commodity taxation has serious limitations as an instrument of resource

The British example is well worth study by the international community as to how inflation can be dealt with. The first lesson it underlines is the importance of the money supply. The second is the dangers which too powerful a trade union movement can present to the delicate balance between price stability and full employment in an industrialised economy. Yet a third is the importance of public opinion, which in a country like Britain can be too easily divided between its sectional and its national interests. Finally, there is the lesson to be learned from what is probably the only factor working for the success of an anti-inflationary policy in Britain today—the rate of growth. What is believed to have doomed such experiments in that country is the slow rate of economic expansion, the fact that real as distinct from monetary incomes have lagged so far behind those in other countries. It is hoped that with the British economy now expanding at an annual rate of around 5 per cent, the growth of real incomes will to a large extent relieve the anxiety to secure higher monetary ones. It remains to be seen whether this happens. But on it depends the health of sterling, the economic wealth of an important international market, and indeed the entire economic, social and political future of the British people.

mobilisation, since it is more easily shifted and very often leads to unintended cost escalations. For an equitable distribution of the burden, it is essential to use direct taxation to the maximum extent possible for resource mobilisation. At present, the direct taxes on agriculture, in the form of land revenue, cesses and surcharges, are very low and account for just 1 per cent of the net domestic product from agriculture.

In devising a system of direct taxation for agriculture, the Raj Committee has proceeded on the basis of three important criteria. First, it has proposed that the agricultural holdings rather than the income from them should be subject to the new tax. Secondly, it has recommended the introduction of an element of progression in levying the tax so as to make it more equitable. And thirdly, it has favoured the partial integration of agricultural and non-agricultural incomes for determining the rate of tax on the latter and clubbing the incomes of husband, wife and children for

assessment of the total tax liability. The first criterion is unexceptionable and avoids the pitfalls inherent in defining agricultural income and determining the same in respect of each holding. The Committee has, therefore, recommended that the tax should be levied on all agricultural holdings of a ratable value of Rs. 5,000 and above. The Committee has spelt out an elaborate procedure for determining the ratable value of each holding on the basis of its size and productivity, besides its crop pattern. While the basis recommended by the Raj Committee sounds scientific, its adoption throughout the country on a uniform basis bristles with practical difficulties in view of the lack of proper maintenance of records and other necessary data in village societies. It is, therefore, clear that a lot of preliminary work for levying the new tax will have to be done by the States before they embark upon this experiment; otherwise, revenue from this source may remain elusive.

The scheme of partial integration of agricultural and non-agricultural incomes, recommended by the Raj Committee, is a compromise between the constitutional rights of the States to tax the rural sector and the Central anxiety to prevent leakage of revenue that results from persons with large agricultural incomes not paying any tax either to the States or the Centre. The complete integration of the two sources of income, as desired by the Centre, has not been favoured by the Committee as that will require an amendment of the Constitution. Furthermore, that will mean an abridgment of the rights of the States and will not, therefore, receive their support. The Committee has made it clear that the integration of agricultural and non-agricultural incomes should take effect only if an assessee has taxable income exceeding the minimum exemption limit laid down for the levy of the Central income-tax.

As for progression in levying the new tax, the Raj Committee admits that the proposed ceilings on land holdings have greatly reduced the scope for progressive taxation. Even so, the Committee believes, there will be incomes earned from agriculture large enough to come within the purview of progressive tax. This belief is based on the assumption that the size of operational ceilings would not necessarily be limited by the proposed physical ceilings on land. Perhaps, the Committee could have examined the desirability of imposing stiffer doses of taxation above a particular ceiling so that the purpose of having physical

ceilings is also achieved by the new tax system. However, since the recommendation is for a tax on the ratable value of a holding rather than on income, the scope for mischief is reduced as none will gain by deliberately depressing the return from his land.

Another far-reaching recommendation of the Committee is for clubbing the incomes of husband, wife and minor children and making the family as the unit for the levy of all direct taxes, including income-tax and wealth tax. This recommendation runs counter to the findings of the Wanchoo Committee which had not favoured such a move. The Wanchoo Committee was of the view that the greater complexity of assessment, arising from such a clubbing of incomes, would impose a new burden on the tax authorities at a time when they were unable to cope with the existing workload. The conflicting views of the two expert committees are only indicative of the complexity of the problem and whatever decision the Government may ultimately take on this question, it should be based on the principle of equity and fairplay.

The report is not voluminous but the recommendations are such that they need to be discussed in public and Parliament before any decisions are taken on them. According to the Raj Committee, the States seem to be enthusiastic about the new tax pro-

posal, evidently because it will add to their revenues on a progressive scale. Since the measure is to apply initially only to holdings of a ratable value of Rs. 5,000 and above, it will not also be politically unpopular. However, the States would do well to remember the Committee's suggestion that they should consider the issue of extension of the tax to holdings of a ratable value of less than Rs. 5,000, as and when they find it convenient.

Dr. Raj and his colleagues on the Committee have, on the whole, made a good case for taxing the rural sector, not only on an equitable basis, but also on a scientific one, which can be rendered foolproof only to the extent that State administrations plug the known loopholes and keep a vigilant watch over the implementation of the measure, once it is accepted. The yield may not be very high initially but acceptance of the measure will mark a beginning in taxing rural incomes and it is only reasonable to assume that the revenue in the coming years will be proportionate not only to the productivity and incomes of agricultural holdings but also to the efforts of the State Governments to tighten tax administration in the rural areas. If it is admitted that no section of the community should be completely immune from direct taxation, as the agricultural sector is today, then the Raj Committee report deserves to be taken more seriously than reports of expert bodies in general.

Take-over of Textile Mills

THE take-over of units in various sectors of the economy has become a style of the Government's operations of late. The Central Foreign Trade Ministry, particularly, has been a major exponent of this style, notwithstanding the doubtful benefits of canalisation of many items of trade through public-sector bodies like the S.T.C. and the M.M.T.C. Therefore, the take-over of the management of 46 textile mills caused little surprise. The management of these mills has been entrusted to the National Textile Corporation, which is already looking after 57 other mills in various parts of the country. With the additional responsibility for 46 more mills, nearly one-sixth of the total of about 600 mills in the country will come under the purview of the N.T.C. Thus quietly but deliberately the Government has brought under the public sector a sizable chunk of the cotton textile industry. With the decision to

set up a Textile Export Corporation, the Government's active participation in this sector will increase in the years to come.

The reasons given for the take-over should sound familiar by now: mismanagement, declining production and threat of unemployment to 100,000 workers. Moreover, most of these mills produce medium and coarse varieties of cloth; since these are consumed by the weaker sections of society, it is necessary to ensure that the supply is not suddenly disrupted. While there may be justification for Government take-over in the case of particular units, the mass take-over is difficult to understand. It is not that the management of 46 mills had suddenly become lax and inefficient. There may be other reasons than mere mismanagement for the decline in production and closure. The lack of funds for modernisation has been one of the

major factors for the inefficient working of some of the units. But the Centre, which is now so much concerned about the health of the industry, had not cared to initiate a concrete programme for the modernisation of mills. To put all the blame on the management for the poor state of affairs in the 46 mills is hardly fair.

The Government's *ad hoc* approach to the industry's problems is obvious from the latest annual report of the National Textile Corporation. The chairman announced in July last that the Corporation had prepared modernisation programmes in respect of 33 of the 57 mills already under its control. The cost was estimated at Rs. 14.5 crores and the entire amount was expected to be consumed in the current financial year. Against this estimated expenditure of the Corporation the total funds allotted to it during the current Plan period was only Rs. 17.5 crores. The Corporation had, therefore, asked the Government that the Plan provision be raised to at least Rs. 34.5 crores. These estimates of the cost of modernisation have not been prepared by the former inefficient management of the mills; the Government's own Corporation has arrived at these figures. While one can understand the Government's difficulty in making more money available, the fact that must be faced is that it is in a position to spend only a fraction of the money needed to restore health to the mills. If this is the case with the 57 units already under the N.T.C., its difficulties in coming years to modernise over 100 mills can very well be imagined.

There is little point in going into the merits of a step the Government has already taken. But it would be worth while for the Government to remember that unless it ends some of the uncertainties caused by its action of mass take-over, the future development of this key industry might be at stake. It was hoped that the take-over of 46 mills would prove a "deterrent" to further closure of mills. Unless the Government is cautious, instead of proving a "deterrent", its action may have exactly the opposite effect. With the Government having established a strong base in the industry, with repeated demands for the wholesale nationalisation of the industry and with the Government's declared intention to take over the export trade progressively, even the best managed mills might become chary of investing more money. It may be easy for the Government tomorrow to blame the industrialists for not modernising their mills, forgetting completely that it is

responsible for the continued nationalisation. If the continued growth of the industry is to be maintained and its share of the world market increased, then the Government must come out with a clear-cut policy. Since "sickness" is a vague term, any mill can come under this category at

West Bengal: A Big Break in Planning

THE Government of West Bengal deserves to be complimented for drawing up its Fifth Five Year Plan in a bold and ambitious manner. In the previous Five Year Plans, West Bengal's outlay was quite meagre, as compared with other States, due to the chronic political instability which prevented the State Government from giving proper attention to problems of planning. Mr. Siddhartha Ray's Ministry, therefore, gave top priority to the formation of a Planning Board for the State. The Board has now prepared an approach paper to the State's Fifth Plan, involving an outlay of Rs. 4,790 crores, inclusive of the costs of the projects sponsored by the Government of India to be implemented in West Bengal. The full text of the approach paper is not yet available. But from the summary that has appeared in the Press, it seems that the broad approach of the State Government to the Fifth Plan is well-conceived. Agriculture has been rightly given the largest outlay—Rs. 1,804 crores. The allocation for irrigation and other activities allied to agriculture has also been substantial. While irrigation (including flood control) has been allotted Rs. 558 crores, for schemes like land reforms, fisheries, dairy, animal husbandry and co-operatives, a sum of Rs. 118 crores has been set apart.

In recent years, there has been a great deal of discussion about the stagnation in West Bengal's economy. But it is not properly appreciated that there has been considerable progress in West Bengal's agriculture. The area and yields have shown a significant improvement. The area under foodgrains in West Bengal increased from 5,615,200 hectares in 1966-67 to 5,866,800 hectares in 1968-69, production from 5,377,200 tonnes to 7,162,300 tonnes, and the yield a hectare from 958 kilograms to 1,221 kilograms in the same period. The area under high-yielding paddy rose from 26,000 hectares in 1966-67 to 567,000 hectares in 1969-70, the target for 1970-71 being 729,000 hectares. West Bengal now holds the first position among the rice-

lic sector. The present atmosphere is not conducive to the healthy growth of the industry. Finally, there is a limit to which the Government and the National Textile Corporation can stretch their resources and management talents.

producing States of India, having achieved a record output of 6.35 million tonnes in 1969-70. Wheat production in the State jumped from only 28,000 tonnes in 1964-65 to 400,000 tonnes in 1969-70. The Fifth Five Year Plan for West Bengal has, therefore, done well in giving the maximum emphasis on the development of agriculture. The Plan makes substantial provision for fertilisers, pesticides, improved seeds, implements, irrigation pumps and tubewells. It is expected that the vigorous development of agriculture will give a strong stimulus to the growth of industries, especially those which produce the various inputs required by farmers.

The Government has allotted Rs. 1,035 crores for the development of industry and minerals. How exactly this amount is going to be invested in the different industries is not known. But, obviously, West Bengal needs massive investment in industry and also in minerals in order to exploit effectively the State's vast resources and provide more employment. The major industries in the State have been mostly of the traditional type which have little growth potential. It is, therefore, essential that the State should now concentrate on the development of those industries which have excellent prospects for growth, such as petro-chemicals, electronics, automobile ancillaries, transport equipment, and so on. The Government has allotted Rs. 605 crores for investment in power generation, including Rs. 200 crores in the Central projects. It has been estimated that the planned activities in the State during the Fifth Plan are likely to generate a demand for 3,700 M.W. of power. The approach paper refers to attempts at integration by "merging of the power generation units of the Durgapur Projects Ltd into the W.B.S.E.B. (West Bengal State Electricity Board) system, complete taking over of the C.E.S.C. (Calcutta Electric Supply Corporation) system by the W.B.S.E.B. or maintenance and distribution control by the W.B.S.E.B., and co-ordination of the

system with the integrated W.B.S.E.B. system”.

The emphasis on planning for more power is, indeed, welcome. In recent months, the power shortage has seriously crippled industrial production and expansion. But it is not clear how exactly the State Government is going to ensure that the power plants are maintained in perfect condition and that they produce to the maximum capacity. Almost simultaneously with the release of West Bengal's approach paper, it was reported that the West Bengal State Electricity Board's Budget for 1972-73 has been substantially cut. The Budget has now provided only Rs. 23.34 crores which is Rs. 8.60 crores less than what was required by the Board. It is feared that this cut, caused mainly by the lack of resources, will affect the development schemes relating to power generation. If this happens, the Fifth Plan's implementation will be retarded. The Government, therefore, should go more deeply into the power problem and take effective measures to ensure its adequate availability to industry, agriculture and other consumers. In fact, without proper attention to all aspects of power supply, the Fifth Plan will have little chance of success.

The approach paper proposes resource mobilisation of Rs. 867 crores, including Rs. 262 crores from additional revenue receipts, Rs. 255 crores from shared taxes and Central grant, and Rs. 350 crores from capital receipts. The capital receipts are inclusive of Rs. 100 crores from small savings, Rs. 150 crores from market borrowings and institutional finance, and Rs. 100 crores from Central non-Plan loans. But no indication is given of how about Rs. 4,000 crores will be mobilised to meet the cost of all the projects. West Bengal, of course, can look up to New Delhi for massive financial assistance in various forms. But how effectively this will be utilised will depend mainly on the extent to which the State Government succeeds in mobilising the resources from within West Bengal.

The success of West Bengal's Plan will depend not merely on the Government's ability to raise resources or obtain assistance from New Delhi but on the extent to which it is able to attract private investment on a massive scale. The State Government has done a great deal to revive the climate for investment by reorganising the West Bengal Industrial Development

cessions and incentives to entrepreneurs, and by improving the infrastructure. But, regrettably, there is no indication yet of entrepreneurs coming forward to invest in West Bengal in a big way. New Delhi's vacillation over the industrial policy, especially in respect of the approach to the joint sector, is to some extent responsible for the lack of adequate interest on the part of entrepreneurs to invest in West Bengal. Mr. Ray's Ministry, therefore, should press the Central Government to create such conditions as will facilitate a large flow of private investment which is so essential for creating employment opportunities in West Bengal.

Soon after it was formed, the State Planning Board expressed its intention to associate the private sector in drawing up the Fifth Plan. It was proposed to set up a number of Committees, Working Groups, Task Forces, and Cells to make in-depth studies of various problems relating to agri-

so on. But these bodies have not even started functioning. Meanwhile, the Planning Board has already submitted its approach paper to the Planning Commission. In view of the magnitude of the investment proposed, the Board would do well to take into confidence the various representative organisations in the State so that the Fifth Plan can be finalised and implemented smoothly to produce the desired results. The efficient working of West Bengal's administration is also of crucial importance to the success of the Fifth Plan. Mr. Ray's Ministry has taken certain steps to tone up administrative efficiency. But a great deal has yet to be done in many directions to ensure that the machinery of the Government is fully geared to the needs of development. There have been many instances in the past when West Bengal had to surrender the funds allotted by the Centre. Will West Bengal, therefore, be able to spend effectively as much as Rs. 4,970 crores in five years?

CURRENT COMMENT

COLOMBO PLAN

Focus on Indebtedness

The Consultative Committee of the Colombo Plan at its twenty-second meeting in New Delhi last week highlighted a problem that is assuming alarming proportions in the case of some developing countries: the problem of indebtedness and rising debt service burden. As the Committee noted in its final *communiqué*, the problem had arisen because some developing countries, in order to achieve a tolerable level of economic growth, had to borrow money from donor Governments and commercial sources on terms which were too hard. The concessionality element in aid was not very high in the past and both the developed world and the developing countries took too narrow a time perspective within which they had hoped that the latter would attain self-sustaining growth. This did not happen and the developing nations were faced with a mounting debt service burden every year.

The Committee went into this question in depth and took the view that the problem could be mitigated if the developed countries took two types of measures. The first step suggested was for the developed world to open up more of their markets to the products

of the developing countries. This was necessary because unless the developing nations' export earnings increased progressively, they would not be in a position easily to undertake repayment as well as debt service obligations. As Dr. I. G. Patel, Secretary, Department of Economic Affairs, Central Ministry of Finance, pointed out at the meeting, nearly 30 per cent of this country's export earnings were now devoted to repayment of debt, both amortisation and interest charges. Therefore, one way to enable developing countries to earn more foreign exchange was to help them export more.

The second line of action suggested by the Committee was increased availability of soft aid finance, particularly grant aid. Since the heavy burden of indebtedness has been caused because of the "too hard" terms under which loans were given in the past, one way to prevent too heavy an accumulation of debts was to soften the terms under which it was given. Among the aid givers, Canada, Britain and the Scandinavian countries have already made the terms of aid more generous by not only doing away with interest but by stretching the repayment period by over 30 years. Dr. Patel made a few valid points on the question of indebtedness of the developing world that was not reflected in the Colombo Plan Committee's final *communiqué*.

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The first was with regard to interest-free loans. If the principle of interest-free loans was acceptable to donor nations in future, he did not see any reason why the same principle should not be applied to past loans. His second point was that when the debt burden became intolerable, "people will throw it off." He referred in this context to the recent U.S. decision that convertibility of the dollar into gold cannot be maintained. "The world community will have to accept the fact that it cannot be maintained and it need not be maintained," Dr. Patel added. The implied meaning of Dr. Patel's warning, one hopes, will be taken note of by the rich nations of the world.

I.R.C.I.

Helping Sick Units

The Industrial Reconstruction Corporation of India has been playing a major rôle in helping sick and closed units back to health. It has been without a chairman for quite some time; now Mr. R. C. Dutt, a former Secretary to the Central Ministry of Information and Broadcasting, has assumed charge of this important agency. Addressing his first Press conference as the I.R.C.I. chairman in Calcutta last week, Mr. Dutt said that 20 industrial units which had been helped by the Corporation had already started earning profits. Sixteen other establishments similarly financed by the I.R.C.I. were yet to earn profits. Assistance to 24 other units had already been officially sanctioned. A total sum of Rs. 15 crores has been allotted for these 60 units. Of this amount, the I.R.C.I. has provided Rs. 9.63 crores; the rest has come from banks. Mr. C. T. Das, managing director of the Corporation, told reporters on the same occasion that since its inception the I.R.C.I. had received 380 applications for assistance. Of these 55 had been rejected while 73 parties had been directed to approach banks and other financial agencies. In all, 60 applications had been approved.

CONSULTANCY SERVICES

Seminar in Bombay

A seminar on "Consultancy Services in India", organised by the Industrial Credit and Investment Corporation of India, was inaugurated by the Central Finance Minister, Mr. Y. B. Chavan, in Bombay a few days ago. Mr. Chavan laid stress on the development of indigenous technology which could

reduce the country's dependence on imported know-how. Attended by over 300 delegates comprising representatives of consultancy firms, industry, financial institutions, banks, as also the Planning Commission and the concerned Government departments, it was spread over three sessions lasting one-and-a-half days. While the consultancy profession has developed fairly rapidly during the past decade, the growth has been haphazard functionally as also geographically. With increasing responsibilities and the accent on self-reliance, the question of quality of consultancy profession has become important. Besides, the question of functional specialisation has become equally important as most of the consultancy firms claim to provide a full range of services. This, desirable though it may be from the point of view of better utilisation of scarce technical skills, presents difficulty in ascertaining the capacity of consultancy firms for different types of specialised jobs.

CORPORATE SECTOR

Social Responsibility

A seminar on "the Corporation And Society Today," sponsored by the American University Centre in Calcutta, was held at its premises a few days ago. Speaking on "Corporate Social Responsibility" Mr. L. N. Birla, a well-known industrialist, said that the cold calculation of profit alone was not the motivating factor behind an entrepreneur's success. Rather, it was the creative joy and the benefits to society that were responsible for a business corporation's expanding production and its efforts to establish new ventures. Mr. Birla stressed the need for corporations to remain economically viable. He also pointed out how governmental measures were restraining the growth of large enterprises. Notwithstanding these constraints business enterprises should, in his view, not only associate themselves with increasing production but also be concerned with community problems—city planning, slum clearance, environmental restoration, education, mass transportation, crime prevention etcetera.

Mr. R. S. Pande, managing director of Tata Iron and Steel Co. Ltd, stated that industry had an equal responsibility not only to its own employees and shareholders but also to society at large. Employers need not boast that they were providing so much to their employees. If they were doing this, he pointed out, they were only doing

their duty. If they did not do it, they had no right to be in business. According to him, the corporate sector should let the people know that it was genuinely interested in their problems. It should prove that it was not a self-centred corporation working only for the benefit of its shareholders. "That is the view that we have got to inspire in the present system", he declared.

HINDUSTAN STEEL

Record Production

The aggregate production of salable steel from the three tonnage steel plants of Hindustan Steel amounting to 266,800 tonnes is the highest achieved so far, against the previous best of 266,000 tonnes in March 1972. Production of ingots was marginally higher than in the previous month, being 337,100 tonnes and 336,000 tonnes, respectively. Despatches of salable steel from the three plants during October 1972 were 266,800 tonnes, being 28,000 tonnes more than in the previous month. Despatches could have been better but for the inadequate availability of wagons. The movable stocks of salable steel went up from better but for the inadequate availability to 46,400 tonnes at the end of the month. At Bhilai, the production of ingot steel was higher by 14,000 tonnes than in the previous month, although it continued to be affected due to problems relating to pouring refractories and mould trains in circulation. Salable steel production was also slightly higher than in September. At the Durgapur steel plant, production of salable steel picked up well during the month, being 13,000 tonnes higher, even though ingot steel production was marginally lower than in the previous month. At the Rourkela steel plant, production of ingots and salable steel was lower than in September, mainly due to the lower availability of pig iron. In the alloy steel plant production of both steel ingots and finished steel was below the previous month's level; power-cuts and restrictions in the D.V.C. supplies continued to affect production.

POWER UNITS

Take-over Threat

In a communication to the Government of India, the Indian Chamber of Commerce, Calcutta, has expressed

ed surprise and concern at the reported proposal to take over the private power supply undertakings. The Chamber has said such a move will be ill-advised and harmful to the consumers of power as well as to the country's economy. The Chamber has pointed out that the present critical situation in regard to power supply has been largely due to the shortfall in the generation of power by the public-sector undertakings and technical defects in the transmission line network. Against this background, the take-over of the private power supply undertakings will only aggravate the shortage and create more difficulties. Electricity undertakings in the private sector have been operating efficiently and their power tariffs have also been lower. In regard to West Bengal, the Chamber says that if the private-sector undertakings had been allowed to expand their generation capacity, the supply position today would have been far better. It has suggested that instead of nationalising the private-sector undertakings, an opportunity should be given to them to expand further and supplement the power resources of the State electricity undertakings.

STATE GOVERNMENTS

Financial Position

The gap of Rs. 168 crores in the Fourth Plan resources of State Gov-

ernments and their enterprises is unlikely to be bridged in 1973-74 (that is, the last year of the Fourth Plan), unless the agricultural sector is subjected to larger direct taxation than in the first four years of the Plan. This is one of the conclusions reached in the study of the budgetary operations of State Governments, prepared by the Division of Fiscal Analysis (Economic Department), Reserve Bank of India, published in the September 1972 issue of the *Reserve Bank of India Bulletin*. The measures adopted by State Governments and their enterprises during the first four years of the Fourth Plan are expected to yield about Rs. 930 crores, whereas the scheme of financing the States' plan outlay envisages the raising of additional resources totalling Rs. 1,098 crores. There is, according to the study, considerable scope for raising resources through improved operations of departmental undertakings; it should also be possible to reduce the continuing losses of multi-purpose river valley schemes and irrigation (commercial) through revision of water rates and betterment levies. Meanwhile, the revised estimates of State Budgets for the year 1971-72 show an overall deficit of Rs. 246 crores, as against the Budget estimate of Rs. 154 crores. The larger deficit was due to the fact that, while aggregate receipts rose by 13.4 per cent over the Budget estimate, disbursements went up by 14.7 per cent.

BEAUTIFYING CALCUTTA MAIDAN

A CORRESPONDENT writes in Current Coin: English annuals are now beginning to make their appearance in the gardens of Calcutta and before many weeks are over their gay fresh blossoms will make a happy picture for English eyes. The flowers in the Eden and Curzon Gardens during the cold weather always provide a beautiful scene of dainty colour, but there is certainly room for more flowers on our broad Maidan. It has often been urged that the beauty of the Maidan would be much enhanced if the little plots of ground round the statues of Lords Dufferin, Mayo, Sir James Outram and others were laid out with flower

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21st November, 1912

beds. The only opposition to such a scheme is raised in the statement that it would interfere with the grazing contracts in connection with the Maidan. This is a very poor reason that could be easily overcome, and with little expense the appearance of the chief roads on the Maidan could be made very pretty indeed during the greater part of the cold weather. The matter is one that should concern the P.W.D. and gives them the opportunity of compensating Calcutta residents to some extent for the distress to which their officials recently put them by allowing the Maidan to be enveloped in a dust fog for some days.

CHEMICALS

Power Cut Hits Units

In the context of the fresh power cut proposed by the West Bengal Government, the Indian Chemical Manufacturers Association has sent a memorandum to the Minister for Power, Government of West Bengal. The memorandum reiterates the need for uninterrupted supply of power to the chemical industry as most of the units in this sector work on continuous processes. Earlier, while proposing the staggering of working hours the Government had assured the Association of continuous supply of power to the units working in continuous processes, but the industry was not spared from frequent load-shedding. Chemical manufacturing units in the State incurred losses from 20 per cent to 50 per cent in terms of actual production during the last three months stemming from unforeseen load-sheddings. The I.C.M.A. has requested the Government to see that the chemical units in the State get uninterrupted supply of power.

MONEY MARKET

Call Rate Steady

The short-term money market has been active this past week. There has been good demand from outside but local demand has been small. The call rate has been quoted at $3\frac{1}{4}$ per cent, with lenders over. The demand for remittances has been moderate. So has been the demand for tea and gunny bills also. The pound-sterling has remained unchanged; if at all, it has strengthened slightly.

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A Ditcher's Diary

BEFORE PARLIAMENT MET FOR ITS winter session the Prime Minister appropriately summed up things at a meeting of Congress M.P.s. I am not surprised that she did not sound cheerful. She need not have reminded anybody that "life is not going to be easy for us". It has not been easy during the past one year; it is not easy now; and Mrs. Gandhi ran little risk of being proved wrong when she said that the coming year was going to be "extremely difficult". Although she seemed to be thinking mainly of difficulties in India's relations with her neighbours, things are unlikely to be easier at home. I wish I could be fully reassured by her view of the economic crisis as "a temporary phase"; nor is there much comfort in the thought that the high prices are a price for "celebrating a victory". Nearly a year after the war of last December, are we in a mood to celebrate anything? Of course, the Prime Minister disapproves of defeatism; she seemed even to defend the level of our performance in putting up the Asia 72 show. It is good to have a leader who is not overwhelmed by difficulties; but when she spoke of a difficult year ahead she could not have been thinking of international problems alone. Some "Big Powers" may be up to no good at all; but Mrs. Gandhi possibly finds some small internal forces equally perverse. And a variety of small things are adding up. At the Utkal Congress general body meeting in Bhubaneswar on Sunday, someone spoke of a "descending Indira

graph". The phrase may not be particularly felicitous nor wholly warranted in its implication; but the Prime Minister has reason to be a little concerned over the by-elections in Ahmedabad and Mysore, the impact of the Mulki rules in Telengana and of the language agitation in Assam, and the general Opposition campaign over the Government's failures on the economic front. And what happens in Cuttack could have wide-ranging repercussions. I am not suggesting that the election result is a foregone conclusion, but I do not see much warrant for Mrs. Nandini Satpathy's confidence that her Government remains "strong and stable". Now that the Utkal Congress has been formally revived, some of its members may leave the Congress camp even if she wins the by-election. If she loses, defections from the enlarged Congress could topple the Government. And she cannot be certain of winning against a formidable and growing combination of Opposition forces, which may be abetted—if not openly aided—by some people in her own Party. Things would have been different if Congress leaders had been able to win over Mr. Biju Patnaik. Once again, Mr. Patnaik is on top of things. He has little to lose, and possibly a great deal to regain.

THE ASSAM GOVERNMENT HAS bought peace at a not inconsiderable price. Virtually all demands of the militant students have been conceded,

at least in substance. Although the State Assembly will not be reconvened specifically to rescind the 23rd September resolution, the students have been left in no doubt that rescission will be effected when the Assembly meets again in due course. Assamese will now be a compulsory subject in all non-Assamese secondary schools in the State; at the university level, the future of English as an alternative medium seems uncertain. There has been mention of a compromise solution, but I do not see any in the arrangements announced so far. Nothing has been done to safeguard certain minimal rights that linguistic minorities enjoy in other parts of the country. It is no one's case that Assamese should not be the main language in Assam; nor is it unreasonable to expect the State's non-Assamese population to learn it. But the Assamese chauvinists cannot wish away the State's multi-lingual character; and it needs to be pointed out that they do not really constitute such a large majority as they often claim to do. Their dominant position owes more to certain historical, and currently political, reasons than to the actual spread of the Assamese language. Yet they are not content with this dominance; their intolerance of other communities in their midst seems sometimes to border on paranoia. The ugly and dangerous manifestations of this mental state ought to be very firmly dealt with. But the Assam Government has not always been sufficiently energetic in attempting this; indeed, chauvinistic belligerency may have occasionally been promoted by official timidity, if not by plain abetment. During the recent disturbances the Calcutta



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newspapers did well to play down the potentially inflammatory news from the Brahmaputra valley. I do not know if the Assam Press showed similar maturity. In any case, now that the situation seems to be under control, some objective accounts of what happened may be wholly in the public interest. The *Ananda Bazar Patrika* has already published two detailed reports from a senior correspondent who made an extensive tour of the troubled areas to study the situation at first hand. If I have no means of judging the accuracy of these reports, I have no reason to suspect deliberate misrepresentation either. The reports are highly disturbing, and they will remain so even if one chooses to allow for some circumstantial inaccuracy or unconscious bias. Other reports, too, have suggested much of what this correspondent has specifically stated.

THOSE WHO, LIKE ME, HAVE OFTEN found themselves wondering how on earth Britain has contrived to get herself into the mess she is in, must have concluded at one time or the other that not all the blame can be attached to the politicians. Some of it must be shouldered by the civil service, because even in Britain it is just not true that the mandarins are the neutral, disinterested, ever-loyal tools of their political masters that legend would have us believe. It is inconceivable they should be, human nature being what it is. When that truth dawned on me some time ago I began to ask myself how long it was going to be before some discredited politician attempted to excuse his own adequate blunders by blaming his civil servants? But I must admit that so far none has tried. It is a fact which could be ascribed to the inherent sense of responsibility among British politicians, although it probably has more to do with the long-established tradition that civil servants are not attacked in public because their position prevents them from hitting back. Such conventions are only defied in Britain at considerable peril, at any rate for anybody wishing to continue in public life. Yet one detects the beginning of an onslaught on the civil service in a book published recently by, perhaps significantly, a woman, Mrs. Marcia Williams, who was and still is Mr. Harold Wilson's Personal and Political Secretary. I have not read Mrs. Williams' book, and the reviewers appear to have been somewhat inhibited in their comments by the necessity of holding it at arms length between thumb and index finger while apply-

ing a handkerchief to the nose. But it is not necessary for a woman to behave like a gentleman, and Mrs. Williams' eagerness to whitewash Mr. Wilson is obvious. She does not hesitate to blame the civil service for frustrating the policies of the Wilson Government when it was in office. That could, of course, have been of inestimable benefit to Britain, but it does nevertheless confirm that there has been a conflict of opinion in high places which must inevitably, over time, lead to confusion and weakness in a nation's life.

WHEN THE EGYPTIANS EJECTED THE Russians from their territory, so precipitately last July, I volunteered the opinion that they might be thinking of seeking a closer association with the enlarged European Community. It was after all a reasonable assumption to make, and I was not the only one to whom the idea occurred. But now that the Russo-Egyptian love affair seems to be on again, I feel I owe it to myself not to make the same mistake of attributing too much deliberation and foresight to Egyptian motives. Surely, it is simple desperation which is motivating President Sadat rather than the careful consideration of strategic alternatives. Be that as it may—and I cannot help but wonder what those inveterate political chess-players the Russians are really up to in Egypt—there is much truth in the conviction that President Sadat would not have been able to get much response from the Europeans even if he had seriously tried. At this stage in the Community's development it just does not have the centralised political means to formulate a collective international approach, even to an area as

vital for its interests as the Middle East. This fact was, after all, brought out at the recent European summit meeting in Paris, and appropriately deplored by most of the countries concerned. I doubt though that the deficiency can be made up in the foreseeable future; attitudes within the enlarged Community are still too diverse. In the meantime policies will continue to be based on a combination of national interests and the defensive reactions of N.A.T.O. It is not only in Cairo where this kind of ineffectiveness is likely to be regretted.

THE CONGRESS PHILOSOPHY HAS always been a bit bizarre so far as alcohol is concerned; but the latest interpretation of its prohibitionist doctrine beats anything I have seen before. Although much alcohol has flown—often down thirsty Congress-site throats—since Prohibition was declared a directive principle of State policy, the Congress ideology is yet to repudiate the view that drinking is essentially evil. But apparently it is far less sinful to spread the sources of corruption than to allow them to corrupt oneself. This, in any case, seems to be the view of the Maharashtra Pradesh Congress Committee, or at least of its president, Mr. P. K. Sawant. The P.C.C. executive, Mr. Sawant revealed last week, had considered whether a liquor vendor could become an active Congress member, and concluded that he could if he remained a teetotaler himself. But a person who imbibed, however worthy his other occupations, would be denied membership. How is the Congress to know whether or not someone drinks in private? Evidently the matter has

come up after the Maharashtra Government's decision to issue drinking permits to all who ask for them; it is now easy to know, and anyone with a permit is disqualified for Party membership. (Apparently Mr. Sawant had no satisfactory answer when a reporter asked him about people drinking without a permit. Perhaps the Congress has no reason to suspect evil where it sees none, or is not obliged to see any.) Mr. Sawant explained that no special favour was being shown to liquor vendors, for the owner of a textile mill or a seller of mill-made cloth, too, could become an active Congress member if he was a "habitual khadi wearer". So, you may encourage and assist others to stray from the straight and narrow path so long as you do not allow yourself any such deviation. It is hard to think of a more cynical view of one's moral obligations; it could even be invoked in defence of a brothel-keeper who refrained from enjoying (or, perhaps, merely buying) what he sold to others. By the same token, there should be no punishment of traders who sell adulterated food if they do not eat it themselves. Mercifully, the laws of the land make a little more sense. Mr. Sawant would perhaps say that I am being facetious and irresponsible, that there can be no comparison between selling liquor and selling adulterated food, let alone keeping a brothel. Of course, there isn't; but the contradiction has nothing to do with degree. I do not suggest that a liquor vendor should be denied Congress membership; but then I do not see anything intrinsically wrong in drinking, which the Congress does.

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Assessing the Performance of Managers Working in Overseas Units

By Chander Bal

As more and more Indian ventures are being set up abroad, it becomes increasingly necessary to evaluate the performance of managers working in such units. Profits alone will, however, be a poor indicator of their executive competence.

ONE of the greatest economic wastes that management may incur is due to the ineffective and inadequate appraisal of executive performance. In spite of the development of quite a few techniques in this area, most companies still face difficulties in measuring, objectively and factually, the performance of their executives. The result invariably is unsatisfactory

performance even in key positions, and loss of unrealised potential in many of their executives. This is perhaps the most important factor which contributes to the scarcity of competent, forward looking and experienced executives for the recently established Indian ventures abroad. These ventures have enormous stakes abroad and their investments will continue to grow with the passage of time. The intricacies of successful operations in foreign markets make the corporate managements peculiarly dependent on their managers abroad. There is thus the need for accurate indications of the extent to which each of these managers is best serving the corporate objectives.

Almost without any exception, they follow one of the three courses of action, none of which, it is felt, fulfils the real needs. The most common approach is not to consider performance while taking decisions for promotion, compensation or transfers of the executives. This approach is the rule in the paternalistic types of enterprises, where decisions are taken on the basis of relations with the bosses, tenure, seniority, location or similar considerations. One thing is common: these decisions are taken without considering the individual executive's accomplishments. Here the executives have little hope that their outstanding performance will get rewarded. The second approach is to gauge the accomplishments of the executives by subjective impressions. The overall performance appraisal is done by the top managements on the basis of executive qualities—creativity, tact, aggressiveness, maturity, comprehension, imagination and courage.

Subjective Ratings

Such an appraisal has no link with the actual performance or its measurements, with which these qualities can be directly associated. Such subjective ratings can vary with the passage of time, as well as with the changes in the likes and dislikes of the rater. The most common method adopted here is

an annual performance review. The top management perhaps does not have the idea of the problems faced by the executives in a foreign market, nor is it aware of the steps taken to overcome those problems. Clearly, managements need to adopt reliable techniques for motivating the executives and accurately measuring their performance.

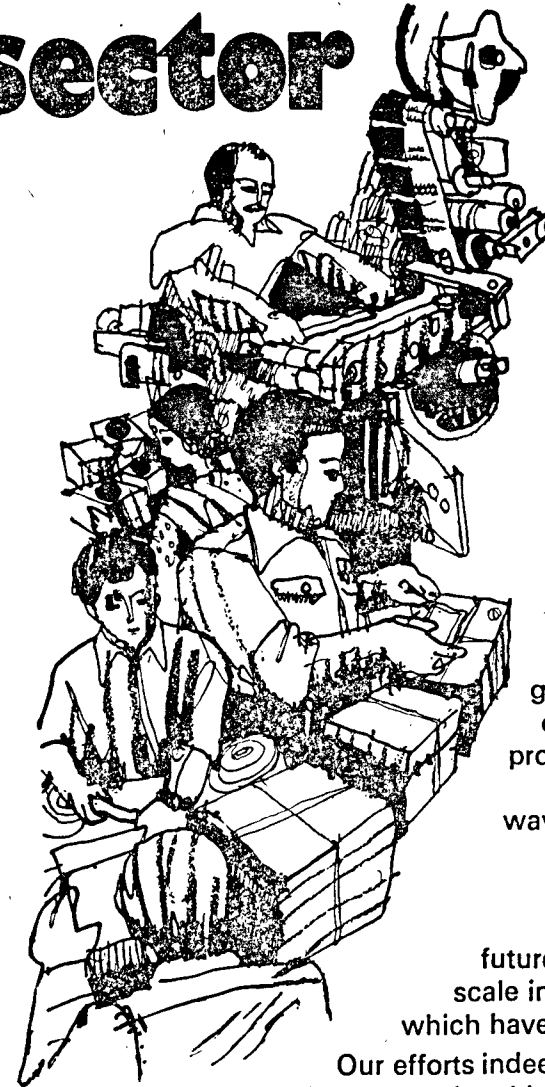
The most common approach is to take the reported operating results at their face value. This ignores the fact that they very often do not reflect the contribution of the local management. Moreover, the most critical factors like volume of production or product mix are controlled by the top management in the home country. And so, even though an executive supervises a fully integrated unit abroad, he does not control its profits. Financial and legal factors like exchange rates, currency conversion rules, amortisation and depreciation regulations and a host of other legal factors continually influence the pattern of operations and the overall profitability of a venture. Thus, the reported profits in such cases will be a poor indicator of the foreign-based executive's accomplishments.

Effective Performance Appraisal

Effective performance appraisal is possible only if the superiors know how effective the operating executive is doing the things he is supposed to perform and how far he is able to achieve the overall objectives set by the top management. Ordinary reporting systems fail in the case of multinational enterprises, because they do not distinguish between the executive's actual accomplishments and all the other influences that come to bear upon foreign operations. Instead, they indiscriminately combine results of the executive's actions and the effects of logistic and financial decisions beyond the executive's control. The ordinary system falls short in another respect; it helps in the measurement of only current profit and loss, but not of the activities that have repercussions on future success or failure.

A sound system of executive's appraisal based on tangible elements of accomplishments can be developed for any foreign-based enterprise. It involves two elements. First, the system must include qualitative measures along with the existing system of reporting. Secondly, operating units'

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profits must be analysed to identify the major influences on the operating results. The measurement of concrete elements of performance other than profits is a little more complicated for any foreign-based operating unit than for a local enterprise. Reliable guidelines that can be developed for critical factors in this area are as follows:

Market share. The market share of a product can be easily measured. Estimates for any period can be made by calculating the relevant share levels with the appropriate transition probabilities then assumed to be operative. The fact that these probabilities will typically change over time increases the need of setting up a continuous monitoring system in this area.

Distribution. Distribution can be accurately determined in any part of the market. The number and quality of retailers, wholesalers, or

agents are reliable guides for judging the accomplishment or failure of an enterprise in a foreign market.

New Product Development Innovations. Record of new product development or innovations by the foreign-based enterprise is a very reliable evidence to indicate the quality and vigour of the executives in charge of these operations.

Index of Productivity. The fact whether the overall productivity of the enterprise set-up abroad is improving or not should be periodically measured. In case some improvement is noticed it need be assessed whether the rate of improvement is in line with that of the competitors.

Accuracy. Record of deliveries, returns and rejects of the various products manufactured and marketed by

a foreign-based enterprise gives a readily measurable index to identify those influences over which an executive lacks control.

The Basic Step

With little extra efforts and managerial prudence even profit performance of overseas units can be measured. The basic step is to bifurcate the total decision process into two segments: the results for which the executives can be held accountable and the results which lie outside their control. Keeping in view this classification, the profit results of an operating unit are affected by the following factors: (i) decisions taken by the local executives; (ii) logistic decisions of the top management; and (iii) financial decisions of the top management.

When accurate cost data are available, the profit results can be analysed in terms of these factors. An analysis on these lines will identify the areas and direct the attention of the top managements to the relevant factors for which local executive can be held accountable. To make this appraisal analysis effective, the top managements must link compensation to results achieved. An outstanding performance must be suitably rewarded, if the top management expects maximum future efforts from the executives working in difficult foreign environments. The failure to achieve the objectives and meet the targets should similarly be followed by suitable penal measures.

PEOPLE AND PERSONALITIES

Mr. Siddhartha Ray, Chief Minister of West Bengal, and Mr. Sankar Ghose, State Finance Minister, had a meeting with the delegates attending the conference on planning held recently by the overseas banking division (O.B.D.) of National and Grindlays Bank Ltd. The Ministers were welcomed by Mr. N. J. Robson, vice chairman, and Mr. H. M. Jackson, general manager in India, on behalf of the bank.

Professor Peter Robson, a British expert in microwaves, is arriving in India shortly for a ten-week visit.

SPECIAL ARTICLES

Significance of the Supreme Court's Verdict against Newsprint Policy

By M. B. Lal

The Supreme Court's verdict against the Government's newsprint policy has placed the whole gamut of Fundamental Rights of a citizen on a sound footing. It confirms the oft-repeated view that liberty has to be guarded by the people by repeatedly testing the validity of the Government's action.

THE Supreme Court's verdict against the Government's newsprint policy will go down in the history of Indian jurisprudence and constitutional studies as a classic document on the dimensions of Indian democracy as outlined in the Constitution. It reveals for the first time the real intentions of the Constitution makers on the freedom of expression. The Indian Government by its actions and statements so far seems to have taken the view that freedom of speech and writing in India is not so unfettered as it is in some Western democracies, notably the U.S.A. and Britain. The Supreme Court has set the record straight by emphasising the vital necessity of giving the widest birth to this freedom in the interest of India's democracy.

In this context, the restoration of the cut in the number of pages of the larger newspapers is only one of the smaller gains from the judgment. The most important advantage from the point of view of those who cherish the freedom of the Press is that henceforth the Government will have to think twice before bringing in its threatened moves to regulate the ownership of newspapers. If, according to the Supreme Court, restrictions on the freedom of the Press are not in keeping with the spirit of the Constitution, it is doubtful whether any move to regulate or control the ownership of newspapers so as to debar a particular section of the Indian community from owning them would pass the scrutiny of the same Court. It is significant that soon after the announcement of the Supreme Court verdict, the Central Government has extended by several months the time for the submission of the report by the committee set up to go into the economics of newspapers. The Government obviously needs time to retrace its steps and take a more

logical and constitutional stand in its dealings with the Press. If this is the intention it is all to the good.

It needs emphasising that despite all the recent suspicions and misunderstandings that may have arisen between the Government and the big newspapers, these papers still remain the best friends and supporters of the established order. They are the ones least likely to indulge in petty black-mailing of politicians. Nor are they easily susceptible to cheap pressures from men in authority anxious to suppress information that does not suit them. It should also be remembered that in almost all the major disturbances in the country it is the big newspapers that have kept their heads cool and given a national perspective to the situation. But perhaps the most important contribution of the major newspapers whom the Government erroneously wished to throttle is towards the noble objective of national integration. The big papers have a readership in far-flung States and their outlook on men and matters is also essentially national. They bring to the readers through the dispatches of their special correspondents in the States the distinctive flavour of the different parts of the country and thus help in stimulating a daily understanding between the States and their peoples.

The Supreme Court was doubtless conscious of these and similar other virtues of the big newspapers derived purely from the rights of freedom of expression given to them by the Constitution when it warned the Government against any abridgment of Press freedom under any garb. In its desire to encourage the maximum freedom of the Press as permitted by the Constitution and clear any cobwebs that may have gathered in bureaucratic minds on the subject, the Supreme Court also released the newspapers from certain irksome restrictions under which they have been suffering all these years under the mistaken belief that these were constitutional. Thus the Court made it clear that there can be no restriction on group newspapers having new units. Also they could

interchange newsprint between their different units and editions.

In memorable words the Court said: "The faith of a citizen is that political wisdom and virtue will sustain themselves in the free market of ideas so long as the channels of communication are left open. The faith in the popular government rests on the old dictum: let the people have the truth and freedom to discuss it and all will go well". The Court clearly felt that this was also the meaning of the freedom of expression in the Indian Constitution and anything that militated against this interpretation should not be permitted. It felt that "in the garb of distribution of newsprint the government has tended to control the growth and circulation of newspapers".

In the same spirit the Court also struck down another provision of the newsprint policy under which small papers were allowed to increase their pages by 20 per cent and could get more newsprint than the big newspapers. It felt that "the effect and the consequence of the impugned policy upon newspapers is directly controlling the growth and circulation of newspapers. The direct effect is that newspapers are deprived of their area of advertisement. The direct effect is that they are exposed to financial loss. The direct effect is that freedom of speech and expression is infringed". It would not be wrong perhaps to infer that in future too whenever these interests of the Press enunciated above are infringed by any Government directive, it would be a fit case for reference to the Court.

An observation of the Court which goes far beyond the issue of Government-Press relations is its verdict that the Government cannot suppress Fundamental Rights of the citizens in all cases under cover of the Emergency. It said: "Executive action which is unconstitutional is not immune during the proclamation of Emergency. During the proclamation of Emergency Article 19 is suspended. But it would not authorise the taking of detrimental executive action during the Emergency affecting the Fundamental Rights in Article 19 without any legislative authority or in purported exercise of power conferred by any pre-emergency law which was invalid when enacted".

This places the whole gamut of Fundamental Rights of a citizen on a sound footing even during the Emergency and places the additional safeguard of "legislative authority" bet-

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ween the Executive and the people to prevent the misuse of the Government's arbitrary powers in the name of the Emergency. This is an additional relief for which the average citizen should be doubly grateful to the Supreme Court. It confirms the oft-repeated view that liberty has to be zealously guarded by the people by repeatedly testing the validity of

the Government's action. Otherwise there is every danger of its degenerating into some kind of authoritarianism or even dictatorship. The danger of this happening is even greater today when in the name of development and security the Government has an increasing tendency to make inroads into the daily lives of the citizens.

Colombo Plan: Outcome of the New Delhi Conference

(By a Special Correspondent)

Of the issues that were discussed at the recent New Delhi session of the Consultative Committee of the Colombo Plan, the problem of indebtedness of the developing nations was of particular interest to India. A redeeming feature is that the attitude of the donor countries was favourable.

THE Delhi session of the Consultative Committee of the Colombo Plan for co-operative economic development in south and south-east Asia has been a success in many respects. Although Pakistan refused to participate in it, for obvious reasons, Bangladesh was brought in and many donor countries, including the United States, added lustre to the session. The entry of Bangladesh did not create much of a problem for the reason that South Vietnam alone tried to oppose its admission on the flimsy ground that enough time had not been given to that Government to consider the issue. Pakistan had also opposed the entry of Bangladesh on the ground, as it stated in its communication to the Colombo Plan headquarters, that its views on Bangladesh "are well known". Had Pakistan's representative been at the Consultative Committee meeting, perhaps he would have made some more noise.

The Consultative Committee exchanged views on four major issues which are of concern to the Colombo Plan countries. These relate to the economic and social implications of drug abuse, international co-operation in agriculture, development of an appropriate technology for utilisation of human resources and the problem of indebtedness of developing countries. These were items which were identified and discussed thoroughly by the member-nations. Of these, the two items which were of particular

interest to India were the development of technology and the problem of indebtedness. On both, the Prime Minister, Mrs. Indira Gandhi, who inaugurated the meeting, gave an appropriate lead by calling for the application of science and technology to development and the importance of self-reliance. The Consultative Committee met under the chairmanship of the Central Finance Minister, Mr. Y. B. Chavan, but it was at a meeting of senior officials of member-Governments that the hard realities of the developing nations were discussed.

The attitude of the donor countries on the indebtedness of developing countries was fortunately very conciliatory. The leader of the British delegation, Mr. Wood, for instance, gave facts and figures to show how serious a problem it had assumed and gave a valid reason for it. This relates to the earlier loans having been contracted on terms which were not as concessional as the developing countries would have liked them to be. There was, as in the case of India, a certain urgency about going ahead with development and, at that stage, the need for concessional credit was not so well appreciated around the world. Consequently, one had to obtain loans on such terms as helped one to get them.

In the case of India, as Dr. I. G. Patel, Secretary to the Development of Economic Affairs, Ministry of Finance, pointed out, it was only a very short period since 1958 that this country started borrowing abroad in a significant manner and yet by about 1968-69 India had already reached the situation where something of the order of 30 per cent of her export earnings had to be devoted to the repayment of debt, both amortisation and interest charges. Today, more than three-

fourths of the aid that India gets in a given year are given back in terms of repayment. India now gets about \$800 million of foreign aid and her repayments are already of the order of \$625 million. This is the magnitude of the debt problem which India is facing.

This is why Dr. Patel pleaded with the donor countries for two major concessions. One related to the formulation of a mechanism for net transfer of resources which will include some element of debt relief. The other related to a blunt proposal for interest-free loans. As Dr. Patel put it, "the aid which carries no rate of interest is the most desirable because it avoids that arithmetical monster of having to borrow more and more every year in order to maintain the same set of resources". He sought to improve his suggestion by pitching one more modification: "Please make all your loans interest-free and make all your past loans interest-free. If you accept the principle that loans in future should be interest-free, I do not see why loans in the past should not be interest-free. Otherwise, it would not be concessional aid".

The response from the British Government to this plea was prompt, although it went only half way in the sense it applies one to the future loans. In the two agreements that Mr. Wood signed in Delhi the next day, totalling Rs. 78 crores, both were made interest-free and one was even untied. The first loan is for Rs. 47.42 crores, covering the import of non-project goods, including raw materials, spare parts and components. The other is for Rs. 30.35 crores and is intended to finance the import of goods and services required for certain large projects. Among them are three fertiliser plants under construction, three bulk carriers, also under construction, and three 120 mW boilers, to be built in Durgapur, for the Damodar Valley Corporation and the Madhya Pradesh Electricity Board.

Although an announcement is yet to come, the U.S.A., too, appears to have anticipated and agreed to fall in line with the World Bank proposal for a moratorium of India's repayment debts. The U.S. concession, although valid for the present for only one year, will even offset the suspension of economic aid ordered last year, to the extent of \$80 million. A Japanese industrial delegation is currently in Delhi and it remains to be seen how this team, sponsored by the Japanese Government, is going to respond to India's plea for both interest-free loans and substantial economic aid.

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Progress of I.D.B.I. : Need to Mobilise More Resources

By A. Raman

The I.D.B.I. has not faced any resources constraint so far, but the situation cannot be expected to continue. It might become necessary for the Bank to mobilise funds through newer sources like public deposits and debenture issues.

THE Industrial Development Bank of India was thought of as "a central co-ordinating agency, which ultimately will be concerned directly or indirectly, with all problems or questions relating to the long and medium-term financing of industry and will be in a position, if necessary, to adopt and enforce a system of priorities in promoting future industrial growth". It provides direct assistance to industry in the form of loans, underwriting of shares and debentures, guarantees for loans and deferred payments, refinances the term loans provided by the commercial and State co-operative banks, State financial corporations and the other institutions for term financing, rediscounts usance bills, refinances export credits and direct loans, subscribes to the shares and bonds of the State financial corporations and other institutions for term financing, and co-ordinates the activities of the different industrial financing institutions. Apart from undertaking these functions, it also takes up techno-economic studies and investment and marketing research and provides administrative and technical assistance to any industrial concern. Thus, the activities and functions entrusted to the Bank are impressive and important.

The Bank started its operation in July 1964; and its working will be evident from table 1.

TABLE 1

Type of assistance	(In Rs. crores)	
	July 1964-December 1971 Assistance sanctioned	Assistance disbursed
Direct loans to industrial concerns other than for exports	169.4	94.4
Underwriting of and direct subscriptions to shares and debentures of industrial concerns	34.8	20.5
Refinance of industrial concerns	139.7	130.8
Rediscounting of bills	113.0	96.4
Refinance of export credits	26.2	19.8
Direct loans for exports	31.8	20.8
Subscriptions to shares, bonds and debentures of financial institutions	28.7	25.7
	543.6	408.4

In supplying capital to industry, the rôle of the Industrial Development Bank of India is certainly important; and the trends in the operations of the I.D.B.I. will be evident from the figures given in table 2.

TABLE 2

(In Rs. crores)			
1964-65 to 1970-71 (July to June)		Sanctions	Disbursals
1964-65	...	48.6	28.0
1965-66	...	62.5	51.1
1966-67	...	59.1	59.3
1967-68	...	39.8	44.7
1968-69	...	63.1	48.7
1969-70	...	62.3	52.3
1970-71	...	131.3	79.8
1971-72	...	168.0	94.5

A number of industries have been assisted by the Bank. The manufacture of machinery including electrical machinery has claimed 37.7 per cent of the disbursals of the Bank so far. The shares of textiles (including jute), fertilisers and basic metal industries are 11.7 per cent, 11.2 per cent and 9.1 per cent, respectively. Industries connected with the manufacture of machinery including electrical tools, textiles (including jute), fertilisers and basic metals have taken about 70 per cent of the Bank's assistance. The I.D.B.I. also refinances term loans; and in 1964, it absorbed the Refinance Corporation of India set up in 1958. The refinance assistance of the I.D.B.I. is given in table 3.

In order to be of greater assistance in refinancing, the I.D.B.I. has of late liberalised its rules. Generally speaking, fixed assets are financed by these loans. The refinancing of industrial

loans was done to the extent of Rs. 71.4 crores between July 1964 and 31st December, 1971. In financing exports, too, the Bank has played its rôle. Medium-term export credits are refinanced by the Bank which also provides direct export finance. These credits are for periods of six months to five years. Direct finance is also supplied by the Bank as a result of the participation arrangements with the commercial banks. These have been to the extent of Rs. 30.7 crores till 31st December, 1971.

TABLE 3

(In Rs. crores)			
1964-65	...	21.2	11.6
1965-66	...	21.4	12.5
1966-67	...	19.5	21.2
1967-68	...	10.8	24.0

As the apex institution for long-term financing, the Industrial Development Bank has taken an interest in strengthening the resources position of other finance corporations for industry. To the share capital and bond issues of the State financial corporations, the Bank is authorised to subscribe. It has also contributed to the debentures of the Industrial Credit and Investment Corporation to the extent of Rs. 15.7 crores till December 1971; apart from this, its contribution to the share capital of the I.F.C.I. and the Industrial Reconstruction Corporation of India Ltd amounts to Rs. 4.2 crores and Rs. 2.75 crores, respectively. The Bank is also conducting surveys in collaboration with the Reserve Bank of India, the Industrial Credit and Investment Corporation of India, and the Industrial Finance Corporation of India for identifying the industrial potential in the backward territories.

At present, when there is so much emphasis on the industrialisation of the backward States, the finance corporations should make available as large a quantum of funds as possible to these States. As for the operations of the I.D.B.I., a major portion of the assistance has so far gone only to the more developed States such as Maharashtra, Gujarat and Tamil Nadu. Out of a total of Rs. 424.59 crores disbursed by the Bank till the end of June 1972, Maharashtra's share is nearly one-third, being Rs. 140.76 crores. Gujarat and Tamil Nadu have received Rs. 47.17 crores and Rs. 58.35 crores, respectively. The share of West Bengal is Rs. 40.22 crores. But, the backward or underdeveloped States have not been com-

it has sanctioned nearly 25 per cent of its total assistance to Andhra Pradesh, Bihar, Himachal Pradesh, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Uttar Pradesh, Assam, Jammu and Kashmir and Nagaland. It should, however, be possible for the I.D.B.I. to provide more resources to the backward States in the future.

What will be the future rôle of the Bank? The activities of the I.D.B.I. will certainly depend on the economic climate. With the emphasis on industrialisation, one may reasonably expect an appreciable rise in the finances supplied by the term-lending institutions. The Industrial Development Bank of India as the apex industrial financing agency can expect to play an even more important part in this sphere. With the emphasis on the provision of more export credits, the I.D.B.I. would also provide export credits on a larger scale.

With the increased demand for accommodation, it is very likely that the Bank will feel a shortage of funds. So far, the Bank has depended on two sources for funds, viz., (1) borrowings from the Central Government and (2) borrowings from the National Industrial Credit (Long-term Operations) Fund of the Reserve Bank of India. A kind of revolving funds has been built up by the Bank out of repayments of loans by concerns which had taken them; and this has been of much help in the operations of the Bank.

No constraint of resources has been faced by the Bank so far. But the same trend cannot be expected to continue. With a stringent budgetary position of the Central Government, one can expect only the Reserve Bank of India to supply the funds needed, through the Long-term Operations Fund. Certainly, it might become necessary for the I.D.B.I. to mobilise more resources through diverse and new sources of funds. It can raise public deposits or it can borrow in the open market through the issue of debentures. There is no reason why the concerns which have received assistance from the Bank should not subscribe to these debentures. The Bank can also think of rediscounting of machinery bills with the Reserve Bank and of export bills with the Reserve Bank and foreign exchange banks and also borrow from international institutions such as the World Bank.

Parliament : More Heat from the Winter Session ?

(From Our New Delhi Correspondent)

The winter session of Parliament promises to be an exciting one. This is because a number of unfavourable developments have occurred and these will enable the Opposition parties to make scathing criticism of the ruling Party.

THE winter session of Parliament, which began on Monday, promises to be quite an exciting one. Internally, the prices of essential consumer goods have shot up so much that people in every walk of life feel the pinch. Among the State problems which have raised their heads are the Mulki Rules in Andhra, the language disturbances in Assam, the election reverses for the Congress in Gujarat and Mysore, and the possibility of a neck-to-neck fight in Orissa where the Chief Minister, Mrs. Nandini Satpathy, is pitted against a formidable Mr. Biren Mitra, a former Chief Minister of Orissa. The developments in Tamil Nadu are heading towards an explosive situation because of a split in the ruling D.M.K., while the Opposition has planned to make a bold bid to expose the Centre's softness towards Mr. Bansi Lal, Chief Minister of Haryana, against whom over 150 M.P.s have signed a memorandum levelling charges of corruption.

All these, if debated with skill and determination, can create an awkward situation for the Congress at the Centre. The feeling among the Opposition parties, at any rate, is that the Congress Party and the Governments at the Centre and in the States have fed the people with slogans and it is time to exploit their frustration over the economic situation which has led to high prices, lack of employment opportunities, language riots and other parochial interests.

The Prime Minister, Mrs. Indira Gandhi, has begun to realise this and is accusing the Opposition of exploiting the situation. The Opposition parties feel it is their business to exploit any situation which is favourable to them. They are not there to help the Government to tide over its problems. They also make

a point that the Emergency is being continued for the sake of putting down real opposition, although they seem to overlook the fact that the Indian and Pakistani armies have yet to withdraw from combat positions on the western border. But Mrs. Gandhi also realises that if the country is to achieve anything positive, there must be peace all round and people must work hard. Hence, her statement recently that the days of slogans and demonstrations are over. Of course, she was telling her own Partymen and supporters and also the Opposition that they must not make it difficult for the Government to achieve real progress on the economic front.

Peace in the sub-continent is still a far cry. Pakistan has yet to agree on delineation of the borders which alone can lead to a withdrawal of the forces. Then there is the question of return of the prisoners of war to Pakistan and recognition of Bangladesh by Pakistan. It is only after all these are achieved that there can be normalcy in the sub-continent.

Politically speaking, the absence of normal situation in the sub-continent can be both an advantage and a disadvantage for Mrs. Gandhi. The advantage lies in the fact that Mrs. Gandhi can take shelter under it for inaction or ineffectiveness on the economic front. The disadvantage is that parties like the Jana Sangh will continue to argue that the Simla agreement is unworkable, that Pakistan cannot be taken on its face value and that India should not withdraw from the areas occupied by it until Pakistan gives up its claim on Kashmir, withdraws the dispute from the United Nations and recognises Bangladesh.

Two factors that are on the side of Mrs. Gandhi are that her leadership in the Congress Party is unassailable, and in Parliament and in most States (with the possible exception of Orissa), the Congress Governments have such an overwhelming majority that they cannot be shaken by adjournment motions and no-confidence motions.

Andhra Pradesh : Finding a Solution to the Mulki Rules Crisis

(By a Special Correspondent)

The Telengana leaders have started an agitation following the Supreme Court's judgment upholding the Mulki Rules. But they should remember that their intransigence might provoke a backlash in other regions of Andhra Pradesh.

SERIOUS efforts are now being made to solve the Mulki Rules problem which got revived following a recent Supreme Court judgment upholding their validity. A piquant situation, in fact, has arisen and a whole controversy which was looking like dying down has once again assumed fierce proportions. After the failure of mediation by New Delhi, the ball is again back in the court of Hyderabad. The sub-Committee of four Andhra Pradesh Ministers—two from either region—may have succeeded in reducing the area of conflict, but the statement promising a solution "within the framework of united Andhra Pradesh" has been in anticipation of a continued deadlock. The crux of the problem is that under the Mulki Rules every person holding a Government job in the Telengana region, including Hyderabad city, must be a Mulki, i.e., one with a 15-year residence qualification. In other words, no one who has not been in the region for this period cannot be a Government servant. These rules were framed over 50 years ago by the Nizam as part of a scheme for the protection of the citizens of his Dominion. This is another version of the "sons of the soil" theory that is now being propounded in more than one State in the country.

But during the last 50 years, several important changes have taken place. The Hyderabad State itself has ceased to exist and chunks of it have been added to other States like Mysore and Maharashtra. The entire political complexion has undergone a transformation beyond recognition and the Telengana portion of the erstwhile Hyderabad State is now an

integral part of the linguistic State of Andhra Pradesh. Hyderabad is the capital of the State and during the last 18 years or so, the city has attracted people from all over the State for valid reasons. It is necessary to remember this background for a proper appreciation of the Mulki Rules.

Even when Telengana was merged with Andhra Pradesh, the people of the region had their own misgivings. There were apprehensions that the more progressive people of Andhra would dominate and consequently their interest would suffer. It was for allaying these fears that a gentleman's agreement was entered into between the leaders of Andhra and Telengana regions under which several safeguards were offered to the latter. It was also agreed that these safeguards should last for a definite period after which they would cease to exist. The assumption was that by then there would be complete integration and the people of Telengana would no more need any preferential treatment. A Telengana Regional Committee was also set up to take care of the problems.

In 1959, the Central Government enacted the Public Employment Act giving statutory recognition to what had been inscribed in the gentleman's agreement. In any case, all this has clearly proved that the Mulki Rules as they stood then should not have any applicability because of the new political situation. Furthermore, by its very nature the Rules would cause hardship to the thousands of Andhras who would come to Hyderabad. There was, therefore, no point in insisting on the Mulki Rules which would in effect mean that no Andhra could be employed in Government offices in the capital. The Act envisaged that up to the post of Tehsildar, the people of Telengana would be preferred to others within their region. In regard to other posts and in the capital for all posts, the ratio of two to one would be maintained between the

Andhras and those of the Telengana region.

Meanwhile, the emotional integration that was expected to take place between the two sections did not come about. This led to a violent agitation three years ago when the people of Telengana demanded separation. Prominent leaders of the region argued that there was no point in keeping the two regions together and Telengana being a viable region could very well become a separate State. The Telengana Praja Samithi demanded separation. However, Prime Minister Mrs. Indira Gandhi, and then Home Minister, Mr. Y. B. Chavan did not accept the demand and a series of discussions took place following which an agreement was reached whereby special protective measures were offered to assuage the feelings of the people of Telengana. It was at this stage that sections of the Public Employment Act were struck down by the Supreme Court as being discriminatory. This complicated matters a little but the Prime Minister evolved an eight-point plan for the development of the region.

During the mid-term poll the Samithi declined to join hands with the Congress Party in fighting the elections but later there was a merger. It looked as though everything was going to be normal. But all of a sudden a new situation has developed with the Supreme Court giving a verdict that the Mulki Rules were valid. Now a fresh agitation has commenced demanding that the Mulki Rules should be implemented in toto which in effect means that the Andhras must be driven out of the capital. This certainly is an untenable position and the Andhras have rightly interpreted this demand as a clever move to force separation on them. The Telengana leaders should remember that such intransigence might provoke a backlash in other regions of the State.

The Chief Minister, Mr. P. V. Narasimha Rao, has held several rounds of talks with prominent sections in the State. He himself is a person from Telengana and, naturally, he is anxious to see that he does not take a partisan attitude. He has said that it is necessary to elucidate the position regarding the applicability of the Mulki Rules in the context of the reorganised Andhra Pradesh with a view to taking appropriate action.

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Persons interested in full details may obtain copies of the Prospectus and Application Forms from the Managing Brokers, Brokers and Bankers to the Issue mentioned below.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY, DECEMBER 4, 1972 AND CLOSE AT THE CLOSE OF BANKING HOURS ON WEDNESDAY, DECEMBER 13, 1972 OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON WEDNESDAY, DECEMBER 6, 1972.

SHARE CAPITAL

Authorised	
1,00,00,000 equity shares of Rs 10 each	Rs 10,00,00,000
Issued, Subscribed and Fully Paid up	
54,60,000 equity shares of Rs 10 each	Rs 5,46,00,000

PRESENT ISSUE

13,30,000 equity shares of Rs 10 each at a premium of Rs 15 per share	Rs 1,33,00,000
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OUT OF THE PRESENT ISSUE

2,94,000 equity shares of Rs 10 each at a premium of Rs 15 per share will be issued and allotted for consideration other than cash, subject to approval of the Reserve Bank of India, to N.V. Philips' Gloeilampenfabrieken, Eindhoven, Holland, in conversion of their foreign currency loan to the Company

Rs 29,40,000

4,20,000 equity shares of Rs 10 each at a premium of Rs 15 per share have been offered for subscription in cash to those Members (resident in India) whose names are on the Register of Members of the Company at the close of business on September 27, 1972, in the proportion as nearly as circumstances admit of one equity share for every four existing equity shares held on that date (fractions if any of an equity share issuable on this basis being disregarded) provided that any equity shares not taken up by any of them will also be available for meeting applications from the public

Rs 42,00,000

92,400 equity shares of Rs 10 each at a premium of Rs 15 per share are reserved to be offered for subscription in cash to the whole time Indian Directors and Indian employees of the Company provided that any equity shares not taken up by any of them will also be available for meeting applications from the public

Rs 9,24,000

NOW OFFERED FOR PUBLIC SUBSCRIPTION IN CASH

5,23,600 equity shares of Rs 10 each at a premium of Rs 15 per share	Rs 52,36,000
TOTAL	Rs 1,33,00,000

TERMS OF PAYMENT

The entire amount of Rs 25 per share (Rs 10 on capital account and Rs 15 on premium account) is payable on application.

APPLICATION FOR SHARES

Applications must be made on the prescribed form only and strictly in accordance with the instructions contained in the form and will be liable to be rejected if not so made. Applications may be made only by residents in India and must be for a minimum of fifty equity shares or multiples thereof.

Applications should be in SINGLE names only and NOT in joint names. Applications in joint names and multiple applications by the same applicant are liable to be rejected.

BRIEF HISTORY AND DEVELOPMENT

The Company was incorporated on January 31, 1930 as a private company and was converted into a public company on October 31, 1957.

In its early years the Company engaged itself in selling electric lamps, radios and other products manufactured by N. V. Philips' Gloeilampenfabrieken, Holland and their associates. In order to ensure its long-term interests and continued growth, the Company realised the need and importance of establishing local production facilities for its range of products. Thus today the Company has in different parts of India seven modern and well-equipped factories and a strong marketing organisation. Integration of production processes and progressive import substitution aided by research and development have been the keynote of the Company's policy over the decades.

The Company's sales, profits before tax, profits after tax and dividend paid per equity share of Rs 10 for the last five years were:

Year	Sales	Profits Before tax (Rupees in Lakhs)	After tax	Dividend per equity share of Rs 10 (Rupees)
1967	2340	450	158	1.90
1968	2655	486	192	2.00
1969	3021	530	221	2.30
1970	3768	673	270	2.00
1971	4656	1157	400	2.40

An interim dividend of Rs 1.20 per share for the year 1972 was declared by the Board of Directors on October 2, 1972.

The Company's growth can be attributed to its policy of selling quality products. Its products now include incandescent lamps, fluorescent lamps, starters and fluorescent powder for fluorescent lamps, burners for gaseous discharge lamps, tungsten and molybdenum wire and tungsten coils, glass shells and glass tubings for lamps, lighting fixtures, light-fitting accessories like ballasts, lamp holders, etc.; radio receivers both mains and transistor models, record players, a wide range of electronic components, electronic measuring apparatus, quality control equipment and scientific instruments, transceivers, public address systems, communication systems, simultaneous interpretation systems, welding electrodes and medical systems.

The Company's products are in good demand and are sold throughout India to buyers both in public and private sectors. The Regional Offices of the Company are situated in Bombay, Calcutta, Madras and New Delhi. The Company has a network of dealers for the distribution of its products on a national basis and also a well organised service set up for rendering after-sales service.

The Company has over the past six years built up and developed markets in Europe, the Far East and the Middle East for many of its products. The Company's success in exporting sophisticated articles to advanced countries can be attributed to its ability to maintain international standards and to keep pace with modern technology and to the assistance it has received from its Parent Company, N. V. Philips' Gloeilampenfabrieken, Holland.

The Company has recently submitted to the Government of India at their request a comprehensive industrial plan indicating the areas in which the Company proposes to enter in the next few years and the products involved. The plan envisages substantial new investments incorporating greater diversification particularly in the area of professional electronics covering materials, components and equipment. As and when approved by the Government of India, the plan will enable the Company to introduce in India new technologies while at the same time providing expansion of its existing activities.

LOCATION OF FACTORIES

1. 19 Convent Road, Entally, Calcutta 14.
2. 4 & 5 Canal West Road, Calcutta 16.
3. Loni-Kalbhori, Poona.
4. Plot 80, Bhosari Industrial Estate, Pimpri.
5. Plot No. 3, MIDC Industrial Area, Kalwa, Thana.
6. Plot No. 4, MIDC Industrial Area, Kalwa, Thana.
7. 39/43 Nesbit Road, Mazagaon, Bombay 10.

BOARD OF DIRECTORS

Johannes Lusink (Chairman & Managing Director), Company Executive, Navroze Apartments, 35 Bhulabhai Desai Road, Bombay-26.

Sakhish Pandit (Marketing Director), Company Executive, 11, Skylark, Little Gibbs Road, Bombay-6.

Johannes Krul (Director—Finance & Administration), Company Executive, 31, Usha Kiran, Carmichael Road, Bombay-6.

Venkatakrishnan Ramamrutham (Marketing Director), Company Executive, 202 Citadel, Napean Road, Bombay-6.

Nawal Sobhag Phatarphekar (Director), Solicitor, Navroze Apartments, 35 Bhulabhai Desai Road, Bombay-26.

Madhurendra Kishore Varma (Director—Personnel and Industrial Relations), Company Executive, 9A, Lands End, Doongarsi Road, Bombay-6.

Klaas Rodenhuis (Technical Director), Company Executive, 14-B IL Palazzo, Little Gibbs Road, Bombay-6.

SECRETARY

Parthasarathi Rajagopala Chari, 'Rikhav', 21/1, R. A. Kidwai Road, Bombay-31.

AUDITORS

Lovelock & Lewes, Wavell House, 15, Graham Road, Ballard Estate, Bombay-1.

SOLICITORS TO THE ISSUE

Sandersons & Morgans, 5 & 7 Netaji Subhas Road, Calcutta-1.

REGISTRARS TO THE ISSUE

Tata Consultancy Services, Air India Building, 11th Floor, Nariman Point, Bombay-20.

MANAGING BROKERS

Place, Siddons & Gough (Private) Ltd., 6 Lyons Range, Calcutta-1.

BROKERS

CALCUTTA

Place, Siddons & Gough (Private) Ltd., 6 Lyons Range, Calcutta-1.

N. L. Roy & Co., 7 Lyons Range, Calcutta-1.

Chunilal T. Mehta, 8 Lyons Range, Calcutta-1.

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

G. M. Bosu, 7 Lyons Range, Calcutta-1.

G. M. Pyne, 14 India Exchange Place, Calcutta-1.

BOMBAY

Lewis & Jones, Bank of Baroda Building, Apollo Street, Fort, Bombay-1.

Mervanjee Bomanjee Dalal, Allahabad Bank Building, Apollo Street, Fort, Bombay-1.

Battiwala & Karani, Union Bank Building, Dalal Street, Fort, Bombay-1.

Harkisondass Lukhmidass, Stock Exchange Building, 5th Floor, Apollo Street, Fort, Bombay-1.

Dhirajlal Magantal Sons, Stock Exchange Building, Apollo Street, Fort, Bombay-1.

Chimanlal J. Dalal & Co., 107 Stock Exchange New Building, Dalal Street, Fort, Bombay-1.

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

D. S. Purbhoooodas & Co., Stock Exchange Building, Apollo Street, Fort, Bombay-1.

DELHI

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

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

MADRAS

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

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

HYDERABAD

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

BANGALORE

M. Nanjappaiah Jahgirdar, 205 Cavalry Road, Bangalore-42.

AHMEDABAD

Chinubhai Chimanlal Dalal, Fatehnbhai's Haveli, Ratanpole, Ahmedabad-1.

INDORE

Pushkarlal Ghudawala, 44 Bada Sarafa, Indore.

BANKERS TO THE ISSUE

NATIONAL AND GRINDLAYS BANK LTD., Lloyds Branch, Dr. Dadabhoy Naoroji Road, Bombay-1. OR their main offices at Amritsar, Bangalore, Calcutta, Cochin, Delhi (Chandni Chowk), Gauhati, Hyderabad, Kanpur, Madras and New Delhi.

ALGEMENE BANK NEDERLAND, 14 Veer Nariman Road, Bombay-1. OR their main office at Calcutta.

BANK OF INDIA, 70-80, Mahatma Gandhi Road, Bombay-1. OR their main offices at Ahmedabad, Allahabad, Ambala, Amritsar, Bangalore, Calcutta, Chandigarh, Cochin, Coimbatore, Delhi, Gauhati, Hyderabad, Indore, Jaipur, Kanpur, Lucknow, Madras, Madurai, New Delhi and Patna.

PUNJAB NATIONAL BANK, Ilaco House, Sir P.M. Road, Bombay-1. OR their main offices at Ahmedabad, Allahabad, Ambala, Amritsar, Bangalore, Calcutta, Chandigarh, Cochin, Coimbatore, Delhi (Chandni Chowk), Gauhati, Hyderabad, Indore, Jaipur, Kanpur, Lucknow, Madras, Madurai, New Delhi and Patna.

BANK OF AMERICA, Express Towers, Nariman Point, Bombay-20. OR their main offices at Calcutta and Madras.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION, Oriental Building, Dr. Dadabhoy Naoroji Road, Bombay-1. OR their main offices at Calcutta and New Delhi.

UNITED BANK OF INDIA, 25, Sir P.M. Road, Bombay-1. OR their main offices at Ahmedabad, Allahabad, Calcutta, Coimbatore, Gauhati, Kanpur, Lucknow, Madras, New Delhi and Patna.

What is Holding up an Early Government Decision on the Esso Offer ?

(By a Special Correspondent)

An early Government decision on the Esso offer is unlikely since it cannot be considered in isolation. Whatever the decision, it has to be applied to the other two oil companies operating in the country.

IN its modified proposal to the Government of India, Esso has clearly pointed out the problems the foreign oil companies are facing in their operations in India and put forward two alternatives intended to resolve them. If a mood of desperation is discernible in the Esso offer, it is partly caused by the drift in the Government's oil policy. Thirty months after the Company made its first offer, the Government is still talking about consideration of the three alternatives: equity participation by the Government, modification of the refinery agreements and nationalisation. The examination is still on and no one knows how long it will take to arrive at a decision.

Meanwhile, as far as the companies are concerned, the noose has been tightening around their neck. As a result of the increase in crude prices following the Teheran agreement of February 1970, the companies had sought an increase in refinery product prices also—basing their estimates on the recommendation of the Shantilal Shah Commission. Whether one agrees with their demand or not, the increase in product prices granted by the Government works out to only 50 per cent of what the companies had demanded. Secondly, the foreign exchange alloca-

tion to the companies for the import of crude is still based on a lower price than what has been demanded. This has meant lower crude imports, lower refinery runs and consequently a lower volume of products in the market. The Government will naturally take the stand that the companies are themselves to blame for the fall in their refinery throughputs. But the companies maintain that the combination of low product prices, high crude costs and low crude runs is having a bad effect on their profitability. Esso feels that its refinery will lose money this year for the first time. And with no immediate prospects of a reasonable assurance of growth, the Company has naturally come to the conclusion that "it cannot operate in an environment where it is not wanted."

Although no official reaction is yet available—which is not surprising in the present state of affairs in the Petroleum and Chemicals Ministry—there have been subtle suggestions that the Esso style has not been palatable to the Government. When the Company says that it cannot operate in an environment where it is not wanted, it is stating its difficulty as a business organisation. With the continuous onslaught on the larger industrial houses, many leading Indian firms must be sharing Esso's feelings. But being Indian, these firms will have to operate within the constraints of the country's politics. Esso has the option to get out when the chips are down. But before taking that drastic decision, the Company has made one more effort to see whether it can operate in India fruitfully. Its latest offer is simple: anticipating New Delhi's preference for selective participation, it has offered 74 per cent equity to the Government; it is also prepared to give up its right to import crude from its own sources and will be content with an opportunity to bid for crude, should the Government decide to invite tenders. This means virtually scrapping the refinery agreement. If the participation proposal is not found acceptable, then Esso is prepared to negotiate the total sale of its business interests in the country.

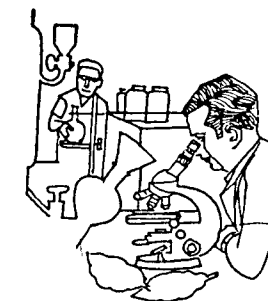
By offering 74 per cent equity to the Government, Esso is no doubt making sure that it will be not only compensated for past investment but assured of a fair amount of return on its left-over investment in India, as the new company, being in the joint sector, would be allowed to expand its operations. A firm is bound to adopt this line of approach, as business is the *raison d'être* of its operations. In considering the offer, the Government should bear this fact in mind. But the Esso offer cannot be considered in isolation. First, whatever the Government decision, it has to be applied to the other two oil companies also. Secondly, with the expertise built up in the construction of refineries and their management, the Government must decide whether it can now dispense with foreign interest in this key sector. If it decides in favour of ending foreign capital investment in refineries, that will eventually affect the present capital structure of the Cochin and Madras refineries. Thirdly, even if it decides to end foreign capital participation in refineries, the dependence on foreign sources for crude imports will continue.

International oil companies' connections with the sources of crude supplies are known to the Government. After deciding to end their operations in India, the Government cannot expect the oil cartels to take a benevolent view, should it become necessary tomorrow to go to them for crude. The outright purchase of the oil companies' interests will be influenced not only by the final negotiated price but the terms of payment in view of the meagre foreign exchange resources at the disposal of the country. A decision on the future operations of the oil companies will also have to be viewed in the context of its possible impact on future private foreign investment in India.

As things stand now, an early decision on the Esso offer is unlikely. There may be advantages in allowing the oil firms to continue to have limited but progressively growing operations in India. The decision on the Esso offer will be both political and economic. Which aspect will weigh more with the Government will be known to some extent as and when the new economic policy is announced. Even after the announcement of the new policy, there is no guarantee that a decision will be taken soon after. But at least one will know which way the wind is blowing.

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Will There Be a Change in Banks' Credit Policy in the Busy Season?

(By a Banking Correspondent)

Any relaxation in the credit control measures for the 1972-73 busy season by the Reserve Bank is ruled out. Its policy seems to be to utilise banks' excess funds for investment in gilt-edged securities and to help the Government to cut down its deficit financing.

THE conventional slack season has come to an end on 31st October, 1972, and as the 1971-72 busy season was a "slack" busy season, it is no wonder that the 1972 slack season proved to be the "slackest". The banking trends during the first five months of this slack season revealed the traditionally important characteristic of a slack season, i.e., a credit contraction to the tune of Rs. 22 crores. Since the 1969 slack season, an unusual contra-seasonal rise in bank credit has been witnessed during the slack period but the current slack season proved to be an exception at least till the end of the fifth month. However, in the last month of the slack season, a marginal rise in bank credit was witnessed due to a spurt in credit demand on the eve of Divali festival. The contra-seasonal expansion during the 1972 slack season has been only Rs. 36 crores, against Rs. 613 crores and Rs. 226 crores during the slack seasons of 1971 and 1970, respectively. In fact, although the 1972 slack season has been described earlier as the slackest season, it is pertinent to remember that by the middle of July 1972 the level of bank credit reached a record level of Rs. 5,438 crores, indicating a contra-seasonal expansion of bank credit to the tune of Rs. 250 crores, compared with a contra-seasonal expansion of Rs. 190 crores during the corresponding two and a half months of the 1971 slack season.

Another interesting fact revealed from the analysis of slack season trends is the self-reliance practised by banks. In the previous two slack seasons, banks used to borrow substantially from the Reserve Bank to meet the contra-seasonal surge in credit needs of the economy, particularly of

the food procurement operations although their overall indebtedness to the Reserve Bank was repaid gradually during the slack seasons. In order to enable banks to meet the expected unusual rise in credit demand for food procurement operations during the 1971 slack season, the Reserve Bank assured the banks of providing adequate refinance facilities. The Reserve Bank decided to provide refinance at Bank rate irrespective of a bank's net liquidity ratio up to 75 per cent of the increase over the base date of October end, 1970, till the end of July 1971, (instead of June 1971), up to 60 per cent of the increase in August 1971, and up to 50 per cent of the increase thereafter. For the 1972 slack season, the Reserve Bank did not feel the necessity of providing such refinance facilities in view of its expectation that banks would be flushed with return flow of funds during the slack season. The expectation came true so much so that banks were unable to utilise their idle funds for either to augment their lending operations or to invest in profitable avenues. It is interesting to note that when banks supported a contra-seasonal rise in credit of Rs. 250 crores by the middle of July 1972, the level of their borrowings from the Reserve Bank touched perhaps the lowest level ever reached in the past few years. The level of their indebtedness to the Reserve Bank was only Rs. 2.10 crores, against Rs. 23 crores at the beginning of the slack season, i.e., at April end, 1972. The level of banks' borrowings at the end of the slack season was only Rs. 16 crores, compared with Rs. 191 crores at the end of the 1971 slack season.

This comfortable resources position of banks was due to two main reasons—first, an impressive performance of banks in respect of deposit mobilisation and, secondly, the slackened rate of growth in credit demands for food procurement operations. The Reserve Bank seems to have given up the practice of publishing its forecast for deposit accretion and credit expansion for the 1972 slack season, as its forecast for the 1971-72 busy season went completely astray, even though the

Bank had an opportunity to revise them at the time of the mid-busy season review in the light of the trends during the first half of the season. However, financial circles put the return flow of funds to the banking sector in the form of deposit accretion during the 1972 slack season at Rs. 600 crores and this has been proved more than correct. As a result of this substantial flow-back of funds of over Rs. 684 crores against a slackened rate of growth in credit, banks are making frantic efforts to invest their idle funds in Government securities or even in units.

It is expected that the rate of deposit growth may not be sustained in future as banks' enthusiasm to mobilise deposits is likely to weaken with the accumulation of idle funds with them. Secondly, in view of less encouraging crop prospects and famine conditions in certain parts of the country, banks would not be able to mobilise more rural deposits. However, if they foresee a continuation of slackened demand for their credit even in the ensuing busy season of 1972-73, they have no cause to worry over the declining rate of growth in bank deposits.

The credit-deposit ratio at the end of the slack season stood at a low level of 66.2 per cent, compared with 73 per cent at the end of the 1971 slack season. This excess liquidity compels banks to make frantic efforts to change their attitudes and to search for more lucrative investment and lending avenues. Banks in the country are exactly in the same position where British clearing banks were on the eve of the new credit control policy, introduced in 1971, which removed all quantitative restrictions on them and ushered in an era of competitive banking. But the Indian banks are not free like the British banks to introduce new deposit and lending schemes. Any relaxation in the credit control measures in the ensuing 1972-73 busy season by the Reserve Bank is also ruled out. The Reserve Bank's annual report has already established a case for a continuation of the restrictive credit policy. The Governor of the Bank recently said in Madras, "I wonder whether there should be any change in policy often and on". The Reserve Bank's line of thinking seems to be to utilise banks' excess funds for investment in Government securities and to minimise the Government's resort to deficit financing, thus helping to contain the accentuation of inflationary pressures.

Raising Labour Productivity through Incentive Schemes

By M. R. Meher

It has been seen that incentive schemes go a long way in raising labour productivity. But in devising incentive schemes, the problem that has confronted all concerned relates to the sharing of the gains of productivity.

IT is generally accepted that wage incentives by relating wages to output elicit greater efforts from workers than under the time rated system, and that in the conditions in India, with a high cost economy and in many cases low productivity of labour, properly planned incentive schemes would benefit both the employer and workers. However, in devising incentive schemes the problem that has confronted all concerned relates to the sharing of the gains of productivity. While there is no dispute that the employer, workers and the community also should share in the gains of increased productivity, there is often an apprehension by trade union leaders and labour that while higher productivity can be obtained by greater efforts from workers, a disproportionately higher share out of the gains of productivity may go to the employer.

The National Labour Commission has in its report stated that labour productivity and changes therein are difficult to measure and that the main difficulty in measuring labour productivity arises due to the output being not an exclusive product of labour. Capital, technology and other factors contribute to it along with labour and these seldom remain constant. In consequence, increases in the *per capita* output cannot be attributed to labour alone, much less the total output. Valuation of the physical product presents another set of problems. Having recognised these difficulties, the N.L.C. recommended a formula for sharing the gains of productivity, which was suggested by the National Productivity Council, as essentially sound.

The formula briefly is that after making a provision in the interests

of consumers, which should not exceed 20 per cent wherever this is necessary, out of the balance of the gains of productivity, labour will receive half in those industries where their wages correspond to a fair or living wage except that (a) where the wages are at a level below either the fair wage or the need-based wage, the share of labour will be larger, to be decided by mutual agreement; and (b) where the industry has clearly built up a large free reserve, the share of labour will be higher than 50 per cent. Of the share thus available for distribution, after a provision for consumers and labour has been made, a portion will be reserved for the development of the industry and the rest for remunerating capital.

Apart from the difficulties set out by the N.L.C. itself, referred to above, and the vagueness in the formula as to when the wages can be agreed to be fair or need-based, the formula is too artificial. The question of sharing the gains of productivity between the employer, workers and consumers does not lend itself to determination by mathematical formula or by any formula that would generally be applicable. Apart from this, it has to be borne in mind that payment to workers by the time rate is more suitable in industries in which the work cannot be measured in defined units or is subject to considerable interruptions or where quality is more important than quantity.

In the most recent publication by the National Productivity Council, *Sharing the Gains of Productivity*, there is a more practical and flexible approach to the subject. It is recognised that it is not easy to devise an overall national formula for sharing the gains of productivity. Sharing should be regarded more as a philosophy of industrial relations than as a statistical technique or a mathematical formula for distributing the gains. On the basis of a report by a tripartite committee representing

the Council, employers and trade unions, the National Productivity Council has suggested certain guidelines for sharing the gains of productivity, supported by illustrative models. It is stated that in compiling these models due care has been taken to make them representative of the schemes commonly in use, so that with suitable modifications these could be applied under a variety of industrial situations. These models can serve as a basis for starting negotiations for arriving at agreements on incentive schemes and productivity gains.

The prerequisites to introducing the proposed model schemes are stated to be that (a) the model should be simple and understood by all; (b) all concerned should be made familiar with the model before its introduction; (c) it should be introduced only by mutual agreement with workers' representatives unions; and (d) the beneficiaries of the model should be able to calculate the models by themselves. As far as possible, all regular employees—direct and indirect—clerical staff and supervisory personnel working in the organisation should be covered by the scheme. While employees in the direct category should be paid bonus according to their performance, the other categories might be paid a proportionate amount of the bonus paid to the direct category as mutually agreed upon by the management and the trade union. As far as possible, the scheme should be developed on the basis of work measurement, capacity utilisation and break-even or cost analysis. Wherever possible, the economic importance of such factors as output, quality, material utilisation and material usage should be taken into account.

However, work measurement and other data should be treated only as a starting point for evolving a suitable scheme through mutual negotiations between the management and the trade union representatives. The norms of productivity could be established on the basis of past performance, or past costs, or standard time data, and based either on single factor or multiple-factor production. Where the scheme is based on individual or group performance, the use of work measurement techniques is imperative for determining the existing level of performance. The bonus payment should commence at the 75 per cent level of performance in the

0-100 scale, or at 100 per cent. in the 100-133 scale or at 60 per cent in the 60-80 scale. The 75 per cent level of performance in the 0-100 scale means a steady, deliberate and unhurried performance of an operative who is not under any financial motivation and does not intentionally waste time. The 75 per cent level of performance should not be considered equivalent to 75 per cent efficiency of the machine or the plant.

In most cases, however, the bonus payment may have to start even at lower levels of performance, depending upon the existing level of performance and mutual agreement between the management and workers' representatives. In such cases the bonus is paid at a lower rate till the operatives reach the 75 per cent level of performance and thereafter at a progressive rate, either uniformly or in progressively increasing slabs. Situations, however, exist in industry where bonus is paid at a higher rate to bring the operatives to the 75 per cent level of performance, and at a lower level thereafter with the purpose of achieving immediate gains by making the bonus payment initially attractive. The bonus payment should be linked to the basic wage and the whole or a substantial part of the dearness allowance, particularly where the basic wage is considerably lower than the dearness allowance. The standard wage for the purpose of linking the bonus payment could be determined by taking

a mid-point in the wage scale plus D.A. for all employees in that category of wage scale, or mid-point in the wage scale plus D.A. for the highest skilled category of employees, with a weightage of 80 per cent, 60 per cent, etcetera, to the other categories of employees. For purposes of bonus payment, overtime work, period of absence and poor quality performance beyond a specified limit are not to be taken into account.

The report goes on to state that effective administration of the model is as important as its designing. Slackness in its administration or delay in redressal of employees' grievances would not only make the entire scheme ineffective but might even cause a deterioration in industrial relations. Before and during the application of the scheme, the management should take all possible steps to improve the production process, lay-out of the plant equipment and the procedures concerning production planning and control, systematic maintenance and quality control. During the non-production periods caused by shortages of materials and services or an inadequate flow of orders, the management should ensure guaranteed wages to the employees. There should be a grievance procedure for dealing with the complaints of the employees and these should be handled expeditiously by the personnel department or the joint labour-management committee. In certain

cases disputes could be referred to an arbitrator, acceptable to both the management and the union, but resort to the Government machinery of conciliation or adjudication should be avoided. The basis of the scheme should not be changed without sufficient and valid reasons which could arise on account of changes in specifications and quality of material, changes in methods, processes, equipment, design of product, etcetera.

The models proposed for giving workers shares in the gains of productivity have been worked out on various bases, such as gains of productivity linked to the sales value of production, gains linked to monthly productivity index, gains linked to multi-factors of production, gains measured by saving in standard time, gains by group and plant performance, and gains measured by overall performance index of plant. For example, the incentive plan linked to sales of the company is, briefly, as follows: The break-even point a month for the preceding year in terms of sales for the preceding year is determined on the basis of the existing strength and equipment. Based on an intensive market survey, the potential annual sales in terms of money are estimated. When the sales value of the monthly production exceeds the break-even point, a certain percentage of the excess production value is distributed among the employees in proportion to their wages/salaries. This percentage is arrived at after taking into account the profit margin on the sales and as agreed upon between the management and the trade union representatives in advance.

Productivity bargaining has made great strides in the U. K. where trade unions have recognised that in the long run labour can get better wages and conditions of service only from increased productivity. In India, there have been a number of such agreements between managements and unions which have, on the whole, worked out satisfactorily, and employers who have once introduced an incentive scheme have seldom wanted to scrap it as uneconomical. There is more scope for such agreements. Where union rivalry has not affected the environment in the factory and there have been reasonably good industrial relations, productivity bargaining can make a significant contribution to the prosperity of the industry and the people who work in it.

INVESTMENT

Shares Subdued : Operators Inclined to Mark Time

THE stock markets have remained off colour during this short working week. With operators inclined to mark time, the volume of business put through has been quite small and the general tone has been subdued. With fresh support virtually confined to stray institutional buying, equity prices have tended to drift lower on light selling which has been more in the nature of tired bull unloading than bear pressure. While trading has generally been characterised by narrow irregular fluctuations, not changes over the week show wide-spread losses. Indeed, very few counters have managed to wind up the week with plus signs. Of the two major markets Lyons Range has performed a little better than Dalal Street.

That the stock markets should continue to present an uneasy look is understandable. Corporate news, although still favourable on the whole, was thin and it contained little which could enliven trading sentiment. Individual shares have responded to special influences but the response has been mild because of the growing belief that the economic prospect is far from promising. Captains of industry are feeling concerned about the deteriorating power supply position and raw material shortages. That explains why reports from New Delhi that the priority list is being extended to enable more industries to take advantage of the liberalised licensing policy have failed to cheer the market.

Reports of a possible stoppage of term lending by financial institutions to the private sector have also had an unsettling influence as the prospects of the private sector raising its own finances under the present conditions appear somewhat dim. While the economic prospect has been clouded by shortages of raw materials, power famine and the setback in agricultural production, developments on the political front also are being viewed with some concern. The re-election of President Nixon has induced fears that the already strained Indo-U.S. relations would be further affected. Many observers are inclined to the view that Pakistan's attitude is likely to harden further as a result of President Nixon's re-election.

Not all news, however, has been bad. India and Britain have signed two agreements under which India will get project and non-project loans worth about Rs. 78 crores. There is a feeling that in respect of debt relief, the British Government would follow the U.S. line. The market may also take some comfort from the thought that the Government is now very keen to step up production both in farm and factory. There are reports that the Central Ministry for Industrial Development is thinking of initiating in-depth industrywise studies to locate the causes for the continuing under-utilisation of capacity in many units. All in all, the outlook for equities remains uncertain and it appears that the market would continue to move up and down indecisively with the undertone remaining subdued.

Gilt-edged securities have been steady, but turnover has been small. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.95. The State Government loans have also been steady but turnover has remained restricted.

The Calcutta stock market has remained quietly steady this past week. The failure of the ninth round of talks of border delineation, the rise in the price level by over 10 per cent in one year, and the Prime Minister's warning that next year will be rather difficult for the economy have dampened the enthusiasm of operators. Among engineering shares, Guest Keen Williams, Burn, Indian Standard Wagon and Bihar Alloy have been supported. Jute shares have met with little business. Anglo-India, Nellimarla and Ganges have been transacted. Among paper shares, Ballarpur have been firm while Orient, Tribeni Tissues and Titaghur have been done. In the miscellaneous section, Indian Explosives, Union Carbide, Electric Construction, Indian Oxygen and India Tobacco have been traded.

Dalal Street has displayed an easier tendency this past week. Equity prices have suffered an all-round setback on light but persistent selling and lack of fresh support. Activity has been at a low ebb. Interest was selective with popular speculative counters

sional short covering and some institutional buying produced small rallies but the undertone remained distinctly subdued. Sentiment was unsettled by reports of a further cut in power supply in the State. Among cotton textiles, Standard and Century were particularly weak and registered sizable losses. Svadeshi and Khatau were among the steadier spots. Rayons also ruled easier. National Rayon and Century Enka encountered considerable selling. J. K. Synthetics and Garware Nylon held steady. Among steels, Tata Steel eased further due to lack of support, while Mukand Iron ruled steadier. Cement shares were subdued and shipping shares fared no better. Engineering shares made a mixed showing. Larsen and Toubro and Zenith Steel were steadier while Voltas and Tata Engineering displayed an easier tone. Chemicals were subdued. N.O.C.I.L., Bayer, Indian Dyestuff, Synthetics and Chemical and Polyolefins were among the weak features, while Excel Industries, Herdilia Chemicals and Tata Chemicals closed with small net gains. Among

COMPANY REPORTS

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

Aluminium Industries
Assambrook Estates
Bombay Burmah
Carona Sahu
D.C.M.
Dhrangadhra Chemical
Dunlop
Glaxo
Goodyear
Hastings Mill
Indian Dyestuff
Kil Kotagiri Tea
Parasea Collieries
Peria Karamalai Tea
Rameshwara Jute
Straw Products
Sungma Tea
Tata Chemicals
T. Maneklal
West Coast Paper
Williamson Magor

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tyres, Ceat were marked lower while Premier Tyres held steady. Paper shares were steady with West Coast and Sirpur recording fair gains. Among miscellaneous counters, Motor Industries and Tata Oil were easier but Camphor and Allied, Bombay Oxygen, Premier Construction and New India Assurance showed small to moderate gains.

The Madras stock market has remained mostly steady this past week. In the planting section, Badra Coffee, Kailas and Peria Karamalai have been supported while Manjushree have declined on selling pressure. In the textile section, Mettur Beardsell have met with support. In the miscellaneous counter, business has been put through in Premier Fertilisers, Mettur Chemical, Madras Rubber and Carborandum Universal. In the sugar section, Deccan Sugar and E.I.D. have been traded while Mysore Sugar have attracted support. Among bank shares, Indian Overseas have been traded.

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	25/10—25/20—25/10—25/20—(21/40)
Dunlop India	26/60—26/80—26/40—26/50—(29/20)
Guest, Keen, Williams	31/60—32/45—31/60—32/30—(31/35)
Hindustan Motor	7/15—7/25—7/00—7/20—(8/60)
Indian Aluminium	32/40—32/50—32/20—32/40—(31/40)
Indian Copper	2/37—2/47—2/37—2/47—(3/57)
Indian Iron	6/00—6/15—5/95—6/10—(9/05)
Jaipur Iron	6/00—6/15—5/95—6/10—(9/05)
Jaipur Udyog	9/20—9/40—9/15—9/30—(8/60)
Jayshree Tea & Industries	15/69—16/50—15/62—16/50—(14/75)
Kesoram Industries	18/25—18/25—17/90—17/95—(14/20)
National Rubber	5/12—5/12—4/94—4/94—(6/62)
Orient Paper	33/80—33/90—33/25—33/50—(31/30)
Orissa Cement	18/40—18/65—18/40—18/40—(16/45)
Rohtas Industries	4/10—4/15—3/95—4/05—(4/70)
Textile Machinery	8/30—9/40—8/25—9/30—(10/00)

An Attractive Share Offer from Williamson Magor

WILLIAMSON Magor and Co. Ltd is offering for public subscription 20,000 9.5 per cent redeemable cumulative preference shares of Rs. 100 each at par. The entire issue has been underwritten. The subscription list will open on 23rd November and will close on 28th November or earlier at the discretion of the directors but not before 27th November. Applications must be for a minimum of five shares or multiples thereof and must be accompanied by payment in full. (Details of the issue appeared in last week's issue of *Capital*.) The Company is an important tea garden owner, planter, cultivator, producer, seller and exporter of tea in the country. It now owns five tea estates, namely, Soraipani, Seajuli and Dufflaghur in Assam and Lingia and Glenburn in Darjeeling. The total tea bearing area is 1,326 hectares and the annual production is about 1.63 million kilograms. Williamson Magor also acts as agents in India for 17 tea companies incorporated in the U.K. and having tea gardens in India. It has selling agencies for tea chest

linings produced by India Foils Ltd and timber products of Andaman Timber Industries Ltd. The Company has a number of subsidiaries. With a view to expanding its business, Williamson Magor has agreed to purchase from the Romai Tea Co. Ltd of the U.K. land comprising the Romai tea estate located in upper Assam together with its buildings, plant and machinery. This tea estate has a total leasehold area of about 574 hectares of which nearly 246 hectares are under cultivation. Its total production is about 360,000 kilograms of quality tea a year. Investors are looking forward to the share offer with keen interest.

STRAW PRODUCTS

Sales Rise

THE interim report of Straw Products Ltd on its working results for the nine months ended September 1972, compared with the corresponding period last year, shows that

the production of paper mills is slightly down at 15,670 tonnes, against 16,207 tonnes due to power shortages experienced since April 1972 and longer annual maintenance shut of the mills. The sales of paper and boards increased from Rs. 6.23 crores to Rs. 6.67 crores, a rise of about 7.1 per cent. The production of M. G. tissues, poster, kraft and other speciality papers was higher by 257 tonnes. The papers and boards produced by the Company continue to enjoy a high reputation in the market.

There has been an all-round increase in the cost of production; still the gross profit for the year is expected to be maintained at last year's level. The Company has introduced various economy measures. The installation of balancing equipment for increasing the production capacities of paper mills by 3,000 tonnes a year and of board mills by 2,000 tonnes a year is expected to be completed by the end of 1973. The Company has already obtained an industrial licence for the paper mills' expansion and the licence for board mill's expansion is expected shortly.

DHRANGADHRA CHEMICAL

Half-yearly Results

THE preliminary statement* from Dhrangadhra Chemical Works on its performance during the half-year ended September 1972 shows a setback in production as well as sales. The Company produced 21,100 tonnes of caustic soda during April-September, against 22,800 tonnes in the corresponding period of last year. The decline is attributed to the shortage of graphite and imposition of power cut. Soda ash production was lower at 23,200 tonnes, against 25,000 tonnes, as a result of the shut-down of the plant for about 25 days in April-May this year for repairing the lime kiln and overhauling the plant. The production of export-oriented upgraded ilmenite ore was better at 8,700 tonnes, against 7,200 tonnes. The Company expects improved earnings through higher exports of this product in the second half of the current year. The output of liquid chlorine, calcium chloride and ammonia bicarb has been higher. Because of the fall in output of caustic soda and soda ash, the Company's sales during April-September total Rs. 5.01 crores, against Rs. 5.22 crores in the same period last year. The trend of working in the second half of the current year is uncertain because of the cut in power supply.

BOMBAY BURMAH

Bonus Issue Proposed

BOMBAY Burmah Trading Corporation's working results for the year ended May 1972 show a setback, although the gross profit has registered only a modest decline in relation to the fall in turnover. Gross receipts have come down by about 16.5 per cent from Rs. 4.84 crores to Rs. 4.05 crores and the gross profit is lower at Rs. 1.83 crores, against Rs. 1.88 crores in the previous year. The fall in trading receipts is attributed mainly to the very low coffee crop and closure of the Bangalore tea packaging unit. After providing Rs. 17.37 lakhs (against Rs. 17.15 lakhs) for depreciation, and Rs. 1.30 lakhs (against Rs. 2.24 lakhs) for development rebate reserve and after meeting other liabilities, the net profit for 1971-72 amounts to Rs. 72.44 lakhs, against Rs. 80.43 lakhs in the previous year. After certain adjustments, the surplus amounts to Rs. 132.94 lakhs, against Rs. 86.44 lakhs.

Despite lower profits, the directors have stepped up the dividend from 17 per cent to 20 per cent, including a special non-repeatable extra dividend of 2 per cent. In addition, the directors have also proposed a one-for-five bonus issue. The directors state that the higher dividend has been recommended "after full consideration of the accounts and an examination of the resources and reserves which may be needed to finance possible developments in current and future years". They have also expressed their intention to recommend, subject to unforeseen circumstances, payment of a dividend at the rate of 15 per cent on the increased capital after the bonus issue. The chairman, Mr. Pratapsinh M. Vissanji, has pointed out that the extra dividend of 2 per cent has been recommended mainly on account of good results of the Corporation's overseas interests, coupled with satisfactory results in south India and also by way of "partially franking" the forthcoming bonus issue. The chairman has visualised fair prospects for the current year. The recession which affected the Malaysian timber companies has abated slightly and prices have shown some small improvement in the last few months. The Corporation's estates in south India are expected to show a higher production of tea and coffee which will offset the burden of enhanced wages. The Corporation has, however, been unable to make any headway in

respect of its diversification programmes. The soda ash project has been dropped.

GLAXO

Results Impress

GLAXO Laboratories (India) has turned out encouraging results for the year ended June 1972. The shareholders are being rewarded with a higher distribution of 17 per cent, against 14 per cent paid for the preceding year. This has been done through an increase in the final dividend from 8 per cent to 11 per cent. Not only has the Company improved upon its 1970-71 sales and profits but margins too have widened. With sales up by nearly 10 per cent from Rs. 29.47 crores to Rs. 32.46 crores and the gross profit higher by about 39 per cent at Rs. 4.85 crores, against Rs. 3.49 crores in the preceding year,

the ratio of profit to sales has improved from around 11.8 per cent to 14.9 per cent. Appropriations of profits include depreciation Rs. 50.98 lakhs (against Rs. 41.57 lakhs), development rebate reserve Rs. 4.70 lakhs (against Rs. 14.50 lakhs) and taxation Rs. 2.58 crores (against Rs. 1.56 crores), leaving a net profit of Rs. 1.71 crores, against Rs. 1.37 crores. After adjustments, a sum of Rs. 1.35 crores (against Rs. 96.30 lakhs) has been transferred to general reserve. The interim dividend absorbed Rs. 43.20 lakhs (same). The final dividend will be paid out of general reserve.

T. MANEKLAL

Excellent Performance

THE working results of T. Maneklal Manufacturing Co. for the year ended May 1972 show a further

TATA CHEMICALS : EXPANSION PLANS

TATA Chemicals is further expanding its manufacturing facilities. Its current programme to expand the soda ash capacity to 360,000 tonnes a year is well under way and it is scheduled to be completed in early 1974. Meanwhile, the Company has received another letter of intent to further expand its capacity to 500,000 tonnes. The Company seems hopeful of getting the Government's approval for the creation of additional caustic soda capacity and utilisation of co-produced chlorine towards the manufacture of phosphoric acid and phosphates of sodium.

The Company is seeking permission to enlarge facilities for the design and manufacture of complete soda ash plants. Meanwhile, it is engaged in increasing its capacity in respect of refined sodium bicarbonate from 14,400 tonnes to 18,000 tonnes a year with a view to relieving the present acute shortage of the chemical. The Argentine Government has revived its interest in installing a soda ash complex in Argentina and is currently negotiating with the bidders. The Company has reassured the Argentine Government about its continuing interest to participate in the establishment of the soda ash complex.

Uncertainty, however, continues in regard to the Company's fertiliser project. The directors state that the Government modified and extended the letter of intent for the fertiliser project and this has now further reduced its scope to the manufacture of only ammonia, urea and ammonium chloride. The modified letter of intent is valid only until 20th November, 1972. The directors regret that in the absence of the Government's decision on the choice and the pricing of the feedstocks and related matters, positive progress towards compliance with the conditions stipulated in the letter of intent has not been possible and, on the other hand, a great deal of work which the Company has carried out in this project has become infructuous.

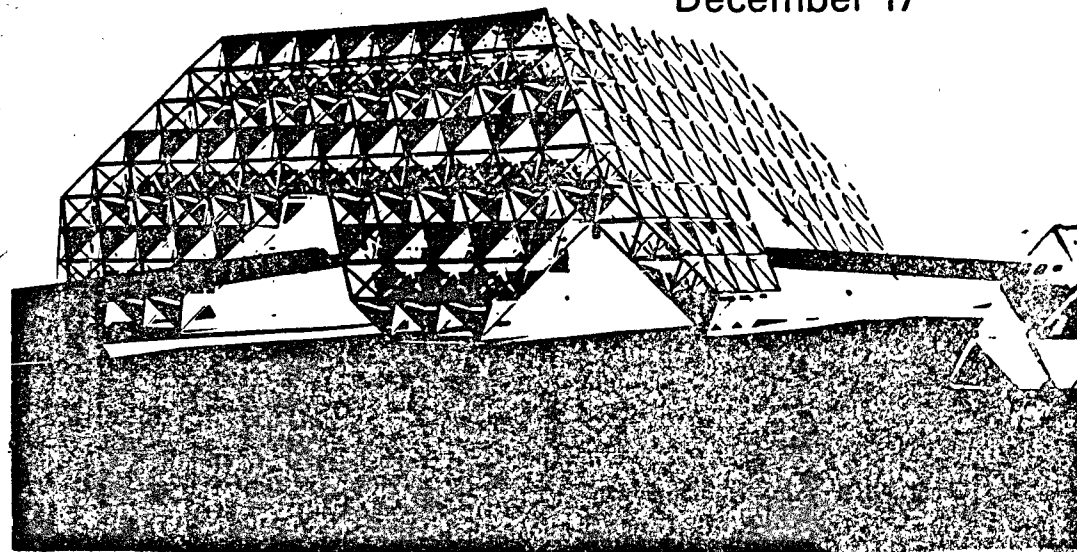
Several capital works programmes, aimed at the modernisation and rehabilitation of the facilities in Mithapur, are under implementation or have been defined. These programmes, which are expected greatly to strengthen the Mithapur base and are economically justifiable, would require additional finance. The directors have, therefore, decided to issue rights shares which will also strengthen the equity base of the Company for its growing activities.



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appreciable improvement over the previous year's encouraging performance. Sales have increased by 11.2 per cent from Rs. 3.56 crores to Rs. 3.96 crores and the gross profit has risen by 12 per cent from Rs. 62.72 lakhs to Rs. 70.25 lakhs. Margins have been more or less maintained at the previous year's level. The dividend, payable on the capital enlarged by the one-for-nine bonus issue, has been kept unchanged at 20 per cent.

After providing Rs. 19.01 lakhs (against Rs. 13.37 lakhs) for depreciation, Rs. 4.45 lakhs (against Rs. 2.14 lakhs) for development rebate reserve and Rs. 29.20 lakhs (against Rs. 25 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 17.58 lakhs, against Rs. 22.19 lakhs in the preceding year. After adjustments, the surplus of Rs. 17.55 lakhs (against Rs. 24.72 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 12 lakhs (against Rs. 10.80 lakhs) will be paid. The management expects the current year's sales to touch Rs. 5 crores; sales in the first four months are placed at Rs. 1.25 crores, against Rs. 1.08 crores in the corresponding period last year. After the successful execution of the trial defence order for a vital component, the Company has received further orders. The Company exported machinery worth Rs. 45 lakhs during 1971-72 and it expects to do well in the current year.

INDIAN DYESTUFF

Sales and Profit Decline

INDIAN Dyestuff Industries has maintained the dividend for the year ended March 1972 at 14 per cent, but its working results are not satisfactory. According to the preliminary figures, net sales at Rs. 9.88 crores are down by about 6 per cent from the previous year's figure of Rs. 10.53 crores and the gross profit has declined by as much as 35 per cent from Rs. 2.19 crores to Rs. 1.43 crores, indicating a diminution of margins. After providing Rs. 91.82 lakhs (against Rs. 76.33 lakhs) for depreciation, Rs. 26.47 lakhs (against Rs. 5.25 lakhs) for development rebate reserve and with no tax liability for which Rs. 83.30 lakhs had been allocated in the preceding year, there is a net profit of Rs. 24.90 lakhs, against Rs. 54.17 lakhs. The equity dividend will claim Rs. 42 lakhs and the preference dividend Rs. 3.22

lakhs. Nearly half of the proposed equity dividend will thus come from past reserves.

DUNLOP

Lock-out at Calcutta Offices

FOR some time inter-union rivalry has been persisting in the head office and the Calcutta district sales office of Dunlop India Ltd. The unions concerned are Dunlop India Ltd Employees' Union (recognised union), the president of which is Mr. Bishnu Banerjee, president, I.N.T.U.C., West Bengal; and Dunlop Staff Union (unrecognised union), the working president of which is Mr. Samir Roy, who is a member of W.B.P.C.C. Labour Cell, says a statement issued by Dunlop India Ltd's management recently. While negotiations for an amicable settlement were progressing with the help of the State Government, the unrecognised union resorted to mass demonstrations with the help of people who are not Dunlop employees, and *gheraoed* the Company's offices on 31st October. The demonstrations and the *gherao* were lifted

in the evening only after the intervention of the State Government.

Furthermore, in spite of Government intervention and while the matter was under discussion, the unrecognised union resorted to an illegal strike on Wednesday, 1st November. On this occasion a large number of people who are not employees of Dunlop, collected in the area of Dunlop offices and employees were prevented from approaching and entering the offices. A number of Dunlop employees, including a director, were manhandled. In view of this and in the interest of the safety of the employees, the management of Dunlop India Ltd has declared on 2nd November a lock-out of its head office and the district sales office in Calcutta until normalcy is restored.

GOODYEAR

Contract from Boeing

WHEN Boeing delivers the first 707s to the People's Republic of China, they will be equipped with wheels and brakes built by Goodyear Aerospace. The contract has been awarded for equipping ten Boeing

DELHI CLOTH MILLS: RESULTS IMPRESS

IN his chairman's speech at the annual general meeting of the Delhi Cloth and General Mills Co. Ltd recently held in Delhi, Dr. Bharat Ram said that the working results of the Company during the year ended June 1972 were satisfactory. (A fuller version of the speech was published in last week's issue of *Capital*.) The chairman said that the replacement of 35,000 spindles and 400 looms at the new textile mill in Dasna had been completed. The factory has started working. But because of the untrained labour and other teething troubles, it is not working to full capacity. It is hoped that within the next few months the plant will reach its expected capacity. The Company has received permission from the Government to expand the capacity of its fertiliser plant by 50 per cent; the various formalities have been completed. The construction has already started and every step is being taken to expedite the implementation of capacity expansion. The Company has started the production of electronic desk cal-

culators; these are found to be excellent. It is a matter of satisfaction that the desk calculators are produced by know-how developed by the Company.

The chairman referred to the social milieu under which the Company has been operating. There has been both achievements and failures. The generation of power and the heavy machinery building capacity have been substantially increased. There has also been growth in other sectors. But prices have risen substantially. Industrial production, by and large, continues to be sluggish. The acute shortage of power and raw materials are proving to be great handicaps. The chairman said that business men must not only accept but welcome the reforms appropriate for the "removal of exposed abuses both in letter and in the spirit." To remove poverty, there must be a concerted drive on the part of larger enterprises to establish new industries in the backward areas.

707s. Goodyear will begin delivering the items in March 1973. It is expected that Boeing will also use three other Goodyear items on the 707s. The components—centre wing section, passenger windows and tail radome protective covering for microwave antenna—are no longer in production, but the Boeing has ready stocks. Meanwhile, Goodyear has received \$4.9 million in military contracts for aircraft tyres and other aviation products.

ALUMINIUM INDUSTRIES

Results Improve

THE performance of the Aluminium Industries Ltd in recent years has not been quite encouraging, although the year ended 31st March, 1972, provides indications of recovery from the earlier depression. The chairman, Mr. S. Narayanaswamy, has regretted the inability of the Company to resume the payment of dividend. Mr. Narayanaswamy was keenly aware of the need for a reasonable return to the shareholders in these days of spiralling prices. The profit before depreciation for 1971-72 has improved from Rs. 39.84 lakhs to Rs. 81.03 lakhs. The chairman expects results to improve further in the current year. The total sales at Rs. 11.18 crores (against Rs. 9.73 crores) is a good achievement and out of this figure bare conductors have contributed 72 per cent. This indicates that the Company's mainstay is bare conductor. The chairman referred to the disadvantages that went with the selling of public utility goods to statutory bodies, as against the selling of consumer goods in the market.

HASTINGS MILL : SATISFACTORY RESULTS

HASTINGS Mill Ltd has turned out satisfactory results for the year ended March 1972 in line with the jute industry's overall satisfactory performance. Production was maximised to meet the international demand as the overseas markets mainly depended on Indian goods due to the dislocation of the manufacturing activities and exports from Bangladesh. Sales are up from Rs. 9.24 crores to Rs. 9.83 crores. The Company has made a profit of Rs. 2.20 lakhs, against a loss of Rs. 22.60 lakhs in the previous year, after providing Rs. 23.48 lakhs (against Rs. 23.85 lakhs) for depreciation. The taxable ordinary

Obviously, the profit margin is lower in this line than in other consumer industries. The Company has brought down fixed deposit liabilities from Rs. 90 lakhs to Rs. 63 lakhs, apart from reducing the rate of interest on such deposits.

In the machinery division in Hyderabad the order-book position is considered satisfactory and sales are expected to be stepped up substantially in the current year. Sales of the switchgear division amounted to Rs. 52 lakhs. The performance would have been still better but for the delay in the arrival of some imported components. One significant feature is that the Company has achieved a high degree of import substitution in this division. The consultancy division which commenced work in Madras in 1970 has been able to erect and commission one small-scale unit in Hyderabad and is now commissioning another unit in Kerala. The Company was able to export goods worth Rs. 36 lakhs, out of which export of cables to Russia amounted to Rs. 21 lakhs. In the first five months of the current year export sales have touched Rs. 26 lakhs. The chairman is happy with the performance of the Company during the current year.

CARONA SAHU

Dividend Skipped

DESPITE a modest improvement in sales from Rs. 6.33 crores to Rs. 6.55 crores, the gross profit made by Carona Sahu during the year ended April 1972 at Rs. 10.15 lakhs shows a decline of about 32 per cent

dividend has been maintained at 1 per cent, absorbing Rs. 80,000 which will be paid out of general reserve. This offers a yield of 1 per cent at the present price of Rs. 102 a share of Rs. 100 each. A sum of Rs. 2.85 lakhs (against Rs. 2.38 lakhs) and another sum of Rs. 14.60 lakhs (against Rs. 40,000) have been transferred from dividend rebate reserve and the debenture sinking fund. After making other adjustments, Rs. 4.49 lakhs (against Rs. 5 lakhs) and Rs. 15.18 lakhs (against nil) have been transferred to the debenture sinking fund and general reserve, respectively.

from the previous year's Rs. 14.78 lakhs. After providing Rs. 13.07 lakhs (against Rs. 13.30 lakhs) for depreciation, there is a net loss of Rs. 2.91 lakhs, against a profit of Rs. 1.48 lakhs. The poor results are attributed to the increase in labour costs, dislocation of the market for the Company's products resulting in increased inventories and more interest charges and keen competition. The dividend has been skipped, against 5 per cent paid for the preceding year.

In his annual statement to the shareholders, the chairman, Mr. Sriyans Prasad Jain, points out that there has been a change in the market demand from traditional footwear made of canvas, rubber and leather to P.V.C. footwear. But even in P.V.C. footwear, prices slumped on account of keen competition and unhealthy marketing practices adopted by some of the small-scale units. Sales for the first four months of the current year have shown a marginal increase over the figure for the corresponding period of the previous year and this trend is expected to be maintained for the rest of the year. The management is reshaping its marketing policy, keeping in view the prevailing market conditions and the need to secure a reasonable margin of profit.

RAMESHWARA JUTE

Sales and Profit Rise

THE Rameshwara Jute Mills Ltd has fared well during the year ended March 1972. Sales are up from Rs. 3.48 crores to Rs. 4.32 crores and the profit has risen from Rs. 12.57 lakhs to Rs. 29.76 lakhs, after providing Rs. 4.90 lakhs (against Rs. 11.07 lakhs) for depreciation. In view of the Company's improved working results, a taxable ordinary dividend of 5 per cent has been declared (against nil), absorbing Rs. 1 lakhs which will be paid out of general reserve. This offers a yield of 4.3 per cent at the present price of Rs. 11.56 a share of Rs. 10 each. Taxation gets Rs. 25 lakhs (against Rs. 10 lakhs) and development rebate reserve Rs. 1.70 lakhs (against Rs. 1.38 lakhs). After making other adjustments, Rs. 3.13 lakhs have been transferred to general reserve. The prospects for the current year will largely depend on the steps the Government takes to import raw jute and grant fiscal relief.

ASSAMBROOK ESTATES

Profit Declines

ASSAMBROOK Estates Ltd has not done well during the year ended June 1972. It was a disappointing year for a number of tea companies, particularly in Assam. Stringent control has made it possible to avert a loss and make a small profit. Irregular climatic conditions marked by continued wet spells and the lack of adequate hot and humid weather also affected the crop considerably. The profit has declined from Rs. 4.80 lakhs to Rs. 2.69 lakhs, after providing Rs. 5.97 lakhs (against Rs. 5.61 lakhs) for depreciation and Rs. 1.49 lakhs (against Rs. 3.95 lakhs) for taxation. In view of the Company's unsatisfactory working results, the ordinary dividend has been cut from 10 per cent to 1 per cent. This offers a yield of 1.6 per cent at the present price of Rs. 6.25 a share of Rs. 10 each. A sum of Rs. 49,000 (against Rs. 41,500) has been transferred to reserve for development rebate and allowance. There is a carry-forward of Rs. 8,176, against Rs. 5,399 brought in.

PERIA KARAMALAI TEA

Severe Competition

ADDRESSING the annual general meeting of Peria Karamalai Tea and Produce Co. Ltd, the chairman, Mr. H. C. Lakhani, referred to the present position of the tea industry in the country. He said that world production of tea during the year had recorded a higher figure so far. The supply position has outstripped the demand, resulting in severe competition throughout the world. He pointed to the high cost of production in the tea industry which is constantly moving up. This rising trend of costs has affected the developmental works. In the absence of a substantial increase in production, costs in the industry are bound to be high, compared with other countries. This cost inflation has already affected tea exports. The chairman was apprehensive of a fall in exports in the coming years, unless drastic remedial measures were taken.

The chairman said that the Government at the Centre and in the States had agreed to exempt plantations from the purview of the Land Ceilings Act, in order to avoid fragmentation of land. This exemption has been given as far as planted areas are concerned. But, with regard to unplanted

land, the Tamil Nadu Government has fixed a limit whereby plantations are allowed to retain land only up to 20 per cent of the planted average. In effect, this limitation has put an end to the replacement and extension of areas under plantation crops. The Company's tea is fetching satisfactory prices. While the chairman expressed difficulty in making a forecast on future tea prices, he hoped that the Company's teas would realise fairly good prices as it produced quality teas.

SUNGMA TEA

Profit Earned

THE profit of Sungma Tea Co. Ltd for the year 1971 has amounted to Rs. 26,763, against a loss of Rs. 1.89 lakhs in the previous year, after providing Rs. 1.39 lakhs (against Rs. 1.13 lakhs) for depreciation, Rs. 5,000 (against Rs. 57,000) for taxation and Rs. 10,272 (against Rs. 26,613) for development rebate reserve. The taxable ordinary dividend has been reduced from 5 per cent to 3 per cent, absorbing Rs. 46,875 (against Rs. 78,125). This offers a yield of 5 per cent at the present price of Rs. 6.06 a share of Rs. 10 each. After transferring Rs. 20,000 (against Rs. 2.60 lakhs) from general reserve and making other adjustments, there is a balance of Rs. 4,842 which is carried forward, against Rs. 4,954 brought in.

WEST COAST PAPER : BONUS AND RIGHTS SHARES

WEST Coast Paper Mills has turned out poor results for the year ended June 1972. While sales at Rs. 8.96 crores show an increase of about 10.2 per cent over the previous year's figure of Rs. 8.13 crores, the gross profit has declined by 10.8 per cent from Rs. 2.03 crores to Rs. 1.81 crores. Production was a little higher at 43,098 tonnes, against 42,651 tonnes, despite a shut-down of machines to install the balancing equipment. The dividend has been kept unchanged at 13 per cent. In addition, the directors have proposed to issue 60,000 equity shares as bonus shares on a one-for-four basis and an equal number of equity shares as rights at a premium of Rs. 40 a share or at such premium as may be

KIL KOTAGIRI TEA

Profit Declines

KIL Kotagiri Tea and Coffee Estates Co. Ltd's profit of Rs. 4.63 lakhs for the year was Rs. 1.88 lakhs less than in the previous year. The fall in profit was attributed to lower crops due to a prolonged drought. The lower realisation for the coffee crop and also an increase in costs affected the profit. The tax provision was Rs. 2.20 lakhs. In spite of a lower profit the dividend has been maintained at 12½ per cent on ordinary shares.

PARASEA COLLIERIES

Loss Incurred

THE working of the Parasea Collieries Ltd shows unsatisfactory results for the year ended December 1971. Raisings declined from 426,130 tonnes to 375,048 tonnes and despatches from 410,713 tonnes to 369,795 tonnes. The Company has incurred a loss of Rs. 12.74 lakhs, against a profit of Rs. 1.67 lakhs in the previous year, after providing Rs. 5.85 lakhs, against Rs. 5.96 lakhs for depreciation. In view of the Company's poor performance the dividend has been skipped. After transferring Rs. 50,095 from adjustments relating to the earlier year, Rs. 515 from excess provision for reserve for doubtful debts and after making other adjustments, there is a debit balance of Rs. 13.33 lakhs which is carried forward. Sales were shown at Rs. 1.22 crores, against Rs. 1.38 crores.

prescribed by the Controller of Capital Issues and agreed to by the board. The rights shares will rank for dividend from the financial year commencing July 1974.

After providing Rs. 66.90 lakhs (against Rs. 62.10 lakhs) for depreciation, Rs. 31 lakhs (against Rs. 8.25 lakhs) for development rebate reserve and Rs. 36.50 lakhs (against Rs. 78.50 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 46.75 lakhs, against Rs. 54.06 lakhs in the preceding year. After some write-backs, a sum of Rs. 53.43 lakhs (against Rs. 78.57 lakhs) has been transferred to general reserve out of which the proposed equity and preference dividends amounting to Rs. 38.22 lakhs will be paid.

I.J.M.A. Urges Immediate Import of Bangladesh Jute

HARDENING raw jute prices with the advance of the season confirm the industry's fear, also shared by the Government, about the 1972 Indian jute crop falling short of the normal inventory and consumption requirement of jute mills at the current rate of production, says a statement issued by the Indian Jute Mills Association earlier this week. The price of the fibre, basis Assam Bottoms delivered in Calcutta, is ruling around Rs. 62 a maund, against Rs. 52.50 in January 1972 and Rs. 48 at this time last year. November and December are traditionally the peak marketing months for raw jute when heavy arrivals of the fibre tend to exert a downward pressure on prices. The movement of jute prices in the opposite direction for the last few weeks is reason enough for anxiety on the part of the industry, which is already battling against rising costs under different heads of the production process. There would, however, be real cause for alarm if the prospects of production itself were to be clouded by uncertainty about sufficient availability of raw jute during the second half of the 1972-73 season.

The situation lends urgency to the industry's plea to the Government for expeditious import of 1 million bales of jute, which will go a long way towards safeguarding the interests of mill workers and consumers of jute goods by ensuring the maintenance of the industry's current level of operation. The State Trading Corporation has already purchased 200,000 bales of Bangladesh jute for immediate import and allocation to mills. A delegation, it is understood, is shortly to visit Dacca to negotiate the purchase of another 200,000 bales to 300,000 bales. The jute price and supply situation in India warrants the finalisation, with the least possible delay, of arrangements for import of the balance 600,000 bales of the total 1 million bales which the industry has asked for to meet the deficit in Indian domestic crop.

The sharp deceleration in the consumption of burlap since the beginning of this year cannot be ascribed to any single or dramatic

development, says the New York correspondent of the Indian Jute Mills Association in his latest dispatch. A combination of factors leading to the continuing high price levels and disruption in supplies have led to a rapid attrition in specific market areas. Developments in these areas and their impact on the Indian jute industry can bear repetition at this juncture, he warns. The single largest market for standard constructions of burlap—the packaging of commercial feed, agricultural produce, fertilisers and similar products—is fast moving into polypropylene, polyethylene, and bulk handling. The one common direction appears to be away from burlap.

U.S. Buying Policy Reversed

For its P.L. 480 Title II purchasing programmes, the U.S. Department of Agriculture has almost totally reversed its buying policy. In the earlier months of 1972, it purchased only 500,000 burlap bags, against 2 million for the comparable period of 1971. The offtake of polypropylene bags, however, rose to more than 2 million over 600,000 for the same period last year. In respect of commercial feed, the same period witnessed the almost total conversion of the largest manufacturer in the world to polypropylene. This event also marked the advent of the polypropylene bag as a viable re-use container, thus discounting the very positive advantage enjoyed alone by burlap so far.

Automotive Carpeting

The introduction of a polyester substrate in the automotive backing market has allowed larger automobile manufacturers to specify an increasing percentage of automotive carpeting to utilise this polyester and the earlier, fully acceptable nylon substrate. It has been of particular concern to note that the availability of a substitute for burlap can evoke such a response from an actual user. It can, of course, be argued that if burlap were available at reasonable prices and had been in steady supply, such insistence on the use and development of a domestic synthetic-based substitute would have been unneces-

sary. Flammability requirements in this area favour synthetic materials and it seems a strange sequence that the enforcement of such requirements has coincided with the advent of acceptable fire-retardant substitutes. It is indeed of grave concern that the efforts of the north American office of the I.J.M.A. and the I.J.I.R.A. to retain at least a share of this market may well be foiled unless the basic prices of burlap were brought to realistic levels.

The announcement of carpet production for the first quarter of 1972 by the U.S. Bureau of Census confirms the misgiving about the future of the jute industry. The immediate future of jute backings does not appear to be encouraging. The second quarter of 1972 produced a lull in the tufting industry, following heavy shipment of goods from India and the revival of the industry in Bangladesh. The immediate impact was that tufting mills went about trying to sell their stocks of high-priced jute backing. Inventories of both jute and synthetic backing started piling up, particularly the former. While tufters have been under no pressure to pick up the jute-based fabric they have ordered, they have taken most of the polypropylene that has been offered. Having been put on allocation by the synthetics manufacturers during the scarcity of jute, most tufters are unwilling to refuse supplies of the synthetic product for fear of losing their quotas, should scarcity of jute crop up again.

The disruption of supplies from the erstwhile East Pakistani industry, the resulting burden placed on India to meet even the sagging north American demand and the consequent escalation of prices led to an acceleration of interest in and acceptance of synthetics, polypropylene—woven and non-woven—polyester, nylon, synthetic rubber and others for packaging, industrial and carpet backing markets. Large lots of available production were released, the production capacity fully utilised, and still supplies continued to lag behind the demand. Tufting mills, bag converters and industrial users were put on quotas till further supplies were available.

Recession in Gunnies

The Calcutta gunny market suffered a sharp recession during the past week on tired long liquidation in a predominantly buyers' market. Trad-

ing was interrupted due to a number of festive holidays and the virtual absence of genuine enquiries from and offtake by major overseas and internal consumers. The recent reduction in the export duty on primary carpet-backing cloth did not appear to have produced any appreciable impact on its demand and bookings. The last loader for east African destinations lifted about 5,000 bales of end-products, while buyers in the River Plate region and west Africa were reportedly leaning still heavily on Bangladesh supplies. Shipper circles were inclined to believe that the absence of overseas interest was also due to the hopes of substantial reliefs in the remaining export duties on Indian jute goods. Although the industry had almost reached normal levels of production in Bangladesh, it had by now been well-booked practically for the entire season. The simultaneous operation of all these bearish factors as also the credit squeeze unnerved the bulls and they emerged as nervous sellers in an unwilling market. Taking advantage of the downward trend, bears also indulged in a lot of aggressive short-selling, taking care to cover their open positions at the dips. This bull-bear tussle helped in curing the technical imbalance. By the weekend, the elimination of most of the weaker bulls and the clearance of some overload paved the way for arresting any further recession in prices. Mills were also cautious, for the high fibre prices and difficulty in getting adequate lots of suitable grades thereof obliged them to refuse lower offers for goods. Operators were led to believe that leaner and leaner enquiries from traditional buyers overseas and their keener interest in supplies from Bangladesh would ultimately canalise Indian exports of such products to countries with which India had developed standing bilateral trade arrangements. The recent Press note by the I.J.M.A. urging the immediate abolition of the anachronistic export levy of Rs. 150 a tonne on sacking was interpreted as a pointer to the industry having reconciled itself to the co-existence of the synthetic substitute industry in India. In the hedge market, the trend appeared to be subdued in sympathy with the behaviour of the spot goods market. In spite of the impact of rising competition from the fast-recovering industry in Bangladesh and the additional burden of export levies which tilted overseas' preference to Dacca, comparative statistics relating to production, exports and internal offtake showed an appreciable improvement during the

period, notwithstanding the heavy setback to the shipments of carpet-backing cloth and hessian. The hectic price upsurge was followed by the manifestation of stiff consumer resistance and substitution by synthetics even from official and semi-official agencies in India. Consuming a total of 5.015 million bales of raw jute during the nine-month period ended September this year, against 4.687 million bales in the same period last year, the Indian industry produced a total of 850,300 tonnes of end-products, against 796,200 tonnes—245,700 tonnes, against 232,800 tonnes of hessian, 375,000 tonnes, against 359,000 tonnes of sacking, 148,300 tonnes, against 232,800 tonnes of carpet-backing cloth, and 81,300 tonnes, against 60,000 tonnes of other goods. While total exports rose by 27,000 tonnes over the 1971-level to 466,900 tonnes, hessian exports showed a drop of 1,000 tonnes to 202,500 tonnes and carpet-backing cloth of 11,900 tonnes to 130,800 tonnes. Sacking exports showed a satisfactory increase of 21,100 tonnes to 89,000 tonnes due to brisk despatches against bilateral trade agreements. Turnover was small. The closing undertone was hesitant.

Latest available quotations (in rupees) were as follows:

	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	73.50	74.00	74.75
40in. 8oz.	80.50	—	—
40in. 10oz.	99.50	98.50	97.75
B Twills	252.00	254.00	259.00
Heavy Cees	256.00	259.00	264.00
Cornsacks	—	—	—
A Twills (U.S.)	325.00	326.00	328.00
Liverpools	303.00	306.00	308.00

Fibre Firm

Despite a sharp recession in the jute goods market, raw jute continued to rule pretty firm during the

past week. The absence of internal or overseas enquiries and business, however, depressed the morale of the industry. Although it had so far absorbed all offers of suitable grade fibre even at a premium to maintain the optimum level of production, the increasing burden of inventories in the finished goods warehouses accentuated the stringency of funds to finance further fibre purchases. Still, mills went on absorbing better grade jute at quoted prices which ruled steady but unchanged during the week. The drastic enforcement of restrictions on border trade prevented the movement of clandestine fibre supplies from Bangladesh. The commencement of river traffic on the Cachar-Sunderbans service through Bangladesh territorial waters was welcomed by the tea and jute industries in both the countries. If the service were run regularly, it would help in the smooth movement of jute from Assam and Bangladesh to Calcutta, reducing the pressure of traffic on the North Eastern Frontier Railway. Arrivals in the upcountry agencies were small. Turnover was nominal and the closing undertone was quietly steady.

Latest available quotations (in rupees) were as follows:

	November-December		
	Rates a quintal	Rates a quintal	Rates a md.
	Mid.	Bot.	Bot.
Selected Assam-Agartala	176.83	166.11	62.00
Northern Jute	170.13	159.41	59.50
West Bengal Desal	160.75	150.01	56.00
Selected Daissee	192.90	182.19	68.00
Assam-Agartala Tossa	192.90	182.19	68.00
Mesta :			
Assam Mesta	150.07	147.36	55.00
Selected Murshidabad	152.72	142.00	53.00
Bihar Mesta	136.64	125.92	47.00

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The Calcutta Electric Supply Corporation Ltd.

(Incorporated in England)

SALES OF ELECTRICITY (in millions of units)

	1969/70	1970/71	1971/72
Domestic	719.2	740.8	738.8
Industrial	1772.7	1749.7	1850.4
Others	76.1	73.5	72.2
TOTAL	2568.0	2564.0	2661.4
Maximum Demand met in MW	520	520	533

FINANCIAL WORKING

	1970/71 Rs. lakhs	1971/72 Rs. lakhs
Gross Rev.	3267.5	3489.0
Profit after Taxation	79.2	112.4
Additions to Fixed Assets	201.9	313.4

EXTRACTS FROM THE REVIEW BY THE CHAIRMAN, MR. SACHINDRA CHAUDHURI AT THE 75TH ANNUAL GENERAL MEETING HELD ON 10TH NOVEMBER, 1972 AT VICTORIA HOUSE, CALCUTTA

In the year under review India has witnessed great human tragedies including War and mass migration of refugees. This migration with all its intensely sorrowful accompaniments stretched into areas within which your Company operates. On the other hand, under the leadership of her Prime Minister, India has won a decisive victory, with little loss of Indian life, over the soulless military machine of Pakistan, and has helped the emergence of an independent democratic State. She has also given comfort and asylum to the large migrating population unprecedented in history and has helped them to return to their homes and to rehabilitate themselves. The State of West Bengal has been to the polls and a Government has been elected which commands strong support both in the legislative assembly and in the State. Confidence in the future of the State and its economic growth and stability has returned and law and order have been restored. Your Company has been fully active in the generation and supply of power needed for development of the State but for causes beyond its control it has been unable fully to play its required part. I shall revert to this question later in this Review. I, however, express my deep regret that our consumers have suffered great inconvenience caused by interruption of power supply and I thank them for their understanding and forbearance. I like to emphasise that in this crisis of power your Company has stretched itself to the utmost to maintain its supply to Industries, other organisations and domestic consumers.

Board of Directors

Our active operative Board is completely Indian though the interests of our British Stockholders are constantly kept in view and are especially looked after by Sir Owain Jenkins and Mr. J. W. Gauntlett who are always available to our Stockholders on our English Register, to answer questions and give information.

Sales of Electricity

I am pleased to report that the units sold and maximum demand as shown above have at last risen above the static figures of the last three years. But the small increases (less than 4%) do not adequately reflect the improved industrial conditions to which I have referred because restrictions were imposed by Government order on certain H.T. Industrial Consumers and because there has been frequent "load shedding" for reasons explained later.

Capital Expenditure

Capital Expenditure at cost less provision for depreciation and change in the Rupee and Sterling rates stands in the Balance Sheet at Rs. 3970.8 lakhs, Net Expenditure during the year totalling Rs. 313 lakhs. Although this was considerably more than in the previous year it was, as was predicted, less than was provided in our Development Budget. The main items of expenditure were on modifications to the coaling plant at Mulajore Generating Station and the EHV Cables for the Princep Street 132 KV Receiving Station.*

*N.B.—Fourth 132 KV Receiving Station to receive power from the WBSEB

Electricity (Supply) Act and Tariff Policy

In the Directors' Report we point out that the Clear Profit for the year was Rs. 138.9 lakhs or some Rs. 80.3 lakhs less than the Reasonable Return to which the above Act entitles the Company. This profit included about Rs. 23.1 lakhs (net of tax) of interest really extraneous to the business of electricity supply and so the deficiency of operating profit was something more like Rs. 103.4 lakhs.



This again underlines the urgent need for an increase in the Company's revenue to match its increased costs. Stockholders will be aware that for over two years now we have been endeavouring to implement a comprehensive revision of our rates designed to bring the Clear Profit more nearly into balance with the Reasonable Return. I regret again to have to report that in spite of our endeavours the support of Government which we can reasonably expect has not yet come. A reluctance in Government to give ready assent to an increase in the price of such a basic commodity as electricity is understandable. I must point out, however, that such a policy can have dire results. The present condition of the Electricity Supply Industry in West Bengal is a stark reminder of the consequences of starving the Industry of finance. So far as the consumers are concerned, I am quite convinced that their interest is best assured by being served by an undertaking which is viable and efficiently run with due regard to the supply of future demands. This Company can meet these criteria only if it is allowed to earn its Reasonable Return which enables it just to service its capital and have some margin to spare to augment development finance. The framers of the Electricity (Supply) Act had this economic position in mind and enacted strict rules as to Reasonable Return. Irreparable damage will be done to the Company and with it to consumers in Calcutta if its right to earn the return which the Electricity (Supply) Act entitles it is thwarted.

Operations

Stockholders resident in Calcutta will unfortunately need no reminder of the drastic power shortage which was referred to by my predecessor in his Review last year and which, to our regret, still persists. In fairness to the Company's operational and planning staff, if for no other reason, I would state categorically that the blame for this power crisis cannot be laid at the Company's door. This is because some 20 years ago, when the Company sought the necessary consents from Government for the construction of a large new generating station in the Calcutta area it was advised that these would not be forthcoming as Government had decided to assume responsibility for the expansion of the generating capacity in the State and that the Company would thenceforth have to take all its additional power requirements from Government Agencies. The Company's present failure to meet in full the demands of its consumers is due not to any defect or operational failure of its own plant, the performance of which during the year has not only maintained in terms of utilisation factors rarely equalled elsewhere in India but has also shown an improvement over that of the previous year. The utilisation factors of the two of our principal power stations installed in 1940 and 1950 were respectively 87% and 94% of the installed capacity. Quite simply, it is due to the inability of Government Agencies—the West Bengal State Electricity Board and the Damodar Valley Corporation—to supply the Company with the full amount of power to which these agencies are committed by agreements with the Company. Had the State Electricity Board and Damodar Valley Corporation been in a position to perform their obligations under these agreements there would have been no power cuts in Calcutta in the recent past nor would there be any today.

It appears that the Government Agencies' existing firm generating capacity is inadequate and the present ex-

tremely unsatisfactory state of affairs will persist until that capacity is materially enhanced either by an improvement in the performance of the existing plants or by the commissioning of additional plant. In terms of conventional steam generating plant, the latter is, of course, a lengthy business and the State is not likely to see any further augmentation of its capability, in relation to needs, for a minimum of four to five years after the commissioning of the two 120 MW units at Santaldih P.S. in 1973/74. The addition of a mere 240 MW of installed capacity in 1973/74 can hardly be considered adequate to cover the needs of the State up to 1976/77, not to speak of the urgent and immediate need for additional capacity to implement an overdue programme of maintenance for restoration of all power plants in the State to good working order. Quicker relief measures such as the installation of gas turbine generators may be considered by the authorities.

Administration

Although the number of employees remained virtually constant throughout the year there was a very substantial rise in salaries and wages. The new agreement referred to last year resulted in an increase in emoluments to our workers totalling approximately 150 lakhs of rupees during the year under review. The Company has always recognised the social responsibilities of an employer and has been just and fair in its dealings with its employees. It appreciates that only the satisfied employees give the best service to consumers. A similar rise occurred in 1968 when the previous revision of pay was made after which the average annual wage curve tended to level off. We expect this to happen again during the current agreement. Despite the sharp rise in rates of basic pay the amount paid for overtime was maintained at about the same level as last year by dint of strict supervision combined with the introduction of incentive schemes. Unfortunately, some sections of our labour force continue to resent the restriction of overtime within reasonable limits.

Although we have still been unable to instal a modern computer because of the "no automation" policy of the unions, some of the older billing machinery have now been replaced by newer machines with enhanced speed and the output of monthly bills is being kept up to date. Allocation of expenditure is still done manually and is consequently much in arrear.

For the convenience of our consumers in the southern part of our area the Company last month opened another Regional Office in a new building on Gariahat Road.

Staff

I am sure you would wish me on your behalf to express the Company's appreciation of the tasks that have been performed by your executive staff and the workers who have helped maintain supply in difficult circumstances and made it possible for the Company to render efficient service to our consumers.

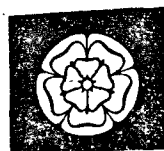
(N.B.—This statement does not purport to be a report of proceedings of the Annual General Meeting referred to above)

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS
ANNOUNCEMENT REGARDING ISSUE OF 3,57,130 EQUITY SHARES OF RS. 10/-
EACH FOR CASH AT PAR

Persons interested in full details may obtain copies of the Prospectus and Application Forms from the Underwriters, Managing Brokers, Brokers and Bankers to the issue mentioned below:—

Application will be made to the Calcutta Stock Exchange for permission to deal in and for quotation of the Equity Shares in the Company.

The Subscription List will open at the commencement of Banking Hours on 27th November, 1972 and will close at the close of Banking Hours on 5th December, 1972 or earlier at the discretion of the Board of Directors of the Company but not before the close of Banking Hours on 29th November, 1972.



J. STONE & COMPANY (INDIA) LIMITED
 (INCORPORATED UNDER THE INDIAN COMPANIES ACT, 1913)

HISTORY AND BUSINESS

The Company was incorporated on the 15th January, 1931 as a company limited by shares pursuant to the provisions of the Indian Companies Act, 1913 and was converted into a public company on the 25th October, 1972.

Upon its incorporation in 1931 the Company took over as a going concern the business of selling agencies or branches of the then J. Stone & Co. Ltd. (a company incorporated in the United Kingdom) carried on at Calcutta, Madras, Bombay and elsewhere in the then Empire of India and in Ceylon and also established a workshop in Calcutta to undertake the manufacture of various items of train lighting equipment, such as, Kent Couplers, Junction Boxes, Light Fittings and Carriage Fans.

The principal business of the Company at present is the manufacture, sale and service of train lighting equipment and other related equipment including dynamos, switchgear and alternators, pantographs for electric locomotives and electrical multiple units, superheater elements for locomotive boilers, ball end joints, return bends and brake regulating equipment for railway rolling stock, fractional horsepower motors, complete air-conditioning/refrigeration equipment for railways and buses, control panels, stators, rotors and traction motors. The Company also manufactures certain classified equipment for the Government of India.

The Company has a well equipped factory at Taratolla Road, Calcutta on a land admeasuring 10.3 acres approximately held under lease from the Commissioners for the Port of Calcutta which will expire in June 1977 but the Company has an option of renewal for a further period of 60 years. There is sufficient space at the factory site for expansion of the Company's factory.

The Company has branch offices at New Delhi, Bombay and Madras.

The Company proposes to set up a factory at Bombay and to acquire a suitable site for the purpose, negotiations for which are expected to be finalised early in 1973.

EXPANSION

The Company has considerable manufacturing capacity, technical resources and expertise and it is proposed to utilise these facilities for expanding and diversifying the Company's activities. With this end in view the Company proposes to undertake the manufacture of the following items:

- (1) Marine Navigational Aid equipment.
- (2) Air brake equipment for locomotive, freight and passenger stock.
- (3) Brushless alternators and control gear for train lighting and air-conditioned passenger coaches.
- (4) Automatic door gear for Railway and Road Buses.
- (5) Rotary Switches & Systems Relays.
- (6) Submersible pumps and spares.

The Company has already obtained from the Government of India an Industrial Licence being Licence No. L/5(4)101/LEE/72, dated 22nd August, 1972 for the manufacture of navigational aids namely, major equipment for lighthouse, paraffin vapour burning type, electrically operated type complete with lantern house, generator plant and associated switchgear, beacon lanterns, mains and battery operated apparatus and associated housings including structures and buoys and accessories and spares therefor.

The Company has received from the Government of India a Letter of intent No. 6-7/68-MEI, dated 15th July, 1969 as amended by Government of India's letter dated 22nd February, 1972 for the manufacture of 6,000 sets per annum of air-brake equipment for locomotive, freight and passenger stock.

The Government of India has by its letter No. E.E.I.-13(35)/71, dated 20th May, 1972 amended the Company's existing Industrial Licences Nos. L/19/10/53, L/5LD/57 and L/5(T)N-47/59, dated 8th December, 1953, 19th September, 1957 and 8th October, 1959 permitting the Company to manufacture brushless alternators and control gears.

The Company has applied to and is negotiating with the Government of India for Industrial Licences for the manufacture of electrically operated door gear for railway coaches and road buses, rotary switches and systems relays (used for control of electrical equipment, such as industrial motors and circuit breakers) and submersible pumps and spares therefor used for industrial, agricultural and municipal purposes.

COLLABORATION

The Company is a wholly owned subsidiary of Stone-Platt Overseas Limited, U.K., and will continue to be a subsidiary of that company even after the present issue of share capital.

The Company is an important member of the Stone-Platt Group with its worldwide connections which makes available to the Company valuable technical assistance for the manufacture of train lighting and air-conditioning equipment. It is proposed to enter into new Agreements with the Stone-Platt Group for the manufacture of submersible pumps, rotary switches and systems relays.

The Company has recently renewed its Technical Collaboration Agreement with Svenska Aktiebolaget Bromsregulator for the manufacture of brake regulating equipment for the railway rolling stock.

The Company also has a Technical Collaboration Agreement with Messrs. L. Faiveley of France for the manufacture of pantographs for electric locos and electric multiple unit coaches.

DIRECTORS

Name and Address

Dr. Peter Eric Axon.
 'The Mount',
 Wargrave, Berks,
 England.

Mr. Edward Gillespie
 Smalley
 25 St. James Street
 London S.W.1.

Occupation and other Directorships

Company Director.
 Chairman and Director of:
 Stone-Platt Crawley Ltd.
 Hayward Tyler & Co. Ltd.
 McColl Electric Works (Pty) Ltd.
 Director of:
 Stone-Platt Industries Ltd.
 Stone-Platt Europe S.A. and other companies.
 Company Director
 Director of:
 Stone-Platt Industries Ltd.
 Platt International Ltd.
 Tweedales & Smalley Ltd.
 Dobson & Barlow Ltd.
 National Machinery Manufacturers Ltd.
 Platt International Incorporated and other companies.

Dr. Rohidas Raghavendra Rautangadi,
 10A, Mount Pleasant
 Road, Bombay 6.

Mr. Dipti Kumar Basu,
 2nd Lake View Road,
 Calcutta 29

Mr. Balndur Ratnaker
 Rao
 Managing Director,
 2 Lee Road,
 Calcutta 20

SECRETARY

MR. NIYANANDA BHATTACHARJEE
 10C, Southern Avenue, Calcutta 26

REGISTERED OFFICE

16, Taratolla Road, Calcutta 53

BANKERS TO THE COMPANY AND TO THE ISSUE

National & Grindlays Bank Ltd.
 19, Netaji Subhas Road, Calcutta 1
 Punjab National Bank, 8, Lyons Range, Calcutta 1

SOLICITORS

Orr, Dignam & Co.
 29, Netaji Subhas Road, Calcutta 1

AUDITORS

Price, Waterhouse & Co.
 B-4, Gillander House, Calcutta 1

REGISTRARS TO THE ISSUE

Robson, Black & Ghosh (Management Consultants)
 Private Ltd.
 6A, Middleton Street, Calcutta 16

SHARE CAPITAL

Authorised:

10,00,000 Equity Shares of Rs. 10 each Rs. 1,00,00,000

ISSUED, SUBSCRIBED AND

FULLY PAID:
 5,35,700 Equity Shares of Rs. 10 each Rs. 53,57,000

PRESENT ISSUE:
 3,57,130 Equity Shares of Rs. 10 each
 for cash at par Rs. 35,71,300

OUT OF THE PRESENT ISSUE:
 17,856 Equity Shares of Rs. 10 each
 have been reserved for subscription for cash at par by the Directors and employees of the Company provided they are all Indian Nationals on the condition that if any of these shares are not so taken up they will be available for meeting applications from the public

NOW OFFERED TO THE PUBLIC
 FOR SUBSCRIPTION:
 3,39,274 Equity Shares of Rs. 10 each
 for cash at par Rs. 33,92,740

TERMS OF PAYMENT
 Payment will have to be made in full at the rate of Rs. 10 per share on application.

RIGHTS ATTACHED TO THE EQUITY SHARES NOW BEING ISSUED

The Equity Shares hereby issued will rank pari passu with the existing Equity Shares in the Company in all respect except that the holders of the Equity Shares now being issued will not be entitled to participate in the dividend if any, declared out of the profits earned upto and in respect of the 52 week period ending 30th December, 1972.

Company Director.

Chairman of:
 Bomoay Paints & Allied Products Ltd.

Ion Exchange (India) Ltd.

Director of:

Modern Mills Ltd.

The United Commercial Bank Ltd. and other companies.

Solicitor

Partner of:

Orr, Dignam & Co.

King & Partridge.

Director of:

Anglo India Jute Mills Co. Ltd.
 Budge Budge Amalgamated Mills Ltd.

Brooke Bond India Ltd.

The English Electric Co. of India Ltd.

Fibreglass Pilkington Ltd. and other companies.

Chairman of:

Avery India Ltd.

Director of:

Ion Exchange India Ltd.

Dobson & Barlow (Rayon Plants) Ltd.

UNDERWRITERS

The Equity Shares offered to the public for subscription have been underwritten as follows:—

Name of Underwriters	Amount Underwritten
National & Grindlays Bank Ltd., Calcutta 1	Rs. 5,00,000
Place, Siddons & Gough (Private) Ltd. Calcutta 1	10,92,740
Stewart & Co. Calcutta 1	3,00,000
Champaklal Devidas, Bombay 1	2,00,000
Harbans Singh Mehta & Co., New Delhi 1	2,00,000
Amrit Lal Bajaj & Co., New Delhi 1	2,00,000
M. M. Murarka & Co., Calcutta 19	2,00,000
Merwanjee Bomanjee Dalal, Amahabad	
Bank Building Bomoay 1	1,00,000
Bativala & Karani, Bomoay 1	1,00,000
Harkisondass Lukhmidass, Bombay 1	1,00,000
Paterson & Co., Mauras 1	1,00,000
M. Nanjappaiah Jangirdar, Bangalore 42	1,00,000
L. K. Panday, Bomoay 1	1,00,000
H. P. Mehta & Co., New Delhi 1	1,00,000
	Rs. 33,92,740

MANAGING BROKERS:

PLACE SIDDONS & GOUGH (PRIVATE) LTD.
 6, Lyons Range, Calcutta 1

BROKERS:

Bomoay:

CHAMPAKLAL DEVIDAS,
 Bhupen Chaudhary, 9-15, Dalal Street, Bombay 1
 MERWANJEE BOMANJEE DALAL
 Allahabad Bank Building, Apollo Street, Fort, Bombay 1
 BATILVALA & KARANI,
 Union Bank Building, 1st Floor, Dalal Street, Fort, Bombay 1
 HARKISONDASS LUKHMIDASS,
 Stock Exchange Building, Fifth Floor, Apollo Street, Fort, Bomoay 1
 LEWIS & JONES
 Bank of Baroda Building, Apollo Street, Fort, Bombay 1
 DHIRAJLAL MAGANLAL SONS,
 Stock Exchange Building, Apollo Street, Fort, Bombay 1
 L. K. PANDAY,
 Bank of Maharashtra Building, 45/47, Apollo Street, Bombay 1

Calcutta:

PLACE SIDDONS & GOUGH (PRIVATE) LTD.,
 6, Lyons Range, Calcutta 1

STEWART & CO.

14, India Exchange Place, Calcutta 1

G. M. PYNE,

14, India Exchange Place, Calcutta 1

N. L. ROY & CO.,

7, Lyons Range, Calcutta 1

M. M. MURARKA & CO.,

1/B, Mandeville Gardens, Calcutta 19

Delhi:

HARBANS SINGH MEHTA & CO.,
 33, Regal Buildings, Parliament Street, New Delhi 1
 AMRIT LAL BAJAJ & CO.,
 United India Life Building, 'F' Block, Connaught Place, New Delhi 1

H. P. MEHTA & CO.,

Surya Kiran, 3rd Floor, Kasturba Gandhi Marg, New Delhi 1

Madras:

PAIERSON & CO.,
 Vanguard House (III Floor), 11/12, Second Line Beach, Madras 1

Bangalore:

M. NANJAPPAIAH JAHGIRDAR,
 205, Cavalry Road, Bangalore 42

Ahmedabad:

CHINUBHAI CHIMANLAL DALAL,
 Mohurat Pale Norka, Manekchowk, Ahmedabad.

Hyderabad:

P. B. AFZALPURKAR,
 Sultan Bazar, Hyderabad.

Indore:

PUSHKARLAL GHUDAWALA
 44, Bada Sarafa, Indore 2

APPLICATIONS FOR SHARES

Applications will be made only by residents of India and must be for a minimum of 50 shares or multiples thereof. Application Forms have to be completed and together with

(Continued on next page)

COMPANY AND PUBLIC NOTICES

SIJUA (JHERRIAH) ELECTRIC SUPPLY COMPANY LIMITED

Twentieth Drawing of First Debentures (5% Regd.) 1976

HOLDERS of First Debentures (5% Registered) 1976, are hereby advised that the twentieth Drawing for Redemption will be held at 10 A.M. on Wednesday, the 13th December, 1972, at the Registered Office of the Company, Chartered Bank Buildings, Calcutta.

For and on behalf of
SIJUA (JHERRIAH)
ELECTRIC SUPPLY CO.
LTD.
A. BASU
Director.

Registered Office:
Chartered Bank Buildings,
Calcutta: 9th November, 1972.

DIVIDENDS DECLARED OR PROPOSED

Auckland Jute Co. Ltd.—Rs. 2/- per share (0) (f), subject to tax
National Rolling and Steel Ropes Ltd.—Nil
Assambrook Estates Ltd.—1 p.c. (0), subject to tax
Indian Cable Co. Ltd.—15 p.c. (0), subject to tax
Mutra Electric Supply Co. Ltd.—10 p.c. (0), subject to tax
Brooke Bond India Ltd.—20 p.c. (0), subject to tax

J. Stone & Co. (India) Ltd.—Contd.

(Continued from Previous Page)

full amounts payable on application at the rate of Rs. 10/- per Equity Share must be lodged before the close of the Subscription List with any of the following Bankers:—

NATIONAL & GRINDLAYS BANK LTD.
19, Netaji Subhas Road, Calcutta 1

Or any of its offices at:
Ahmedabad, Bangalore, Bombay, Delhi, Hyderabad, Madras, New Delhi.

PUNJAB NATIONAL BANK
8, Lyons Range, Calcutta 1

Or any of its offices at:
Ahmedabad, Bangalore, Gauhati, Bombay, Delhi, Indore, Madras, New Delhi, Patna, Secunderabad, Cuttack.

Copies of the Prospectus and Application Forms may be obtained from the Underwriters, Managing Brokers, Brokers, Bankers to the issue at any of their Branches mentioned above.

THE TITAGHUR JUTE FACTORY COMPANY LIMITED

INTERIM STATEMENT

THE Directors have considered the results for the half year ended 30th June, 1972. These results, together with the comparative figures for the corresponding half year in 1971 and for the year ended 31st December, 1971, are as follows:

	Half Year ended 30.6.72	Half Year ended 30.6.71	Year ended 31.12.71
	£	£	£
Group Profit after all charges including Depreciation ...	1,073,560	537,863	1,273,337
Less: Special provision for retirement gratuities in respect of past service ...	—	—	679,658
Taxation ...	1,073,560	537,863	593,679
	534,407	165,634	140,558
Group Profit after Taxation ...	539,153	372,229	453,121
Profit attributable to minority interest ...	3,091	1,337	2,528
Profit attributable to members of The Titaghur Jute Factory Co. Ltd. ...	536,062	370,892	450,593
Dividends paid—			
Preference Stock ...	13,950	13,950	27,900
	(3%)	(3%)	(6%)
Ordinary Stock ...	Nil	Nil	128,495
			(9%)

Figures for the half year ended 30th June 1972 are unaudited.

When referring to prospects earlier in the year it was indicated that profits for the first half of the current year were expected to be maintained at the satisfactory level achieved during the second half of 1971 and, as will be seen from the above figures, they have in fact actually turned out substantially better. This has been mainly brought about by the profitable trading conditions consequent on the disruption of the industry in Bangladesh.

At the beginning of the current year the Indian Jute Industry to some extent enjoyed a monopoly of the world markets but as conditions in Bangladesh gradually stabilised the Mills there once again emerged as powerful competitors largely due to the considerable price advantage which they enjoy because of the heavy export duties levied by the Indian Government. Demand from overseas centres has also fallen off, influenced by rumours of pending reductions in or removal of those export duties. Furthermore, the conversion costs of Indian jute goods have been inflated by a sharp increase in wages effective from 15th April this year and by the inability of Government to maintain regular power supplies to the Mills.

On account of the adverse factors mentioned, results for the third quarter of the year show a considerable drop in profitability and the outlook for the remaining months is not favourable.

In view of these circumstances, the Directors consider it prudent to defer consideration of the question of the dividend on the Company's Ordinary Stock until the accounts for the full year are available, when the matter will be considered in the light of trading conditions and the Group's financial position at the time.

By Order of the Board
A. CLARK
Secretary.

Meadow House,
Dundee, 10th November, 1972.

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	13-11-72

CLEARED SECURITIES

10 Birla Jute	9	11	25.20	4.4
10 Burriakur Coal	12	5	4.00	12.5
10 Dunlop India	20	20	26.50	7.5
10 G. K. W.	16	20	32.30	6.2
10 Hind Motors	Nil	Nil	7.20	...
10 Howrah Jute	Nil	Nil	6.37	...
10 Ind Aluminium	14	17	32.40	5.2
10 Indian Cable	2½	15	21.50	7.0
2 sh. Indian Copper	11.1	10.5*	2.47	7.7
10 Indian Iron	6	6	6.10	9.8
10 J. K. Cotton	Nil	...	8.90	...
10 Jaipur Udyog	10	5	9.30	5.4
10 Jayshree Tea	11	14*	16.50	8.5
10 Kesoram Ind	10	5	17.95	2.8
10 National Rubber	Nil	...	4.94	...
10 Orient Paper	10	11½	33.50	3.4
10 Orissa Cement	12½	15	18.40	8.2
10 Rohtas Ind.	Nil	Nil	4.05	...
10 Texmaco	Nil	...	9.30	...

COAL

10 Amalgamated	10	10	10.50	9.5
100 Bengal	12	Nil	45.00	...
10 Bengal-Nagpur	2½	...	5.25	4.8
10 Borrea	12½	Nil*	8.00	...
10 Karanpura	20	10-7*	6.00	11.7
10 Katras Jherriah	10	6	6.00	10.0
10 New Beerbhoom	16	10	5.62	17.8
10 North West	2½	...	5.25	4.8
10 Pench Valley	10	10	10.50	9.5
10 Raneegeunge	10	7½	10.50	7.1
10 Rewa	20	20	19.62	10.2
10 S Karanpura	20	20	9.00	22.2
10 W Bangal	8½	8½	7.00	12.1

COTTON

10 Basanti	Nil	...	2.75	...
10 Bharat Com	12	12	18.44	6.5
10 Bowreah	12½	...	12.75	9.8
5 Cawnpore	Nil	Nil*	2.31	...
10 Dunbar	Nil	...	9.75	...
10 Elgin	6	...	7.12	8.4

•1972

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	13-11-72

ENGINEERING

10 Braithwaite	...	...	3.19	...
10 Biecco Lawrie	Nil	Nil	10.62	...
10 Bridge & Roof	2½	Nil	35.19	...
100 Burn & Co.	Nil	Nil	55.00	...
10 Cal Steel	5	10*	8.12	12.3
10 Hind Wire	10	10	15.00	6.7
10 Ind St. Wagon	Nil	...	3.37	...
10 Industrial Cont	...	...	13.12	...
10 Jay Eng.	8	10-10*	11.12	9.0
10 Jessop & Co.	Nil	...	4.31	...
10 J. K. Steel	Nil	3	8.87	3.4
3 Kumardhubi	Nil	15*	4.06	11.1
2 Marshall	Nil	...	0.81	...
10 Sen-Raleigh	Nil	...	4.87	...
10 Simon-Carves	15	15	14.80	10.1
10 Wellman Incan.	10	Nil-10*	7.62	13.1

JUTE

10 Agarpara	5	5	8.56	6.0
100 Anglo-India	5	7½-15*	103.00	14.6
100 Auckland	Nil	Nil	65.00	...
10 Bally	10	10	12.50	8.0
£5 Barnagore	Nil	Nil	67.00	...
10 Budge-Budge	12	6	7.19	8.3
10 Champdany	5	Nil	13.00	...
10 Chitavalsah	Nil	...	11.25	...
100 Dalhousie	Nil	Nil-10*	59.25	17.0
10 Fort William	Nil	Nil	14.00	...
10 Ganges	7½	7½	6.75	11.1
100 Hastings	2½	1	102.00	1.0
12½ India	4.8	8	9.12	11.0
100 Kamarhaty	Nil	Nil	105.00	...
100 Kanknarrah	Nil	...	36.50	...
100 Kinnison	Nil	Nil-Nil*	35.00	...
10 National	Nil	...	10.75	...
10 Nellimarla	Nil	10	9.06	11.0
10 New Central	Nil	...	4.25	...
10 Northbrook	Nil	Nil-25*	14.00	17.9
100 Union	Nil	Nil-Nil*	50.00	...
1 Waverley	Nil	...	3.75	...

CEMENT AND LIME

10 Asoka	6	Nil	4.22	...
10 Bisra Stone	15	15-Nil*	12.75	...
10 Dalmia	12½	12½	12.69	9.9
10 Karanpura Dev.	5	5	12.25	4.1
10 Kumardhubi Fire	20	20	18.45	10.8
10 Orissa Minerals	5	12½	9.31	13.4
5 Sone Valley	Nil	...	1.50	...

Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %	Ordinary Paid-up Value Per Share Rs.	Dividend Percent		Current Market Price Rs.	Yield %		
	1970	1971				1970	1971				
					3-11-72					13-11-72	
CHEMICAL					MISCELLANEOUS (Contd.)						
10	Alkali & Chem.	15	17½	24.37	7.2	100	Rallis India	13	14	174.00	8.0
10	Cal. Chemical	9	9	10.81	8.3	10	Reckitt & Col.	14	11	14.00	7.9
100	Bengal Chem.	Nil	Nil	35.50	...	10	Philips India	20	24	42.37	5.7
10	Chem. & Fibres	27½	...	32.25	8.5	10	Sendra Invest	7	7	4.75	14.7
10	Indian Explosives	15	15	23.40	6.4	10	Schrader Scovil	25	25	31.50	7.9
100	Phosphate	5	7	106.00	6.6	10	Shalimar Wires	10	10	13.62	7.3
5	Smith Stanistreet	10	...	3.50	6.5	10	Shaw Wallace	18	27½	28.25	9.7
ELECTRIC											
100	Agra	10	10	115.00	8.7	10	Stewards & Lloy.	10	11	14.75	7.5
10	Bareilly	10	6	13.81	4.3	10	Universal Cables	10	...	19.19	5.2
10	Bhagalpur	12	10	8.50	11.7	10	Union Carbide	15	17½	33.75	5.2
£1	Calcutta	13	13	10.31	22.7	10	Universal Elec.	7½	...	17.94	4.2
10	Dishergarh	9	9	9.94	9.1	10	Usha Martin	15	16	27.75	5.8
MISCELLANEOUS											
10	Aluminium Corpn.	Nil	...	6.25	...	10	Ballarpur	15	12½	25.30	4.9
10	Angelo Bros	...	...	4.20	...	10	Bengal	10	10	14.25	7.0
5	Avery India	20	20	12.62	8.0	10	India Paper	Nil	Nil	3.75	...
100	Balmer Lawrie	8	...	74.00	10.8	10	Seshasayee	...	12	11.87	10.1
10	Brit. Biscuit	22	16	26.81	6.0	10	Sirpur	5	...	11.12	2.7
5	B. I. C.	7½	5	5.44	4.6	10	Straw Pro.	12	11	15.56	7.1
10	British Paints	12½	12½	18.75	6.7	10	Titaghur	2½	4	3.25	12.3
10	Brook Bond	20	20	25.75	7.8	10	Tribeni Tissues	11½	...	16.87	6.8
10	Bararee Coke	15	15	4.50	3.3	SUGAR					
100	Duncan Bros	12	12	112.00	10.7	2½	Balrampur	10	Nil	3.03	8.3
10	Electric Cons.	20	10	10.87	9.2	10	Carew	Nil	Nil	5.06	...
10	Eng. Electric	10	18	21.25	8.5	10	Cawnpore	Nil	Nil	4.62	...
100	Fort Gloster	7½	7½	224.00	3.3	10	Champarun	Nil	Nil	9.56	...
10	Garuda Invest.	10	10	6.75	14.8	10	Durbhanga	Nil	Nil	3.00	...
10	G. E. C.	27½	31½	20.50	15.4	10	Ramnugger	6	...	4.44	13.5
10	Gillanders	10	12	9.06	13.2	10	Raza	Nil	Nil	1.70	...
10	Godfrey Phill.	57½	35	55.00	6.4	10	S. K. Gyan.	Nil	Nil	6.06	...
10	Goodyear	47½	...	44.37	10.7	10	U. Provinces	5	Nil	4.06	9.1
10	Gramophone Co.	15	17½	26.37	6.6	TEA					
10	Hind. Alumini	12½	12½	19.31	6.5	10	Assambrook	12½	10	6.06	16.5
10	India Tobacco	13½	14	16.31	8.6	100	Banarhat	16	...	71.50	22.4
10	Inchek Tyre	Nil	Nil	7.19	...	10	Betjan	10	...	10.75	9.3
10	India Carbon	16	18	21.50	8.4	100	Birpara	11	...	69.00	15.9
10	Indian Oxygen	14	14	22.87	6.1	10	Bishnauth	...	...	7.44	...
10	Indian Wood	9	10	8.75	11.4	10	Dimakusi	15	...	16.25	9.2
10	J. K. Synth.	15	...	46.25	3.2	10	Dhelakhath	5	...	8.50	6.9
100	Jardine Hend.	Nil	Nil	36.00	...	10	Dhunseri	12½	12½	9.50	13.2
100	Macneill	5	...	41.25	12.1	10	Dibrugarh	30	...	23.06	13.2
10	Martin Burn.	10	10	6.06	16.5	10	Gohpur	5	Nil	10.06	...
10	Metal Box	6	8	13.31	6.0	10	Huldibari	5	...	6.00	8.3
5	Mohan Meakin	12	10	8.50	5.9	10	Hasimara	Nil	...	6.19	...
10	N. I. Cable	10	8	8.00	10.0	10	Jutlibari	10	...	11.00	9.1
10	Nat. Pipes	4	Nil	5.44	...	10	Teloljan	4	...	3.44	11.6
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10	Nat. Tobacco	10	10	12.62	7.9	10	Tirrihannah	40	...	43.00	9.3
10	Ondal Invest.	10	10	14.10	7.1						
10	Phillips Carbon	15	12	17.62	6.8						

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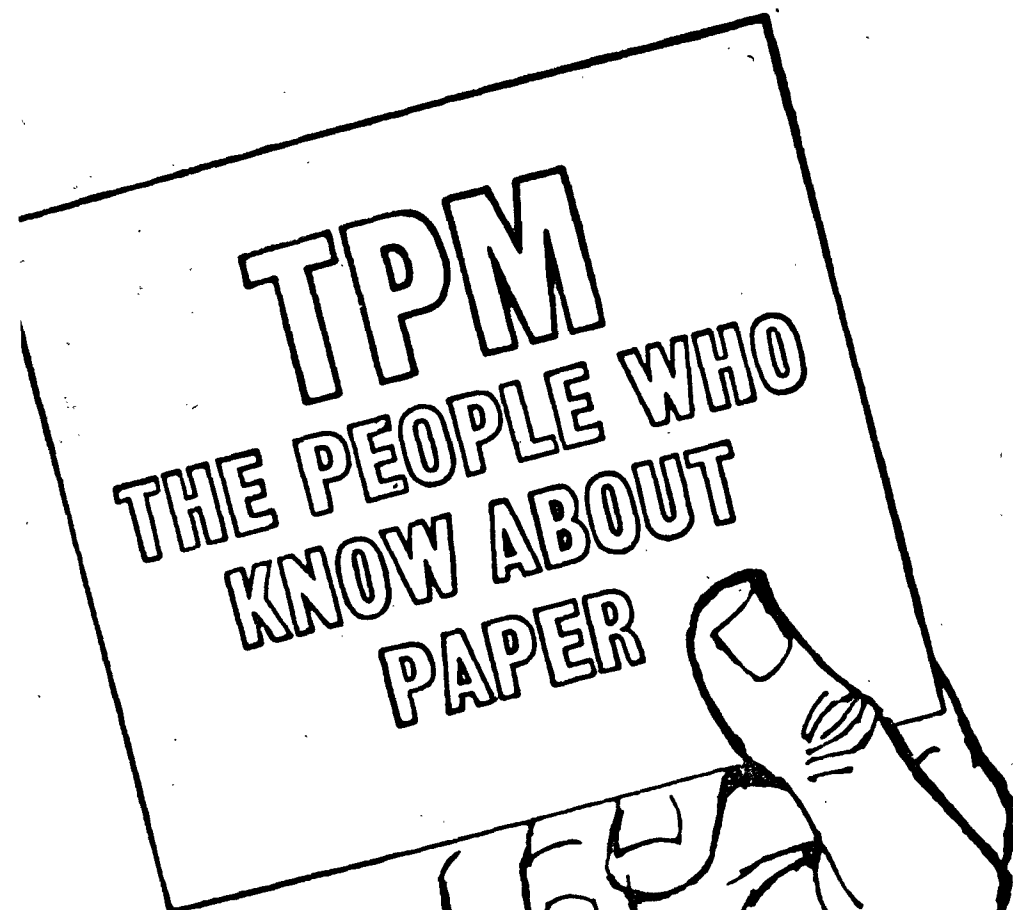
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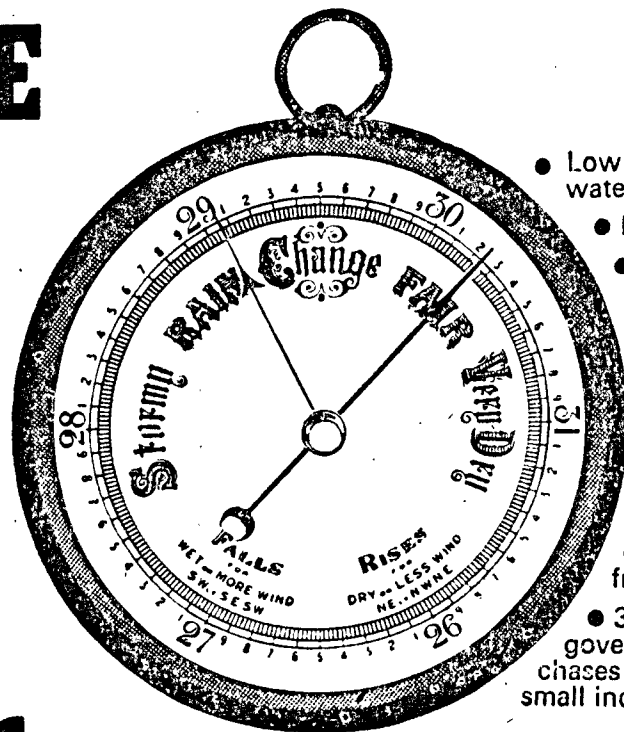
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State of the Economy

THE twenty-fourth meeting of the Central Advisory Council of Industries, held in New Delhi on Saturday last, was useful at least in one respect: it helped to clear ideas on the state of the economy. As for industrial production the outlook was "more cheerful than last year", said Mr. C. Subramaniam, Central Minister of Industrial Development. The captains of industry demurred. Neither Mr. Madanmohan Mangaldas, president of the Federation of Indian Chambers of Commerce and Industry, nor Mr. J. R. D. Tata shared the Minister's optimism. Mr. Mangaldas said there was need for a note of caution because the improvement in industrial production could not be considered significant due to several reasons. Mr. Tata painted a more gloomy picture and expected that the growth rate would sharply decline in the very near future. He argued that the "investment famine" since 1968 would have its effect on the economy soon. Mr. A. N. Haksar, president of Associated Chambers of Commerce and Industry, did not specifically refer to the state of the economy but by drawing pointed attention to the "inherent contradictions" in implementation of the industrial licensing policy, he made it clear that unless these problems were cleared, a faster rate of industrial growth would be difficult to achieve. When the debate ended, Mr. Subramaniam did not exactly share industry's view about the bleak outlook, but had to admit that the country would be facing a difficult situation next year. To the extent industry was able to make the point that all was not sound with the state of the economy, the meeting was a useful exercise.

The meeting brought forth no policy pronouncements and none was expected while Parliament was in session and while some discussions were taking place within the Government about some aspects of the industrial policy. But the tremendous gulf between the Government and industry on certain

basic issues was only too obvious. Mr. Haksar said there was an atmosphere of mistrust and this ought to be removed in the overall interest of the country. Stating that the recent amendments to the Constitution had caused a sense of insecurity among investors, Mr. Tata quite bluntly added that "in the name of socialism, we have now entered an era of downright confiscation and expropriation." That some policy constraints were standing in the way of investment in some core sector industries was also obvious when the Council discussed fuller utilisation of capacity in heavy machine building units. Referring to the lack of orders for complete cement plants, Mr. Subramaniam sought the Council's advice on what could be done to remedy the situation. But no practical suggestion came up. The reason was obvious: in the context of withdrawal of one incentive after another, and in the absence of a clear assurance about a stable pricing policy, entrepreneurs were reluctant to take a plunge.

One suggestion was, however, made by Mr. M. M. Suri, Adviser to the Planning Commission. Explaining that the main problem was who would place orders with the heavy machinery manufacturers, Mr. Suri ventured to suggest that one possible way to utilise the idle capacity in the heavy machinery manufacturing industry would be for the Government itself to place orders for a certain number of plants and if industrialists did not come forward to buy them, they would be used to set up units in the public sector. If the Government was unwilling to remove certain policy constraints, there would be no other way left to ensure fuller utilisation of capacity in some key industries. Mr. Subramaniam's remark that industry would ultimately learn to make adjustments might be a good point to score in a debate, but clearly reveals a complacent attitude. If this complacency continues, not only will the problem of under-utilisation of capacity never be solved, but serious

shortfalls in capacity will develop in many more industries to the detriment of the country as a whole.

As Mr. Tata pointed out, the Government has wasted enough time in trying to split the economy into this or that sector. In view of the Government's mounting burden of non-developmental expenditure like defence and relief and the possible decline in revenues due to the shrinking investment in the private sector, there was a limit to what the Government can undertake in the way of new projects. Thus, although the principal rôle in the country's future development may rest with the Government, the private sector could still perform a useful task. But the Government must decide whether there should be a private sector or not. If all the incentives are removed one by one, there will be none left to persuade private industry to make fresh investment. To think that even in the absence of all incentives, industry will make peace with the Government is a bit naive.

Mr. Tata and Mr. Haksar are not the type of men who enjoy criticising the Government's policies for the sake

of criticism. When industry complained about transport bottlenecks, Mr. T. A. Pai, Central Railway Minister, intervened to throw a challenge—that the railways would move everything movable that industry produced. Mr. Pai also pointed out that industry had the habit of using wagons as storage space, and added that this was not going to be permitted any more and those who persisted in this bad practice would have to pay a heavy price in the form of increased demurrage charges. But he promised to move everything they produced. Mr. Pai had a limited problem to solve and, therefore, perhaps it was easy for him to take a practical view. But when it comes to industrial licensing, Mr. Subramaniam is not his own master and he could not possibly give the sort of undertaking Mr. Pai gave. Nonetheless, that is the sort of challenge that will take the country forward. Let the Government clearly lay down the rôle industry has to perform. If it does not deliver the goods, it will have no reason to complain. One can only hope that the pragmatic view exhibited by Mr. Pai in public could be followed by the Government as a whole towards the shaping of industrial policy.

Crisis on the Price Front

NOBODY in his senses would have expected the censure motion of the Opposition in Parliament last week on the price issue to get through. At the same time, it cannot but be conceded that but for this Opposition move, the nation may have continued to be in the dark about the real gravity of the situation. The Central Finance Minister, Mr. Y. B. Chavan, however, did not mince words and made a clean breast of the factors leading up to the present crisis and even warned that the situation in the coming months might get worse. But what is amazing is the ineptitude of the Government in handling a situation that is certainly not the result of unexpected developments in the economy. It is, therefore, surprising that Mr. Chavan should still be looking for some alibi.

As the Finance Minister himself admitted in his statement to Parliament, it was a little over three months ago that he made a statement in the Lok Sabha expressing the Government's concern over the 'steep rise in the prices of essential commodities' since May this year. It cannot, therefore, be claimed now

that the Government was not aware of the gathering crisis or that it had expected the crisis to blow over. Even at that time, it was well known that the food production in 1971-72 would be less than that of the previous year, that *kharif* production would again be much less than expected and that the situation would have to be tackled by drawing on the food reserves and strengthening the public distribution system. While the buffer stock of 9 million tonnes of foodgrains has been drawn by 4 million tonnes, it has had no perceptible impact on the price situation; on the contrary, there has been a further rise in food prices in the last three months. In this situation, it seems a little ridiculous for Mr. Chavan to contend that the Government is not responsible for the present crisis on the price front.

Mr. Chavan's statement makes it abundantly clear that the gravity of the situation was not adequately realised even in the Government, in spite of his earlier statement expressing concern over the steep rise in prices. Even now, he only talks of the steps proposed to be taken and

has little to say of the steps already taken to meet the situation. According to the Finance Minister, a steep rise in the prices of food articles has been the major cause of the increase in the general price level. During the 12-month period ended 12th October, 1972, the index of the food articles group went up by 16.5 per cent whereas the non-food group recorded only a moderate increase of 4.8 per cent. Mr. Chavan was evidently led to believe by his officers and advisers that the increase in price since May was only "seasonal" and the prices would start coming down after September. In his statement also, Mr. Chavan speaks of the "usual seasonal increase" between the months of May and September but forgets that even in this period, the rise this year was higher than usual. What is more, the normal seasonal decline in prices from September to December was not in evidence this year until mid-October. If Mr. Chavan hopes that the declining trend will now have a stabilising effect on prices of cereals, one could only wish him well.

In a situation like this, it is the short-term measures, rather than the long-term ones, that are important. But Mr. Chavan has spoken more of the Government's long-term measures, such as growing new varieties of oilseeds and pulses. The immediate problem is to step up the availability of food articles through imports and ensure their regulated distribution among the people. On this point, Mr. Chavan still talks of what the Government proposes to do. For instance, he says 100,000 tonnes of rapeseed are to be imported from Canada of which only the first consignment has so far arrived. Import of palm oil is also being undertaken to feed the *vanaspati* industry and 50,000 tonnes have already been obtained from Malaysia. Even so, the Government has not been able to keep the prices of *vanaspati* down and, in fact, the immediate provocation for the debate in Parliament on the price situation was the recent increases allowed in the prices of *vanaspati* and sugar.

The shortfall in sugar production is again attributed to the poor cane crop in 1971-72 but a deeper analysis of the cause would certainly reveal that the delay in the Government's announcement of an increase in cane price was really responsible for the poor crop. Even the industry had suggested to the Government to announce a timely rise in cane price but this was not done. The sugar indus-

try may also have fared better but for the most irresponsible talk of nationalisation by ruling Party members every now and then.

The situation today is so grave that Mr. Chavan sees a need to resume the import of foodgrains, mainly rice and wheat. He did not indicate the quantum of imports planned but the Central Minister of State for Agriculture, Mr. Annasaheb Shinde, told the Rajya Sabha that the imports would be "marginal" and would not in any case exceed the export of 900,000 tonnes of foodgrains to Bangladesh plus the quantity used to feed the refugees from that country. Only a few months ago, Mr. Shinde had spoken of the possibility of India entering the export market in wheat. It is time that Ministers talked with some restraint and a sense of responsibility; otherwise, their credibility with the public will be reduced.

Mr. Chavan has again spoken of credit curbs and other anti-inflationary measures. He announced that the Reserve Bank had decided to raise a new loan of Rs. 100 crores in order to reduce money supply and thus curb inflationary pressures. So far so good, but credit curbs alone do not provide a solution to the price problem. What is more important is a climate conducive to higher production, both in agriculture and industry. Unless the requisite priority is accorded to programmes designed to step up industrial and agricultural output, prices will continue to rise, especially in a developing economy with an expanding population. It is absolutely essential to take a hard look at the existing policies.

Take, for instance, the question of excise duty. Because it is a rich source of revenue, the Centre has been putting up the levy on all goods without consideration of its impact on prices for the common man. The other day, Mr. K. R. Ganesh, Central Minister for Revenue and Expenditure, accepted for consideration a suggestion that the excise duty on sugar be reduced to provide relief to consumers but at the same time, he argued that since the Centre was bound to make good to the States their loss—as they forgo sales tax on sugar, textiles and tobacco—by levying additional excise duty on these items, it might be difficult to implement the suggestion. Excise duty should not be viewed merely as a revenue-raising measure. It cannot

be claimed that Indian sugar sells at competitive prices abroad. There is, therefore, no sense in levying such stiff duties, the yield from which often goes to finance non-essential items of expenditure and thus release new inflationary pressures.

The Government will do well to review its entire pricing policy and make such changes as are necessary to encourage growth in industry and agriculture and keep down the cost of essential items of common consumption. Even the examples of the socialist countries, with which

Credit in the Busy Season

THE credit policy for the 1972-73 busy season, as announced by the Reserve Bank Governor, Mr. S. Jagannathan, last week dwells more upon what is probable than what is possible. It could have been possible, for instance, to deploy the surplus bank funds as a lever for industrial acceleration. Industry has been complaining of paucity of funds and increasing cost of capital, and it could have been given an opportunity to prove its contention by making the lending terms liberal. Instead, what the policy has now done is merely to maintain the *status quo*. Excluding food procurement, bank credit during the last busy season went up by Rs. 426 crores out of a deposit accretion of about Rs. 650 crores. And Minto Road would apparently be happy to maintain more or less the same position this year also. It has made a provision of Rs. 475 crores to Rs. 500 crores for meeting the current busy season's demand. The Reserve Bank is aware that the momentum of industrial recovery might pick up and that agriculture, export and other priority sectors might pose a bigger demand, but all this has to be accommodated within a margin of Rs. 50 crores or so of additional credit.

As the central bank of the country, the Reserve Bank's keenness to check the spiralling inflationary pressure is understandable. The modifications now being made in the armoury of selective credit controls covering advances against foodgrains, oilseeds and oils thereof, *vanaspati*, cotton and *kapas*, sugar, *gur* and *khandsari* have to be seen in this context. Any leakage of funds which brings grist to the mill of profiteers should be plugged at any cost, but a fight against price rise is as much a mone-

India's relations have greatly improved in recent years, should provide some clue to the Government on the lines in which action needs to be taken. Let it not be imagined that take-overs, whether it be of an industry or trade, provide the ideal solution to every economic problem. It is to be hoped that the move for taking over the wholesale food trade and the decision to entrust the wholesale trade in sugar to the Food Corporation of India and other public agencies will not lead to a further worsening of the price situation in the coming months.

tary issue as an administrative one. Since the credit controls are generally adopted with the most unscrupulous in mind—who incidentally can always get the better of them with the help of the "parallel (black) economy"—they hit the more honest ones the hardest. So, unless strong executive action supplements the monetary measures, their effectiveness can only be severely restricted.

Banks are now flush with funds. Deposits rose by a record 20.4 per cent during 1971; the current year's projection is a little lower. On 27th October this year, aggregate deposits stood at Rs. 7,891.5 crores and bank credit, excluding food procurement, at Rs. 4,910.1 crores. The credit-deposit ratio was recorded at 73.1 per cent at the beginning of the last busy season; it has come down to 66.2 per cent when the current busy season began on 27th October. Banks have consequently reduced their borrowings from the Reserve Bank to a paltry figure of Rs. 6.7 crores. And, but for some unexpected developments, banks are unlikely to face a situation when they will have to make much use of the Reserve Bank's refinance facilities which have, however, been continued. The Reserve Bank has also not changed its past practice of treating, on the merits of each case, applications from individual banks for discretionary accommodation at Bank rate.

The new policy contains guidelines about how to use the surplus funds in the banking system. Banks have been asked to raise their liquidity requirements from 29 per cent to 30 per cent of aggregate liabilities with effect from 17th November. Simultaneously, the minimum net

liquidity ratio relevant for determining the rate of borrowings from the Reserve Bank has also been raised from 34 per cent to 36 per cent. These steps will strengthen the viability of the banking system, but that has actually ceased to be much of a problem, particularly since the nationalisation of banks. But the main use of the surplus funds will be, as in last year, to underwrite the Government's budgetary operations. Banks have already emerged as one of the biggest subscribers to Government loans, and New Delhi is clearly in favour of pushing the public borrowing programme as far as possible to limit the extent of deficit financing. Its latest decision to float for the third time this year a Rs. 100-crore loan has evidently been influenced by the comfortable resources position of the banking industry. Banks' investment in Government and other approved securities has gone up from Rs. 2,027 crores on 29th October, 1971, to Rs. 2,892.1 crores on 27th October this year.

The banking system has thus been assigned to play a major rôle in the transfer of resources from private sources to the Exchequer. But what makes such a policy questionable is

that in its eagerness to help the Government, banks do not seem to mind to keep some of their other customers a little short of funds. If the Government incurred deficits because of excessive productive investments and if bank funds were used to bridge the gap, the matter would have been different. The fact is that much of the Government deficit arises because of unproductive commitments and banks are being asked to foot the bill. From this standpoint, large investment of bank credit in food procurement may not also satisfy the criteria of optimum utilisation of resources. Procurement of foodgrains is no doubt important, but locking up of useful bank funds in this operation when these could have been used far more profitably and productively elsewhere does not seem to be sound economics. In the last busy season, bank credit for food procurement declined by Rs. 71 crores; but during the current season it is expected to rise by Rs. 100 crores. For banks, as much as for any other industry, investments have to be based strictly on cost-benefit analysis; had the new busy season policy been entirely dictated by such an exercise, it would have, in all probability, been different.

Assam: Restoring Peace

THE decision by the executive committee of the All-Assam Students Union to temporarily suspend the language agitation, which for six weeks held parts of the State in the grip of senseless violence, is a welcome development, but peace is yet to return everywhere in the Brahmaputra valley. The hapless Bengali minority still continues to suffer from a fear psychosis. It has been made clear by the A.A.S.U. that the agitation will be kept alive "in principle" till the State Assembly rescinds its September 23 resolution. The resolution says that English should co-exist with Assamese as a medium of instruction and that the demand for a university in Cachar district should be conceded. But the A.A.S.U. under the spell of linguistic chauvinism set its face against the resolution. The June 6 resolution of the Academic Council of Gauhati University disallowed the use of Bengali as a medium of instruction but it permitted a student to answer his question papers in Bengali. The June 12 resolution was more retrograde in character since it barred the Bengalis

from using their own language while answering questions. The Supreme Court, however, struck down the June 12 resolution, but this was to give little comfort to the Bengalis since they again fell prey to a new wave of violence.

The Centre's announcement that English must continue to be an alternative medium of instruction could hardly reassure the Bengalis. They are all the time expecting that the Centre will break its rather queer silence on the fate of their mother tongue. As is only to be expected, New Delhi's position has already been interpreted as condoning the Assamese demand. The Chief Minister, Mr. Sarat Chandra Sinha, has also done little to reassure the Bengali minority. It is not clear from his recent statement whether English will remain as a medium of instruction at the university level for an indefinite period. But he has specifically said that Assamese will be introduced as a compulsory subject in all non-Assamese secondary schools. Moreover, the recommendations of

the Academic Councils of Gauhati and Dibrugarh Universities regarding the medium of instruction at the university level will be accepted.

A compromise between the Government and the leaders of the language agitation became possible because both sides were ready to go to some extent to accommodate each other. But in the process, the Chief Minister had to concede more; the A.A.S.U. agreed to suspend the movement only after it had the State Government's assurance that the September 23 resolution would be placed before the next Assembly session. The original position of Mr. Sinha was that it was not necessary to rescind a resolution which was not going to be implemented in any case. Mr. Sinha could, however, say that he did not concede the students' demand that the Assembly must be reconvened specifically to abrogate the resolution. Will the Assamese students become a little more reasonable and tolerant of the minorities after the rescission? It is only to be hoped that normal conditions will soon be restored to facilitate the search for a solution to the language problem.

The Government of Assam should assure the Bengalis living in the State that they are not going to be left in the lurch. They should be given the minimum time for a smooth switch-over from one medium of instruction to another. In Assam the Assamese do not constitute more than 42 per cent of the population; any demand, therefore, that Assamese should be the only medium of instruction betrays a kind of linguistic chauvinism. A doctrinaire application of the Kothari Commission's recommendation will not be good for Assam because of its complex ethnic and linguistic character. The Assamese students should have remembered that the continued use of Bengali could not pose any threat to the dominance of the State by the Assamese. Moreover, the Bengalis have contributed in no small way to the economic development of the State. It is unfortunate that language riots have visited upon the State six times since independence. Economic backwardness and lack of emotional integration are the main problems of Assam today. And both these problems can be effectively tackled when the majority community gives a more effective demonstration of tolerance. The Assamese language has everything to gain and nothing to lose from a co-existence with English and Bengali.

A New Trade Plan?

THE reported offer of the Central Ministry of Foreign Trade to some of the Persian Gulf countries to sell them Indian consumer goods at a concessional price so that they could re-export them for a reasonable margin is nothing but pernicious. It is strange that the Special Secretary in the Ministry of Foreign Trade should have sought to give premature publicity to his offer at a time when important nations of the world are in New Delhi to participate in the Asian International Trade Fair. And with what face can India really ask the richer nations of the world to give up their "restrictive trade practices", if she herself resorts to what is a glaringly "unfair" gimmick to raise foreign exchange earnings?

It is rather odd that the Special Secretary, who is also in overall charge of the Asian Fair, finds nothing wrong in India making this kind of offer to the oil-rich countries of the Gulf area. His argument is that these countries have a lot of wealth and are in a position to buy and sell freely, with no foreign exchange restrictions coming in their way. India can take advantage of this situation to boost her export trade by routing her goods through these countries, which will also gain from these transactions because of the margin they can make in buying from India at concessional prices and selling in world markets at higher prices.

To suggest that this is any different from the "switch trade" that is being indulged in by many rupee-payment countries of the east European bloc is to rationalise the irrational. It is true that the east European countries earn free foreign exchange by re-exporting Indian goods sold to them for rupees and to that extent they deny India the opportunity of selling directly to the hard currency countries. The present offer to the Gulf countries, it is pointed out, stipulates that India will be selling her goods against free foreign exchange and there is, therefore, no "switch trade" of the kind indulged in by the rupee-payment countries. It must be noted that merely because India receives foreign exchange for her initial exports to the Gulf countries, the new trade plan does not acquire any more respectability than the "switch deals" of the east European countries. Furthermore, there is an implied admission in the plan that the Indian rupee is overvalued and Indian goods

cannot sell abroad except at a discount. In other words, if the new trade plan is ever accepted by the Government, it will amount to a virtual devaluation of the rupee, although not directly. Above all, any plan of this kind is a sad reflection on the marketing methods, sales promotion devices and export expansion schemes of Indian trade and Government as a whole.

It will be a sad day for India if she should be driven to the desperate state of dependence on the small but rich countries of the Persian Gulf area to promote her exports. In the long run, it may well result in Indian goods being wiped out completely in world markets and her goods being sold in foreign countries under totally different brand names and labels. Is the country's foreign exchange position so bad that it must resort to gimmicks of this kind? It is only to be hoped that the Special Secretary was only airing his personal views and not expounding a policy of the Government.

The damage that such statements can cause to the image of India, especially at a time when an international fair is being held in the capital to display to the world what the country is capable of, is only too obvious. What is surprising is that the Special Secretary should have talked of such a scheme so soon after the Prime Minister, Mrs. Indira Gandhi's call to the rich nations of the world to mend their trade policies and end unfair practices. Both at the inauguration of the Asian Trade Fair and at the opening session of the Colombo Plan Consultative Committee, Mrs. Gandhi made a fervent plea to the advanced nations to give up their restrictive trade policies so as to help the developing countries expand their trade. She rightly pointed out that developing countries were even in the past subjected to economic hazards, such as fluctuating prices and inelastic demand for their primary products, adverse terms of trade and limited access to the markets of developed countries. Now the situation had been rendered worse by the instability in the international monetary situation. While India is pressing on the developed nations for remedying this situation and bringing about a measure of stability of major currencies, it seems only logical to suggest that any attempt to find her own remedies by negotiating deals of the kind now proposed by the Special Secretary will add to her problems in foreign trade. The world

markets should be won on the basis of competitive prices and quality of exports rather than by dubious devices that will never yield long-term and sustained results.

The Asian Trade Fair has opened on a promising note and already reports are current that contracts worth several crores of rupees have been negotiated. Facilities have been provided at the Fair for Indian buyers of capital goods and machinery to select their import needs from among the goods on display and buy them on the spot. The necessary foreign exchange is being released by the Fair authorities. The Government has provided a sum of only Rs. 4 crores in foreign exchange for meeting these requirements but it is hoped that this amount will be raised, if the terms of such transactions are to India's advantage. In fact, the Fair organisers are already thinking in terms of having more such fairs, at least one or two every year in Delhi, in order to meet the basic import needs of industry at competitive prices.

The Fair has undoubtedly provided an opportunity to foreign visitors to see for themselves the progress that India has made since independence and the variety of goods that is being produced here. This is bound to promote Indian exports. At the same time, it is also an occasion for Indian industrialists and the Government to learn from the Fair what more they can do to equal, if not excel, other countries in the production of sophisticated goods at competitive prices and quality. While Indian industry has to make a special effort to know the advanced production techniques of the developed nations, the Government will do well to find out what special policy inputs have contributed to the growth of industry in countries like Japan, West Germany and even the socialist countries of eastern Europe. If the Fair helps to break the ideological clog in the Indian economy, it will have been worth all the labour and expenditure.

Mrs. Gandhi knows only too well that the bargaining strength of any nation is in direct proportion to the inherent strength of its own economy and its political stability. Fortunately, India is blessed with the latter in abundant measure today but that can also sustain itself only if the nation's economy is put on an even keel. The alternating phases of depression in agriculture and industry can end only by pursuing policies of pragmatism, with the sole aim of promoting accelerated growth and social justice.

CURRENT COMMENT

TAMIL NADU

A Piquant Situation

The action of the Speaker of the Tamil Nadu Assembly in adjourning the House till 5th December within minutes of its being convened for the winter session and the subsequent proroguing of the Assembly by the Governor have raised several important issues. Ever since the split in the D.M.K. in Tamil Nadu following which Mr. M. G. Ramachandran formed a new party called the A.D.M.K., things have not been easy for the ruling Party. Although only a few legislators have joined the new Party, the D.M.K. is in a somewhat uncomfortable position and the Chief Minister, Mr. M. Karunanidhi, has been having a difficult time. But the climax was reached on the day the Assembly met for the winter session. The leader of the A.D.M.K. demanded that the Chief Minister must seek a fresh mandate from the people in view of the fact that the ruling Party has lost the support of the masses. The Speaker also upheld this contention and advised the Chief Minister to go to the polls. Mr. Karunanidhi declined to accept the suggestion. Meanwhile, the Speaker announced that a no-confidence motion pending against him would be taken up the next day. However, when the A.D.M.K. members still continued to demand that the Chief Minister must resign, the Speaker, on the ground that there was confusion in the House, adjourned the sitting to 5th December.

Naturally, the question has arisen whether a Speaker has the power to adjourn a House without sufficient provocation. Of course, this is not the first time that the Speaker of a State Assembly has taken recourse to such a step. It has happened in West Bengal and Punjab much earlier. The point is whether the Speaker would pursue a similar course of action when the Assembly meets again. Constitutionally, there is nothing to prevent him from doing so which only means that it is open to a Speaker to thwart the functioning of parliamentary institutions if he takes it into his head to do so. According to the rules of procedure, as long as the Speaker is present in the House, no one else can conduct the deliberations and as such the Speaker is in a position to create a deadlock by adjourning the House everytime the Assembly is reconvened.

It must be noted that the Speaker is only a presiding officer entrusted with the onerous responsibility of conducting the proceedings of the Assembly in an orderly manner. He is not the person who can question the competence of a Ministry or of a Chief Minister to continue in office. This is a matter which will have to be tested on the floor of the House. The Speakers' conference in 1968, when it met in the wake of the events in the Punjab Assembly, decided that the Speaker cannot decide how long and for what purpose the House should sit. It was also said clearly that he cannot adjourn the House for as long as he wants. This should be decided by the House itself.

The Governor of Tamil Nadu has subsequently prorogued the Assembly which only means that the House can be reconvened earlier by the Governor who acts on the advice of the Chief Minister. But the basic question is what should be done if the Speaker again adjourns the House the minute it meets. In Punjab, this difficulty was overcome by the Governor issuing an Ordinance specifying the order of business and stipulating that the House cannot be adjourned until the programme was fully gone through. A similar Ordinance can now be issued in Tamil Nadu. Ultimately, however, the Governor may have to report to the President that there is a breakdown of constitutional machinery and the Centre should intervene. This is what exactly the A.D.M.K. wants. This is, however, a political question to be decided by the Centre.

MULKI RULES

The Controversy Lingers

The Mulki Rules controversy has now taken an ugly shape leading to large-scale violence in Andhra Pradesh. As it happens elsewhere, railway property has been the target of attack. The issue has now been hanging fire for several weeks. The Supreme Court judgment validated the Mulki Rules more than a month ago and it observed that it is for the Government to see how to avoid the complications that might arise thereby. One of the courses the Government could have adopted was to ask the Centre to repeal or amend the Mulki Rules by an Act of Parliament. Prolonged talks are now

going on by various sections in the State, each rigidly adhering to its own stand. The leaders of the Andhra region want complete scrapping of the Rules, while those from the Telengana region want them to be applied *in toto*. Naturally, the two sections have not been able to come to a compromise.

The controversy has become complicated for another reason. The Chief Minister has given full freedom to his colleagues to propagate their respective viewpoints with the result that the Cabinet is somewhat divided. Mrs. Indira Gandhi, the Prime Minister, has a tremendous following in Andhra and the people are willing to abide by her verdict. It is not known when she will personally intervene in the matter, but it has become evident that the problem cannot be solved any more by mutual negotiations. The point at issue is for how long the Mulki Rules should operate. The Andhras want the time factor to be finalised. The leaders of Telengana are against fixing any rigid target date. This certainly is negotiable and it is now for the Prime Minister to bring the parties together and fix a reasonable deadline after which the Rules will cease to have force.

SOUTH KOREA

Trade Prospects

A new trade treaty between India and South Korea is expected to be signed before the end of this year. Mr. Shinyong Lho, Consul General of the Republic of Korea, told newsmen in Calcutta last week that an Indian delegation is expected to visit Seoul shortly to hold discussions in this connection. The new agreement is expected to step up the trade turnover between the two countries, already going up fast, by a marked extent. South Korea's exports to India totalled over \$2.5 million and imports over \$9.8 million in 1971. The Consul General was optimistic of widening the economic ties between the two countries by the inclusion of newer items and expressed the hope that it should be possible to balance the trade. South Korea, he hoped, should be India's second largest market for iron ore next to Japan. It is already importing substantial quantities of heavy rails from India and can supply, in turn, fertilisers, among other things. He also saw vast possibilities of developing closer technical and industrial co-operation between the two countries.

NUTRITION

Workshop in Calcutta

Mr. A. L. Dias, Governor of West Bengal, launched a marketing workshop based on a food habits survey of Calcutta this week. He stressed that poverty was the base of all thinking on nutritional foods. Nutrition education was an important facet of the problem of improving food habits and a campaign in Calcutta should be given full support by the Government. Dr. V. Kurien, chairman of the Protein Foods Association of India, referred to the serious food situation in the country and stated that it was imperative that all agencies, whether Government, private industries, co-operatives or international agencies, work closely together to relieve the staggering food problem which the country was facing.

The survey has been conducted by Hindustan Thompson Associates Ltd, Calcutta, under a contract with the United States Agency for International Development (U.S.A.I.D.) as part of an agreement with the Government of India. The findings of the survey have been incorporated in a useful book, *A Study of Food Habits in Calcutta* which was released on the occasion. The study shows, among other things, that the principal meals of the day include rice, *chapati*, *dal*, vegetables, etcetera, so much so that over 80 per cent of Calcutta households consume these items at least once a day; that tea is another item which is consumed in adequate quantity by nearly 95 per cent of the households; and that the average Calcutta citizen consumes about 909 grammes of different foods a day. It also reveals that 61 per cent of the population get only 750 grammes of foods a day a person. This quantity does not provide adequate nutrition. Hence, any attempt to enrich the staple food nutritionally should be directed towards dishes like rice and *chapati*.

U.K.

Two New Loans to India

Agreements for loans allocating a total of nearly Rs. 78 crores (£41 million) of British aid to India were signed in New Delhi a few days ago. The British Minister for Overseas Development, Mr. Richard Wood, signed the agreements on behalf of the U.K. Government, and Mr. K. R. Ganesh, Minister of Revenue and Expenditure, signed for the Govern-

ment of India. The first loan (U.K./India Maintenance Loan, 1972) is for Rs. 47.425 crores (£25 million), covering the import from Britain of non-project goods. Among these are raw materials, spare parts and components required to service India's agricultural and industrial production. The second loan (U.K./India Mixed Project Loan, 1972) is for Rs. 30.352 crores (£16 million). It will finance the import from Britain of goods and services required for certain large projects agreed by the two Governments. This loan is a part of the project aid totalling £72 million (over Rs. 136 crores) which the British Government indicated it would commit to India in the four financial years 1970-71 to 1973-74.

Projects which have already been agreed by the British and Indian Governments include three fertiliser plants at present under construction. They are the Indian Farmers Fertiliser Co-operative in Kandla and Kalol in Gujarat, the Southern Petrochemical Industries Corporation at Tuticorin in Tamil Nadu, and Mangalore Chemicals and Fertilisers at Mangalore in Mysore. Other projects under way include the construction in Britain of three bulk carriers for the Shipping Corporation of India and the Scindia Steam Navigation Company and a mixed products tanker for the Great Eastern Shipping Corporation, the naphtha cracker plant of Indian Petrochemicals Ltd in Gujarat, and components for three 120 mW boilers to be built by A.V.S. Boilers, Durgapur, for the Damodar Valley Corporation and the Madhya Pradesh Electricity Board.

PUBLIC HOLIDAYS

Plea for Reduction

The Indian Chamber of Commerce, Calcutta, has suggested to the West Bengal Government the need for reducing the number of holidays to increase production and productivity and to improve the competitive position of the State. The West Bengal Government has announced 23 public holidays for 1973, against 21 in 1972. The Chamber has pointed out that even the Supreme Court had observed the need for reducing the number of holidays which is very high in the country, compared with other developed countries in the world. In fact, some States in India are taking steps in this direction. For example, the Government of Maharashtra declared 17 public holidays in 1972 and 16 in

1973. The Chamber has, therefore, urged upon the West Bengal Government to increase the number of working days both for industrial and commercial establishments to increase production and to encourage faster economic growth in the State.

FOUNDRY

Problems Highlighted

In a Press statement issued a few days ago, Mr. J. R. Seksaria, chairman of the Indian Foundry Association, highlighted the main problem of the industry—the difficulties in getting the supply of coke. In view of the poor movement of hard coke in piecemeal wagons the Association, at the specific suggestion of the State Government, started bringing the material in rake-load for distribution to the member-foundries at fixed prices. The Association had been doing this job satisfactorily for over one-and-a-half years. After distribution of the material the Association regularly submits a return to D.P.L. with copies to all concerned departments. The Association had been requesting the authorities to increase the allocation of coke so as to enable the member-foundries to meet their requirements. Instead of increasing the allocation of the material, all of a sudden from October onwards the Association's rake has been stopped along with those of the middle men. Mr. Seksaria has expressed his surprise as to why the Association has been equated with the middlemen. The Association has been distributing the material at Rs. 224 a metric tonne on a no profit no loss basis whereas the middlemen are selling the material at much higher prices than those fixed by the Association. He fears that if immediate arrangements are not made to restore the Association's rake, the foundries would have no alternative but to close down their factories. It is hoped that the Government would take immediate steps to restore the Association's rake.

F.I.C.C.I.

Talks with Japanese Team

The Japanese Study Group for Industrial Collaboration, led by Mr. Junji Hiraga, held discussions with the representatives of the Federation of Indian Chambers of Commerce and Industry at a meeting presided over by Mr. Charat Ram, vice-president, F.I.C.C.I., a few days ago in New Delhi. In a free and frank assessment of the economic scene in India, the

group expressed guarded optimism about the possibilities of establishing closer industrial and trade relations between the two countries. It was stated that Japan had been watching the recent developments in India with interest, and while positive signs of improvement in the economic situation were visible, there were certain aspects which did not present a very hopeful picture. In this connection, it referred to the operation of the licensing system for industrial collaboration, high tax rates on royalties and dividends, increasing trend of nationalisation of private enterprises, restrictive import policy which made the operation of joint enterprises difficult, etcetera. Doubts were also expressed about the attitude of the Government relating to the introduction of foreign investment including technology.

SUGAR

Last Season's Figures

According to a recent Press release of the Indian Sugar Mills Association, the total sugar production in the month of September 1972, the last month of the 1971-72 season was 28,000 tonnes, against 20,000 tonnes during the corresponding period last season. This brings the total production during the season 1971-72 to 3.112 million tonnes, against 3.740 million tonnes du-

ring the 1970-71 season. The offtake of sugar from factories during September 1972 was about 296,000 tonnes for internal consumption and 4,000 tonnes for exports, against about 425,000 tonnes for internal consumption and 31,000 tonnes for exports in the corresponding period last season. The total despatches during 1971-72 season was 3,796 million tonnes for internal consumption and 129,000 tonnes for exports, as against 4,025 million tonnes for internal consumption and 390,000 tonnes for exports during the last season. The total closing stock of sugar with the factories on 30th September, 1972, was about 592,000 tonnes, against about 1,405 million tonnes in the same date last season.

R.B.I.

Officers for Backward Areas

With a view to facilitating flow of credit from State Financial Corporations and commercial banks for a rapid and healthy growth of small-scale industries in the industrially less developed States, the Reserve Bank has decided to post officers of the Industrial Finance Department (I.F.D.) in these States. Officers of the rank of Assistant Chief Officers have been posted at Patna in Bihar, Trivandrum in Kerala and Jaipur in Rajasthan, while an officer will be posted at Indore

in Madhya Pradesh shortly. They will function from the premises of the Reserve Bank's Department of Banking Operations and Development in the respective places.

BUCKET MANUFACTURERS

Supply of Sheet Cuttings

In a recent letter addressed to the Iron and Steel Controller, Mr. N. L. Chowdhary, chairman of the Raw Materials Sub-committee of Bucket Manufacturers Association of India, has pointed out that the Association has been protesting for a long time against the discrimination against the bucket units in the small-scale sector, compared with the large-scale units registered with the D.G.T.D. He has stated that it is unfortunate that in spite of the sincere wish of the Iron and Steel Controller, no relief so far has been afforded to the small bucket units, and the situation remains as much the same as before. Recently, Mr. S. C. Mukherjee, Deputy Iron and Steel Controller, advised the J.P.C. to arrange supply of defectives and cuttings to the bucket industry through producers' stockyards. But if a bucket unit in the small-scale sector lifts sheet cuttings from the producers' stockyards and produces buckets, the net cost would be very high.

MONEY MARKET

Call Rate Down

The short-term money market has recorded small business this past week. The call rate has declined from 3½ per cent to 3 per cent. Demand for remittances has been small. Supply of telegraphic transfer bills has also been restricted. The pound-sterling has remained unchanged.

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A Ditcher's Diary

I DON'T THINK THERE WAS MUCH rejoicing in South Block at Mr. Nixon's landslide victory. Is he now promising a pleasant surprise? Of course his re-election must have been known to be certain, but there might have been some hope that a narrow majority would chasten him a little. In the event, the size of his victory showed that the electorate had taken little notice of Senator McGovern's criticism of the Nixon administration's conduct of foreign affairs, particularly in relation to Vietnam and the Indo-Pakistani conflict over Bangladesh. The re-elected President, therefore, had no immediate compulsion to correct his pro-Pakistani "tilt". The prospect was depressing, which may have been partly responsible for the insistent stridency of Indian charges against the U.S.A. Washington was indirectly blamed for discouraging a settlement in this sub-continent; and the C.I.A. was directly blamed for a variety of India's internal problems. At the same time, the door was kept open for any American initiative to improve relations; and at last there is some hope that the U.S.A., too, may be willing to forget the past and "make a new start". It is too early to say what Mr. Nixon's message to Mrs. Gandhi precisely implies; it is possible to exaggerate the "significance" of anything said in the course of a message of thanks and felicitations. But New Delhi "observers", who may not be far removed from official circles, may not be mistaken in considering the message more encouraging than anything that

Mr. Nixon or any of his aides has said during the past one year. If this reading is correct, the President probably feels that he can afford to be less petulant with four more years of unchallenged power before him. Perhaps he thinks that he can afford even a little magnanimity. But what India asks for is not any magnanimous gesture; she would be wholly content with a mature, businesslike relationship. Happily, Mr. Nixon's message avoided the usual platitudes about special ties between the world's largest democracy and the most powerful one; all it envisaged was "a sounder relationship based on understanding and respect for mutual interests". The interests cannot always be identical; and much irritation and frustration can be avoided by accepting this fact of life. But so long as one's own interests are not threatened, the other's can be respected all the same. Mr. Nixon showed no such respect last December or thereafter; but, hopefully, it's never too late for a new start.

THERE ARE MANY REASONS WHY newspapers bring out special supplements, not the least being the attraction of substantial advertisement revenue. This is not always easy to organise. There must be a plausible occasion or a subject of some public interest; also some reading matter, not necessarily readable, to balance the advertisements. The advertisers must be assured that the supplement, even if not preserved as a literary possession of per-

manent value, will at least be glanced through by a large number of people. This is not all. After the advertisers and the writers, who are occasionally the same people, have been lined up, one starts worrying about newsprint. Apparently none of these problems stood in the way of a Calcutta newspaper bringing out a 40-page supplement on Mrs. Indira Gandhi's 55th birthday last Sunday. What I found interesting was some of the advertising "copy". The Prime Minister herself may have been a little embarrassed to see industrial or business houses buying advertising space to congratulate her on her birthday; it was even more curious to see Governments or Government undertakings doing the same. Need all of us demonstrate our loyalty to "our beloved Prime Minister" in this fashion? For that matter, was it necessary for State Chief Ministers or Mrs. Gandhi's colleagues at the Centre to demonstrate their loyalty in the columns of a newspaper supplement? Apart from other qualities, Mrs. Gandhi is a person of fine sensibility and taste; and she cannot have greatly enjoyed the touch of sycophancy that tends to creep into messages extolling her varied achievements. "Sycophancy" is a word also used by Professor Hiren Mukherji when opposing a proposal to name a central university in Shillong after the Prime Minister; and, for once, I found myself in complete agreement with him. Like Professor Mukherji, I have high regard for the Prime Minister's personality and am aware of her immense popularity; but a "cult of personality" has done nobody any good. Professor Mukherji may have discovered this after the 20th Party Congress in Moscow; and the

A GOLD CURRENCY FOR INDIA?

OUR London Correspondent writes in Current Coin: Now I am quite certain that up to the time I left India three years ago there was no hunger for a gold currency in any part of India. I am convinced from what those recently arrived from India have told me that though gold may have become more easily exchangeable in the form of sovereigns, it has not displaced or rendered less acceptable the silver rupee as a medium of barter; that, in fact, no greater preference is shown now for gold coins than before. The protagonism of a gold currency for India has nothing but sentiment to support it, a sentiment not shared in by the masses of the Indian population, who would be most affected by a sudden change. It is surely the duty

of India's rulers to consider expediency and economy before a sectional sentiment, however noble that sentiment may be. If tokens larger in value than the rupee and of less value than the sovereign are wanted, what can be more suitable and economical than currency notes? A gold currency is a very expensive luxury, and it is difficult to reconcile the present agitation, if it can be said to amount to that, with the much more usual complaint that India is a poor country and cannot bear any further burdens. It does not appear to be recognised by the currency champions that the reserve to maintain a gold currency in India would have to be much larger than is adequate to preserve the gold standard value of the silver rupee.

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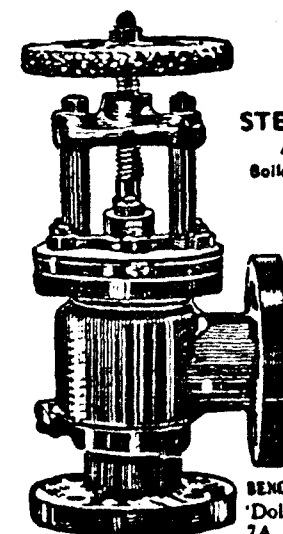
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C-2

Maoists may be discovering it only now. But many others have always felt uneasy about "sycophantic adulation" of any person in any form. I am not suggesting that we are anywhere near what obtained in Russia in Stalin's time or in China in recent years; and if an advertisement last Sunday quoted a touching couplet from Ghalib in wishing Mrs. Gandhi a thousand years of life, no parallel need be drawn with posters in Peking wishing a thousand years to the "Great Helmsman". But we seem to have already allowed much that seems to be in questionable taste.

LOOKING AHEAD TO THE NEXT U.S. Presidential election, so soon after the last one, would appear to be just about the most futile exercise imaginable. Yet it is something I have been unable to deny myself, because the scene for 1976 is already so predictable. If you cannot believe me, then look at the facts. We all know that President Nixon cannot stand again, so that puts him out of the running. Moreover, his recent victory was a personal one and no triumph for his Party; so the inference would seem to be that despite appearances the political pendulum is already swinging away from the Republicans. But Senator McGovern says he is not going to stand again either, and although it is not necessary to pay too much attention to how he feels at the moment, his performance this time does suggest that from now on the Democrats will be seeking a stronger candidate, one without the stigma of an historic defeat. There are no prizes for guessing who that might be: why, Senator Edward Kennedy, of course, who else? Personally I have never been numbered among the more enthusiastic admirers of the Kennedy family, and the Senator has always seemed to me about the least admirable member of the entire tribe. Particularly since that drowning incident a few years ago, when his behaviour revealed a despicable combination of panicky reaction and a ruthless determination to protect his personal interests irrespective of the cost, he has never in my eyes even looked like good Presidential material. However, one cannot but admire his political instincts, and throughout the recent election campaign he has not put a foot wrong. He said from the beginning that Nixon was unstoppable, and his support for the luckless Senator McGovern, while enough to deliver Massachusetts and so avoid antagonising the Party, was not such as to

place his original prediction in any doubt. Perhaps that would not have been possible anyway.

IT IS GETTING CLOSE TO A DECADE since the late Nikita Khrushchev was ousted from office because, among other things, he had not made a success of his "virgin lands" policy. Yet now it seems that without at least some contribution from his pioneering efforts in this direction the Soviet Union would be even more short of food than in fact she is. One can only hope that the present inhabitants of the Kremlin have the honesty to acknowledge the debt, although I doubt they are going to. When we in India might be facing a food crisis ourselves it hardly seems appropriate to be blaming the Russians for theirs. But unless they stop bidding up the price of the world's wheat, their misfortunes could vitally affect us during the next few months. It really is an appalling comment on communist agriculture that more than half a century after the revolution a country as well endowed with cultivable land as the Soviet Union should be a potential competitor of India in the world wheat markets. One is well aware of all those problems involved in cultivating so much of the virgin lands, although they must surely be child's play to a country that can send rockets to the moon. But the fact is that the main problem is not technical at all; it is ideological. Collectivisation never has worked properly, and still shows no signs of ever doing so. This was bad enough when the main consequences of failure were felt by the Russian people themselves, when it was only they

who were threatened with death in their millions. But when we in India stand to be affected as well, then it is surely time the Russians modified their addiction to ideological purity in the wider interests of under-fed humanity.

UNLIKE MANY OTHER VISITING economic experts, Professor Hicks (which sounds more natural than Sir John) had no ready solution for India's economic problems when questioned by a Calcutta correspondent last week. But he made one interesting suggestion: we should find something which we can produce well and which the world is willing to buy. I have since been thinking what we can make better than others; but the snag is that there must also be a world-wide demand for this product. Professor Hicks gave the example of Japanese shipbuilding. I cannot see India wresting the lead in that area. Nor even in manufacturing railway engines or wagons. As for other means of transport, we had better not try to sell our motor-cars, certainly not at anything like their prices in the domestic market. I am told that there is a demand for Indian-made bicycles, but this is hardly a big enough item for an economic breakthrough. The Japanese have also done very well with their cameras and electronic goods. We have nothing to offer in the photographic field. Indian-made radio sets compare well with foreign products; even so, it is difficult to visualise the Indian electronics industry beating the Japanese or the German. Where then are our specialities, present or potential? We cannot earn un-

limited foreign exchange by selling the *sitar* and the *sarod* to American admirers of Ravi Shankar and Ali Akbar Khan; and, much though I admire the *saree*, I cannot see it being accepted as the universal feminine apparel. Neither the *saree* nor the *kurta-pyjama*, which some trendy young visitors from the West seem to fancy, is likely to protect anyone in a non-tropical climate. What remains then? A German business man was so fascinated by Indian toys on display at the Asian Trade Fair in New Delhi that he immediately placed an order worth Rs. 50,000. But can we sell toys worth, say, even Rs. 50 million a year? No, I cannot immediately think of anything which we can produce particularly well and which the world is ready to buy in large enough quantities to transform our economy. Could we try our hand at some totally unconventional lines of export? Such as Indian talent? The demand for Indian doctors in Britain or Indian scientists in America has not been increasing; and General Amin seems to have no use for Indian business expertise. The demand for Indian holy men is unpredictable; and there seems to be none for Indian politicians, which is particularly unfortunate. I have really drawn a blank; but the search may not be given up, and we do excel in producing hair-brained schemes.

A FRIEND OF MINE RECENTLY HEARD at a bar in a Bombay hotel the husband telling his wife: "Come dear, let's go to Calcutta and feel ten years older."

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Impact of Technological Changes on the Pattern of Management

By K. K. Rai

Deputy General Manager,
Davy-Ashmore (India) Ltd

Technological changes have made a deep impact on the pattern of management. The real power in organisations has shifted from an individual to an almost anonymous group of technocrats.

MAN is adding to his knowledge at a breathtaking pace. In certain spheres of technology, more knowledge has been acquired in one decade than had been done in the whole of history. A second phenomenon has been the decreasing time gap between acquisition of knowledge and its application. These technological advances have been made possible by the increasingly large amounts made available for research and development. Allocations made by the U.S.A. and Russia for space research are simply massive. Industry has also been investing heavily in R and D. As R and D programmes have become more and more complex, they have also been taking longer to yield tangible results. Thus, R and D has become a serious contender with the owner or owners of an industry for the surpluses generated by the industry.

Change in Management Outlook

There have been other simultaneous changes. One has been a revolutionary change in the outlook of management. Since R and D programmes require heavy investments of both time and money, managements have had to look into the future, rather than manage the routine. Large investments of time and money and deployment of costly human skills have, in addition, required control of larger sources of wealth generation. These have resulted in significant changes in the function, pattern and aim of management, with increasingly severe penalties for those organisations, which either fail to realise the trend of changes and, therefore, do not take necessary steps or, even if they do, cannot overcome their inertia and effect necessary adjustments, or do so in time.

There have also been emotional changes. The "father figure" indus-

trialist is gone or going. The loyalties of management of an organisation have had to change—shifting from individual industrialist or entrepreneur to the avowed objectives of the organisation. The real power in the organisation has shifted from an individual to an almost anonymous group of technocrats. The interaction of the changes and trends has been complex and very often its import has not been realised even by those who are in the thick of it. This impact has invalidated many of the economic and motivational theories, which had held their sway unchallenged for so long. It has changed the role of the market as the regulator of commerce and has reduced it from a sovereign balancer of supply and demand to its being controlled by planners and co-ordinators of industry.

Take the source of money or finance. Banks and other financial institutions would not invest in R and D, and even if they do, their cautiousness and controls on expenditure seriously affect the use in R and D. R and D requires a source of finance which does not fetter its progress. Such a source can be industry itself. Therefore, under one management there must be a sufficiently large industrial base to generate, and put into the hands of the management, large surpluses. In other words, industrial units must increase in size. Secondly, management must have the independence to allocate the surpluses put in its hands for R and D. That is, the individual industrialist or the entrepreneur must either forgo his claim on such surpluses, or he himself must go by natural evolution.

Growth of an organisation tends to increase its inertia and compromise the effectiveness of its management, as long as one thinks in the terms to which one has been hitherto accustomed, or in other words, as long as one thinks of the reins being in the hands of a central body. This would seriously compromise flexibility and dexterity essential for survival today.

This has led to the emergence of a federation of autonomous units and autonomous divisions in successful industries of today, with the central body concerning itself with the functions of planning and co-ordination. Increasing knowledge and consequent complexity of industrial operations have resulted in yet another fundamental change. There has been of necessity specialisation of skills. This specialisation has meant that no single individual will be in possession of all knowledge to take detailed and complex decisions. Very often dynamic decisions have to be taken which means that the decisions in the implementation of their numerous stages have various alternatives, and a particular alternative will be chosen on the basis of the results of implementation of previous steps and many other factors then present.

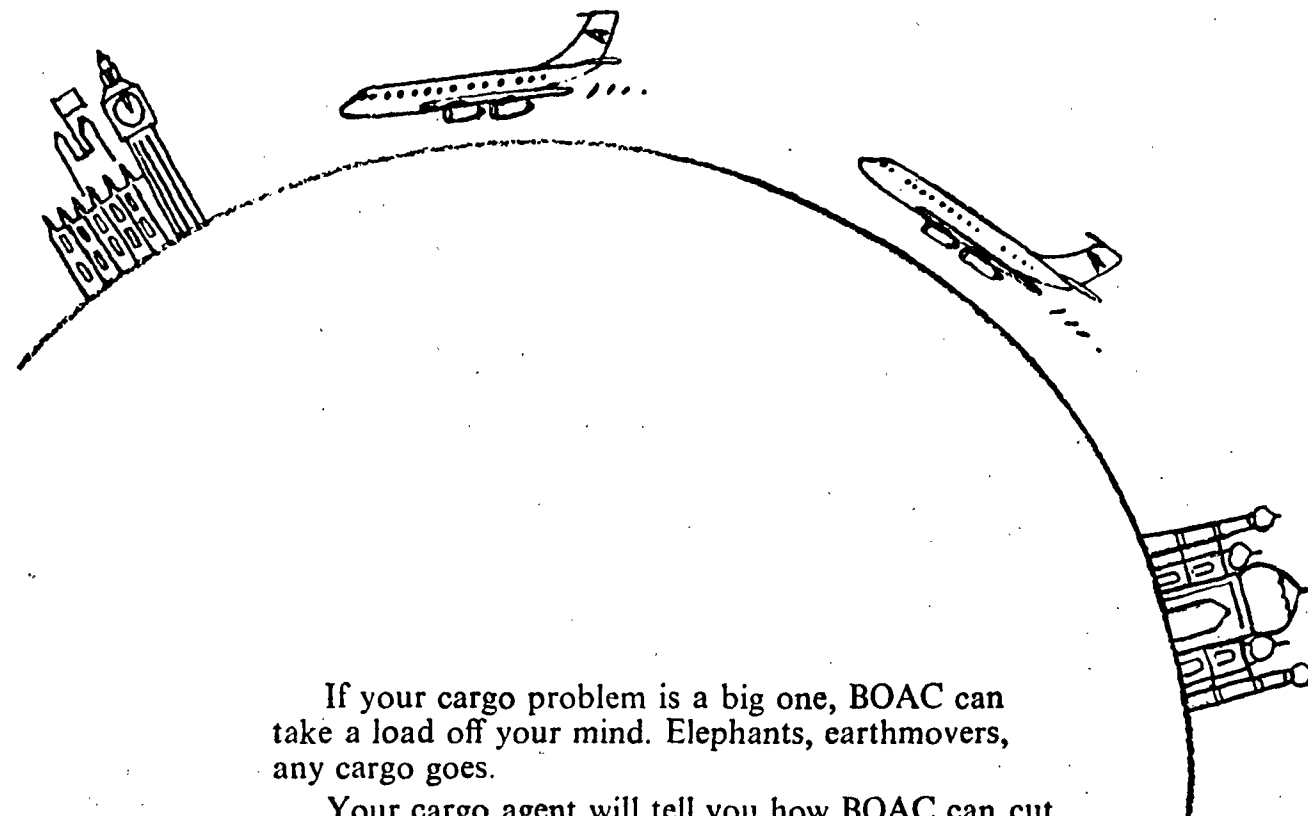
This increasing complexity has forced a change in decision and policy-making process. An individual at the top has been replaced by a body of technocrats. For this body to work effectively, quickly, and with one purpose, it becomes necessary that in addition to team spirit, the persons are capable, that they are devoted and that they are motivated by the objectives of the organisation they work for. This is congruent with the identification of individual aspirations with the organisation's objectives as referred to earlier. In the U.S.A. and other western countries, industrial organisations have grown to such proportions that they have come to control the market.

The Situation in India

In India with very low wages paid to workers, the poor performance of giant industrial undertakings mostly in the public sector, the dependence on borrowed technology by continuing foreign collaborations, limited allocations for R and D and the wastage of a major portion of such funds because of lack of co-ordination between R and D organisations and industry, the utilisation of advancing technology and the consequent advantages to the people have been throttled. And yet the technology that has seeped in, has caused many changes, although the significance of these has not yet been grasped and in many cases not understood. In India instead of debating which sector of the economy will have control over industry, the people's thinking, talent and energy should be devoted to improving the operation of industrial organisations so that more resources are generated for heavy investments in R and D.

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Will Indo-U.S. Relations Improve After the Nixon Victory?

(By a Special Correspondent)

Will India's relations with the U.S.A. improve during President Nixon's second term in the White House? Perhaps an indication will be found when the next American Ambassador in this country is appointed.

THE re-election of Mr. Richard M. Nixon as American President, in what has been described as a landslide victory, was certainly expected although at one time it was speculated that the Democrat candidate, Senator George McGovern, might cause a big surprise. In fact, barring a single instance, a ruling President who sought re-election has never been defeated. In every country, a person in power has always an advantage over others and this has happened in the United States too. The new American foreign policy which resulted in an improvement of relations with Russia and China and the Vietnam peace moves, which have very nearly succeeded, have been significant contributing factors in President Nixon's impressive re-election. One of the more important aspects of the election is the return of the Democrats in a larger majority in Congress over which they now hold a firmer grip than before. This certainly will make it difficult for President Nixon to push through his ideas and programmes. The entire working of the Government in the United States is conditioned by a powerful scheme of checks and balances and there are in-built provisions which should enable a President to

go ahead under conditions of the type that has now arisen. In any case, the success of the Democrats in Congress elections does not diminish the importance of the votes obtained by President Nixon.

It is, however, said that the American people have voted for President Nixon and not for the Republican Party. The victory is personal. Mr. Nixon as the highest executive of the land can now shape and formulate policies for the next four years without fear or favour. Although he had already initiated several unorthodox moves to place the foreign relations of his country on an enduring basis, the fear of the election had acted as a severe limitation on his freedom of action. Even so, President Nixon had achieved what his predecessors could not. All this shows that the American public has confidence in him and it will be wrong to imagine that Mr. Nixon got through just because he was the President in office. It is true that because of his preoccupation with foreign affairs, President Nixon has not been able to devote full attention to domestic problems like unemployment and inflation. The success of the Democrats in Congress as well as to the offices of Governor could be attributed to the President's inattention to the domestic issues.

The World reaction generally has been favourable and there is a feeling that President Nixon's success will en-

able him to maintain continuity in foreign policy. For, any change at this stage in policy would have meant a good deal of dislocation leading to undesirable consequences. There is no reason why Dr. Henry Kissinger will not continue in his present capacity for another four years. But he may succeed Mr. William Rogers as the Secretary of State. What this means to India is yet to be watched. Hanoi too was adopting a stiff posture in the belief that President Nixon may not get the mandate, but now that he has been re-elected there would certainly be a change in its attitude to the whole concept of peace talks. There is no gainsaying the fact that when once peace is established in Vietnam, the whole American policy in Asia would undergo a remarkable change. China has already expressed the hope that President Nixon would not seek hegemony in Asia. But it is nobody's expectation that America would completely get out of this part of the world. The perpetual tug of war between the two communist powers gives plenty of scope to the United States to continue in south-east Asia.

Here in this country, it is debated as to what President Nixon's triumph implies. India's relations with the United States have been really strained since the Bangladesh war. What President Nixon did to India and the highly inimical attitude he adopted towards the whole issue of Bangladesh are too well known. He was positively unhelpful and he defied the more intelligent sections in his own country who fully supported India's intervention. The rôle of the Seventh Fleet is also a black chapter in the history of Indo-American relations. Mr. Keating, advised the President not to adopt a pro-Pakistani attitude, but his counsel did not prevail. It will be interesting to watch who is appointed the next American Ambassador in this country.

It is certainly in India's interest to take the initiative now that it is known that President Nixon will continue in office for the next four years. There is already a feeling in this country that India has become subservient to Russia although the Prime Minister, Mrs. Indira Gandhi, has been trying to erase this impression. If relations with the United States are normalised, the people will have their faith restored in non-alignment. The Prime Minister has done well in greeting President Nixon on his re-election and expressing the hope that the friendly relations between the two countries would be strengthened.

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What Will Be the Impact of the Foreign Exchange Bill on Exports ?

By H. R. Bose

Some of the provisions of the Foreign Exchange Regulation Bill are likely to affect the growth of the country's export trade. The Government will, therefore, do well to take a fresh look at these provisions.

THE Government of India appears to be anxious about the reported large-scale leakage of foreign exchange through some dubious methods. The leakage is adversely affecting the economic interest of the country. The apprehension of the Government seems to be based on estimates of foreign exchange leakage worked out by various authorities. According to one estimate, India loses foreign exchange worth over Rs. 300 crores on average every year on account of illegal transactions like over- and under-invoicing, smuggling and through various other manipulations. According to the Kaul Committee, which studied in depth the question of leakage of foreign exchange through invoice manipulations, the total leakage is placed at Rs. 240 crores a year. It has mentioned four main sources of the illegal supply of foreign exchange. These are: sales proceeds of goods smuggled out of India like silver, narcotics, jewellery, precious stones, antiques, deflection of inward remittances to unauthorised channels, foreign currency obtained from tourists and manipulation of invoices relating to the import and export trade.

All these figures are mere estimates and their accuracy is anybody's guess. However, if the intention of the Government is to plug the loopholes responsible for the large-scale leakage of foreign exchange, there cannot be any objection to the same from any quarter. But from a close examination it will appear that a major portion of the foreign exchange leakage is accounted for by smuggling and other manipulations of the exchange transactions which have nothing to do with invoices. As such, it is doubtful whether the apprehension of the Government that a large-scale leakage of foreign exchange is taking place because of the under- and over-invoicing is justified. But in taking any legal measures in this direction, one has to assess beforehand the benefits that are likely to accrue from such measures vis-à-vis the disadvantages that will

flow from them. Foreign exchange plays a vital rôle in the economic growth of a country and, therefore, it is desirable that all possible measures should be taken for the conservation and the best use of the same. In this context, it has to be seen how far the Foreign Exchange Regulation Bill will result in saving the country's foreign exchange and how far it will affect the export trade.

Against this background, it is proposed to discuss some of the provisions of the Bill having a close bearing on the foreign trade of the country. Clause 8(3) of the Bill provides that any foreign exchange acquired by any person, other than an authorised dealer or a money-changer, for any particular purpose or where any person has been permitted conditionally to acquire foreign exchange, should not be used otherwise than for the specific purpose for which it was acquired. In this connection it may be pointed out that normally the foreign exchange sanctioned to a person going abroad is barely enough to cover his hotel and other incidental expenses. However, people going abroad try their best to make all possible economy in their expenses and the foreign exchange so saved is generally utilised for making purchases. In terms of the present provision of the Bill, this type of use of foreign exchange will be banned. But this will not in any way result in the saving of foreign exchange as people will no longer be interested in economising in the use of their foreign exchange.

In sub-clause 4 of clause 8, it has been provided that if a person acquires foreign exchange for sending or bringing into India any goods but sends or brings no such goods within a reasonable time or sends or brings any goods of a kind or quality different from that specified by him at the time of acquisition of the foreign exchange, such person shall be presumed not to have used the foreign exchange for the purpose for which it was acquired. Evidently, it has been presumed that for all supplies of goods not conforming to the items for which the foreign exchange was sanctioned, the importer is responsible. But it is not always possible for the importer to satisfy himself that the goods supplied against an order placed by him with a foreign

party are exactly of the kind or quality for which he placed the order and for which the foreign exchange was acquired by him. It will, therefore, not be quite fair to penalise the importer for a thing for which he is not responsible.

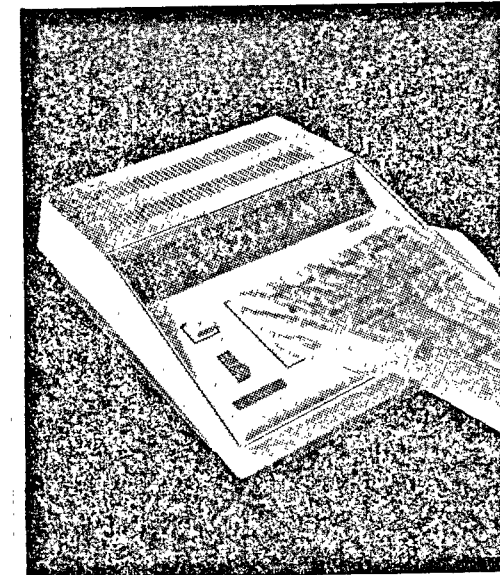
In clause 17 and its sub-clauses the Reserve Bank of India has been empowered to exercise wide discretionary powers over the export and import trade, with a view to ensuring that the full value of the goods exported or the value which has been declared by the exporter is received in time. The Bill empowers the Bank to issue directives to exporters to comply with certain specified conditions in respect of exports to any destination or any class of goods. The Bill also proposes to prohibit export on consignment basis of any goods or class of goods to any particular destination if the Bank thinks that the export value in full will not be brought into India in a specified manner and within a specified time. This provision will make it difficult for the exporter to compete effectively in the foreign markets. As a matter of fact, the export of both traditional and non-traditional items will suffer if the Reserve Bank is to implement the provisions of the Bill in its present form.

Tea exports, for instance, will be particularly affected by this measure. As at present, a large part of Indian tea is exported on consignment basis for sale in London auctions at prices which are influenced by market conditions. It is not possible for the exporter to know in advance what price the tea exported will actually fetch. The export of non-traditional goods will also suffer to a considerable extent if their export on consignment basis is to be restricted in the manner proposed in the Bill. Many new items of Indian produce are now being introduced in the world market and they have to be sold on consignment basis, particularly as the demand for them has to be created and developed in the foreign markets. The proposed restrictions will be a serious handicap to this type of efforts. This apart, the power proposed to be given to the Reserve Bank is quite unrealistic which will be evident from the fact that when an exporter wants to sell his goods for a value less than the value declared, he will have to wait for 60 days to get the Bank's permission.

Clause 28 lays down that a person shall not, except with the permission

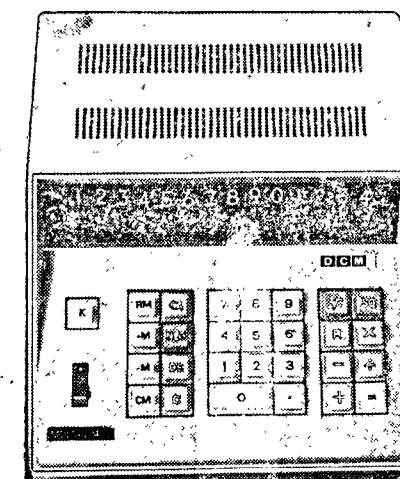
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of the Reserve Bank, employ in India a foreign national on payment of salary, wages, commission, honorarium or remuneration or compensation in whatever form and by whatever name called. This implies that in the matter of any collaboration for setting up new industries or industrial undertakings there will be an additional hurdle to be crossed. Under sub-clause 9 of clause 30 it has been proposed that no person shall, without the permission of the Reserve Bank, remain outside India beyond the date or period of travel to any place outside India other than such place or places specified in his passport or on the permit

for foreign exchange granted or on his application for booking the passage, as the case may be. This restriction will create undue difficulties for the persons travelling abroad but without any corresponding benefit to the Government.

It will, therefore, be seen that some of the provisions of the Bill are rather too harsh and will seriously impede the expansion and diversification of the country's export trade and before putting this Bill on the statute book, the Government should carefully examine how far it will be advisable to introduce such rigorous measures.

The Fifth Plan: Success Depends on Many Imponderables

By Amar Nath Dutta

A growth rate of 5.5 per cent during the Fifth Plan, if attained, would mean little for the growing needs of the people. But the assumptions on which the objectives of self-reliance, social justice and a higher growth rate are based seem to lack pragmatism.

THE employment-oriented Fifth Plan has raised the public-sector outlay to Rs. 35,595 crores and the total outlay to Rs. 51,165 crores with a view to achieving an annual growth rate of 5.5 per cent. The "people's plan" will compete against varied objectives of removing poverty, achieving self-reliance, structural modification of the manufacturing sector and social justice all at the same time. Such a bold Plan is quite likely to arouse interest in the minds of all people, experts and laymen alike. Planning in this country has unfortunately remained only a political exercise because a Plan document has become a collection of budgetary estimates for five years. The entire gamut of planning operations has not reduced the poverty of the people while committing the country to a high-cost economy which has knocked out the prospects of increased export and has created increasing unutilised capacity in different sectors of the economy. Although in the Fourth Plan, a growth rate of around 6.2 per cent a year for the Fifth Plan and up to 1980-81 was considered "feasible", it has now been lowered to a little over 5 per cent.

It is estimated that the gross outlay for the public sector would be Rs. 35,595 crores while allowing Rs. 5,860 crores for current development outlay. This will provide stimulus to the economy since increased depreciation allowances constitute additional resources for development. But an increase in gross financial outlay in this respect *prima facie*, implies a change in social accounting rather than a quantitative change in the stock of physical capital. Admittedly, therefore, the financial outlay of the order envisaged may not reflect a sizable step-up of physical resources since over the coming years the real content of the planned outlay will be considerably reduced. The Central Finance Minister, Mr. Y. B. Chavan, earlier admitted of a 30 per cent erosion of the real value of money over the course of the last two decades.

Against the announced growth rates of 3.5 per cent, 4 per cent and 2.8 per cent envisaged in the first three Plans, actual growth rates were 0.9 per cent, 7.3 per cent and 7.7 per cent, respectively, at 1948-49 prices. *Per capita* income increases were still more insignificant because of the large increases in population. It rose by only 1.6 per cent in the First Plan, 1.8 per cent in the Second and 0.6 per cent in the Third. In real terms, both the total rate of growth and the increase in the *per capita* income during the current Plan will be much smaller because of persistent inflationary pressure that shows no

signs of abating. In this perspective, the decision to have a growth rate of a little over 5 per cent during the Fifth Plan would, if attained, mean little for the growing needs and pent-up subsistence demand of the people.

The strategy of attaining self-reliance *vis-à-vis* a higher rate of growth *vis-à-vis* social justice has been viewed as an integrated process within a growth-oriented framework. The 5.5 per cent targeted growth rate is derived from certain sectoral growth rates designed to help the "lowest 30 per cent of the population to attain a more satisfactory level of living". The major political assumption behind this new approach is that consumption among the top 10 per cent of the population can be reduced when that category embraces both the middle class and the working population with a monthly income in the range of Rs. 300 to Rs. 400 and when such a redistribution could imply disruption of production and employment in the so-called luxury goods sector. But the philosophy behind such a colourful objective seems to lack pragmatism.

Much the same can be observed in respect of the ideal of self-reliance. A major part of the public-sector investment of Rs. 27,745 crores will be used to achieve self-sufficiency in foodgrains and cash crops and stepping up production of steel, non-ferrous metals, fertilisers, crude oil, petroleum products, engineering ancillaries and basic chemicals (or what has come to be known as the "core sector"). The present state of the economy reveals near stagnation. Following the projections of the National Council of Applied Economic Research, foodgrains production in 1972-73 is likely to be 2 million tonnes to 3 million tonnes less than the 1971-72 production of 106 million tonnes, itself 2 million tonnes less than the production in 1970-71. *Kharif* production this year may fall short of last year's figure by 6 million tonnes. Sugar production is not likely to exceed 3.7 million tonnes, considered a bare normal, and the oilseed situation continues to be "precarious".

Crash programmes to step up output may be taken up but how this can be put through in the absence of a substantial increase in the availability of essential inputs like fertilisers, water and power continues to be a big question mark. Matters concerning long-term ideology have no relevance to problems at hand. Pro-

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viding basic inputs apart, the system of floor prices and procurement will have to continue, provided first floor prices are fixed for all principal grains, including sugarcane, cotton and oilseeds, and provided they are related to the cost of production to eliminate the present combination of surpluses and scarcities of competing crops at the same time. New grounds have to be explored to translate research findings into a definite strategy and a bureau of agricultural costs and prices should be set up to cater to the needs of warehousing, procurement and forward purchases and related activities. Significant gaps exist in agriculture and so the programme as drawn up in the *Approach Document* leaves much to be desired.

Along with the core sector approach, reliance is also placed on a massive increase in the production of consumption goods for meeting the minimum needs of the people and expanding employment opportunities. But what is equally important is the initiation of bold measures which would accelerate the expansion as also the production of industries producing mass consumption goods. Industry is now in a shambles. It not only registered a less than 3 per cent increase during 1971-72, compared with 9.6 per cent in 1962-63, but is also failing to utilise even half the capacity in many industries. There is so far no examination in previous Plans and in the *Approach Document* of the factors responsible for the growing sickness of industries. The nation also faces increasing difficulties because of the current year's drought and a sharp increase in prices in recent months.

The price rise has an adverse impact on the country's trade. On account of price differentials alone, individual items like steel tubes and pipes, to name only two among others, are being priced out in markets abroad. The plan for the export trade should be to restrict exports only to surpluses, and that too on a payment and not a barter basis. Imports should be cut down to the essentials of industry's requirements, and on capital account the loans should be just enough to cover amortisation of previous loans. Temptation to opt for an unrealistic growth rate or wishful import substitution should be resisted. The planners would do well to consider all these policy imperatives, evolve a rational strategy for the Plan and list the priorities to cater effectively to the needs of the people.

Last Week in Parliament (From Our New Delhi Correspondent)

The winter session of Parliament opened with the entire Opposition making strong criticism of the Government for the steep price rise. It was left to the Central Finance Minister, Mr. Y. B. Chavan, to argue out a bad case.

THE winter session of Parliament opened last week with a bang by the Opposition on the Government on the issue of prices—an issue which should have defied party barriers, but it did not, as far as the ruling Congress was concerned. The Congress has become, as a rule, allergic to adjournment motions which are in the nature of a censure of the Government. But this time it was helpless. At the very outset, the Speaker, Dr. G. S. Dhillon, made it clear that although he had ruled out an adjournment motion on the same subject in the previous session, the situation was not the same now. There was a sudden and unprecedented rise in the prices of essential commodities and the subject called for an immediate and thorough debate. The debate was thus held in all solemnity, the Opposition accusing the Government of following wrong economic policies, and the Government finding it difficult to defend itself. It was left to the Central Finance Minister, Mr. Y. B. Chavan, to argue out a bad case. He did this with consummate skill. Mr. Chavan denied charges of economic mismanagement while seeking the co-operation of the people in tackling “a national calamity” caused by a “natural calamity”.

As was expected, the Opposition attributed the steep and continuing price rise in essential commodities to a faulty fiscal policy and warned the Government that the people's patience was at an end as was evidenced by acts of violence in different parts of the country. Mr. Chavan, however, did not want the Opposition to take an alarmist view of the situation. While he promised that the Government would not hesitate to import rice, pulses and even wheat to meet the essential needs of the people, he expressed himself against total nationalisa-

tion, a plea constantly made by the leftist parties and the radicals in the ruling Party as the “cure all” for the economic ills of the country. One important announcement Mr. Chavan made related to curbing inflation. He said the Reserve Bank of India had agreed to the proposal to raise a further Rs. 100 crores public loan which he expected would add to the constraints on inflation. On the Government's part, he undertook to stick to the budgetary limit of deficit financing.

The rejection of the adjournment motion by the Lok Sabha was expected, but what was important was that the motion had the support of the entire Opposition. After this debate, it appeared that the Government had succeeded in letting the steam out of the Opposition without much injury to the ruling Party, but the pause may be short-lived. Already, the Opposition is at work on another issue—the corruption charges against the Haryana Chief Minister, Mr. Bansi Lal. This is bound to explode before Parliament adjourns, for the Government, according to the Prime Minister, Mrs. Indira Gandhi, herself, is expected to announce its decision before long. The memorandum against the Haryana Chief Minister has been submitted by nearly 150 Opposition M.P.s and this cannot be taken lightly. If the Government rejects the allegations as of no consequence, there will be another uproar in the House. If, on the other hand, the Government agrees to the setting up of a commission of enquiry, this will be a feather on the Opposition's cap.

In taking a decision, the Government has to keep in mind what is happening in Tamil Nadu, where, too, the Opposition (particularly, the Anna D.M.K.) has levelled similar charges against the Karunanidhi Ministry. Whatever decision the Government takes on the Bansi Lal issue will have its impact on Tamil Nadu. This is a predicament which the Centre will find difficult to surmount if, for political reasons, it decides not to proceed with Mr. Bansi Lal and, at the same time, wants to bring down the Karunanidhi Ministry on this score.

SPOTLIGHT ON STATES

A Joint Programme for Promoting Tourism in South India

(By a Special Correspondent)

The States in the south have decided to undertake a joint programme for promoting tourism. Its successful implementation will give a boost to the States' tourist industry.

THE Ministers and officials in charge of the Department of Tourism in the southern States have decided to undertake a joint programme for promoting tourism in Kerala, Tamil Nadu, Mysore and Andhra Pradesh. The decision was taken at their second zonal meeting held in Trivandrum recently. Making suitable publicity campaign in other places about the facilities and opportunities available and the proposed development scheme in these States is one of the items of this joint programme. It has also been decided to declare as national festivals Onam of Kerala, Dessara of Mysore, Pongal of Tamil Nadu and Sankranti of Andhra Pradesh and to send four journalists from each of these States to the neighbouring States. The campaign will also be made in foreign countries to attract tourists on these occasions. Another decision is to develop the sea coasts of Varkala, Quilon and Ezimala of Kerala, Mahabalipuram, Elliot Beach and Point Calimere of Tamil Nadu, Malpe, Karwar and Arga of Mysore and Bimlipattam, Bardai and Manganipuri of Andhra Pradesh into tourist centres.

The inter-connected wild life sanctuaries, namely, Wynad of Kerala, Muthumalai of Tamil Nadu and Bandipur of Mysore will be enlarged and in this connection a draft plan has also been drawn up. For this purpose, it is proposed to acquire 344 acres of land in Wynad at a cost of Rs. 75 lakhs, 1,200 acres in Bandipur costing Rs. 107 lakhs and 320 acres in Muthumalai costing Rs. 91 lakhs. Some financial aid is expected to come from the U.N. An inter-State package tour programme would be formulated for the convenience of pleasure trippers and the number of inter-State tourist taxi permits issued by each of these States would be increased from 20 to 100. The meeting further authorised

the Director General of Tourism to approach the railway authorities for getting railway concession fares allowed for tourists.

The joint programme when properly carried out will no doubt stimulate the tourist industry of southern States. It may be pointed out that there is ample scope for further exploitation and there are enough opportunities available in the south, especially in Kerala, a variety vacation land. Scenic beauty, rest and recreation, wild life photography, arts and crafts, dance and music, golf and boat race, accommodation in excellent tourist bungalows—all these promise a memorable holiday for the traveller. In its long stretch of coastline, set against rows of coconut palm trees, Kovalam and Thirumullavaram beaches are of great scenic beauty and rank among the best in the world. Varkala is another coastal town famous as a pilgrim centre with the Jahardhana temple. High cliffs, mineral water springs and the Varkala Tunnel are the other attractions. Cape Comorin, now falling within the boundaries of Tamil Nadu, is already well known as a tourist centre. The panoramic view of sunrise and sunset and the Vivekananda Rock Memorial projecting out in the midstream add scenic beauty and sanctity to the place already graced by the Kanya Kumari temple standing on the shore.

Trivandrum, the capital of Kerala, is an ancient city of palaces, temples, churches and mosques. The Napier museum and zoo, Sri Padmanabha temple, Chitralaya art gallery and the aquarium are special attractions. In the Chitralaya art gallery many of Raja Ravi Varma's immortal oil paintings are on view. Quilon, an important commercial and industrial centre with the Indo-Norwegian fisheries development project nearby, and the pleasant hill station-cum-health resorts of Ponmudi and Munnar are worth visiting. So also is Kaladi, on the outskirts of Alwaye, renowned as the birth place of Sri Sankaracharya the great Advaita philosopher. Cochin,

the harbour city, has many places of interest for the tourist, such as a unique Jewish synagogue, the former Dutch Palace with its ancient murals and a modern harbour.

Peermade is another hill station with a tourist bungalow and a golf course on the Kottayam Kumali highway leading to the wild life sanctuary at Thekkady. A 27-mile drive along a mountain road winding through rich tea plantations takes the traveller to the Periar lake surrounded by the wild life sanctuary which is a must on every traveller's list. The lake is an artificial one made by damming the Periar, Kerala's longest river. Wild animals, including elephants in herds of 15 or 20, from veteran tuskers down to baby toddlers, sambur, bison, deer and sometimes a tiger or a leopard can be seen in their natural habitat. It is an excellent opportunity for wild life photography. One can find here excellent accommodation facilities. The numerous lakes and canals along the coast give the visitor a chance to travel by a motor launch or a country craft. Forgetting the tedium of earlier journeys he feels completely relaxed under the cool shades of the coconut palm along both the banks of canals which make the waterway a cool green retreat. Equally enjoyable is the motor drive from Cochin to Trivandrum along the coastal highway.

For shopping and souvenir hunting Kerala with its fine handicraft goods offers ample scope. The State holds pride of place in ivory work. Metal mirrors made in the village of Aranmula and the gold and silver brocaded fabrics of Kottar are the finest among curios. Kathakali, the pantomime dance drama, and other folk dances, boating events like the famous snake boat processions at Aranmula, Ambalapuzha and Kottayam and the boating facilities available at Cochin, Periar, Malampusha and Neyyar dams are excellent diversions for the tourists. And a chain of tourist bungalows are available for accommodation.

PEOPLE AND PERSONALITIES

Mr. Paul H. Leman, president of Alcan Aluminium Ltd, the world's largest international aluminium company, is on a brief visit to India. He will represent Alcan at the inauguration of Indal's new sheet-rolling mill at Taloja, near Bombay, on 25th November.

How to Improve the Administration of Wealth Tax

By C. R. Thiagaraja Varma

The Public Accounts Committee believes that there is much scope for improving the administration of wealth tax. The implementation of its recommendations will go a long way in streamlining the procedures of valuation and reducing the arrears of assessment.

THE fiftieth report of the Public Accounts Committee (fifth Lok Sabha) on chapter V of Audit Report (Civil), Revenue Receipts, 1970 and the report of the Comptroller and Auditor General of India for the year 1969-70, Central Government, revenue receipts relating to direct taxes other than income-tax, throws much light on some of the areas of tax administration which call for improvement. This report was presented to Parliament in August 1972. The report is the outcome of the Public Accounts Committee's (P.A.C.) consideration of those paragraphs of the audit report and the Report of the C. and A.G., which deal with the administration of super profits tax, wealth tax, gift tax,

estate duty and arrears of demand and assessments under these Acts. The audit paragraphs bring out various omissions on the part of the tax authorities with reference to particular assessments and point out the areas of difficulty and other lacunae. The P.A.C., after considering the report as well as the replies and other submissions of the concerned Ministries and authorities, gives its own findings on the matters raised therein together with suggestions for improvement.

The P.A.C. feels that there is scope for improving the wealth tax administration, especially to ensure that all the assesseees liable to pay wealth tax are included in the books of the Department. With this in view, the committee has suggested that income-tax returns of all assesseees having business income of over Rs. 15,000 a year should be reviewed to see whether all of those having taxable wealth are submitting returns of wealth. The fact that as against 294,000 income-tax assesseees (excluding companies) hav-

ing business income of over Rs. 15,000 as on 31st March, 1970, the number of wealth tax assesseees was only 128,635, underlines the need for such a review. Of course, to a certain extent, the variation is explained by the factors that firms and associations of persons are not liable to wealth tax, that the exemption limit of wealth tax for Hindu undivided families is Rs. 2 lakhs and that there is a large number of exemptions under Section 5 of the Wealth Tax Act. However, as pointed out by the committee, it can be reasonably presumed that to earn an income of Rs. 15,000 a year a person should have wealth of not less than Rs. 1 lakh.

After analysing the various cases of omissions and lapses pointed out in the audit reports, the P.A.C. has formed the impression that there is a fairly large-scale omission to correlate wealth tax assessments with income-tax assessments. In fact the committee has observed such omissions with reference to income-tax records and gift tax returns also. It has suggested that the Central Ministry of Finance should undertake a review of all cases where disclosures of concealed income were made under the two Finance Acts, 1965, to see if there was any escape from wealth tax. The suggestion has been accepted by the Ministry. With a view to facilitating the correlation of income-tax returns with those of gift tax of the assesseees, the committee has suggested that a provision should be made in the income-tax return form to indicate whether any gift was made and, if so, the nature and value thereof.

The committee has also considered many cases involving mistakes in the computation of net wealth, omission on the part of the Wealth Tax Officers to assess various kinds of assets declared by the assesseees in the wealth tax returns, short levy of wealth tax, omission to levy or incorrect levy of additional wealth tax on urban immovable properties and incorrect exemptions and deductions allowed to assesseees.

The committee has said that the internal audit has not been giving sufficient importance to the check of wealth tax assessments. It has urged that the quantum of check by the internal audit of various categories of wealth tax assessments should also be laid down specifically in consultation with the statutory audit. The committee has also impressed upon the Ministry the need to give prompt replies to audit paragraphs forwarded to it before their inclusion in the re-

port of the C. and A.G. The internal audit should be specifically instructed to look into the levy of additional tax on urban immovable properties in the course of their check in view of the large-scale omission which has been brought to the notice by statutory audit.

In this context, it may be pointed out that although the Wanchoo Committee has also broadly approved the present organisation and functions of the internal audit, it has pointed out the need for the exercise of greater vigilance and check over the accounts of the Department. In fact it has suggested that the internal audit should not merely act as a watch-dog of revenue but also protect the taxpayer's interest by looking into cases where credit for taxes paid was not given or refunds were delayed. It should also comment on the adequacy of forms and procedures and send its suggestions to the Directorate General of Organisation and Methods. The Wanchoo Committee has suggested that the Inspecting Assistant Commissioner (Audit) should conduct studies and investigate the causes of mistakes commonly committed and offer suggestions to the Director of Inspection (Audit) for remedial measures.

The P.A.C. has also made a pertinent suggestion concerning the practice of the Department to arrive at what may be called "agreed assessments" with the assessee acquiescing to be assessed on certain income, which would have little chance of being sustained but for such acquiescence. It has been suggested that suitable guidelines should be written into the income-tax laws in order that there may be no scope for abuse on either side.

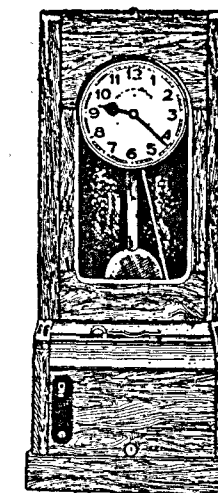
As for valuation, several cases of incorrect valuation of shares resulting in undercharge of wealth to the extent of Rs. 33.63 lakhs were considered by the committee. It has suggested the need for simplification of the present complicated rules concerning valuation of unquoted shares. The lack of uniformity in the matter of valuation of shares has also been noted. The present arrangement of valuation of shares of the same company by different Wealth Tax Officers assessing the shareholders is also responsible for the lack of uniformity. The committee has recommended that some workable system should be evolved to ensure uniformity in valuation of shares and with this in view it has pointed out that it is worth while considering whether the work of fixing value of shares for taxes could be

centralised either in the I.T.O.'s/Commissioners' charges assessing these companies or in the board for all the companies whose shares are not quoted, with arrangements being made to inform all Income Tax and Wealth Tax Officers of it periodically.

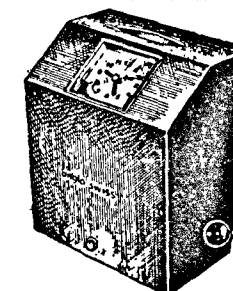
The P.A.C. has also reiterated its earlier observation contained in its 117th report (fourth Lok Sabha) that it is necessary to make concerted efforts to bring down the arrears in assessment and that the procedures of valuation will have to be streamlined as the increase in wealth tax revenue has not been even two-fold with a four-fold increase in the number of assesseees during the past nine years. The arrears of assessment of wealth tax in terms of number of cases as on 31st March, 1970, were 130,248 involving tax of approximately Rs. 1,033 lakhs. The total number of assessments completed during the year 1969-70 was 169,572 and the approximate amount of demand raised was Rs. 1,694 lakhs. The heavy accumulation of pending wealth tax assessment has considerably distressed the P.A.C. It has stressed the need for clearing the arrears as early as possible under a targeted programme.

According to the Report of the Central Board of Direct Taxes on Direct Taxes 1970-71, the numbers of wealth tax assessments disposed of in 1969-70 and 1970-71 were 186,206 and 190,205 respectively. During this period, there has also been a 23.7 per cent increase in the number of wealth tax assesseees, from 135,975 to 168,136. In fact, in terms of percentage, there has been a 429 per cent increase in the number of wealth tax payers during the period 1962-63 to 1970-71.

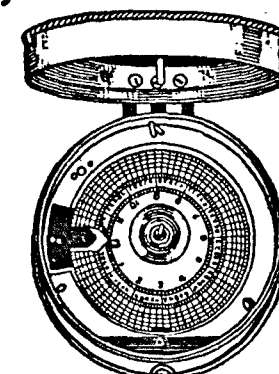
According to the Central Finance Ministry, there were 318 persons with assessed wealth above Rs. 25 lakhs at the end of 1970. The number of such assesseees was the largest in Bombay (93) followed by Gujarat (52) and West Bengal (41). According to a news report, wealth tax receipts fell short of the anticipated Rs. 30 crores by Rs. 5 crores in 1971-72. The collections at Rs. 25.89 crores, however, showed a rise of Rs. 10 crores over the previous year's total. Wealth tax collections are estimated at Rs. 43 crores in the current year, taking into account the extension of wealth tax to agricultural wealth. The process of collection of wealth tax on agricultural wealth, which was introduced from 1970-71 but could not be implemented for over a year until the Supreme Court held the levy valid, is yet to make headway.



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Nationalised Banks Give More Advances to the Priority Sectors

(By a Special Correspondent)

Advances by nationalised banks to the priority sectors have risen sharply in the last few years. But the problem is that priority sector advances are less profitable for banks.

AMONG many other objectives behind the nationalisation of 14 major commercial banks on 19th July, 1969, the principal one was the diversion of bank credit to the desired sectors of the economy. The reason why nationalisation had become essential was that banks were not giving credit to the desired sectors, or what were recognised as the priority sectors. It was customary under the social control over banks, then operative, to set targets for major bank lending to the

priority sectors, such as agriculture, small-scale industries and exports. The progress achieved was measured in quantitative terms of lendings to these sectors and reviewed periodically during the short-lived social control period. The achievements were found short of the targets fixed for lendings. This pitfall on the part of the major banks culminated in a major step forward, i.e., nationalisation of the major 14 banks.

In the initial period since nationalisation, the assessment of lendings to the priority sectors was based on a level higher than that ever achieved in the period of social control. However, since then, the progress of nationalised banks in respect of advances to these crucial sectors of the economy had to be compared with those banks which were already in the public sector, that is, the State Bank of India and its subsidiaries. It was obvious that increasing attention was paid not only to these sectors in general but to the direct beneficiaries also. In advances to the agricultural sector, greater attention had to be paid to direct lending to farmers. It is no wonder, therefore, that the focus of attention now centres around the small farmers rather than the big ones even at the cost of a little more administrative expense.

With a view to assessing the progress made by all the public-sector banks, the available statistics are com-

piled in the table below. The table shows that the public-sector banks have increased their advances to the priority sectors very sharply both in respect of the number of accounts and the amount. However, the average amount for each account appears to be declining. This trend is believed in banking circles to be the result of the consolidation of small accounts from the viewpoint of their usual criteria for lending rather than covering them in the priority sector portfolio as was done in the initial period of nationalisation. That is to say, banks are becoming conscious of the creditworthiness of their borrowers and are, therefore, inclined to apply the norms for lending. It is thus possible to anticipate a rising trend of such advances for each account over a period of years.

It is heartening to find that the priority sector advances, which formed 14.5 per cent of the total in June 1969, has since risen sharply to 23 per cent in December 1971. This significant progress has no doubt been the result of smooth deposit growth. Had banks been not in such a liquid position, they would hardly have been able to sustain the increase in advances to the priority sectors. This is evident also from the declining credit-deposit ratio of the public-sector banks which was as high as 78 per cent to 80 per cent and has fallen to 73 per cent by the end of 1971. Banks have been faced with the problems of priority and non-priority sector advances on the one hand and profitable and less-profitable advances on the other. It is a fact that priority sector advances are less profitable and hence need to be held in their portfolio because of the social objective. Thus, a differential rate of interest system has been at work and it needs to be applied with consideration of profitability and social objectives. It is no wonder that priority sector advances are receiving due attention of banks but need greater attention in future.

PUBLIC-SECTOR BANKS' ADVANCES TO PRIORITY SECTORS

	June 1969	June 1970	June 1971	December 1971
I. Total priority sector advances:				
(a) No. of accounts	282,203	928,167	1,188,718	1,304,514
(b) Amount (Rs. crores)	438.5	760.8	896.6	961.0
(c) Amount an account (Rs.)	15,539	8,197	7,542	7,367
II. Total advances (Rs. crores)	3,016.8	3,553.7	4,048.8	4,172.1
III. I(b) as percentage of II (per cent)	14.5	21.4	22.1	23.0
IV. Total deposits (Rs. crores)	3,871.4	4,397.4	5,190.2	5,742.0
V. Credit-deposit ratio (per cent)	77.9	80.8	78.0	72.7

Raising the Volume of Exports by Air Transport

(By a Special Correspondent)

India has immense scope for exporting her products by air. So efforts should be made to popularise this mode of transport.

ACCORDING to a study, exports by air from India have doubled between 1954-60, 1960-66 and 1966-69 and that in a particular year 4.5 per cent of India's total exports were air-flown. For instance, gross foreign exchange earnings through total freight revenue from civil aviation in India have increased from Rs. 7.4 crores in 1965 to Rs. 15.84 crores in 1969. Again, in 1969, of the overall foreign exchange earnings of Rs. 180 crores from civil aviation, India exported goods by air worth about Rs. 80 crores, against Rs. 50 crores in 1967.

It is pertinent to note here that Indian products exported by air mainly consist of commodities like pearls and precious stones, textiles, pharmaceuticals, imitation jewellery, mica and minerals, perfumes and oils, human hair and movie films. And in terms of value, more than half of the air-flown exports constitute pearls and precious stones. Incidentally, Japan, Hongkong, Kuwait, Nepal, Thailand, Afghanistan, Australia, West Germany, the U.S.A., Russia, the U.K., African countries and many other countries in Europe and west Asia are importers of India's air-flown products and about one-third of such exports is directed to the U.K.

Interestingly, Santa Cruz airport in Bombay tops the list as far as air-lifted exports are concerned. For instance, in a particular year, about 62 per cent of the total air-lifted exports were flown from Bombay, against 13 per cent, 11 per cent, 7 per cent and 7 per cent from Madras, Calcutta, Delhi and other smaller airports. Maybe, the southern region, especially Kerala, offers vast scope for air traffic potential for commodities like packed cashews and frozen shrimp. But then in the immediate past, non-availability of space in aircraft in Cochin resulted in transporting chemicals and lemon grass oil to Bombay and Madras airports by surface transport for export.

To enjoy facilities of moving commodities by air, industries now prefer to establish themselves near airports. Again, civil aviation has made it possible to hasten the growth of industries in cities like Poona and Baroda. The reasons are simple: even if high freight often makes air consignments costly, the high speed and avoidance of unnecessary inventory, warehousing, packaging, labour and insurance costs in case of air consignments cannot be overlooked. Besides, air consignments ensure fast delivery or sale, guaranteeing thereby quicker return on investments. Which is why the study by the Operations Research Group, Baroda, has concluded that immense scope exists for exporting goods by air from India.

Indeed, air transport in India not only creates new demands for products and services but also helps industries to flourish. Again, never before the demands for air freight consignments in Assam, Tripura, Manipur, Kerala or north Bengal were so great as they are today. Similarly, the far-eastern parts of India, like Gauhati, would have been separated from the rest of India but for Indian Airlines which transports goods to every part of the country. And with the introduction of palletised consignments, cargo revenue in India is bound to increase.

For cheaper outlets of air cargo to satisfy overseas demands, the need is to devote more and more resources, talent and ingenuity, besides air freight subsidies, to render the kind of services that Indian exporters desire from airlines. In this context, major adjustments, in the opinion of some aviation experts, are to be made to avoid backward slides by the aviation industry, as the present concept of air cargo services has reached the optimum level. To illustrate: many shippers are often disillusioned on account of growing delays in handling and clearing of cargoes at the airports and the consequent gap between promise and performance. Again, there is no all air-cargo planes in India as cargo loads are only carried in mixed passenger and cargo planes. Logically,

Indian exporters point out from experience that airlines should ensure that all export cargoes should reach their respective destinations well within the delivery deadline. Some of them are pessimistic about filling up the capacious Jumbo and predict that air cargo will pose a serious threat to the aviation industry in the 'seventies unless urgent steps are taken to make this transport system popular.

The speed of cargo handling in the advanced country may be mentioned in this context. At Pan Am's cargo centre in New York, two jet freighters can be loaded and unloaded in 20 minutes for the movement of 45 tonnes in each aircraft. Similarly, the average incoming shipment is available for pick-up and delivery in less than two hours after a jet freighter has landed. And this indicates the leeway India has to make up.

SWISSAIR

Tourist Programme

The Swiss cities Zurich, Geneva, Basle, Berne, St. Gall and Lausanne have conjointly launched a programme named "Switzerland in the bag". The programme offers to overseas tourists at no charge a number of services in the season from 1st November, 1972, to 31st March, 1973. Visitors of the six cities will be granted, by courtesy of the local tourist offices and in co-operation with Hertz Rent-a-Car, free rides on public transport for one day, a rental car at no base fee. Moreover, they will be invited to a typically Swiss meal and a drink. No entry charges will be levied in museums and night clubs. In their common effort to promote winter tourism, the six cities will furthermore give a gift to their overseas guests and, according to availability, offer free city sight-seeing trips, excursions, visits to the zoo, games in bowling alleys, or provide a pair of skis or a skibob for a day.

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Shares Steady : Operators Holding Back Fresh Commitments

THE stock markets have on the whole been steadier this past week. If there have been some hesitancy at times it has not assumed serious proportions, and by the time the week has come to a close, sentiment has improved, if only marginally. Absence of selling pressure has been a general feature and enquiries of any nature have received more than proportionate attention. Dalal Street, although yet to come out of the post-Moorat trading sluggishness, has still a slight edge over Lyons Range in overall performance. The takeover inhibitions, which have held operators captive for a long time, have been stoked by fresh reports of a move to transfer the management of sick or closed tea gardens to the Government. The terms under which the gardens are to be taken over have not yet been spelt out but market circles hardly expect them to be any different from the usual takeover-followed-by-nationalisation pattern. The move, if it materialises, will mark the first Government entry into the tea industry.

The shades of gloom have also deepened at developments on the price front. The Lok Sabha debate on prices has little to cheer the market or inspire confidence. The plans of attack that the Central Finance Minister, Mr. Y. B. Chavan, unfolded have not assured operators of yielding tangible results immediately. But, the price rise is having a dampening effect on consumption. Mr. Chavan's statement that, if necessary, the Government would import foodgrains to tide over the situation has been welcomed. But it has also been seen as a slight, but significant, weakening of the Centre's optimism to meet the food crisis through local efforts. Operators have wondered if a substantial food import bill will not induce New Delhi to become more strict about other imports for industry.

In spite of disparate and often discordant views on industrial policy expressed from different forums, market circles have noticed a growing awareness on the part of the authorities to remove the roadblocks to accelerated industrial growth. The accent on fuller utilisation of capacity has been seen as a hopeful sign. There

are also indications that private investment is slowly thawing its freeze although larger drafts have to be made from public financial institutions. The resumption of river transport between Calcutta and Assam towns through Bangladesh is also a welcome development. But the political outlook, particularly the vicissitudes of India-Pakistan relations, has remained disturbingly uncertain.

Gilt-edged securities have ruled quietly steady. The 3 per cent Conversion loan 1986 was quoted at Rs. 60. State Government loans have also been steady but turnover has been moderate.

The Calcutta stock market has closed this past week on a steady note. Selling pressure has been about normal. Turnover has been moderate. Reports of substantial institutional buying have exercised a favourable influence. But operators have preferred to play safe rather than go out for high stakes in view of the continuing uncertainties of Government policies. The Central Finance Minister, Mr. Y. B. Chavan's statement that, if necessary, foodgrains would be imported, has been welcomed. Investors are also keenly waiting for some sort of advance notice of U.S. attitude towards this country following President Nixon's re-election; the Washington decision to fall in line with other donor countries to allow larger debt relief to India has been welcomed but it is not clear if the move can be interpreted as a clear straw in the wind. Among engineering shares, Guest Keen Williams, Textile Machinery, Electrosteel Castings, Jay Engineering, Simon Carves and Shri Ram Bearing were steady. Among jute shares, Agapara have been a shade better while Birla and Nellimarla have maintained. Among coal shares, East Indian, Bengal, South Karanpura and Pench Valley have changed hands. Among paper shares, Ballarpur have been firm and Straw Products and Sirpur transacted. In the miscellaneous section, Dunlop India, Jayashree Tea and Industries, Kesoram Industries, Hindustan Motors, General Electric, Indian Explosives, Williamson Magor, India Tobacco, Union Carbide and Phillips India have been supported.

Dalal Street has maintained steady conditions throughout the past week. In a few scattered equities, there have been suggestions of slight gains. But turnover has remained restricted as operators have preferred not to take any hasty move. Mr. Chavan's warning that difficult days are ahead have exercised a dampening effect. There has been an inclination to see in it the possibility of further tightening of controls and other restrictions. Corporate news has not been bad although the setback reported by A.C.C. has had an impact on the market. Among textile shares, Standard registered a substantial rise, but Century has not done so well. National Rayon has also been noticeably better. Indian Dye-stuff, Scindia and Great Eastern have been supported. Reports of a good sugarcane crop next season have improved sugar shares. United Carbon have moved ahead impressively and

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United Bank of India
(A Government of India Undertaking)

UBF-3a-71

COMPANY REPORTS

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

Aryodaya Mills
Brooke Bond
C.E.S.C.
Cochin Malabar Estates
Dhanalakshmi Mills
Engineers India
G. G. Dandekar
Indian Cable
Investment Corporation
Jam Mills
J. Stone
Malankara Rubber
National Rolling
Neelamalai Tea
Philips India
Pullangode Rubber
Ranga Vilas Mills
Sarvaraya Textiles
Saurashtra Cement
Tamilnad Cardboards
Thamarapally Rubber
Travancore Chemical
Velimalai Rubber

there have been fair improvements in Gujarat Fertilisers, Century Enka and N.O.C.I.L.

The Madras stock market has been rather subdued this past week. Good corporate news has been a plus factor, but the various problems faced by industry have marred the outlook. Sugar shares have behaved well. E.I.D. have moved up on expectations of a possible interim dividend next year. Business has been done in Deccan, and K.C.P. have had good demand. In the planning section, Peria Karamalai have continued to be in demand while Manjushree have been steady. In the textile section, Mettur Beardsell, Madura and Travancore Rayons have met with enquiries. Among bank shares, there has been not much of a change. In the miscellaneous section, business has been done in Mettur Chemical, Chemicals and Plastics and Tubes and Malleables. Ashok Leyland have recorded a small fall due to the announcement of a cut in dividend.

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	25/10—25/20—24/50—24/60—(21/20)
Burrakur Coal	4/06—4/06—4/00—4/00—(10/80)
Dunlop India	26/75—27/10—26/75—27/00—(29/60)
Guest, Keen, Williams	32/30—32/60—32/05—32/50—(31/55)
Hindustan Motors	7/30—7/35—7/15—7/30—(8/40)
Indian Aluminium	32/25—32/25—31/95—32/10—(31/90)
Indian Copper	2/46—2/52—2/46—2/52—(3/59)
Indian Iron	6/15—6/25—6/05—6/20—(9/10)
J. K. Cotton	8/40—8/45—8/40—8/45—(7/45)
Jaipur Udyog	9/15—9/15—9/15—9/15—(8/60)
Jayshree Tea & Industries	16/62—18/10—16/56—16/69—(14/50)
Kesoram Industries	18/00—18/15—17/85—18/00—(14/20)
National Rubber	5/56—5/62—5/56—5/62—(6/62)
Orient Paper	33/45—34/30—33/45—34/10—(31/20)
Orissa Cement	18/45—19/10—18/45—18/95—(16/70)
Rohtas Industries	3/95—4/15—3/95—4/05—(4/50)
Textile Machinery	9/25—10/15—9/10—10/15—(9/70)

Philips India : An Attractive Share Offer

PHILIPS India Ltd which is a household name in this country and a pioneer in the field of electronics will be soon offering 1.33 million equity shares of Rs. 10 each at a premium of Rs. 15 a share. Out of the proposed issue, 294,000 shares will be allotted to Philips Holland in conversion of its loan to the Indian Company, subject to the approval of the Reserve Bank, and 420,000 shares will be allotted to those resident members in India whose names appear in the Company's register on 27th September, 1972, in the proportion, as nearly as circumstances admit, of one equity share for every four shares held. The number of shares reserved for subscription by the Indian directors and employees is 92,400. The Company is now offering for public subscription 523,600 equity shares. It is an offer for which the investing public has been waiting with keen interest for quite some time. There is no doubt that the response will be tremendous and there is every possibility of the shares being oversubscribed many times. The entire amount of Rs. 25 a share—Rs. 10 on capital account and Rs. 15 on premium

account—is payable on application and an application must be for a minimum of 50 shares or multiples thereof. The subscription list will open on 4th December and will close on 13th December or earlier at the discretion of the directors but not before 6th December. (Details of the issue appeared in last week's issue of *Capital*.)

The present issue will raise the Indian participation in the Company's equity capital to 40 per cent. The funds raised through this issue will be used in the business of the Company and to finance the expansion projects for which it holds licences and letters of intent. Philips India's sales and profits have shown a marked improvement in recent years; during 1971 sales amounted to Rs. 466 crores and profits, after tax, were Rs. 4 crores. It paid a dividend of Rs. 2.40 a share for 1971. An interim dividend of Rs. 1.20 a share was declared by the board of directors for the current year. The Company's growth can be attributed to its policy of selling quality products. Philips India has over the years developed markets in Europe, the Far East

and the Middle East for its radios, lamps and electronic equipment. Conformation to international standards, introduction of modern technology and the assistance received from the parent Company have enabled Philips India to sell its products abroad. It is hoped that the demand for the Company's products will continue to grow both in this country and abroad. The directors are of the opinion that subject to unforeseen circumstances the Company will make sufficient profits to pay a satisfactory dividend on the equity capital as increased by the present issue.

INDIAN CABLE

Sales Rise

SALES of the Indian Cable Co. Ltd for the year ended March 1972 show an increase from Rs. 18.80 crores to Rs. 20.71 crores. This increase, achieved under most trying conditions in the country, was made possible by improving the Company's internal efficiency. The demand for electrical cables did not materialise to the extent it was anticipated due to financial stringency throughout the country. The drop in margin of profit due to intensified competition and the rising cost of materials and services caused the pre-tax profit to fall from Rs. 1.99 crores to Rs. 1.80 crores, after providing Rs. 39.38 lakhs (against Rs. 34.68 lakhs) for depreciation. The taxable ordinary dividend of 15 per cent has been maintained, absorbing Rs. 62.16 lakhs which will be paid out of general reserve. This offers a yield of 7 per cent at the present price of Rs. 21.50 a share of Rs. 10 each. Development rebate reserve is allocated Rs. 12.70 lakhs (against Rs. 3.90 lakhs) and taxation Rs. 93 lakhs (against Rs. 1.03 crores). After making other adjustments, a sum of Rs. 74.55 lakhs (against Rs. 92.52 lakhs) is transferred to general reserve.

A one-day seminar on "Developments in Covered Copper Conductors", organised by the Indian Copper Information Centre, was held in Jamshedpur a few days ago. Mr. A. K. Kahali, Managing Director of the Indian Cable Co. Ltd, inaugurated the seminar and Mr. M. S. Padmanabhan, General Manager of Heavy Electricals (India) Ltd, was the chief guest. Five papers, mostly discussing the manufacture and applications of continuously transposed conductors and the developments in insulating materials for use in the covered con-

ductors, were read. This seminar is expected to have a far-reaching significance in relation to the manufacture of the continuously transposed conductors by the Indian Cable Co. Ltd at its Jamshedpur works. Commissioned in March 1972, I.N.C.A.B.'s new C.T.C. plant is the only one of its kind in all Asia apart from Japan.

TRAVANCORE CHEMICAL

Margins Eroded

DESPITE an increase of about 10 per cent in sales from Rs. 2.75 crores to Rs. 3.02 crores, the gross profit made by Travancore Chemical and Manufacturing during the year ended June 1972 is down by 7.6 per cent from Rs. 49.33 lakhs to Rs. 45.66 lakhs, indicating a pressure on margins. The dividend, however, has been raised from 25 per cent to 27.5 per cent made up of 15 per cent final and 12.5 per cent interim. After providing Rs. 5.09 lakhs (against Rs. 5.43 lakhs) for depreciation, Rs. 52,000 (against Rs. 42,000) for development rebate reserve and Rs. 25.76 lakhs (against Rs. 27.60 lakhs) for taxation, the net profit amounts to Rs. 14.29 lakhs, against Rs. 15.88 lakhs in the preceding year. The equity dividend will absorb Rs. 11 lakhs. The Company's performance so far during the current year is reported to be satisfactory but its profitability is likely to be adversely affected by inadequate supplies of imported copper scrap.

JAM MILLS

Better Results

THE preliminary figures released by Jam Shri Ranjitsinghji Spg. and Wvg. Company, popularly known as Jam Mills, show an appreciable improvement in its working results for the year ended June 1972. The dividend payable on the capital enlarged by the one-for-two bonus issue has been maintained at 10 per cent. The gross profit at Rs. 19.87 lakhs shows an increase of about 36 per cent over the previous year's figure of Rs. 14.53 lakhs. After providing Rs. 8.20 lakhs (against Rs. 9.07 lakhs) for depreciation, Rs. 87,000 (against Rs. 3.19 lakhs) for development rebate reserve and Rs. 3.73 lakhs (against nil) for taxation, the net profit for 1971-72 amounts to Rs. 7.07 lakhs, against Rs. 2.27 lakhs in the previous year. A sum of Rs. 2 lakhs has been transferred to general reserve. The proposed dividend will absorb Rs. 4.66 lakhs, against Rs. 3.10 lakhs.

RANGA VILAS MILLS

Good Rise in Sales

THE outstanding feature of the working of Sri Ranga Vilas Ginning and Weaving Mills Ltd for the year ended December 1971 is the substantial rise in sales to Rs. 1.77 crores, against Rs. 80.84 lakhs in the previous year. But the working has resulted in a loss of Rs. 2.80 lakhs, after providing depreciation of Rs. 4.38 lakhs. This compares with the previous year's loss of Rs. 4.34 lakhs, after providing depreciation of Rs. 3.82 lakhs. Adding to the year's loss of Rs. 2.80 lakhs a sum of Rs. 52,687 being expenses for

the previous year and also Rs. 58,844 being gratuity relating to the previous year, there is a loss of Rs. 3.92 lakhs. Deducting from this a sum of Rs. 25,800 being the amount transferred from development rebate, there is a deficit balance of Rs. 3.66 lakhs which is being carried forward.

SARVARAYA TEXTILES

Dividends Skipped

THE directors of Sarvaraya Textiles Ltd have skipped the dividend on both ordinary and preference shares for the year ended

J. STONE : AN ATTRACTIVE SHARE OFFER

J. STONE and Co. (India) Ltd will shortly enter the capital market with an issue of 357,130 equity shares of Rs. 10 each at par. Out of the present issue, 17,856 shares have been reserved for subscription by the directors and employees of the Company provided they are all Indian nationals. The remaining shares are being offered for subscription by the public. The subscription list will open on 27th November and will close on 5th December or earlier at the discretion of the directors but not before 29th November. The Indian public is being invited to participate in the equity share capital of the Company to the extent of 40 per cent. The proceeds of the issue will be utilised partly to finance the expansion programmes and partly to repay the loan of Rs. 14.90 lakhs to the holding Company. (Details of the issue appeared in last week's issue of *Capital*.) Addressing a Press conference in Calcutta a few days ago in connection with the share issue, Mr. P. E. Axon, chairman, said that the time was now ripe for the Company to diversify and expand its activities and to broaden its shareholding by the sale of shares to the Indian public. This is an important step in the Company's development and one which the chairman thinks should increase its importance in this country.

J. Stone (India) is an important member of the electrical division of the Stone-Platt Group with its worldwide connections in railway, marine, aviation and textile engineering. The Company has to its credit a number of "firsts" in its own specialised field of engineering.

Negotiations with the Government of India on the various schemes and projects have already resulted in letters of intent being issued in some cases and manufacturing licences being granted in others. The main projects in hand cover the manufacture of (a) air brake equipment for railway rolling stock and locomotives; (b) brushless alternators and control gear; (c) marine navigational aid equipment; (d) rotor switches and systems relays; (e) submersible pumps and motors; and (f) automatic door gears for the railways and road passenger vehicles. All the above projects are of a highly specialised nature and would constitute in most cases manufacture in India for the first time. All these projects have substantial export potential.

The Company in recent years has shown a sustained growth both in sales turnover and profitability. The year 1971 has shown a growth of 13 per cent in sales and 22 per cent in profit over the previous year. Similarly, 1972 has shown substantial growth over 1971 in both sales and profit for the first half of the year. The Company's order-book for products currently manufactured is full up to the end of 1973, and with the implementation of the schemes of expansion and diversification, a further increase in turnover and profitability is expected. Barring unforeseen circumstances, the directors should be in a position to recommend payment of a dividend of not less than 10 per cent on the equity capital (as increased by the forthcoming issue) for the period ending 29th December, 1973.

March 1972. But the working results for the year are more encouraging than before. The Company has earned a profit of Rs. 4.58 lakhs, after providing depreciation of Rs. 6.07 lakhs, as compared with the previous year's loss of Rs. 4.97 lakhs, after providing depreciation of Rs. 6.50 lakhs. Adding to the year's profit a sum of Rs. 5,473 being excess provisions written back, Rs. 10,000 transferred from development rebate reserve and Rs. 1.49 lakhs transferred from general reserve, there is a total of Rs. 6.22 lakhs. After adjusting this profit against the brought-forward loss of Rs. 6.95 lakhs, there is a deficit balance of Rs. 73,000 which is being carried forward.

DHANALAKSHMI MILLS

Profit Declines

DHANALAKSHMI Mills Ltd has reported a decline in its profit for the year ended December 1971. But the dividend has been maintained at 10 per cent. The profit is Rs. 12.62 lakhs, after providing depreciation of

Rs. 11.82 lakhs. This compares with the previous year's profit of Rs. 22.95 lakhs, after providing depreciation of Rs. 10.19 lakhs. Adding to the year's profit of Rs. 12.62 lakhs a sum of Rs. 2.42 lakhs being excess provision for gratuity, Rs. 33,031 being refund of excise duty and Rs. 4,213 being income-tax refund, there is a total surplus of Rs. 15.42 lakhs. Out of this, donations amounted to Rs. 28,213 (against Rs. 15,100). The balance bonus for the previous year accounts for Rs. 1.08 lakhs. Development rebate reserve gets Rs. 2.90 lakhs (against Rs. 85,000). Provision for taxation is Rs. 4.25 lakhs (against Rs. 15 lakhs). The balance of Rs. 6.90 lakhs (against Rs. 6.44 lakhs) is transferred to general reserve. The equity dividend amounting to Rs. 4.86 lakhs will be paid out of general reserve.

ARYODAYA MILLS

A Good Year

ARYODAYA Ginning and Manufacturing Company has raised the dividend for 1971 from Rs. 12 to Rs.

16 a share. This follows a marked improvement in the Company's performance during the year. While sales have increased by 14 per cent from Rs. 3.96 crores to Rs. 4.52 crores, the gross profit has gone up by 36 per cent from Rs. 22.10 lakhs to Rs. 30.09 lakhs. The ratio of profit to sales has improved from around 5.6 per cent to 6.7 per cent. Important allocations include depreciation Rs. 8.55 lakhs (against Rs. 8.52 lakhs), development rebate reserve Rs. 2.20 lakhs (against nil), bonus Rs. 7.57 lakhs (against Rs. 2.62 lakhs) and general reserve Rs. 11 lakhs (against Rs. 9.50 lakhs). The dividend absorbing Rs. 2.77 lakhs (against Rs. 2.08 lakhs) will be paid out of general reserve.

THAMARAPALLY RUBBER

Results Improve

THE working of Thamarapally Rubber Co. Ltd for the year ended December 1971 has resulted in a profit of Rs. 1.36 lakhs, after providing Rs. 13,829 for depreciation and Rs. 1.20 lakhs for taxation. This compares with the previous year's profit of Rs. 65,686, after providing depreciation of Rs. 13,113 and taxation of Rs. 50,000. The total surplus available for appropriation is Rs. 1.52 lakhs, including the brought-forward sum of Rs. 15,742. Out of this, the preference dividend absorbs Rs. 4,905 and the equity dividend of 15 per cent (against 12½ per cent) claims Rs. 1.25 lakhs. The balance of Rs. 22,174 is being carried forward.

VELIMALAI RUBBER

Dividend Raised

THE working of the Velimalai Rubber Co. Ltd for the year ended February 1972 has resulted in a profit of Rs. 3.91 lakhs, after providing depreciation of Rs. 59,360. This compares with the previous year's profit of Rs. 3.59 lakhs, after providing depreciation of Rs. 68,033. Sales amounted to Rs. 16.42 lakhs (against Rs. 17.36 lakhs). Adding to the year's profit a sum of Rs. 41,234 brought forward, there is a total of Rs. 4.35 lakhs available for appropriation. Out of this, provision for taxation amounts to Rs. 1.75 lakhs (against Rs. 1.60 lakhs). General reserve gets Rs. 10,000 (against Rs. 12,500). The preference dividend absorbs Rs. 17,500 and the equity

dividend at 16 per cent (against 12 per cent) claims Rs. 1.92 lakhs. The balance of Rs. 40,776 is being carried forward.

The rubber crop for the year amounted to 284,910 kilograms (against 279,917 kilograms). The average price realised for rubber during the year was Rs. 5.07 a kilogram. The estimated crop for the current year is 290,000 kilograms. During the year, the Company issued bonus shares amounting to Rs. 1.4 lakhs.

PULLANGODE RUBBER

Dividend Skipped

THE directors of the Pullangode Rubber and Produce Co. Ltd have skipped the equity dividend for the year ended March 1972. The profit for the year amounts to Rs. 3.55 lakhs, after providing for depreciation. This compares with the previous year's profit of Rs. 5.13 lakhs. After providing Rs. 2.44 lakhs (against Rs. 3.67 lakhs) for taxation, there is a net profit of Rs. 1.11 lakhs. Adding to this profit Rs. 3,661 brought forward, Rs. 4,657 unclaimed dividends, Rs. 1.30 lakhs being excess tax provision and Rs. 60,000 transferred from general reserve, there is a total available surplus of Rs. 3.09 lakhs. Out of this, Rs. 3 lakhs (same) are transferred to rubber replanting reserve. The preference dividend absorbs Rs. 9,197. The balance of Rs. 734 is being carried forward.

MALANKARA RUBBER

Bigger Crop

THE directors of Malankara Rubber and Produce Co. Ltd. have declared a dividend of 30 per cent for the year ended March 1972. The Company has harvested a higher rubber crop for the year, compared with the previous year. But the selling price of rubber was lower than in the previous year. The profit for the year amounts to Rs. 5.26 lakhs, after providing depreciation of Rs. 45,823 and taxation of Rs. 10.32 lakhs. This compares with the previous year's profit of Rs. 5.68 lakhs, after providing depreciation of Rs. 46,574 and taxation of Rs. 10.53 lakhs. The total available surplus comes to Rs. 6.01 lakhs, including Rs. 74,823 brought forward from the previous year. Out of this, the dividend

claims Rs. 5.40 lakhs; the balance of Rs. 61,235 is being carried forward.

NEELAMALAI TEA

Dividend Maintained

THE directors of Neelamalai Tea and Coffee Estates Ltd have maintained the equity dividend at 10 per cent for the year ended June 1972. The profit amounts to Rs. 6.93 lakhs, after providing depreciation of Rs. 2.83 lakhs. This compares with the previous year's profit of Rs. 8.89 lakhs, after providing depreciation of Rs. 2.99 lakhs. The total surplus available for appropriation is Rs. 9.42 lakhs which includes Rs. 16,188 brought forward and Rs. 11,500 being excess development rebate. Out of this, bonus provision amounts to Rs. 2.62 lakhs (against Rs. 1.65 lakhs) and tax provision accounts for Rs. 1.71 lakhs (against Rs. 3.30 lakhs). Development rebate reserve gets Rs. 33,600 (against Rs. 12,700). The preference dividend absorbs Rs. 99,000 and the ordinary dividend claims Rs. 3.60 lakhs. The balance of Rs. 16,402 is being carried forward.

NATIONAL ROLLING

Results Disappoint

THE National Rolling and Steel Ropes Ltd has produced disappointing results for the year ended June 1972, although there was a sub-

stantial increase in turnover from Rs. 74.92 lakhs to Rs. 1.44 crores. The rise in turnover has not increased the profit due to a rise in the costs of raw materials, stores, etcetera. The Company has incurred a loss of Rs. 1.18 lakhs, against a loss of Rs. 2.71 lakhs, after providing Rs. 1.89 lakhs (against Rs. 1.81 lakhs) for depreciation. In view of the Company's poor performance, the ordinary dividend has been skipped again. A sum of Rs. 610 (against Rs. 1,385) has been transferred from development rebate reserve no longer required. After making other adjustments, there remains a debit balance of Rs. 1.18 lakhs which is adjusted against general reserve.

COCHIN MALABAR ESTATES

Bigger Dividend

THE directors of the Cochin Malabar Estates Ltd have recommended a slightly higher dividend of 18 per cent for the year ended February 1972, against 17.5 per cent paid for the previous year. The profit, before taxation, amounts to Rs. 27.62 lakhs, after providing depreciation of Rs. 2.28 lakhs. This compares with the previous year's profit of Rs. 28.29 lakhs, after providing depreciation of Rs. 2.19 lakhs. After providing Rs. 17 lakhs (same) for taxation, there is a net profit of Rs. 10.62 lakhs. Adding to this profit Rs. 3,723 brought forward, the total comes to Rs. 10.66 lakhs. Appropria-

C.E.S.C. : BETTER PERFORMANCE

AT the recent annual general meeting of the Calcutta Electric Supply Corporation Ltd, Mr. Sachindra Chaudhuri, chairman, said that the performance of the Company during 1971-72 had shown an improvement over the previous year. (A fuller version of the chairman's speech was printed in last week's issue of *Capital*.) Total sales of the Company's electricity have increased from 2,564 million units to 2,661.4 million units and the maximum demand met in megawatts has increased from 520 million units to 533 million units. The gross revenue is placed at Rs. 34.89 crores, against Rs. 32.68 crores. The profit, after taxation, has been Rs. 1.12 crores, against Rs. 79.2 lakhs. The chairman said that the units sold and the maximum demand had risen above the static figures of the last three years. But the small increases do not adequately reflect the improved industrial conditions because of the restrictions imposed by the Government on certain H.T. industrial consumers and due to frequent "load shedding."

The chairman said that the clear profit of the Company had been less than the "reasonable return"

to which the Electricity (Supply) Act and Tariff Policy entitled the Company. He stressed the urgent need for an increase in the Company's revenue to match its increased costs. The Company has been endeavouring to implement a comprehensive revision of its rates designed to bring the clear profit more nearly into balance with the "reasonable return", but the Government's support is yet to come. Mr. Chaudhuri said that the Company could meet the interests of the consumers only if it were allowed to earn a "reasonable return". The Company's present failure to meet the full demand of its consumers is due to the inability of Government agencies—the West Bengal State Electricity Board and the Damodar Valley Corporation—to supply the Company with the full amount of power to which these agencies are committed. It appears that Government agencies' existing firm generating capacity is inadequate and the present extremely unsatisfactory state of affairs will persist until that capacity is materially enhanced either by an improvement in the performance of the existing plants or by the commissioning of additional plants.

BROOKE BOND : A GOOD YEAR

THE working results of Brooke Bond India Ltd for the 53 weeks ended 1st July, 1972, show an appreciable improvement over the previous year's performance. During the year the war in Bangladesh, coupled with a drought in east Africa, caused a decline in the world tea crop outside India. Conversely, the Indian crop showed some increase. This combination resulted in an unusually strong export demand for Indian tea which resulted in increased exports and higher prices in the Indian auctions. Sales revenue for the year was Rs. 95.79 crores, an increase of Rs. 2.25 crores over the previous year, and after providing Rs. 38.31 lakhs (against Rs. 38.90 lakhs) for depreciation, the profit has increased to Rs. 4.90 crores from Rs. 4.59

crores. A taxable ordinary dividend of Rs. 2 a share has been declared, the same as in the previous year, absorbing Rs. 1.34 crores and this payment will be made out of general reserve. This offers a yield of 7.8 per cent at the present price of Rs. 25.75 a share of Rs. 10 each. Taxation accounts for Rs. 3.07 crores (against Rs. 2.71 crores). After writing back Rs. 2.50 lakhs (against Rs. 85,000) from development rebate reserve, there is a balance of Rs. 1.86 crores (against Rs. 2.01 crores) for appropriation. Allocations include development rebate reserve Rs. 2.50 lakhs (against Rs. 5.50 lakhs), capital reserve Rs. 87,895 (against Rs. 1.85 lakhs) and general reserve Rs. 1.83 crores (against Rs. 1.94 crores).

tions include rehabilitation reserve Rs. 4.32 lakhs (against Rs. 1.97 lakhs), development rebate reserve Rs. 5,000 (against nil) and general reserve Rs. 35,000 (against Rs. 3.57 lakhs). The preference dividend absorbs Rs. Rs. 5,000 (against nil) and general accounts for Rs. 5.81 lakhs. The balance of Rs. 4,328 is being carried forward.

The rubber crop for the year amounted to 1,499,643 kilograms (against 1,472,259 kilograms). All-in-cost of production a kilogram amounted to Rs. 4.28 (against Rs. 4.06). The average price realised for rubber was higher at Rs. 5.76 (against Rs. 5.54) a kilogram. The crop for 1972-73 is estimated at 1.5 million kilograms to be produced at an all-in-cost of Rs. 4.83 a kilogram.

INVESTMENT CORPORATION

Results Improve

THE Investment Corporation of India has reported improved results for the year ended June 1972. The gross income is higher at Rs. 64.15 lakhs, against Rs. 61.22 lakhs in the preceding year and the pre-tax profit has risen by nearly 24 per cent from Rs. 28.50 lakhs to Rs. 35.29 lakhs. After providing Rs. 5.67 lakhs (against Rs. 4.55 lakhs) for taxation, the net profit of Rs. 29.62 lakhs has been transferred to general

NOW AVAILABLE

1. **Income-Tax Law and Practice in India**—By A. G. Banerjee, M.A., F.C.A. 16th thoroughly revised Edition, Incorporating the Income-Tax Act, 1961 as amended upto 30th June, 1972. Price—Rs. 16.00.
2. **Indian Wealth Tax and Gift Tax**—By A. G. Banerjee, M.A., F.C.A., Fifth Revised Edition, 1971. Price—Rs. 10.00.
3. **Indian Estate Duty**—By A. G. Banerjee, M.A., F.C.A. (Revised Edition) Price—Rs. 7.00.

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reserve. The unchanged equity dividend of 9.5 per cent and the usual preference dividend absorbing Rs. 21.66 lakhs (same) will be paid out of general reserve.

ENGINEERS INDIA

Agreement with British Firm

AN agreement for the designing, manufacture and marketing of a British firm's range of valve trays for fractionating towers has been signed with Hydronyl Ltd of the U.K. by Engineers India Ltd, New Delhi. Three senior engineers of the Indian firm, a wholly-owned Government Company, spent three months at the Hydronyl works in Stoke-on-Trent, where they gained first-hand knowledge of "hy-contact" valve tray design and manufacture. The new agreement will extend the availability of Hydronyl products to the expanding chemical, petrochemical and processing industries in India.

TAMILNAD CARDBOARDS

Loss Incurred Again

THE directors of Tamilnad Cardboards and Paper Mills Ltd in their report for the year ended March 1972 state that there had been practically no activity in the factory during the year except for three months. The Company has incurred a loss of Rs. 4.17 lakhs, compared with the loss of Rs. 3.65 lakhs in the previous year. It is pointed out that the loss for the year is mainly due to standing costs such as interest. The chairman of the board of directors negotiated and finalised the purchase of 10,171 equity shares of the Company by T.T. Investments and Trades Private Ltd, from the individual shareholders of the Company. It is also mentioned that the management of the Company was taken over by the nominees of T.T. Investments from 15th December, 1971. The Company hopes to be able to achieve production of about 3,000 tons during 1972-73.

G. G. DANDEKAR

A Good Year

G. G. DANDEKAR has reported better performance during the year ended June 1972. Production, sales

and profits are higher than in the preceding year and the equity dividend has been raised from 9 per cent to 10 per cent. The new shares are entitled to a *pro rata* dividend on the amount paid up at the end of June 1972. Sales at Rs. 141.57 lakhs are up by about 15 per cent from the previous year's figure of Rs. 123.11 lakhs and the gross profit has risen by nearly 20 per cent from Rs. 15.54 lakhs to Rs. 18.60 lakhs. After providing Rs. 4.69 lakhs (against Rs. 4.66 lakhs) for depreciation, Rs. 37,000 (against Rs. 1.22 lakhs) for development rebate reserve and Rs. 8.40 lakhs (against Rs. 6.20 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 5.14 lakhs, against Rs. 3.46 lakhs. General reserve gets Rs. 5.15 lakhs (against Rs. 3.45 lakhs). The Company has developed a dall mill in collaboration with N.R.D.C. and a fin-type heat exchanger for the paddy drying unit.

SAURASHTRA CEMENT

Profit Declines

SAURASHTRA Cement and Chemical Industries has declared a final dividend of 8 per cent for the year ended June 1972 which, together with the interim payment of 8 per cent, makes a total of 16 per cent, against 12 per cent paid for 1970-71. The dividend has been stepped up even though the gross profit made by the Company is down from Rs. 143.05 lakhs to Rs. 136.80 lakhs. After allowing Rs. 54.08 lakhs (against Rs. 52.67 lakhs) for depreciation, Rs. 4.78 lakhs (against Rs. 43.26 lakhs) for development rebate reserve and Rs. 31 lakhs (against Rs. 14.75 lakhs) for tax liability (estimated), the net profit amounts to Rs. 46.94 lakhs, against Rs. 32.37 lakhs in 1970-71. After making certain adjustments the disposable surplus amounts to Rs. 53.53 lakhs (against Rs. 39.91 lakhs). Out of this, the total dividend (inclusive of the interim payment) will claim Rs. 36.75 lakhs.

The Company's production of clinker was higher at 425,000 tonnes, against 412,000 tonnes, cement output was 427,000 tonnes, against 416,000 tonnes, and despatches 439,000 tonnes, against 413,000 tonnes. Production and despatches could have been higher but for power cuts, poor receipt of coal and gypsum and inadequate supplies of railway wagons. The Company's application for importing a complete soda ash plant from Rumania has been rejected by the Government, so also its application for the manufacture of industrial explosives.

CAPITAL, 23rd NOVEMBER, 1972

COMMODITIES

Indo-Bangladesh Move for a Common Export Strategy for Jute Goods

INDIA and Bangladesh being the only two exporters of jute goods, the two Governments had been trying to evolve ways and means of eliminating mutual competition and expanding their export shipments, stated Mr. M. R. Siddiqui, the Bangladesh Commerce Minister, in New Delhi last week-end. A four-man Indo-Bangladesh committee had already been working out the details of the common export strategy for jute goods in the international market on the lines of the Indo-Ceylon Tea Agreement, he added. Some jute products from Bangladesh, particularly jute carpets, displayed at the Bangladesh pavilion in the Asia 72 fair, had attracted the attention of overseas buyers. He further indicated that jute mills in his country had already reached the pre-war level of production and jute goods had been moving smoothly out of Chalna and Chittagong ports. Since the clearance of mines from the approaches to the Khuna inland port, a Hongkong firm had been engaged for salvaging the sunken ships from the Bhairab river bed.

Worry over Fibre Smuggling

Concerned over reports of the regular smuggling of large quantities of Indian raw jute across the Bihar border into Nepal for ultimate export to China, the Indian Jute Mills Association has urged the Government to take immediate and effective steps for

policing the Bihar border with Nepal, particularly along the Kishanganj subdivision. The quantum of clandestine outflow, it is said, is far in excess of the consumption needs of the mills in Nepal and the surplus is believed to be re-exported to China along the overland route. Unless the clandestine traffic is held in check, the I.J.M.A. warns that the scale of smuggling will inevitably increase. Traders and dealers in Nepal are reportedly offering an alluring premium of up to Rs. 20 a maund over the Indian prices. The Association further points out that the contraband trade has been accentuating the shortage of raw jute and helping prices to shoot up. Besides, it has been causing a needless loss of foreign exchange which the country could have earned otherwise by processing the smuggled fibre into end-products for the export market.

Recovery of Hessian Markets

Simultaneously with the steps to sharpen the competitive edge of carpet-backing cloth, the Indian Jute Mills Association has emphasised the need for initiating a broad-based and well-concerted, short- and long-term plan of action for safeguarding and, if possible, expanding India's traditional export trade in hessian. The Association has urged the authorities to relieve the fabric of the entire export levy of Rs. 600 a tonne to enable the industry to evolve and operate a hessian

recovery plan. Explaining the case for the abolition of export duty, a Press note, issued by the Association last week, has emphasised that despite the massive contraction in trade in recent years, hessian still retains its pivotal importance on the industry's export front. For, the fabric has a far wider and almost global coverage as a heavy-duty packaging material. Besides, the versatility of jute fabric, its strength, long life, resilience, flexibility and its diversity of weights and weaves, ensuring adequate protection to the produce in storage and transit, its salvage and re-use value have won the perennial attraction of packers the world over. In spite of a substantial shrinkage in its offtake, hessian is still the biggest single item of export for the industry. The note admits that hessian had been somewhat neglected since about the early 'sixties due to the diversion of the industry's attention to carpet-backing which happens to be a new product with a relatively high unit value.

Resulting from the simultaneous operation of a number of adverse factors, continues the note, Indian exports of hessian have nearly halved from 488,000 tonnes in 1964 to 288,700 tonnes in 1970. Notwithstanding the sharp decline in shipments from the erstwhile East Pakistan during 1971, Indian exports of the fabric, instead of recording a rise, as in the case of other items, suffered a further drop to 275,109 tonnes, "owing exclusively to the industry's inability to produce the needed quantum of fabric", for its capacity had virtually been engaged for meeting the pressure of a high and sustained demand for carpet-backing cloth. Leaving aside the abnormal circumstances which distorted the demand-supply position in 1971, the per-

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, 1972		30th September, 1972		Increase over (+) or decrease from (-) last month		31st October, 1971	
	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	8,42,74 (9,22)	24.3 (23.9)	7,81,11 (8,54)	22.2 (21.8)	+61,63 (+68)	+2.1 (+2.1)	10,96,54 (11,99)	33.8 (33.2)
Sacking cloth and bag	11,25,64 (12,31)	48.9 (48.1)	11,51,04 (12,59)	50.7 (49.9)	-25,40 (-28)	-1.8 (-1.8)	13,66,81 (14,95)	61.1 (60.2)
Carpet-backing	2,50,89 (2,74)	26.3 (25.9)	2,71,65 (2,97)	28.6 (28.2)	-20,76 (-23)	-2.3 (-2.3)	1,53,44 (1,68)	16.7 (16.5)
Others		9.0 (8.9)		8.3 (8.2)	+0.7 (+0.7)	+0.7 (+0.7)		7.5 (7.4)
Grand Total (000 Tonnes/Tons)		1,08.5 (1,06.8)		1,09.8 (1,08.1)		-1.3 (-1.3)		1,19.1 (1,17.3)

Note: All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.

sistent downward trend in hessian off-take since 1964-65 has mainly been ascribed to the drastic drop in imports and consumption by the U.S.A., the largest single market for hessian.

Gunnies Close Steady

After opening about steady around the previous week-end dips, the Calcutta gunny market receded to recent lows despite the reluctance of mills to discount prices any further during the past week. The elimination of the weaker bulls and the emergence of a near-poised technical position around mid-week, combined with the announcement of a minor fall in end-October stocks over the previous month's levels, induced brisk covering by shorts and shippers against their immediate open positions and accelerated a reversal of the earlier downward trend. Genuine fresh enquiries and business from major overseas and internal consumers were few and far between until the week-end. But inter-bazaar activities were brisk, indirectly confirming the speculators' grip on the market. Around the close, reports of a 13,000-bale sacking deal with Syria, in addition to hopes of some spill-over business from the Middle East, reinforced the bullishness. Reports of sustained bookings and offtake of cotton

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. '72	Sept. '72	Oct. '71
Hessian	8,32.51	9,31.76	8,38.32
	(9.10)	(10.19)	(9.17)
Sacking	7,83.98	8,87.78	8,31.11
	(8.57)	(9.71)	(9.09)
Carpet-backing	1,07.24	1,24.79	1,70.52
	(1.17)	(1.36)	(1.87)

(000 tonnes and tons)			
	Oct. '72	Sept. '72	Oct. '71
Hessian	26.4	28.8	26.3
	(26.0)	(28.3)	(25.9)
Sacking	35.3	40.5	37.1
	(34.7)	(39.9)	(36.5)
Carpet-backing	11.2	13.0	18.0
	(11.0)	(12.8)	(17.7)
Others	6.8	9.4	5.3
	(6.7)	(9.2)	(5.2)
Grand Total	79.7	91.7	86.7
	(78.4)	(90.2)	(85.3)
Hours worked:	184.0	208.0	200.0

Note: All figures are at bale-point. N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.

bagging for delivery extending to July next were refreshing news for the mills specialising in the line. The forthcoming visit of the Polish trade delegation also aroused hopes of an increase in exports of Indian jute goods to that country. Hence shippers turned keener on completing their near-shipment schedules and started absorbing ready delivery goods at rising premiums. Industry and trade circles welcomed the news of the setting up of a joint committee for devising ways and means of developing a common Indo-Bangladesh jute and jute goods export strategy. They also hailed the resumption, after seven long years of suspension, of the Calcutta-Dhubri and Calcutta-Karimganj steamer services through Bangladesh ports for the movement of both Indian and Bangladesh cargo and thus reducing the bottleneck in goods transport. The production and stocks statements of mills for October confirmed the direct impact of the waning interest from buyers, finally leading to a substantial decline in output by 12,000 tonnes over the preceding month's level to 79,700 tonnes. The large number of festive holidays, causing a decline in working hours by 24 to 184 for the month, also contributed to the shrinkage in production. While sacking output dropped by 5,200 tonnes to 35,300 tonnes, miscellaneous goods by 2,600 tonnes to 6,800 tonnes and hessian by 2,400 tonnes to 26,400 tonnes, carpet-backing cloth dipped by 1,800 tonnes to 11,200 tonnes—a record low in recent years. Overall despatches also showed a decline of 6,900 tonnes to 81,000 tonnes, with hessian receding by 4,100 tonnes to 24,300 tonnes and other goods by 3,000 tonnes to 6,100 tonnes. Sacking despatches were maintained at around 37,100 tonnes and carpet-backing showed a minor increase of 200 tonnes over the end-September level to 13,500 tonnes. End-October stocks revealed only a minor fall of 1,300 tonnes to 108,500 tonnes. While sacking inventories registered a drop of 1,800 tonnes to 48,900 tonnes, and carpet-backing of 2,300 tonnes to 26,300 tonnes, hessian rose by 2,100 tonnes to 24,300 tonnes and other goods by some 700 tonnes to 9,000 tonnes. In the hedge market, sentiment moved in sympathy with that in the spot goods market. Operators appeared to be keener on squaring up their outstanding positions in November-delivery hedge contracts in B Twills which were due for impending settlement. Transactions were mostly of a conversational nature. The drastic rigours on trading hampered the free play of market forces. Turnover was moderate. The closing undertone was steady.

Latest available quotations (in rupees) were as follows:

	Nov.	Dec.	Jan.-Mar.
40in. 7½oz.	72.00	72.75	73.50
40in. 8oz.	79.50	—	—
40in. 10oz.	97.25	97.50	97.75
B Twills	254.50	256.00	258.25
Heavy Cees	258.50	261.00	263.25
Cornsacks	—	—	—
A Twills (U.S.)	323.00	325.00	327.00
Liverpools	302.00	305.00	308.00

Raw Jute Firm

The raw jute market continued to rule firm during the past week on sustained interest from mills and mill agents in ready delivery fibre of selected grades both in Calcutta and in the upcountry agencies. Upcountry market arrivals hovered around 125,000 maunds a day, while imports to Cossipore and the mill stations were restricted due to the inadequate allocation of railway wagons. The appreciable decline in the floating stocks induced the sellers to turn reserved. Although industry and fibre trade circles were not apprehending any fibre shortage later this season, they feared that the carry-over to the next season would be negligible, and the qualitative imbalance would be serious. They were awaiting the import and allocation of 200,000 bales of fibre already contracted for by the S.T.C. with Bangladesh. The I.J.M.A. renewed its earlier appeal for the total import of a million bales to stave off the fibre crisis in the offing. Due to the scanty availability of floating stocks in Cossipore, mills and mill agents concentrated their purchases in the upcountry centres. Towards mid-week, the I.J.M.A. reported large-scale smuggling of choice Bihar jute from the Indian side of the Kishanganj subdivision to Nepal and finally to China and urged the authorities to clamp rigorous border checks to arrest the clandestine traffic. Turnover was small. The closing undertone was bullish.

Latest available quotations (in rupees) were as follows:

November-December			
	Rates a quintal	Rates a md.	Rates a md.
Selected Assam—			
Agartala	182.19	171.47	64.00
Northern Jute	175.49	164.77	61.50
West Bengal			
Desal	166.11	155.40	58.00
Selected			
Daissee	198.26	187.55	70.00
Assam-Agartala			
Tossa	198.26	187.55	70.00
Mesta:			
Assam Mesta	163.43	152.72	57.00
Selected			
Murshidabad	158.07	147.36	55.00
Bihar Mesta	142.00	131.28	49.00

CAPITAL, 23rd NOVEMBER, 1972

COMPANY AND PUBLIC NOTICES

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

THE Custodian has to-day decided to pass the dividend on the Ordinary Share Capital of the Company for the year ended 31st March 1972 in view of the loss revealed by the Profit & Loss Account for the year in question and also due to the heavy strains on Company's cash resources.

The balance standing to the credit of the Profit & Loss Account after provisions of Rs. 5,63,89,184 for Depreciation, Rs. nil for Taxation, Rs. 91,13,387 for Statutory Reserve and transfer of Rs. 2,26,11,698 from Reserves and Provision of earlier years is Rs. 17,54,700 which will absorb the Preference Dividends. For the previous year the Net Profit was Rs. 17,54,700 after provisions of Rs. 5,60,54,522 for Depreciation, Rs. 46,00,000 for Taxation and Net Transfer of Rs. 3,05,21,244 to Appropriation Reserve (Rs. 1,75,44,262 to Statutory Reserve).

The Register of Members for Ordinary Shares will be closed from 15th December, 1972 to 29th December, 1972 both days inclusive. Applications for registration of transfer should be lodged at the Registered Office of the Company sufficiently in time before the closing date. Applications received by post on or after the 15th December, 1972 will ordinarily be returned without action but where the transfer instruments remain valid after the aforesaid Register re-opens on the 30th December, 1972 these may be retained by the Company at its discretion for processing on or after the 30th December, 1972. The Annual General Meeting for the year has been convened for Friday, 29th December, 1972.

By Order of the Custodian,
T. B. JOHRI
Secretary.

Registered Office:
12, Mission Row,
Calcutta-1.
21st November, 1972.

NOTICE

UNION CARBIDE INDIA LIMITED

IN TERMS OF RULE 4A OF THE MRTP RULES, 1970 IT IS HEREBY NOTIFIED THAT UNION CARBIDE INDIA LIMITED, 5 PARLIAMENT STREET, NEW DELHI-1 HAVE GIVEN NOTICE UNDER SECTION 21 OF THE MRTP ACT TO THE DEPARTMENT OF COMPANY AFFAIRS, NEW DELHI IN REGARD TO ITS PROPOSAL TO EXPAND LOW DENSITY POLYETHYLENE MANUFACTURING FACILITIES TO ANNUAL CAPACITY OF 20,000 MT INVOLVING AN ESTIMATED INVESTMENT IN LAND, BUILDING, PLANT AND MACHINERY FOR RS. 2 CRORES. FOR THE YEAR ENDED 25TH DECEMBER, 1971, THE TOTAL SALES OF THE COMPANY WERE OVER RS. 57 CRORES AND TOTAL ASSETS OVER RS. 33 CRORES.

ANY PERSON INTERESTED IN THE MATTER MAY, IF HE SO DESIRES, INTIMATE TO THE CENTRAL GOVERNMENT IN THE DEPARTMENT OF COMPANY AFFAIRS, WITHIN 14 DAYS OF THE PUBLICATION HEREOF HIS VIEWS WITH REGARD TO THE PROPOSAL CONTAINED IN THIS NOTICE AND ALSO THE NATURE OF HIS INTEREST THEREIN WITH A COPY OF THE SAME TO THE UNDERSIGNED.

V. P. ARYA
Secretary

November 17, 1972

UNION CARBIDE INDIA LIMITED

CAPITAL, 23rd NOVEMBER, 1972

DIVIDENDS DECLARED OR PROPOSED

Indian Standard Wagon Co. Ltd—Nil
Bareilly Electricity Supply Co. Ltd—6 p.c., subject to tax
Triton Insurance Co. Ltd—25 p.c., subject to tax
Nelliampathy Tea and Produce Co. Ltd—20 p.c. (0), subject to tax
Rajagiri Rubber and Produce Co. Ltd—12½ p.c. (0), subject to tax

BOOKS RECEIVED

Dynamic Management: Research and Development. By M. Srinivasan. (Published by Somaiya Publications Private Ltd., 172 Naigaum Cross Road, Dadar, Bombay 14. Price Rs. 45, pages 324.)

The Indian Railways Act 1890. By S. D. Mitra. (Published by Eastern Law House Private Ltd., 54 Ganesh Chunder Avenue, Calcutta 13. Price Rs. 25, pages 465.)

Commerce Pamphlets—49, 50, 51, 52 and 53 (Series). (Published by Vora and Co., Publishers Private Ltd., 3 Round Building, Bombay 2, on behalf of Commerce (1935) Ltd., Single copy Rs. 1.50.)

Social Background of India's Administrators. By V. Subramaniam. (Published by the Publications Division, Ministry of Information and Broadcasting, Government of India, Patiala House, New Delhi 1. Price Rs. 12, pages 180.)

Monetary Politics In India. By S. Mitra. (Published by Vora and Co., Publishers Private Ltd., 3 Round Building, Kalbadevi Road, Bombay 2. Price Rs. 25, pages 250.)

Political Elite in Bihar. By Shashi-shekhar Jha. (Published by Vora and Co., Publishers Private Ltd., 3 Round Building, Bombay 2. Price Rs. 25, pages 332.)

Builders of Modern India. By K. R. R. Sastry. (Published by the Director, Publications Division, Ministry of Information and Broadcasting, Government of India, Patiala House, New Delhi 1., Price Rs. 2.75, pages 105.)

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.					Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %			1970	1971	
								18-11-72
CLEARED SECURITIES					ENGINEERING			
10 Birla Jute	9	11	24.60	4.5	10 Braithwaite	...	...	3.25
10 Burrakur Coal	12	5	4.00	12.5	10 Biecco Lawrie	Nil	Nil	10.62
10 Dunlop India	20	20	27.00	7.4	10 Bridge & Roof	2½	Nil	35.19
10 G. K. W.	16	20	32.50	6.2	100 Burn & Co.	Nil	Nil	55.00
10 Hind Motors	Nil	Nil	7.30	...	10 Cal Steel	5	10*	8.12
10 Howrah Jute	Nil	Nil	6.37	...	10 Hind Wire	10	10	15.00
10 Ind Aluminium	14	17	32.10	5.3	10 Ind St. Wagon	Nil	...	3.78
10 Indian Cable	2½	15-15*	21.25	7.1	10 Industrial Cont	...	...	13.12
2 sh. Indian Copper	11.1	10.5*	2.52	8.0	10 Jay Eng.	8	10-10*	11.06
10 Indian Iron	6	6	6.20	9.7	10 Jessop & Co.	Nil	...	4.31
10 J. K. Cotton	Nil	...	8.45	...	10 J. K. Steel	Nil	3	8.87
10 Jaipur Udyog	10	5	9.15	5.5	3 Kumardhubi	Nil	15*	4.06
10 Jayshree Tea	11	14*	16.69	8.4	2 Marshall	Nil	...	0.81
10 Kesoram Ind	10	5	18.00	2.8	10 Sen-Raleigh	Nil	...	4.87
10 National Rubber	Nil	...	5.62	...	10 Simon-Carves	15	15	14.94
10 Orient Paper	10	11½	34.10	3.4	10 Wellman Incan.	10	Nil-10*	7.62
10 Orissa Cement	12½	15	18.75	7.9	JUTE			
10 Rohtas Ind.	Nil	Nil	4.05	...	10 Agarpara	5	5	8.81
10 Texmaco	Nil	...	10.05	...	100 Anglo-India	5	7½-15*	103.00
COAL					100 Auckland	Nil	Nil-12*	65.00
10 Amalgamated	10	10	10.62	9.4	10 Bally	10	10	12.62
100 Bengal	12	Nil	44.00	...	£5 Barnagore	Nil	Nil-5*	67.00
10 Bengal-Nagpur	2½	...	5.25	4.8	10 Budge-Budge	12	6	7.06
10 Borrea	12½	Nil*	8.00	...	10 Champdany	5	Nil-10*	12.62
10 Karanpura	20	10-7*	6.00	11.7	10 Chitavalsah	Nil	...	11.25
10 Katras Jherriah	10	6	6.00	10.0	100 Dalhousie	Nil	Nil-10*	59.25
10 New Beerbhoom	16	10	5.62	17.8	10 Fort William	Nil	Nil-15*	14.00
10 North West	2½	...	5.25	4.8	10 Ganges	7½	7½-12½*	6.75
10 Pench Valley	10	10	10.62	9.4	100 Hastings	2½	1-1*	102.00
10 Raneegunge	10	7½	10.50	7.1	12½ India	4.8	8	8.94
10 Rewa	20	20	19.62	10.2	100 Kamarhatti	Nil	Nil	101.00
10 S Karanpura	20	20	10.12	19.8	100 Kanknarrah	Nil	...	36.50
10 W Bangal	8½	8½	6.81	12.5	100 Kinnison	Nil	Nil-Nil*	35.00
COTTON					10 National	Nil	...	10.75
10 Basanti	Nil	...	2.75	...	10 Nellimarla	Nil	10	9.44
10 Bharat Com	12	12	18.37	6.5	10 New Central	Nil	...	4.19
10 Bowreah	12½	...	13.44	9.3	10 Northbrook	Nil	Nil-25*	14.00
5 Cawnpore	Nil	Nil*	2.37	...	100 Union	Nil	Nil-Nil*	50.00
10 Dunbar	Nil	...	9.87	...	1 Waverley	Nil	...	3.75
10 Elgin	6	...	7.12	8.4	CEMENT AND LIME			
					10 Asoka	6	Nil	4.25
					10 Bisra Stone	15	15-Nil*	12.75
					10 Dalmia	12½	12½	12.69
					10 Karanpura Dev.	5	5	11.44
					10 Kumardhubi Fire	20	20	18.45
					10 Orissa Minerals	5	12½	8.87
					5 Sone Valley	Nil	...	1.50

•1972

CAPITAL, 23rd NOVEMBER,

CAPITAL

(Founded in 1888: Published every Thursday)

CAPITAL is India's most widely-read weekly newspaper dealing with economics, industry and public affairs. It has the mature experience of more than 80 years, and is the oldest journal of its kind in the country. Each week, it brings authoritative and comprehensive coverage of the main problem and events affecting the progress of the economy and the growth of industry. It separates the important from the unimportant; it presents simply, clearly and reliably what all informed observers of the economic scene ought to know.

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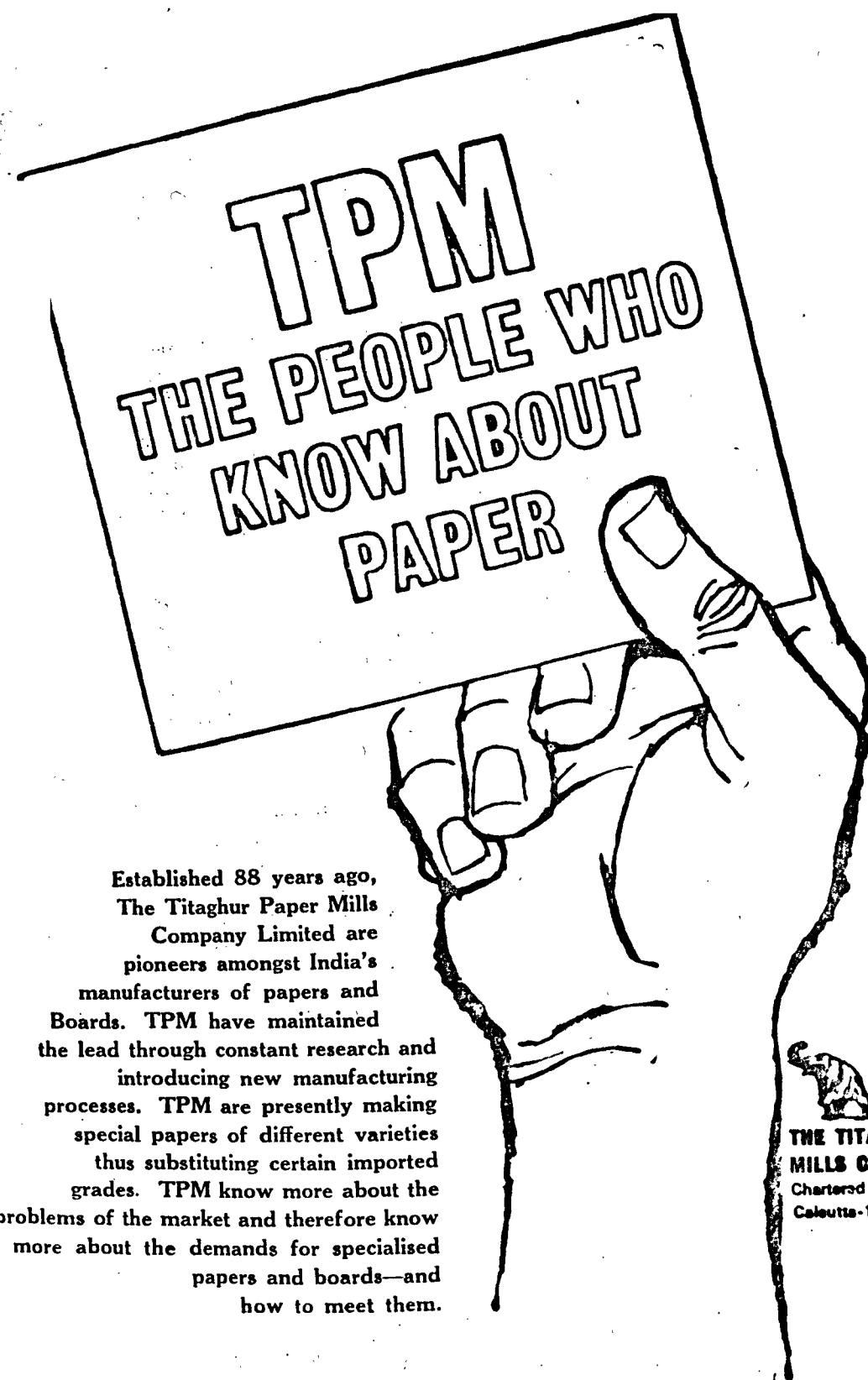
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The Victory of Willy Brandt
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Railways on the Right Track

JUDGED by some of his recent statements, the Central Railway Minister, Mr. T. A. Pai, seems to be moving on the right track in order to improve the railway administration and operations. It is true that the problems facing the railways are not capable of immediate solution, for some of them at least have tended to become chronic and require drastic treatment. For instance, there are quite a good number of lines that are uneconomic but they cannot be scrapped because of objections from State Governments. At the same time, the State Governments have done little in the last decade or so to set up industries in areas served by these lines and promote larger traffic. On the contrary, in several cases they have contributed to the worsening of the earnings of the railways on some of these lines by allowing competition from road transport.

Possibly because he is not a politician in the sense in which his predecessors were, Mr. Pai has been able to bring a refreshingly new approach to the problems facing the railways; how far he succeeds in ultimately translating his ideas into positive measures will again depend on the extent to which Parliament and his own Party members support him. For example, Mr. Pai has rightly pointed out that passenger amenities cannot be improved without a corresponding increase in fares. In a country where every party is out to exploit any situation in the name of the common man, a statement of this kind will certainly be decried. But anyone who has some basic knowledge of economics will readily concede the point made by the Railway Minister. At present, freight transport subsidises passenger traffic to the extent of Rs. 56 crores in a year. The inequity in this was also well brought out by Mr. Pai when he stated that the loss made by a transport system like the

railways is borne by the people who do not generally travel by the railways.

Mr. Pai's statement is certainly an indication that fares in his maiden Budget next year may well be raised substantially, at least to cover a large part of the loss. He has already spoken of the increasing financial burden of the railways, not only because of the higher operational costs but also because of the need to pay wages according to the Mia-bhoy award and the commitment arising out of the interim relief recommended by the Pay Commission. On the freight side, the Railway Minister has shown a real awareness of the crippling problem of wagon shortage. His decision not to condemn wagons this year in the usual way is a sound one, for every year nearly 5,000 wagons are condemned in a routine manner without consideration of the desperate needs of the economy. Instead, he has proposed that wagons which are overdue for repairs should be sent to workshops in time. The capacity for repairs at workshops is also proposed to be raised. Secondly, Mr. Pai has done well in raising the target for orders with private wagon manufacturers, as well as in stepping up the production targets for railway workshops. While orders have been placed for 40,000 wagons, they will be available over a period of three years. It is, therefore, obvious that the shortage will be relieved only over a period of time.

The initiative that Mr. Pai has taken is welcome, for the position would have otherwise become worse even with a marginal improvement in industrial production. If the railways have difficulty in making wagons available even when industrial production is low, it is obvious that the situation will get worse when production in vital industries like steel, fertiliser and coal picks up.

Mr. Pai's assurance to industry at the recent meeting of the Central Advisory Council of Industries that "if you produce goods, I shall provide the wagons for moving them" has certainly been a morale booster. Mr. Pai's performance will, however, be judged by the actual results and not by his assuring words alone.

There is, however, no reason to doubt Mr. Pai's sincerity, for even in the few months that he has been in office, he has taken a few measures that have contributed to the improvement in railway efficiency. Between April and September this year, the railways have moved nearly 2 million tonnes more of freight, compared with the corresponding period of last year. In the month of October alone, the extra freight moved was 1 million tonnes more than in the same month last year. Mr. Pai's contention is that he can do better if there is no misuse of wagons by industry. He has a point here, although his proposal to raise the wharfage and demurrage charges from Rs. 140 to Rs. 250 a wagon a day may be received with mixed feelings. Even genuine cases of hardship may not escape the penal rates. On the other hand, his idea that the Railway Act should be amended so that bailing, which is the responsibility of the railways, is reduced from 30 days to seven days, is on the right lines. According to Mr. Pai, the railways earn annually about Rs. 13 crores by way of wharfage and demurrage, but as he rightly points out, this cannot be considered a source of income. If wagons are released in time, the resultant increase in railway earnings may be even higher. What is required, especially in the present position of wagon shortage, is a better turn-round of wagons. That alone will improve their availability and raise the railway earnings too.

Mr. Pai has also made a sensible point in stressing the need to rationalise coal movement. Similarly, unnecessary movement of cement between the north and the south could be curtailed through a proper system of meeting the needs of different regions from their own output. Such an arrangement would also release wagons for better uses. In a contingency, the railways are even called upon to move fodder and drinking water, as it recently happened at Ahmednagar in Maharashtra. As Mr. Pai says, industry can certainly co-operate with the railways

in ensuring that there are no abuses of the system of wagon booking. For example, in Gujarat alone 80,000 registrations were recently cancelled on one day as soon as the railways started offering wagons to those who had registered for them. That is certainly a very deplorable state of affairs and the railways should even think of levying a stiff registration fee to reduce the number of such cancellations. It is evident that registration in all these cases was done merely to corner wagon capacity, should there be a shortage and sell it at a premium. The increase in

wharfage and demurrage from 1st December and the reduction in the period of bailing responsibility of the railways should lead to an improvement in the availability of wagons for industrial users. If Mr. Pai follows up these measures with a rationalisation of commodity movement and revision of freight tariff on the well-accepted principle of what the traffic can bear, there is no reason why the railways should not be out of the red before long. In any case, Mr. Pai is on the right track and if he is not derailed by his own Party-men, he may well succeed in his task.

Indo-Bangladesh River Transport

THE reopening of the river transport service from Calcutta to Bangladesh is yet another step forward in the history of Indo-Bangladesh relations. Its significance cannot be measured in terms of immediate gains. As far as West Bengal is concerned, however uncertain its share in the proceeds in the near future, the new bond extends beyond the realm of commerce and goes through the magic casements of the mind. The importance of the river in the mental composition of the average East Bengali has been emphasised time and again by writers before and after Partition. Many a township in the region drew sustenance from the adjoining river. Not only were the boatmen's lives traditionally built around the river and their concern for their means of livelihood (the saying that "the fortunes of boat and wench alike depend on the make-up" about summed up their philosophy, as Nirad C. Chaudhuri wrote); ordinary people engaged in other pursuits also often found themselves dependent on the rivers. The situation has not altogether changed in the quiet corners of Bangladesh, the tremendous upheavals in the last 25 years notwithstanding. Even if the rôle of the river has dwindled on the whole, it is still a powerful factor in that country's economy and the renewal of the steamer link with India can be a major aid to its full utilisation. Similar exploitation of rivers can be seen in the West too—the Rhine and the Danube are the lifelines of central European commerce.

From the point of view of India as well, the river transport service to Bangladesh has great possibilities, although for the present, the advantages remain limited. Ever since Partition, trade with the former East Pakistan, especially by the river route, had been steadily shrinking. The lines of

communication which had been established as early as 1844 seemed pretty nearly dead by 1960. During the five-year period between 1956 and 1959, India received only 340,000 tons of goods from East Pakistan by the river. The downward trend continued till the Indo-Pakistani war in 1965 snapped the link with what looked like finality. Fortunately, Bangladesh has remedied the Pakistani folly and a Protocol for the next five years came into effect on 1st November.

The Protocol may not have fulfilled all Indian expectations. Bangladesh has its own reasons to proceed with caution, especially as the unfortunate sidelines of the now suspended border trade had already given a handle to the growing forces of opposition in Dacca which are not overly fond of New Delhi. But the agreement achieved has been put into effect with commendable speed. Two Indian steamers are now chugging up the Bangladesh riverway and everything seems under control. The agreement for the time being stipulates that steamers will ply along two routes—Calcutta to Dhubri via Goalanda and Calcutta to Karimganj via Bhairavbazar. The new service serves a twofold purpose. It connects West Bengal with Bangladesh as well as with Assam. India is interested in operating two other routes. The objection to the proposed Farakka route is that the passage there is silted up. As for transshipment at Ashuganj to provide a link with Tripura, the scheme has to wait for some time since a riverport at Ashuganj is yet to be built. The latter project is very much in India's interest as it is expected to save five days of steaming time and thus be a boon to Tripura.

The steamer service will now be confined to the carrying of cargoes. The

Central Inland Water Transport Corporation is in charge of operations on the Indian side and, consequently, all negotiations and transactions are to be conducted on a strictly State-to-State basis. In conformity with the spirit of political goodwill subsisting between the two countries, all procedural complications are expected to be sorted out quickly. Bangladesh has already given evidence of its accommodating attitude. Both countries will provide conservancy and pilotage, handle supply of bunkers and offer all kinds of facilities to each other's vessels. In one respect, Dacca has already proved itself more reasonable than Islamabad ever was. Indian vessels will be allowed to carry radio-telephones which they could not do under the Pakistanis. Customs checks will be carried out by Bangladesh officials at the entry and exit points. That should be an effective way of ensuring the absence of unfair practices without causing undue harassment.

One function of the river service at present will be to carry on inter-country trade with Bangladesh which, in the interest of fairness, will be on an equal tonnage basis—approximately 600,000 tons of Indian and 500,000 tons of Bangladesh consignments. The two countries have set their sights fairly high. The total value of trade is targeted to reach Rs. 2,000 crores. In the first three months, India expects to receive a supply of Rs. 7.50 crores worth of jute alone. While Bangladesh will deal mainly in jute, India will reciprocate with coal, cement, building materials, iron ore, foodstuff, medicine, salt, machinery and so on. The first shipment of pig iron to Narayanganj is now on the way. The second function is to carry cargoes to Assam. When the C.I.W.T.C. vessels will be performing this job, they will pass through Bangladesh without unloading goods or engaging in any transactions at the transit stations. The C.I.W.T.C. is keen on putting its full strength into operation. It has currently in its fleet 15 powered vessels and 15 barges to which it intends to add 15 tugs and 60 barges of 500 tonnes. Both Assam and West Bengal will be called upon to contribute towards the cost of stepping up the programme.

While goods acquire mobility, a yearning for passenger steamers heading for Bangladesh inevitably arises. Sentimental memories apart, passenger steamers will have an eminently practical value. Parts of Bangladesh are pretty well unapproachable by land, especially during the rains when the

ivers swell and spill over the banks. Steamers are the only effective means of transport for men of business during that period. What is more, the re-

sumption of passenger service by water will open up a new area of tourist activity, particularly if the steamers can bring back the old-style catering.

The Victory of Willy Brandt

PSEPHOLOGISTS have once again been proved wrong. It is never easy to make a correct assessment of the prospects for parties in West Germany's parliamentary elections because of the two-vote system—one to a local candidate and the other to the regional party list—and in the recent frenetic race for Chancellorship when the main issues before the country got somewhat obfuscated due to vicious campaigning against personalities, the pollsters' task became more difficult. In fact nobody said that Herr Willy Brandt would sweep the polls to take the Social Democratic Party to a position where it could form a Government of its own. It was also feared that the premature parliamentary election might again lead to the impasse to break which Chancellor Brandt dissolved Bundestag. He had no other choice as the steady erosion of the coalition's strength led to a parliamentary deadlock.

As for the junior coalition partner—the Free Democratic Party—it was said that it might or might not secure the minimum 5 per cent of the total votes to secure representation in Parliament. The makers of Chancellor Brandt—as the Free Democrats are euphemistically called—have actually rolled up about 8 per cent of the votes to improve their strength in Bundestag. Three factors are said to have helped them in the election. First, the Party leaders impressed upon the candidates what the F.D.P. was for and what was expected of them if they got elected. Such an exercise was extremely necessary after the Party had purged itself on both the right and the left. This impressed the electorate. Secondly, the Free Democrats made a convincing case of their independence from the S.P.D.; at the same time it was emphasised that the difference between the two was not such as to make the coalition unworkable in future. Thirdly, many Germans wanted to vote for the coalition without voting for the Socialists.

Perhaps it is the present mental make-up of the German people rather than straight issues like the management of the economy and the *Ostpoli-*

tik which decided the election outcome. The Christian Democratic Union and its Bavarian partner, the Christian Social Union, are known to be the faithful inheritors of old German values. Their victory would have meant the restoration of the Adenauer era. As against this, the Social Democratic Party under the dynamic leadership of Herr Brandt has come to be accepted as the agent of change. The people expect from the Social Democrats a new, more equitable social order and a foreign policy which, while improving relations with the eastern neighbours, will maintain the leadership of Bonn in the European Economic Community. The election results leave no one in doubt that the Germans—particularly the 4.8 million new voters—do not want a return to the "policy of strength" *vis-à-vis* the communist States and a domestic order which abhors intellectual dissent.

As was only to be expected, the Social and Free Democrats wanted the people's mandate to complete a process which is now half way through. The S.P.D. focussed the electorate's attention on the foreign policy where by any yardstick the Brandt Government had achieved tremendous success. The Federal Republic of Germany has been set on an entirely new course. The initialling of the treaty with the German Democratic Republic was the culmination of a process which began in 1969. And this happened a few days before the poll. Herr Brandt said that he would go to East Germany to sign the treaty. He, however, did not want to make the historic treaty an election issue but the irrepressible Herr Rainer Barzel criticised the Government for not properly informing the people well in advance. The C.D.U. in fact offered to renegotiate the treaties with Poland, Russia and East Germany and secure for the country better terms. But that failed to impress. The controversy between the two Germanys on the issue of sovereignty had always looked futile but it was an issue which could have sparked another world war. The two countries have now recognised each other's territory and also agreed to differ on the subject of a single German State. The treaty has enabled them to participate in the preparatory

sessions of the European Security Conference; in the absence of the treaty the ambassadors of the two Germanys would have refused to sit at the same table. Bonn's relations with its western allies have also continued to improve. In Herr Walter Scheel the Chancellor has found an effective Foreign Minister. While he was in Peking recently he successfully followed up the establishment of diplomatic ties with the laying of a solid "political" foundation for trade.

The Government which has done so well in foreign policy matters has, however, a vulnerable domestic front. The rate of inflation has increased in three years of Herr Brandt's rule from 2.7

per cent to 6.4 per cent. And this is in a country where memories of galloping inflation under the Weimar Republic are yet to die down. Herr Barzel made it a point to harp on "creeping socialism" and "creeping inflation" to scare away voters from the S.P.D. But his Bavarian cohort, Herr Franz-Josef Strauss, overdid it by raising the spectre of the Third Reich which was not there. The electorate, however, could not have missed the fact that West Germany was still having the lowest rate of inflation and unemployment among all west European countries. The Government maintained that it was better to have inflation than a high rate of unemployment. The electorate agreed.

Electronic Goods : Export Prospects

TWO conventions held in New Delhi in the last few days have served to highlight the opportunities India has had to step up exports of electronic and engineering goods. The convention on electronics was organised by the Trade Development Authority (T.D.A.). In the range of products selected by T.D.A. for intensive export development, electronics ranks first. There are good reasons for according such priority because the electronics industry in India has made rapid strides in the last few years in terms of quality, quantity and diversification. As Mr. L. N. Mishra, Central Foreign Trade Minister, pointed out while inaugurating the convention, the value of production of electronic equipment and of components rose from about Rs. 30 crores in 1964-65

to about Rs. 180 crores in 1970-71. As far as exports of electronic goods were concerned, last year they were valued at Rs. 4.5 crores, compared with a negligible amount in 1968-69. However, the volume of export still constitutes an insignificant portion of total production in the country and as a proportion of world trade in electronics, estimated to be about \$3 billion, it is practically nothing.

Since world trade in electronics is growing at a rapid pace, there is considerable scope for securing a reasonable percentage of this turnover for India if immediate steps are taken. Countries like Taiwan and South Korea are already way ahead of India in this respect. It is estimated that if India could get even 1 per cent of the U.S. market for consumer elec-

tronics and components, the country's export could reach a level of \$100 million a year, to start with. It is with this objective in view that the Government has recently cleared the Santa Cruz electronics processing zone, a project sponsored by T.D.A. The latter's estimate is that apart from providing employment to 50,000 people, the project could reach an export target of \$100 million in the next four years.

Several excellent papers were read at the convention, but a few points raised need careful consideration by the Government. The first is the undue emphasis sometimes given on trading under bilateral arrangements. India might get into a few markets in this way, but they may not be sizable. Since the major importers of electronic goods are the developed countries, it is necessary to plan the export strategy on a competitive basis. This will also make the industry conscious of the need to produce quality goods at competitive prices. The compulsion to keep prices competitive will also lead to a more dynamic approach to keep pace with new designs. Another point on which too narrow a view should not be taken is the size of the projects. In electronics, there is scope for both large and small units to co-operate and co-exist. Since research and development is very important in this industry, this can be ensured if the units are at least of an economic size. This is equally important when it comes to marketing goods abroad. One hopes, therefore, that the Government will adopt a practical approach in this respect so as to boost the export of electronic goods.

The second convention was devoted to the engineering industry. The factors standing in the way of a higher rate of growth in this industry are too well known. Some units are unable to produce more because of lack of orders and others are unable to utilise their capacity to the full extent because of shortage of raw materials. There are no easy solutions to some of these problems, but the question of excess capacity can be resolved to some extent through diversification. Diversification can come either through catering to new demands in the domestic market or through sub-contracting arrangements with foreign countries. The President, Mr. V. V. Giri, in his address to the convention, stressed the need for increasing

self-reliance in respect of design engineering. He was not against closing the doors to technological changes taking place all over the world, but wanted the industry to

develop indigenous technology which would help the country not only to keep pace with advances abroad but to contend with the problem of obsolescence at home.

Doing Without Bank Rate

ONE of Britain's peculiar rituals, which originated some 270 years ago, was performed for the last time on 5th October, 1972, when the traditionally-attired Government Broker, Sir Peter Daniell, announced Bank rate to the London Stock Exchange. On the morning of that day, as on any other Thursday morning, the Court of the Bank of England had gone through the motions of "deciding" Bank rate and had imparted its "decision" to Sir Peter, who had walked the short distance to the Stock Exchange and synchronised his announcement there with the posting of the rate at the Bank. The City was unaware that before the following Thursday Bank rate would be abolished. Sir Peter was reported as saying that the loss of a traditional ceremony was "sad"; and for the directors of the Bank that loss was as symbolic as Bank rate itself had been—although less recently than in former years. But the new generation of Britain's commercial bankers prides itself on modern attitudes as well as on modern practices, and it could not regret the implicit acknowledgment that the clearing banks' base rates had superseded Bank rate as the standard of short-term interest rates in London. From the Treasury's point of view, it was necessary to abolish Bank rate, and to substitute a Minimum Lending Rate (announced, unceremonially, each Friday afternoon) that would move automatically with changes in the market, because Bank rate had become not only unserviceable but obstructive. Yet some moral courage was needed—in a City so conscious of tradition—to abandon a centuries-old practice that the world persisted in regarding as significant. Mr. Anthony Barber, who, as Chancellor of the Exchequer, was formally responsible for the change, deserves credit for it.

Bank rate had performed two functions: as the rate at which the Bank of England would act as "lender of last resort" to the money market, and as an indicator of monetary policy. Before the restruc-

turing of Britain's credit system last year, its main practical function had been to determine the commercial banks' rates for advances and deposits, which were related to it by a conventional (not an official) formula. When the banks related advance and deposit rates to base rates that they themselves deemed appropriate (base rates that are usually in practice but not necessarily in principle all the same) Bank rate could be—and was—left in a futile position where the official "penal" rate for lending was below the top short-term rates in the market. But the simple adjustment of Bank rate to a level where the control mechanism of a "penal" rate could be used was impracticable, because Bank rate was still regarded as an indicator of monetary policy, and even an unintentional indication of "tighter money" would have obstructed the official policy of economic growth. October 1972 was not, of course, the first month in history when it would have been opportune to abolish Bank rate, but in a time-scale of centuries the authorities acted relatively promptly. In that month (indeed, earlier) a rise in Bank rate from 6 per cent to 7 per cent or more would have been technically appropriate but psychologically inopportune. By substituting Minimum Lending Rate (which is related by a formula to the average discount on Treasury Bills at the weekly tender) the authorities achieved the technical effect of a rise in Bank rate to 7½ per cent within the month, and the psychological effect of the rise was nil.

Attributing credit for this important modernisation of technique is not simply a matter of interest. Chancellors of the Exchequer are politicians, not monetary technicians; so the credit attributable to Mr. Barber is not for initiating changes in the credit system but for responding to technicians' advice. But which technicians—the Bank's?—or the Treasury's—have been most progressive? The Bank, which is responsible for operating the monetary

regulators, is obviously concerned with techniques; its mentality, as well as its status, has been transformed since the notorious occasion in the 'twenties when Governor Montagu Norman changed Bank rate without even notifying the Chancellor of the Exchequer, Mr. Winston Churchill, of his intention. But the Bank is still regarded as traditionalist, inclined more often to resist than to initiate change. Most credit for the whole new system of monetary regulation has been awarded to the Treasury—even if the so-called Treasury Knights (whose supposed concept of a "proper" Chancellor of the Exchequer is one with no ideas of his own, and amenable accordingly) are not everyone's idea of progressives.

The authorities (principally, in this case, the Bank) were not simply clinging to a vestige of tradition when they included in the Minimum Lending Rate scheme a provision for departing from the formula. The domestic psychological effect of a (necessarily upward) change in Bank rate would have been inopportune in recent conditions, but it may be opportune in some future conditions. If the authorities intend a dramatic shock, or (less likely) a dramatic stimulus, a ritualistic announcement of Minimum Lending Rate fixed without reference to Treasury Bill rates could be even more effective than a ritualistic announcement of changed Bank rate. A (temporarily) "independent" Minimum Lending Rate would be avowedly "political", and only the Chancellor of the Exchequer could be responsible for it. In fact, as the Radcliff Committee on the working of the monetary system observed in its famous report in 1959, the decision of Bank rate itself lay "with the Chancellor of the Exchequer, not with the Bank", and the committee recommended that "this should be made explicit by the announcement being made in the name of the Chancellor and on his authority". The committee found it "difficult to believe" that the prevailing "veneration for Bank rate" could "persist" if scepticism of the power of interest rates developed. In the following 13 years that veneration was perceptibly diminishing; but it was still necessary to abolish the venerated object itself. The British authorities may not have agreed among themselves how their instruments of control should be used, but they have symbolically demonstrated that they are dealing not with symbols but with realities.

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CURRENT COMMENT

CENTRAL LOANS

Year's Third Issue

For the third time this year, the Central Government is floating a loan of Rs. 100 crores on 1st December, with a provision to retain oversubscription up to 10 per cent. With banks flush with funds, New Delhi is keen to utilise the full potential of the borrowing programme which has a strong anti-inflationary content. In the new fiscal policy, of which so much is being heard nowadays, public debt is posed to play a leading rôle. The comfortable resources position of the banking industry and of other public financial institutions ensures success of the new loan scheme. The amount is to be raised through two issues: 5 per cent Loan 1984 to be issued at Rs. 99.50 per cent and 5.25 per cent Loan 1988 to be issued at Rs. 99.50 per cent. They are in effect reissues of two of the previous loans.

The 1972-73 Central Budget had made a provision of Rs. 215 crores of net borrowing during the year. The two earlier flotations have already collected a net amount of Rs. 323 crores. The gross amount raised from the market already exceeds Rs. 620 crores. The public borrowing programme can be a useful method for transferring resources from private hands to the Exchequer. Faced with increasing budgetary deficits, New Delhi is plainly keen to deploy this measure to narrow down the resources gap. And as on the previous two occasions, it can safely look forward to being equally lucky third time also.

ENGINEERING

Findings of a Survey

The results of the ninth survey of trends in the engineering industry, covering the industry's experience during April-August 1972 and the prospects for September 1972-March 1973 have now been compiled. They summarise the views expressed by 138 companies of varying sizes representing different sectors of the engineering industry. Contrary to the optimism expressed at the time of the previous survey in April 1972, the engineering industry appears to be less optimistic regarding the general business situation in the country. Against 67 per cent of the respondents who had expressed opti-

mism in the last survey, there are 38 per cent in the present survey. Presumably, continued uncertainties in official policies and the constraints of raw materials, power and transport which have assumed serious proportions in recent months, have made the industry more cautious in its expectations of the future. But industrialists do not apparently consider their difficulties insurmountable, and feel that business will eventually look up. Their investment intentions have not, accordingly, shown any appreciable fall. In the earlier survey 59 per cent had indicated that they would authorise more capital expenditure during the year following the survey; at present 55 per cent have expressed such intentions. This is also substantiated by the fact that in the last 12 months 30 per cent of the respondents obtained industrial licences for expansion of their plant capacity or for setting up of new plants, and another 24 per cent for taking up new lines of manufacture. Many others have applications for licences pending with the Government—38 per cent for expansion or for setting up new plants and 30 per cent for manufacture of new articles.

CO-OPERATIVE CREDIT

Big Rise

The total advances made by central co-operative banks went up by Rs. 576.29 crores over the ten-year period ended June 1971, from Rs. 290.10 crores in June 1961 to Rs. 866.39 crores in June 1971. The advances made by State co-operative banks have in turn risen by Rs. 552.52 crores from Rs. 195.07 crores to Rs. 747.59 crores. These figures have been given in a handbook, *Selected Statistics Relating to Co-operative Credit in India*, published by the Reserve Bank of India. Over the same period, the number of offices of central co-operative banks increased from 1,445 to 3,775. There was also a marked increase in the working capital of both the central and the State co-operative banks—from Rs. 318.32 crores and Rs. 227.06 crores to Rs. 1,081.41 crores and Rs. 685.21 crores, respectively. The increase in working capital was substantially due to the increase in the deposits which rose from Rs. 112.02 crores to Rs. 438.55 crores in the case of central banks and from Rs. 72.33 crores to Rs. 278.70 crores in the case of State banks.

COMPANIES ACT

Misgivings over Changes

Addressing the annual general meeting of the Travancore Chamber of Commerce, Alleppey, a few days ago, the outgoing chairman, Mr. K. Joseph George, said that corporate managements had been perturbed by the provisions in the Companies (Amendment) Bill, 1972, which, if enacted, would arm the Government with vast and sweeping powers to control the corporate sector, severely curbing management initiative and stifling the growth of companies, especially small and medium ones. While it may be advisable that companies should subserve social obligations and public purposes, and while there can be no two opinions that unwholesome practices are to be curbed, it would seem that the amendments proposed covering a wide spectrum of the activities of companies in the private sector are too wide and are unlikely to encourage development and entrepreneurial talents.

The Companies Act amendment must have for its object the control of questionable practices in companies and should not alter the very basis of private companies and their working. The amendments seem to negate in many instances the concept of a democratic and co-operative process, which has been built into the working of the private sector so far. The proposals which give extensive scope for Governmental interference in day-to-day administration on such varied matters as appointments, declaration of dividends, appointment of auditors, transfers from reserve, control of transfer of shares and appointment of any number of directors, are likely to inhibit the further growth of responsible companies.

NAGALAND

Paper-making Plants

A £2 million contract to build two complete paper-making plants in India has been awarded to a British firm—Walmsleys Ltd of Bury, Lancashire, the world's largest manufacturers of paper-making equipment. The plants are to be built for the Hindustan Paper Corporation jointly with the Nagaland Government. The consultants are the National Industrial Development Corporation (N.I.D.C.). A spokesman of the British firm said they regard

ed the contract as extremely important because it was one of the first steps in the Indian Government's plan to increase the country's paper-making capability. One of the two plants will produce specially finished printing and writing paper at the rate of 60 tons a day, and the other will make kraft paper at the daily rate of 40 tons. The order includes the supply of stock preparation and finishing equipment. The contract was gained by the Company's export organisation, Beloit-Walmsley International C.A., in collaboration with Jessop and Co. Ltd of Calcutta.

CONSULTANCY SERVICES

The I.C.I.C.I. Seminar

The recent two-day seminar on consultancy services organised by the Industrial Credit and Investment Corporation of India Ltd came to the conclusion that for proper and efficient development of the consultancy profession, it was necessary to promote either a statutory or a voluntary organisation of consultants. Earlier, Mr. M. S. Pathak, member, Planning Commission, had assured the seminar that in the next few weeks the Government would constitute an expert panel to examine this issue. The seminar was inaugurated by Mr. Y. B. Chavan, Central Finance Minister.

Much of the discussion centred around the reports of the five panels on different aspects of consultancy profession. The panels on "Functional Specialisation" came to the conclusion that a certain specialisation in the profession was necessary, although in the present stage of industrial development such specialisation could not be too narrow. The panel on "Capabilities and Professional Standards" emphasised the need for promoting high standards as well as for development of a code of ethics both on the part of the profession itself and users of this service. The panels on "Promotion of Small Scale Industries and Backward Regions" emphasised the important rôle that consultants could play in this area. It was also mentioned that tax incentives as well as liberal assistance and intermediation of finance institutions could make the association between consultants and the small-scale sector more fruitful, particularly in the backward regions.

CALCUTTA

An Interesting Seminar

At a recent seminar held in Calcutta, varying views on the city's future were expressed. The theme—Calcutta 2001 A.D.—revealed a number of unavoidable problems which the city would have to face at that time. Mr. B. B. Chatterjee of the All India Institute of Hygiene and Public Health said that the greatest problem of Calcutta 2001 A.D. would be the population explosion. The essential needs of the population, such as water supply, sewage and garbage disposal, will be impossible to meet, he said. Mrs. Sunanda Mazumdar, a Calcutta housewife, referred to the lack of extra-curricular activity in the city and urged future planners to keep this in mind so that the next generation could have an all-round development of the mind and body. Mr. K. C. Sivaramakrishnan, a key official of the C.M.D.A., speaking as an individual, said that it was easy to be cynical and predict doom. No city, he said, had changed drastically unless, like London or Dusseldorf or San Francisco, it was hit by natural calamities such as fires and earthquakes. "A city that does not dream is a city that is dead", he said. Calcutta "will live because its people want it to live; it will live because it has a tremendous amount of creativity in its people", Mr. Sivaramakrishnan concluded.

EXPORT

New Course

Inaugurating the Export Business Course, organised by the Indian International Trade Centre, a few days ago, Mr. P. A. Bhat, managing director, Asian Electronic Ltd, stressed the need for creating the necessary exportable surplus for boosting exports from India. He said that Indian industrialists can utilise the talents and services of 70,000 unemployed engineers for manufacturing various products. In this connection, he pointed out that the electronics industry can alone export goods worth Rs. 150 crores a year. Mr. Bhat was of the opinion that Indian exporters should not depend too much on export incentives alone. It will be necessary for them to produce goods at competitive prices. He urged the participants to take a new look at the export promotion efforts. Mr. G. B. Bhat, export manager, T.E.L.C.O., noted that there is tremendous de-

mand for Indian products in south-east Asia. However, he wanted the Indian exporters to take a leaf from the experience of the Japanese exporters who have captured some of these markets. Mr. Dinesh Mashruwala, assistant export manager, Hindustan Lever Ltd, was of the opinion that it would be necessary for Indian exporters to approach export marketing on a scientific basis. As a matter of fact, they should adopt a military strategy to capture world markets. Nothing will be achieved by undercutting other Indian exporters in the foreign markets. He felt that the export houses could do a lot in this connection.

FOOTWEAR

Supply of Leather

The leather footwear industry and manufacturers of leather products in India are facing a severe crisis at the present moment and are threatened with a serious setback in production and consequent unemployment problems. This is due to non-availability of hides and their very high prices on account of abnormal demand caused by a sudden increase in the export of semi-processed hides. During the last few months, there has been a spiralling increase in prices—as much as 250 per cent—in the cost of raw hides. At the current levels of raw hide prices, production costs of leather shoes would increase by approximately 20 per cent. Such increase will adversely affect the export of shoes from India. The Calcutta Hide and Skin Arathdars' Association in a recent statement has, however, denied that hides are not available and that their prices have gone up by 25 per cent. It feels that there could not be any adverse effect on the export of shoes and other leather exportable items.

SHALIMAR YARD

Expansion Plans

Addressing the members of the Merchants' Chamber of Commerce in Calcutta a few days ago, Mr. G. S. Saldanah, general manager, South Eastern Railways, said that expansion of the Shalimar Yard was going to be taken up next year to make available about 30,000 square feet of additional area to users. He was of the opinion that quick releases of the wagons by prompt lifting of consignments would enable the consignees to get rid of much of the trouble for inadequacy of space in the yard that

was often complained against. Referring to the present rates of demurrage and wharfage, he said that unless these rates were made really prohibitive, effective relief could not be made available to genuine consignees. He hinted that unless unloading position improved the rates might have to be raised further.

TELECOMMUNICATIONS

I.D.A. Credit to Bangladesh

A credit of \$7.3 million from the International Development Association (I.D.A.), an affiliate of the World Bank, will help finance a \$12.1-million project for the development of telecommunications in Bangladesh. The project includes the installation of microwave systems between Dacca, Mymensing and Bogra, and between Dacca and Sylhet, the construction of co-axial cable systems between Kushtia, Natore and Rajshahi and between Bogra and Rangpur and the provision of multiplex equipment. The credit replaces part of the telecommunications credit extended to Pakistan in March 1969. With 0.07 telephones for every hundred of the population, telecommunications facilities in Bangladesh are inadequate to the needs of the economy. The long-distance and international services are overloaded and the quality of transmission is poor. Many of the existing facilities were further disrupted during the March-December 1971 hostilities. The project being assisted by I.D.A. is an important part of the Government's programme to restore and develop the telecommunications facilities. It will provide added traffic capacity and help to improve the quality of service. The project is expected to be completed in June 1975.

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POLLUTION

All-India Conference

A three-day all-India conference on the abatement of environmental pollution will be held in Calcutta from 14th December. The conference is to identify and assess the critical problems of preserving and improving the human environment of the country. Accordingly, the central theme of the conference will be "Our Environment—the Extent of Pollution." The preservation of the natural environment along with economic development is the greatest

challenge before the country today. The developed countries are paying a big price for the rapid industrialisation which did not take much care of preserving the environment. But the developing countries can avoid the mistakes committed by the industrialised nations. It is encouraging to note that in this country there is already sizable activity in the general area of environmental pollution. The conference which will be an interdisciplinary one will have five technical sessions. The focus will be on the eastern region. Bangladesh, Bhutan, Nepal and Sikkim have been specially invited to participate in the conference.

MONEY MARKET

Steady Trend

The short-term money market has been steady this past week. The call rate closed at $3\frac{1}{2}$ per cent with small lenders over. The demand for remittances has been small. Turnover has been rather restricted. The supply of gunny and tea bills has been normal. The pound-sterling has remained steady against most major foreign currencies.

The latest statement of scheduled commercial banks for the week ended 10th November, 1972, shows a rise of Rs. 45.42 crores to Rs. 5,337.05 crores in advances, compared with the previous week. Deposits have increased by Rs. 21.20 crores to Rs. 8,547.70 crores. Banks have reduced their borrowings from the Reserve Bank by Rs. 4.12 crores to Rs. 5.91 crores and their investments by Rs. 21.95 crores to Rs. 2,214.35 crores.

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A Ditcher's Diary

ONE AHMEDABAD, EVEN AFTER ONE Mysore, does not make a political winter: this must be the confident conclusion reached by Congress leaders in Delhi and Bhubaneswar. Whatever charges may now be made against the Congress election strategy, the Party has been given a shot in the arm; and it can afford to ignore the many complaints made. And it is salutary to remember that the public at large does not have a great deal of time for a loser's grievances. The campaign was not entirely peaceful; but allegations of intimidation or violence were made by both sides, and it may not be easy to decide which side was more at fault. Not everything said in the Congress campaign was perhaps politically fair; many questioned the propriety of the main theme that only a Congress Government in Orissa could secure for the State adequate help from the Congress Government at the Centre. This was not merely implied; at an election meeting in Cuttack last Thursday Mr. Chavan specifically said that a Congress victory would improve Centre-State relations, that Mrs. Satpathy enjoyed the Prime Minister's confidence and would therefore be able to redeem her promises, that the Centre would back Mrs. Satpathy's Government "in full strength" in speeding up development activities in the State. Perhaps all that was left unsaid was that Delhi would not be so generous to a non-Congress Government in the State. The average voter was unlikely to be concerned over any im-

propriety in this kind of election rhetoric; if Mrs. Satpathy could get things done, why not vote for her? In his time Mr. Biju Patnaik had got a lot of things done, and everyone knew Mr. Biren Mitra as "Dada"; but hadn't things changed all over the country? If Cuttack has proved anything, it is that the idea of change and of its potential for good has not yet lost all its magic. Whatever had been lost in Orissa during the past few months was possibly reintroduced by Mrs. Gandhi's reassuring portraits; and the ordinary voter could not care less whether she was making an appeal as Congress leader or as Prime Minister. Indeed, on the eve of the by-election the people of Cuttack had not only been promised change but also seen a little of it. Work had begun on extending power supply to slums and suburbs which had never known electric lighting; the Municipality had suddenly got busy with some repairs; tenders had been called for a Rs. 40-lakh scheme for road improvement; even food prices had fallen. I am sure the good work will continue even after the election. Mrs. Satpathy has won a battle; but she cannot, to change the metaphor, rest on her oars for long.

JUST OVER A MONTH AGO, IN THE overcrowded and overheated Press room of the White House, Dr. Henry Kissinger solemnly announced: "Peace (in Vietnam) is at hand", and

even the most cynical correspondents were electrified. Within minutes the news was all over the world. Of course, it was not altogether unexpected. Hanoi had already published a summary of the draft agreement worked out in Paris; and private hints had apparently prompted the French to start preparing for the signing ceremony. Even when it became clear that no formal step would be taken before the U.S. Presidential election, French workmen went on putting the finishing touches to an extra-special table for the final peace meeting; and the North Vietnamese delegation in Paris was reportedly ready with bottles of champagne for a pre-signing or post-signing celebration with Dr. Kissinger. American statements suggested that the preparations were perhaps a shade premature; but few people doubted that the end had already begun. I found it difficult to retain my habitual scepticism about emphatic peace predictions; but it was not long before my doubts were revived, and when Dr. Kissinger flew to Paris I was far from sure that he was going for the last round of negotiations. Now scepticism is much more widely shared; when the talks were adjourned last Saturday, nobody said that the round beginning next Tuesday would be the final one. The White House comment should discourage predictions of this sort; Mr. Ronald Ziegler has said that President Nixon is prepared to take the time necessary to get a lasting settlement. So the charade may go on for quite a while yet; and once again it is less than certain that the answer will be peace. There has been much speculation on what exactly is hold-

CO-OPERATIVE SOCIETIES AND CREDIT BANKS

BETWEEN Russia the huge and Mysore the small no general comparison could be profitably instituted. Nevertheless, there are in respect to certain institutions in the Russian Empire and the Mysore State points at which comparisons appear to suggest themselves. Some of these might even be described as points of resemblance, notwithstanding the widely different conditions of country, climate, race, and life. For example, Russia has her peasants' credit associations, which are not unlike Mysore's agricultural banks and which, curiously enough, are of even more recent origin than the latter, the law authorising and regulating them having been passed in 1905. There were agricultural co-operative societies before then, but these never appeared to command the confidence of the people. They were organised on the principle of limited liability.

FROM

CAPITAL

5th December, 1912

The several members were only responsible as far as their respective small contributions and, in case of failure, there was nothing to cover the deficit beyond the very primitive office furniture. The peasants' credit associations, however, receive considerable support and attention from the Government, which aims at utilising them as a means of helping the peasant communities as farmers by providing a responsible, better organised and properly controlled credit institution, that may supply its members with seed and farm implements and assist in the sale of the produce of their farm or of their home industry. Thus, these credit associations might be almost as well described as "Co-operative Societies", and they are more easily comparable with the co-operative societies in Mysore than with the agricultural banks established in that State.



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ing up a revised agreement, but clearly the basic problem is the degree of revision now demanded. I am not sure that this degree is determined by Mr. Thieu's obduracy; American officials themselves have pointed out that he will have no option but to fall in line if Mr. Nixon really makes up his mind. If Washington cannot accept the October draft agreement without substantial modifications, it is curious that Dr. Kissinger agreed to the draft even tentatively. The President is not known to have chided his aide for being hasty; on the contrary, he must have been kept informed of everything that his man in Paris was saying or doing—outside, of course, the hours of rest and recreation. And Dr. Kissinger continues to enjoy full Presidential confidence. Mr. Nixon is said to be particularly pleased with his emissary's ability to keep the negotiations on the main track: presumably a track that is designed to go on and on.

FROM ALL ACCOUNTS THERE IS STILL remarkably little public enthusiasm in Britain at the prospects of her joining the enlarged European Community on 1st January next. Or revulsion either, for that matter. At the moment there is altogether too much preoccupation with the problems of inflation to leave much interest for anything else. But one doubt about European membership which the British do not seem to have, or indeed have ever had, is that the English language will speedily, if not promptly, become the leading one in the Community. It just does not seem to have entered British heads that this might not be so. Needless to say, they hold a different view in Paris. There it is pointed out that whereas French is the second language throughout western Europe including Britain, English is second mainly in West Germany and Holland. Furthermore, France is firm that her tongue must retain the precedence which it currently enjoys in all Community deliberations, and against that kind of entrenched determination the British are likely to find it difficult to make headway. However, on the side of English, is the fact that it is already the main commercial language in Europe, and certainly in Europe's dealings with the United States. In France, of course, this latter fact is regarded as a drawback rather than a recommendation. So it all adds up to a sizable linguistic struggle ahead for the enlarged Community, and one that

might have to be settled someday by making a deliberate official choice between French and English. If such had to be made now, or so the theory goes, France would positively insist, on the threat of withdrawal, that her language must be the one to prevail. She may well be in a position to do that just now. But the longer the time that elapses without a deliberate decision being made, the more likely is the choice to be English. This follows from the fact that the Community is, after all, primarily an economic grouping, and that the growth of English as the trading language must proceed in proportion to the Market's prosperity. It is going to be an interesting tussle.

IT MUST BE COUNTED HIGHLY UNlikely that Britain's economic sanctions against Rhodesia will survive much longer. The Parliamentary majority in favour of continuing them for another year was impressive enough on paper. But it required all the prestige and sweet talking of Sir Alec Douglas-Home, plus a number of "humanitarian" concessions, to persuade the Conservative Party to go on supporting the official line, and the message was clear enough that this might be the last time. The fact is, I gather, that both sides in British politics, the right and the left, are losing interest in Rhodesia. The left is tending to preoccupy itself with other things, such as entry to Europe and its relations with that Frankenstein monster, the trade unions. The Rhodesian problem is these days resented by the left rather than regarded as still demanding urgent solution. On the right, of course, there has never been much

enthusiasm for sanctions, especially in collaboration with the much-despised United Nations. The prevailing view there has usually been that if force is ruled out, then all responsibility should be renounced. I must confess it is an opinion with which I can sympathise. Surely nothing could be more pathetic for a once-great nation than to be forced to enlist world support—which is chronically hostile to it as an ex-imperialist—for an ineffective policy hopelessly aimed at disciplining a handful of rebels whose only recommendation is their defiant spirit.

THE FILM SOCIETY MOVEMENT IN India has survived two distinct hazards: one arising from distrust in commercial circles and the other arising from some adolescent highbrowism within the movement. The interests commercially or even professionally involved in the film industry took little interest in a movement that could expose them to new ideas and influences; and many within the movement tended to ignore the realities of the Indian situation in their uncritical appreciation of every foreign vogue. The gap between the unabashedly philistine and what is often pseudo-intellectual has never been closed. But while this is generally true, there has been a most rewarding interaction in a few areas. The Calcutta Film Society, which is celebrating its 25th anniversary this year, has reason to recall with some pride that among those associated with its founding was Satyajit Ray; others included Chidananda Das Gupta, Harisadhan Das Gupta, Bansi Chandragupta and Radhamohan Bhattacharya. In recent years, the

association may not have been equally close; but, very appropriately, the silver jubilee number of the Society's journal *Chitrapat* begins with a long interview with Mr. Ray. Others interviewed include Mrinal Sen, Ritwik Ghatak and Rajen Tarafdar. Mr. Ray was questioned mostly about his own work, particularly *Ashani Sankeet*, but he had many incisive things to say about general trends and problems. Mr. Sen has recalled his experience of this year's Venice Film Festival, where his *Calcutta 71* was shown. Both Mr. Ghatak and Mr. Tarafdar have lately been shooting in Bangladesh, and are touchingly sentimental in their reminiscences. Asked why he was making his latest film in colour, Mr. Ray had no hesitation in acknowledging that a commercial consideration was also involved. Apparently, a film in colour fetches a much better price in the foreign market than one in black and white. This, of course, is not the only consideration; Mr. Ray seems to have found an exciting new field in the creative possibilities of colour, as also in the discipline that it demands. And while he does not have any interest in making a film in Hindi, he might do one in English in the future. But the situation would be truly Indian; the characters would be speaking English only because they must, since they are from different parts of the country thrown together at a particular place. There might be a love *motif* too, and it would be enormously interesting to see how the relationship develops when the mother tongue has to be abandoned for a language to which neither person was born.

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Accountability in Management: Some Basic Guidelines

By A. G. Kulkarni

Accountability in management is a matter of paramount importance. As a broad principle, it is not advisable to make one person accountable to too many masters.

EVERY individual in an organisation occupies a particular position, which helps him to know as to where he stands in the hierarchy, what is his status and what are his responsibilities. Similarly, an individual should know in advance to whom he will report with respect to carrying out his duties, or, in other words, to whom he will be accountable. Accountability in management is of paramount importance, because if it is applied in its true sense and spirit, it will fetch benefits and reduce costs; and if it is used otherwise, it will result in confusion and delay.

A person working in an organisation must report to one superior only and he should not be accountable to too many masters. This will facilitate the particular person to accept instructions from his direct superior, and he will be able to accord the necessary priority for the jobs. For example, if Mr. B is accountable to Mr. A, then he will accept instructions from Mr. A. However, if any other person, say Mr. C, would like to give instructions to Mr. B, then it is advisable that he should do so through, and with the concurrence of, Mr. A, so that Mr. A is fully kept informed of the matter. A superior, to whom a subordinate will be held responsible, must be an extremely capable and confident man and senior as well, so that he can effectively issue the appropriate instructions and keep control on them. While deciding about the question of accountability, the status of both the persons, the superior and the subordinate, in an organisation should be taken into consideration.

Reporting to Many People

If in business a person is actually reporting to two or more people at a time, then it will have its own repercussions, which can be seen in the

immediate future and in the long run too. Let Mr. X be the superior and Mr. Y the subordinate. When Mr. Y is accountable to Mr. X, in addition to, say, Mr. Z, he will keep on receiving instructions from Mr. X and Mr. Z. Such a situation will lead to the following ill effects:

(1) Mr. Y will not be able to apportion his time properly for carrying out the work of Mr. X and Mr. Z. Similarly, Mr. X and Mr. Z may not be knowing the workload of Mr. Y at a particular time. The remedy for such a situation is to have better co-ordination between Mr. X and Mr. Z, a possibility which is normally considered as a remote one.

(2) Since Mr. Y is accountable to Mr. X and Mr. Z, his work assessment will also be made by both of them. On the one hand, Mr. Y might carry on certain jobs promptly and with grace, of which, perhaps, either Mr. X or Mr. Z may not be aware; and on the other, Mr. X and Mr. Z may not be mutually aware of the capabilities of Mr. Y. This may lead to a wrong assessment of Mr. Y.

(3) Considering the position from the superiors' side, Mr. Y can twist Mr. X and Mr. Z, saying that he has got work from Mr. X and/or Mr. Z, thus not doing the job of either of them.

(4) Sometimes Mr. Y may receive contradictory instructions from Mr. X and Mr. Z on a subject and sometimes he may not get any instructions at all. This will lead to confusion and if it unfortunately becomes a recurring feature, there will be unhealthy atmosphere in the office.

(5) Since Mr. Y's services are being utilised by Mr. X and Mr. Z, it is possible that there may not be smooth flow of communication between Messrs X, Y and Z. Also, lack of co-ordination on the part of Mr. X and Mr. Z, with respect to the share of Mr. Y's services to them, will become a recurring feature.

(6) In such a situation, Mr. Y has to work on a time schedule basis. Timely adjustment of work will not be possible on the part of Messrs X, Y and Z. There will be watertight compartments of work for the above three individuals.

(7) Mr. Y will be at a loss not knowing whom to report when he would want to inform the management about certain things. This will be so in view of the fact that such a communication has to be processed through both Mr. X and Mr. Z, a time consuming procedure.

Too Many Masters

Taking into consideration the above background, it is not advisable to keep one person accountable to too many masters. It will just not be in the overall interest of the organisation. If the principle of accountability is handled with care and sense, it will help to reap the benefits and success will follow. On the other hand, the organisation will suffer if this principle is not understood and implemented properly, in which case there will be loss of time, energy and money. It is quite possible that at one and the same time a particular individual may be reporting to more than one executive. This is because he may be asked to carry on an additional assignment on an acting basis, apart from his usual day-to-day functions. In such a case, he may report to more than one person.

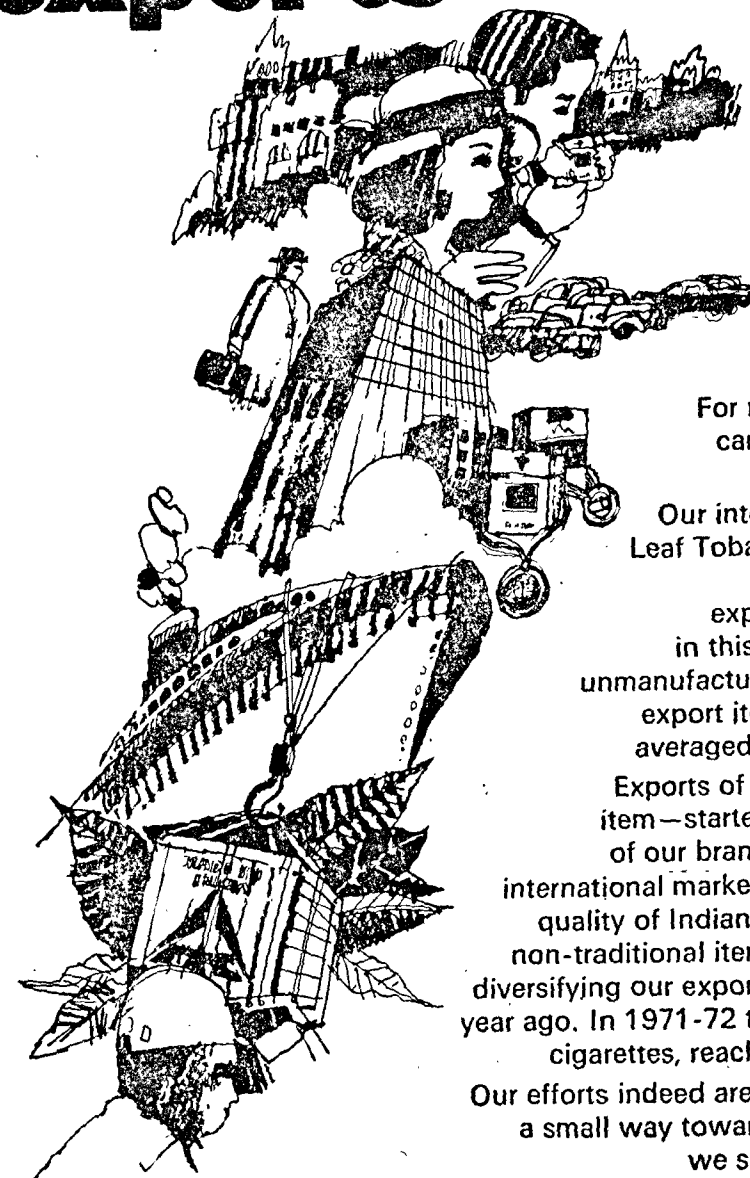
PEOPLE AND PERSONALITIES

Mr. S. Ranganathan, till recently Comptroller and Auditor-General of India, has joined the board of directors of Sandoz (India) Ltd as vice-chairman.

Mr. Ernie Carroll, manager, India and Sri Lanka, BOAC, is to be appointed to the new position of cabin service product manager. He will take up his new appointment early next January. Mr. Tim Kelly till now manager, central and south India, will succeed Mr. Carroll as manager, India and Sri Lanka.

Mr. R. R. Kamani has taken over as chairman of the Kamani Group of Industries. The boards of directors of Kamani Engineering Corporation Ltd, Kamani Metals and Alloys Ltd and Jaipur Metals and Electricals Ltd have recently unanimously elected him chairman of their respective Companies.

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Need for Framing a Realistic Oil Policy

By M. B. Lal

Considering that India cannot wholly rely on the Middle East countries for the supply of oil for political and other reasons, she should keep her options open between them and the western oil companies. In framing her oil policy, India should keep out ideological considerations.

THE threat by the foreign oil companies to withdraw from India comes at a time when the country is passing through the throes of the worst power crisis in its history. The demand for oil has been growing at the rate of 1 million tonnes a year. Its share in India's commercial energy supply has increased from 14 per cent in 1951 to 23 per cent now. Yet in global terms India's use of oil is negligible. India uses less than 1 per cent of the world's oil produce of 2.5 billion tonnes. With 16 per cent of the world's population India will obviously claim an increasing share of the earth's oil resources. The country's oil policy is still in a nascent state. It would be a good idea to take an overall look at the entire supply and demand position of energy in India over the next 20 or 30 years. This country's attitude to the oil companies can only be a part of such a policy.

There are many questions that India will have to consider before taking a decision. The first will be the pattern of energy consumption. Oil and natural gas account for over 70 per cent of the energy resources of the non-communist world as a whole. But in India more than 70 per cent of the commercial energy supply comes from coal and lignite. And non-commercial uses of power, mainly in domestic fuel, account for almost half the total energy supply in the country and are met by cow-dung, fuel wood and husk. Thus, in the overall total of energy consumed in India oil accounts for only 12 per cent and coal for nearly 37 per cent. Surprisingly, hydro-electric power, over which so much fuss is made all over the country, provides less than 2 per cent of the nation's

energy resources. Atomic energy is still an insignificant fraction.

Besides the consumption pattern, it is necessary to study the energy resources before preparing a practical plan for the future. India's proven resource of hydro-electric power is 4 billion kilowatts, or roughly about 400 times the potential already explored. The reserves of coal are 110 billion tonnes. This is more than a thousand times the quantity annually mined at present. Against this, India's proven oil reserves are still small and two-thirds of the quantity consumed has to be imported.

On the basis of information so far available it is obvious that if, like the advanced countries, India's future energy uses have to be predominantly oil based, the bulk of the fuel will have to be imported. This is not an entirely impractical proposition when one considers that western Europe has less than half per cent of the world's proven reserves of oil although it is, next to the U.S.A., the largest consumer of the fluid in the world. If gigantic tankers and pipelines can convey all the ever increasing oil needs of Europe from the Middle East in the years to come, similar supplies should be possible to India. This country is not far away from the Middle East countries which have two-thirds of the world's proven reserves of oil and are currently responsible for a quarter of the global production. Saudi Arabia and Kuwait share equally 40 per cent of the world's reserves of oil, and Iran and Iraq have similar large quantities.

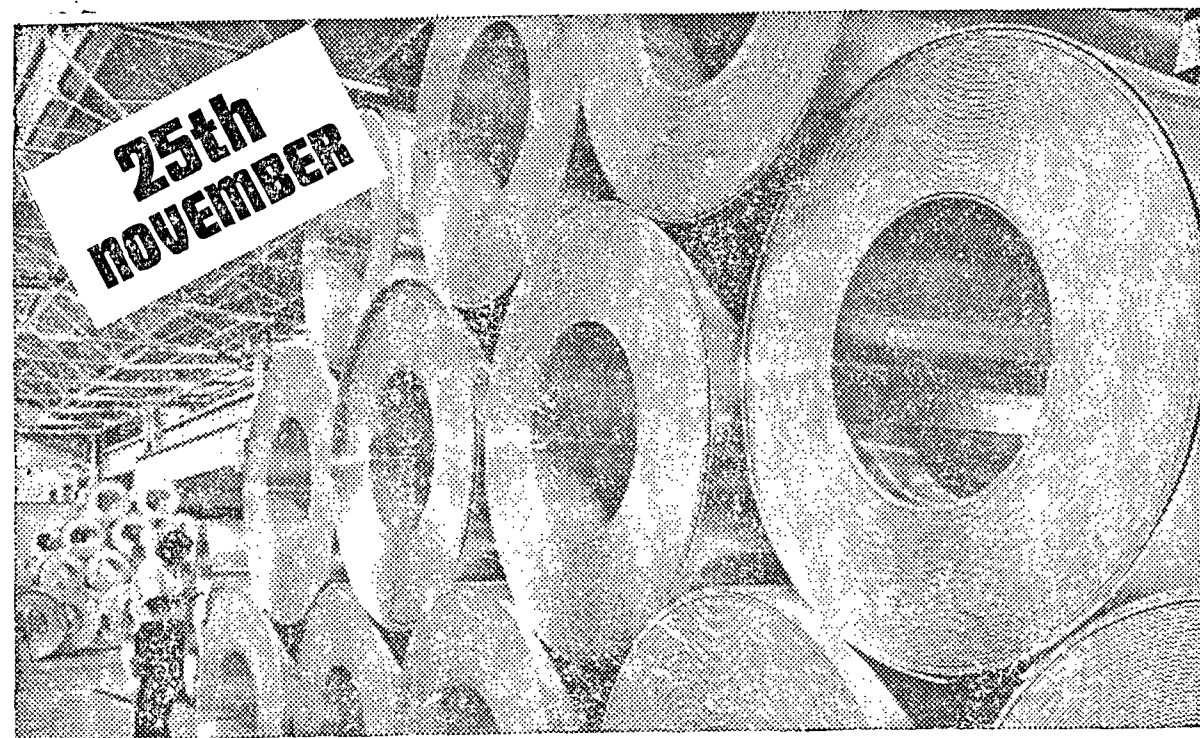
The recent Indian move to have joint ventures with Iraq in steel, refining and petro-chemicals heralds a major breakthrough in this direction. If India can help Iraq set up a steel plant with capital machinery and ore from this country and obtain in exchange Iraqi crude which may be refined in Indo-Iraqi refineries in India, it would be an ideal arrangement for both. Such joint ventures could be multiplied if the two countries for their mutual benefit. Similar

relations could be established with other oil producing countries of the Middle East which have no particular reason to be totally committed to the western countries for their entire trade. Initially, India's share in the Middle East oil trade will be a mere flea-bite but it should increase in due course.

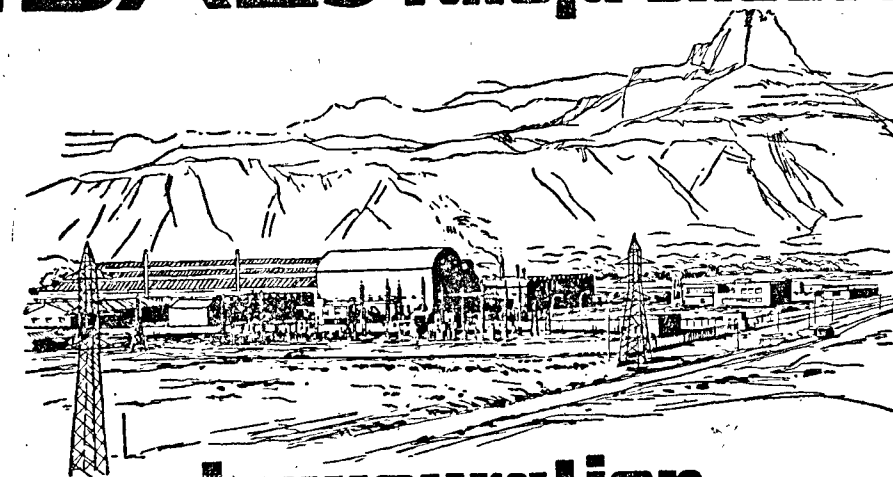
Closely allied is the question of tankers. About 95 per cent of the tanker tonnage of the non-communist countries is owned by the oil companies (25 per cent) and shipping magnates (70 per cent) of the western countries, including Japan. India's capacity to trade with the Middle East in oil will be heavily dependent on the combined pressure of the oil and shipping cartels of the world. This can be avoided by two methods. One is that India and the Middle East countries should build their own fleets of tankers. The other is that they should build a pipeline to India through Iran and Pakistan.

At present both solutions are beset with difficulties, the first with economic problems and the second with the imponderables of international politics. Building a tanker fleet needs colossal investments over and above the heavy investments earmarked for shipping by India. It will take decades before India can find the money for it. In the long run pipelines may be more economic. But this will need a radical change in the current politics of the sub-continent. When Indo-Pakistani relations improve both countries could share the costs and benefits of such a pipeline and release themselves from their dependence on western sources for a basic raw material, oil, which is essentially an eastern product. In this context Mr. Brezhnev's plan for collective security in Asia seems to have more economic benefits than political, although both are interlinked. Ironically, the plan is not essentially of Russian origin. Before Russia and China fell out the western powers were interested in such an arc, extending from Turkey to Vietnam, through the mechanism of C.E.N.T.O. and S.E.A.T.O., for the containment of both the communist giants. Perhaps the countries of the region could now evolve a similar mutual security and co-operation plan of their own without the assistance of either of the two power blocs.

Indian's hopes of obtaining oil from Russia may prove illusory. Currently Russia produces barely 300 million tonnes of crude of which at least 90 per cent is consumed within the communist world. It would like to trade



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the rest with Europe for hard currency. Means of transport between India and Russia are extremely difficult. This leads to one conclusion. The most vital limiting factor in India's dependence on oil as her primary fuel would be that almost the entire supply will, willy-nilly, have to come from the Middle East. Even if this is an economically viable proposition, India would have to consider whether it is also politically sound.

One way of overcoming the political complications could be to have multiple sources of supply, not only in terms of countries but also companies. If, as is not inconceivable, all the oil producing countries of the Middle East turn their back on India for political, religious or economic reasons at a moment of crisis and decide not to give her any oil, the oil cartles may still keep their commitment. This was proved during the recent Indo-Pakistani war over Bangladesh when the western oil companies fulfilled their obligations despite the anti-Indian stance of their parent nations. It suggests that in ensuring the constant supply of such a vital source of energy, it may be in India's interest to keep her options open between the Middle East Governments and the western oil companies. Ideological inhibitions need not stand in the way since even Russia and China, the two most powerful socialist countries, are now seeking the help of these cartles to explore and develop their own vast oil resources. In this field the economic and political interests of India have to be delicately balanced and there should be no dogmatic adherence to a particular mode of supply.

But this answers only one part of the question of increasing oil supplies to India. The other part, as to what proportion of the country's power needs should be met by oil, will also need careful examination. On the face of it, it seems evident that India will be foolish to follow the western countries and draw three-fourths of her energy needs from oil. India's basic energy source must lie in coal and hydro-electric power both of which are more than abundant in this country. It is interesting to note that the annual *per capita* consumption of petroleum products is 65 kilograms in Maharashtra, 55 kilograms in Gujarat and 33 kilograms in Tamil Nadu. In all the other States it is around or below the all-India average of 25 kilograms. This suggests that while oil could well be an important fuel in the western coastal States, it may be uneconomic in the rest of the country. In Punjab,

which has the largest *per capita* income, the figure is barely 20 kilograms.

This suggests that the country could perhaps profitably be divided into three distinct regions for its fuel needs. The west coast States of Maharashtra, Gujarat and Kerala and the oil bearing State of Assam could have an oil-oriented energy pattern. The coal bearing States of Madhya Pradesh, Bihar, Orissa and West Bengal could rely predominantly on coal for fuel. The northern States of Jammu and Kashmir, Punjab, Haryana, Himachal Pradesh and U.P. may lean heavily on hydro-electric power. Rajasthan which falls between the three zones may have a balanced mix of all three fuels, together with atomic power. The southern States of Andhra, Tamil Nadu and Mysore may have a mixture of coal and oil in their energy use pattern. For a huge country like India, with diverse sources of energy, a uniform nationwide energy pattern may be highly waste-

ful for several obvious reasons. The best course would be to have as many internal and external options as possible and then, if possible, to integrate them in one super-grid to make up for periodic shortfalls in any region.

Energy is today the world's single largest source of wealth and its biggest industry. The *per capita* consumption of energy in the world's richest country, the U.S.A., is 55 times that of India. Nearer home, the West Asian countries are growing rich at a fantastic rate. The oil earnings of the sparsely populated region of the Middle East leaped by \$4,500 million in 1971. India must learn a lesson from this and rapidly develop her own energy resources. New methods are fast developing to convert coal into oil. Once this becomes an economic process, India could well join the race to prosperity. But even before this, this country's coal and hydro-electric resources offer vast opportunities of growth.

Is the Government-Industry Dialogue Entering a New Phase?

(By a Special Correspondent)

Ever since Mrs. Gandhi's landslide electoral victory in 1971, industrialists have generally been careful not to criticise the Government too severely. But the recent meeting of the Central Advisory Council of Industries has marked a noticeable departure.

THE recent meeting of the Central Advisory Council of Industries has brought out in all its vividness the stresses and strains that have arisen and are gathering momentum on account of either a wrong emphasis or faulty implementation of policies by the Government. The common objective of both the private sector and the Government, however, remains that of speedy industrial development on a self-reliant basis. For those who have attended the earlier meetings of the Council it was a refreshing experience to find that the captains of industry were no more going to be silent spectators to governmental policies which are dictated by political considerations rather than by economic realities. Although the Central Industrial Development Minister, Mr. C. Subramaniam, had in the past been talking

of a drastic revision of the Industrial Policy Resolution of 1956, he had lately calmed down due to pressure from the Party. This was evident at Gandhinagar where the All-India Congress Committee met to consider the approach to the Fifth Plan.

Therefore, no one expected that Mr. Subramaniam would come forward with the formulation of a new policy objective at the recent meeting of the Central Advisory Council. Mr. Subramaniam knew his own limitations and was hard put to explain that the said Resolution and the licensing policy of 1970 "have been and will continue to be our basic policies". These, in a nutshell, were to give the public sector pride of place as the principal instrument for promoting growth in a large number of industries, for increasing the public ownership of the means of production, and as a curb to concentration of economic power. Other objectives include balanced regional development and accelerated development of backward areas. Mr. Subramaniam claimed that positive measures have also been taken for the promotion of small, medium and new entre-

preneurs so that the sources of growth are widely tapped and the fruits of growth are widely shared.

Mr. Subramaniam, however, unhesitatingly agreed that within this framework, there was "need and scope" for making the policy and administrative instruments "more coherent in their impact and less time-consuming in their application". He called for fruitful discussions on how such "improvements" could be made provided they were all agreed on the basic objectives. This was the signal for the captains of industry to mount an attack on the Government's industrial policies and to make it clear that unless there was a radical change in the attitude towards the private sector, the future was gloomy. The attack was spearheaded by Mr. J. R. D. Tata who sharply assailed the Government for embarking on nationalisation under the garb of "socialism and social justice" and resorting to "downright confiscation" of private property in which the victims were not only the wealthy but also many small shareholders. According to Mr. Tata, the twenty-fifth amendment of the Constitution had given "a chronic sense of insecurity" to investors. He excitedly asked if the time had not come for the authorities to make up their mind "whether we want the private sector at all in this country."

Disagreeing with the optimistic assessment of the Government of the industrial scene, Mr. Tata drew a picture of gloom at least for the next two years and asked the Government to stop splitting the economy into two warring groups and taking decisions on political grounds. Mr. Tata's outburst was pretty embarrassing for the Government. Mr. Subramaniam pointed out that industry could not always expect to function under "ideal conditions" but should know how to function under "given conditions". To this, Mr. Tata's retort was: "You might as well say, self-given conditions". The two other spokesmen of industry—Mr. Madanmohan Mangaldas of the F.I.C.C.I. and Mr. A. N. Haksar of the Associated Chamber of Commerce and Industry—were no less critical of the Government. After listing the constraints placed on the private sector Mr. Mangaldas bluntly asked where were the "positive measures" to stimulate industrial growth and investment. Mr. Haksar referred to a number of contradictions in the Government's policy and said it was a pity that controls were being used to inhibit production instead of applying

them for achieving equitable distribution.

Ever since Mrs. Gandhi's landslide electoral victory in 1971, industrialists have generally been careful not to criticise the Government too severely. But the Council's recent meeting marked a noticeable departure. If this was intended only for a frank exchange of views, the discussions should contribute to the evolution of a public policy on realistic lines for the attainment of the common objective of speedy industrial growth on the basis of economic self-reliance. There is nothing to suggest that the contrary was the object.

Will Indo-Japanese Business Talks Help Promote Closer Ties?

(By a Special Correspondent)

The joint meeting of the Business Co-operation Committees of India and Japan will soon be held in New Delhi. It is hoped that some concrete suggestions for strengthening the economic relations between the two countries will emerge from the meeting.

THE proposal of the Japanese Government to cut import tariffs on manufactured goods by 20 per cent across the board is of considerable interest to India. Tokyo is resorting to this step as part of its programme to save the yen. It is estimated that the tariff cut would lead to an increase in imports during the next fiscal year of about \$340 million. In recent years, India has been making special efforts to increase and diversify her exports to Japan. But these attempts are yet to meet with success. India's exports to Japan continue to consist predominantly of a few traditional items like iron ore, oilcake and meal, and animal casings. India at present is Japan's fourth largest trade partner, the first three being the U.S.A., Russia and the U.K.

There has never been a dearth of delegations and study teams going from India to Japan; and they have made many recommendations to increase exports and attract more Japanese investment and technical skill into this country. It is estimated that last year alone about 40 Indian groups had visited Japan. But it seems that the observations and recommendations of these delegations and study groups have not received the attention they

As the discussions entered specific areas like the constraints on fuller utilisation of installed capacity and the supreme need to develop science and technology within the country, the response from the private sector spokesmen was both prompt and co-operative. Mr. Subramaniam himself acknowledged this spirit while winding up the discussions. He said he had no doubt that industry would adjust itself when it knew what was going to be the Government's policies. "I have absolute faith in the industrialists' wisdom and pragmatism" he said, adding that in a difficult situation the private sector's co-operation was absolutely necessary.

deserve either from Udyog Bhavan or from other departments of the Government of India. This becomes clear from the remarks made by the trade delegation, sponsored by the Engineering Association of India, which visited Japan this year. In its report released in August, the delegation said: "The image of industrial India in the eyes of the Japanese is, indeed, dim. Barring larger sized enterprises, the picture of India among Japanese firms is that of the 'sacred cow and the *sari*'. The resurgent modern India has not yet been able to make any impression on the minds of the Japanese firms".

Among the more important recommendations of the delegation are the following: (a) The Government of India should persuade Tokyo to send a high-powered delegation to visit this country; (b) the Government should try to organise a scheme of training and contacts on the lines of the Indo-German Project (popularly known as the Vollarath Plan) which would provide for training of Indian commercial and technical executives in Japan; (c) the Government should invite a number of teams from Japan to visit the Asian Trade Fair and take them to important industrial centres and show them India's mass production systems which are run on modern lines; (d) special supplements in English and Japanese language newspapers on India's industrial achievements should be brought out by the Government; (e) A wholly Indian exhibition of engineering products should be organised in Japan; and (f) the Government should expeditiously con-

sider establishing a free trade zone near Calcutta airport and Haldia.

Some of these recommendations are under the active consideration of the Government. For example, the Government is considering the proposal to set up a free trade zone near Calcutta airport although nothing is being done about a similar scheme in Haldia. But no one knows how soon the project is going to be finalised. The Trade Development Authority of the Government of India seems to be keen on expediting it. But unless the West Bengal Government also pursues this matter in right earnest the progress is unlikely to be fast.

The Japanese economy in recent months has shown distinct signs of buoyancy. Indian manufacturers and exporters should be able to take full advantage of Japan's growing demand for imported goods. But it is not immediately clear what exactly are the items on which the tariff cuts will be applicable. The Government of India should ascertain the list of goods on which the cuts will be applied and make it available to export organisations. It is reported that the various economic Ministries in Japan are not agreed about the items whose imports are to be liberalised. Meanwhile, Japan's Tariff Council is said to have advised the Government that the proposed concessions should be cancelled as soon as it becomes clear that the import of any product is hurting the indigenous industry.

The *Financial Times* has also pointed out that there are "peculiar and elusive difficulties in the way of breaking into the Japanese market". Even so, Indian goods should be able to do much better in the Japanese market. What stands in the way of larger Indian exports to Japan is not so much Tokyo's tariff or non-tariff barriers as this country's inability to produce enough exportable surplus.

The joint meeting of the Business Co-operation Committees of India and Japan is going to be held in New Delhi on 7th and 8th December. The meeting will discuss the economic situation in India and Japan, scope for promoting trade and joint co-operation in investment and technology in India and in third countries, and the prospects for the development of agricultural and fishery products and mining and infrastructural facilities. It is hoped that this meeting will be able to arrive at some concrete suggestions for strengthening the Indo-Japanese economic relations.

Last Week in Parliament

(From Our New Delhi Correspondent)

Parliament was preoccupied last week with the controversies over the Mulki Rules in Hyderabad and the proposed Indira Gandhi University in Shillong. Both issues are very delicate and they seem to have put the Government in an embarrassing position.

A PART from the delineation question which has defied a solution with Pakistan, two other issues which kept Parliament and the Central Government preoccupied last week related to the Mulki Rules in Hyderabad and the proposed Indira Gandhi University for the north-eastern region of India. At this writing, the end of the controversies that surround these two issues is not in sight. The Mulki Rules controversy has shaken Andhra Pradesh as never before. The people of this State are quite often compared with the people of West Bengal, for both are emotional. Therefore, the solution of any problem affecting them is extremely difficult. The Mulki Rules controversy threatens to break up the State into two—Andhra and Telengana—although such a contingency is dreaded both by the Central leaders and the leaders of the State.

But the pattern of developments taking place in that State over the Mulki Rules is the same as one had witnessed before the State was created. There was first the destruction of public property, the railways in particular, which is being repeated now. Then an Andhra leader, Mr. Potti Sriramalu, sacrificed his life for the creation of the State. The then Prime Minister, Mr. Jawaharlal Nehru, who only three days earlier had rejected the demand for a linguistic State, had to announce on the floor of the Lok Sabha of the Government's decision to concede the demand for a separate State for Andhra. Today, the Central leaders are saying the same thing—that the separation of the State into Telengana and Andhra would create more problems than are sought to be solved. There is a great deal of relevance in what the Prime

Minister, Mrs. Indira Gandhi, says, but when feelings in the State have been roused to such a pitch, what is the way out? Now the State Cabinet has entrusted the task of finding a solution to the Centre and has agreed to abide by the Centre's verdict, which apparently means that the verdict will have to come from Mrs. Gandhi. It is difficult to foresee how a solution formulated by the Centre is going to be accepted by the people of the State as a whole. The issue at stake affects the common man so much that if the Centre's verdict happens to be in favour of one region, the people of the other region are bound to start an agitation later, if not now.

The latest controversy over the proposed Indira Gandhi University also has some resemblance of regionalism. It was the Assam legislature which in 1965 had recommended to the Centre the establishment of a Central University in Shillong to cater to the needs of the hill areas. Now that a Bill to give effect to this recommendation has been introduced in Parliament, the Assam leaders are having second thoughts. The Chief Minister, Mr. Sarat Chandra Sinha and 11 M.P.s from that State have met the Prime Minister and told her that it would be "politically inexpedient" to proceed with the Bill which some people feel is an attempt to revive the idea of a separate university for Cachar district. The Assam leaders now argue that unless their State is kept outside the jurisdiction of the proposed university in Shillong, a law and order problem might again arise in the Brahmaputra valley. In other words, the State Government is asking the Centre to ignore its earlier recommendation. If this is the type of problems that Congress leaders are going to create in the States, the Centre may soon find itself unable to cope with the situation. Whatever decision the Centre takes on behalf of the State Cabinets will be acceptable to some and unacceptable to others in the same State. This is a situation which the Centre would like to avoid but can it when the same Party is in power at the Centre and in the States?

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Industrial Development in Madhya Pradesh Gains Momentum

(By a Special Correspondent)

The industrial climate in Madhya Pradesh has improved with the offer of attractive incentives to entrepreneurs. Indications are that soon the rate of industrial growth will further quicken.

IN order to speed up industrial development in Madhya Pradesh, various facilities have been made available in recent years to the units being set up in the State. These incentives have created a favourable industrial climate in the State and a number of entrepreneurs from all over the country have come forward to set up industries. Among the new concessions are financial assistance at concessional rates, establishment of an iron and steel stockyard at Raipur, and supply of raw materials from

a stockyard in Nagpur. The Bhilai steel plant, the Nepa newsprint plant and the Heavy Electricals factory at Bhopal have received licences for expansion of their production capacity, and their expansion programme is going ahead. Letters of intent have been issued to Nepa mills for production of caustic soda and chlorine, and also to D. H. Sheron Electrodes, Indore, for production of welding electrodes. A letter of intent has also been issued to Moolchandani Electricals and Radio for expansion of production of electrolytic capacitors.

The Cement Corporation has established a cement factory at Mandhar in Raipur district with an annual capacity of 200,000 tonnes and intends to increase it to 380,000 tonnes. The Korba project of Bharat Aluminium for the production of 200,000 tonnes of alumina and 100,000 tonnes of aluminium a year is also going ahead with a total investment of about Rs. 125 crores. The Central Finance Ministry is going to establish a currency press at Dewas. A decision to set up a new ordnance factory to produce explosives with an investment of Rs. 40 crores has just been taken. Shree Synthetics of Calcutta is establishing a nylon yarn manufacturing plant near Ujjain. The Chief Minister, Mr. P. C. Sethi, is keen to have a new steel plant at Bastar; the district can immediately provide raw materials for a large newsprint plant.

The growth in the small-scale sector has been phenomenal. There were only 2,141 registered small-scale industrial units in 1965; the number exceeded 16,000 in 1971 indicating an eight-fold increase during six years. Up to June 1970, under the hire-purchase scheme, machines worth Rs. 1.43 lakhs have been supplied to small-scale units in the State by the National Small Industries Corporation. Under the State Aid to Industries Act of 1958, loans used to be granted to small-scale industries from the departmental Budget; now, in-

stead of it, financial aid is being provided by the Madhya Pradesh Financial Corporation and the nationalised banks. The State Government also grants 2 per cent interest subsidy to all small-scale industries on loans raised from such institutions. The subsidy is 4 per cent for industrialists belonging to the backward community.

Development of ancillary units in the State also deserves mention. H.E.I.L., Bhopal, has helped to set up a network of ancillary units. There are 29 ancillary units around it and it is expected that the total orders placed with ancillary units would exceed Rs. 1 crore a year. Hindustan Steel's Bhilai plant has agreed in principle to have ancillary units and very shortly such units will come into existence in this area as well. The Nepa mills has also agreed to have ancillaries and it would not be long before these are developed. The Madhya Pradesh Government is rendering assistance to unemployed engineers in the State. A scheme has been sanctioned to impart in-plant training to them. Financial assistance for purchase of books and other equipment by approved units is also being provided.

The trend of industrial development in Madhya Pradesh is encouraging. In order to provide facilities for industries to come up, there is a plan to establish industrial areas at 25 places in the State, out of which work has already been in progress at 12 places. In addition, 19 industrial estates have been established so far and new industrial estates will be developed at Bina and Neemuch during the current year. The Planning Commission has declared 33 districts in the State as industrially backward areas. These areas would be getting concessional finances from the financial institutions. The Audyogik Vikas Nigam in the State has also announced bigger concessions for the backward areas and it is expected that the Madhya Pradesh Financial Corporation would also be taking similar steps shortly. A proposal to undertake an extensive and detailed survey of the backward areas in order to ascertain the feasibility of possible industries there and to provide this knowledge to entrepreneurs has been mooted. The Fourth Plan allocation for industries has been revised upwards to Rs. 13.3 crores and it is expected that the pace of industrialisation in the State will soon be quickened.



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Economic Development in South Asian Countries

Economic Development in South Asia. Edited by E. A. G. Robinson and Michael Kidron. (Published by Macmillan and Co. Ltd, Madras. Rs. 70, pages xxii plus 585.)

An integrated approach to the question of economic development of the south Asian countries may ultimately prove much less costly for them than if they indulge in a sort of free for all. An interchange of experience gained so far may substantially contribute to the emergence of such a unified approach. The book under review may help significantly to understand the courses that economic development has taken in different countries in this region, particularly in India, Pakistan and Ceylon (now Sri Lanka). It incorporates the papers and proceedings of a conference held by the International Economic Association in Kandy, Sri Lanka, in June 1969. The discussions of many of the common problems encountered by these countries in the process of their economic development since 1947 did not lead to any firm conclusion—and in an occasion like this, one does not look for a consensus. In all, 28 papers were presented at the conference. The frank and forthright manner in which the issues were presented in the papers and in the discussions is a treat for the reader.

Every issue that was raised was fought tooth and nail, with only a few economists, notably Dr. K. N. Raj, taking a more sober attitude. Sides were taken not on behalf of any country but on particular issues and every weakness in every proposition was sought to be dissected to show the strength and weakness of particular points raised. This was all to be expected. In spite of the heavy-going subjects, including both theoretical and empirical analysis, the presentation of the papers and the discussions thereon were of a high intellectual order. Anything loose was not only caught for weeding out but alternatives were proposed and discussed threadbare. On such an occasion, the intellectual rigour would brook no perfunctory treatment of any issue dealt with. The volume thus presents heavy materials in such

a manner that never allows the reader to feel bored. On the other hand, the vividness of the picture presented make the reader feel almost like participating in the discussion itself.

The volume is a must for economists and policy-makers in India, Pakistan and Sri Lanka as also in other countries. Cases of particular approaches to economic development in the context of agriculture, industry and other sectors of economy would provide good case material, both for theorists and students alike. The editors have done a highly commendable, professional job in presenting almost the entire mood of the conference.

P. CHATTOPADHYAY

Japan in South-east Asia

Japan's Relations with South-east Asia, 1952-1960. By K. V. Kesavan. (Published by Somaiya Publications Pvt. Ltd, Bombay. Price Rs. 30, page 243.)

In this book the author has made a very thorough and comprehensive study of Japan's relations with two important south-east Asian countries, i.e., the Philippines and Indonesia, covering the period from 1952 to 1960. A question may naturally be raised as to why only these two countries have been selected. The author himself has given the answer. These two countries which attained sovereignty during the 'fifties represented two typically different ideologies. While the Philippines was a staunch ally of the western bloc, Indonesia scrupulously followed a policy of non-alignment in international relations. It would thus be interesting to examine how Japan, being herself an ally of the western bloc, conducted her relations with these two new-born south-east Asian countries after the end of Allied occupation. The period is especially significant because during this time Japan made a cautious and persis-

tent effort to be friendly with the nations in south-east Asia which she had subjugated during the second World War.

According to the author, Japan's position differs from that of India and China in that her cultural base in that region has almost been nil, and till the outbreak of the second World War, her relations with the region were confined only to trade and immigration. It is against this background that the author has projected his study of Japan's relations with the Philippines and Indonesia. The re-emergence of Japan as an independent sovereign nation in April 1942 was an event of great importance in Far Eastern politics. But Japan's image was affected by two factors. First, the devastations of the second World War had left intense bitterness in the region. The second factor was the cold war politics. Being composed of developing nations, the region became a major area of East-West conflict after the end of the war and both the power blocs tried to extend their influence in this area.

During the period under review, Japan's effort was mainly confined to winning the confidence of south-east Asian countries and there was no direct Japanese involvement in the outstanding political questions of the region. She was content with playing a rôle in the economic field consistent with her resources and was interested in increasing her economic involvement. The author has made a masterly study of the political background and the subsequent developments in the context of Japan's relationships with the Philippines and Indonesia. The book will be a valuable source of reference to students engaged in the study of the socio-political development of the south-east Asian countries.

H. R. BOSE

Common Law

The Common Law in India. By M. C. Seralvad. (Published by N. M. Tripathi Private Ltd., 164 Samalda Marg, Bombay 2. Pages 251, price Rs. 11.)

This is a reprint of the English edition published in 1960, with some corrections. These learned and excellent lectures, published under the au-

pices of the Hamlyn Trust, were delivered at Lincoln's Inn by the author, well known as an eminent jurist and a former Attorney General of India. The lectures give an excellent bird's eye view of the development of the statutory civil and criminal law of India, as well as those parts of the law which have been evolved by decided cases founded on the principles of justice, equity and good conscience, which were interpreted by judges to mean the principles of English law as applicable to Indian society and circumstances. The book also deals with the broad features of the Indian Constitution, the rights secured in it, judicial control over legislation, administrative tribunals, etcetera. The author deals with the question of how independent India looks upon the system of laws created by the collaboration of great English and Indian minds, and points out the service it has rendered as a great influence welding the country together. Although the political ties have altered, the Indian legal system based on English law still endures. The author goes on to say that with the ever-growing expansion of Indian legal thought, there is bound to be a greater interplay between legal minds in India and elsewhere in the world of Anglo-Saxon jurisprudence. As judges and lawyers in India resort freely to English decisions, so may, in course of time, the English courts recognise Indian contributions to legal thought and principles.

M. R. MEHER

Secretariat Practice

A Manual of Secretariat Practice. By S. N. Sarkar. (Published by S. C. Sarkar and Sons Pvt. Ltd, 1-C Bankim Chatterjee Street, Calcutta 12.)

The book is divided into three parts. The first part deals with the secretary—his office organisation and management. The types of secretaries—the all-powerful secretary to the Government, the statutory company secretary to private secretaries, whose importance depends on their employer's dependence on them—and their various duties are clearly described. The chapter on secretary's office will introduce the student of secretarial practice to an unknown domain. The maintenance of records, office lay-out and equipment, maintenance of relations and appointment and reference to sources of information will help not only B.Com stu-

dents of different universities but will also provide an introduction to any young man who enters a mercantile office.

The second part dealing with company law and procedure will help the student preparing for the B.Com degree in preparing for his examination. It is much more. Anyone who wishes to know the salient provisions of the complicated Companies Act, 1956, will find them summarised here in simple, lucid English, rearranged subjectwise. Important judicial decisions are cited at appropriate places. To those who are not directly dealing with this subject but to a layman interested to know how a company is formed, what is a memorandum and articles of association, what is a prospectus, what is underwriting and brokerage, what is a share, what are the rights and obligations of shareholders, how meetings of company shareholders and directors are organised, how the minutes are recorded, how directors are appointed, how a company is managed and amalgamation and winding up, the book will be useful, for all these features are explained in simple English.

Part III deals with commercial correspondence. What a commercial letter should and should not contain, and models of different forms of letters are given. The author has brought to bear on this book his erudition, his experience as a lawyer dealing with company law matters. The index at the end has been compiled with great care. The book should find a place in all libraries and will act as a guide to students and those interested in secretarial practice, company law and commercial correspondence.

M. S. BATA

Education in Maharashtra

Progress of Education in Rural Maharashtra. By A. R. Kamat. (Published by Asia Publishing House, Bombay, for Gokhale Institute of Politics and Economics, Poona 4. Pages 348, price. Rs. 25.)

After reading this research study, one is not left in doubt that literacy and education have both grown in rural Maharashtra during the last 20 years at an accelerated rate. Education is making inroads among those sections of the population who had no

background of education in the past, although women's education is still relatively backward. But Professor Kamat brings out that the spread of education during this period in rural areas has been very uneven as far as different socio-economic sections of society are concerned. Rural Maharashtra has three caste-groups, Marathas, Mahars (the scheduled castes) and the backward class communities. "During the post-independence period, the Marathas have made considerable educational progress, often a very rapid one. The progress of scheduled castes has a slower pace. And the progress of the backward class communities is the slowest; in certain areas they are just making a beginning. Both because of their numerical superiority and greater advance, the Marathas and allied castes have now emerged as educationally the most dominant section of the rural society." (Page 128).

In economic terms, peasant farmers, often with their own lands, are pushing ahead in rural education very rapidly. But the agricultural labourers are relatively backward. In terms of the size of landholdings and incomes, it is the more affluent sections of society that have registered greater progress in education. If a village has irrigation or a cash-crop economy, it has gone forward with education. Professor Kamat's book is a useful sociological document, full of data and statistics; it brings out the point that progress in agriculture results in the ancillary effect of the spread of education.

Country Profiles

Trading with the World—Country Profiles. (Published by the Indian Institute of Foreign Trade, H-24 Green Park Extension, New Delhi 16. Price Rs. 40, pages 721.)

The first edition of this publication was published in 1968. The enlarged second edition incorporates profiles of the 100 countries which featured in the first edition, besides adding nine more, namely, Bahamas, Bangladesh, Barbados, China, India, Ivory Coast, Malta, Qatar and Surinam. Particularly useful is the information on import policies, exchange systems, trade agreements, trade prospects and investment opportunities for Indian investors. Tariff concessions offered under the Generalised System of Preferences have been highlighted.

Should Banks Have a Central Policy for Recruitment?

(By a Special Correspondent)

It is desirable that banks should have a central recruitment policy. The policy should preferably be on a decentralised basis so that recruitment can be made on an areawise pattern.

THE Indian banking industry presents personnel problems of various types. One of the areas where special attention has to be immediately given is recruitment of appropriate persons at all levels of the industry. Till nationalisation, individual banks had been recruiting their own staff. The recruitment was guided by two considerations: one, locationwise requirement and, secondly, the particular requirement of the job. Since nationalisation, the situation has been changing, and it has become desirable to have a uniform pattern of recruitment. This will immediately involve certain problems, one of them being whether individual banks should go in for their own recruitment or whether it should be made on a national level on a corporate basis, centralised or decentralised.

A central recruitment policy is perhaps the most desirable, and the banking industry should formulate such a scheme. When one speaks of central recruitment, it automatically gives the impression of a recruiting agency similar to the Union Public Service Commission or certain other central recruiting organisations of large corporations. Although for the present such a single recruitment centre, might be considered suitable, perhaps the best thing to have would be a central recruiting policy decentralised on

a zonal basis. The central organisation should have four or five zones, which should be based at important centres like Bombay, Calcutta and Delhi.

The recruitment policy should be decided on the basis of the job requirement, which is still vague in the banking industry. While job analysis is quite possible, the nature of requirement may vary with individual banks. But if it is studied in depth, a general pattern will be found. At the last rung of recruitment, or the base, the basic requirements are probably good precis writing, composition, proficiency in mathematics and general knowledge coupled with an alert mind. Specialists should be recruited at a higher level. The problem of industrial relations that the banking industry faces has been due largely to the recruitment policy. Most of today's hierarchy is composed of persons who have worked their way up but in terms of attitude, education and temperamental bias, the requirement has not always been fulfilled and the performance suffers automatically. While formulating a central personnel policy, this aspect should be taken care of and applicants with a broader outlook should have preference. In future years their progression should match with their acquired specialisation through both experience and additional educational attainment.

While a central recruitment board would be working on a zonal basis, it should have more or less the same members: a personnel specialist, a management service specialist and also

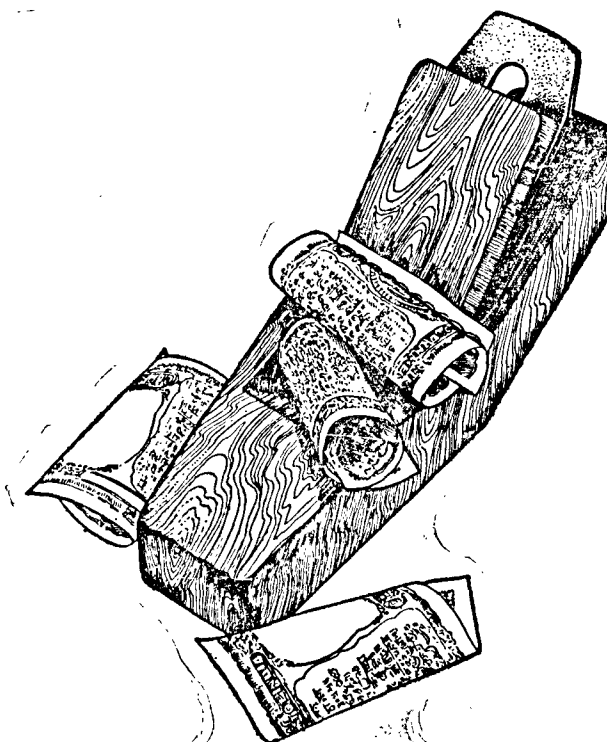
personnel from the bank management, who know banking thoroughly. Over the years, while written tests and thereafter formal interviews have been the method of recruitment, there is no denying that personality test has so far not been a very important factor as far as recruitment is concerned. So, while it is quite important that proficiency and merit based on educational performance are necessary, it is equally necessary to understand an applicant's personality. It would thus be desirable to have in such a board some psychologists, who have specialised in staff selection and who can throw some light on the particular aptitude of the applicant.

When a central recruitment policy has been formed and general aspects or methods of recruitment have been established, it will naturally be easier to call for interviews within a short time. It has often been noted that a waste of time has been caused only through non-decisions even after applications have been called for. If a time schedule is adhered to, recruitment becomes easier, and it also psychologically helps the candidates who have applied for jobs.

What is being suggested is that the banking industry may take up central recruitment as a policy but on a decentralised basis, i.e., recruitment being made for the banks on an areawise basis. It is also desirable that a "pool-selection" is made for all the banks by a single local board and the members are placed in different banks according to particular requirements. In the service board, there should be people with experience in the banking industry, personnel specialist and also psychologists, who should be able to give some guidance as to the suitability of the candidate or otherwise. In the case of specialised recruitment, one or two specialists of the particular functional area should always be included. While making the selection, the board should decide what percentage of the recruits will eventually be promoted to higher rungs from the base points, because qualifications, etcetera have to be standardised accordingly. Again, it is very important that while evolving a detailed procedure for such recruitment, a time limit is observed between the date the advertisement is published and the final selection of the candidates as well as placement. A central recruitment board has become absolutely necessary because of the changed situation in the banking industry. Inter-changeability of personnel from one bank to another is another idea that remains to be examined in future.

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The Pros and Cons of Raj Committee Report

By M. R. Meher

The Raj Committee's proposal for levying tax on agricultural holdings bristles with administrative difficulties and other complications. Even if the States accept the committee's recommendations, it is doubtful whether they can be implemented effectively.

THE Raj Committee report on the taxation of agricultural wealth and income has been brought out in record time, considering the time usually taken by committees. It is understood that the report has been welcomed in official circles and by the Planning Commission, as the committee's recommendations would greatly help in mobilising resources for the Fifth Five Year Plan. However, in regard to the committee's principal recommendation on the need for compelling the agricultural sector to make its due contribution to the much-needed Governmental revenues and to the requirements of economic development of the country, it is doubtful whether it will secure the objective.

The committee's view that while indirect taxation has an important rôle in the fiscal system, it has serious limitations as an instrument of resource mobilisation, that the incidence of direct taxation should be broadly the same on comparable incomes and wealth, and that in taxing agriculture it is necessary to ensure that the better-off sections pay proportionately more out of their incomes and wealth so that there is a reasonable degree of progression in the tax, would command general assent. There is at present no proper principle of progression in land revenue. Agricultural income-tax which is levied in some States has been a failure and has made only minimal contribution to the States' revenues. As pointed out by the committee, direct taxes on agriculture levied by the States, viz., land revenue cesses and surcharges based on land revenue, crop cesses and agricultural income-tax, account for barely 1 per cent of the net domestic product from agriculture and the proportion varies from State to State. The committee has referred to the constitutional and other difficulties of a completely inte-

grated system of income-tax on agricultural and non-agricultural incomes.

Its proposal for tax on agricultural holdings is broadly as follows: The country should be divided into a sufficiently large number of climatically homogeneous districts with more or less the same type of soil so that differences having significant influences on productivity are taken into account. For each district/tract norms of output of different crops a hectare for each year should be worked out on the basis of estimated yields for the previous ten years. These should be valued at the relevant average harvest prices for the preceding three years. The norms would thus be derived from the ratable value of a hectare of land growing different crops in different districts/tracts. From the value of the gross output of the crops, allowance should be made for the costs of cultivation other than expenses of irrigation, and also for depreciation of assets other than livestock. The schedules of ratable values should be revised every year by the State Governments, taking into account yields of the preceding ten years.

To provide for the costs of development a development allowance should be given to all agricultural holdings at the rate of 20 per cent of the ratable value, subject to a maximum of Rs. 1,000. Tax on operational holdings should be levied on the basis of a family (husband, wife and minor children). The implementation of the tax is to be made in two phases, in the first phase on holdings of the ratable value of Rs. 5,000 or more. In the second phase it is to be extended to holdings below this value. To facilitate the determination of the ratable value of holdings, a system of crop inspection and recording of crop acreages should be evolved. To ensure uniformity over the country it is proposed to have an all-India committee on agricultural holdings tax to be appointed by the Planning Commission which is to undertake every year a *post facto* review of the tax in all the States, consult the State Governments where significant departures are found from the desired uniformity and

submit an annual review to the Planning Commission.

The proposal, which has been very briefly summarised above, appears administratively very difficult and complicated, would involve the setting up of centralised machinery for collecting colossal data, evaluating records and working out norms for districts and tracts. Even if the States accept in principle the highly complicated proposals, having regard to the experience so far obtained in the States of land ceilings legislation, it is doubtful whether they can be effectively carried out and whether the results will be altogether satisfactory. An ideal solution for raising resources from the agricultural sector is not practicable in the present circumstances. Perhaps, a simpler method for making the agricultural sector contribute more towards its due share to the much-needed revenues would be a short-term one for each State: to rationalise and increase the existing rates of land revenue or surcharges, exempting small holdings, and graduating the increases on the basis of soil conditions and types of crops.

The land revenue is still a convenient form of tax and, if made progressive along the above lines, may yield the States more revenue than the tax proposed by the Raj Committee. The farm sector continues to be heavily subsidised, as is illustrated by the losses suffered in irrigation works. It has been estimated that if the water rates for rice, wheat and sugarcane are suitably increased in the States, their receipts from this source alone would go up ultimately to over Rs. 130 crores. As for agricultural income-tax, it is necessary that the States which have not imposed it should evolve steps to tax agricultural incomes and the exemption limits of the tax as at present levied in some of the States should be lowered.

The proposal for amending the Income Tax Act, so as to aggregate the agricultural and non-agricultural income of the assessee for the purpose of determining the rate of tax on the non-agricultural portion of the income, is reasonable. In computing the income from agriculture for the purposes of this partial integration, items of expenditure allowed under the Income Tax Act in the computation of income as in the case of business or progression, including depreciation of machinery and tools used in agriculture, have been rightly proposed to be deducted from gross receipts. The proposal of the committee would not only result in some equity but also check evasion.

Assessing the Impact of Higher Minimum Bonus on the Economy

By M. Kutumba Rao

The Government has raised the rate of minimum bonus without first establishing some kind of relationship between wages, profits and production. Employers are naturally concerned about the possible impact of the decision on the economy.

THE revision of the statutory minimum bonus upwards from 4 per cent to 8.33 per cent in case of all public and private undertakings, barring departmental undertakings like the railways and Post and Telegraphs and the units not covered by the Bonus Act, whether making profit or not, has raised more issues than it has solved. Will this enhanced minimum bonus adversely affect the growth prospects of the economy? Will the marginal industrial units be compelled to close down? How far the decision will impede the expansion of the corporate

sector? Will the measure bring in the much-needed durable industrial peace? An attempt has been made here to answer these basic questions.

Bonus has been the subject of controversy between the working class, the employers and the economists for long. However, the origin of minimum bonus could be traced back to 1954, when a number of employers and labour unions signed long-term agreements incorporating the concept of a minimum bonus. The hope that this sort of arrangement would promote industrial peace was, however, falsified, mainly due to inter-union rivalries. Nevertheless, such agreements introduced a new element and that was minimum bonus irrespective of profits. This changed the concept of bonus and its direct link with profit and productivity. Bonus payment has been made statutory with the enact-

ment of the Payment of Bonus Act in 1965. The Bonus Commission recommended in 1965 that a minimum bonus was payable to workers even where employers incurred a loss. But the measure did not produce the expected result. Instead of creating industrial harmony, the Bonus Commission's formula aggravated conflicts and hence the latest enhancement of bonus to 8.33 per cent.

While labour has every reason to hail the enhancement of minimum bonus, industry has been critical of this "counter-productive" step and its "dangerous spin". It is not that employers are sore because of the rise in the quantum of bonus, but they are worried about its effect on the spiralling prices. They are also concerned about the likely effect of the new bonus formula on the marginal and weak units, which constitute nearly a third of the industrial undertakings. A recent study by the Reserve Bank of India shows that 23 per cent of the 1,500 undertakings covered have paid bonus at the minimum rate only (i.e., 4 per cent). Since the minimum has now been raised, the percentage of concerns which will be forced to pay bonus at 8.33 per cent is sure to form the majority. This may lead to the

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Strengthening the grass-roots of the economy

closure of many weak units, aggravating the unemployment problem.

Since wages are an important component of industrial costs, any rise in wages or bonus will naturally mean a costlier end product. All industrial manufactures, particularly the export manufactures, will be hit hard. More liquid cash in circulation will only shoot up prices in an economy of shortages. Should the consumer be penalised for pacifying labour? How far the series of traditional measures, including the opening of fair price shops, announced by the Labour Minister to arrest the price rise will fructify is anybody's guess. It has become a vicious circle, more wages leading to higher prices and higher prices leading to more wages. The authorities had had no success in breaking this vicious circle. The Government instead of extinguishing the fire of inflation is adding fuel to it.

The higher bonus would bring down profits and a steep and continuous decline in profits would mean drop in investment and consequently retard the growth of the economy. In other words, entrepreneurs would be afraid of taking risks with the general level of profits going down. In this way,

the problem might resolve itself into a clash between a few millions who are employed and the countless unemployed and underemployed. What will be the impact of higher bonus on public-sector units, especially those which are in the red? To cite one example, Hindustan Steel Ltd, which has not fared well in recent years, will have to raise, according to one estimate, Rs. 6.5 crores to pay bonus at the new rate. The new bonus formula would create social disparities, as the organised labour which represents only 5 per cent of the total working class in the country is assured of a minimum bonus, when millions are either unemployed or underemployed.

If the Government thought that by dangling the offer of a higher minimum bonus at this juncture it could pave the way for industrial peace, then it would soon be disillusioned. Bonus has often been the cause of industrial disputes over a decade. It may be interesting to note that the percentage of industrial disputes on account of bonus has increased from 9.9 in 1965 (the year in which the legislation was passed) to 13.2 in 1966 (the year that followed the year of bonus legislation). It should be noted that the units and departmental

undertakings excluded from the purview of the Bonus Act have already begun to hoist their flag demanding the extension of that boon to them also. What will be the total bill in case the Government concedes their demand? If the trade union leaders could assure that there would be no more work stoppages, then the community at large would deem the extra burden worth bearing. But could they do so? Mr. Naval H. Tata, president of the Employers Federation of India, has observed that "this new minimum bonus again will lead to a demand for higher maximum bonus resulting in a fresh round of industrial disputes".

From the above analysis, it appears that the new bonus is a sheer political concession made by the Government without making any prior effort to establish some kind of relationship between wages, profits and production. Such *ad hoc* decisions are not to raise investment and production. It is unfortunate that the Government has yielded to the pressure tactics of labour leaders. The labour leaders too should, instead of demanding periodical hikes in labour emoluments, pressurise the authorities to tackle effectively the inflationary situation.

INVESTMENT

Encouraging Corporate News Keeps Shares Steady

SHARE prices on the stock exchanges have continued to rule fairly steady this past week. Technical considerations apart, the sustained flow of encouraging corporate news in the shape of higher equity distributions and profits has provided the main driving force and the closing rates of a good number of shares have recorded moderate to impressive gains on balance. At times, precautionary bull unloading at improved levels has caused a little erosion of top gains but the overall undertone has been steady. The volume of business has been restricted partly due to a portion of funds seeking investment being siphoned off to new issues and partly because of a general shortage of high yielding shares. Lyons Range has gained a little edge in performance over Dalal Street.

The stock markets have had to contend with both good and bad news. The unabated rise in the prices of essential commodities, the lingering uncertainty on the food front notwithstanding the Central Food Minister, Mr. F. A. Ahmed's assurance that the situation has now turned for the better, shortages of raw materials, the continued power famine which has already resulted in a loss of production of nearly Rs. 48 lakhs in eight States for the nine months ended September this year and fears of a widening of the tax base in the next Budget to raise resources to finance the massive outlay envisaged in the Fifth Plan have acted as restraining factors. But the adverse impact of all these has largely been outweighed by a spate of helpful news. Marketmen are inclined to believe that the Government will be more realistic in formulating its joint-sector concept in view of the urgent need for stepping up production and creating fresh employment opportunities. Meanwhile, the Centre is entering the market on 1st December to mobilise Rs. 100 crores by way of loan floatations. It has reserved the right to retain 10 per cent in excess of the amount notified. This means that the net amount which can be mobilised is Rs. 110 crores. The twin objective of the floatation is to siphon off the excess liquidity in the economy and reduce the quantum of

deficit financing being resorted to by the Government.

Operators have also welcomed the signing of the recent Indo-Soviet trade protocol envisaging an increase of about 20 per cent in the trade turnover to Rs. 410 crores in 1973. It is also reported that the World Bank Group is considering assistance to India of the order of \$200 million for four new projects, negotiations for which are likely to be completed before the end of February next. Meanwhile, financial institutions in the country have formulated schemes for extending monetary assistance on concessional terms to small and medium industries in the backward districts and areas identified by the Planning Commission. They have decided to extend loans to units falling under the scheme at a concessional rate of 7 per cent interest, against the normal rate of 8.5 per cent.

Gilt-edged securities have been steady but turnover has remained rather restricted. Price variation has also been minimal. The 3 per cent Conversion loan 1936 has been quoted at Rs. 60. There has been little change in State Government loans.

Lyons Range has remained quiet this past week. Corporate news on the whole has been favourable but operators are still in the dark as to how Government policies are going to shape up. The last meeting of the Central Advisory Council of Industries has failed to generate confidence about any major change in the Government's industrial licensing policy. Market circles are thus in a mood to wait before making fresh commitments. Among engineering shares, Electrosteel Castings, Shriram Bearings and Guest Keen Williams have been supported. Among jute shares, Gourepore and New Central have changed hands. Among tea shares, Grob has been transacted. Among paper shares, Bellarpur have been firm and so have been Straw Products and Seshasayee. Business has been done in Cawnpore, Dunbar and Jayashree among cotton shares. In the coal section, Bengal and South Karanpura have been transacted. Among miscellaneous shares, Indian Explo-

sives, Indian Oxygen, Union Carbide, Gwalior Rayon, Philips India and Universal Electric have hardened.

Dalal Street has developed a softening tendency, particularly in the early part of the past week. In initial dealings, equities have suffered an all-round setback on persistent selling pressure and lack of fresh enquiries. Activity has tended to decline with attention being confined only to a few selected speculative counters. Towards the close, however, share prices have staged a moderate recovery. Earlier, the warning raised by Mr. J. R. D. Tata that the economy is heading for a severe crisis with the prospect of a sharp decline in growth both in the industrial and agricultural sectors during the next couple of years has produced an unsettling impact on sentiment. Among textile shares, Century, Standard, Indian Dyestuff and National Rayon have attracted buyers at higher rates. Sugar and shipping shares have also been marked up. Great Eastern Shipping, Scindia Steam, Phaltan Sugar and Maharashtra Sugar have received good enquiries to improve smartly. In steel shares, Tata have met with renewed buying support induced by the Company's latest proposal for the expansion of its capacity by another 2.5 million tonnes while T.E.L.C.O. have rallied up on the permission for its expansion for the manufacture of commercial vehicles by 50 per cent over the existing level to 36,000. Among others, Hindustan Brown Boveri, Kir-

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COMPANY REPORTS

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

Alkali and Chemical
G.K.W.
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Indian Aluminium
Indian Iron
Phaltan Sugar
Sakthi Sugars
Valley View Breweries

Ioskar-Cummins, Siemens India, India Organic Chemicals, Polyolefins and E.I.D. Parry have enjoyed preference.

The Madras stock market has maintained a firm trend this past week. A few selected equities have met with some enquiries. Labour situation in the south has been a disturbing factor, but operators in general have been hopeful of good prospects ahead. Among sugar shares, Deccan and Aruna Sugar have moved up. Kothari Sugar have improved on dividend news. Among planting shares, business has been done in Pullangode Rubber and Peria Karamalai but Consolidated Coffee have remained easy. In the textile section, Madura have improved and interest has been shown in Coimbatore Cotton. In the miscellaneous section, Mettur Chemical have improved. Ashok Leyland and Aluminium Industries have been transacted. United Breweries have changed hands and W.S. Insulators have marked up on expectations of good corporate news.

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 24/60—24/75—24/55—24/65—(20/35)
Burrakur Coal 4/03—4/06—4/00—4/06
Dunlop India 26/90—26/95—26/25—26/50—(28/70)
Guest, Keen, Williams 32/40—33/00—32/10—32/85—(28/90)
Hindustan Motors 7/35—7/35—7/20—7/35—(8/50)
Howrah Jute 6/12—6/12—6/12—6/12—(7/56)
Indian Aluminium 32/05—32/40—32/00—32/30—(31/00)
Indian Cable 19/95—20/15—19/95—20/05—(18/40)
Indian Copper 2/54—2/54—2/49—2/52—(3/60)
Indian Iron 6/40—6/45—5/80—5/95—(9/00)
J. K. Cotton 8/20—8/31—8/15—8/15
Jayashree Tea & Industries 16/81—16/94—16/69—16/75—(14/56)
Kesoram Industries 17/95—18/10—17/75—18/10—(14/20)
National Rubber 5/19—5/19—5/12—5/19
Orient Paper 33/95—34/75—33/90—34/60—(30/80)
Orissa Cement 18/95—19/10—18/70—19/05—(16/15)
Rohtas Industries 4/00—4/00—3/50—3/55—(4/55)
Textile Machinery 10/20—10/53—10/00—10/15—(9/70)

Gramophone Company Produces Good Results

THE Gramophone Co. of India Ltd has shown satisfactory working results for the year ended June 1972. Turnover for the year was Rs. 6.06 crores (against Rs. 5.13 crores), an increase of Rs. 93.26 lakhs or 18.2 per cent. The increase in sales was mainly in gramophone records and record playing equipment. The Company has earned a higher pre-tax profit of Rs. 70.91 lakhs (against Rs. 56.84 lakhs), after raising the provision for depreciation from Rs. 3.16 lakhs to Rs. 3.86 lakhs. In view of the Company's better performance, the taxable ordinary dividend of 17½ per cent has been maintained which will be paid out of general reserve. This offers a yield of 6.6 per cent at the present price of Rs. 26.50 a share of Rs. 10 each.

The holders of 150,000 ordinary shares issued in terms of the Company's prospectus dated 2nd December, 1971, will be entitled to dividend at the aforesaid rate for the period from 1st January, 1972 to 30th June, 1972. The total amount of dividend payable will absorb Rs. 11.81 lakhs. Taxation accounts for Rs. 45 lakhs

(against Rs. 36.10 lakhs). Writing back Rs. 2.39 lakhs (against Rs. 4.78 lakhs) from provision for taxation no longer required and Rs. 1.06 lakhs (against Rs. 47,370) from adjustments relating to previous years, and after making other adjustments, there is a balance of Rs. 29.59 lakhs (against Rs. 25.68 lakhs) available for appropriation. Allocations include Rs. 1.34 lakhs (against Rs. 1.40 lakhs) for development rebate reserve, Rs. 21 lakhs (against Rs. 19.50 lakhs) for general reserve, Rs. 2.38 lakhs (against Rs. 2 lakhs) for deferred taxation reserve, Rs. 33.158 (against Rs. 27.502) for doubtful debts and advances reserve and Rs. 4.40 lakhs (against Rs. 2 lakhs) for staff retirement gratuity reserve. There is a carry-forward of Rs. 13,369, against Rs. 50,050 brought in.

It is reported that the letter of intent for the manufacture of stereo and compatible pick-up cartridges has been converted into an industrial licence permitting the Company to manufacture 350,000 pick-up cartridges and 300,000 stylus a year. Work under this project is well under way and it is

expected that production will start from 1st January, 1973. The total value of export sales for the year at Rs. 52.02 lakhs (against Rs. 58.77 lakhs) showed a decrease of Rs. 6.75 lakhs or 11.5 per cent. The decline was mainly due to import restrictions imposed in some of the Company's export territories.

INDIAN IRON

A Difficult Year

THE preliminary statement of accounts of the Indian Iron and Steel Co. Ltd for the year ended March 1972 shows that the Company has incurred a loss of Rs. 2.08 crores after providing Rs. 5.64 crores (against Rs. 5.61 crores) for depreciation, Rs. 91.13 lakhs (against Rs. 1.75 crores) for statutory reserve and nil (against Rs. 46 lakhs) for taxation. In view of the Company's loss and also the heavy strains on its cash resources, the Custodian has decided to pass the dividend on ordinary shares. A taxable ordinary dividend of 6 per cent was paid in the previous year. Transferring Rs. 2.26 crores (against nil) from reserve and provisions for earlier years, there is a surplus of Rs. 17.55 lakhs which will absorb the preference dividends. The net transfer to appropriation reserve was Rs. 3.05 crores, including the statutory reserve of Rs. 1.75 crores in the previous year.

ALKALI AND CHEMICAL

Final Dividend

THE board of directors of the Alkali and Chemical Corporation of India Ltd has recommended a final taxable dividend of Re. 1 an equity share for the year ended September 1972. This, together with the interim dividend already paid at 75 paise a share, will bring the total dividend for the year to Rs. 1.75 a share (17.5 per cent). The dividend declared last year has thus been maintained. A brief statement of the trading results of the Company for the year indicates that although sales improved to Rs. 26.97 crores, compared with the previous year's figure of Rs. 24.77 crores, the profit before tax was reduced from Rs. 269 lakhs to Rs. 248 lakhs. The after-tax profit at Rs. 78 lakhs showed a marked decline, compared with Rs. 104 lakhs for the previous year. The drop in the profit is attributed mainly to increases in salaries and wages and improved welfare amenities arising from a five-year agreement with the Company's Rishra works unions, enhanced rate of

import duties on certain key raw materials, increase in the costs of indigenous raw materials and transport, and partly to the enhanced tax liability of Rs. 170 lakhs, compared with Rs. 164 lakhs for the previous year.

HINDUSTAN COPPER

Significant Progress

IN his statement at the annual general meeting of Hindustan Copper Ltd, recently held in Khetri Nagar, Rajasthan, Mr. D. K. Dhaon, chairman, said that the Company had achieved significant progress in the construction of its various projects during the year ended March 1972. The Khetri project is in the construction stage. The total mine development has been about 58,000 cubic metres, against 22,000 cubic metres. The cost of mine development has also come down by about 30 per cent. When completed, the project will include two mines—one in Khetri and the other in Koliha—a concentrator, a smelter and electrolytic refinery and an acid-cum-fertiliser plant. The concentrator plant is expected to be in operation by the end of March next, while the smelter is scheduled to go into operation towards the end of 1973 or early 1974, along with the refinery.

The Daribo copper project is one of the small but promising deposits which is now being developed to yield 250 tonnes of copper ore a day. The concentration of the ore is to be carried out at the site itself and smelting and refining in the Khetri complex. As for the Agnigundala project, the chairman said that a detailed project report would be submitted to the Government shortly. The detailed project report on Chandmari deposit has been submitted involving processing of the ore in Khetri. A preliminary feasibility study has been submitted for the Malanjhand project and as this is a promising deposit the Company has requested the Government to allow it to take advance action pending the preparation and sanction of the detailed project report.

The Indian copper complex in Ghatasila—recently taken over by the Government and handed over to Hindustan Copper Ltd—is situated in the Singhbhum copper belt which includes Rakha deposits. Since the take-over, the rate of production has steadily increased. The chairman said that the old reverberatory furnace in Ghatasila, which was closed down consequent upon the commissioning of the flash smelter plant in 1971, had been put back into operation. The combined

capacity is expected to meet the needs of integrated mining operations in the Singhbhum belt. The Rakha copper project is among those which will be benefited by the take-over. The first phase of this project is on schedule and the Company hopes to work the concentrator plant at the rate of 1,000 tonnes a day by early 1974. The second phase of development of the Rakha mines is now under consideration. The Company has decided to appoint a Canadian firm of mining consultants for the preparation of the project report for mining operations.

G.K.W.

Pavilion at Asia 72

THE G.K.W. pavilion at Asia 72, among the first to be ready in time for the inauguration, is a simple and elegant three-cubed structure which explains the theme of G.K.W. as "The Engineers' Engineers". The story starts with the steelmaking activities of G.K.W. and then goes on to describe how steel is converted at G.K.W. into various sophisticated

components that go to meet the needs of priority sectors of the Indian economy. Steel to G.K.W., it is said, is what stone is to the sculptor. By transforming the quality, shape and size of steel, its functions are multiplied and it is transformed from mere metal to sophisticated components. The four operating divisions of G.K.W. making and converting steels are highlighted in the pavilion with the help of colour translites, murals, display units and a working model of the G.K.W. steel plant, complete with commentary. The moving sculpture outside the pavilion and the mural on the exterior of the central cube are among the other interesting features of the pavilion.

INDIA TOBACCO

Donation to Relief Fund

INDIA Tobacco Company Ltd has made a contribution of Rs. 3.27 lakhs to the Prime Minister's National Relief Fund a few days ago. The amount represents a donation of Rs. 2 lakhs by I.T.C. and its interconnected concern Indian Leaf Tobacco Develop-

VALLEY VIEW BREWERIES : SHARE OFFER SOON

VALLEY View Breweries Ltd, which is setting up a brewery with a capacity of 50,000 hecto-litres a year in Chakradharpur (Bihar), will enter the capital market some time in December with a public issue of Rs. 49 lakhs comprising 390,000 equity shares of Rs. 10 each and 100,000 9.5 per cent redeemable cumulative preference shares of Rs. 10 each. The Company has an authorised capital of Rs. 1 crore (Rs. 80 lakhs in equity shares and Rs. 20 lakhs in preference shares). The issued and subscribed capital is Rs. 3 lakhs in equity shares. Further equity shares of Rs. 38 lakhs will be subscribed by the promoters, directors and their associates. The Company has obtained all the necessary licences, including one for importing machinery and equipment which are not available indigenously.

The brewery has been planned with a view to future expansion to 100,000 hecto-litres. The Company has been investigating various offers of plant and equipment which are being manufactured in this country at present with foreign technical collaborations. Negotiations are also well advanced with Simon-Carves (I)

Ltd for a complete plant with technical collaboration of Truman Breweries, a renowned firm of brewers in the United Kingdom. It is expected that negotiations for the manufacture of British type of beer will be completed and the Company will finally decide soon which foreign know-how will be made use of. The Company will also introduce canned beer for the first time in the country. It expects that its product will not only create great internal demand but will also be sold in the export market.

The Company has also received a letter of intent for setting up another brewery of 100,000 hecto-litre capacity in Purulia. Yet another letter of intent for setting up a malt mill for the manufacture of breakfast and milk food, beverages, etcetera, has been received, from the West Bengal Government. This unit will be the first of its kind in the eastern region. For both the brewery and the malt mill, the Government has decided to settle 40.97 acres of vested land in Purulia. For the above two projects in West Bengal, the Company will enter the capital market in the near future.

ment Co. Ltd and the proceeds of the I.T.C. Sangeet Sammelan recently organised by these Companies in New Delhi.

SAKTHI SUGARS

Bonus Issue

SAKTHI Sugars Ltd has produced excellent working results for the year ended June 1972. There has been a substantial rise in profit as a result of a larger crush, better recovery and higher production of sugar. The directors' decision to raise the dividend to 15 per cent from the previous year's 12 per cent and, in addition, to issue

bonus shares in the proportion of two for every five shares held has been greeted by the shareholders. The profit for the year, before depreciation and taxation, is Rs. 135.34 lakhs (against Rs. 55.06 lakhs). Provision for depreciation is Rs. 29.89 lakhs (against Rs. 20.05 lakhs). Development rebate reserve gets Rs. 13.50 lakhs (against Rs. 7.22 lakhs). A sum of Rs. 12.95 lakhs (against Rs. 10.56 lakhs) is transferred to dividend reserve. The gratuity fund gets Rs. 6.50 lakhs for the first time. A substantial amount of Rs. 72.50 lakhs (against Rs. 17.19 lakhs) is transferred to general reserve. There is no separate provision for taxation, as the estimated tax liability of Rs. 50 lakhs will be met out of general reserve.

GOVERNMENT OF INDIA

5 PER CENT LOAN 1984 TO BE ISSUED AT RS. 99-50 PER CENT AND REPAYABLE AT PAR ON 1ST OF JUNE 1984.

5½ PER CENT LOAN 1988 TO BE ISSUED AT RS. 99-50 PER CENT AND REPAYABLE AT PAR ON 1ST OF JUNE 1988.

Subscriptions to the above loans will be received simultaneously and will be limited to a total of Rs. 100 crores. Subscriptions may be in the form of cash/cheque. Government reserve the right to retain subscriptions upto ten per cent in excess of the notified amount.

2. If the total subscriptions received for the loans exceed the notified figure plus the amount of ten per cent retainable as aforesaid, partial allotment will be made in respect of the subscriptions received and the balance refunded in cash as soon as possible.

3. Interest will be paid half yearly on the 1st June and 1st December. Interest on the loans now issued together with interest on other previous Government securities and income from other approved investments will be exempt from income-tax subject to a limit of Rs. 3,000 per annum and subject to other provisions of Section 80L of the Income-tax Act, 1961. The value of the investments in the loans now issued together with the value of other previous investments in Government securities and the other investments specified in Section 5 of the Wealth Tax Act will also be exempt from the Wealth Tax upto Rs. 1,50,000/-.

4. Subscription lists will open on the 1st of December 1972 and close on 4th of December 1972 or earlier without notice.

Applications for the loans will be received at:—

- Offices of the Reserve Bank of India at Ahmedabad, Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna;
- branches of the subsidiary banks of the State Bank of India conducting Government treasury work except at Hyderabad; and
- branches of the State Bank of India at other places in India.

5. For full particulars please apply to any of these offices or branches.

INDIAN ALUMINIUM

The Taloja Project

INDIAN Aluminium Co. Ltd's Taloja project was conceived as the final stage of Indal's West Coast Project—an industrial complex consisting of a smelter and alumina plant at Belgaum in Mysore and the rolling mill which was inaugurated last week. Taloja marks the completion of the first stage of Indal's West Coast Project. On the drawing boards since 1964, West Coast Project construction started in 1967 over almost virgin territories—in Kolhapur district in Maharashtra for the bauxite mines, in Belgaum in Mysore for the integrated smelter, and at Taloja for the rolling mill. The Rs. 267-crore investment at Belgaum and Kolhapur was completed in 1969. With Belgaum now at 40,000 tonnes capacity, Taloja will process more than a quarter of Belgaum production, and in turn feed foil stock to Indal's nearby Kalwa foil plant. Taloja sheet will be consumed by a wide range of industries—in rail and road transport, in defence, in buildings, in packaging, in new coinage, to name but a few. Taloja holds out a wide potential to many other related and ancillary industries.

Built on a 40-hectare site 65 kilometres from Bombay, the Rs. 15-crore plant at Taloja will roll 11,500 tonnes of sheet products annually. Its mills are India's most sophisticated. Sheet-rolling is centred around the hot mill which can roll down 5-tonne ingots into hot-rolled coils 1,830 m.m. (6 feet) wide.

PHALTAN SUGAR

Joint Venture in Malaysia

PHALTAN Sugar Works Ltd has achieved the distinction of being the first Indian concern to establish a sugar project abroad. A joint venture collaboration agreement between Negeri Sembilan (State) Development Corporation of Malaysia and Phaltan Sugar Works was recently signed in Seremban, Malaysia. Under the agreement, Phaltan Sugar will act as consultants and provide know-how for cane plantations and sugar production. The Company will also invest Rs. 1 crore in the project. The total capital outlay on the project will be approximately Rs. 15 crores. The total export of Indian machinery will be around Rs. 4 crores. The crushing capacity of the factory will be 2,500 tonnes a day and will be producing refined sugar.

COMMODITIES

I.J.M.A. Underlines the Need to Frame a Jute Policy

WRITING editorially under the caption "Wanted: A Jute Policy", the latest issue of the *Jute Chronicle*, the bimonthly journal of the Indian Jute Mills Association, emphasises that the jute industry needs all assistance that the Government can afford for the simple reason that in it the country possesses a rare asset. With its vast resources of equipment, manpower and expertise, indigenously based raw material and excellent international trading contacts, it can make the largest impact on foreign exchange earnings in the quickest possible time at the minimum cost. Considering the various measures being explored by the Central Government for accelerating exports by the removal of unnecessary procedural and other bottlenecks, the *Chronicle* says that "world buyers of jute goods have begun entertaining serious doubts as to whether or not India really means business." This growing cynicism stems from an apparent Government indifference to the long-continuing stagnancy in the country's jute goods export due to the virtual absence of any "positive and forward-looking policy to aid an aggressive export drive during the past two decades." This neglect seems rather inexplicable

in view of the fact that jute still remains the largest single source of foreign exchange earnings for the country.

Stating that the jute world is at a loss to assess the precise reasons behind the Central Government's persistent reluctance to abolish the fiscal imposts on jute goods, the I.J.M.A. journal reiterates that far from improving the country's terms of trade, the imposts have been positively harming the industry's interests and now netting in dwindling revenues for the Exchequer. An export duty flourishes when both domestic supplies and external demand are inelastic. Since such inelasticity of demand has, in most cases, been overestimated and the potential threat from competition and substitution underestimated, the imposts have misfired quite frequently. With normality returning to the industry in Bangladesh and competition from synthetics steadily becoming more and more fierce, the demand for Indian goods has been becoming increasingly elastic. The basic object behind the levies was to mop up the windfall profits which would have otherwise accrued to the manufac-

turers and shippers in a predominantly sellers' market. Since such conditions do not exist any longer, the article concludes that there is no case now for the continuance of the duties. The partial reduction in the impost on primary carpet-backing cloth, announced on 31st October, is unlikely to help broaden the export oftake of Indian jute goods.

J. C. I.'s Plans

The Jute Corporation of India has decided to make bulk purchases of 25 per cent to 30 per cent of the country's annual output of fibre directly from the farmers from the next season for "the benefit of the growers", said Mr. L. N. Mishra, Central Minister for Foreign Trade, recently in Patna. Briefing newsmen after the meeting of the J.C.I., he said that the price of fibre in the primary markets had risen from Rs. 32 to Rs. 35 to Rs. 40 to Rs. 45 a maund, largely due to the timely price support purchases by the Corporation in a sagging market. In view of the absence of a suitable sales organisation for the growers, the J.C.I. endorsed a proposal to encourage the setting up of jute growers' co-operatives on the lines of the cotton growers' co-operatives in Gujarat, Maharashtra, Andhra and other States. It also decided to organise its own purchasing, grading and storage arrangements. While the number of centres in Bihar was to be increased from four this season to 40 next season, 50 such centres were

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 October 1972. As compared with September, the October index for Food shows a rise of 2 points,

while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 482,752 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 1 point during October 1972.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Oct. 1971	Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972	July 1972	Aug. 1972	Sept. 1972	Oct. 1972
Food ...	53.6	945	948	948	935	929	929	934	943	955	964	973	974	976
Fuel and Lighting	4.4	447	447	447	447	447	447	482	482	482	482	482	482	482
Clothing ...	12.4	704	704	704	704	704	704	704	704	704	704	704	752	752
Miscellaneous ...	29.6	401	401	401	401	401	402	402	402	402	402	402	402	402
Combined Index ...	100.0	732	734	734	727	724	724	728	733	739	744	749	755	756

Compiled and constructed by the Statistical Department of "Capital".

proposed for West Bengal. The Corporation also intended to raise its own cadre of about 100 purchasing officers.

Good Quality Fibre

A Central committee of experts has approved the West Bengal Government's programme for raising the production of quality jute by providing special irrigation facilities. The plan has been incorporated in the State's overall agricultural plan. Endorsing the need for stabilising jute production, particularly in the *olitorius* tract, the team has emphasised that production can only be stabilised by the provision of adequate irrigation facilities at sowing time, as also during the period of early growth of jute plants in drought-prone areas of the State. Since both surface and ground water is abundant in the *olitorius* area, the team has opined that two or three irrigations will be enough for the production of *olitorius* jute of good quality. Earlier sowing of jute with irrigation, it continues, will help timely inter-culture, thus providing full employment to about 60,000 persons at 250 mandays a year.

Gunnies Harden

After opening on a shaky note and losing substantial ground during the first two days, the Calcutta gunny market witnessed a moderate reversal of the trend, which helped to erase most of the initial losses. The earlier hesitancy stemmed from the report that a Syrian tender for some 13,000 bales of sacking on an extended delivery schedule had been bagged by Bangladesh against an appreciably lower quotation. The pessimistic report of the five-man industry-Government delegation which recently visited major overseas markets on the brisk substitution of jute goods by synthetics also induced caution. The team has laid stress on the need to reduce the price of the end-products, and also to maintain steady availability at stable prices by holding adequate buffer stocks of goods, preferably in the major consuming markets. As there was little scope for reducing the cost of production, the team impliedly suggested the removal of the heavy fiscal imposts. Despite the buoyant trend in the fibre market and the reluctance of mills to extend their commitments at the declining levels, sentiment continued to be further depressed on the report that the heavy decline in overall despatches from 87,900 tonnes in

September to 80,800 tonnes in October was due to a slump in the export offtake from 44,600 tonnes to 39,500 tonnes and a moderate setback in internal consumption from 43,300 tonnes to 41,300 tonnes. But since mid-week there was a marked reversal of the trend following the elimination of a number of weaker bulls and the clearance of the market load. The reserve shown by the mills and the further hardening of fibre prices, combined with hopes of bagging the second Egyptian tender reportedly for sacking, and the emergence of a more balanced technical position were the stimulants, helping prices to harden appreciably. Business, however, continued to be more or less of a speculative nature. A bleak fibre supply outlook during the remaining period of the season highlighted the prospect of a production cut. While hessian scored only minor gains, heavy goods made a more comfortable recovery. The bullishness was also propped up by a moderate extent of short and shipper-covering against the forthcoming due date settlement of accounts. Besides, chances of a reduced availability of outward-bound loaders for the second half of December induced most exporters to complete their end-December and early-January shipment commitments ahead of schedule. In the hedge market, B Twills futures contracts for November delivery were duly closed on 22nd November. February delivery contracts were briskly transacted thereafter. Turnover was moderate and the closing undertone was bullish.

Latest available quotations (in rupees) were as follows:

	Dec.	Jan.-Mar.
40in. 7½oz.	72.25	73.50
40in. 8oz.	—	—
40in. 10oz.	97.25	97.50
B Twills	256.00	260.00
Heavy Cees	259.00	264.00
Cornsacks	—	—
A Twills (U.S.)	325.00	327.00
Liverpools	304.00	308.00

Fibre Buoyant

Notwithstanding the erratic fluctuations in finished goods, the raw jute market ruled exceptionally buoyant during the past week due mainly to an appreciable shrinkage in the floating stocks and the virtual absence of declared sellers of acceptable grades of fibre. Mills and their agents showed keen and sustained interest in suitable grade fibre in spite of rising prices both at Cossipore and in the uncountryp agencies. The

report that the Jute Corporation of India could purchase only 25,320 bales of 180 kilograms each up to 8th November highlighted the bleak chances of adequate fibre supplies from that source. The comparative raw jute statement of mills reporting to the I.J.M.A. indicated an increase in the arrival of fibre to mill stations to 2.129 million bales for the first four months of the season from 1.795 million bales for the comparable period of 1971-72 and also in fibre consumption from 2.073 million bales to 2.12 million bales, while outstanding deliveries against earlier purchases at the end of October slumped from 1.115 million bales last year to a bare 671,000 bales this year. Even chances of much larger imports failed to curb the runaway price trend, for the world fibre market was likely to rule buoyant well above £112 a tonne f.o.b. Chittagong/Chalna, the indicative price-range for Bangladesh jute recommended by the F.A.O. Turnover was moderate. The closing undertone was buoyant.

Latest available quotations (in rupees) were as follows:

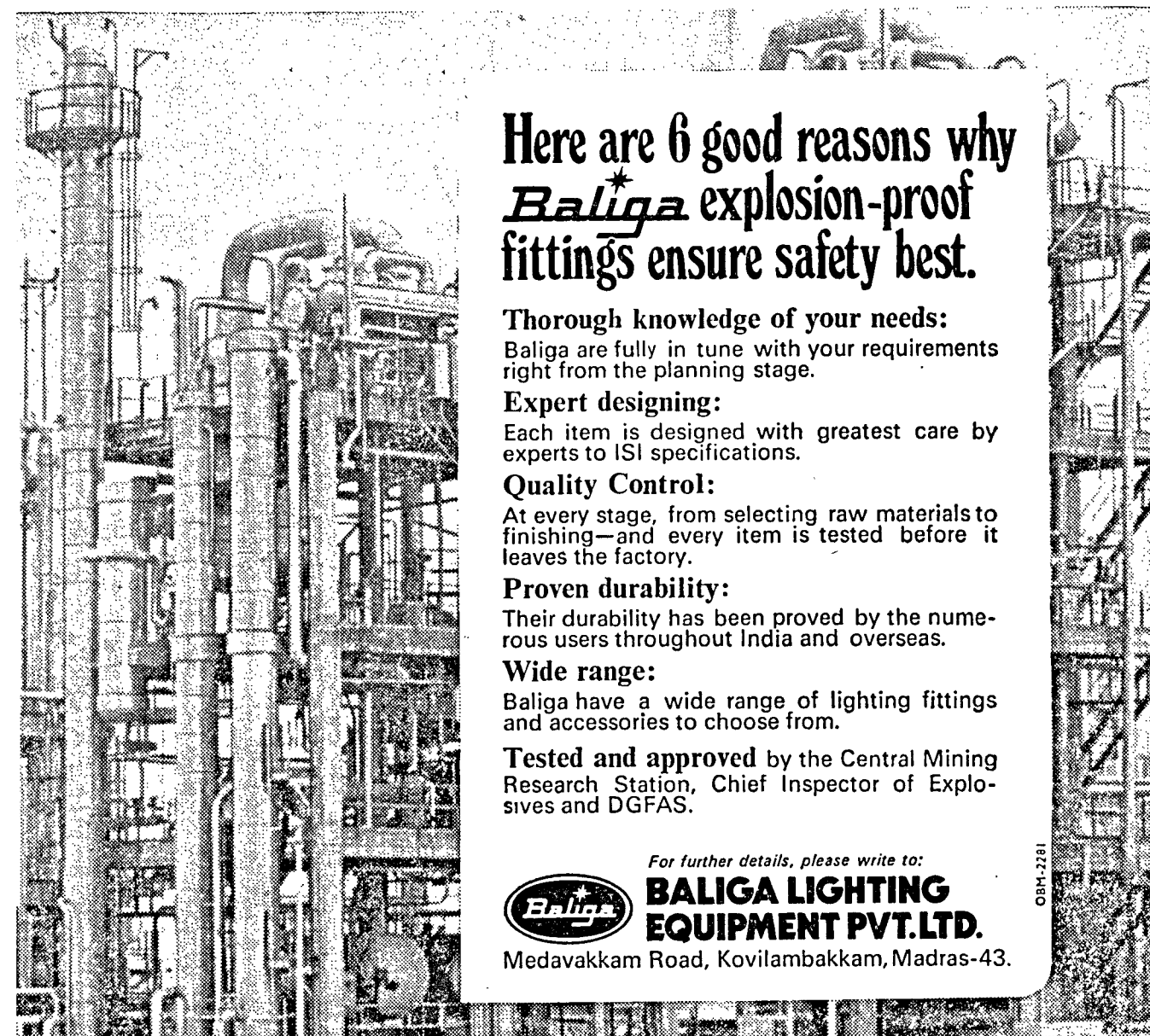
	December-January Rates a Rates a Rates a quintal quintal md. Mid. Bot. Bot.
Selected Assam-	
Agartala	187.55 176.83 66.00
Northern Jute	180.85 170.13 63.50
West Bengal	
Desal	171.47 160.75 60.00
Selected	
Daissee	203.62 192.90 72.00
Assam-Agartala	
Tossa	203.62 192.90 72.00
Mesta :	
Assam Mesta	171.47 160.75 60.00
Selected	
Murshidabad	166.11 155.40 58.00
Bihar Mesta	147.36 136.64 51.00

TEA

Good General Demand

A Special Correspondent writes: At last week's tea auction in Calcutta, the offerings amounted to 54,190 packages for which there was a good general demand. C.T.C. teas were readily taken up. Plain and medium fannings sold at firm rates while the few good liquoring varieties were dearer. Broken, however, were barely steady. Clean plain orthodox broken were a strong feature and were generally dearer while the fannings were firm. Assam orthodox received better support at last rates. Darjeeling teas, particularly the stylish and good liquoring varieties, received better support.

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COMPANY AND PUBLIC NOTICES

THE INDIAN IRON AND STEEL
COMPANY LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting (being the 55th Ordinary General Meeting) of the Company will be held at the Royal Exchange Hall of The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Calcutta-1, on Friday, the 29th December, 1972 at 3 P.M. to transact the following business:

1. To receive and adopt the audited accounts for the year ended 31st March, 1972 and the Custodian's and the Auditors' Reports thereon.
2. To re-appoint Auditors and fix their remuneration.

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 Custodian,
T. B. JOHRI
Secretary

Registered Office:
12, Mission Row,
Calcutta-1
27th November, 1972

Note :—The Register of Members of the Company for Ordinary Shares as already announced will remain closed from 15th December, 1972 to 29th December, 1972 both days inclusive.

JENSON AND NICHOLSON (INDIA) LIMITED

THE Annual General Meeting of Members of the Company will be held at the Registered Office of the Company No. 225, Lower Circular Road, Calcutta, on Friday, 29th December 1972 at 3-30 p.m.

Notice is hereby given that the Register of Members and Share Transfer Books of the Company will be closed from 22nd December 1972 to 29th December 1972, both days inclusive.

By Order of the Board
A. I. THOMAS
Secretary

225 Lower Circular Road
Calcutta, 23rd November 1972

CAPITAL, 30th NOVEMBER, 1972

CAPITAL

(Founded in 1888: Published every Thursday)

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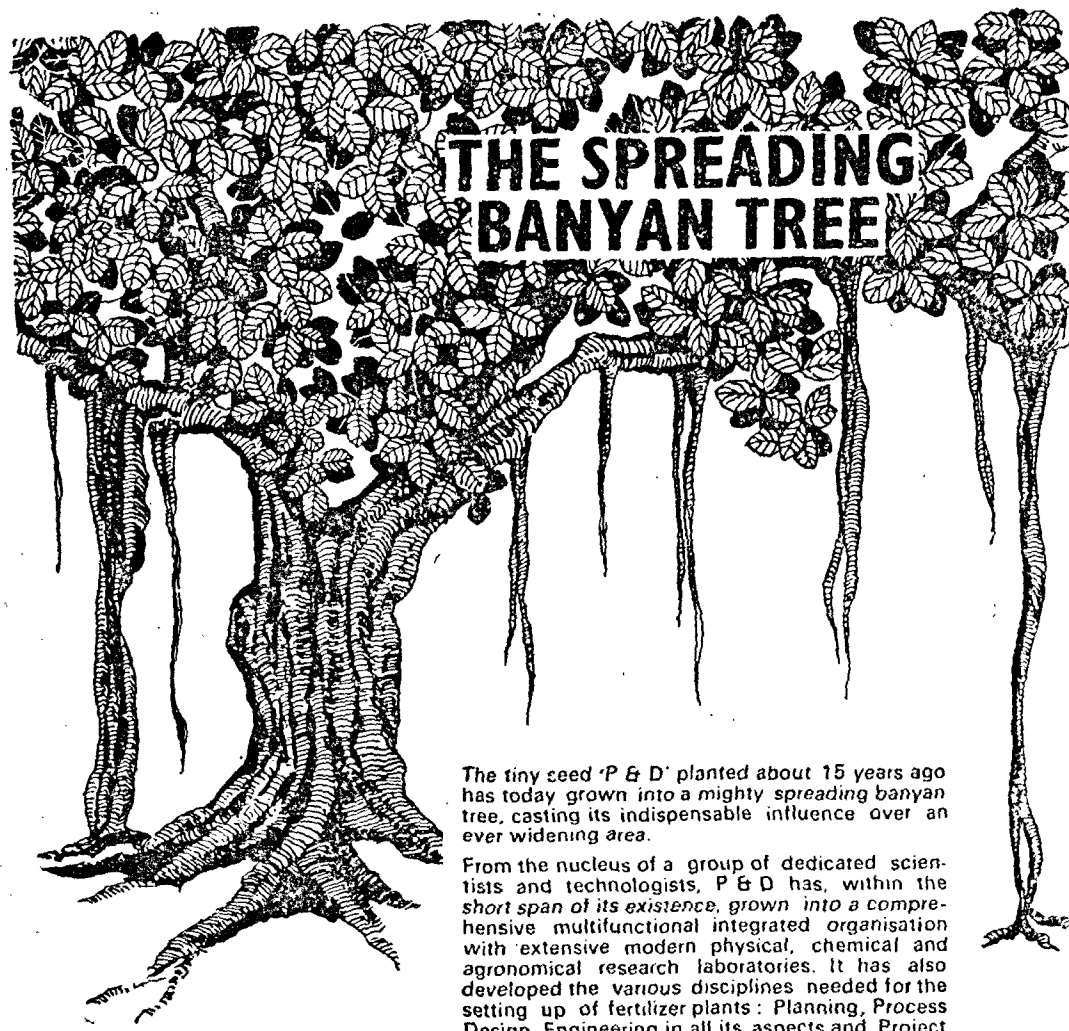
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After Delineation What?

ALL is well that ends well. The prolonged negotiations over the delineation of the line of control in Jammu and Kashmir have at last been brought to a satisfactory conclusion. The spirit of give and take proclaimed by Mr. Swaran Singh and symbolised by the Simla agreement has been vindicated once again. Pakistan has withdrawn its claim to the disputed three square kilometres of territory at Thako Chak and in return India has paid a certain compensation in the form of minor adjustments. The details of the adjustments have not yet been revealed but clearly nothing has been done to prejudice Indian interests. After all, New Delhi had long been talking of rationalisation of the line of control.

The settlement does not, however, altogether clear up the mystery behind why Pakistan had been dragging its feet so long. The failure of the talks at the military level from August to December was deliberate policy on the part of Pakistan. In terms of territory, Islamabad has gained nothing at all. On the other hand, it has lost on more than one count. Mr. Bhutto wanted the five hundred thousand Pakistani refugees to be back home before the sowing of the *rabi* crop. That has not happened. And understandably, because of the delay over delineation, the resolution of other outstanding issues remains unaccomplished. The withdrawal of troops to the international frontier has not taken place. India has seen no reason to vacate 5,200 square miles of Pakistani territory in its occupation. And although some welcome steps have been taken in repatriating stranded civilians, the 91,000 Pakistani prisoners of war who are a liability to India remain in the Indian camps. Yet, Mr. Bhutto has time after time expressed his anxiety to get these barriers to peace out of the way.

Not everything can be explained away as a reflection of Mr. Bhutto's divided mind. That of course is there.

With a brazen lack of consistency, he talks of the need for normalising relations with what he calls Muslim Bengal—the name is just to sweeten the bitter pill for the militant groups—and at the same time openly declares his intention of doing every thing possible to block Bangladesh's entry into the U.N. Nevertheless, the Pakistani stalling tactics were based on somewhat deeper calculations. The territory in question was of no great consequence, as Mr. Bhutto has himself indicated. But he found it necessary all the same to make the fictitious claim that it had long belonged to Pakistan. There was in every objection raised by the Pakistanis a clear design to buy time. To what purpose is, however, open to speculation.

It can be argued that Mr. Bhutto's playing for time—it has by now been revealed that the Pakistani dilatoriness was not thrust by the military top brass upon an unwilling President—was in the main the result of his anxiety to see Bangladesh kept out of the world body as long as possible. Islamabad can always count on Peking's help in the matter although as to who is leading whom there is no clear answer. It is important to Pakistan that Bangladesh gets no entry, for the latter's admission will cause its total diplomatic isolation. There is also the view that Mr. Bhutto was holding up a settlement to wait for the opposition to the Simla agreement in his country to lose its bite and to consolidate his position in the face of the threat from the Jamiat-i-Islam, the Qayyum Muslim League, the Punjabi members in the Pakistan People's Party and the rehabilitated army leadership. One may wonder, however, if the opposition can be so disarmed and what has happened at this particular moment that has induced Mr. Bhutto to accept a settlement that he could have obtained months ago.

It was totally unconvincing that Generals discussing maps could be at variance with one another on points

of legal import. Islamabad gave the world to understand that the dispute over Thako Chak arose out of the interpretation of the Simla agreement. While India had taken its stand on the basis of Clause 1 which said that the Indian and Pakistani troops would be withdrawn to their side of the international border, Pakistan conveniently sought refuge in Clause 2 which spoke of respecting the line of control resulting from the cease-fire of 17th December last year. It is absolutely clear that this issue was pure eye-wash. Pakistan never meant to stick to that line for it could have cost it areas of far greater strategic value than Thako Chak.

Now that the Generals have agreed, the big question is what next? Will the course of peace-making in the sub-continent run smooth? There will be no trouble from the Indian side; Mr. Swaran Singh had shown the extent of India's accommodating attitude when he expressed willingness to thrash out the Thako Chak dispute at a political level. The Prime Minister, Mrs. Gandhi, has already talked of another summit meeting in the fulness of time. In a way it is good that the dispute has been settled at the military level but still its consequences will be chiefly political. The Kashmir situation has acquired a new complexion because of the agreement. Now the old cease-fire line has become obsolete and a case can be made out for requesting the abolition of U.N. supervision. One of the reasons Pakistan was making difficulties was that it did not wish to create a precedent. Whether or not India ever turns it to account, a precedent, no doubt, has now been created.

There is in any event good reason to be sceptical about Mr. Bhutto's future contribution to peace-making. Common sense demands Islamabad's recognition of Bangladesh. But Mr. Bhutto's position in his homeland is not all that unassailable, despite what some foreign correspondents may say, and he has to prepare his people, the more impressionable and potentially the more influential sections, for this acceptance of reality. Islamabad has complicated the position by tying up the issue of recognition with other matters which it is not possible for Dacca to take up until it is formally recognised. In the meantime, Pakistan goes on shopping for arms and having a military build-up. That, together with the Chinese connection, raises doubt about Mr. Bhutto's intentions. His talk of revenge may not be

just heroics. Pakistan is obtaining arms and military equipment from China, Libya and even private arms dealers. Two new divisions have been raised after the December debacle and it is thought that militarily Pakistan will be by the middle of next year better off than it was before last year's war. The emphasis on defence

may be incompatible with the need for reviving the sagging economy but it has political benefits. The belligerence appeals to certain elements, both at home and abroad. Whether that attitude will be ultimately of benefit to Mr. Bhutto himself, uneasily placed in a still unformed civilian regime, is another matter.

Mulki Rules: A New Turn

A NEW dimension has now been added to the Mulki rules issue in Andhra Pradesh with the decision of nine Andhra Ministers to quit the Cabinet. The Ministers have handed over their resignations to the Congress President, Dr. S. D. Sharma, after informing him that in the present circumstances, it would not be possible for them to continue in the Ministry. Obviously, they are dissatisfied with the five-point formula announced by the Prime Minister, Mrs. Indira Gandhi, in Parliament to solve the Mulki rules problem. More than their own disappointment with the formula, they have told the Congress President and, later, the Prime Minister that the people of their region have totally rejected the formula and as such it would not be possible for them to stay in the Government in the face of public resentment against the solution offered.

The circumstances under which Mrs. Gandhi announced the formula are well-known. For weeks, the leaders of Andhra Pradesh had been unable to agree among themselves as to how the problem posed by the validation of the Mulki rules by the Supreme Court should be resolved. They were not in a position to offer a solution which would be acceptable to the people of both the regions. The Chief Minister, Mr. Narasimha Rao, who hails from Telengana, too failed to present a formula on behalf of his Cabinet. The Andhra Ministers, on the one side, demanded complete scrapping of the Mulki rules, especially in the capital city, while their Telengana counterparts on the other would not countenance any such move. The Chief Minister could not just bring the two sides together but tempers meanwhile in both the regions ran high and found expression in violence. In the Andhra region, the main target of attack was railway property. Although the agitation was not so intense in Telengana, the situation there was also quite explosive. And

all this has intensified the demand for dividing Andhra Pradesh into two States.

It was at this stage that the Centre intervened. The Prime Minister and some of her colleagues made genuine efforts to make the two parties agree to an amicable solution. But when this too failed, the Prime Minister had no other option than to announce her formula to solve the issue. Its main point is that the Mulki rules will end in the capital city of Hyderabad by 1977 while in the rest of the Telengana region they will cease to operate with effect from 1980. Thus, two different deadlines were fixed. Secondly, it was made clear that during this period, the Mulki rules will apply only to particular categories of jobs in Government and not at all levels. Thirdly, Hyderabad city will have a common police force so as to ensure security and safety for all sections of the people. This became necessary because during earlier agitations, the life of the Andhra citizens in the capital was sometimes alleged to be insecure. Fourthly, the Mulki rules are made inapplicable in all offices like the secretariat which have common jurisdiction. Finally, it was agreed that in composite offices, the ratio of two to one as between the people of the two regions should be maintained in matters of employment.

The Prime Minister had clearly stated in her announcement that she was offering the solution in the absence of any agreement among the leaders of the State and there was no question of imposing any formula from top. Another point that emerged was that there could not be any division of the State into two to satisfy the extremist sections in the two regions. Here again, the Prime Minister pointed out that any division would only create more problems not only in Andhra but also elsewhere. She was obviously referring

to similar regional demands in Maharashtra, Bihar, Uttar Pradesh, etcetera. If the demand for division in Andhra is conceded, it will have a snowball effect and set at nought the wholesome principle of "one language one State" on which basis the country was divided several years ago into linguistic States.

But ever since the announcement of the formula, there has been a systematic campaign against its acceptance. The leaders of the Andhra region are thoroughly dissatisfied with it because the deadline for abolition of Mulki rules has been extended from 1974 to 1977. In the Public Employment Act which was later struck down by the Supreme Court, the Mulki rules were to operate only until 1974. So the question is asked as to why the Government should now have thought it necessary to give a fresh lease of life to the rules for three more years. Mrs. Gandhi explained to the leaders that this extension became necessary since for three years nothing was done in pursuance of this Act to protect the interests of the people of Telengana. But this explanation apparently has not carried much conviction with them.

The crux of the matter is that a large section of the Andhra people is now in favour of separation. In 1969 when the Telengana agitation was at its height, the people of the Andhra region resisted all moves for a division. But now they seem to feel that it would be better for the people of the two regions to part ways rather than live in one State under perennial mutual suspicion. And it is difficult to dismiss this argument lightly. There has hardly been any emotional integration between the peoples of the two regions so far, thanks to the separatist institutions that have been set up in the State like the Telengana Regional Committee, separate Telengana Budget and so on. These have only helped to accentuate the differences. To these is now added the Mulki rules under which all those who are not resident of the region for a continuous period of 15 years will be disqualified to hold jobs in the Government or secure admission to colleges in the region. The Andhras feel unhappy about this measure. Hyderabad city is the capital of the entire State and just because it is part of the Telengana region, the Andhras argue, it would be ridiculous to make any distinction between a "Mulki" and "non-Mulki."

It is not yet clear as to how the Centre will assuage the feelings of the people of Andhra. The five-point formula certainly deserves to be given a fair trial. Meanwhile, New Delhi should also give an assurance that all separatist institutions too will cease to operate by a fixed date so that the process of emotional integration, which is conspicuous by its absence now, can be initiated. This is exactly what the Andhra Ministers too

Battling with the Baby Boom

THE Government of India is reported to have decided to discontinue financial assistance to private organisations for undertaking family planning work. The reasons for this decision have not been explained officially. It is presumed, however, that the Government has come across gross irregularities and abuses on the part of certain organisations which have been carrying on family planning activities with grants from official sources. The Government, of course, will be justified in withdrawing financial support from organisations which deliberately and persistently indulge in irregularities. But it will surely be wrong and unfair to withhold or reduce financial assistance from all private organisations which have been engaged in family planning work.

Many respectable bodies, including some well-known chambers of commerce, have been doing commendable work in propagating the message of small families, especially among industrial workers. For example, the Family Planning Unit of the Indian Chamber of Commerce, Calcutta, has been rendering useful service among industrial workers in this State. Between 1966-67 and 1971-72, this unit has performed over 19,570 vasectomy operations. It claims to have achieved considerable success in persuading workers to use conventional contraceptives. Through seminars, conferences, film shows, and exhibitions, it has been able to motivate a large number of workers to adopt birth control techniques. The Indian Merchants Chamber of Bombay has also been encouraging industrial organisations to undertake family planning work. The Federation of Indian Chambers of Commerce and Industry is understood to be receiving grants from some international organisations to take up family planning activities in the

would want. They have made it known that they do not desire a division of the State but their plea is for creating conditions under which the operation of an integrated State will not become a farce. The future of the Telengana Regional Committee, which was actually set up as a forum for discussion of matters pertaining only to the Telengana region, has now thus become a major issue.

country. Such organisations should be encouraged to continue this activity subject, of course, to constant vigilance on the right use of funds.

The need to enlist the active co-operation of the private agencies in implementing the family planning programme will become clear when the magnitude of the problem of population growth in India is fully realised. India at present has about 200 million more people than at the time of independence. The population in 1971 was 547 million, compared with 439 million in 1961 and 361 million in 1951. It is obvious that if the current rate of growth is not checked effectively, there is little prospect of an appreciable improvement in the living standards of the great majority of the people. At the meeting of the Central Family Planning Council held in Hyderabad some time back, Mr. D. P. Chattopadhyaya, Central Minister of State for Health and Family Planning, revealed that it was proposed to perform 10 million sterilisation operations and 5 million I.U.C.D. insertions, and enrol 10 million users of conventional contraceptives in 1972-73 and 1973-74. He suggested that while promoting the sterilisation programme it was necessary to encourage spacing of births among the younger age groups of couples by means of I.U.C.D. insertions and conventional contraceptives. It is obvious that such a programme cannot be carried out successfully merely by the efforts of the Government. Sincere and whole-hearted co-operation of voluntary organisations is not only desirable but very essential.

In the recent years the Government of India has been spending colossal sums of money on family

planning. In the Fourth Five Year Plan, the allocation for family planning was Rs. 315 crores while it was only Rs. 25 crores in the Third Plan, Rs. 2.2 crores in the Second Plan, and Rs. 14 lakhs in the First Plan. The objective is to reduce the birth rate from about 38 for each 1,000 at present to 25 by 1980-81. But the present programme has not been quite effective. As the Federation of Indian Chambers of Commerce and Industry recently said in a study: "Those susceptible to easier motivation have been brought within its net. The hard core, however, remains untouched. It is, therefore, necessary that any programme which has to reach India's population effectively, must be larger than the present one. Increased attention also needs to be paid to communication, education and motivation aspects of

the programme. All efforts have to be made to rehabilitate the I.U.C.D. programme which remains the only known cheap and reversible method. There is also an urgent need for a thorough and continuous evaluation of the present sterilisation programme and for adequate arrangements for systematic feed-back of findings. Demographic significance of sterilisation has also to be carefully assessed". So, while the Government's anxiety to avoid malpractices by private agencies is understandable, it is necessary to emphasise the need for official organisations to ensure that they do the job efficiently and honestly. There have been numerous complaints from various parts of the country about large-scale corruption and coercion resorted to by official bodies which have been entrusted with family planning work.

Refixing the Pound

THE pound had been floating for rather more than three and a half months when Britain's Chancellor of the Exchequer, Mr. Anthony Barber, said last October: "We intend to return to a fixed parity as soon as conditions permit, which I hope will be before 1st January." Subsequent official statements omitted any reference to 1st January, which was evidently recognised as incompatible with "as soon as conditions permit". Britain was committed to the European Community from the beginning of 1973, and the Community's system required fixed parities; but even its French element could see that fixing the pound at random would defeat the purpose of fixing it at all—which is (as far as the Community is concerned) to unify and stabilise the system. When Mr. Barber uttered that statement in October the British Government's efforts to negotiate a voluntary system of controlling prices and wages had not yet failed. It is possible that a voluntary agreement would have restored the pound to the region of \$2.40 and that it could have been realistically fixed at that "pre-Nixon" rate before the year-end. But the development of the two-phase statutory system of controls, extending well into 1973, was one of the "conditions" of a realistic parity. An additional complication—in that hapless 1972—was a nationwide dock strike that invalidated relevant statistics for many months. The underlying trends of Britain's balance

of payments and (particularly relevant) of her export prices were confused by the interruption of trade, in a period when the clearest possible view of such trends was required for refixing the pound.

One essential fact that international statistics have shown is that by the first quarter of 1972 (when the Smithsonian Agreement had recently fixed the pound at slightly above \$2.60) all the so-called "competitive advantage" of the devaluation (to \$2.40) in November 1967 had been lost. As the pound was manifestly overvalued before that devaluation, much of the so-called "advantage" was in fact the correction of a disadvantage. The "Smithsonian" revaluation was soon recognised as unrealistic (although the £-\$ parity alone was no longer an accurate measure of the pound's international valuation), and it was widely assumed that the floating pound would revert to \$2.40 and be fixed there. Five years after the last formal devaluation the £-\$ rate seemed to have found "an area of stability"; around \$2.35, not \$2.40. The British authorities' intervention to regulate the floating rate had been rare and on a modest scale; "market forces" had indicated that devaluation by some 10 per cent from the "Smithsonian" rate was generally considered appropriate. But in a previous "area of stability", before the price/wage crisis, a much smaller devaluation had been indicated. As there is

not much room for such changes of opinion (and so of "market forces") when parities are fixed, the authorities could not "return to a fixed parity" until they were reasonably sure that opinion was stable.

There is an apparent escape, from what could be a long-term predicament, in the accepted policy of "fixed but adjustable" parities. But Britain's partners in Europe would not allow frequent adjustments in the years before unification, and any adjustment soon after Britain's entry into the Community would be (to put it mildly) disconcerting. There would be no sense, anyway, in an experimental parity, when the purpose of the whole floating operation was to find a rate that would be (as far as parities can be) permanent. Letting the pound "find its own level" before venturing into Europe seemed not only inevitable—in the circumstances—but also sensible. In retrospect, however, it seems that a better procedure would have been to value the pound more "realistically" in December 1971, so avoiding (it may be assumed) the crisis of June 1972, and to take the fixed pound into Europe for a period of testing. An appropriate rate established in the conditions of 1972 (if it could be established) might be a very inappropriate rate in the conditions of 1973 and after, when the unpredictable influences of the Common Market were operating on the currency. The proper environment for a lasting adjustment of the pound is (Britain's partners permitting) inside Europe. And the process needs time.

The basic cause of the sterling crisis last June was Britain's inflation; the immediate causes of it were—as usual—transfers of short-term capital and "leads and lags" in payments. The crisis demonstrated that the pound was still vulnerable to those short-term factors, although its rôle as an international currency was diminished. A "realistic" rate is, of course, the essential of stability; but it must also be recognised as "realistic", or as an under rather than an over-valuation. Even if the inflation is effectively controlled, the confidence factor will incline the British authorities towards moderate under-valuation. But the European partners may strongly resist such a policy. Of course, any arrangement for an individual currency is provisional, as a new international monetary system may change it. The Americans have favoured a scheme for automatic adjustment of currencies

that are (by some agreed standard) maladjusted. In such a scheme it would seem not only possible but obligatory to correct a serious error in the refixing of the pound. But the scheme itself is controversial, and even if it were adopted in general it would evidently not be applicable to relative values within the European Community.

So the British authorities—under pressure from their new partners—must proceed on conventional lines. While keeping inflation under strict control, they must assess approxi-

mately (they cannot calculate precisely) how the balance of payments will appear when the effects of the recent *de facto* devaluation of the pound by some 10 per cent have worked through the system. The Organisation for Economic Co-operation and Development has predicted that the current account, roughly balanced in 1972, will be hundreds of millions of pounds in deficit in 1973; but the so-called "J-curve" indicates a long-term favourable effect after a short-term adverse effect of devaluation. Events may confirm that a parity of \$2.35 would be appropriate.

The Ethics of Free Enterprise

FOLLOWING (after a damaging delay) the American example, the British Government has formally recognised that in conditions of abnormal inflation companies' freedom to negotiate the wages of their employees and set the prices of their products must be restricted. There are various legal or moral obligations elsewhere involving such matters as dismissal of workers and racial composition of the work force, control of pollution, and disposal of profits. While the Japanese authorities try to fit the private sector's finance and trade into a concept of currencies and payments that the world will—hopefully—accept, such "champions of free enterprise" as the United States and Britain recognise and enforce the principle that freedom of enterprise must be qualified by the requirements of society.

The British Government's "conversion" is especially significant because, the Prime Minister, Mr. Edward Heath, and his like-minded colleagues (some Ministers were never so committed) set out to demonstrate that minimally regulated free enterprise would best serve the community, optimal use of resources being achieved by "market forces", to which the private sector would respond. When Sir Frederick Catherwood, former director-general of the National Economic Development Office, said recently that unusually keen competition had failed to deal with the problem of inflation, and that while the labour market was "left to the competition of thousands of companies operating in their own self-interest" inflation would "continue and accelerate", he emphasised the need to keep costly investment productive.

and the consequent compulsion to submit to demands rather than suffer strikes; and when the Government had committed itself to economic growth it could not impose financial conditions that would make submission impracticable.

Gradually, in varying degrees, Governments are recognising their responsibility for maintaining the value of money, and recognising that control of inflation, by whatever means, involves some interference with free enterprise. Ordinary people are concerned with their security of employment and their standard of living, not with economic theories of maximising utilisation of their country's resources. They will not permanently tolerate a social/economic system that is not serving their aspirations. "The dominant concept today", Mr. P. C. Louwers, chief of the internal audit services of Dutch electrical giant, Philips N.V., said recently, "is that a company holds a franchise from society"; so management is "accountable towards a larger universe than shareholder interests". The management of General Motors, the biggest industrial group in "capitalist" society, may remember wistfully the philosophy that was implied in the dictum "What is good for General Motors is good for America"; or it may recognise that G.M.'s new "social conscience" (reflected in policies of employment, safety, pollution, etcetera) is a condition of its (relative) freedom of enterprise. The bigger the business, more obviously it is "accountable" to society. But it would be cynical to suggest that managements had adapted their policies only to keep their "franchise": a modern management that cares

nothing for the social consequences of its operations is peculiarly unprogressive.

Developing countries—an obvious example is Chile—are far from convinced that this "social conscience" is adequately developed, and they may doubt that it can ever become so. American and British statistics showing remitted profits far in excess of new investments in recent decades confirm suspicions that direct investors require full recovery of their outlay within a few years—and thus raise doubts about the principle of aiding developing countries by private investment (which is often in inessential production). In domestic affairs there are still—in the new mood of scrutiny—harsh criticisms of financial operations, such as "asset-stripping", that seem to serve no social purpose. "Releasing underutilised resources" may be good in principle, but it is no benefit to the community unless the resources are redeployed more productively. However, Britain's veteran "asset-stripper", Sir Charles Clore, has stated that his Sears Holdings group is not now interested in this kind of operation and that all its future acquisitions will be "productive".

Financial institutions (as distinct from finance-oriented companies) are hesitantly adapting to the changed environment. The long-term trend of personal savings from individual investment in stocks and shares to institutional investment through life-assurance and pension funds and unit trusts and deposits has increased in general the institutions' responsibility and in particular their involvement in industry and trade. Both the responsibility and the involvement were emphasised last year when the Bank of England was obliged to organise—in the reluctant City of London—financial assistance for Rolls-Royce, and they were recently re-emphasised (the Bank having in the meantime initiated an investigation of procedures) when the Bank's Governor, Sir Leslie O'Brien, declared himself "particularly interested . . . in improving the means whereby institutional investors can collaborate with industrial managements to secure increased efficiency".

"Increased efficiency" and "social well-being" are not now accepted as synonymous. Institutions, willing, or persuaded, to intervene in management of non-financial business, will be obliged to act as "the social con-

science" of small savers. Traditionally, the institutions' prime responsibility is to the owners of the funds entrusted to them. They invest these funds for asset value and for income; but the new "business ethic" may often require some sacrifice of either or both. In the concept of "ethical free enterprise", the weakest element is capital formation. If in-

CURRENT COMMENT

SHIPPING

The E.C.A.F.E. Region

A special meeting of the members of the All India Shippers' Council, held in New Delhi a few days ago under the chairmanship of Mr. L. N. Birla, was addressed by U. Nyun, Executive Secretary of the United Nations Economic Commission for Asia and the Far East (E.C.A.F.E.). Mr. Birla in his introductory observations suggested, among other things, that the E.C.A.F.E. should constitute a study team composed of representatives of shippers and ship-owners to undertake a survey of the intra-regional trade and shipping services between the countries of the region and to make suggestion for the establishment of a suitable network of shipping services so that there are direct services between the main ports in the region. Mr. Nyun welcomed the suggestions made by Mr. Birla and stated that the E.C.A.F.E. would try to implement them. He emphasised the need for the establishment of strong and active shippers organisation in various countries of the region as well as a regional shippers council so that shippers could face the shipping conferences, which enjoy a monopolistic position, on an equal footing. He felt that there was need for pooling the shipping resources of the countries of the region and the formation of a conference composed of shipping lines of the Asian countries, to serve the region's trade.

TANGIBLE WEALTH

Increase Recorded

The total tangible wealth (at current prices) in India increased by 54 per cent—during the five-year period from 1960-61 to 1965-66—from Rs. 67,939 crores to Rs. 1,04,498 crores, excluding tangible wealth in forestry, according to a study "Estimates of Tangible

come from work (mainly wages) increases more than income from property (including industrial profits available for investment), resources for capital formation are (at least, relatively) reduced unless personal savings increase. Financial institutions must attract more savings—while managing savings more "ethically".

Wealth in India" made by Messrs S. P. Gothoskar and Kripa Shanker of the Department of Statistics, published in the October 1972 issue of the *Reserve Bank of India Bulletin*. The increase was accounted for by both land and reproducible tangible wealth—the value of land rising from Rs. 21,317 crores in 1960-61 to Rs. 31,378 crores in 1965-66 (+ 47 per cent) and the total reproducible tangible wealth from Rs. 46,622 crores to Rs. 73,120 crores (+57 per cent). The real increase in the total tangible wealth obtained by deflating the estimates in terms of the investment-cost index was about 24 per cent over the five-year period.

Although the value of household property (excluding land and assets used in farm business) moved up from Rs. 19,630 crores to Rs. 25,570 crores, its share in the total tangible wealth declined from 28.9 per cent in 1960-61 to 24.5 per cent in 1965-66. The value of the reproducible tangible wealth rose from Rs. 7,518 crores to Rs. 12,037 crores in agriculture and allied activities, from Rs. 7,309 crores to Rs. 14,732 crores in mining and manufacturing, from Rs. 5,825 crores to Rs. 10,362 crores in transport and communications, from Rs. 4,331 crores to Rs. 7,293 crores in trade and commerce, and from Rs. 2,009 crores to Rs. 3,126 crores in Government administration. In the two sectors "mining and manufacturing" and "transport and communications", the manufacturing industries, electricity generation and transmission, railways, roads and bridges, and vehicles recorded considerable increases in their reproducible tangible wealth.

The accent on the expansion of the public sector in the Third Plan is reflected in the rise in the share of reproducible tangible wealth owned by the public sector from 20.4 per cent (Rs. 9,524 crores) in 1960-61 to 25.2 per cent (Rs. 18,453 crores) in 1965-66, the rise being mainly in the manufacturing industries, electricity generation

and transmission, transport, and public land improvement and irrigation works. The share of the private sector declined from 79.6 per cent to 74.8 per cent, although in absolute terms the total value rose from Rs. 37,098 crores to Rs. 54,667 crores.

ORGANISATIONS

Code of Conduct Needed

Addressing a meeting organised by the executive committee members of Lion and the Economic Study Group of the Bharat Chamber of Commerce in Calcutta a few days ago, Mr. Naval H. Tata, president, Employers' Federation of India, said that for efficient operation of any industrial organisation, the top management has to function as a co-ordinator. It has also to discharge a wide range of obligations to employees, customers and investors and to the community. Thus, management has its own responsibilities, and it would be hard to dispute that any responsibility should carry with it the corresponding authority in some form. Without such authority, responsibility cannot be effectively shouldered. On the other hand, any misuse of such authority degenerates into coercion. It is, therefore, incumbent on both management and labour to observe a strict code of conduct. Under this code, labour must learn that every right is accompanied by a responsibility. Correspondingly, under this code the management must understand that every act of managerial responsibility carries with it an obligation to the workers.

COMPANY FORMATION

Figures for Eastern Region

During the quarter ended September 1972, company formation showed a downward trend as 130 companies registered in the eastern region, against 161 in the previous quarter. The total authorised capital with which the companies were registered was Rs. 1,410.15 lakhs, compared with Rs. 4,689.90 lakhs during the previous quarter. Five companies transferred their registered offices from West Bengal to New Delhi, Himachal Pradesh, Haryana, Union Territory of Delhi and Maharashtra and one company transferred its registered office from Haryana to West Bengal. Two companies with an aggregate paid-up capital of Rs. 55.02 lakhs went into liquidation. No company

was, however, struck off the Register of Companies of the Companies Act 1956 during the said quarter. Two companies in West Bengal issued prospects offering to the public debentures and shares to the extent of Rs. 97.12 lakhs.

COMPUTERS

London Exhibition

Britain's Secretary of State for Trade and Industry, Mr. Peter Walker, has predicted that by the end of this century the computer industry may be the largest in the world. Opening London's Computer 72 Exhibition a few days ago, Mr. Walker said it would be the world's third largest industry by 1980. It was currently expanding at the rate of 15 per cent a year. The Minister said Europe was the big new expanding computer market, now growing faster than even the United States. Britain's computer industry, which has a record order-book worth £700 million, is currently involved in talks with the French and German industries with a view to collaborative projects or an eventful merger. More than 200 companies are showing at what is London's second major computer exhibition. Overseas firms include a strong contingent of 58 from the United States.

CANADIAN AID

New Agreements

The Canadian International Development Agency has announced the signing in New Delhi a few days ago of agreements covering the participation of Canada and the Government of India in two development assistance projects. Under one agreement, an additional \$1.9 million has been added to a long-term loan agreement to purchase equipment to handle bulk fertilisers at Indian ports. The \$1.9 million aid has been earmarked for equipping the Haldia dock of the port of Calcutta. The machinery includes two marine loaders, conveyors, reclaiming and storage equipment, pulverisers, dust control equipment, bagging and stitching machines and payloaders. An original loan of \$1.7 million was made to India for the installation of similar equipment at Kandla port. Extension of the agreement to cover the Calcutta dock brings the loan to a total of \$3.6 million for handling fertilisers. Import costs of fertilisers will be reduced

with the improved dockside facilities which will be able to handle large bulk carriers with lower ocean shipping rates and unloading costs. The second agreement provides for a grant of \$300,000 to cover Canadian participation in a feasibility study for the development of extensive copper deposits in Rakha (Bihar).

INFLATION

A Matter of Grave Concern

Mr. K. C. Chaudhuri, former Vice-Chancellor of Visva Bharati University, delivered the Bipin Chandra Pal Memorial Lectures in the University of Jadavpur a few days ago. The lectures were organised by the authorities of the Bipin Chandra Pal Institute. Mr. Chaudhuri discussed in detail the vital problems of the day, such as inflation, the deteriorating administration and the crisis in education. Although there has been considerable growth in the country's industrial and agricultural sectors during the 25 years of independence, new problems and confusions have emerged in certain areas. Mr. Chaudhuri expressed grave concern over the rising prices for which he held Government policies responsible. Unless remedial measures are taken, the present situation will inevitably lead the country to a financial catastrophe. Mr. Chaudhuri analysed the causes of the deteriorating quality of administration and of the steadily falling standard of education. According to him, infiltration into the civil service and the educational institutions of political parties is the main cause. He suggested means by which the rush for higher education by persons who have not the capacity for it could be checked. The real solution is to widen the field of productive employment and not to turn out thousands of graduates whose only ambition is to secure employment under the Government.

W.B.F.C.

Credit Policy

Addressing the members of the Merchants' Chamber of Commerce in Calcutta a few days ago, Mr. M. R. Roy, managing director, West Bengal Financial Corporation, stated that the Corporation's credit policy, despite the security clause in its Act, had now been made rather scheme oriented, depending on the technical

and economic feasibility thereof. It is not a fact that the policy has been made "security oriented".

E.E.C.

Preferential Scheme

According to latest information, the European Economic Community will grant preferences for duty free entry of industrial manufactured and semi-manufactured goods from developing countries also in 1973. This duty free scheme has now been on for nearly one and a half years, having been introduced on 1st July, 1971. The E.E.C. offer, being now limited to 91 independent developing countries—the so-called "Group of 77" to which India belongs—as well as to certain dependent territories, will be extended to a number of other countries in 1973. Bangladesh will be one of the countries being added to list of beneficiaries. The products entitled to duty free entry include all manufactured and semi-manufactured products covered under Chapters 25 to 99 (B.T.N.). Cotton textiles are included in E.E.C.s' preferential scheme restricted, however, to a limited number of countries to whom India belongs. Jute and coir products are not included; negotiation, however, are going on with the main exporting countries. Iron and steel products which fall under the agreement of the European Coal and Steel Community (E.C.S.C.) are also included in the E.E.C. duty free scheme.

AUSTRALIAN WOOL

Indian Imports

India imports more wool from Australia than from any other country. This wool is used for various products which India makes and, in turn, exports mainly to Russia. The trade realised a gain of \$14.5 million in the last financial year. Although these statistics are satisfactory, the Australian Wool Commission believes that India's potential as a wool manufacturing and trading nation is still greater. The Commission believes that there is opportunity for India to significantly increase its exports of wool products, particularly to Russia and India's neighbouring countries and also to increase its domestic usage of Australian wool. This is one of the main reasons for the Australian Wool Commission's participation in the third Asian

International Trade Fair in New Delhi.

STEEL WIRE

Raw Materials Shortage

Addressing the annual general meeting of the Steel Wire Manufacturers Association of India in Delhi a few days ago, Mr. M. L. Bharti, chairman, said that to meet the requirements of different special wires like round and flat cable armouring wire, detonator wire, reed wire, cold heading quality mild steel wire, and telegraph wire, billets for low carbon rimming quality wire rods should be imported and made available to the wire industry to meet the requirements of different specialised wires. It was once assumed that low carbon semi-killed wire rods of suitable specifications which may be produced by Bhilai Steel Plant, might be suitable for some of these products. But the shortage of mild steel wire rods in the country is so acute that it is not possible to get sufficient quantity to meet the requirements of the wire industry for the manufacture of specialised wires for this purpose. He therefore suggested that import of billets or wire rods should be made in bulk which should be allocated to wire manufacturers to

meet the requirements for these types of wires, at least to the extent of 30,000 tonnes a year. Steel wire manufacturers are hardly getting any share of this quality of wire rods being produced by Hindustan Steel Ltd, Bhilai. At least 50 per cent of the low carbon rimming quality wire rods produced by Hindustan Steel Ltd, Bhilai, should be allocated to the wire drawing industry.

ASIAN HIGHWAY

Speeding up Construction

Appeals for international aid in speeding completion of the 14-nation Asian Highway, and rebuilding war-damaged routes in Indo-China, marked the annual session of a ministerial-level co-ordinating committee held recently in Vientiane. Members of the Asian Highway Co-ordinating Committee announced plans for constructing and upgrading sections of the Highway network in their countries, expected to total some \$1,400 million for the network as a whole in the 1971-1975 period. Of this amount, the committee estimates that Governments themselves will provide two-thirds and will need external aid for one-third. The committee requested

the United Nations Development Programme (U.N.D.P.) to extend for another five years (1973-77) the institutional support project which, among other things, has enabled the Bangkok-based Asian Highway Transport Technical Bureau (T.T.B.) to carry out the committee's work, year-round, 1968-72.

MONEY MARKET

Easier Trend

The short-term money market has maintained an easy trend, this past week. The call rate has varied between 3 per cent and 3½ per cent, with small lenders over. The demand for remittances has been small. The supply of both gunny and tea bills has also been small. The pound-sterling has weakened against most major foreign currencies during the week.

The latest statement of the Reserve Bank of India for the week ended 1st December, 1972, shows a drop of Rs. 8.72 crores in deposits of scheduled commercial banks with the Reserve Bank to Rs. 281.31 crores, compared with the previous week. Their borrowings from the Bank have increased by Rs. 6.50 crores to Rs. 13.25 crores, of which advances against usance bills have amounted to Rs. 3 crores, against nil. Balances held abroad by the Reserve Bank in the Banking Department show a drop of Rs. 3.51 crores to Rs. 146.56 crores.

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CAPITAL, 14th DECEMBER, 1972

A Ditcher's Diary

CALCUTTA IS GOING TO HAVE A lot of excitement at the end of the year. Although the keynote of the Congress session, according to Mr. Siddhartha Sankar Ray, will be austerity, an estimated expenditure of Rs. 40 lakhs cannot but yield some diversion for the general public. I have not been to the Salt Lake township since preparations for the session began; but I am pleased to see, from a photograph of the newly constructed guest house where Mrs. Gandhi will stay, that some of the planning has been imaginative. The picture shows how austerity can be combined with grace; and the guest house may not, after all, be as austere as might be suggested by its resemblance to a thatched hut. Those who have recently had their own houses built in the township may be looking forward to some spin-off benefits from the Congress session; but evidently no end to the mosquito menace is yet in sight. Even though the delegates have been asked to bring their own mosquito nets, it would entirely be in order to keep a spare stock of 2,000 pieces. I am sure many of the delegates will stay on for the Test match; but I hope that this will not mean an acute scarcity of tickets for the local enthusiasts. There is already some discontent over the procedure adopted for the sale of tickets; and what can happen in a last-minute stampede has been seen before. But, to go back to the Congress session, the political excitement may be limited; speeches and debates in the full sessions tend

increasingly to become routine. According to one newspaper report, the Working Committee is concerned over alleged Opposition attempts to "emotionalise" the economic difficulties of ordinary people. Whatever the word may mean, it does not need any political party to make the people emotionally worked up over their economic problems. Only last week we were officially told that for more than 220 million people the per capita monthly expenditure is less than Rs. 20 at the 1960-61 level of prices; and during the past decade prices have gone up much faster than have incomes. Until a few weeks ago, the C.I.A. would have been held responsible for any outburst of angry emotion at this appalling state of affairs; now it is the so-called "grand alliance". And, apparently, "communal elements" are again active; and the Government is said to have "evidence" about this activity. Nothing has lately been heard about "evidence" the Government was said to possess about the C.I.A.; and some cynics have suggested that this silence is not altogether unconnected with expectations of food supplies from the U.S.A. New scares or new scapegoats will be of no greater help. When things go wrong, an honest admission of mistakes may even earn some respect.

READERS OF THIS DIARY ARE WELL aware where my sympathies lie in any dispute between the drinking

and the non-drinking classes. But, for once, I was not sorry for the Government officers at the Asian Trade Fair in Delhi who were recently instructed to be less prompt in accepting invitations to cocktail parties given by representatives of the foreign countries participating in the Fair. In issuing this instruction, the Special Secretary to the Ministry of Foreign Trade showed no perverse prejudice; the sight of these officers "indiscriminately" attending every cocktail party to which they were invited, or of which they had merely heard, was distinctly vulgar. (Since dog does not eat dog, I shall not say anything about journalists in this connection.) In his circular, the Special Secretary pointed out that the thirsty officers thought nothing of leaving their office "completely empty" whenever there was a chance of getting merry at somebody else's expense. In their defence, it has been suggested that the foreign participants in the Fair "take it amiss" if the officers do not attend their parties. I do not know about these foreigners; but some others have had occasion to admit they will not be inconsolable if their parties are less well-attended, or at least if their guests seem less desperate to consume all they can offer. In any case, the Government, too, can take it amiss if the officers go out to drink during duty hours; and the procedure introduced to discourage this trend is by no means harsh. The martial law administration in the Philippines announced last month that Government officials found on golf courses, in cinema houses and at "other places of amusement" during office hours would be taken into mili-

LIFE INSURANCE IN INDIA

IT is to be hoped that the Government of India is observing with great care the effects of recent legislation for the partial control of life insurance in this country. It is to be hoped also that when revision and amendment become necessary, as will assuredly happen, there will be no avoidable delay in carrying them out. There are signs already that, in at least one direction, the new law is producing just the opposite effects to those it was intended to produce. The provision that a certain deposit should be lodged with the Government by each Indian life insurance company is not working for good alone. This provision has imposed a check on none but the most insignificant companies, those that might almost as well have been left to die a natural death. The initial deposit claimed was small. It had not even to be

paid out of capital. Companies whose life insurance funds totalled enough were able to meet the obligation imposed upon them by the law. What mattered it to them whether their investments in Government securities were lodged with a bank for safe custody or with an official specially deputed by the Government to receive them? They lost nothing by the change of system, nor were they inconvenienced; indeed some of them were able to turn it to good account. In villages and even in towns, agents will now be found who have succeeded in inducing ignorant people to believe that, because certain deposits have been placed in the charge of the Government, the Government itself has become, in some unexplained way, guarantor of the soundness of the companies!

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tary custody. Nothing so drastic is ever likely to be done in this country; much milder deterrents would be denounced as undemocratic. If the Houses of Parliament themselves are occasionally almost empty, this is not invariably because more important business is being conducted elsewhere. Attendance is unlikely to improve after the Speaker's recent suggestion in the Lok Sabha that members suffering from heart disease should avoid the question hour, because it produces tension. Even the healthy may wish to avoid tension. The Government, in any case, would be relieved of much tension if the question hour were less busy. The Health Minister has suggested that M.P.s suffering from heart trouble should take yogic exercises, and he has offered to make the necessary arrangements. The idea seems to have infinite possibilities.

THOSE WHO STILL RETAIN THEIR faith in the inexorable progress of civilisation, despite all that has been happening to the world in the past few years, might do well to reflect on the new penal code it was recently reported the Libyan Government had adopted. Normally I am a firm believer in the use of exaggerated caution when judging the domestic behaviour of other countries. It has something to do with the Biblical injunction against he who would throw the first stone. But in a world which boasts such institutions for international busy-bodding as the United Nations, and which we are always being told becomes more inter-dependent with each year that passes, I do feel some slight justification for commenting on a law which, among other things, specifies the amputation of a right hand for premeditated theft. That, I respectfully submit, is a deliberate reversion to legalised barbarism; and I care not that it is being excused on specious religious grounds. Such a thing is bad enough when it is embedded in age-old tradition, and thus difficult to eradicate, as I believe is true elsewhere in the Arab world. But for a country to revert to practices of this kind once they have been abandoned, or allowed to lapse, is surely another matter. In that case I certainly fail to see the justification. But the revival of barbaric punishments is not necessarily restricted to Libya these days. There have recently been reports from numerous west and central African States, of which Nigeria is one, of mass public shootings, bayonetings and such like, whose

victims have been the kind of common thief or pickpocket whose crimes might earn them a year's imprisonment in more enlightened countries. It is not fashionable these days to throw up one's hands in horror; but if anything does deserve such a melodramatic response, this surely does. And what, may I ask, has the United Nations to say about it?

A FEW YEARS AGO—NO MORE THAN five or six—I remember reading *Goldfinger* by the late Ian Fleming and laughing out loud at his idea of somebody stealing an atomic bomb. At the time nothing seemed more preposterous, and thus a better tribute to Fleming's rare imagination. Well, that was a few years ago. Now I see that not only is the theft of an atomic bomb regarded as a possibility in the near future, indeed inevitable by some people, but the time is fast approaching when it will be possible to manufacture atomic bombs virtually in the home. How rapidly life changes these days; and particularly does it seem so when that change is for the worse, as it so often seems to be. At the Pugwash Conference on World Affairs held in Oxford last September it was readily accepted by the 200 distinguished scientists present that provided the necessary plutonium could be obtained from somewhere it is now perfectly within the capability of any would-be atomic terrorist to make a bomb large enough to vapourise a modern city. And getting one's hands on plutonium, one gathers, is nowadays well within the scope of the modern criminal if only because there is so much of the stuff

about. Thus any time now, or so the Conference concluded, we can expect somebody to announce that unless this or that is done, or some ransom paid, London, New York, Tokyo, even perhaps Calcutta, will be erased from the map. There is a refinement there that even Fleming did not think of: his stolen atomic bomb was to be used merely to immobilise the gold at Fort Knox, really quite a gentlemanly thing to contemplate alongside the liquidation of a few million people.

MENNAT-ALI OF IRAN IS CERTAINLY old and possibly grey, but he does not seem to be full of sleep. Whether he is exactly 130 years old may be doubted; such great ages are usually reported from countries which had no proper system for registering births until recently. Yet there is much evidence to show that Mennat-Ali is a very ancient man; the range of his prodigious family is a clear enough indication. Going by the Teheran report published here last week, he was first married when he was 15; when the last of his 18 marriages took place eight years ago, he was 122 and his latest wife only 14. Even this girl has borne him four children; the old farmer did not acquire a new wife to nurse him in senile decrepitude. Apparently he has a total of 360 children, grandchildren and great-grandchildren, which is by no means surprising considering his performance even beyond his 122nd year. Of course, his is not exactly a record; according to another report, a man in Colombia died last week at the age of 148, leaving behind 724 descendants in the form of great-grandchildren

alone. Little is known about his way of life; but it is reported that the 130-year-old Iranian farmer does not smoke or drink and eats mostly milk products. Whether this is the main reason for his longevity is less than certain; and, in any case, if the main effect of his avoidance of alcohol has been his gargantuan progeny, family planning authorities may be led to prescribe compulsory drinking for all. In the course of his 130 years he may have been frequently driven to marriage in the absence of any other diversion; and reproduction may have often appeared to be the only form of recreation to a man who finds no relaxation in a smoke or a drink. A very long life can itself be a bore, which is a problem unlikely to be solved by Dr. Alex Comfort's researches. I am told that, with a better understanding of the process of ageing, it should be possible to slow down the process considerably, if not to check it altogether. But is this really a consummation devoutly to be wished by all? Some scientists have been speculating on another possibility, which I do not find particularly exciting either. I am told that it may one day be possible to keep a living person in a kind of deep freeze, and then re-awaken him to active life after a period of many years. Since the ageing process would be suspended during this period it might thus be possible to spend one's childhood in the first half of the 21st century and be active as a young man in the second half of the 22nd; conceivably, one could further choose to be middle-aged in another century, and old and dead in yet another.

THE DITCHER

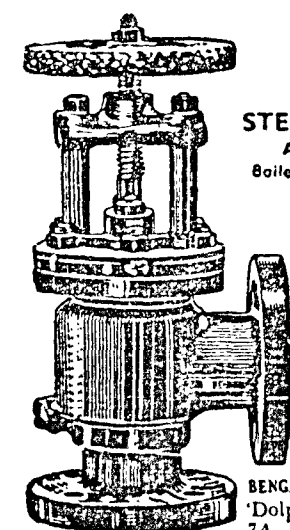
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How an Effective Line of Communication Can Help Management

By D. K. Dutt

Communication plays a vital rôle in the evolution of participative management. The success of an organisation depends largely on maintaining an effective line of communication.

COMMUNICATION is a part of the behavioural pattern of management in any organisation at different levels. Mr. Robert L. Blake, an international expert, has held in his book, *Managerial Grid*, that communication boils down to the problem of ensuring understanding between people, who work together, through a two-way exchange of information to understand one another's problems. Being a two-way channel, communication becomes a part of managerial style and behaviour. How well a manager manages depends to a great extent on how well he succeeds in communicating with the people above, below and around him. An organisation which succeeds in motivating its managers to understand each other also succeeds in developing a facile method of communication. Each manager then tries to eliminate the causes of poor communication, and in turn removes the sources of misunderstanding leading to wrong decision making.

A Well-knit Team

When easy communication between different levels of management is established, the entire organisation emerges as a well co-ordinated team united in terms of a common purpose, with each manager entrusted with an area of responsibility. Communication thus becomes an important tool in

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knitting the management team together. Based on a two-way exchange of authentic information, the team ceases to be a collection of individuals working at cross purposes. It aspires to attain certain accepted objectives, with concern for organisational requirements matched up with equal concern for people. In this atmosphere, the boss becomes the key to the downward flow of information, while the subordinates become the gateway to its upward flow. Lectures and seminars can hardly ensure this two-way exchange unless both the boss and the subordinates become behaviourally attuned to certain common objectives by sharing information and removing causes of poor communication.

Communication becomes, however, the first casualty in an organisation where motivation is totally absent due to an authoritarian style of management. The boss will bark out orders expecting the subordinates to carry them out, and he will have very little time either to explain or to listen. The entire system then becomes regimented, and the boss and the subordinates begin to pull together in different directions. The organisation then reeks of mutual recrimination. In this atmosphere a senior executive, who is confronted with a breakdown in the upward transmission of information, may ask: "Why did not the subordinates, who knew the facts, report them to me?" He hardly realises that he should have better asked himself: "What is wrong with the management system we are using which causes this breakdown in upward communication, and what corrective steps should be taken?"

The style of communication should, therefore, be spontaneous enough to motivate a person to offer information and to receive information in a participative manner. This will ensure participation of management in management, and subordinates will not be asked to carry out instructions mechanically. Communication plays a vital part in the evolution of this

participative concept. Confidence and trust pervade. Each tries to help the other through the process of communication in an atmosphere of "no nonsense", with different groups knit together through direct and free communication.

An Isolated Individual

A manager, who fails to develop his own style to communicate with his subordinates or colleagues, will ultimately end up as an isolated individual building a barrier around himself. He must not forget that men are neither good nor bad, but only good or bad in certain situations. Each manager must act in a way to gain confidence of his subordinates and colleagues through a two-way exchange of authentic information. With the increasing size of organisational hierarchies and functional groups, the need for increased collateral relationships based on factual communication between different levels has been all the more. A manager must, therefore encourage his subordinates to communicate and interact with their opposite numbers in different departments and should try to ascertain the relevant facts which may help corporate activities. A manager who fails to induce his subordinates to communicate and interact, or discourages them to do so, will gradually limit the area of discretion left to his team members. Consequently there will be lesser delegation and greater concentration of responsibilities in fewer centres, backed up by an authoritarian rather than a participative style of management.

In this set-up, the manager turns into a boss trying to settle disputes between subordinates, each deprived of any commonly accepted corporate objective, and each vying with the other for power, prestige, recognition and personal autonomy. Under such conditions, communication is reduced to a matter of form. The unity of purpose becomes a myth. There are numerous examples of management teams falling apart on account of the failure of communication. The success of an organisation will, therefore, largely depend on how effectively each manager is motivated behaviourally to maintain the lines of communication horizontally, vertically or laterally. Each manager has to be a behaviourist while dealing with others, and in this respect communication should be the best school for education.

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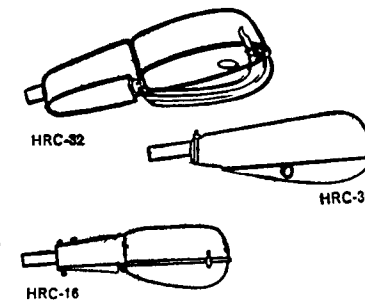
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Gaps in the Plan for Industrialisation of Backward Areas

By P. C. Jain

The Government is apparently serious about industrialising backward areas. But if this objective is to be achieved, it should be equally serious in providing the necessary infrastructure.

MUCH concern has been shown for industrialisation of backward regions and development of focal points is being advocated to do so, but so far it has not been defined what facilities would be made available for such growth points, what industries would be established and what contribution these centres should make in industrialisation. Hence, in spite of many pronouncements, hardly anything has been achieved as yet. But if a proper scheme of developing industrial complexes/townships is framed, it can go a long way in achieving industrialisation. Therefore, an attempt has been made here to indicate what facilities should be available at these places so that faster industrialisation of new areas may be achieved.

There are a large number of backward districts/areas in the country, some of which are rich in mineral/forest or other natural resources while others are not so fortunate. Some are well-connected with roads and the railways but others suffer for want of transport and communication facilities. Hence, the problems differ from area to area, but there are certain basic needs which have to be provided for industrialisation of new areas. However, in view of the limited financial resources, neither the State nor the Central Governments can develop focal points in all backward districts. Therefore, to begin with, more promising districts, which are in the vicinity of developed areas or marketing centres or offer better prospects for development because of natural resources, may be selected for industrial towns. Some of the interior areas may also be selected which are either connected with the railways or are near the highways or can easily be linked with rail or road.

There are industrial development corporations in the States and one of

their functions is to develop focal points. But most of them have not drawn up package or facilities. Even when some programmes have been drawn up, either facilities are not created simultaneously or do not come up as planned or they are not adequate because of which development is slow and some growth points have not found entrepreneurs. The right selection of place and facilities is very essential. In the selected places the Government should consider what industries can be best developed bearing in mind the local resources, marketing and communication facilities and infrastructure which can be developed. Moreover, to make these centres really prosperous, medium and small industries should simultaneously be encouraged to grow at the same place. It is difficult to have growth points merely on the basis of small industries. The industries should be so selected that they may either be inter-dependent, i.e., the finished product of one may be the raw material for others or a number of similar industries may be selected so that facilities for materials and marketing may be possible on a co-operative basis and common service facilities may be established easily. Ancillary industries may also be developed at such centres.

For instance, a number of powerloom units may be established at one centre where some units may be put up for dyeing, finishing, processing, etcetera, because it will not be possible for individual units to do so. Such a centre may also have spinning mills. Similarly, these towns may be for electronics, engineering or a combination of industries. They should try to arrange development of their products in such a way that they have a market and reputation for quality, prices or artisanship. If industrial complexes are established for large-scale industry simultaneously, it should be planned to have ancillary units for spare parts, raw materials, components, etcetera. Once the place and the industry are selected, the Government should ensure adequate and continuous supply of power to all those who wish to establish units there. In view of

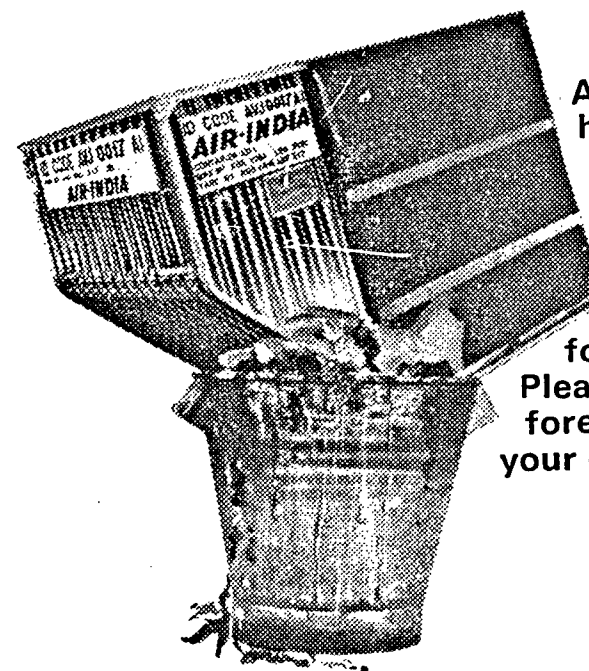
frequent power cuts and breakdowns, it will be better to establish a thermal power plant to meet the needs of each industrial complex so that adequate power may be ensured throughout the year. These power plants should be started as a first step and ahead of other facilities.

One of the important drawbacks in starting industries in underdeveloped regions is the lack of communication facilities. Therefore, at the focal points, the Government of India should establish adequate communication facilities of telephone and telex. A telephone exchange with adequate lines to meet the needs of all concerned should be installed with a self-dialling system with nearby important industrial/marketing or administrative centres so that there may not be long delays in communication. At present there are instances where, although there are telephone facilities, it takes hours to get a connection with a wanted party. To overcome these difficulties and to facilitate faster and cheaper communication, these centres should also be connected with teleprinters and telexes. To help small industries who cannot afford to install their own telex, post offices of the industrial towns should be equipped with public telexes and those who are prepared to install their own teleprinters or telexes should be given preference over bigger towns.

It has always been a problem to attract trained personnel, whether technical or administrative, from well-developed centres to new places, because of the lack of housing, education, and health and sanitation facilities. To overcome these difficulties, large-scale units at these centres may be asked to build their own houses for workers and staff by providing them long-term cheap credit; and for small and medium-scale industries the State Government concerned should build quarters which should be let out on a reasonable rent. Private construction activity should also be encouraged through special schemes for allocation of land and provision of long-term cheap credit.

Education and health facilities are often neglected or are developed at a much later stage than is required. Hence in spite of offers of higher salaries, it becomes difficult to get suitable staff. To overcome this difficulty at least an intermediate college should be established simultaneously with other infrastructure and should be ready in the first phase of development itself. A good hospital with in-door treatment

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science" of small savers. Tradition facilities, with at least 50 beds should also be planned and made ready by the time the bulk of labour is recruited. The expenditure on these social facilities may be borne by the Government because if small industries are asked to bear this cost, they will prefer to establish units in already developed areas where they are not required to incur these expenses. If large units are established they may be asked to bear part of the cost. It is not enough to provide these facilities, but they must be developed simultaneously with such infrastructure as roads, power and communication and should be considered essential infrastructure and should not be held up for want of funds. Apart from the growth centre, rural areas in the radius of 15 miles to 20 miles should be able to take advantage of such facilities and the expenditure for creating them should be considered the social cost of industrialisation.

The purpose of diversification of industries and developing focal points in the backward areas is that local resources are utilised and the unemployment problem in the region is reduced. But often this does not happen, because workers are recruited from remote places. Therefore, local people are generally sceptical about industrial complexes, especially if their land is taken over for building them, because they become poorer and do not get alternative employment. To remove such a situation a polytechnic should be established in each such centre which should impart training in those vocations which will help the local people to obtain gainful employment, and such people must be given preference over others.

In the backward areas there are also great difficulties in obtaining construction materials like bricks, cement, iron and steel, building wood, fittings and construction labour. In order to help small industries, the State Government concerned should open construction material depots which should be in a position to supply adequate quantities of essential materials at the same rate as one is required to pay in developed areas. The large-scale units at these centres should be allocated adequate construction materials on a priority basis and should be provided adequate transport facilities to move them to the construction site. To remove the shortage of trained construction workers like masons and carpenters, some training facilities should be developed and industries should not be required to pay higher wages than are paid in

developed areas, or should not suffer for want of construction labour. Simultaneously, a raw material depot should be thought of if the centre is far off from the source of supply of important materials or there is no big market nearby.

Marketing facilities are often ignored in planning focal points because it is taken for granted that the goods produced will automatically find markets. But the new centres suffer from a number of disadvantages, compared with well-developed places. Therefore, marketing facilities should get due attention and if need be, co-operative marketing societies may be established and an effort should be made to link them with big marketing centres. Entrepreneurs in these centres also suffer from the administrative point of view; they are often required to take long journeys involving time and money

for getting sanctions from the State or the Central Government for allocation of materials, loans, import and export licences, etcetera. These difficulties can be overcome to a considerable extent if a mini State secretariat of the concerned department is established at each of these centres with adequate powers to officers for giving final sanction up to a specified amount which should be large enough to meet the requirements of most of the small and medium-scale units.

If these package facilities are provided, feasibility reports are prepared, proper publicity is given and the programme is implemented according to the targets fixed, it is possible to develop a large number of these focal points throughout the country. This will greatly help in diversification of industries and creating employment in the backward areas.

Economists' Approach to Planning : Some Discrepancies

(By a Special Correspondent)

The memorandum recently submitted to the Central Government by a group of economists on the approach to the Fifth Plan contains some useful suggestions. But some of its other recommendations would appear to be unimaginative.

THE memorandum recently submitted to the Government of India by a group of economists on the Approach to the Fifth Plan contains some sensible suggestions for achieving a rapid growth of the country's economy. It has been prepared by the economists at the request of the Gandhi Peace Foundation, the Sarva Seva Sangh, and the Gandhian Institute of Studies. Professor Raj Krishna was the chairman of the group, the other members being Professors M. L. Dantwala, A. K. Das Gupta, P. R. Brahmananda, Gantam Mathur, Amlan Dutta, N. Jha and P. H. Prasad, and Messrs A. Das, T. P. Singh, R. K. Patil and Ranjit Gupta. The memorandum has emphasised the need for proper manpower planning. It says that hitherto efforts have been concentrated on the planning of the flow of investment funds. But in a labour surplus country, manpower planning is more important than in-

vestment planning. It has, therefore, urged that the Fifth Plan should include a manpower plan consistent with the material and financial plan.

The memorandum has stressed the urgent need to reform the administration. This is understandable. But it is difficult to appreciate the suggestion that the Prime Minister, Mrs. Indira Gandhi, should enact ordinances on the advice of a three-member standing committee of experts for the efficient operation of productive enterprises, and that, at a later stage, steps should be taken to reform the rest of Government apparatus. According to the Indian Constitution, ordinances are to be issued only in times of emergency and when Parliament is not in session. But the Central and State Governments have been issuing ordinances indiscriminately even when there is no urgency and the legislatures are to meet soon. The problem of ensuring efficiency of productive enterprises cannot be solved by issuing ordinances. The lack of efficiency in the enterprises is due to various factors like labour indiscipline, unimaginative planning, and ministerial interference with their working. These issues cannot be tackled by hasty measures through ordinances.

Another suggestion of the economists is that "voluntary people's action committees" should be set up in every village to secure "distributive justice" to the poor. These committees are expected to fix definite quotas for small farmers in the distribution of inputs and assistance to small artisans. But is there not the possibility of such committees being dominated by political parties and their decisions influenced by political considerations?

The economists' recommendation to curb the production and consumption of luxury goods is unrealistic. It says: "We must urge that in the next plan, the Government should be more resolute in reducing the rate of growth of the supply of luxury goods for domestic consumption even though it may have to allow some growth of capacity in luxury sectors for export or for producing necessary public goods". The economists do not seem to have defined what they consider to be luxury goods. Besides, it is impractical for industry to produce luxury goods only for export and not for domestic consumption. Such production will be uneconomic and unstable. The foreign demand for luxury goods is bound to fluctuate widely, depending on the intensity of competition, change in fashions, and various other factors. "The real remedy for the curtailment of luxury production", says the memorandum, "lies in a radical redistribution of wealth and income which would reduce the demand for luxuries and a mopping up of black money for investment, for this money is now the greatest single booster of luxury consumption and production".

The economists do not seem to appreciate that the production and consumption of luxury goods contribute a great deal to the creation of employment opportunities as well as improvement in the standards of living of the people. On the other hand, the economists should have suggested measures to augment substantially the production of luxury goods so that they would be within the reach of more people and not confined to a few as at present. The objective of planning should be surely to make more luxuries available to more people and not to deprive even those who have been enjoying some good things of life. The economists should remember that not all those who consume luxury goods own and operate black money. The middle classes and even sections of the working classes are getting accustomed to the use of

luxury goods. Is it right to deny these people the opportunity to consume such goods?

The economists are reported to have suggested that all M.P.s and M.L.A.s and senior Government officers should be made to declare their total assets and pay all their dues to the State. Then it is stated that the politicians and bureaucrats would acquire the moral right to tax big business, rich farmers, and others and finance a "doubled plan outlay". But a mere declaration of assets by legislators and bureaucrats will not help to check corruption and black money. There are various ways in which corruption breeds and black money accumulates. For example, as long as political parties continue to depend heavily on big money to finance elections, it will be impossible to eradicate corruption and

other evil practices. The Wanchoo Committee has made many constructive suggestions to eliminate black money but many of them are unlikely to be implemented for political reasons.

The other proposals of the economists include the raising of taxation of agricultural income, nationalisation of all unoccupied urban land, withdrawal of exemptions in wealth tax, accelerated collection of tax arrears, and auctioning of non-priority foreign exchange and some gold purchases and sales by the Reserve Bank of India. It is not possible to comment on these proposals in detail in the absence of the full text of the memorandum. But from the summary that has appeared in the newspapers it appears that the economists do not seem to have carefully examined the implications of some of their recommendations.

Merits of the Steps Taken to Control Monopolies

By P. Chattopadhyay

Several measures need to be taken simultaneously for the control of monopolies. The enactment of the Monopolies and Restrictive Trade Practices Act and the introduction of various measures for controlling prices are all steps in this direction.

THE problems in the context of monopolies relate essentially to three questions. First, the position that a monopoly organisation occupies in the industry or economic activity concerned. Secondly, the concentration of economic powers in the hands behind the monopoly organisations or houses. Thirdly, the exercise of restrictive trade practices or any other practices tantamount to the restriction of procurement of inputs, production and distribution to the detriment of the common interest of the industry as such and the community at large. In the first case, the problem arising is analogous to potential energy, i.e., the capacity to exercise practices detrimental to the common interest of the industry or the community at large. In the second case, the concentration of economic power is undesirable from the point of view of an egalitarian society that the country is aiming at. Such concentration violates the conditions laid down in the Directive Principles of State Policy and the national desire for establishing a socialistic

pattern of society by granting equitable opportunity to all and by redistributing income for the purpose of common good.

In the third case, particularly in a scarcity-ridden economy, the problem is of several types. It is possible for the monopolist to manipulate supplies in such a manner that would give it a profit much higher than legitimate, or possible in competitive conditions. This may be done by manipulating

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prices or by creating conditions of scarcity in the market irrespective of production or even by restricting production. In this transitional economy, the pressure on consumption has been felt right from the beginning and the people are trying to beat their shadows, so to say, in different ways. The creation of employment and the wide distribution of purchasing power among a much larger section of the people have created pressure on consumption of necessities and luxuries. Production has naturally lagged far behind such spiralling demand for certain commodities. The price rise is natural in such conditions. Inflationary tendencies noticed during the Five Year Plans have been subjected to a long debate, yet inconclusive.

The control of monopolies involves several steps to be taken simultaneously. The Government has taken several measures attempting to control monopolies but all these have come rather late in the day and only after some damage has already been done. On the basis of the recommendations of the Monopolies Enquiry Commission, the enactment of the Monopolies and Restrictive Trade Practices Act has been a major step towards controlling monopolies and restrictive trade practices. The appointment of the Monopoly Commission under the M.R.T.P. Act has been taken in the country with mixed feelings. On the basis of enquiries made under the Commission of Enquiries Act as also under the executive powers of the Government in the Central Ministry of Company Affairs, even the Indian Companies Act has been strengthened towards this effect. Particularly, the Companies (Amendment) Bill, 1972, in-

cludes several provisions aimed at curbing certain practices noticed in the Indian corporate sector since the abolition of the managing agency system.

On the other hand, various measures for controlling prices of different commodities and the establishment of the Bureau of Industrial Costs and Prices apart from the Tariff Commission have been steps calculated to take serious notice of the movement of prices and to deal with the factors responsible for such movement with respect to particular industries. Several other measures have also been taken in this regard, such as the steps initiated by the Reserve Bank of India towards restricting credit to the large-scale industrial sector, nationalisation of the import trade, first with respect to certain commodities but gradually extending to others, and nationalisation of the export trade of textiles.

Reverting to the Companies (Amendment) Bill, 1972, it proposes several restrictions on the transfer of shares and take-overs by the introduction of Sections 108A to 108G in the Act. The amendments proposed relate to preventing a group of persons from acquiring more than 25 per cent of the capital of any public company with a paid up capital of over Rs. 25 lakhs without prior approval of the Central Government. Secondly, checking the transfer of any shares held by corporate bodies to the extent of 10 per cent of the capital of any company without informing the Government. In such cases, the Government proposes to have the power of preventing such transfer or directing that the shares shall be transferred to the Government in case the

transfer relates to the list of industries covered under the Industrial Policy Resolution. Thirdly, the transfer of shares held by corporate bodies or individuals of more than 10 per cent of the capital of a foreign company operating in India. Lastly, the reservation of powers by the Government under the proposed Section 108D to prevent any transfer of a share or a block of shares if it finds that such a transfer may result in a change in the controlling interest of a company.

Here, one should also mention the question of conversion of loans into equities of companies under certain conditions. This provision is expected to open up a window to the Government for having information not otherwise obtainable from companies concerning their functioning. The effectiveness of the provision for controlling undesirable corporate practices, will, however, depend on the extent of sensitivity with which the Government-nominated directors act on the boards of these companies to prevent actions considered inappropriate. The changes that have been effected during the last 25 years have been far-reaching and can be expected to have desirable results only when the provisions in the Act and the executive powers are exercised with the due alacrity.

In this respect, the problems experienced relate to the desirable rate of expansion of the industrial sector, extension of industrial activity to the backward regions as defined by the Wanchoo and Pande Committees and giving a spurt to industrial activity essential for initiating a desirable rate of growth in the economy along with boosting employment. Various relaxations have been allowed by the Government to encourage entrepreneurs to increasingly canalise investments in these regions. These relaxations relate to expansion, establishment of new undertakings and manufacture of new articles irrespective of the M.R.T.P. Act and the Industries (Development and Regulation) Act. In addition, tax holiday, rebates and reliefs under the Income Tax Act, Sales Tax Act, etcetera, have been declared. The response to all these has, however, been lukewarm.

PEOPLE AND PERSONALITIES

Mr. Gordon H. Thring, managing director, Bata India, has recently left the country after four and a half years of service in India. He is succeeded by Mr. Peter Z. Baldik.

SPOTLIGHT ON STATES

The Vidarbha Bandh Call Meets with Little Response

(By a Special Correspondent)

The Opposition parties' call for a Vidarbha bandh evoked little response from the people. It is difficult to understand what useful purpose the bandh could have served when the State Government was fully aware of the problems facing Maharashtra.

THE Opposition parties called for a Vidarbha bandh on the opening day of the session of the Maharashtra Assembly in Nagpur, to call attention to the problems of price rise, increase in the State transport bus fares and famine conditions in Vidarbha. As the State Government is fully alive to all these problems, it is difficult to understand what useful purpose was served by the projected bandh. The bandh received little response except in the city of Nagpur. On the opening day of the session of the State legislature, a motion of no confidence against the Ministry was admitted, but an adjournment motion calling upon the Government to meet the *morchas* taken to the Council Hall on the subject of rising prices and other issues was disallowed by the Speaker after heated exchanges between the Treasury benches and the Opposition. On the rejection of the adjournment motion, the Opposition members staged a walk out.

It is difficult to appreciate how the adjourning of the Assembly and its business to meet *morchas* and hear their grievances could be regarded as the introduction of a "healthy and democratic convention" as stated by some Opposition members. The session of the Assembly was called for transacting business, not for meeting *morchas*. In fact, on that day five *morchas* were taken to the Council Hall in respect of different matters—one of the 70 members of the Godrej Employees' Union asking for the release of their leader who had been charged along with other persons with murder in the course of rioting, and another on the demand by a union for alternative employment for retrenched employees of the Census Department. If the Government had agreed to an adjournment of the business of the House to meet one *morchha*, that would have set a precedent.

In the debate on the no-confidence motion, the Opposition members criticised the Government on the ground of inadequate steps to meet the famine conditions and on other matters. When the Chief Minister, Mr. V. P. Naik, rose to reply, the Opposition members insisted on his first dealing with the demand for an apology for going back on certain assurances alleged to have been given to the members in regard to increases in bus fares and Government-run hospital fees. The Chief Minister said he would reply in his own sequence; the Speaker also said that the Opposition could not ask the Chief Minister to reply in a particular sequence. Then followed a din and bustle and as Mr. Naik found it impossible to speak further, he laid his prepared speech on the table of the House, with the permission of the Speaker. Amidst uproar the Speaker adjourned the House till the next day after suspending a large number of Opposition members for flouting his rulings and obstructing the proceedings.

In the debate on the no-confidence motion, the Minister for Food and Civil Supplies outlined the steps being taken to meet the critical conditions in the State. The Government had already spent Rs. 19.50 lakhs on relief works till 15th November and for the next few months new relief works were projected. In October over 200,000 tonnes of wheat had been made available in the ration shops. Compared with the earlier part of the year, wheat supplies were increased four times during the last four months. The Centre had been approached for more supplies. The snags in transport from north India, however, told upon the supplies. In a bid to add to the speed of the relief works, an additional staff of 50 deputy engineers and 400 overseers were being made available along with a sizable non-technical staff to the *zilla parishads*. Implements and materials necessary for relief works were being procured through the Small-scale Industries Corporation and recently it had been ordered to provide 200,000 hammers and other materials. An endeavour was made to provide work to every person. At present

1.6 million people were employed in scarcity works and in the coming months the figure was expected to go up to 2.5 million. The Government was planning to organise large labour camps to provide work after the present schemes were completed.

About drinking water, the Minister denied the charge that no farsighted plan had been worked out. The Groundwater Survey and Development Agency had been working on this for the last two years. Till October, blasting had been done in 5,435 wells; another 4,516 wells were bored and 7,165 wells were revitalised. This apart, 14 rigs had been in operation to sink more wells. Over 400 holes had been sunk of which 80 per cent had been successful. Another 3,660 were to be taken up in the immediate future. To protect the cattle, the Government planned to open 246 camps of which 85 were already in operation. This apart, 190 grazing grounds had been allotted free to the *gram panchayats*, 537 at concessional rates and 85 grazing grounds had been made available to other agencies. A total of 39,549 acres was being provided for grazing apart from another 57,871 acres from the reserved forests.

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How International Trade Influences Economic Development

The Developing Economies and the International Framework. By S. Venu. (Published by Orient Longman Ltd, 36-A Mount Road, Madras 2. Price Rs. 27.50, pages 301.)

The main thrust of the book lies in focussing attention on different aspects of international trade as they affect the developing countries, and on the magnitude of indifference the developed countries show when it comes to stepping up the former's foreign trade. Writing of the book began during the second United Nations Conference on Trade and Development in Delhi and it is thus principally a study of the economic philosophy reflected at the conference. The author has tried to present an eclectic view of different theories on trade and development propounded by various experts, although the treatment appears to be somewhat sketchy. It would have been more useful if some particular aspect or aspects had been probed in detail rather than so many things on the periphery touched upon within the compass of one single book. It is, nevertheless, a well-written work that highlights the problems of the developing countries. But, at the same time, it lacks in authenticity in as much as it is not research-oriented. The sources of data and tables given in the book have not been mentioned.

On the trade between developed and less developed countries, the author points out: "Verbal homage is paid by the developed nations to the virtues of international competition with the equally virtuous corollary of trade liberalisation. In reality, competition often becomes anathema to them and restrictive practices creep in through two basic techniques—high tariff walls or discriminatory tariffs and quantitative restrictions on imports." It has been found that the value of manufactures exported from underdeveloped countries constitutes less than 6 per cent of the aggregate world trade in manufactures and less than 12 per cent of total exports from these countries.

The author's analysis brings to light how the trade between the developed and underdeveloped countries has not increased in the same proportion as the aggregate world trade has. The

developed and centrally planned economies have tended to expand trade within their regional groupings—E.E.C., E.F.T.A. and C.O.M.E.C.O.N.—rather than without. In the context of trade among the underdeveloped countries themselves, it is suggested that India could explore possibilities of supplying machinery, railway vehicles, appliances, and chemicals to Brazil which the latter currently imports from developed nations. In its turn, India can increase its imports of coffee beans, raw hides and skins and raw cotton from Brazil. Capital investment in Brazil also open up a new horizon. He has cautioned that it is possible that developing countries in course of time will compete with each other in third country markets for the sale of identical or substitutable products. "Self-defeating competition is to be avoided; otherwise a tragedy of high intentions will be the sole result."

NAVIN CHANDRA JOSHI

Adoption and Maintenance

Hindu Law of Adoption, Maintenance, Minority and Guardianship. By S. V. Gupte. Associated by G. M. Divekar. (Published by N. M. Tripathi Private Ltd., 164 Samaldas Marg, Bombay 2. Pages 438, price Rs. 35.)

The book contains the texts and gives commentary on two codifying statutes, one relating to adoption and maintenance and the other to minority and guardianship. The commentary by the author, a former Solicitor-General of India and a scholar who had formerly written a learned treatise on "Hindu Law in British India", is lucid and detailed and would be helpful to practitioners having to deal with cases under these Acts. It might, however, be mentioned that the author has strongly criticised certain decisions of the Supreme Court which are to the effect that an adoption by a married woman or a widow where such adoption is permissible is an adoption to her husband as well as to herself. He refers to the decisions of the Supreme Court in the case of *Sawan Ram versus*

Mst. Kalawant and others (*A.I.R.* 1967 S.C. 1761) and in the more recent case of Sitabai and another *versus* Ramachandra (*A.I.R.* 1970 S.C. 343) wherein the Supreme Court approved of the well reasoned decision of the Bombay High Court in *Ankush Narayan versus Janabai* (*A.I.R.* 1966 Bombay 174). The author refers to these Supreme Court decisions as "a flagrant violation" of Section 12 of the Hindu Adoptions and Maintenance Act. This reviewer, however, considers that, apart from the unnecessarily strong language used, the view taken by the author is debatable if not unconvincing for it would lead to anomalies referred to in the Bombay decision.

M. R. MEHER

Mass Media

Mass Media in a Free Society. Edited by Warren K. Agee. (Published by Oxford and I.B.H. Publishing House. Price Rs. 7.50, pages 96.)

Not frequently perhaps would an American thought be applicable to an Indian situation. But Ben H. Bagdikian might as well have been thinking of India when he says: "Our jobs, our education, our housing, our transportation . . . are governed, if they are governed at all, by distant administrators whom we don't know and who don't know us. . . . The bureaucracies in our lives—in Government, business, and academic life—have become massive and complicated and consequently they are slower and less sensitive to the individual." Bagdikian suggests how the new media could and should contribute "to the reservoir of ideas from which public understanding and public policy can find solutions to problems."

Mass Media in a Free Society records the key lectures delivered by six mass media specialists at the William Allen White Centennial Seminar conducted at the University of Kansas in 1968. The speakers explored in depth the issues raised by the vexatious problems of communication and understanding in a mass society and the volume presents "their analyses and predictions, their hopes and fears and their thoughtful estimates of the adjustments that the media must make to help keep our democratic society viable and strong in a rapidly moving world".

Those interested in communication as a means to an end in the demo-

cratic way of life would find the volume interesting. Bosley Crowther in his measure of the rôle of movies in a free society reminds the reader that the movie medium is engineered essentially to provide the people with entertainment, indulgence and escape, but at the same time he emphasises the marginal service movies are doing and should do in bringing enlightenment and enrichment to lives that are presumably needful of these facilities in a crass society. But he is sure that "we'll all keep on going to movies and we'll keep on being shocked".

Most provocative perhaps is Stan Freberg's "perfectly reasonable proposal for the de-escalation of television in a free society". Since India has hardly much of television as yet, Freberg's thesis might temper the authorities' enthusiasm with a bit of wisdom derived from experience and the national advertisers and agencies might ponder over the "tremendous American problem of monumental indifference of consumers towards most advertising". A number of recent surveys by independent and authoritative bodies have indicated that most of the viewers are quite annoyed with the present commercials and many of them "simply can't stand any more commercials". Stan Freberg's de-escalation plan suggests that at least for two days in the week the set should go black and in the centre of the screen should shine the words—read, talk. Is Freberg suggesting that the human being should not be conceived as just a receiving set for electronic communication or a consuming machine for mass produced goods?

B.B.

Employment Contracts

Contracts of Employment. By N. C. Lahiri. (Published by Eastern Law House Private Ltd., 54 Ganesh Chunder Avenue, Calcutta 13. Pages 393, price Rs. 20.)

This book deals with the legal position and the principal problems arising out of the contracts of employment in respect of Government servants and employees of public-sector undertakings and corporations. The conditions of service, requirements to be followed in disciplinary proceedings, powers of removal, dismissal and compulsory retirement, the circumstances in which the court can interfere with such action have been dealt in a lucid manner and illustrated by relevant decisions of the Supreme Court and the High Courts. The book

also cites rules and regulations relating to various services. As observed by Mr. Justice P. B. Mukharji in the foreword, this book is on a subject of increasing importance in the public life and public administration and, in many ways, the work is original in its ideas and method of presentation. The book should be useful to members of the Bench and Bar, law students and others requiring information on the subject. The chapter on "Industrial Workmen" is short as the book primarily deals with the subjects referred to above. But within the limited space, the author's view on the subject of certified standing orders is of interest and may well be considered by the Supreme Court when occasions arise.

The author criticises the decision of the Supreme Court that the certified standing orders are statutory in character, a decision that has far-reaching implications. As observed by the author the certified standing orders cannot be statutory because the very Act (the Industrial Employment Standing Orders Act), makes provision for modification by an agreement between the parties. The Act does not say that the language of the Statute must be followed and the Government has powers to include other matters not necessarily on the basis of *ejusdem generis* rule. The terms of employment may be found in an agreement or in the standing orders or partly in each. The object of having certified standing orders in an industrial establishment is to make certain conditions of service known to the work people. It was not intended to secure hide-bound uniformity in all conditions of service and it is difficult to see why an agreement between the parties on a particular matter, in special circumstances, may not prevail over a condition of service as set out in the certified standing orders.

Administrative Law

Administrative Law. By S. Rajagopalan. (Published by N. M. Tripathi Private Ltd., 164 Samaldas Gandhi Marg, Bombay 2. Pages 427, price Rs. 25.)

Administrative Law in India. By S. P. Sathc. (Published by N. M. Tripathi Private Ltd., 164 Samaldas Gandhi Marg, Bombay 2. Pages 294, price Rs. 22.)

The first named book is a second edition of this learned treatise first pub-

lished in 1965, which grew out of the lectures which the author delivered to post-graduate students in law, seeking the Diploma in Administrative Law of the University of Madras. Many more topics have been included, over and above the syllabus, to make the book a useful work of reference to the lawyer as well as the citizen on this important branch of jurisprudence which provides safeguards against the illegal or arbitrary exercise of powers by the Government.

The concepts of the rule of law, the doctrine of separation of powers, the principles of delegated legislation, of judicial review of legislation, the State's liability for torts committed by its servants, the powers of High Courts and the Supreme Court to issue writs and interfere with the decisions of domestic tribunals, have all been dealt with lucidly, with reference to the constitutional provisions and decided cases. Each subject has been dealt with in the light of its history and evolution in this country as well as the comparative position in England, France, United States and the Dominions. At places, the author has submitted his own views, e.g., that delegation in the sphere of taxation should be confined within the strictest limits, that the tendency to equate a licence fee with a tax should be countered, that the right of the State to withhold documents which had been conceded on the authority of the English case *Duncan versus Cammel Laird and Co.* needs now to be abrogated in view of the latest pronouncement of the House of Lords in *Conway versus Rimmer*.

The second book by the author who is a Reader in the Department of Law of the University of Bombay also contains an exposition of the scope and principles of Indian administrative law. The book does not purport to be an exhaustive commentary on the subject, but aims to acquaint the student with the principles applicable to the various subjects treated. It deals with the kind of power the administration exercises, the procedures followed by the administrative authorities in the exercise of their powers, the limits of their powers and ways in which the administration is kept within those limitations, the remedies against the acts of the administration, etcetera. The liabilities of the State in tort and contract and its privileges and immunities under the law are also discussed.

M. R. MEHER

Agricultural Holdings Tax : The Problems of Implementation

(By a Special Correspondent)

The Raj Committee's proposal to levy the agricultural holdings tax has been welcomed in many quarters. But it is doubtful if the State Governments have the machinery to enforce this levy successfully.

WITH the spread of the "green revolution" in the country, it is but natural that taxation of agricultural income should receive serious attention of the Government of India. The report of the Direct Taxes Enquiry Committee, headed by Mr. Justice K. N. Wanchoo, former Chief Justice of India, has stressed the vital rôle of agriculture in the country's economy and the need to divert a part of the income from this source into the Exchequer. The committee has revealed that although agriculture accounted for nearly half of India's national income, the taxes contributed by it were around only Rs. 113 crores while the contribution by the non-agricultural sector was over six times as much. "In fact," said the committee, "tax burden on the urban income is relatively so high that a tax payer having an income of Rs. 10 lakhs is left after paying income-tax with about as much income as another person having an agricultural income of Rs. 1 lakh only". The committee examined the objections and difficulties advanced against the taxation on agricultural income but it did not consider them as insurmountable. On the other hand, the committee thought that the tax on agricultural income, as any other tax, was likely to motivate farmers to increase agricultural production by the adoption of improved technology for increasing their income to meet the tax liability.

The problem of agricultural taxation has been examined in depth by a committee, set up by the Government of India in February this year, under the chairmanship of Dr. K. N. Raj. The committee was asked to study the present system of direct taxation of agricultural wealth and incomes, and to recommend measures by which such direct taxes could be

used for raising additional resources. The committee has urged the replacement of land revenue by a system of agricultural holdings tax (A.H.T.). This is expected to introduce uniformity and progression in the field of direct taxation. It will be based on the size of the holding and the crop pattern. The committee says that this will be a modified version of taxation of land with an element of progression. The A.H.T. is estimated to yield about Rs. 200 crores a year if it is levied on all holdings with rateable values of Rs. 5,000 and above. The net additional revenue might be about Rs. 150 crores if this tax replaces land revenue and the related surcharge and cesses.

The committee has also recommended partial integration of agricultural and non-agricultural incomes for the determination of the rate of tax on non-agricultural incomes. It has proposed that the wealth tax should provide for a basic exemption limit of Rs. 1.5 lakhs and that all other exemptions should be withdrawn. It has suggested taxation of capital gains tax from transfer of agricultural lands by treating these gains as ordinary incomes and abolition of exemption limit on long-term capital gains. The committee has also favoured the idea of clubbing the incomes of husband and wife for tax purposes. But when the family is made the tax unit, a deduction may be allowed from salary income at the rate of 10 per cent of the joint incomes of the two when both are employed outside the household, subject to a maximum of Rs. 2,000.

The Raj Committee's proposal to levy the A.H.T. has been welcomed in many quarters. But it is doubtful if the State Governments have the machinery to enforce this levy successfully. It calls for a great deal of preparatory work which is also rather complicated. The country is to be divided into a sufficiently large number of climatically homogeneous districts or tracts so as to take into account the differences in productivity. For each such district or tract, norms of output of different crops a

hectare for each year are to be worked out on the basis of estimates of yield for the previous ten years. These are to be valued at the relevant average harvest prices of the preceding three years. The State Governments are expected to notify the markets and post-harvest marketing periods relating to each crop in each district or tract and arrange to collect, record and publish the relevant prices on a regular basis.

The norms derived in this manner are expected to provide the norms of the value of output a hectare of different crops of different districts or tracts. There are also numerous other complicated procedures to be followed. For example, a separate "agricultural holding book" is to be issued to each assessable landholder in which will be entered details relating to members of the family, operational holdings, changes in the area covered by the holding from time to time and crops grown in different seasons each year. The rateable value of the holding, the A.H.T. assessment and the recovery of instalments as also all loan transactions related to the land holdings will be entered in this book. Will the farmers readily comply with all these cumbersome formalities?

It is also not clear to what extent the proposal for partial integration of agricultural and non-agricultural incomes for determining the rate of tax on non-agricultural income will be really in the interests of the Government and the country. The committee does not seem to have considered the possibility of people with large urban incomes giving up their farm holdings; and if this happens, will not agriculture suffer by being denied the talents and resources of the urban sector? It may be that some tax evaders try to dupe the Exchequer by showing a large part of their urban incomes as arising from farms and orchards. But will not the integration proposal impose hardship on the large body of honest taxpayers?

The Raj Committee's recommendation to club the incomes of husband and wife seems unlikely to appeal to large sections of the public opinion. The Wanchoo Committee had not favoured this idea. It felt that the clubbing of the earned income of wife with the income of her husband and minor children would result in unnecessary hardship to lower and middle-class families where women took up employment only out of sheer economic necessity.

Industrial Relations : Implications of the Recent Change in I.D. Act

By S. K. Chaudhuri

Chief Personnel Officer, Lipton Ltd

The concept of master and servant relations and the problem of maintenance of discipline in industry have undergone a major change. This has been brought about through the insertion of a new section in the Industrial Disputes Act.

THE Government has introduced a new Section 11A, effective 15th December, 1971, by an amendment of the Industrial Disputes Act, 1947. This amendment vitally changes the existing legal position in regard to the powers of the Labour Court/Industrial Tribunals when deciding disputes relating to disciplinary action taken by management against an employee by way of dismissal or discharge.

In the Indian Iron and Steel Company's case (A.I.R. 1958 S.C. 130 at

page 138), the Supreme Court considered the Tribunal's power to interfere with the management's decision to dismiss, discharge or terminate the services of a workman. The Court decided that, if disciplinary action was taken after conforming to the principles of natural justice, then no Labour Court would normally interfere with the Company's action. In other words, if an employee was dismissed after following the technicalities of charge-sheet, explanation, departmental enquiry, etcetera, and there was no element of victimisation, unfair labour practice, basic error of facts or perverse findings on materials, then the Labour Court would not sit in judgment over the findings of the management. All that the Tribunal was required to consider was: whether the view taken by the management is a possible view of the matter, regardless

of whether the Tribunal entertains a different view.

This decision weakened the position of trade unions as they could not any longer protect their members, where the employer had conducted the domestic enquiry according to the laid down procedures. The courts also found themselves in a helpless position being unable to interfere with the action of the management, even where—although the enquiry was properly conducted—the punishment given was not justified. The trade unions had thus been agitating since 1962 against the principles laid down in the Supreme Court's decision referred to above, on the ground that it affected the job security of their members. The matter came up for consideration at different tripartite meetings and, in 1966, a sub-committee of the Indian Labour Conference discussed a draft of the amendment proposed by the Government. There was, however, no agreement on the draft and the matter was left to the Government for a decision, after taking into consideration the views expressed by the employers and trade unions.

The trade unions' stand was, however, fortified by Recommendation



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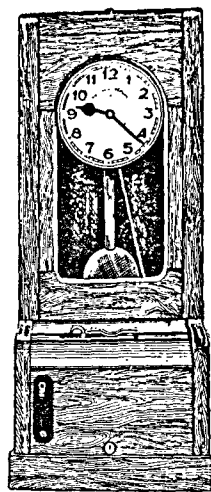
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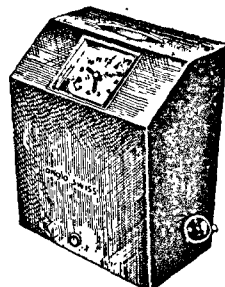


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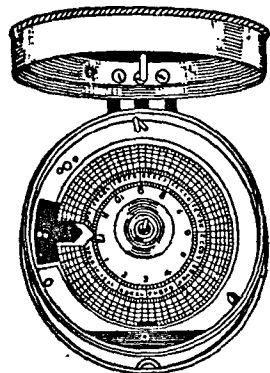
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No. 119 (June 1963) made by the International Labour Organisation on the subject of "termination of employment at the initiative of the employer" that a worker aggrieved by the termination of his employment should be entitled to appeal against the termination, among others, to a neutral body, such as an arbitrator, a court, an arbitration committee or a similar body and that the neutral body concerned should be empowered to examine the reasons given in the termination of employment and other circumstances relating to the case and to render a decision on the justification of the termination.

Finally, the Government of India, in December 1971, introduced the new Section 11A, which reads as follows: Where an industrial dispute relating to the discharge or dismissal of a workman has been referred to a Labour Court, Tribunal or National Tribunal for adjudication and, in the course of the adjudication proceedings, the Labour Court, Tribunal or National Tribunal as the case may be, is satisfied that the order of discharge or dismissal was not justified, it may, by its award, set aside the order of discharge or dismissal and direct reinstatement of the workman on such terms and conditions, if any, as it thinks fit, or give such other relief to the workman including the award of any lesser punishment in lieu of discharge or dismissal as the circumstances of the case may require, provided that in any proceeding under this section the Labour Court, Tribunal or National Tribunal, as the case may be, shall rely only on the materials on record and shall not take any fresh evidence in relation to the matter.

By introducing the new section, the legislature has given an appellate power to the Labour Court/Industrial Tribunal. The court is now in a position to judge whether the Enquiry Officer has appreciated the evidence adduced before it in its correct perspective and whether the evidence produced and recorded before the departmental enquiry was sufficient and adequate to warrant the maximum punishment of dismissal. On a strict interpretation of the new section it may be stated that the Labour Court shall rely only on the material recorded at the domestic enquiry and shall not take any fresh evidence in relation to the dispute. The second and the more plausible view, however, seems to be that the court will exercise its appellate power only after coming to the conclusion that the enquiry was

fair and proper; and therefore—and this is important—this section does not take away the right of the management to ask the court to decide the case on merits, once the court has come to the conclusion that the enquiry was not fair and proper. Or, in other words, the introduction of this new section does not take away the right of the parties to adduce evidence concerning the merits of the case, if the finding of the court or the pleading of one of the parties is that the enquiry was defective. At the worst, the parties have an option to declare, at the beginning of the court case, whether they would like to restrict themselves to the materials on record or adduce supplementary or fresh evidence on the merits of the case. If this was the intention of the legislature, then the employers have nothing to complain on the score of discipline. In the absence of a Supreme Court decision, however, it is difficult to say as to which view is correct. It is now more important for the management to ensure that domestic enquiries are conducted in a flawless manner.

Historically speaking, the employer had unlimited power of punishment and dismissal under the common law and a Civil Court had no power of reinstatement. It was the Labour Appellate Tribunal of India which decided that the tribunals had the right to interfere with the management's function in the matter of dismissal, but nowhere in the statute books the Labour Court's power to reinstate an employee was mentioned. It is interesting to observe that this is for the first time that a legislature has spelled out that a labour court or an industrial tribunal is entitled to direct an employer to reinstate a dismissed workman.

It appears that Section 11A would operate only in regard to industrial disputes referred for adjudication under Section 10 and not the disputes which may come before the Tribunals under Section 10A or 33. Whether Section 11A will have retrospective effect or not; that is, whether it will apply only to dismissals which took place after 15th December, 1971, or also to those which might have taken place earlier but referred for adjudication after the said date, is a controversial point. It, however, seems that since this section is intended to be a procedural or remedial section enlarging the power of the court to a certain extent it would operate retrospectively in respect of all disputes which were pending on the date the new section came into force.

MONEY AND BANKING

Banks' Busy Season Policy : Accent on Liquidity Control

(By a Banking Correspondent)

The main theme of the Reserve Bank's busy season policy is liquidity control by stipulating higher reserve ratios. But as banks at present keep substantial reserves, much more than the stipulated ones, this control becomes superfluous.

THE first month of the 1972-73 busy season has not failed to show the usual characteristics of a busy season. Bank credit has increased by Rs. 57 crores, against a net contraction of credit of Rs. 15 crores in the first month of the last busy season. Banks' investments in Government and other approved securities have been depleted to the extent of Rs. 41 crores as compared with an addition of Rs. 31 crores in the corresponding period of the last busy season. Borrowings from the Reserve Bank have marginally increased by Rs. 1 crore, against a repayment of Rs. 11 crores to the Reserve Bank in November 1971. Aggregate deposits have increased significantly by Rs. 114 crores, against a rise of Rs. 88 crores in the first month of the last busy season. The busy season trends, at least in the first month of the current season, have been complete in the sense that they have been unmistakably reflected also in a rise in inter-bank call money rate from 3.5 per cent to 3.75 per cent although there is excess liquidity with the commercial banks. This apparent stringency of funds is no doubt temporary and is largely attributed to the banks' subscription to the Rs. 100-crore Central Government loan floated recently. However, simply on the basis of the first month's experience, it is hazardous to estimate the banking trends for the busy season as a whole and to judge the efficacy of the busy season policy announced by the Reserve Bank on 14th November, 1972.

In fact the continued slackness in demand for bank credit during the last slack season, against an impressive rise in bank deposits, has made the Reserve Bank's job of formulating busy season policy quite simpler. And the fact that the Reserve Bank is apparently administering all the

nationalised banks through either its representative on their boards of directors or through the Bank's senior officers working as chairmen and managing directors, or officers on special duty, has made the ritual of announcing a busy season policy quite superfluous. When 95 per cent of the banking system is completely in the hands of the Reserve Bank, which can easily and at any time influence the operations of the public-sector banks without causing slightest delay, protest or even resistance on the part of these banks, a public announcement of a busy season policy naturally becomes redundant.

While formulating the busy season policy, the Reserve Bank seems to have been influenced by two or three considerations. First, as indicated earlier in Madras by the Governor of the Bank, Mr. S. Jagannathan, the Bank was chary of making "any change in policy often and on". The Bank generally preferred to have a *status quo* policy with some marginal changes. Secondly, obsessed more by the threat of inflationary potential of excess liquidity with commercial banks, hanging like a Democles sword over the state of the economy, and not by the problem of its productive utilisation, the Bank's primary concern has been how to mop up the liquidity, which if utilised for credit creation would accentuate inflationary pressures in the country.

Thirdly, although the Bank takes into account rough estimates of credit demand from some important sectors for projecting the busy season trends, its main occupation and concern are to find out how the banking system would be able to meet the busy season credit bulge and to determine the extent of its own credit to be availed of by the banks in case of financial difficulties. The Bank has not attempted roughly to judge the adequate rate of growth in money supply.

Not only India but many advanced countries also are today facing the impending danger of accentuation of domestic inflation as a result of ex-

cess liquid funds with the banking system, with the only difference that in this country the surplus funds are caused by impressive deposit accretion consequent to the Government's resort to deficit financing and by a slack in demand for bank credit, while in foreign countries excess liquidity arises mainly as a result of hot money inflows. However, the central bank's method of mopping up the liquid funds is more or less the same. Apart from instituting strict exchange control restrictions in countries such as Britain, France and West Germany, the foreign liabilities of banks are made subject to the call of special deposits by the central banks, even to the extent of 100 per cent.

The National Bank, the central bank of Switzerland, has recently introduced a system of minimum reserves on domestic bank liabilities to cream off substantial bank funds. The Reserve Bank's strategy to drain the excess liquidity is threefold: first, by asking the banks to invest in Government securities. The recent Government loan mopped up about Rs. 100 crores of banks' funds. Increasing investment in Government securities would not alone restrain the banks from indiscriminate credit creation, as the banks can either sell or borrow against these near-liquid assets from the Reserve Bank. Hence, the Bank has to lever up reserve ratios. Secondly, the Bank has raised the liquidity ratio from 29 per cent to 30 per cent. Thirdly, in order to restrain banks' capacity of credit creation, it is necessary to restrict the quantum of Reserve Bank credit and to raise its cost to the banks. The Bank, therefore, raised the N.L.R. from 34 per cent to 36 per cent, thus reducing its funds available to banks at Bank rate by about Rs. 150 crores.

In short, the main theme behind the Reserve Bank's busy season policy is liquidity control by stipulating higher reserve ratios. And as the banks at present keep substantial reserves, much more than the stipulated ones, this control becomes meaningless or superfluous. However, its psychological impact on banks in dissuading them from indiscriminate and rapid credit creation cannot be denied. Thus the Bank has set a very limited aim of immobilising excess liquid funds instead of planning for their productive utilisation for the various sectors of the economy, which are in need of finance.

Steel Shortage: A Continuing Problem for the Engineering Industry

By K. S. Ramachandran

The engineering industry has played a leading part in the development of indigenous technical know-how. But its contribution would have been far more impressive had it not been handicapped by a continuing steel shortage.

THE Government's emphasis on economic self-reliance for the country is timely and the engineering industry has a big rôle to play in this drive. It is well-known that engineering enterprises are mainly responsible for the development of indigenous technical know-how and it goes without saying that it is the level of a country's technological expertise which determines the extent of its dependence on foreign assistance. It is now quite clear that the net foreign aid which India might receive in future would be very limited and the Fifth Plan approach paper's assumptions in this regard seem quite realistic. The debt relief recently granted might not be indicative of a future inflow of aid on a large scale and the country should be prepared for a great deal of dependence on its own resources. Self-reliance implies a high degree of import substitution. As for steel, the prime steel plants should take steps towards larger capacity utilisation, and in machinery and construction materials, the engineering industry certainly has the needed technical competence as well as the keenness to turn out substitutes for imports.

The Government must help the industry in its efforts through a pragmatic policy on import of technical know-how. In the past, import of foreign technology had been allowed in the name of foreign aid which, in turn, led to import of even such equipment and construction materials that could have been procured from indigenous manufacturers, if only use had been made of Indian engineering expertise in the preparation of designs. This should no longer be so. The Government must ensure that in future there is a maximum utilisation of the available technological know-how both in the preparation of feasibility reports and initial designs and in the construction of plants, be in the private or the

public sector. Once this is done, engineering consultants would find it worth while preparing designs even for the most intricate equipment; on its part, the engineering industry would be keen, in its capacity as a manufacturer, on developing substitutes for imports and, as a consumer, on trying out domestic substitutes of materials required for their own manufacturing operations.

Here, it needs to be mentioned that the engineering industry has generally offered its co-operation in the search for substitutes for imported equipment and construction materials; and it must be said to its credit that industrial self-sufficiency that has so far been achieved has been due mainly to the long and sustained efforts of many an engineering enterprise. It would be fair to claim that if the shortage of steel and of other essential materials had not persisted, the industry would have moved much closer to the goal of self-reliance. That the industry's technological expertise is of a level helpful to greater economic independence has been amply proved by the fact that several developing countries have sought its technical assistance for setting up large complexes.

With the aggregate demand for engineering products rising steadily, there has been a significant increase in the industry's requirements of steel. Since the growing demand for steel has not been matched by larger internal production, increased imports have been necessitated. With last year's domestic production being only 4.6 million tonnes of finished steel, against the rated capacity of 6.7 million tonnes, 1.03 million tonnes had to be imported at a cost of Rs. 185 crores. The corresponding figures for 1970-71 were 0.78 million tonnes and Rs. 148.18 crores. The Government has given an assurance that during 1972-73 imports will be over 1 million tonnes. It must be emphasised here that the engineering industry's efforts towards self-reliance would bear fruit only if there is an adequate supply of steel.

Simultaneously, there has to be peace in industry. First, there should

be a moratorium on strikes in all industrial and commercial establishments, both in the public and private sectors. Secondly, the "one plant one union" rule should be strictly enforced. Thirdly, wages and other payments to labour should be realistically linked to the level of productivity. The implication is that while wages should rise when in a particular year a company records a rise in output and in net profit, they should be allowed to come down when output and profits record a fall. While a specific percentage of the wage should be paid unconditionally, the remaining portion should be linked to the level of productivity. As for workers directly associated with the manufacturing operations, the residue should vary in keeping with changes in output; for other employees it should be determined by the rate of profits. In the case of commercial undertakings, the percentage of wages related to productivity has to be measured in terms of profits alone. Some of these proposals would necessarily imply going back on the Government's bonus formula and on the practice of fixing industrywide wages.

Export is yet another avenue for furthering the cause of self-reliance. The engineering industry's export performance has been remarkable in recent years. The target for 1972-73 is Rs. 200 crores, compared with a mere Rs. 5.37 crores in 1956-57.

EXPORT OF ENGINEERING GOODS

	(In Rs. crores)
1956-57	5
1965-66	30
1968-69	85
1969-70	106
1970-71	116
1971-72	135
1972-73	200 (target)

If the targets could not be achieved in 1970-71 and 1971-72, there had certainly been many factors responsible for the failure. Besides steel shortage, other factors like the blocking of funds with the Joint Plant Committee, delay in shipments and upward revision of shipping freights also created difficulties. Measures like streamlining the working of the Steel Priority Committee and the Joint Plant Committee and provision of adequate shipping facilities can help matters. Currently, the industry's main difficulties are on account of high steel prices and delayed allocations by governmental committees. The industry has suggested that steel should be supplied at the world base prices and that allocations made on an annual basis.

Share Prices Fluctuate Within a Narrow Range

MOVEMENTS of share prices on the stock markets have been slightly irregular but confined within a small range this past week. After a mild early retreat, the markets have tended to look up under the influence of some favourable factors but could not make much headway due to precautionary unloading by marginal bulls. The price pattern at the close of the week has been indecisive with caution and hesitancy becoming the keynote of trading. With operators inclined to take quick turns and investors' attention focussed mainly on new issues, fluctuations in leading equities have been rather erratic. Intermittent profit-taking and lack of fresh investment support at higher levels have checked the rise without causing any marked setback. This inclination for encashing earlier gains is understandable in view of the recent sustained increase in share values.

The week's news has provided a mixed fare. Investors in the capital markets have derived comfort from the Central Planning Minister, Mr. D. P. Dhar's statement that the Indian economy has been poised for a "major breakthrough" in various fields of production. But the take-over of wholesale trade in foodgrains by the Government from the ensuing *rabi* season has been viewed with misgivings. Meanwhile, the finalisation of imports of foodgrains with a view to replenishing the buffer stocks has brought some relief. The proposal to introduce greater flexibility in the operations of financial institutions like the I.D.B.I. and I.F.C. with a view to making the lending policy project-oriented rather than security-oriented has been welcomed. But how far these changes will prove beneficial to the process of economic growth under the present set-up is to be seen. A study conducted by the Credit Planning Cell of the Reserve Bank has revealed that there has been a marked rise in commercial bank advances to the priority sector in the eastern States during the three years after nationalisation of the 14 major banks. Marketmen have welcomed the recommendation of the Reserve Bank's working group on finance for the coal industry for setting up a

coal finance corporation with a view to assisting the industry to come out of its present sorry plight. The accord finally reached between India and Pakistan on the question of the line of delineation in Jammu and Kashmir and on the gradual withdrawal of troops by both the countries has been noted with satisfaction.

Gilt-edged securities have maintained a steady trend. Their turnover has been rather limited. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.95. There has been little change in State Government loans.

The Calcutta stock market has been quietly steady this past week. Price movements have been limited to a narrow range. Market circles have noted the Press reports that larger industrial houses, particularly those based in West Bengal, might be allowed to expand capacity. This is one of the measures they expect New Delhi to adopt as part of its plan to ginger up industrial activity. Among engineering shares, Guest Keen Williams, Bihar Alloy and Kumardhubi have been steady. Among jute shares, Birla, Bally, New Central and Kamarhattv have changed hands. In the cotton section, Bharat Commerce, Elgin and Sutlej have been transacted. Among coal shares, South Karanpura and Western Bengal have been dealt in. Among paper shares, Ballarpur, Sirpur, Seshasayee, Straw Products and Tribeni Tissues have moved narrowly. In the tea section, Assambrook, Birpara, Gohpur and Teesta Valley have been traded. Among miscellaneous shares, J. K. Synthetics, Indian Explosives, Philips India, English Electric, Union Carbide and Woolcombers have been supported.

Activity on Dalal Street has been characterised by restricted turnover, although share prices have maintained on the whole a steady trend. Bears have generally refrained from pushing their sales and this has helped the recovery move. At higher levels, however, bulls have been inclined to reduce their outstanding commitments as the political and

economic perspective is still considered hazy. Sentiment has been enlivened by the statement of Mr. K. V. Raghunatha Reddy, Central Minister for Company Affairs, that the Government has no intention of putting curbs on companies' profits and dividends. Corporate news during the week has also been quite helpful. J. K. Steel, Carbonundum Universal and Shalimar Wires have raised their equity payment from 3, 12 and 10 per cent to 5, 15 and 13 per cent, respectively. United Carbon and Bajaj Auto have proposed bonus issues on four-for-five and one-for-two basis, respectively, while Dhruva Chemicals have obtained the C.C.I.'s consent for its three-for-ten bonus proposal. Rathil Ispat have planned diversification of their activities by setting up a paper mill, a P.V.C. film plant and a refractory plant. Among other shares, Tata Steel have enjoyed good support while Century Spinning have shown a considerable degree of steadiness. Hindustan Motors have recorded fair gains; and Voltas and Larsen and Toubro have received good investment enquiries.

The Madras stock exchange has recorded limited activities this past

COMPANY REPORTS

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

Andhra Paper
Balrampur Sugar
Balrampur Sugar
BOAC
Cauvery Sugars
Chloride India
Coffee Lands
Hindustan Cables
Jayant Paper
Jeypore Sugar
J. K. Steel
Kaycee Industries
Kirlampudi Sugar
Kirkoskar Pneumatic
Madura Sugars
M.I.C.O.
Mysore Kirkoskar
National and Grindlays
Phosphate Company
Rohtas Industries

week. Sugar shares have an edge over others in performance. The pressing economic problems of power and raw materials shortage, together with signs of labour unrest in parts of the south, have an effect on the market. In the textile section, Mettur Beardsell and South India Viscose have registered a little rise. In the planting section, Pullangode have been quoted a little higher. In the miscellaneous section, business have been done in Dalmia Cement, Aluminium Industries and Engine Valves.

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 24/75—24/75—23/60—23/70—(20/90)
Burrakur Coal 4/00—4/00—4/00—4/00
Dunlop India 27/15—27/20—26/60—26/60—(229/15)
Guest, Keen, Williams 33/30—33/90—33/25—33/75—(29/20)
Hindustan Motors 7/70—8/15—7/70—7/80—(9/00)
Howrah Jute 6'12—6/19—6/12—6/12—6/19 (7/50)
Indian Aluminium 33/10—34/60—33/05—34/50—(31/20)
Indian Cable 20/55—21/50—20/55—21/50—(18/20)
Indian Copper 2/49—2/50—2/41—2/43—(3/61)
Indian Iron 6'05—6/50—6/00—6/20—(8/80)
J. K. Cotton 8'30—8/30—8/10—8/10—(7/40)
Jaipur Udyog 9/00—9/20—8/80—9/05—(8/60)
Jayshree Tea & Industries 16/94—19/00—16/75—18/62
Kesoram Industries 19/15—19/40—18/95—19/10—(14/20)
National Rubber 6/00—6/06—6/00—6/06—(7/06)
Orient Paper 35/15—35/30—34/70—35/00—(31/10)
Orissa Cement 20/35—20/45—20/00—20/15—(16/50)
Rohtas Industries 3/85—3/90—3/70—3/85—(4/50)
Textile Machinery 10/05—10/15—10/00—10/00—(10/05)

Phosphate Company Shows Good Performance

THE working of the Phosphate Co. Ltd for the year ended June 1972 shows considerably improved results. Turnover and production have substantially increased. The production of superphosphate rose from 27,342 tonnes to 42,135 tonnes and that of sulphuric acid from 19,430 tonnes to 25,035 tonnes. The output could have been still higher but for the frequent interruptions in power supply and the dislocation of shipping facilities affecting the flow of improved raw materials during the conflict with Pakistan. The granulation plant's working was badly affected during the second half of the year due to the non-supply of required intermediates from the pool. Sales are up from Rs. 2.69 crores to Rs. 3.17 crores and the profit has risen from Rs. 1.41 lakhs to Rs. 8.56 lakhs, after providing Rs. 8.62 lakhs (against Rs. 7.76 lakhs) for depreciation, Rs. 53,370 (against Rs. 2.51 lakhs) for development rebate and Rs. 10.50 lakhs (against Rs. 80,000) for taxation. In view of the Company's better performance, the taxable ordinary dividend has been

raised from 7 per cent to 12.5 per cent, to be paid from general reserve. This offers a yield of 10.9 per cent at the present price of Rs. 115 a share of Rs. 100 each. After transferring Rs. 3.46 lakhs from tax credit certificate and after making other adjustments, Rs. 12.01 lakhs have been taken to general reserve.

MYSORE KIRLOSKAR

Sales and Profit Rise

THE working of Mysore Kirloskar Ltd for the year ended June 1972 has resulted in a profit of Rs. 37.81 lakhs, after providing depreciation of Rs. 48.76 lakhs, development rebate of Rs. 9.26 lakhs and taxation of Rs. 37 lakhs. This compares with the previous year's profit of Rs. 33.98 lakhs, after providing depreciation of Rs. 46.32 lakhs, development rebate of Rs. 11.26 lakhs and taxation of Rs. 36 lakhs. Sales for the year amounted to Rs. 657.97 lakhs (against Rs. 622.25 lakhs). The total available surplus is Rs. 39.33

lakhs which includes Rs. 4,846 brought forward from the previous year and Rs. 1.47 lakhs being excess provision. Out of this, provision for gratuity amounted to Rs. 7.36 lakhs. General reserve gets Rs. 21.90 lakhs (against Rs. 37.10 lakhs), dividend equalisation reserve Rs. 5 lakhs (against nil) and debts redemption reserve Rs. 5 lakhs (against nil). The balance of Rs. 7,247 is being carried forward. The directors have recommended an equity dividend of 10 per cent as well as 8 per cent and 9.3 per cent on the two classes of preference shares. These dividends amounting to Rs. 15.39 lakhs will be paid out of general reserve.

Sales so far during the current year are slightly higher than in the corresponding period of the previous year. But due to the power cut, the directors say, there is an element of uncertainty. It is also stated by the directors that the demand for the Company's products will depend on the extent to which the engineering industries are affected by the power cut. The Company's subsidiary, Precision Tooling Systems Ltd, has already taken up the manufacture of boring bars. The directors add that the plant and machinery required for the manufacture of microbore tools have been received.

KIRLOSKAR PNEUMATIC

Results Disappoint

KIRLOSKAR Pneumatic has turned out extremely disappointing results for the year ended March 1972. Despite an increase of about 15.8 per cent in turnover—sales and works contracts—from Rs. 8.06 crores to Rs. 9.34 crores, the gross profit has shrunk from Rs. 105.41 lakhs to Rs. 47.90 lakhs. The only consolation that the shareholders have is the maintenance of dividend at 15 per cent. The sharp setback in profitability is attributed to the steep rise in costs by way of enhanced interest charges, increased wage bill, higher raw material costs and adverse conditions prevailing in the market for some of the Company's products.

After providing Rs. 26.92 lakhs (against Rs. 25.72 lakhs) for depreciation, Rs. 4.30 lakhs (against Rs. 4.60 lakhs) for development rebate reserve and Rs. 4 lakhs (against Rs. 39 lakhs) for taxation, the net profit for 1971-72 amounts to Rs. 12.68 lakhs, against Rs. 36.09 lakhs in the preceding year. During the year, the Com-

pany further diversified its activities in all the three industries in which it is engaged, namely, compressed air, air-conditioning and refrigeration and transmission. The Company issued debentures worth Rs. 1 crore during the year. The outlook for the current year is considered to be better. Sales in the first six months have been better than last year's corresponding figure. And orders on hand total Rs. 11.4 crores. The Company proposes to change its financial year ending with March to one ending with June, with effect from 1972-73. The current year will, therefore, cover a period of 15 months.

CHLORIDE INDIA

Handsome Rise in Profit

CHLORIDE India Ltd has produced substantially improved results for the year ended August 1972. It has earned a pre-tax profit of Rs. 241.17 lakhs, compared with Rs. 198.20 lakhs in the previous year. After making a provision of Rs. 5.98 lakhs for development rebate reserve and Rs. 147 lakhs for taxes and after writing back Rs. 1.28 lakhs from development rebate reserve and Rs. 11.29 lakhs for taxes pertaining to earlier years, the entire balance of Rs. 100.76 lakhs has been transferred to general reserve. The Company declared a taxable interim equity dividend of 80 paise a share of Rs. 10 each. The directors have now recommended the payment of a final dividend at the rate of Rs. 1.45 a share, subject to tax, absorbing Rs. 30.80 lakhs which will be paid from general reserve.

NATIONAL AND GRINDLAYS

Capital Issue Oversubscribed

NATIONAL and Grindlays Bank Ltd recently offered in the Eurobond market \$(U.S.) 30,000,000 7½ per cent capital bonds 1987 at 100½ shillings. This issue was managed by White Weld and Co. Ltd, WM Brandt's Sons and Co. and FNCB Euro Securities SA. The issue was substantially oversubscribed. Brokers to the issue were De Zoete and Bevan and Strauss Turnbull and Co.

BOAC

Cargo Record Achieved

A BOAC Boeing 747 passenger jet carried 32½ tons of cargo on a flight from New York to London a few days ago—a load the air-

line believes is a record for cargo carried on any regular schedule passenger flight. There was no heavy individual item on the flight but, appropriately, the largest consignment was 28,000 kilograms of long playing records.

M.I.C.O.

Factory in Nasik

THE construction of Motor Industries Co. Ltd's new factory in Nasik has been started. The new factory is part of a major expansion of the Company, which also envisages a substantial increase in production at the Bangalore factory. Initially, nozzles and nozzle-holders will be manufactured in Nasik. The first stage of construction in Nasik is expected to be completed in another 12 months.

ANDHRA PAPER

Maiden Dividend

ANDHRA Pradesh Paper Mills has reported substantially improved results for the year ended June 1972 which has enabled the directors not only to clear the arrears of preference dividends (1968-69 to 1970-71) but also to declare a maiden equity dividend at the rate of Rs. 10 a share (10 per cent). The Company's production

rose by 15 per cent from 51,179 tonnes to 59,692 tonnes, sales by 25.5 per cent from Rs. 9.58 crores to Rs. 12.04 crores and gross profit by 32 per cent from Rs. 2.23 crores to Rs. 2.94 crores. Together with the surplus of Rs. 52 lakhs brought forward and a write-back of Rs. 13.69 lakhs from tax credit certificate reserve, the disposable surplus amounts to Rs. 3.60 crores. Out of this a sum of Rs. 1.99 crores (against Rs. 1.53 crores) has been provided for depreciation for 1970-71 and 1971-72. After taking into account the payment of preference dividends for 1966-67 and 1967-68 totalling Rs. 13.45 lakhs, the entire surplus of Rs. 1.48 crores has been transferred to general reserve. The total preference dividends amounting to Rs. 38 lakhs and the proposed equity dividend absorbing Rs. 37.50 lakhs will be paid out of general reserve.

JAYANT PAPER

Results Improve

JAYANT Paper Mills has turned out better results for the year ended June 1972 although margins have been under pressure. As against an increase of about 22 per cent in sales from Rs. 1.19 crores to Rs. 1.45 crores, the gross profit has increased by only 6 per cent from Rs. 21.95 lakhs to Rs. 23.29 lakhs. The dividend has been maintained at 12 per

J. K. STEEL : BETTER RESULTS

J. K. STEEL and Industries Ltd has produced improved results for the year ended June 1972. Turnover is Rs. 341 lakhs (against Rs. 325 lakhs) and the gross profit has increased from Rs. 22.61 lakhs to Rs. 23.08 lakhs. A sum of Rs. 10.29 lakhs (against Rs. 10.22 lakhs) has been provided for depreciation while Rs. 8.89 lakhs have been transferred to general reserve, against Rs. 7.86 lakhs in the previous year. The equity dividend has been stepped up from 30 paise to 50 paise a share, besides Rs. 9.10 a share on preference shares.

The Company would have produced much better results but for the considerable rise in the cost of production, prices of raw materials, stores and spares. Wages

and duties have been continuously rising. Wages have risen steeply without any relation to productivity. The introduction of gratuity and the raising of the amount of minimum bonus have further enhanced the labour cost. Moreover, there has been a steep rise of 95 per cent in the excise duties on various steel items and the Company had to bear the impact of these increased duties as commensurate rise in prices was not possible in a competitive market. The shortage of steel resulted in under-utilisation of the Company's capacity and restricted power supply, coupled with load shedding, restricted products. The Company has started a research and development department and has designed and developed a new electric hoist which has resulted in good orders.

cent. After providing Rs. 6.86 lakhs (against Rs. 4.32 lakhs) for depreciation, Rs. 1.90 lakhs (against Rs. 24,000) for development rebate reserve and Rs. 7.81 lakhs (against Rs. 9.51 lakhs) for taxation, the net profit amounts to Rs. 6.72 lakhs, against Rs. 7.88 lakhs in the preceding year. After adjustments, a sum of Rs. 6.59 lakhs (against Rs. 8.02 lakhs) has been transferred to general reserve out of which the proposed dividend absorbing Rs. 3.60 lakhs will be paid.

Improved results are attributed to an increase in production from 6,722 tonnes to 6,916 tonnes and higher prices realised for paper. The Company has embarked on an expansion programme aimed at raising the capacity from 6,720 tonnes to 15,720 tonnes of paper and boards. The letter of intent has been received and the industrial licence for expansion is awaited. The expansion is estimated to cost Rs. 80 lakhs and it is expected to be completed within two years from the date of the receipt of the licence. It is likely that the Company will issue rights shares to raise part of the finance for expansion.

BALRAMPUR SUGAR

Results Improve

THE Balrampur Sugar Co. Ltd has shown satisfactory working results for the year ended June 1972. Sales of sugar and molasses are up from Rs. 2.53 crores to Rs. 3.17 crores, and the profit has risen from Rs. 1,632 to Rs. 76,906, after providing Rs. 4.39 lakhs (against nil) for depreciation. A taxable ordinary dividend of 8 per cent has been declared absorbing Rs. 1.12 lakhs which will be paid out of general reserve. This offers a yield of 6.2 per cent at the present price of Rs. 3.25 a share of Rs. 2.50 each. The Company had paid no dividend in the previous year. Allocations include Rs. 9,500 (against nil) for development rebate reserve and Rs. 3.75 lakhs (against nil) for general reserve. After writing back Rs. 1.57 lakhs from cane price difference for the previous year and after making other adjustments, a sum of Rs. 23,683 is carried forward, against Rs. 33,989 brought in. Production was shown at 148,460 quintals (against 81,399 quintals). The quantity of cane crushed rose from 860,561 quintals to 1,575,737 quintals and the recovery was 9.42 per cent, against 9.46 per cent.

JEYPORE SUGAR

Dividend Doubled

THE directors of Jeypore Sugar Co. Ltd have announced a substantially higher dividend of 20 per cent for the year ended June 1972, against 10 per cent in the previous year. According to the available figures, the profit, before depreciation, amounts to Rs. 148.55 lakhs (against Rs. 61 lakhs). Out of this, interest charges alone amounted to Rs. 41.04 lakhs (against Rs. 45.8 lakhs). Provision for depreciation is Rs. 24.10 lakhs (against Rs. 24.86 lakhs). The net profit amounts to Rs. 83.31 lakhs. This compares with the loss of Rs. 9.69 lakhs in the previous year. Provision for agricultural income-tax is Rs. 20,000 (against Rs. 53,000). There is no Central tax liability. General reserve gets Rs. 73.20 lakhs (against nil) and development rebate reserve Rs. 10.25 lakhs. The molasses storage facilities fund is allocated Rs. 16,000 (against nil). A transfer of Rs. 44,000 is made to the profit and loss account from development rebate reserve. The directors have also transferred a sum of Rs. 8.60 lakhs from general reserve to make the appropriations.

KIRLAMPUDI SUGAR

Good Results

KIRLAMPUDI Sugar Mills Ltd has produced good results for the year ended June 1972, and an outstanding feature has been the decision of the directors to pay the arrears of preference dividend for 20 years, including the year 1972. A dividend of 6 per cent has been recommended on ordinary shares. The profit for the year amounts to Rs. 25.63 lakhs, after providing depreciation of Rs. 4.26 lakhs. This compares with the previous year's loss of Rs. 6.98 lakhs, after providing depreciation of Rs. 4.69 lakhs. The total available surplus is Rs. 33.20 lakhs which includes Rs. 2.95 lakhs being excess tax provision and Rs. 4.62 lakhs being excess development rebate. Out of this, development rebate reserve gets Rs. 4 lakhs (against nil). Tax provision is Rs. 3.90 lakhs (against nil). Transfer to molasses storage facilities fund amounts to Rs. 9,000. Dividend reserve gets Rs. 9.60 lakhs and general reserve Rs. 2.50 lakhs. After adjusting the brought-forward loss of Rs. 12.89 lakhs, the balance of Rs. 22,418 is being carried forward.

During the year the factory crushed 91,600 tonnes of sugarcane and produced 91,917 quintals of sugar. This compares with 71,963 tonnes of cane crushed and 27,500 quintals of raw sugar and 41,002 quintals of white sugar produced in the previous year. The average recovery was 10.03 per cent (against 9.52 per cent).

CAUVERY SUGARS

Dividend Resumed

CAUVERY Sugars and Chemicals Ltd has done fairly well for the year ended June 1972. The directors have recommended a dividend of 10 per cent on ordinary shares and 7.8 per cent on preference shares from 1970 to 1972. The Company had skipped the equity dividend for the years 1970 and 1971. During the year sales moved up to Rs. 387.35 lakhs (against Rs. 256.56 lakhs). The gross profit, before depreciation and taxation, has recorded a good improvement at Rs. 36.59 lakhs (against Rs. 11.94 lakhs). Provision for depreciation is Rs. 7.63 lakhs (against Rs. 7.92 lakhs). Provision for additional depreciation amounted to Rs. 1.82 lakhs. Total sugarcane crushed amounted to 155,000 tonnes (against 211,000 tonnes). Sugar production was lower at 13,516 tonnes (against 17,851 tonnes). But a higher recovery during the year helped raise the Company's earnings.

MADURA SUGARS

Shareholders Rewarded

THE directors of Madura Sugars have announced a final dividend of 14 per cent for the year ended September 1972, making a total of 20 per cent for the year, including the interim dividend of 6 per cent, against 6 per cent in the previous year. The profit has moved up substantially, the gross profit before depreciation and taxation being Rs. 15.13 lakhs (against Rs. 1.74 lakhs). The higher profit is due to the satisfactory trading conditions. Provision for depreciation is Rs. 1.97 lakhs (against Rs. 1.02 lakhs). Development rebate accounts for Rs. 75,829 (against Rs. 5,964). Provision for taxation is Rs. 4.56 lakhs (against nil). The gratuity fund gets Rs. 1.50 lakhs (against nil). The appropriations have been made after deducting the brought-forward loss of Rs. 3.54 lakhs from the previous year and after transferring Rs. 1.20 lakhs from general reserve.

HINDUSTAN CABLES

Equipment from British Firm

ORDERS for 119 telephone cable insulating machines, worth £170,000, have been placed with a British firm by Hindustan Cables, a Government of India undertaking. Of these, 94 machines are for a factory under construction in Hyderabad, and the remainder for an existing factory in Rupnarainpur, West Bengal. The new factory will start production early next year, and the cable insulating machines, which are used in the later stages of manufacture, will be shipped in two lots, the second of which is expected at the site in April 1973. The machines are manufactured by Crowther Ltd of Thurmaston, Leicester (English Midlands) under licence from a French firm. They are small vertical paper insulating machines which apply special electrically insulating paper to the copper conductor of the telephone cable by wrapping the paper in ribbon form spirally round the conductor.

BHARAT FORGE

Setback Suffered

THE brief preliminary statement from Bharat Forge on its performance during the year ended June 1972 shows a marked setback, reflecting the recession in the diesel engine industry and prolonged strikes at customers' works. Sales and other income have declined sharply from Rs. 7.25 crores to Rs. 5.25 crores and the gross profit has shrunk from Rs. 1.39 crores to Rs. 55.45 lakhs. The directors have skipped the equity dividend but the arrears of preference dividends for the three years ended June 1969 are being cleared. A sum of Rs. 48.31 lakhs (against Rs. 47.29 lakhs) has been provided for depreciation and Rs. 1.50 lakhs for development rebate reserve. After adjustments, the surplus of Rs. 5.64 lakhs is carried forward.

KAYCEE INDUSTRIES

Dividend Raised Again

KAYCEE Industries has reported improved results for the year ended June 1972 and the dividend stepped up in the previous year from 6 per cent to 7 per cent is being further raised to 7.5 per cent. Sales have risen by 23.5 per cent from Rs. 53.99

lakhs to Rs. 66.71 lakhs and the gross profit has gone up by 45 per cent from Rs. 10.39 lakhs to Rs. 15.12 lakhs. After providing Rs. 2.61 lakhs (against Rs. 2.73 lakhs) for depreciation, Rs. 40,000 (against Rs. 60,000) for development rebate reserve and Rs. 8.18 lakhs (against Rs. 4.29 lakhs) for taxation, the net profit amounts to Rs. 3.94 lakhs, against Rs. 2.77 lakhs in the preceding year. The equity dividend will absorb Rs. 1.68 lakhs (against Rs. 1.57 lakhs) and the deferred dividend Rs. 32,000 (against Rs. 26,000).

COFFEE LANDS

Profit Declines

COFFEE Lands Ltd has earned a profit of Rs. 11.44 lakhs for the year ended June 1972, against Rs. 32.43

lakhs in the previous year. After providing Rs. 5.90 lakhs (against Rs. 13.20 lakhs) for taxation, there is a net profit of Rs. 5.54 lakhs (against Rs. 19.23 lakhs). Adding to the profit Rs. 21,298 being refund of income-tax, Rs. 10,521 being unclaimed dividend, Rs. 2.15 lakhs brought forward and Rs. 3 lakhs transferred from general reserve, there is a total of Rs. 11.01 lakhs available for appropriation. Out of this, the preference dividend of 5.31 per cent amounted to Rs. 55,256. The equity dividend of 18 per cent, which is on the increased capital due to the issue of bonus shares, will absorb Rs. 8.64 lakhs. In the previous year the dividend was 20 per cent on the old capital. During the year the Company harvested a total of 538 tonnes of coffee, against 910 tonnes in the previous year. The coffee crop for 1972-73 is estimated at 730 tonnes. It has been valued at Rs. 3.50 a point.

ROHTAS INDUSTRIES : CRASH PROGRAMME

IT is stated in the latest report of Rohtas Industries Ltd for the year ended March 1972 that the increase in the cost of raw materials, stores and spares adversely affected the profitability of the paper division. The Company has taken on hand the crash programme for increasing paper production from the present 60,000 tonnes to 75,000 tonnes annually in the first stage by incurring an expenditure of Rs. 3.75 crores, including foreign exchange. As a result of the Company incurring an expenditure of over Rs. 1.5 crores during the last four years for carrying out several replacements and improvements to the plant and machinery, it has been possible to achieve an annual rate of production of 60,000 tonnes, against the production of 43,500 tonnes during the year 1968-69. The production of 5,479 tonnes during the month of October 1972 has been the highest. It is hoped that the implementation of the crash programme for increasing the production to 75,000 tonnes will considerably increase the profitability of the paper division. Efforts will be made to raise the capacity to 125,000 tonnes.

The Company has incurred a loss of Rs. 57.34 lakhs, after meeting all the expenses of operation and providing for bonus amount-

ing to Rs. 31 lakhs for the year and also for 1968-69 but without providing for depreciation. In view of the Company's loss, the dividend has been skipped again. After writing back the excess provision of Rs. 4.43 lakhs in respect of the previous year and after making other adjustments, there is a debit balance of Rs. 52.91 lakhs which is proposed to be carried forward.

Production of clinker was lower due to the renovation of kiln No. 2. Production of cement also suffered on account of the acute shortage of power and non-availability of empty wagons. Major rehabilitations and renovations have been done to kiln No. 1 at a cost of about Rs. 26 lakhs; as a result it has been possible to achieve production of clinker at the rate of 550 tonnes a day. The abestos cement products unit showed increased production to the extent of over 3,400 tonnes. It has been possible to achieve improved profitability in this unit due to better availability of fibre and improved realisation. The production of *vanaspati* had to be restricted as a result of adverse trends in the market due to larger availability of this product. This, coupled with the Government's unrealistic price policy, resulted in a loss in this unit.

Import of Fibre Only to Build Buffer Stocks, Says Mr. Mishra

NO jute mill in the country should suffer forced idle capacity due to a dearth of raw jute, said Mr. L. N. Mishra, Central Minister for Foreign Trade to newsmen in Patna last week-end. The Government of India had decided to import 360,000 bales of fibre from Bangladesh primarily to "build a buffer stock for meeting emergency requirements", he added. Emphasising that New Delhi was resolved not to allow fibre prices to sag in an effort to safeguard the interests of the ultimate growers, he affirmed that it was "against the Centre's policy to import jute from Bangladesh or from any other country as it would bring down the price of raw jute in India." Mr. Mishra admitted that he had received a letter from the West Bengal Chief Minister, Mr. S. S. Ray, "requesting the Centre to import 100,000 bales of jute from Bangladesh as some mills in the State had been on the verge of closure due to the dearth of raw jute." The suggestion of raising the imports to 1 million bales, he said, "might have been made by the Indian Jute Mills Association in a bid to bring down the price of jute in the country by creating a glut in the market with imported jute."

The steady decline, quarter by quarter, in the uses of jute as tufted carpet-backing cloth for an extended

period cannot be reversed unless the material is made more competitive in price, observes the New York correspondent of the Indian Jute Mills Association's journal in a recent despatch. Users of carpet-backing cloth are sorely disappointed over the fact that there is still no decision to abolish or substantially scale down the export duties, he adds. (The letter was written shortly before the New Delhi announcement of the partial relief of the import in respect of only primary carpet-backing cloth on 31st October.) Consumers are being forced to take a long, hard look at substitutes for any long-term planning, for currently prices of both carpet-backing cloth and burlap have started edging upward after a slow but steady decline. Compared with 1971, the January-August burlap consumption figures registered a decline of 22.2 per cent this year and activity is restricted to purchasing mostly from Bangladesh, against immediate requirements. The passage of time alone ensures "a viability of substitutes that becomes increasingly difficult to combat in the sophisticated and innovative U.S. market," he indicates.

The prime force behind the shift away from jute is the price level, tragically inflated by the export duties. Its effect is evident in the rapidly increasing stockpile of jute backing in Cal-

cutta and the marked decline in production from month to month. According to the U.S. Department of Commerce, says the correspondent, tufted carpet production in the country during the second quarter of 1972 increased by 8.9 per cent over the preceding quarter, in line with the increase in economic activity. He discerns mounting evidence of the fact that the current expansion will be catered to by a large variety of domestically-produced and cheaper synthetics and not by the reliable and proven jute. Already, the use of jute primary backings cloth in the second quarter has registered a decline of 2 per cent over the first and that of secondary backings by 2.6 per cent, according to estimates made by the State Commerce Department.

New Uses of Jute

A West German firm has successfully spun viscose tyre-cord yarn of high tenacity and lower elongation from cellulose, extracted from jute sticks. Jute sticks, fibre and seeds are good sources of useful chemicals. Cellulose from jute fibre and stick can be separated from bonded lignin with little difficulty and used as a good raw material for paper and rayon of good quality. Currently, small quantities of jute cellulose pulp are added to improve the quality of paper produced from wood pulp and other fibre of short chain-length. This addition increases the strength and whiteness of the paper, produced from inferior quality pulp. Bamboo and eucalyptus, among other farm and forest products, have so far been used as a raw material for rayon grade pulp. The ever-increasing

demand for this yarn necessitates intensive investigations on the use of jute sticks on a commercial scale. This cheap but useful material, growing annually to the extent of double the quantum of fibre, is wastefully used as a fuel. Only about 25 per cent of the stick output is converted into viscose yarn. Other uses of jute sticks are the manufacture of particle boards, pressed sheet boards and some chemical by-products. Jute cuttings may also be digested to yield a very good quality pulp which may be added to paper pulp. These may also be treated with suitable adhesive materials for the manufacture of waterproof matting.

While improvements in the conventional uses are to be considered a continuous process, the exploration of areas of diversifying jute uses should also attract adequate attention of scientists and technologists. Like cotton or wool, jute can find a variety of uses as a modified, bonded, laminated and treated fibre. Its potentialities are concealed in its interesting chemical and physical properties. The high modulus and comparatively low density can be utilised to advantage in the construction of small, light-weight boats or canoes. A few layers of jute polyester provide a rigid lamination which can be cast into moulds of required shapes

and sizes. A riverine country like Bangladesh or the deltaic West Bengal, where boat building timber is rather costly and difficult to procure, may well use the substitute material at a cheaper cost. The same material may also be used as a substitute for plywood and timber in a host of other uses. When treated with vinyl latex, and plasticiser mildew-proofer, the jute fabric provides a smooth finish after heavy laundering. Its greater strength and durability and the attractive look of the conventional vinyl products promise a much better performance of the innovation. Of late, their demand has been growing fast in various forms of floor and wall-coverings. One type of floor tile, like linoleum, consists of a cork-base under a layer of jute-hessian with a vinyl top.

Gunnies Firm

Despite erratic price movements on alternate bouts of profit-taking and short-covering with some extent of bull squeeze, the Calcutta gunny market ruled basically firm during the past week. Fresh enquiries and business were virtually absent and both the industry and operators had to depend on conflicting rumours. Poor draft conditions in the Hooghly around the approaches to the port reduced the

pace of loading as most shipping companies had deferred their sailing schedules by about a month to mid-January and thereafter. The continuing rise in fibre prices and the apathetic approach by the Central Government to the issue of importing adequate stocks of fibre from Bangladesh, Burma and Thailand induced mills to be cautious. In spite of the rise in the market rates, mills were not inclined to extend their ready and forward commitments mainly due to the difficulties in covering fresh sales of end products by adequate purchases of fibre at remunerative levels. The statement of the Central Minister of Foreign Trade, Mr. L. N. Mishra, in Patna last week that imports of fibre by the Central Government were meant for building a buffer stock and that brisk imports of jute would not be made lest a glut of such imported fibre might depress raw jute prices impairing the interests of the growers, induced caution in industry and fibre trade circles. They failed to realise as to how the Minister could charge the I.J.M.A. with having pressed for the import of 1 million bales of fibre for causing a crash in the fibre market when the rates had been hovering around the seasonal peak of Rs. 67 a maund f.o.r. Calcutta ready, basis Assam Bottoms, against the statutory minimum price of Rs. 43. Already,

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

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

Description	30th November, 1972		31st October, 1972		Increase over (+) or decrease from (-) last month		30th November, 1971	
	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	9,06.62 (9.91)	26.2 (25.8)	8,41.04 (9.20)	24.2 (23.8)	+65.58 (+71)	+2.0 (+2.0)	9,67.86 (10.58)	29.2 (28.8)
Sacking cloth and bag	11,17.33 (12.22)	48.7 (47.9)	11,39.20 (12.46)	49.4 (48.6)	-21.87 (-24)	-0.7 (-0.7)	11,95.35 (13.07)	53.5 (52.7)
Carpet-backing	2,16.23 (2.36)	23.1 (22.7)	2,50.89 (2.74)	26.3 (25.9)	-34.66 (-38)	-3.2 (-3.2)	1,03.90 (1.14)	11.4 (11.2)
Others		11.1 (10.9)		9.2 (9.0)		+1.9 (+1.9)		8.7 (8.5)
Grand Total (000 Tonnes/Tons)		1,09.1 (1,07.3)		1,09.1 (1,07.3)		(0.0) (0.0)		1,02.8 (1,01.2)

Note: All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.



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Indian costs of production were exorbitant and together with the burden of fiscal impost, Calcutta products were edged out by Bangladesh goods and synthetics. Any further rise in the price of fibre will make the end-products still dearer to the consumers and will hasten the pace of substitution. The trade derived some encouragement from the talk that the D.G.S.D. had increased his earlier indent for 6,000 tonnes of B twills for the current month to 9,000 tonnes and that he was likely to issue requisitions for similar monthly offtake during the next quarter to mills before long. The floating stocks of heavy goods and the anticipated output appeared to be much lower, leading marketmen to envisage an extremely tight position in the construction for the near-term. The market was encouraged over the report of another enquiry from Syria for 15,000 bales of sugar twills on an extended delivery schedule, indicating

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

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

(000 metres and 00,000 yds.)				
	Nov. '72	Oct. '72	Nov. '71	
Hessian	9,27,38	8,32,51	9,02,18	
	(10,14)	(9,10)	(9,87)	
Sacking	8,31,43	7,83,98	9,32,11	
	(9,09)	(8,57)	(10,19)	
Carpet-backing	1,21,92	1,07,24	1,87,35	
	(1,33)	(1,17)	(2,05)	
(000 tonnes and tons)				
	Nov. '72	Oct. '72	Nov. '71	
Hessian	30.5	26.4	28.9	
	(30.1)	(26.0)	(28.4)	
Sacking	37.5	35.3	41.7	
	(36.9)	(34.7)	(41.1)	
Carpet-backing	12.8	11.2	20.2	
	(12.6)	(11.0)	(19.9)	
Others	8.4	6.8	5.9	
	(8.2)	(6.7)	(5.8)	
Grand Total	89.2	79.7	96.7	
	(87.8)	(78.4)	(95.2)	
Hours worked:	200.0	184.0	200.0	

Note: All figures are at bale-point.

N.B.—These statistics are based on replies received and represent all members of the Association, and New Central and Shree Hanuman. The figures in brackets are in British measures.

that Bangladesh which had bagged the recent tender for an even quantity by underquoting Calcutta was not in a position to cover the entire requirements of the buyers. The comfortable bookings by Dacca for far positions extending to the end of the current jute season induced Clive Row to believe that further overseas enquiries and business would spillover to Calcutta. But the reserve shown by the industry in extending its commitments was the major hurdle behind Calcutta's ability to satisfy export demands in full for the remainder of the season. Besides, the fact that prices had been staying at the peak was a positive deterrent to brisk internal and overseas offtake. The rejection of the industry's suggestion of reducing mill operations to a five-day week failed to produce a corresponding impact on the market. The moderate price fluctuations were ascribed to bull-bear tussle. Turnover was small and the closing undertone was pretty firm.

Latest available quotations (in rupees) were as follows:

	Dec.	Jan.	Jan.-Mar.
40in. 7½oz.	73.25	74.00	75.00
40in. 8oz.	80.50	—	—
40in. 10oz.	97.25	97.75	98.00
B Twills	260.00	262.50	265.00
Heavy Cecs	262.00	265.00	268.00
Cornsacks	—	—	—
A Twills (U.S.)	323.00	325.00	327.00
Liverpools	302.00	305.00	308.00

Fibre Outlook Buoyant

After ruling exceptionally steady around the seasonal peak level for the past two weeks or so, fibre prices reacted somewhat towards the past week-end on realising by speculators, combined with scattered selling by holders of odd lots of suitable grades by both intermediaries and growers. But the outlook continued to be buoyant in view of the possibility of an extremely tight position in fibre supplies around the last quarter of the current season. The prospects of heavy imports from countries like Bangladesh, Burma and Thailand too were bleak for by now they had already disposed of their seasonal surpluses. Besides, the small lots which might have been

procured from third parties would have been much costlier, making their procurement meaningless. In the up-country markets, prices were ruling much above Calcutta parity levels and all offers were easily absorbed at or a shade above the quoted prices. Before taking a view for immediate and near terms, operators were cautious, awaiting the release of the I.J.M.A. production, stocks and fibre offtake figures for the previous month. Turnover was small and the closing undertone was steady.

Latest available quotations (in rupees) were as follows:

December-January Rates a Rates a Rates a			
quintal quintal md.			
	Mid.	Bot.	Bot.
Selected Assam-Agartala	188.89	178.17	66.50
Northern Jute	182.19	171.47	64.00
West Bengal Desal	172.81	162.09	60.50
Selected Daissee	204.96	194.24	72.50
Assam-Agartala Tossa	204.96	194.24	72.50
Mesta :			
Assam Mesta	172.81	162.09	60.50
Selected Murshidabad	167.45	156.74	58.50
Bihar Dist.	151.38	140.66	52.50

TEA

Demand Slackens

A Special Correspondent writes: The offerings at last week's Calcutta leaf tea auction amounted to 72,665 packages. There was less general demand. C.T.C. broken, particularly the medium descriptions, tended easier. Fannings of all varieties were firm, with the selected best selling well. Clean plain orthodox B.O.P.s were easier while orthodox B.O.P.s from Assam were neglected and there were heavy withdrawals in this category. Fannings sold at about the previous week's rates. Whole-leaf grades were lower but sold readily, particularly the medium varieties. Darjeeling teas met with a limited demand and there were heavy withdrawals.

STOCK PRICES AND YIELDS

The following are the official quotations of leading shares quoted at the Calcutta Stock Exchange and their respective yields.

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

CLEARED SECURITIES

10	Birla Jute	9	11	23.70	4.6
10	Burrakur Coal	12	5	4.00	12.5
10	Dunlop India	20	20	26.60	7.5
10	G. K. W.	16	20	33.75	6.0
10	Hind Motors	Nil	Nil	7.80	...
10	Howrah Jute	Nil	Nil	6.19	...
10	Ind Aluminium	14	17	34.50	4.9
10	Indian Cable	2½	15-15*	21.50	7.0
2 sh.	Indian Copper	11.1	10.5*	2.43	7.8
10	Indian Iron	6	6	6.20	9.7
10	J. K. Cotton	Nil	...	8.10	...
10	Jaipur Udyog	10	5	9.05	5.5
10	Jayshree Tea	11	14*	18.62	7.5
10	Kesoram Ind	10	5	19.10	2.6
10	National Rubber	Nil	...	6.06	...
10	Orient Paper	10	11½	35.00	3.3
10	Orissa Cement	12½	15	20.15	7.4
10	Rohtas Ind.	Nil	Nil	3.85	...
10	Texmaco	Nil	...	10.00	...

COAL

10	Amalgamated	10	10	10.62	9.4
100	Bengal	12	Nil	42.00	...
10	Bengal-Nagpur	2½	...	5.25	4.8
10	Borrea	12½	Nil*	8.00	...
10	Karanpura	20	10-7*	6.00	11.7
10	Katras Jherriah	10	6	5.94	10.1
10	New Beerbhoom	16	10	5.62	17.8
10	North West	2½	...	5.25	4.8
10	Pench Valley	10	10	10.62	9.4
10	Rancegunge	10	7½	10.50	7.1
10	Rewa	20	20	19.62	10.2
10	S Karanpura	20	20	9.94	20.1
10	W Bangal	8½	8½	6.59	12.9

COTTON

10	Basanti	Nil	...	2.75	...
10	Bharat Com	12	12	19.69	6.1
10	Bowreah	12½	...	14.75	8.5
5	Cawnpore	Nil	Nil*	2.44	...
10	Dunbar	Nil	...	10.31	...
10	Elgin	6	...	7.00	8.6

*1972

Ordinary Paid-up Value Per Share Rs.	Dividend Percent	Current Market Price Rs.	Yield %
	1970	1971	

ENGINEERING

10	Braithwaite	...	...	2.87	...
10	Biecco Lawrie	Nil	Nil	10.62	...
10	Bridge & Roof	2½	Nil	35.19	...
100	Burn & Co.	Nil	Nil	42.00	...
10	Cal Steel	5	10*	8.00	12.5
10	Hind Wire	10	10	14.94	6.7
10	Ind St. Wagon	Nil	...	3.62	...
10	Industrial Cont	...	...	13.12	...
10	Jay Eng.	8	10-10*	11.00	9.1
10	Jessop & Co.	Nil	...	3.94	...
10	J. K. Steel	Nil	3	8.50	3.5
3	Kumardhubi	Nil	15*	3.94	11.1
2	Marshall	Nil	...	0.69	...
10	Sen-Raleigh	Nil	...	4.75	...
10	Simon-Carves	15	15	14.81	10.1
10	Wellman Incan.	10	Nil-10*	8.06	12.4

JUTE

10	Agarpara	5	5	8.19	6.1
100	Anglo-India	5	7½-15*	101.00	14.8
100	Auckland	Nil	Nil-12*	65.00	...
10	Bally	10	10	12.62	7.9
£5	Barnagore	Nil	Nil-5*	68.00	...
10	Budge-Budge	12	6	7.06	8.5
10	Champdany	5	Nil-10*	12.62	...
10	Chitavalsah	Nil	...	8.12	...
100	Dalhousie	Nil	Nil-10*	59.25	17.0
10	Fort William	Nil	Nil-15*	14.00	...
10	Ganges	7½	7½-12½*	6.75	18.5
100	Hastings	2½	1-1*	102.00	1.0
12½	India	4.8	8	9.12	11.0
100	Kamarhatti	Nil	Nil	101.00	...
100	Kanknarras	Nil	...	36.00	...
100	Kinnison	Nil	Nil-Nil*	36.00	...
10	National	Nil	...	10.75	...
10	Nellimarla	Nil	10	7.75	12.9
10	New Central	Nil	...	4.31	...
10	Northbrook	Nil	Nil-25*	14.06	17.3
100	Union	Nil	Nil-Nil*	50.00	...
1	Waverley	Nil	...	3.75	...

CEMENT AND LIME

10	Asoka	6	Nil	4.25	...
10	Bisra Stone	15	15-Nil*	12.75	...
10	Dalmia	12½	12½	13.00	9.6
10	Karanpura Dev.	5	5	10.06	5.0
10	Kumardhubi Fire	20	20	18.45	10.8
10	Orissa Minerals	5	12½	9.25	13.5
5	Sone Valley	Nil	...	1.37	...

Ordinary Paid-up Value Per Share Rs.		Dividend Percent		Current Market Price Rs.	Yield %	Ordinary Paid-up Value Per Share Rs.		Dividend Percent		Current Market Price Rs.	Yield %
		1970	1971					1970	1971		
11-12-72						11-12-72					
CHEMICAL						MISCELLANEOUS (Contd.)					
10	Alkali & Chem.	15	17½	24.69	7.1	100	Rallis India	13	14	181.00	7.7
10	Cal. Chemical	9	9	11.00	8.2	10	Reckitt & Col.	14	11	13.75	8.0
100	Bengal Chem.	Nil	Nil	33.50	...	10	Philips India	20	24	41.50	5.8
10	Chem. & Fibres	27½	...	33.62	8.2	10	Sendra Invest	7	7	4.75	14.7
10	Indian Explosives	15	15	24.50	6.1	10	Schrader Scovil	25	25	31.50	7.9
100	Phosphate	5	7	115.00	6.1	10	Shalimar Wires	10	10	13.00	7.7
5	Smith Stanistreet	10	...	3.50	6.5	10	Shaw Wallace	18	27½	27.87	9.9
						10	Stewards & Lloy.	10	11	15.56	7.1
						10	Universal Cables	10	...	19.31	5.2
						10	Union Carbide	15	17½	32.90	5.3
						10	Universal Elec.	7½	...	17.75	4.2
						10	Usha Martin	15	16	27.94	5.7
						1	Walford Trans.	Nil	...	0.91	...
						10	Williamson Magor	10	...	10.19	9.8
						10	Woolcombers	7½	12	17.12	7.0
ELECTRIC						PAPER					
100	Agra	10	10	115.00	8.7	10	Ballarpur	15	12½	27.35	4.6
10	Bareilly	10	6	13.56	4.4	10	Bengal	10	10	14.31	7.0
10	Bhagalpur	12	10	8.50	11.7	10	India Paper	Nil	Nil	3.81	...
£1	Calcutta	13	13	10.94	21.4	10	Seshasayee	...	12	11.87	10.1
10	Dishergarh	9	9	10.06	8.9	10	Sirpur	3	...	11.00	2.7
						10	Straw Pro.	12	11	16.75	6.6
						10	Titaghur	2½	4	7.25	5.5
						10	Tribeni Tissues	11½	...	17.25	6.7
MISCELLANEOUS						SUGAR					
10	Aluminium Corpn.	Nil	...	5.87	...	2½	Balrampur	10	Nil	3.25	...
10	Angelo Bros	...	...	4.69	...	10	Carew	Nil	Nil	5.06	...
5	Avery India	20	20	12.75	7.8	10	Cawnpore	Nil	Nil	4.62	...
100	Balmer Lawrie	8	...	61.00	13.1	10	Champarun	Nil	Nil	12.87	...
10	Brit. Biscuit	22	16	26.44	6.1	10	Durbhanga	Nil	Nil	3.06	...
5	B. I. C.	7½	5	5.31	4.7	10	Ramnugger	6	...	4.19	14.3
10	British Paints	12½	12½	19.00	6.6	10	Raza	Nil	Nil	1.81	...
10	Brook Bond	20	20	24.25	8.2	10	S. K. Gyan.	Nil	Nil	6.06	...
10	Bararee Coke	15	15	4.50	3.3	10	U. Provinces	5	Nil	4.06	...
100	Duncan Bros	12	12	125.00	9.8						
10	Electric Cons.	20	10	12.75	7.8						
10	Eng. Electric	10	18	22.06	8.2						
100	Fort Gloster	7½	7½	202.00	3.7						
10	Garuda Invest.	10	10	6.25	16.0						
10	G. E. C.	27½	31½	20.62	15.3						
10	Gillanders	10	12	8.50	14.1						
10	Godfrey Phill.	57½	35	55.00	6.4						
10	Goodyear	47½	...	42.00	11.3						
10	Gramophone Co.	15	17½	25.12	7.0						
10	Hind. Alumini	12½	12½	20.06	6.2						
10	India Tobacco	13½	14	17.81	7.9						
10	Inchek Tyre	Nil	Nil	6.69	...						
10	India Carbon	16	18	31.37	5.7	10	Assambrook	12½	10	6.19	...
10	Indian Oxygen	14	14	25.25	5.5	100	Banarhat	16	...	67.00	23.9
10	Indian Wood	9	10	8.75	11.4	10	Betjan	10	...	10.75	9.3
10	J. K. Synth.	15	...	51.50	2.9	100	Birpara	11	...	68.00	16.2
100	Jardine Hend.	Nil	Nil	41.00	...	10	Bishnauth	...	...	7.50	...
100	Macneill	5	...	41.25	12.1	10	Dimakusi	15	...	16.25	9.2
10	Martin Burn.	10	10	6.00	16.7	10	Dhelakhat	5	...	8.62	5.8
10	Metal Box	6	8	13.50	5.9	10	Dhunseri	12½	12½	9.50	13.2
5	Mohan Meakin	12	10	8.87	5.6	10	Dibrugarh	30	...	23.06	13.2
10	N. I. Cable	10	8	8.25	9.7	10	Gohpur	5	Nil	8.25	...
10	Nat. Pipes	4	Nil	5.19	...	10	Huldibari	5	...	6.00	8.3
10	Nat. Rolling	2½	Nil	3.81	...	10	Hasimara	Nil	...	6.10	...
10	Nat. Tobacco	10	10	12.87	7.8	10	Jutlibari	10	...	11.00	9.1
10	Ondal Invest.	10	10	14.10	7.1	10	Teloijan	4	...	3.44	11.6
10	Phillips Carbon	15	12	19.06	6.3	10	Tengpani	12½	...	9.00	13.9
						10	Tirrihannah	40	...	43.00	9.3

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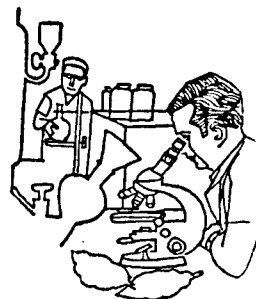
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Enlarging the Economic Community
Congress at the Crossroads
The Green Revolution in Retrospect
Approach to Sick Units
Management of Retail Inventories

28th December, 1972

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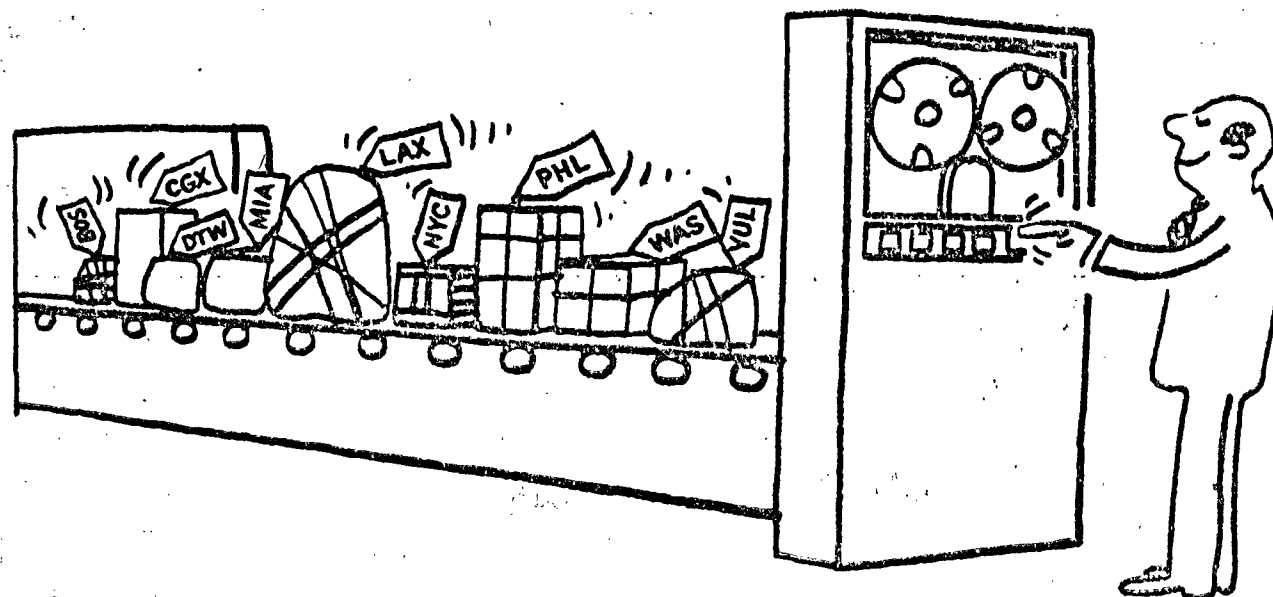
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BOAC

Britain in the Community

THE date 1st January, 1973, marks the beginning of phase two in the development of what is undoubtedly the most successful experiment in international integration and collaboration since the second World War, perhaps in the whole of human history. The enlargement of the European "Six" into the new "Nine" will not be celebrated with much flag-wagging. The mood in the Community, and especially in Britain, is altogether too subdued, too anti-climatic, for that. Yet the expanded grouping will represent the world's second largest economic unit, its fastest-growing, and its largest in terms of external trade. Despite its unimpressive political image, it cannot fail to assume a vital international rôle with the minimum delay. That is if the new members are assimilated satisfactorily. It is not necessary to recall the prophetic words of a not-long-dead French President to appreciate that the problems of welding together nine disparate nation States into a union as yet incompletely defined, could still end in disaster. The continued survival of the Community now it is being joined by Denmark, the Irish Republic, and most critically of all, by Britain, is by no means assured.

Of all the short-term questions surrounding the enlargement of the European Community, the attitude of Britain at this point of inflexion in that country's long history is doubtless the most difficult to assess accurately. To say that the British public was bubbling with enthusiasm at the prospect ahead would be spectacularly untrue. But so would be the conclusion that they are determinedly opposed to entry. About the most reliable verdict is that they are fatalistically resigned to the idea as perhaps the only expedient not yet tried for solving Britain's chronic economic problems. Certainly there is no support for the stand currently

adopted by the Labour Party, as recent by-election results appear to confirm. It can thus be said without hesitation that unless Community membership turns out to be an even greater disaster for Britain than some of the pessimists are predicting, there is unlikely to be any overwhelming movement to pull out again. At the moment the problems raised for the country's immigration rules appear to be receiving more public attention than the economic ones. The likely effect on living costs is, of course, important. But so far the link with European membership remains a vague one in the public mind; there is a cynical feeling that these days prices rise, and will go on doing so, whatever policies Governments adopt.

This downbeat approach to Europe is not restricted to the Briton in the street. It is prevalent in boardrooms as well. Figures published recently show that in the first three quarters of 1972 industrial investment was more than 10 per cent lower than in the same period the previous year. This does not suggest that British industry has been gearing itself up to seize the opportunities in prospect. Rather the contrary; it would seem that a large proportion of the extra investment undertaken has been inside the existing Community and not in Britain itself. The predictions of Lord Balogh, one-time adviser to the former Labour Government on such matters, that Community membership would touch off a disastrous flight of capital from Britain to continental Europe, would already seem to be coming true. In some sections of British industry there is a cheerful anticipation of good things ahead when the national market is enlarged. But these are few. Among the others, the prevailing mood combines fatalism, doubt, and a general attitude of wait and see. It is not at all what the Conservative Government, for whom Community membership

has been the only consistent policy, had been hoping for.

Mainly what seems to be sapping Britain's vital spirits is the current inflation, now so tragically superimposed on two decades of almost uninterrupted economic crisis. But inflation is troubling the "Six" as well, as witness the moves announced recently by the French and Dutch Governments. Also the chaos which is threatening to wreck the entire fabric of Italy's precarious political set-up. Even the hard-headed Germans are currently beset by the inflationary evil, and equally at a loss as to how it should be dealt with. There are moves afoot to co-ordinate Community policy on inflation, ultimately to produce a co-ordinated programme for control of the money supply, capital movements, prices and incomes, and much else besides. But it is precisely matters of this kind which tend to highlight the Community's lack of political cohesion, and only a wild optimist would predict any success in this vital field during the next year or two. In the meantime, inflation presents a genuine threat to the progress of the enlarged market, and to the development of common institutions. It will inevitably retard the efforts now being made to achieve monetary and economic integration. One obvious example of this is the apparent determination of the British authorities to maintain a floating exchange rate, despite the violence this must do to commitments previously entered into.

This painful pursuit of common policies and institutions threatens to become even more agonising when the Community is enlarged. Even existing ones seem likely to come in for radical reform. The Common Agricultural Policy, for instance. There is little doubt that this particular institution will be the first one to feel the effects of British membership. Interestingly enough, the failure of the Russian grain harvest this year could well strain the C.A.P. to breaking point, even before the British negotiators set about it. And even if it survives this hurdle, there will be more trouble for it when the next round of international trade negotiations opens, as planned, some time in 1973. Indeed, relations with the United States are likely to be the deciding factor in shaping such other Community institutions as the common financial and economic policies as well. The views of Washington will to some extent have to be

accommodated if there is to be any effective reform of the world's monetary system or a further reduction in the barriers to trade in industrial goods. British influence could prove decisive in this, despite London's determination not to fulfil the Gaullist prophecy that once inside the Community Britain will behave as a Trojan Horse for the Americans. Indeed, it can be said with some assurance that the way in which these two mammoth economic units, the United States and the European Community, adjust the inevitable conflicts of interest between them, will decide the level of world prosperity for the remainder of this century.

The influence of Britain must also be felt in the Community's relations with the developing countries, especially members of the Commonwealth, such as India. More important than the trade treaties that are to be negotiated in the near future for the Commonwealth countries are the long-term attitudes the enlarged Community will take to the problems of the Third World generally. At this point of enlargement, the prospects in this field are not altogether promising; there is a real danger that the "Nine" will turn in on themselves as a response to their mutual problems, and that nothing Britain can do will stop them. However, the Community is going to be the world's major trading unit, and for about as far ahead as it is possible to foresee; and this means that external economic relations must be fostered. The inference is that political factors apart—in particular

those involved in France's policies towards her African associates—the enlarged Community will prove fairly responsive to the interests of the developing world. This is fairly reassuring for India, whose interests now seem threatened less by Community indifference than by the advantages which could be secured by trade competitors prepared for a closer degree of association. Sri Lanka is an example here; India's tea could find itself at a competitive disadvantage if, say, Sri Lanka, or Tanzania, were to secure more favourable access to the market by associating more closely.

Thus the picture of an enlarged community, its future prospects and policies, is both indistinct and uncertain. It is virtually impossible to predict what will happen or which course events may take. Of the candidate countries, the most important, Britain, seems altogether too numb, too disinterested, to make much effort in the foreseeable future towards building a successful and prosperous Community. On the continent itself, the mood is too confused, too preoccupied with current problems, to pay much attention to the difficulties and opportunities enlargement must bring. It adds up to a quite remarkably subdued response to what is, after all, one of the major milestones in world history. What happens in Brussels during the next year or two is inevitably going to affect the lives of us all. Yet it would be difficult to appreciate that fact from any close investigation of what is now going on in the capital cities concerned.

Congress at the Crossroads

THE seventy-fourth session of the Congress is on. After about 40 years it has been Calcutta's honour again to host the august assembly. Things have changed beyond recognition in the meantime. In 1933, the Congress breathed fire with its President and his deputy whisked off to jail. Now the Congress is the shield and buckler of the Establishment. The *éclat* at Biddhannagar may seem bewildering to many of the Old Guard. Far from casting a baleful eye on the spectacle, the Government is now the main architect of the pageant. An advertisement was put out unambiguously channelling all participation in the exhibition through a Minister at Writers

Buildings. Ever since independence, it has been the practice of the host State Government to pay most of the expenses. If the public has a thing or two to say about the procedure, the Congress can take it in its stride.

There is another significant aspect. The last Congress held in West Bengal was at Durgapur in 1965. Seven years and a series of trials and tribulations have put a new complexion on the scene. What has pulled off this near miracle is that youth, for long the mainstay of the Opposition, has given the old warhorse a new sense of direction. It is not possible at this writing to foretell

what light and shadows will be cast by the discussions at the current session. For all one knows, the upshot of it all may, as in previous Congress sessions, be a paltry amount. If the 756 members of the A.I.C.C. took part in an intensive debate, the result would be pandemonium. But one hopes there will be a wide enough participation to bring out the sharps and flats of Congress thinking. It is only then that it may be said that the too many cooks in the enormous Biddhannagar kitchen have not spoilt the broth.

All through the twenty-five years since independence, the stream of Congress thinking has been disciplined in four clearly regulated directions and the great divide in 1969 isolated the straying tributaries from the main flow. The four angles are secularism, national integration, democracy and socialism. Although the Congress—and except in Tamil Nadu that means Mrs. Gandhi's giant—commands virtually an impregnable position, its line of thinking is not necessarily the last word on all national questions. While viewing the internal functioning of the organisation, it will be enough to train one's sights on the hiatus between the stated objectives of the Party and their realisation. The Congress has according to its own lights failed to live up to its image. One can do no better than refer to a Party organ itself to trace the shadow falling between "the decision and the follow-up action".

On the first two goals, secularism and national integration, the intentions of the Congress high command may be considered unexceptionable. The occasional threats are mostly fortuitous and if the Congress may be accused of having a hand in all that, that has to be limited to sectional levels. True, political expediency can exploit even caste feelings in the electoral horse-trading, especially in backward regions, but with the superb handling of the Bangladesh struggle for secularism under her belt, Mrs. Gandhi can justifiably claim that her *bona fides* in that respect is above criticism. About the question of integration, certain reservations still remain. The recent happenings in Assam and Andhra Pradesh have shown that if these fissiparous trends were encouraged by local interests, the Centre, entrapped by a crisscross of pressure groups, has not been able to come down on them as heavily-handedly as the circumstances would warrant.

Far more important and controversial are the two principal pillars of the Congress programme—democracy and socialism. And it is there that the Party may be said to have fallen down on its job most noticeably. The twin ideals of democracy and socialism—an experiment in a mixture of contradictions maybe—have a tendency to thwart each other and that can be a partial explanation of their uncertain progress. But not only are Congress stalwarts inclined to take a blinkered view of the problem but they try to wriggle out of all embarrassment by transferring responsibility for the muddle to all who draw attention to the obstacles. On both fronts, Congress hands have been stayed by enemies of their making in or out of its own body and the Party does only harm to itself by protecting them. The much-vaunted ideal of democracy in actual practice presents two faces. The Congress has all along shown an admirable willingness to go to the hustings, fortified no doubt by confidence in its overwhelming strength. In doing so, it has always moved like a solid phalanx. But the general elections merely paper over temporarily, not remove, the internal cracks. The recent organisational elections have exposed weaknesses which even the Prime Minister has not been able to wish away. Congress committees at all levels have been more or less "packed" with members of chosen coteries with the wide prevalence of bogus membership making things still worse. The argument for the unanimous choice of P.C.C. leaders has had the opposite effect of sharpening internal rivalries. Things really came to a head in U.P. Mrs. Gandhi has been long exercised about this pattern of irregularities but her move at the Ahmedabad

session to make proposals for reorganisation to remove caste rivalries, unscrupulous manipulations of bogus membership and other malpractices has borne no fruit so far. Talk of reorganisation is again in the air at Biddhannagar.

Socialism in a democratic set-up is a bold exercise unavoidably hemmed in by built-in difficulties. Whether or not the goals set by the ruling Party are best suited to Indian conditions is a matter of debate. But given the Congress terms of reference, the experiment has shown a strange feebleness of enterprise. Socialism as an economic weapon has been honed at successive sessions of the Congress—Delhi 1947, Nasik 1950, Avadi 1955 and finally Jaipur and Bhubaneswar 1963 and 1964. The adoption of the ten-point programme in 1967 followed by the 12-point manifesto in 1971 gave the finishing touches. But what of results? On the Government's own admission, about half the total population of the country live below the poverty line. So much for *garibi hatao*. Land reforms have not worked the expected wonders. The "green revolution" brought about at enormous expense has not benefited the poor peasantry. The resolution for the State take-over of the wholesale trade in rice and wheat has got stuck in the rignarole of committees. Industry in the public sector has added to the evils of ineptitude a good many of the drawbacks for which the private sector is condemned. Unemployment mounts. Not all these failures can be regarded as the growing pains of democratic socialism. There is, in fact, far greater need for "periodic self-criticism" in the Congress than the authors of the current resolution would be ready to own.

The Green Revolution in Retrospect

EVEN sober and sympathetic Americans seem to be gleefully chuckling at the new food crisis in India. The *New York Times* has suggested a direct relationship between the danger of famine in India and this country's sudden softening towards the U.S.A. Americans feel that no country in the world will be able to meet the huge requirements of food of the hungry Indians. The official plan now is to import immediately 2 million tonnes of grain. But eventually the figure may be raised. On top of this comes the report that Bangladesh will be

short of foodgrains by about 3 million tonnes in 1973. If this be true the situation becomes much more complicated. For at least a few years until the Mujib Government is fully in control of the economy there India cannot watch helplessly the spectre of famine in Bangladesh. Whether one likes it or not grave food shortages in Bangladesh will have very wide repercussions on India's internal and external policies.

The exporting countries too may be inclined to take an overall look at food shortages in the sub-conti-

ment. This means that during 1973 they will have to ship a minimum of 5 million tonnes to 6 million tonnes of grain to India and Bangladesh. This is in addition to the massive orders for grain placed by the Soviet Union and China with the major exporting countries. To meet all these orders they will have to dip in their reserves. They would naturally be happy to sell their wares but by the natural laws of supply and demand they would like to dictate their own terms. Already there are disquieting reports that U.S. traders have raised their prices within the last few months and this would mean an extra cost of about Rs. 40 crores for the 2 million tonnes of grain to be imported. For a poor country with little foreign exchange to spare, this can be a crippling burden.

The global wheat situation this year is not bad. The worldwide wheat crop in 1972-73 is estimated to touch 300 million tonnes, the third largest crop ever. The highest figure attained is, however, 320 million tonnes. But international trade in wheat will touch a record figure of between 65 and 67 million tonnes. Australia has not responded to India's request for the sale of 400,000 tonnes of wheat, and it may even find it difficult to meet an order of 4 million tonnes of wheat for China. But Indian officials have reportedly claimed success in negotiations for the import of 1.5 million tonnes of wheat from the U.S.A. and Canada. All this is only a short-term solution, however, and should not be used to conceal the food problem that this country might face in coming years. The harsh reality seems to be that the per capita availability and, therefore, consumption of foodgrains have progressively gone down during the 'sixties. While the population during the decade has increased by about 25 per cent, food production has barely kept pace with it. At the same time large-scale food imports under the P.L. 480 programme have been given up. Over the eight-year period from 1964-65 to 1971-72, increases in food production have been definitely below the growth in population. While the population grew by 20 per cent in this period food output increased by only 16 per cent from 89 million tonnes to 104 million tonnes. The most charitable view one can take of the "green revolution" is that it has just about kept pace with the population growth.

But these figures ignore a colossal tragedy of the Indian situation. The way in which food output has increased has created sharp disparities in its availability. Almost the entire increase during the decade has taken place in wheat alone. All other cereals and pulses have remained virtually static. This means that the wheat producing regions are now better fed, while due to stagnant production in the face of the population explosion, the other regions get 25 per cent less food a head than they did at the beginning of the 'sixties. Only a small part of this imbalance has been corrected through procurement and fair price distribution of wheat in the non-wheat producing areas. It must be remembered that instead of expanding, the public distribution system has shrunk during the years. This means that all the surplus produce of wheat has not been transferred to the non-wheat areas. Of a crop of about 26 million tonnes, only about 4 million tonnes are procured for the fair price system. The great majority of the people in the non-wheat areas have to subsist on their local produce. They do not have the means to buy high-priced wheat in the market.

Thus arises the paradox of a wheat surplus juxtaposed with near starvation within the country. By fixing the procurement price of wheat at the high level of Rs. 76 a quintal over the last five years the Government has on the one hand ensured large-scale production of the grain and, on the other, it has limited its demand because only a small proportion of the people can afford two square meals a day with wheat at this price as their staple diet. The question that stares everybody in the face now is: how long can the people of the non-wheat growing areas face this gradual diminution in their diet? The answer is perhaps obvious: as long as they can bear it. The people of this country have suffered from the pangs of hunger for centuries. They can put with a lot of hardship. But in the modern age of instant communications and worldwide prosperity, their patience seems to be running out. They demand from the Government of the day quick solutions.

It is true that with all its good intentions and slogans of "garibi hatao", New Delhi does not possess any magic wand with which to banish poverty and usher in prosperity in this sub-continent overnight. But it owes it to itself and to the people not to

raise false hopes or to hide the harsh realities. The Government leaders should not say that the food situation is satisfactory when it is not. Nor should they say that the people are better fed today than they were some years ago. A frank confession of the difficulties and limitations will make the officials and Ministers less complacent and more responsive to the human tragedy that stares everybody in the face. The problem as it exists today has not gone out of hand and can still be solved once the authorities realise their mistakes and try to correct them.

The costliest mistake being made today perhaps is that increased production in cereals other than wheat and in pulses is not possible without the use of some magic varieties supported by massive doses of fertiliser and water. While the agricultural scientists in the country must strain every nerve to evolve new varieties in every foodgrain and cash commodity, the picture is not entirely hopeless in the traditional varieties. Before the new varieties came on the scene about ten years ago, vast potentialities were seen in the native seeds with the use of better techniques, such as development of land, soil and water management, mechanised farming, composite manuring and judicious irrigation. This was not mere fancy. Wherever concerted efforts were made yields were substantially increased even from conventional farming. The Ford Foundation-assisted package project in Etawah district of Uttar Pradesh is an example of what had been achieved on an experimental basis before the advent of the new varieties. The Government should, therefore, not give up hope in the other grains but should concentrate on their propagation along scientific lines.

The tragedy of the "green revolution" is that it has tended to obscure and even suppress the many-sided efforts that were going on to increase food output before the advent of the new varieties. Guidance to farmers who do not use the new seed is negligible. Nor are many infrastructural facilities given to them. The Government must also consider whether its vast investments in farm credit and irrigation have not gone astray. It is possible that the large-scale direct and indirect subsidies given to the small segment of rich farmers in the country have not all gone into agriculture. A good part of the money seems to have been diverted by the wealthy peasants into other channels, such as

speculative investments, conspicuous consumption, expensive purchases and even trade and industry.

From this it follows that attention to the small and marginal farmer is essential to pull agriculture out of stagnation. It will help to increase the area under improved practices manifold and reduce the diversion of scarce resources to non-agricultural uses. Finally, the Government would also be well advised to examine the impact of its land policies on agricultural production. There is a strong belief that the new land ceiling Acts in the States have stopped capital formation and large-scale investments in agricul-

The Transfer of Technology

EXPERTS from about 40 countries met in New Delhi recently to consider ways and means by which the transfer of technology from the developed world to the developing world could be made easier and more purposeful. Various views were expressed at the three-day seminar but the consensus was in favour of limiting the transfer of technology only to such areas where indigenous capability was not available. While it is easy for experts to give out an opinion of this kind, in actual practice it is quite difficult to operate such a scheme. India's own experience in the last 20 years has shown that it is not always possible to put severe restrictions on the import of know-how even in areas where this country has developed its own technology. It becomes quite often necessary to borrow from the developed world the latest technology in a given field in order to achieve higher productivity.

This is not to suggest that the seminar did not have any useful recommendations to make. The views expressed at the seminar highlighted the strength of opinion in the developing world to reduce the burden imposed on its meagre foreign exchange resources by the annual repatriation of profits and royalties by foreign companies. As the President, Mr. V. V. Giri, rightly pointed out, developing countries are in a real dilemma on the question of importing foreign know-how. They very well realise that if they are to achieve a faster growth rate and employ modern methods of production, there is no escape from going in for sophisticated technology.

This may or may not be true. If it is, it does not necessarily follow that land reforms should be given up. But it becomes necessary then to find immediate remedies for the adverse reactions of land reforms. India's food potential is many times the present output. The scope for growth is many-sided. Not only can four or five times the present grain output be raised within the next four or five decades, there is also tremendous scope for developing animal foods, poultry and dairy products, forest foods and seafoods and fruits. A multi-pronged attack is needed. It is time the strategy of the "green revolution" was suitably amended to make room for this new many-sided approach.

While larger investments may add to the employment potential, higher productivity can be secured only by employing the best available technology. With 98 per cent of all scientific research being carried out in the developed world, the developing countries have no alternative but to import technology from the advanced nations.

At the same time, it is well known that the price that the developing countries have to pay for foreign technology is quite high because of the heavy burden of royalty payments, and repatriation of profits in cases where foreign parties have also made investments. Furthermore, the import of foreign technology has also aggravated the unemployment problem in quite a few developing countries, including India. Hence, a balance has to be struck between indiscriminate import of technology and going without it. It is this realisation that has lately influenced the policies of developing countries in this regard.

For instance, India herself is now pursuing a highly selective policy in respect of the import of foreign know-how. This country has reached a stage of industrialisation where it is not possible to close its doors to foreign know-how. That can be done only at the cost of future growth and development. At the same time, it is obvious that unless greater emphasis is placed on developing indigenous know-how and skills, India will continue to depend on imported technology for a long time. The Central Minister for Industrial Development, Mr. C. Subramaniam,

made it abundantly clear at the seminar on growth and social justice, organised by the Forum of Financial Writers, that India would import foreign technology only to fill the gap in indigenous know-how. The gap itself will have to be identified on a continuing basis, as technology is fast changing and new gaps may arise as the old ones are being filled. The National Committee on Science and Technology has done some work in this direction and has prepared a science and technology plan on the basis of its findings. The Government will do well to publish the plan so as to allow for a public discussion on it before it is incorporated in the Fifth Plan document.

It is not surprising that the Indian strategy found general endorsement at the seminar, especially by other developing countries. It was agreed that every developing nation should have its own plan and comprehensive policy on science and technology as an integral part of its development plan. While a general statement of this kind is unexceptionable, it must be noted that it is neither possible nor desirable for small countries to develop their own technology when the scope for industrial development is itself limited. Take, for instance, the case of Nepal or Afghanistan. Neither of them has any major industry that calls for the development of indigenous know-how on a large scale. In the case of such countries, it is perhaps cheaper and even profitable to employ foreign technology to secure quick results. However, what they have to guard themselves against is indiscriminate transfer of know-how from abroad. This is essentially a task for developing countries and it is futile to expect the exporting countries to desist from selling whatever skills they have. The seminar would, therefore, seem to have taken a rather unrealistic view while suggesting that there should be no indiscriminate transfer of technology from the developed to developing countries.

In the ultimate analysis, technology is something that cannot be had for the mere wishing. Nor can any uniform standard be prescribed for all developing countries on the conditions and circumstances under which they should go in for foreign technology. Every case within each developing country will have to be decided on merit and considerations such as the urgency of a given project. Take, for instance, the case of fertiliser. India has adequate know-how today to set up a complete fer-

fertiliser plant without foreign assistance. But at the same time, it has to be admitted that the Indian know-how has been outstripped by the Japanese. If, therefore, India is keen to set up a chain of fertiliser plants as expeditiously as possible, there is no alternative except to go in for Japanese collaboration. The best that India can do under such circumstances is to ensure that Indian skills are employed to the maximum extent in such projects and that Indian technologists equip themselves, on the basis of this experience, for future programmes.

In a fast advancing world, technology cannot be viewed as a static subject to be dealt with in an academic way. Large countries like India have necessarily to develop their own technologies in certain essential fields, instead of dissipating their energies over a wide area. Concentration of efforts in such fields as steel, metallurgical, coal, chemical, sugar and textile technologies is bound to yield better results than the present tech-

nique of basic research over a wide field. This is not to undermine the importance of fundamental research but only to stress the greater relevance of applied research for the country's immediate purposes. There must be a proper linking of fundamental and applied research and the results of the former must be capable of being taken to the farm or factory for fruitful exploitation. It is not necessary that every research project should yield immediate results. Even if one out of ten turns out to be productive of good results initially, it can be construed as a success and the expenditure will have been well justified. In fact, any money spent on research must be treated as investment and not expenditure, for in the long run, the yield is greater than imagined. The seminar has only underlined a need that has lately been well recognised by the Government of India and it is to be hoped that the foundations of a sound science and technology plan will be truly laid in the Fifth Plan period.

Second Thoughts on Grains Trade?

THE decision to remit the question of take-over of wholesale trade in wheat and rice to a committee, to be headed by the Central Minister of Food and Agriculture, Mr. Fakhruddin Ali Ahmed, is the least surprising in the context of the serious misgivings expressed by several States at the recent two-day meeting of Food Ministers in New Delhi. From the political point of view, the take-over of wholesale trade in grain may be a convenient slogan. But the States, and to some extent the Centre, have obviously come to realise that translating the slogan into policy can give rise to not only economic but political problems. Since the State Governments are ultimately the parties directly and immediately affected by any dislocation in the present distribution system that might be caused by the take-over, they want to proceed cautiously—a caution understandable except by those ideologically committed. The advantages accruing from take-over of the wholesale trade in grain have never been fully explained. One reason presumably might be the Government's desire to curb speculative activity in such an essential commodity as foodgrain. If speculation is curbed, to some extent the Government can succeed in controlling foodgrain prices. These objectives are laudable indeed,

It is not that the States are not familiar with these arguments or do not appreciate these objectives. They know from experience that there is always a wide gap between precept and practice and that they have to pay the penalty for it.

It is easy to understand the States' difficulties. Some have expressed the fear that the take-over of the wholesale trade in grain might lead to introduction of statutory rationing—a measure which is not likely to be popular. Secondly, even if introduction of statutory rationing is not found necessary, a slight dislocation in the distribution system can create political problems for the party in power in a State. In the situation obtaining in the country today, Opposition parties would be only too glad to make common cause with the displaced wholesale merchants. Thirdly, the States are not exactly flush with money. The farmer who brings his marketable surplus to the "mandi" will expect to be paid on the spot; whereas it will take some time for the public-sector agency concerned to realise the money from the many retailers to whom presumably it will sell at least part of the stocks. This means blocking of money and the States only know too well the frustrations involved in 'knocking at the

Centre's door for funds. Fourthly, when a farmer sells to a public-sector agency, he will demand a reasonable price—a question on which a private trader has more manoeuvrability than a public-sector agency. This does not mean one approves of the wholesale traders' practice of exploiting the farmers, but it certainly adds up to the cost of grain which the consumer has to pay.

Presuming all these difficulties can be sorted out, where do the States store the grain? Do they also take over the storage facilities which the wholesale traders now have? As West Bengal is understood to have pointed out at the Food Ministers' conference, displacement of thousands of wholesale traders can add to the already bad unemployment situation in the State. This is not a happy political situation any State would like to create or face. Mr. Fakhruddin Ali Ahmed is reported to have said after the conclusion of the conference that no State had objected to the take-over measure in principle. If after all the difficulties pointed out by the States, the public is to believe that the States are enthusiastic about the take-over measure, it calls for considerable amount of credibility. Mr. Ahmed is also reported to have talked about the possibility of the process of take-over being completed by the "end of the *rabi* season." Frankly, one must admire Mr. Ahmed's optimism. The committee to examine the question is yet to be appointed at the time of writing. It is to be given six months to examine various aspects of the take-over. Assuming that there is no delay either in the formation of the committee or in the committee completing its assignment, the report should be with the Government in early February. Then it has to be studied by the Centre first. Since the Centre cannot act unilaterally in this matter, another conference of State Food Ministers is likely to discuss the report. Differences will have to be resolved and then the machinery set up in all the States to take over the grain wholesale trade. If Mr. Ahmed thinks that all this process can be completed by the "end of the *rabi* season" (i.e., April), he is welcome to stick on to this happy picture; there will be very few to share his optimism.

Although one would not like to say that reference of the issue to a committee amounts virtually to putting the take-over question on the shelf temporarily, political leaders must sometimes realise that even good slogans cannot always be translated into practical policies. Slogans may help to evade problems, but they can never be a real

substitute to well-thought out policies. The immediate problem before the country is not State take-over of wholesale trade in grain; it is to help the farmer to produce more by giving him all the necessary inputs. When resources are scarce to provide these inputs, it is unwise to divert them to purely trading purposes. For all one knows, in order to live up to the slogan,

CURRENT COMMENT

INVESTMENT

Hurdles in the Way

Speaking at a reception organised by the Merchants' Chamber of Commerce and the Oriental Chamber of Commerce in Calcutta a few days ago, Mr. Madanmohan Mangaldas, president, Federation of Indian Chambers of Commerce and Industry, said that a number of policies like price control, import licensing, industrial licensing and the Monopolies Act have created hurdles in the path of industrial growth. Apart from restricting investment, they involve delays which have widened the time interval between investment decisions and actual manufacture. Industrial licensing was somewhat liberalised recently. But it hardly suits the logic of development. The operations of the larger industries which are capable of giving lead in investment activity continue to be restrained by the insurmountable monopolies angle. Consequently complementary investment has also failed to take place. It hardly needs any discussion to show that development takes the form of a chain reaction. If it is curbed or stifled at any point, the overall results become weak and insufficient. Therefore, in order to give a push to investment the whole policy environment in which industrial growth takes place has to be made more congenial.

Speaking on the occasion, Mr. A. R. Kanoria, president, Merchants' Chamber of Commerce and Industry, said that if the economy was to grow at an annual rate of 5.5 per cent as envisaged in the Fifth Plan approach, the private sector should be encouraged to fulfil its commitments under the Plan. The provision for the private sector being Rs. 15,570 crores out of the total outlay of Rs. 51,165 crores, it must be provided with requisite incentives to take up the challenge it is confronted with. The veil of uncertainty which clouds

the States might eventually agree to take over the wholesale trade. And it is quite possible the same wholesalers might be appointed "agents" for the public-sector institutions entrusted with the task of conducting the trade. This sort of accommodation has happened elsewhere. But that will be a mockery of the public sector's entry into the grain wholesale trade.

the Government's policies should be lifted and the Government should realise that unless individual enterprise was stimulated, investors would hesitate to invest, the lenders to lend and the entrepreneurs to expand.

COAL

R.B.I. Directive

The scheduled commercial banks should take expeditious action in implementing the recommendations of

"Capital" wishes its readers and advertisers a happy New Year.

the working group on the working capital requirements of the coal industry, the Reserve Bank says in a recent letter addressed to them. The group (chairman: Mr. P. C. D. Nambiar, Secretary and Treasurer, State Bank of India, Calcutta) was constituted by the Reserve Bank in February 1972 to study the immediate financial problems of the coal industry and to review the existing institutional arrangements, including bank credit for financing the industry, especially in Bihar and West Bengal. One of the group's recommendations covering grant of credit for working capital needs says that the banks should assess the working capital requirements of individual collieries by taking into account, among other things, the output, normal inventories of coal, stores and spares they have to carry, amount ordinarily locked up in receivables, and resources available by way of sundry creditors for purchases and other liabilities. Although the present practice followed by individual banks for fixing sub-limits against each type of security may continue, there should be a reasonable degree of flexibility in prescribing margins

as well as sub-limits in order that adequate finance could be made available to the industry to meet exigencies arising out of circumstances beyond its control such as accumulation of pithead stocks.

ENVIRONMENT

Concern over Pollution

Inaugurating the three-day all-India conference on the "Abatement of Environmental Pollution" held recently in Calcutta, Mr. Siddhartha Sankar Ray, Chief Minister of West Bengal, expressed grave concern over the dangers of environmental pollution. The conference was sponsored by the Calcutta Metropolitan Water and Sanitation Authority, Jadavpur University and different State and Central Government bodies. In the recent past there has been rapid industrialisation, but the country has to pay a heavy price for progress. Apart from the problem of air and water pollution, the modern life has created many new complications. For example, smoke emitted by heavy vehicles pollutes the atmosphere to a great extent. Mr. Ray said that technical measures should be adopted to stop this "nuisance". He promised that the Government would do whatever was possible to implement the recommendations of the conference. He hoped that the preventive measures suggested by the scientists would be practicable and easy to implement.

Professor D. P. Chattopadhyaya, Central Minister of State for Health, Housing and Urban Development, said that a developing country like India should adopt precautionary measures which would ensure greater harmonisation of pollution control with rapid industrialisation. He suggested a comprehensive survey of the problem and preparation of a map pointing the highly pollution-prone areas. He also recommended the setting up of monitoring points at various industrially congested areas. The use of soft coke for domestic purposes should be popularised. The Planning Commission has set up a national committee on environment and co-ordination to deal with the problem. The Health Ministry is working on comprehensive legislative measures to fight pollution. A Bill in this regard is likely to be introduced in Parliament soon. As for preventing water pollution, a Bill is now under the consideration of Parliament. Mr. T. K. Basu, Executive Engineer of

C.M.W.S.A., said that both immediate and long-term benefits of the apparently progressive installations—like the dams, canals, power houses, airports, roads and motorways—had to be equated against the irreparable damage they caused to the environment and ecology in the long run. Dr. Niloy Chowdhury of the department of Public Health Engineering, Jadavpur University, said that environmental science and engineering should become a regular subject of study in universities.

MULKI RULES

Problem Takes New Turn

The Mulki Rules issue is taking a difficult turn. Nine Andhra Ministers, including the State's Deputy Chief Minister, Mr. Subba Reddy, forwarded their resignations to the Congress President, but were advised not to aggravate the situation. The Prime Minister's "award" on the prickly question of the Mulki Rules has understandably not satisfied either the Telengana region or the Andhra region. Since the "award" restores the *status quo*, it should have been expected that both sides would accept it, but the Andhra region has not, and the M.P.s and M.L.A.s from that region are afraid to face their people. They have not been able to sell the "award" to their people as the best in the circumstances. The

only silver line in the Andhra horizon, for the present at any rate, is that no leader from that State wants a disintegration of the State and both sides are demanding the implementation of the Mulki Rules in such a way that the integrity of the State is maintained. Three years ago, when the people of Telengana had revolted, the people of the Andhra region wanted to present a break-up of the

NOTICE

Due to a strike in Calcutta printing presses, there could be no issue of "Capital" dated 21st December, 1972. The inconvenience caused to our readers and advertisers is deeply regretted.

State. Today, if the same people ask for a division of the State it will indeed look ironical.

But what is the remedy for the Mulki Rules? The fact is that the people of Andhra and Telengana have never been integrated into a common stream. This cannot be done if there are two peoples and two sets of rules in the same State. The Mulki Rules have to come to an end one day. But will they? The example of the reservations for *haryans* is cited as an instance. When the reservations were made in the

Constitution, this was only for ten years, but it is 25 years since India attained independence and the reservations continue. The point to remember is that it is easy to give a concession but it is difficult to take it back. This is why the people of Andhra are agitated. Will there be a full stop after 1977 in the twin cities of Hyderabad and Secunderabad and after 1980 in the rest of Telengana in regard to the application of the Mulki Rules. No one knows. And even for the intervening period, the problem of the Andhra politicians is how to assuage the feelings of their people living in the Telengana region in regard to education, job and other rights.

MONEY MARKET

Call Rate Steady

The short-term money market has been initially tight this past week due to tax payments and the accounting considerations at the end of the year. The call rate has quoted at 4 per cent, and the market has remained more or less steady. The demand for remittances has been small. The supply of tea and gunny bills has also been small. The pound-sterling has been steady against most major foreign currencies during the week.

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A Ditcher's Diary

AFTER A WHIRLWIND TOUR OVER most of Britain and parts of France, West Germany and Switzerland, I am happy to be back in India—my home, sweet home. But as I had just landed at Calcutta airport, I was given the dreadful news that all printing presses in Calcutta, excluding those of the daily Press, were closed because workers could not patiently wait a little more for the Tribunal award. Despite my hectic programme, I did not fail to notice in Britain that trade unions usually show the same impatience in fighting their employers, but I shall be grossly mistaken if I compare trade unions here with their counterparts in Britain. While workers here are mainly motivated by their sectional interests and are dominated by outside politicians who represent vested interests, there are trade unionists in Britain—the present militancy notwithstanding—who do feel that as the country joins the European Common Market on 1st January next year, there should be a national consciousness for raising productivity all round to enable Britain to hold her own in the face of competition from the E.C.M. countries. There are not a few who still believe that it would have been opportune for Britain to join the European Economic Community as far back as 1962, since it would have enabled her to do a lot of spadework to make her entry more successful. But in my talks with M.P.s, Government officials, newspaper editors, educationists, company directors as well as

workers' representatives, I was much impressed to note a general awareness of the new dimensions of the Herculean task that faces the country as it joins the E.E.C. The problems of prices, cost escalation in industries, stagnant production and the need to maintain a realistic official currency parity are naturally causing much concern to the Heath Government, but I was much impressed with its robust optimism to turn the corner somehow in the New Year by restricting monetary expansion and by raising productivity all round. In London you will find people running faster and faster as there is seemingly no time to waste. Despite the mounting national problems, London as well as other cities in the U.K. had gone gay just before Christmas, and nobody cared to bother about the adverse effects of the spending spree on the country's growing inflationary pressures. Both in France and West Germany, I saw evident signs of prosperity. In Paris, many multi-storeyed buildings are sprouting up here, there and everywhere and prices appear to be exorbitantly high. But I did not find Frenchmen unduly disturbed on that account. West Germany, it seemed to me, has ascended the pinnacle of prosperity. The dazzling brilliance of Frankfurt and West Berlin at night leaves no doubt in one's mind of prosperity in West Germany, although I was pleasantly surprised to see that East Berlin too is picking up—and very fast indeed. Both at the B.B.C. in London and the radio and television network in

France, where I happened to do some broadcasting for India, there were not a few anxious enquiries about the economic and political future of this country. In France, in particular, people were predictably curious to know about India's reactions to General Amin's policies in Uganda and the relations between Bangladesh and Pakistan. But in Geneva and Zürich in Switzerland, people appeared to be deeply obsessed with their own domestic problems without sticking their neck out in others' affairs. But I did not fail to notice their abounding prosperity, although a friend told me in Zürich that the strength of the Swiss franc has declined in recent weeks in the foreign exchange markets. But the Swiss economy, I must hasten to say, is still intrinsically strong.

IT DOES NOT BREAK MY HEART TO learn that man will not travel to the moon again during the rest of this century. At least no American will; and, so far, the Russians have shown no interest. I am not one of those who criticise the Apollo project because of its fabulous cost. What the Americans do with their money is entirely their own affair. There was never any certainty that if \$25,000 million had not been spent on putting a man on the moon the money would have gone into something more worth while. For all I know, it would probably have been used to make more bombs for Vietnam. Many Americans feel that the money could have been more usefully spent to solve some of their social problems. I am not an American taxpayer and have, therefore, no right to

FUTURE OF CALCUTTA PORT

IT is just a year today since we heard the first whisper of the Delhi Proclamation, and, notwithstanding the black outlook that many prophesied then, we are still going strong and are likely to come out on top. The only thing that was overlooked by the designers of the new provinces was the inclusion of Chittagong and district in the Assam boundaries. It is a pity that this was not done; it would have saved both the Governor of Bengal and the Member for Commerce from beating the air during their recent visits to that port. Mr. Clark touched the spot when he said in the course of his speech: "The question of where the water-shed should come dividing off the flow

of trade which sets towards Chittagong and that which sets towards Calcutta, must in the nature of things be highly debatable". He adopted the safe course in answering the question, of stating that in the present flourishing state of jute and tea there is plenty of trade for all ports and that he did not think it should be beyond the wit of man to achieve a satisfactory settlement. When the vested interests of Calcutta are considered, it is not likely that the wits of the men who are employed to achieve that settlement will be used to the detriment of the superior partner. In other words, Calcutta will look after Number One.

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Due to a strike in the printing press, the Annual Survey could not be published on 28th December, 1972. It will now be published along with CAPITAL of 18th January, 1973, and will be available at Rs. 10 a copy (postage Re. 1). Registered subscribers will receive their copies free, but others should write for their copies immediately to the Circulation Manager, W. H. Targett and Co. Ltd, 19 R. N. Mookerjee Road, Calcutta 1. Please place your orders early. No copies can be sent by V. P. Post.

suggest anything of the sort. But I had every right to feel bored by the prodigious publicity build-up on every manned flight to the moon. My scientist friends tell me that the scientific value of these flights has often been exaggerated. Some 800 lbs of moon rock and soil will have been collected at the end of the Apollo programme; but the samples already analysed have yielded no answer yet to the unresolved questions about the origin and early history of the moon. The so-called spin-off benefits of the space programme are still more doubtful. In any case, the man-on-the-moon project was not born of any scientific compulsion; it was always a question of national prestige. Although the Russians did not pick up the challenge, the idea of political competition was inherent in President Kennedy's decision and in the way it was later implemented. Not that the project did not have its moments of thrill; but the excitement could not be kept alive for an indefinite period. And attempts to do so became increasingly tiresome; lately even the Americans seem to have been losing interest. The astronauts who have visited the moon have not exactly helped with their monosyllabic expressions of joy and wonder. But then I may be temperamentally prejudiced. I do not even want to live in another part of this globe, let alone leaving this planet to settle on the moon or Mars. Long space flights may become a little more bearable if mixed crews are introduced. Even so, they are not my idea of fun. I know I would feel much lighter on the moon, but I would also feel less secure. Whether life exists in any other part of the universe does not interest me at all. If it does, man should leave it severely alone. The moon looks perfectly glorious from our terrestrial distance; I doubt if its image will improve on closer inspection.

THE VIETNAM WAR HAS GONE ON for so many years that almost every cliché has been used to describe something about it; and I am sure it will now be concluded that the peace talks are now back to square one. Of course, Dr. Kissinger has not said so; he has used other clichés. He does not think it will be right "to engage in a charade with the American people"; but he will not be "stampeded" into an agreement. The U.S.A. has chosen to be stampeded into an escalation of the war; that is perhaps considered the way to "peace with honour". All such

phrasology has a familiar ring. But let it be noted that some of the jargon has changed with time. About three years ago, the U.S. military in Saigon issued a directive entitled "Let's Say It Right", listing several "incorrect" terms and their "correct" substitutes. For example, it was stated that withdrawal of U.S. troops was an incorrect expression for re-deployment or replacement. This was perhaps to assure Saigon that it would not be left to fend for itself. More interesting was an instruction that a Vietcong defector or deserter must be referred to as a rallier or returnee. Not elegant, but presumably considered good for morale. And there was to be no further reference to the hearts and minds of the people; instead, there would be calls for developing the community spirit. Search and Destroy became Search and Clear, which is almost as chilling a euphemism as pacification. Of course, Vietnamese communists, too, have their own jargon; particularly popular at the moment seems to be national concord. It is difficult to say how much verbal coinage of the Vietnam war will have a permanent place in the American or the English language. People still meet their Waterloo or are guilty of a Munich; salami tactics still have military and other uses. After the birth of Bangladesh, liberation is no longer suspected to be necessarily associated with communist subversion. A durable peace is not yet certain, but there is much less talk about it now. So long as Mr. Bhutto is in charge in Pakistan, there will be much blowing hot and cold in the same breath; and from his end, the Sheikh will go on stressing the reality of Bangladesh. But it is not only war

and its aftermath that produce such jargon; peacetime jargon is just as profuse. Most painful of all is pseudo-intellectual jargon; and nothing is quite so meaningless as the jargon of the so-called social sciences. Not unnaturally, social scientists are always calling a meaningful dialogue between all kinds of people.

IT USED TO BE AN ESTABLISHED tenet of economic wisdom that inflation discourages personal saving. It is rational enough: why should people save their money when they have to pay for the privilege through its fall in the purchasing power? Thus inflation was always equated with a steeply rising volume of circulation as money was deprived of its rôle as a store of value. Yet one of the surprising features of the current inflation surge in both Britain and the United States is that this has not happened. Instead of responding to inflation by parting with their money more quickly, people have been holding on to it longer. Indeed, the main reason why the last British Budget was so bountiful was simply because the reflationary intentions of its predecessors had been sabotaged by too much saving and not enough of the spending required to revive economic activity. All very puzzling? Not really. Britain is not South America where nobody has ever had much faith in the official currency anyway. The British have traditionally respected their money and their reaction to the uncertainties of inflation is to save a little more of it for the approaching "rainy day". So must we now reverse the doctrine that a high level of personal saving is incompatible with inflation? Pro-

bably not, at least not all together. There was a period round about 1968-69 when it looked very much as if the British people were about to make a "flight from the pound". That could happen again. Moreover, personal savings may have risen, but so have the prices of those other traditional hedges against inflation, houses and such like. There has, in fact, been a rush into a whole range of assets of which personal savings are only one.

AFTER FIGHTING A VALIANT BATTLE for life, Mr. C. Rajagopalachari, grand patriarch of the Indian political scene, has breathed his last. In his demise, the nation has lost a veteran statesman and a great patriot who, because of his courage of convictions, was never afraid to speak out the truth, however unpalatable it might be. The Prime Minister, Mrs. Indira Gandhi, did not exaggerate a bit when she said that with the passing away of Rajaji, India "has lost a sage, indeed a force". Rajaji has been described as the last of the titans, and rightly so. I am pleased to recall here that the old titan had a soft corner in his heart for *Capital*. In a very well-written article for the annual survey of this newspaper in 1959, he described the planners' obsession for megalomania and all that went with it. God had given him long life to see what this obsession for gigantism means for the Indian economy. The good wishes he expressed for *Capital* in 1948 as the Governor of West Bengal are still preserved in this office as a precious memento.

THE DITCHER

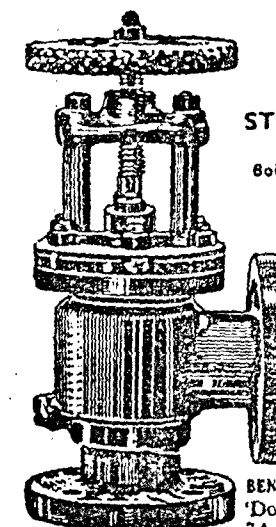
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Management of Retail Inventories: Its Importance in the Economy

By K. K. Taimni

Retail trade holds a crucial place in the economy, for it constitutes a significant element of cost in the distribution process. Efficient management of retail inventories thus becomes a matter of utmost importance.

ONLY a few, if any, experts have ventured to study the problems of retail trade in this country, although it is one of the largest "industries" providing employment to millions of people. Two major reasons explain this serious lapse: retail trade as a field of study is perceived as a field of low-status endeavour, and everybody has been concerned with production of goods and services and marketing has been by and large neglected. Retail trade nevertheless holds a crucial place in the economy, for not only it makes it possible for the community to enjoy the fruits of technology and production, but also constitutes a significant element of cost in the distribution process of goods and services. Efficient management of retail inventories in a competitive setting, where costs tend to mount every day, thus becomes a matter of utmost significance. Unlike industry, the retailer when he buys and stocks an article takes considerable risk for he

does so in anticipation of demand which may or may not materialise. Again, unlike industry, the demand in the retail market is influenced by so many factors that no single retailer can decisively influence this demand—factors like location of shop, the range of stocks, internal and external environment, pricing policy, the range of services offered, behaviour of the sales staff and a host of others.

Profile of the Consumer

Experience of successful managers of retail institutions, reveals that effective retail inventory management must start with building up the profile of the average consumer in the catchment area, which the retailer seeks to cover. It is by now widely known that no retailer can meet the requirements of all the customers in a given catchment area and that no retailer can decide what to sell merely on the basis of what he thinks the consumer can buy. Thus the retailer seeks to segment the catchment area and develops a profile of the average customer from this segment and then finds out as to what actually the customer buys and not what he can buy, given his income, family size, preference, etcetera. Clientele identification and profile building are important because it is these aspects which enable the retailer to take relevant decisions in the four major policy parameters: assortment policy, pricing policy, trading level, and type of services that he must offer to satisfy the clientele.

The second crucial aspect of retail inventory management is formulation of assortment—the decisions relating to the range, variety and width and depth of groups of articles that he must buy and sell in order to satisfy the customer and earn a given return on investment. Many factors are taken into consideration while formulating the assortment policy: location and size of the shops, the type of clientele, the nature of competition, the pattern of costs and the retailer's overall objectives, especially concerning the return on capital.

Normally the retail assortment is classified into three major categories: convenience goods, shopping goods and speciality goods. Shops located in residential areas, away from the main marketing centres of the town, generally deal with convenience goods—goods of low unit value and purchased very often by the customers. But shops located in main marketing centres mainly sell shopping goods/speciality goods—goods of high unit value and purchased only after comparison of price and quality, and such purchases are made infrequently. This particular aspect along with the pattern of cost has a decisive bearing on the selection of assortment of the retail shop. After a careful study of all these factors, the retailer often draws a master stock list—a list of the probable articles that he has decided to purchase in order to sell.

The purchase decision itself is often influenced by the competitive environment and sales of different groups of articles in the past. The purchase price decision is often taken after working backward from the likely selling price of the articles in market and subtracting all likely costs incidental to purchases, the various taxes, etcetera. Then the retailer calculates the maximum price which he can pay for the product to the supplier. It helps him in fighting competition. On quantity, selective control is exercised and the "bread and butter" article—"A" articles—are purchased more frequently. And as the rate of turnover of different goods or articles declines, the frequency of buying also declines. The other aspects are decided keeping in view the nature of the clientele and its expectation.

Stock Leakages

One delicate problem that a retailer often faces in the field of inventory management is stock leakages, for which the customers as well as the employees can be responsible. Excessive control on inventories tends to discourage sales and dampens the customers. Thus, most of the retailers learn to live with the leakages, although through intelligent lay-out and placement of the goods, the incidence of stock leakages can be checked. Because of changing tastes and preferences of customers, and the entry of new products in the market every day, the retailer has to be on his toes, as it were, to retain his competitive advantage.

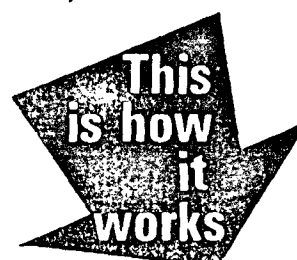
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What Should be the Government's Approach to Sick Units?

(By a Special Correspondent)

Preventing "sickness" of industrial units should be the responsibility of the entire Government, not of any particular agency. Industrial units often fall sick because of wrong policies pursued by the Government.

THE problems arising from the closure of sick units have been receiving a great deal of attention from the Centre and several State Governments. Among the recent measures adopted by the Government of India to tackle this issue are the enactment of the Cotton Textile Companies (Management of Undertakings and Liquidation or Reconstruction) Act which has empowered the Government to take over sick textile mills, the establishment of the National Textile Corporation to provide finance and management to these mills, and the amendment to the Industries (Development and Regulation) Act which empowers the Government to take over the management of other industries. The Committee on Unemployment, set up by the Government of India under the chairmanship of Mr. B. Bhagavati, in its interim report, has suggested other measures also to deal with the closure of sick units.

The committee says that suitable action requires to be taken by the Government even at an earlier stage "before the malaise becomes acute". It points out that the closure of a unit is generally the culminating point in a series of events, involving mismanagement, lack of finance and raw materials, obsolescence of machinery, tension between labour and management, etcetera. All this is well known. But it is difficult to agree with the committee's recommendation to set up a separate agency "charged with the duty of overseeing the economic health and the state of affairs obtaining in such industries where closures have taken place or are apprehended".

The committee has described the functions of the proposed agency as follows: "Such an agency should organise a proper system of timely

reporting for this purpose and it should keep the Government apprised of the developing situation from time to time to enable the Government to take effective steps to prevent the situation from deteriorating further. This monitoring organisation should have the power to get periodical reports relating to the selected industries and the units therein. We suggest that the Ministry of Industrial Development should initiate to identify the industries which require to be brought within the scope of such organisation from time to time. It is also important that remedial and timely action by the authorities concerned in the matter may not be stalled on account of the non-availability of requisite financial resources, adequate provision for which should, in our view, exist. We would recommend the setting up of a separate corporation for the purpose with adequate revolving fund".

The above suggestion is unlikely to prove effective. The responsibility for preventing units from becoming sick and their ultimate closure should depend not on any particular agency or Central Ministry but on the entire Government. The sickness of units seldom arises suddenly. It is often the cumulative result of the adoption of wrong policies. Unfortunately, when the Government takes major economic decisions relating to taxation, wages, bonus, or other matters, it does not carefully consider their possible impact on various industries. For example, when the Central Finance Minister, Mr. Y. B. Chavan, frames his Budget proposals, he takes into consideration mainly the revenue that the Exchequer will derive from them. He often ignores or underestimates the effect of his taxation measures on the health of industries. Similarly, the Railway Ministry increases almost every year the freight rate of various commodities without a proper appreciation of its incidence on industries. The wages and other fringe benefits given to the workers are raised steeply without due consideration of the ability of industries to pay as well as of productivity. It is, there-

fore, hardly surprising that generally, industrial units fall sick because of factors beyond control.

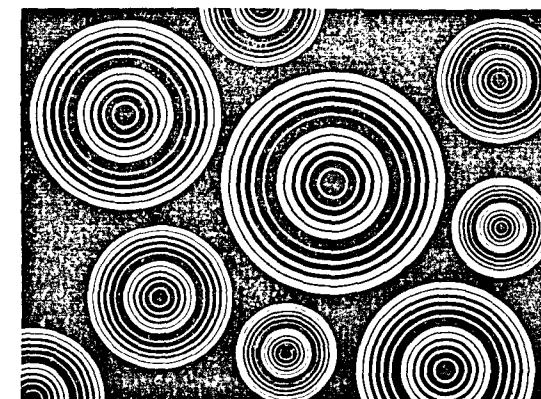
What is wanted is an effective co-ordination of the economic policies, especially those relating to taxation, transport, labour and foreign trade. The Central Cabinet has a Co-ordination Committee but, for one reason or the other, it has not been able to function properly. Nor has the Planning Commission been able to do anything positive or constructive to prevent industries from falling sick. It is a sad commentary on the working of the Planning Commission that for the last three years or more, the economy has been faced with an acute shortage of many essential commodities and numerous industries all over the country continue to be sick due to various reasons.

The underutilisation of capacity in many industries has been highlighted in recent years. Unless this problem is solved, more units are likely to become sick in course of time. The Committee on Unemployment has attributed underutilisation of capacity to the following factors: insufficient demand; shortage or irregular supply of raw materials, components and spares as well as of power; and disturbed industrial relations and other management problems. These industrial units have been put up at great cost involving the use of scarce capital and still scarcer foreign exchange; it is essential that these should be put to the best use.

The better utilisation of installed capacity and the prevention of sickness of industrial units should receive high priority in the programme for tackling unemployment. Measures such as "crash programmes", "raw materials banks" and "revolving funds" are unlikely to provide a lasting solution to the problems arising from unutilised capacity and closure of sick units. Nor will the formation of separate corporations be of much use. What is wanted is that, as far as possible, industries should be free to function within the overall economic policies framed by the Government of India. But after the Companies Amendment Bill is enacted, industries will have to depend heavily on the bureaucracy for the approval of many decisions which do not involve policy matters.

There should be closer and cordial relations between the Government

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and industry. The Government of India has set up various advisory bodies consisting of official and non-official representatives, such as the Central Advisory Council of Industries, the Board of Trade and the Advisory Council of Trade. But these bodies do not meet as frequently as they should; and when they do, their recommendations are rarely given the weight, importance, and the urgency they deserve. Had the Government been prompt and sympathetic to the genuine grievances of industry, and at the same time been firm in dealing with mismanagement of companies, the economy

today would have been in a much better shape.

The State Governments have also a special responsibility to prevent industrial units from falling sick and to encourage them to maximise their capacity utilisation. Particularly in West Bengal, the State Government should give attention to ensure adequate supply of electricity, to develop other aspects of infrastructure, and to improve relations between labour and management so that the State's industries can revive and create more employment opportunities.

International Seminar of Economic Journalists: Some Highlights

(By a Special Correspondent)

Much of the discussion at the international seminar of economic journalists related to investment policy. It was said that Governments should enter trade and industry in a big way to speed up economic growth and also to ensure the attainment of social objectives.

AS part of the third Asian Trade Fair recently held in Delhi, the Forum of Financial Writers thoughtfully arranged an international seminar of economic journalists which brought together not only some 50 journalists from foreign countries, but also a number of policy-makers of the Central Government. For six successive days, the seminar heard Central Ministers, administrators, business men and industrialists on various aspects of "growth with social justice" as also debated in commissions the issues involved and the objectives to be pursued. What emerged from the seminar was a "statement" embodying the week-long discussions and conclusions, which the Central Planning Minister, Mr. D. P. Dhar, had said he was looking forward to read. Special questions studied in depth and incorporated in the "statement" related to: (1) principal growth industries—steel, aluminium, oil, fertiliser, (2) investment policy and price stability, with particular reference to the rôle of the private capital in growth processes with social justice, and (3) international trade and economic co-operation.

The most significant pronouncement related to the investment

policy. The seminar recognised that there was need and justification for Governments entering trade and industry in a big way, both to speed up economic growth and to direct it firmly towards basic social goals. At the same time, it was recorded that private capital "could and should" make a large contribution to development under the disciplines of social purposes. What the seminar arrived at in regard to policy issues are applicable not only to India but to many developing countries in Asia, Africa and Latin America. For instance, the seminar cautioned that while the transfer of resources, including capital and technology, from the affluent countries to those with less affluence was "legitimate and necessary" for international understanding and peaceful global process, the latter should be "selective" in their use of foreign private capital. While offering reasonable terms to foreign investments, the developing countries should take care to see that these investments were employed in ways which were "consistent with genuine national needs or priorities". The induction of technology from industrialised countries, again, had to be treated in a discriminating and constructive manner.

The developing countries were cautioned on another ground. The need for or the usefulness of transfer of technology might be greater than the flow of foreign private capital as a supplement to domestic savings. This is significant from viewpoint of India for what New Delhi is now

emphasising is on the import of technology. On the development of growth industries, the seminar recognised that the increasing consumption of steel was a corollary to a rising standard of living. Here again, the general conclusion was that the necessity of steel plants in developing countries would vary. For instance, countries like India and Egypt must of necessity develop their own steel industries. But where the requirements were small and the economies of scale in the setting up of steel capacity would not be available, the installation of large-scale integrated steel plants would not be advisable.

The seminar went out of the way to deal with aluminium as a basic industry. It said that this metal had a great future in India as a saver of foreign exchange through import substitution which was as high as Rs. 196 crores in 1972. The seminar agreed that power being a major input in this industry deserved to be supplied at economic rates as was the case in other industries. Other thoughtful observations of the seminar related to the use of oil and sources of fertiliser. On oil, it said that its use should be avoided wherever possible as India was short of oil. Furthermore, the precept oil exporting countries were going to increasingly control this commodity. As for fertiliser, the seminar was of the view that coal deserved to be exploited fully for the manufacture of this agricultural input. It was, however, emphasised that in order to attain the goals set by the planners in regard to fertiliser production, India should not hesitate to import inputs wherever necessary and if the utilisation of indigenous resources was likely to delay projects.

On the investment policy, the seminar had some interesting suggestions to make, particularly relating to foreign capital. It said that the rôle of foreign private capital should be limited to meeting the saving gap. But here again foreign capital should be invited "on terms and in areas determined by national priorities". As for national private capital, it was said that this should be encouraged to enter the areas permitted to it, which should include the field of mass consumer goods. On trade, the most important recommendations related to three areas:

(1) preferences between industrialised countries should be reduced to the

minimum; (2) reverse preferences should in no circumstances be used simply to benefit the industrialised countries; and (3) the G.A.T.T. should be asked to ensure that the 1973 round of tariff negotiations provide the greatest possible margin of preference in the markets of the developed countries for the products of the developing countries. On economic co-operation, the main recommendation was that both creditor nations and the World Bank should work out long-term debt relief arrangements for developing countries in case of need. Also, developing countries of a region should have greater economic co-operation with a view to developing complementary economies.

The Scope for Increasing India's Exports to Malaysia

By Attam Parkash

Malaysia offers an excellent export market for many Indian products. Indian exporters have an advantage in this market because the range of products they can offer is already known there.

MALAYSIA, with its high propensity to import, offers a lucrative market for many Indian products. The demand for consumer goods and capital machinery and equipment is rapidly growing consequent on rising income and a heavy programme of economic development. The marketing of goods in Malaysia is easier for India as the range of products it can offer and the extent of sophistication it has achieved in a number of product lines is better known because of a number of import houses of Indian origin operating in the trade. Geographical proximity as well as the traditional friendly relations between the two will help Indian exporters. While the Malaysian market offers excellent prospects for Indian products, it is extremely price and quality conscious as goods from all over the world enter the country under a non-discriminatory tariff. It, therefore, calls for tremendous and sustained efforts on the part of Indian exporters to offer competitive terms and quality products. They should always maintain a high standard of business ethics.

Malaysia also offers immense opportunities for setting up industrial joint

Encouraged by the success of the first experiment with international co-operation among economic journalists, the seminar decided to set up an international body to keep the co-operation alive. For this purpose, there will be a standing committee functioning in New Delhi with associates in countries participating in the seminar. Also, there should be an international seminar of economic journalists every two or three years. It has also been decided to set up institutes for training and research in economic journalism at the national and regional levels. Mr. E.P.W. da Costa, president of the Forum, announced that one such institute would be set up in India within a year.

ventures with Indian collaboration. In addition to the provision of several incentives to Indian collaborators, the intermediate level of technology, evolved in India, is suitable to the pattern of development that is taking place in Malaysia. India's participation in industrial joint ventures, already established, bears a testimony to the fact that such collaborations are advantageous to both the countries. Malaysia is one of the wealthiest nations in Asia. With a per capita income of \$ (Malaysia) 1,080, the country has one of the highest standards of living on the continent. Agriculture, on which depends 60 per cent of the population, is the most important component of the economy. The principal agricultural products include timber, rubber, rice, palm oil, copra and coconut oil. The agricultural sector accounts for 30 per cent of gross national product. Malaysia produces several valuable ores, such as tin, iron ore, bauxite, gold, manganese and petroleum. Natural rubber and tin are very important to the country's economy as they account for nearly 56 per cent of its total foreign exchange earnings. Timber, iron ore and palm oil are the other important export items.

The Malaysian economy is being developed and diversified under the stimulus of an economic development programme. The first Malaysian Plan (1966-70) laid emphasis on the growth of the industrial sector. Industries like fertiliser, chemical, steel, rubber pro-

ducts, cement, pharmaceutical, paint and textile have been developed, mostly with the help of foreign assistance and enterprise. Greater attention has been paid to the processing of agricultural products, such as rubber, rice, copra, tea and palm oil. Malaysia's foreign trade has shown buoyant trends during the last few years. The increase in exports from \$ (Malaysia) 3,260 million in 1962 to \$ (Malaysia) 5,100 million in 1969 is attributed to a substantial rise in the offtake of major commodities, such as rubber, tin and timber. A small increase in imports from \$ (Malaysia) 3,071 million in 1962 to \$ (Malaysia) 3,600 million in 1969 is ascribed to increasing import substitution as a result of the country's industrial development programme. Imports largely consist of food, beverages and tobacco—all the three accounting for 26 per cent of total imports. Imports of manufactured goods make up nearly 23 per cent, mineral fuels 13 per cent, chemicals 8 per cent, and machinery and transport equipment 21 per cent. It is quite evident from the composition of Malaysian imports that India can meet most of its requirements to the advantage of both the countries.

The U.K., together with other Commonwealth countries, plays a leading rôle in supplying these items. Japan and the east European countries, including Russia, have also cultivated the Malaysian market. In recent years, emphasis is being placed on expanding trade relations with co-developing countries of Asia. Malaysia's participation in the A.S.E.A.N. (Association of South-east Asian Nations) to foster regional co-operation bears testimony to this fact. India's trade with Malaysia has declined by nearly 50 per cent during the last five years mainly due to the unilateral withdrawal of Commonwealth preferences by the Malaysian Government as also due to the dislocation of trade caused by the devaluation of the Indian rupee in June 1966. However, India and Malaysia have agreed to accord bilateral tariff preferences to each other. While Malaysia, in particular, is interested in preferences for its palm oil, rubber and copra, India is eager to obtain preferences for cotton textiles, engineering goods and manufactured goods. India imports from Malaysia mainly tin which accounts for nearly 75 per cent of her total imports from that country. Other items in order of importance are: natural rubber, palm oil, hides and skins, and natural gums and resins.

India's exports to Malaysia still comprise mostly traditional items. The

share of new items, such as engineering goods, iron and steel, cinematographic films, does not exceed 35 per cent in the total exports. However, in the wake of expanded developmental activities, the scope for India's engineering items and iron and steel has considerably widened. The demand for builder's hardware in Malaysia has considerably grown consequent on the special emphasis on constructional activities. Malaysia's imports of builder's hardware increased from \$ (Malaysia) 9.3 million in 1965 to \$ (Malaysia) 12.3 million in 1969. India can compete with Japan, China and the U.K. because of the cheap labour advantage. Besides, with the growing emphasis on agricultural development, Malaysia imports considerable quantities of agricultural machinery, including power-driven pumps, mainly, centrifugal and reciprocating. It also imports simple hand tools, such as drills shaping machines, hand saws, circular saws and leather and general purpose hand tools. Indian hand tools have obtained the acceptance of the market because of their good performance. But competition from China is very stiff as their prices are very competitive.

The demand for iron and steel items for the railway traffic equipment and signalling apparatus, which are not domestically produced, will continue to be met by imports. Furthermore, in view of the strong industrial development schedule under the Second Five Year Plan (1971-76), the demand will grow for semi-finished products, such as flat iron, billets, blooms and slabs in addition to rail track-laying equipment. In addition to trade, as a result of the initiative taken by some Indian industrialists and the facilities provided by the Indian Government and the incentives extended by the Malaysian Government, a number of industrial ventures with Indian collaboration have sprung up in Malaysia. They cover a wide range of fields.

Malaysia actively encourages foreign investment by providing several concessions. To serve the special needs of entrepreneurs looking for opportunities in Malaysia, certain promotional agencies have been set up. Among them are the Federal Industrial Development Authority (F.I.D.A.), National Electricity Board (N.E.B.), Federal Land Development Authority (F.L.D.A.), Federal Agricultural Marketing Authority (F.A.M.A.), and the Majlis Amanah Raayat (M.A.R.A.). All the agencies have been created to provide necessary facilities in their respective fields.

Vacillation over Industrial Policy

(From Our New Delhi Correspondent)

After the Gandhinagar session of the A.I.C.C., the Government is apparently going slow with its decision to announce a new industrial policy. And it is a pity that during the winter session Parliament did not find the time to hold a debate on this subject.

THERE is no indication yet as to when the long-awaited revision of the Industrial Policy Resolution of 1956 will be made public. Obviously after the Gandhinagar session of the A.I.C.C. where the Central Minister for Industrial Development, Mr. C. Subramaniam, met with a reverse, the Government is going slow with its announcement. It should not even be surprising if the announcement is delayed until after the Calcutta session of the Congress. The winter session of Parliament came to an end on Friday. In view of the Government's tight schedule, a discussion on industrial policy and growth was ruled out. This does not mean that there is no concern over the economic situation and the need to arrest frustration among the people as is evidenced by the countrywide student unrest, the raising of fissiparous tendencies in the form of linguistic and regional feelings—all arising from the lack of employment opportunities.

Now that the problem of delimitation of the border with Pakistan has been got over with the accord by the two army commanders in Lahore and the signing of the maps in Suchetgarh, the next steps will obviously be taken by the two Governments to restore normalcy. This should enable the Government of India to turn inwards to look at the economy at close quarters. As it is, the Central Government is satisfied that there has been a marked improvement in industrial production in the last six months, with a sustained growth rate of 7.5 per cent. This should set the tone for similar strides in other sectors of the economy. In the agricultural sector, too, the revised estimates for 1972-73 are reported to be relatively better than what was feared a couple of months ago when the

Government decided to import foodgrains to meet the anticipated shortfall.

The decision to import food is a reversal of the Prime Minister, Mrs. Indira Gandhi's own earlier pronouncements that there should be no import of food or sugar, but the unpalatable decision had to be taken. As the Central Finance Minister, Mr. Y. B. Chavan, explained in Parliament, the import of food was not meant for "current consumption" but as a measure to prevent a further increase in prices. Although the Government is going ahead with the projected import of 1.5 to 2 million tonnes at a cost of Rs. 150 crores (Mr. A. P. Shinde, Central Minister of State for Food, has announced that the ships will start arriving in Indian ports next month), it is reasonably confident that the country will be able to tide over the expected shortfall without completely running out of the depleted buffer stocks, which have come down from 9.5 million tonnes to 3.6 million tonnes. This confidence emerges from the belief that unlike the *kharif* crop which is heavily dependent on the south-west monsoon during the June-September period, the *rabi* crop can manage with a couple of showers in December-January before it is harvested in February-March in most of the northern States.

Meanwhile, the Government is also placing reliance on the inputs necessary to increase food production. Already a Japanese team is in the country to negotiate with the Government on a long-term agreement for the supply of fertilisers, mainly urea, from Japan. With the suspension of U.S. aid, which resulted in a depletion of the import of fertilisers, the Government is naturally using free foreign exchange for the import of this vital commodity. In this process, the Government is not hand-bound to import fertilisers from any particular country. Commercial considerations alone will be the governing factor and, whether it is Japan or the United States, it will all depend on who sells fertilisers cheap.

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Tamil Nadu : The D.M.K. Raises an Important Constitutional Issue

(By a Special Correspondent)

In a letter to the Prime Minister on the Opposition's charges against the D. M. K. Ministry, Mr. M. Karunanidhi has raised several important issues. He has said that it would be subversive of the Constitution if a State Cabinet is sought to be subjected to a commission of enquiry constituted by the Centre.

THE Tamil Nadu Chief Minister, Mr. M. Karunanidhi, has raised several important issues in a letter to the Prime Minister, Mrs. Indira Gandhi, answering the charges levelled against him by the A.D.M.K. leader, Mr. M. G. Ramachandran and the C.P.I. Two separate memoranda were submitted several weeks ago to the President of India, Mr. V. V. Giri, listing a number of charges against the Chief Minister and his colleagues and these were later forwarded to the Prime Minister, who in turn, sent them on to Mr. Karunanidhi for his comments. In fact, it has now become an established procedure for the Prime Minister to forward such allegations to the Chief Minister concerned and after eliciting his views have the whole matter studied at the Centre with a view to finding out whether there is any *prima facie* case or not. It is only then that the question of appointing a commission arises.

This very procedure has been adopted in the case of Mr. Bansi Lal, Chief Minister of Haryana, against whom a number of allegations have been made by the former Chief Minister, Mr. B. D. Sharma, who is now a prominent leader of the Organisation Congress in the State. Mr. Sharma's allegations, in one of the memoranda submitted by him, were found baseless and as such they were dismissed as of no consequence. He has submitted another list of charges; this has been forwarded to Mr. Bansi Lal for his comments. The next step will be taken after the reply of the Chief Minister has been received. In this context, the question was also raised whether the reply of the Chief Minister should be made available to the complainant and the

Prime Minister has made it clear that this could not be done. What the Chief Minister says is for the benefit of the Prime Minister.

Mr. Karunanidhi has, however, raised a constitutional question in regard to the demand by the Opposition for the appointment by the Centre of a commission of enquiry to go into the whole matter. The Chief Minister has said that the Constitution is not unitary but federal in structure, the essence of which is that the constituent States are not subordinate to the Central Government, each State being autonomous within certain defined limits. Every State has parliamentary system of Government and the Cabinet is collectively responsible to the legislative Assembly of the State. He has further pointed out that there is no provision in the Constitution which makes the State Cabinet accountable to the Centre; and as such it would be subversive of the entire scheme of the Constitution and the system of responsible Government if a State Cabinet is sought to be subjected to a commission of enquiry constituted by the Centre.

There is much force in what Mr. Karunanidhi says. As long as commissions of enquiry are appointed by the Centre in respect of Chief Ministers who belong to the same political party as in power at the Centre, there is really no problem. For instance, the former Chief Minister of Punjab, Mr. Pratap Singh Kairon, meekly submitted to a commission of enquiry appointed by the then Prime Minister, Mr. Jawaharlal Nehru. The commission after a good deal of labour lasting more than a couple of years found him guilty of several charges with the result that Mr. Kairon had to step down. He never went to court challenging the decisions of the commission nor did he raise any fundamental objection to such enquiry. But Mr. Karunanidhi is not subject to any control by the Prime Minister because he belongs to a different political party. The moot question, therefore, is

whether in his case the Prime Minister will appoint such a commission.

It is clear that Mr. Karunanidhi will not take any decision of the Centre to appoint a commission of enquiry lying down. Already, the Prime Minister has asked the Central Law Ministry to examine the whole position in the light of the Chief Minister's assertion in his letter. This will to some extent sidetrack the whole issue relating to charges of corruption against Mr. Karunanidhi. But he has in his reply to the Prime Minister described the charges as extremely frivolous, vexatious, false and malicious. Mr. Karunanidhi has also said "that Ramachandran, the actor that he is, has truly enacted a political stunt both at Madras and New Delhi on the eve of his presentation of the petition to the President". The political Machiavellism of the C.P.I., according to the Chief Minister, is an attempt to lend a colour of realism and respectability to the political gimmick.

It is, however, difficult to prejudge the whole issue but the fact that will have to be noted is that there is large-scale discontent in the State against the ruling Party. If Mr. Ramachandran has been able to canalise the discontent, it should be a pointer to the ruling Party not to be complacent about the whole affair and dismiss all this as of no consequence. It is too early to say whether there is any constitutional crisis in the State but here again much depends on the court's ruling on the no-confidence motion against the Speaker. The Speaker's petition against the action of the Governor in proroguing the Assembly has been set aside and this has established the right of the Governor to summon and prorogue the Assembly as laid down in the Constitution.

PEOPLE AND PERSONALITIES

Mr. K. K. Dhandhanian has been elected president and Mr. D. C. Bagri vice-president of the Jute Brokers' Association for the year 1972-73.

Mr. Robert Shearer will be retiring as Managing Director of the Overseas Banking Division of National and Grindlays Bank Ltd on 31st December, 1972. Mr. R. S. Rees, at present deputy to Mr. Shearer, will succeed him.

Is a Managing Director's Commission on Gross Profits Taxable as Salary?

By C. R. Thiagaraja Varma

The Supreme Court has recently given its decision on the question of whether the commission payable on gross profits of a company to its managing director is taxable as salary or as business income. Although the Court has not laid down any general rule, its decision has considerable significance.

THE questions whether the managing director of a company is a servant or agent of the company and whether the remuneration payable to him could be assessed as "salary" or "business income" came up before the Supreme Court recently. Although no rule having general application has been laid down by the Supreme Court in this regard, the facts of the case as well as the decision and its basis should be of interest to all concerned with similar problems. The judgment has been reported in a recent issue of the *Income Tax Reports*. [Ram Prashad V.C.I.T. (1972) 86 I.T.R. 122 (S.C.)].

The remuneration which a director or a managing director may receive from the company may either fall under Section 15 of the Income Tax Act, 1961, as salary or under Section 28 as business income or under Section 36 as income from other sources, according to the terms of the agreement. It is not the name of the office in relation to which the income is derived which would determine the true nature or the head of the income but it is the powers and duties of the office-holder under the terms of the agreement with the company that would be decisive in the matter.

In the case under consideration here, the assessee and his wife owned a large number of shares in a private limited company engaged in the business of running hotels. By virtue of article 109 of the articles of association of the company, the assessee became the first managing director on terms and conditions agreed to and embodied in an agreement dated 20th November, 1955 between himself and the company. Under that agreement, the assessee was entitled to receive Rs. 2,000 a

month, a fixed sum of Rs. 500 a month as car allowance, and 10 per cent of gross profits of the company as commission. In addition, he and his wife were also entitled to free board and lodging in the hotel. One of the clauses of the agreement gave him the liberty to resign his office upon giving three months' notice. The company was also given powers to terminate his services, in general meeting, before the expiry of the 20 years' period, if the assessee was found to be acting otherwise than in the interests of the company or was found to be not diligent in his duties.

Under article 136 of the articles of association of the company, the general management of the business of the company was in his hands. Article 139 enabled the managing director generally to work for and contract with the company and specifically to do the work of agent of the company. Article 140 empowered the board of directors to exercise control over the managing director in certain specific instances. Under Article 141, he was in charge and custody of all the property, books of account, papers, documents and effects belonging to the said company wherever situated. Article 142 provided that the managing director shall work for the execution of the deci-

sions arrived at by the board of directors of the company from time to time.

For the accounting year ending September 1955, relevant to the assessment year 1956-57, the assessee was entitled to receive by way of commission a sum of Rs. 53,913, representing 10 per cent of the gross profits of the company. But the assessee gave up the commission soon after the accounts were finalised but before they were passed by the general meeting of the shareholders. The assessee gave up the amount because the company would not be making net profits if the stipulated commission was paid to him. The assessee claimed that the amount given up by him was not liable to be included in his total income because the amount had not accrued to him at all, at any rate, in the accounting year ended March 1956, and that even assuming that it had accrued in the accounting year ended March 1956, it was not taxable under Section 7 or Section 10 of the Income Tax Act, 1922 (corresponding to Sections 15 to 17 or Sections 28 to 44 of the 1961 Act). The Income-tax Officer, the Appellate Assistant Commissioner, the Tribunal and the Delhi High Court have all held that the 10 per cent commission on gross profits was taxable as "salary" and that the income had accrued to the assessee during the previous year.

When the matter went to the Supreme Court, the only question that was left to be resolved by it was whether the 10 per cent gross profit payable to the assessee under the terms of the agreement appointing him as the managing director was liable to be assessed as salary or under the head

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"income from business". It is to be noted that for the purposes of the Income Tax Act, the term "salary" includes commission, wages, perquisites, etcetera. Mr. A. K. Sen, a senior advocate of the Supreme Court, who appeared on behalf of the assessee contended that in order to assess the income as salary it must be held that there was a relationship of master and servant between the company and the assessee and for such a relationship to exist it must be proved that the employee was subject to the supervision and control of the employer in respect of the work that the employee had to do. Where there is no such supervision or control it will be a relationship of principal and agent or an independent contractor. Applying these tests, it was submitted on behalf of the assessee that his appointment as a managing director was not that of a servant but as an agent of the company and accordingly the commission payable to him was income from business and not salary.

The Supreme Court observed that for determining whether a person is a servant or an agent, a rough and ready test is whether under the terms of his employment, the employer exercises a supervisory control in respect of the work entrusted to him. A servant acts under the direct control and supervision of his master. An agent, on the other hand, in the exercise of his work is not subject to the direct control or supervision of the principal, although he is bound to exercise his authority in accordance with all lawful orders and instructions which may be given to him from time to time by his principal. The Supreme Court made it clear that this test is not universal in its application and does not determine in every case, having regard to the nature of employment, that he is a servant. As an illustration it was pointed out that a doctor may be employed as a medical officer and although no control is exercised over him in respect of the manner in which he should do the work nor in respect of the day-to-day work he is required to do, he may nonetheless be a servant

if his employment creates a relationship of master and servant.

A person who is engaged to manage a business may be a servant or an agent according to the nature of his service and the authority of his employment. The nature of the particular business and the nature of the duties of the employee will require to be considered in each case in order to arrive at a conclusion as to whether the person employed is a servant or an agent. Although an agent is not a servant, a servant is generally for some purposes his master's implied agent, the extent of the agency depending upon the duties or position of the servant.

The Supreme Court pointed out that "a director of a company is not a servant but an agent inasmuch as the company cannot act in its own person but has only to act through directors A managing director may have a dual capacity. He may both be a director as well as an employee. In the capacity of a managing director he may be regarded as having not only the capacity as *persona* of a director but also has the *persona* of an employee, or an agent depending upon the nature of his work and the terms of his employment. Where he is so employed, the relationship between him as the managing director and the company may be similar to a person who is employed as a servant or an agent, for the term 'employed' is facile enough to cover any of these relationships. The nature of his employment may be determined by the articles of association of a company and/or the agreement, if any, under which a contractual relationship between the director and the company has been brought about, whereunder the director is constituted an employee of the company; if such be the case, his remuneration will be assessable as salary."

In this context a number of cases have been cited before the Supreme Court; but the Court pointed out that the conclusion in each of the decisions turned on the particular nature of employment and the facts disclosed therein and in each of these decisions the "context played vital part in the conclusions arrived at."

After considering a catena of decisions as well as passages from Halsbury's Laws of England, Bowstead on Agency, and Treatises on Company

Law by Palmer, Gower's Pennington and Buckley, the Supreme Court came to the conclusion that the test for determining whether the person employed by a company is a servant or agent is not solely dependent on the extent of supervision and control exercised on him. The real question in this case, according to the Court, is one of construction of the articles of association and the relevant agreement which was entered into between the company and the assessee. If the company is itself carrying on the business and the assessee is employed to manage its affairs in terms of its articles and the agreement, and he could be dismissed or his employment could be terminated by the company if his work is not satisfactory, it could hardly be said that he is not a servant of the company. The terms in the article and agreement, already referred to, are inconsistent with the plea that he is an agent of the company and not a servant. The control which the company exercises over the assessee need not necessarily be one which tells him what to do from day to day.

According to the Supreme Court, that would be too narrow a view of the test to determine the character of the employment. Supervision did not imply that it should be a continuous exercise of the power to oversee or superintend the work to be done. The control and supervision was exercised and was exercisable by the board in terms of the articles and the company in its general meeting. Since the board of directors are to manage the business of the company they have every right to control and supervise the assessee's work whenever they deem it necessary. The powers of the assessee had to be exercised within the terms and limitations prescribed in the articles and subject to the control and supervision of the directors which was indicative of his being employed as a servant of the company.

In view of this position, the Supreme Court held that the sum of Rs. 53,913 was payable to the assessee as salary and was chargeable under Section 7 of the Income Tax Act, 1972 (corresponding to Section 15 of the Income Tax Act, 1961). It is obvious that once the income is assessed as salary, the assessee cannot avail himself of the various deductions that are available in computing the business income. Similarly the position regarding carry-forward and set-off of losses will also greatly differ and the various provisions that are applicable to business income will have no application to the assessee.

MONEY AND BANKING

Banks' Performance in the Financing of Exports

(By a Special Correspondent)

Banks' credit to the export sector has been steadily going up. To a large extent, this process has been helped by the liberal refinance facilities extended by the Reserve Bank.

FINANCING of exports was recognised as a priority task sometime in 1968 when the National Credit Council chose three main sectors to receive proper and adequate attention from the banks, viz., agriculture, small-scale industries and exports. These sectors were said to be complementary in as much as each one of them could help the development of the other sectors. It was also felt that if banks could pay adequate attention to financing of these sectors, that would smoothen the growth of the Indian economy as a whole. It was, therefore, intended to make special efforts to boost exports and banks were inclined to provide sufficient credit to help such efforts.

To have an idea of banks' performance during the past four years in this respect, it would be pertinent to compare the figures of scheduled commercial banks at the pre-shipment and post-shipment stages separately. The table below gives information on total export credit granted by banks and also export bills purchased and discounted by them, the latter indicating mainly the extension of credit facilities at the post-shipment stage. It would be seen from the export credit figures that banks have been granting facilities on an extensive scale.

The table gives an idea of the efforts banks are making to help the export

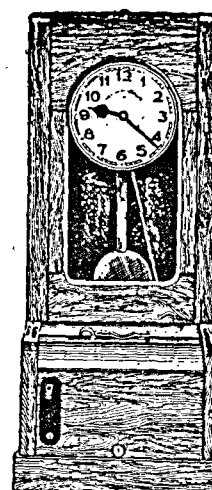
trade. Banks have been advised by the Reserve Bank to extend liberal and cheap credit facilities to exporters. It has prescribed a ceiling of 6 per cent rate of interest on export credit which has recently been raised to 7 per cent. The Reserve Bank has also extended liberal refinance facilities to banks in this respect; with the help of the liberal refinance arrangements, banks, it is expected, will be able to hold higher export advances in their portfolio. This has been corroborated by the figures of refinance availed of by banks from the Reserve Bank. Under Section 17 (3A) of the Reserve Bank of India Act, the Reserve Bank has granted as much as Rs. 109 crores as refinance for export credit at the end of March 1971. Corresponding figures for 1969-70 and 1968-69 were Rs. 79 crores and Rs. 27 crores, respectively. But it was only Rs. 19 crores at the end of March 1968. In other words, the liberal refinance system operated by the Reserve Bank has helped the banks in extending export credit facilities on a much larger scale.

The same fact is also evident from the figures of percentage variation over the years shown under columns 5, 6 and 7 of the table. It may be observed from the figures that although annual export of merchandise has shown a decline in 1970-71, export credit and export bills purchased or discounted by banks have shown a rise of 16 per cent and 11 per cent, respectively. So it seems that there is hardly any necessity to set up a new institution for export credit as long as the Reserve Bank continues to grant liberal refinance to banks on a regular basis.

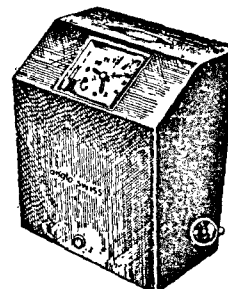
FINANCING OF EXPORTS BY SCHEDULED COMMERCIAL BANKS
(Rs. in crores)

	Annual exports of merchandise	Export credit (At the end of respective years)	Export bills	Column (3) as percentage of column (2)	Percentage variation over the year in column (1)	(2)	(3)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1967-68	1,254.60	139.34	98.85	70.9			
1968-69	1,367.40	239.88	142.73	59.5	9.0	72.2	44.3
1969-70	1,413.90	321.93	156.48	48.6	3.4	34.2	9.6
1970-71	1,402.64	374.01	173.20	46.3	-0.8	16.2	10.7

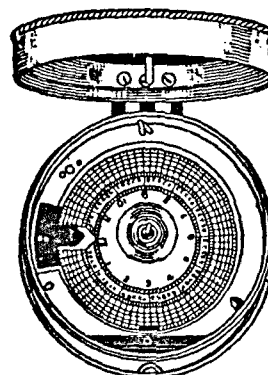
Source: Reserve Bank publications.



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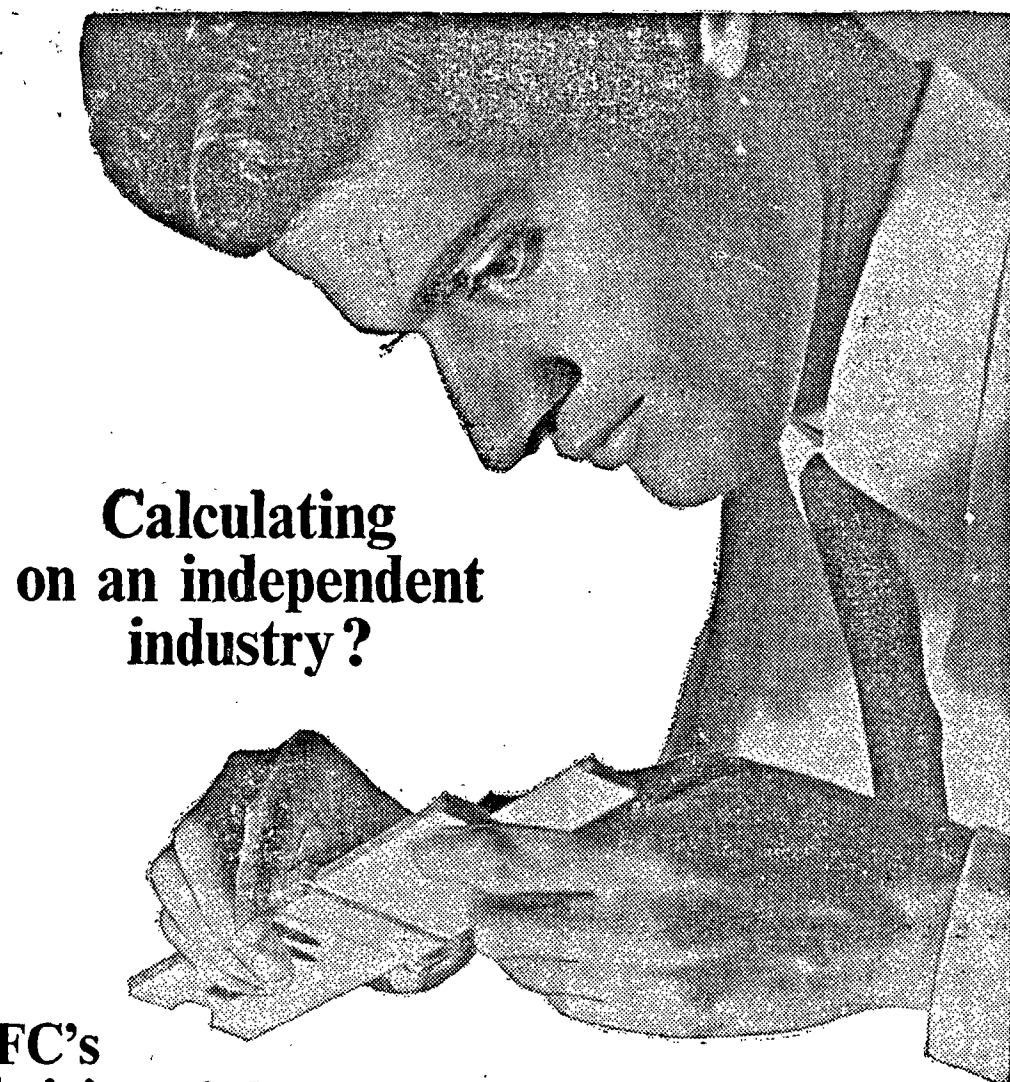
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INSURANCE

The L.I.C.'s Approach to Investment in the Private Sector

(By a Special Correspondent)

The L.I.C.'s investment in the private sector has continued to increase. In fact, it is now the single largest holder of equities.

COMMENTING on the investment policy of the Life Insurance Corporation of India in the private sector, Mr. T. A. Pai, an ex-chairman, once observed: "When it grants loans to industry, its claim for a right to convert a part of this loan into equity is again not a matter of ideology but a claim of the policy-holders to share the prosperity in the industries in which their monies are invested." He further noted that if insurance were in the private sector, then the investors would have demanded more rights in the industries financed. Guided by the philosophy of "people's money for people's good", socially-oriented investments now claim the foremost attention of the Corporation. Which is why L.I.C. investments under heads of loans for housing, loans to the State Electricity Boards, and loans to local bodies for rural or urban water supply schemes have increased from Rs. 18 crores in 1963-64 to Rs. 117 crores in 1971-72.

The L.I.C.'s investment in the private sector (in debentures and preference and ordinary shares) has also recorded an increase. For instance, investments in the engineering, cotton textile, electricity, iron and steel, cement, electrical goods, aluminium, dyes and chemical, paper and boards, sugar and breweries, textile (other than cotton) and "other industries" reached the figures of Rs. 42.10 crores, Rs. 23.03 crores, Rs. 17.43 crores, Rs. 17.35 crores, Rs. 11.04 crores, Rs. 10.80 crores, Rs. 9.42 crores, Rs. 9.13 crores, Rs. 8.52 crores, Rs. 7.31 crores, Rs. 6.12 crores and Rs. 50.58 crores, respectively in 1970. Here, one has to note that the L.I.C. is under statutory obligations to invest at least 50 per cent of its investible funds in Government securities. Some critics, however, point out that such investments in Government securities invariably exceed 70 per cent and that in 1970-71, the L.I.C. had to invest 74.8 per cent of its funds in Government securities. Investments in such securities exceeded as at 31st March, 1971,

Rs. 400 crores. But the truth also remains that the Corporation is the single largest holder of equity shares of public limited companies in the private sector.

A study by the Reserve Bank of India of share ownership in joint stock companies has concluded that within six years, the proportion of ordinary share capital possessed by the L.I.C. has increased from 5.8 per cent to 9.2 per cent. Another study by Dr. Hazari shows that out of 1,000 public and private companies the L.I.C. owned, even in the past, 14 per cent preference share capital and 3.6 per cent of equity share capital. Besides, a sample study of the equity holdings in T.I.S.C.O., I.I.S.C.O. and T.E.L.C.O. proves that the Government has now taken the rôle of a prominent share-holder in the private sector. For instance, the Government has already participated with the aid of top financial institutions in the equity of these three industrial giants and such participation amounts to 31 per cent (or Rs. 24 crores) of the total equity capital. Also, total investments of the L.I.C. in the large business groups, as at 31st March, 1971, amounted to 64 per cent of private-sector investments. The rate of L.I.C. investment in the private sector has of late declined partly because of (a) classifying the loans with the Government backing out of this sector and (b) care and caution taken to grant loans in certain directions. Naturally, it is feared in certain circles that the reluctance of the Corporation to make fresh investments in major projects in the private sector would put a brake on further industrialisation.

It has to be conceded that life insurance business is a service industry that exists for policy-holders and the Corporation is keen on earning more on its investments to serve better the masses. Besides, it has an obligation to make insurance attractive among the common man for investment purposes. Hence, it makes continuous efforts to study its investment portfolio and even within the statutory obligations tries to in-

crease the yield. The Corporation has to conform to the national needs. No wonder, its vast funds are now invested in socially-oriented schemes.

It is relevant to note here that during the busy seasons in the past, the Corporation supplied funds to commercial banks and, according to some financial experts, the sharp fluctuation in the call rate during the busy season would have remained unchecked but for the timely intervention of the L.I.C. through the supply of its surplus funds. Banking interests seem to believe that any additional benefit accruing to the L.I.C. through the inter-bank call money market will, in turn, yield benefits to policy-holders. The Reserve Bank of India permitted this entry of the L.I.C. in the call money market to improve the liquidity of the banking system.

In any event, the Corporation is now conscious that in a developing economy, the flow of credit needs regulation considering the credit needs of an expanding trade and commerce. It wants more earnings from its investments to divert urban savers to insurance. The Corporation is also mobilising resources in rural areas.



Will the Government Go Ahead with the Proposed Scheme of Hotel Tariff?

(By a Special Correspondent)

The Government has deferred its decision to introduce a new scheme concerning payment of hotel bills in rupees. It is hoped that the proposed tariff pattern will not be implemented in the interests of smooth running of the hotel industry.

THE Central Minister for Tourism and Civil Aviation, Dr. Karan Singh, said at a convention of hoteliers held in October that from 1st November, 1972, foreign tourists would have to pay their hotel bills in foreign exchange; those paying in rupees would be required to pay a surcharge of 33.33 per cent. This revision in the hotel tariff, applicable to about 100 hotels with a single occupancy tariff of or above Rs. 60 a day, became necessary, according to some observers, to earn maximum foreign exchange or to check possible leakages. To illustrate, two top hotels, according to official sources, had foreign occupancy rates of 89.5 per cent and 68 per cent, respectively, in 1971, against the corresponding payment rates of 30 per cent and 20 per cent, respectively, in foreign exchange. This only proved that the bulk of such foreign exchange went into wrong hands instead of accruing to the Government. Statistics of 20 top hotels show that only 30 per cent of foreign residents paid their hotel bills in foreign exchange between January and June 1972, against the corresponding figure of 43 per cent in 1971. This fact called for an urgent solution to the problem of leakage. It is understood that of the total tourist spendings in India, viz., Rs. 42 crores, at least Rs 16 crores are paid solely to meet hotel bills.

The Department of Tourism has informed the hotels concerned that (a) foreigners, except certain categories, and Indians resident outside should pay their hotel bills in foreign exchange; (b) foreigners so exempted should pay 33.33 per cent in addition for bills paid in rupees; and (c) anyone, including Indians paying in rupees, is required to pay

33.33 per cent more. However, on 31st October the Department withdrew such a surcharge on rupee payments and by a subsequent modification of rules, hotels and restaurants were relieved of the unnecessary insistence on foreign exchange payments. Hotel services are exempted from essential commodity. Hence, hotel interests are sceptical about the enforcement of the proposed surcharge. More so, when States like Maharashtra and Mysore, through specific legislations, debar hotels from increasing their tariff unless necessary permission is obtained from the States concerned. Besides, can any tourist be enforced to pay in foreign exchange if he refuses to do so? It is felt that this additional tariff of 33.33 per cent for Indians would only bring "ruin" to the industry but the payment of hotel bills in foreign exchange by foreign tourists will be in the interest of the country.

Some hoteliers point out from experience the practical problems in case such a surcharge is imposed. These problems are: (a) verification as to whether an Indian is a resident or not; (b) training about dealing in foreign exchange transactions in tourist lodges with inadequate staff; (c) hotels in areas without banking facilities; (d) delay in arriving at decisions about the convertibility of a particular currency; and (e) unnecessary insistence on foreign exchange payments in case of legal conversion of a currency by a visiting tourist. In addition, some posh hotels, that accommodate most of the foreign tourists, will have to maintain dual sets of tariffs for (a) the enhanced rates for bills paid in rupees by Indian residents and foreign nationals exempted from the operation of the new procedure and (b) rates applicable to foreign guests paying bills in foreign exchange.

The new hotel tariff has been supported on the ground that posh hotels are mainly built for attracting more foreign visitors to enable the

country to earn foreign exchange. Items like liquors, asparagus and caviar are imported to offer facilities to foreign tourists. Naturally, the new measure, in the opinion of some observers, has been a right step to dissuade Indians from occupying such luxury hotels, particularly when in 1971 about 40 per cent passengers overflowed India on the apprehension that no suitable accommodation for staying in India was available. This new tariff, mainly aimed at plugging the leakage of foreign exchange, has some merits. Yet, the scheme, if implemented, is bound to cause confusion in the tourist trade. No wonder, some hoteliers feel that for promoting tourism, the emphasis must not be on collecting such a surcharge but on offering discounts where payment is made in foreign exchange. Fortunately, the Centre has now deferred the decision to raise the rupee tariff through such revised rates. And the hotel industry hopes that the new directive will never be implemented to ensure smooth running of Indian hotels for developing tourism in the long run.

BOAC

Record Passenger Total

BOAC has already carried more passengers into and out of Britain in the first seven months of the current financial year than in the whole of the previous year. The figure is over 1½ million and the airline expects to top the 2-million mark for the first time by the end of the financial year in March. Passenger numbers to and from Britain are more than 40 per cent up and this is attributed to the new lower air fares introduced in many parts of the world this year.

AIR FRANCE

Reducing Air Pollution

In a move to cut down air pollution, Air France has decided to modify the engines of its fleet of 25 Boeing 727-200 jetliners. By installing an extra combustion chamber on each of the JT 8 D engines powering this type of aircraft, the fumes emitted on take-off will be eliminated. This modification programme will cover 17 aircraft or a total of 51 jet engines. Already fitted with the anti-fume device are the 24 engines powering eight of the latest type of Boeing 727 delivered to Air France recently.

Selective Steadiness in Shares: Corporate News Helps Sentiment

THE stock markets have been in good form this penultimate week of the passing year, although the volume of business has been on a restricted scale, mainly due to Christmas holidays. Attention has largely been focussed on selected cash shares, having growth prospects. Encouraged by the continued flow of good corporate reports in the shape of higher profits enabling many companies to step up their dividends and a spate of bonus and new issues, operators have generally overlooked the prevailing uncertainties on both political and economic fronts. Lyons Range and Dalal Street have vied with each other to steal the show, but it was the latter which has provided the lead. Gains recorded by the popular scrip in the cleared and non-cleared lists have been fair for a single week. Improved technical position, scarcity of fresh offerings and increased institutional buying have helped to accelerate the upward trend in equities, although top gains have somewhat been pared due to intermittent profit-taking by marginal bulls.

Operators have been eagerly awaiting the outcome of the four-day A.I.C.C. plenary session at Bidhanagar in Calcutta which commenced from 26th December. In a pre-emptive move to meet criticism of the respective rank and file, the Congress Working Committee has adopted a concrete time-bound economic programme of action for the next 15 months. Operators have also derived comfort from the report that the Government has been considering a proposal to supply steel to the Small-scale Industries Corporation at a concessional price for distribution to small-scale units. The prospect of getting larger credit by the coal industry from commercial banks implementing the R.B.I. recommendation has been welcomed. The priority accorded to sectors like power, irrigation, agriculture and industry by the Planning Commission while finalising Annual Plans for 1973-74 has been considered a step in the right direction. Operators have also been encouraged by the favourable results of an analysis made by the Central Finance Ministry on the

tempo of investment in the private sector which picked up in 1971-72, compared with the previous year's level. The analysis reveals that consents of capital issues other than bonus issues, which had declined from Rs. 102.03 crores in 1969-70 to Rs. 57.42 crores in 1970-71, rose to Rs. 167.75 crores in 1971-72. Similarly, the amount of capital raised which fell from Rs. 66.43 crores in 1969-70 to Rs. 46.81 crores in 1970-71 went up to Rs. 59.31 crores in 1971-72. Registration of new companies, number of letters of intent and licences issued also showed a steady increase.

But the unfavourable demand-supply gaps in cement, fertiliser and sugar, notwithstanding Governmental pronouncements for massive investment programme in these industries in the Fifth Plan, have been viewed with misgivings. The continued load shedding hampering industrial production has been another restraining factor. The Central Foreign Trade Minister, Mr. L. N. Mishra's warning that textile mills would be taken over if their owners refused to modernise them has been viewed with concern.

Gilt-edged securities have remained steady this past week, although turnover has remained restricted. The 3 per cent Conversion loan 1986 has been quoted at Rs. 59.95. The State Government loans have received selective support.

The Calcutta stock market has been in a holiday mood this past week. As a result, shares have been selectively steady, although turnover has been restricted. The prospect of a revision of the industrial policy and the Central Finance Minister, Mr. Y. B. Chavan's assurance that the Government would favourably consider the resumption of forward trading have created optimism in the stock market. Among engineering shares, Sankey Wheels, Kumardhubi Engineering, Simon-Carves and Electrosteel Castings have been steady. Among jute shares, Birla, Gourepore, Kinnison and Reliance

have changed hands. Among coal shares, South Karanpura and Western Bengal have been dealt in. Among paper shares, Orient, Seshasayee, Ballarpur and Tribeni Tissues have been supported. In the cotton section, Bharat Commerce have received attention while Elgin, Bowreah and Jayshree have been transacted. In the miscellaneous section, India Tobacco, Fort Gloster, Inchek Tyres, Shaw Wallace, Woolcombers of India, B.I.C. and Philips India have been firm. Among tea shares, Bishnauth and Rydak have been traded.

Trading on Dalal Street has been characterised by selective steadiness. Operators are generally optimistic that the new economic and industrial policy expected to be announced soon will be pragmatic and conducive to the faster growth of the country's economy. This, combined with the good performance of the cash section, seems to have emboldened the speculative bulls to lend support to their favourite scrip. In the non-cleared list, Chemicals and Fibres, Garware Nylon, Shree Synthetics, Swadeshi Polytex, Gujarat State Fertilisers, Bayer, Polyster, Bharat Forge, Siemens, Blundell Eomite, Vulcan Loyal, Rallis India, Bajaj Tempo, Kirloskar Brothers and Albright Morarji have come into

COMPANY REPORTS

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

American Express
Bharat Gears
B. S. T.
Burn and Company
F.A.C.T.
Flextrac Nodwell
Goodyear Tyre
India Forge
Kelvinator
Kothari Sugars
Larsen and Toubro
Mysore Paper
Philips India
Publicity Society
Shree Synthetics
South India Steel
West Coast Paper

the limelight. Mukand Iron, Standard, Larsen and Toubro, S.L.M.-Maneklal, and Voltas have been particularly fancied.

There has been no trading in the Madras stock market this past week due to holidays.

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 23/40—23/95—23/40—23/90—(23/30)
Burrakur Coal 3/81—3/81—3/69—3/75—(7/00)

Dunlop India 26/95—27/05—26/60—26/70—(30/85)
Guest, Keen, Williams 34/00—34/20—33/62—33/95—(31/30)
Hindustan Motors 7/65—7/75—7/60—7/65—(9/50)
Indian Aluminium 34/50—34/50—34/10—34/35—(33/05)
Indian Copper 2/34—2/43—2/34—2/43—(3/77)
Indian Iron 6/15—6/15—5/90—5/95—(9/25)
J. K. Cotton 8/30—8/30—8/30—8/30—(7/60)
Jaipur Udyog 8/90—9/05—8/90—9/05—(8/60)
Jayshree Tea & Industries 17/25—17/81—17/25—17/81—(15/12)
Kesoram Industries 19/20—19/50—19/10—19/15—(17/20)
National Rubber 5/94—6/00—5/94—6/00—(6/87)
Orient Paper 35/30—35/45—34/70—35/15—(32/85)
Orissa Cement 19/90—20/35—19/90—20/15—(17/15)
Rohtas Industries 3/60—3/80—3/60—3/80—(4/70)
Textile Machinery 10/05—10/05—10/00—10/05—(11/00)

institutions, insurance companies and leading share-brokers. The financial institutions have sanctioned term loans amounting to Rs. 266 lakhs, including foreign currency loans of Rs. 146 lakhs.

Mr. Raunaq Singh, president of the Company, said at a Press conference in Calcutta that this project had been promoted by Raunaq and Company Pvt. Ltd and Bharat Steel Tubes Ltd, which are the leading manufacturers and exporters of steel tubes and pipes. Bharat Steel Tubes has an excellent record of achievements and has received several recognitions for outstanding export performance. The Company is one of the best managed projects in the country. The Rs. 10-equity share of the Company is being presently quoted on the stock exchange at about Rs. 26. Bharat Steel Tubes has also declared bonus issue in the ratio of one share for one equity share held. Mr. Singh informed that the Company has been licensed to manufacture 1,000 tonnes of spiral bevel, straight bevel, spur and helical and worm gears. The Company will manufacture these automobile gears for all types of vehicles. A major portion of the gear manufacturing equipment is being supplied by Gleason Works of the United States which is an internationally reputed manufacturer of gear plant equipment.

It has been estimated that in India by 1973-74 the annual demand for gears of various types in the automobile and tractor industry alone will be about 17,000 tonnes, against an indigenous production of barely 5,000 tonnes at present. There is thus a wide gap between indigenous production and demand. Keeping in mind the future growth of vehicle population in India and the consequent rise in demand for automobile gears, which is estimated around 8 per cent a year, the prospects for this industry are very promising. Mr. Singh pointed out that the country is at present spending considerable amount on the import of quality gears. The industry has, therefore, rightly been included in the list of priority industries. Bharat Gears will hence be another step towards import substitution. Against and initial foreign exchange requirement of about Rs. 1.46 crores, the plant will save much more amount every year by cut in the import of quality gears.

BHARAT GEARS

Share Issue

BHARAT Gears Limited has made a public issue of 960,000 equity shares of Rs. 10 each and 30,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each, both at par. The total cost of the project is Rs. 460 lakhs which is being financed by the raising of equity capital of Rs. 160 lakhs and preference capital of Rs. 30 lakhs. The promoters and their nominees have subscribed to equity shares of the face value of Rs. 64 lakhs. The entire public issue has been underwritten by the financial

F.A.C.T.

Another Difficult Year

THE working results of Fertiliser and Chemicals Travancore Ltd for the year ended March 1972 show that the Company has incurred a bigger loss than in the previous year. Although sales have moved up from the previous year's level, various adverse factors like the strike, maintenance problems and failures of some critical equipment have affected the overall results. Although sales touched a figure of Rs. 3,422.96 lakhs (against Rs. 3,170.12 lakhs), the net loss increased to Rs. 382.41 lakhs, after providing depreciation of Rs. 172.18 lakhs, from the previous year's loss of Rs. 189.38 lakhs, after providing depreciation of Rs. 151.86 lakhs. Barring superphosphate, the production of major items recorded an improvement over the previous year's level. There was a cut in the production of superphosphate due to an abundant supply of complex fertilisers in the market. The heavy shortfall in production in the second half year was due to maintenance problems and failures of some critical equipment.

While the prices of straight nitrogenous fertilisers were controlled, the

cost of production increased due to a rise in the prices of raw materials, and higher wage bill, excise duty and freight. The Company has approached the Government for an increase in the price of ammonium sulphate. One disturbing feature is the mention in the report that shortages of stocks were found to the tune of Rs. 67.39 lakhs up to 31st March, 1972. The erection of the new ammonium phosphate plant in Udyogamandal has been completed; its commissioning has been delayed because of labour trouble. The cryolite plant has also been completed and it is expected to go into production at an early date. The Cochin fertiliser project phase I was affected by a strike. Also, there were defects and deficiencies in equipment. The project cost has increased substantially due to the delay in the commencement of production. The Cochin fertiliser project phase II has passed the initial stages. It is scheduled to be completed by the last quarter of 1974. A sudden shutdown of the plants has caused damage to equipment. The strike has cost the Company as much as Rs. 2.5 crores. Adding the year's loss of Rs. 382.41 lakhs to the brought-forward deficit of Rs. 365.68 lakhs, there is a total deficit of Rs. 748.09 lakhs which has been carried to the balance-sheet.

AMERICAN EXPRESS

Dividend Declared

THE board of directors of American Express Company has declared the regular quarterly dividend of 12 cents a common share. The board has also declared the regular payment of 57½ cents a share on American Express's \$2.30 preferred series, 50 cents a share on its \$2 preferred series and 37½ cents a share on its \$1.50 preferred series.

PHILIPS INDIA

Share Issue Oversubscribed

THE issue of 523,600 equity shares to the public for which the subscription list opened on 4th December, 1972 and closed on 6th December, 1972 has been 12 times oversubscribed.

WEST COAST PAPER

Same Dividend

THE working of West Coast Paper Mills Ltd for the year ended June 1972 has resulted in a net profit of Rs. 46.75 lakhs, after providing depreciation of Rs. 66.90 lakhs, de-

PHILIPS INDIA LIMITED

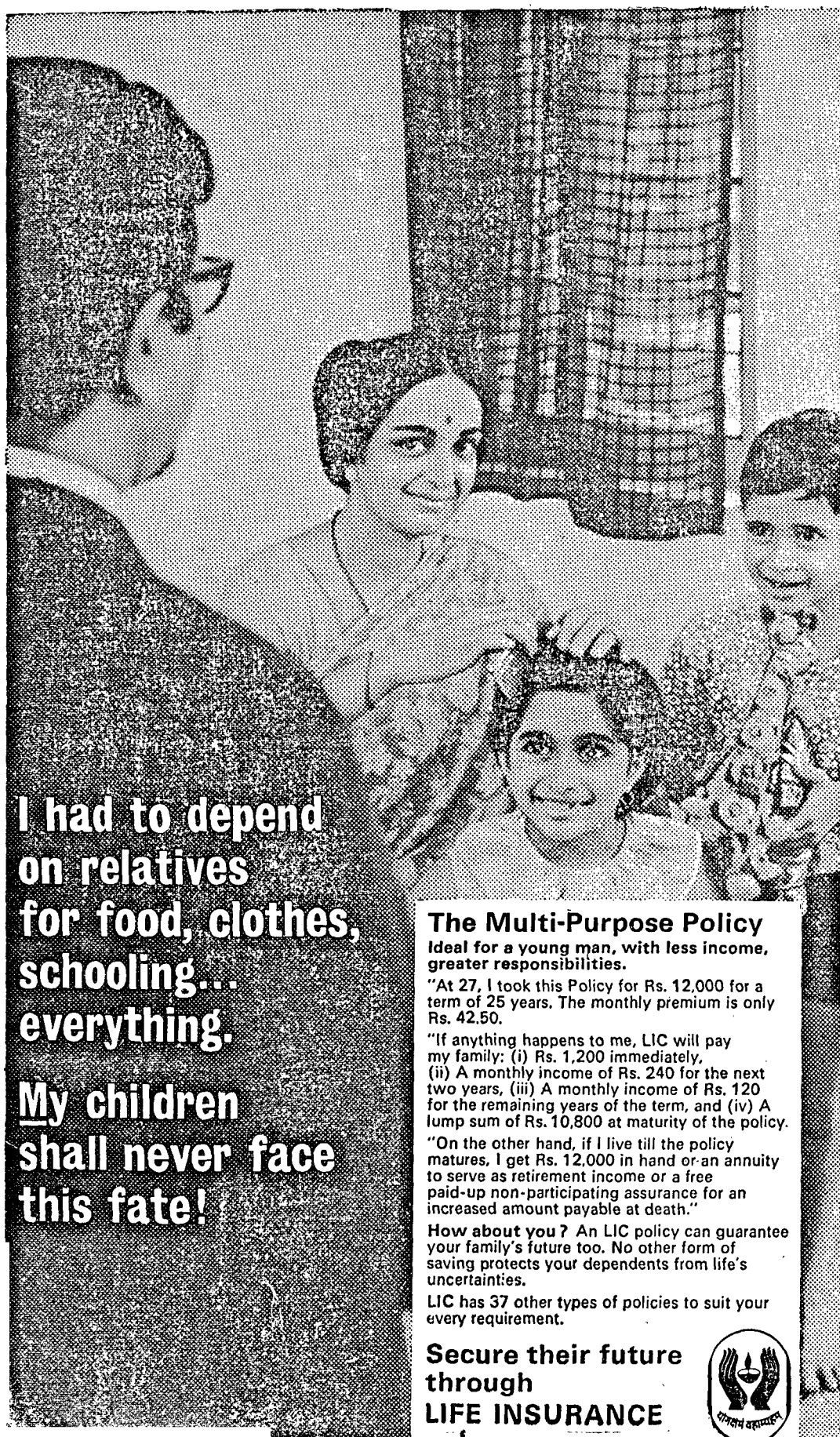
Registered Office: 7, Justice Chandra Madhab Road, Calcutta-20.



THE COMPANY'S EQUITY SHARE ISSUE TO THE PUBLIC HAS BEEN 12 TIMES OVERSUBSCRIBED.

THE DIRECTORS WISH TO THANK THE PRESS, THE MANAGING BROKERS, THE BROKERS TO THE ISSUE AND THE BANKERS TO THE ISSUE FOR THEIR CO-OPERATION AND THE PUBLIC FOR THEIR SPLENDID SUPPORT.

J. KRUL
DIRECTOR
FINANCE & ADMINISTRATION
BOMBAY
DECEMBER 12, 1972.



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schooling...
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velopment rebate of Rs. 31 lakhs and taxation of Rs. 36.50 lakhs. This compares with the previous year's profit of Rs. 54.06 lakhs, after providing depreciation of Rs. 62.10 lakhs, development rebate of Rs. 8.25 lakhs and taxation of Rs. 78.50 lakhs. Total sales for the year amounted to Rs. 895.76 lakhs (against Rs. 813.26 lakhs). Adding to the year's profit a sum of Rs. 115 brought forward, Rs. 6.43 lakhs being tax credit certificates and Rs. 25,000 being development rebate no longer required, there is a total surplus of Rs. 53,43,460. Out of this, Rs. 53,43,000 is transferred to general reserve. The balance of Rs. 460 is carried forward. The 6 per cent preference dividend absorbs Rs. 7.02 lakhs and the equity dividend of Rs. 13 a share (same) claims Rs. 31.20 lakhs. These dividends are to be paid out of general reserve. Production during the year amounted to 43,098 tonnes (against 42,651 tonnes). Sales amounted to 44,016 tonnes (against 42,176 tonnes). It is also stated that the profitability of the Company has been affected due to the increase in the prices of chemicals and stores, higher wage bills, war risk insurance, etcetera.

The Andhra Pradesh Paper Mills Ltd (in which West Coast Paper has investment) achieved a higher production of 59,692 tonnes during the year. The improved working results are clear from its having declared a maiden dividend of Rs. 10 a share on the equity capital. The increased trend of production is being maintained during the current year. Andhra Pradesh Paper has decided to issue rights shares in the ratio of 1.5 at par in order to meet part of the capital cost of expansion by 15,000 tonnes under the crash programme scheme.

As for expansion, the directors' report says that the Company has received an industrial licence to increase the capacity from 45,000 tonnes to 60,000 tonnes a year. It has been decided to capitalise Rs. 60 lakhs by issuing 60,000 equity shares of Rs. 100 each as bonus shares in the ratio of one share for every four shares held. It has also been decided by the directors to raise the equity capital by issuing 60,000 rights shares of Rs. 100 each at a premium of Rs. 40 a share.

MYSORE PAPER

Dividend Maintained

THE directors of Mysore Paper Mills Ltd have maintained the equity dividend at 15 per cent for

the year ended March 1972. The profit for the year amounts to Rs. 96.06 lakhs, before providing for depreciation. This compares with the previous year's profit of Rs. 99.55 lakhs. Sales amounted to Rs. 501.04 lakhs (against Rs. 447.67 lakhs). Adding to the year's profit a sum of Rs. 5,486 brought forward and Rs. 4.15 lakhs transferred from tax credit certificate, there is a total surplus of Rs. 100.26 lakhs. Out of this, depreciation amounts to Rs. 37.38 lakhs (against Rs. 36.25 lakhs). In the previous year, arrears of depreciation amounting to Rs. 12.42 lakhs were also provided. Transfer to development rebate is Rs. 67,677 (against Rs. 12.12 lakhs). General reserve gets Rs. 62.15 lakhs (against Rs. 42.30 lakhs). The balance of Rs. 5,056 is being carried forward.

During the year, production amounted to 24,076 tonnes (against 23,788 tonnes). It is said that despite the increase in costs of raw materials, there has been no significant fall in the gross profit and this is due to increased sales realisation and higher production. Out of the borrowings of Rs. 450 lakhs to finance the expansion scheme, the Company has so far repaid Rs. 301 lakhs, leaving a balance of Rs. 149 lakhs. The directors state that the

full benefit of enlarged production capacity due to the last expansion has enabled the Company to produce satisfactory working results. The directors have been considering the possibility of stepping up production to achieve further economies.

GOODYEAR TYRE

Capacity Expanded

THE Goodyear Tyre and Rubber Company is augmenting its capacity for truck tyre production in the United States. According to the Company's president, Mr. Charles J. Pilliod, the proposed expansion of the Danville plant will be implemented at a cost of \$11 million. The expansion, the sixth since the Danville plant began production in 1966, is expected to be completed by the end of 1973. On completion, the plant will become the single largest unit, covering nearly 34 acres of space.

KELVINATOR

Big Export Order

KELVINATOR of India Ltd has signed an agreement with a Polish buying team for the export of 10,000 Tropicana refrigerators through its

BURN AND COMPANY : PROSPECTS IMPROVE

THE working of Burn and Company Ltd shows progressive improvement for the year ended April 1972, compared with the preceding years' results which were affected by the recession and unsettled labour conditions. Production at the Howrah works during the year continued to be hampered due to the non-availability of raw materials. On completion of the export order for bogie tank wagons from the East African Railways, the Company is currently manufacturing rolling stock for Yugoslavia. The delays in the finalisation of formalities between the financing banks and the State Trading Corporation adversely affected the progress of this export order; however, the first shipment has now been completed. In the context of the recent revival of demand for rolling stock from the Indian railways, the Company expects to receive an equitable share of the orders at reasonable prices. The Company has secured, in collaboration with other fabricators, an order for the

new Hooghly Bridge which would provide workload for the structural section. The workload in the foundry and railway material sections also is satisfactory.

The Company's operations have resulted in a loss of Rs. 19.03 lakhs, before providing for depreciation but after charging bank interest amounting to Rs. 29.34 lakhs. The loss is mainly due to an extra provision of approximately Rs. 15 lakhs in respect of bonus payable retrospectively to the Company's workmen. The total loss for the year amounting to Rs. 46.33 lakhs, after transferring Rs. 4,359 to development rebate statutory reserve and Rs. 1.26 lakhs to reserve for capital profits, together with the loss brought forward from the previous year, aggregating Rs. 1.18 crores, has been carried forward. In view of the continued loss, the dividend has been skipped again. Sales were shown at Rs. 9.58 crores, against Rs. 9.46 crores.

PUBLICATIONS



USEFUL BOOKS

TITLE	PRICE Rs. P.	POSTAGE Re. 1.20 (postage including Regn. charges)
• Indian Labour Conference 27th Session (New Delhi, October 22-23, 1971) Chairman's speeches and conclusions Issued by the Ministry of Labour, Employment and Rehabilitation, New Delhi.	25	
• Labour in the Public Sector Undertakings; Basic Information 1970 Issued by the Ministry of Labour, Employment and Rehabilitation, New Delhi.	10 00	
• Report of the Indian Govt. Delegation to the 56th Session of the International Labour Conference, (Geneva, 1971) Issued by Ministry of Labour, Employment and Rehabilitation, New Delhi.	11 00	
• Indian Labour Statistics-1972 Issued by Labour Bureau, Simla.	17 50	
• The Indian Labour Year Book, 1969 Issued by Labour Bureau, Simla.	45 00	
• Labour Statistics under the Annual Survey of Industries, 1963 Volume-II Detailed Statewise Report on Food, Beverages and Tobacco Industries Issued by Labour Bureau, Simla	53 50	
• Pocket Book of Labour Statistics 1972 Issued by Labour Bureau, Simla	5 00	
• Indian Labour Journal January, 1972 (Silver Jubilee Number 1946-71) Issued by Labour Bureau, Simla.	4 00	Re. 1.45 (postage including Regn. charges)

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port subsidiary Expo Machinery Ltd, elhi. The Company claims that this by far the largest single order ever neded by any Indian manufacturer of frigerators for export to any country. xpo Machinery has so far exported ropicana refrigerators to over 25 untries.

Government's declared policy. The Company has received disbursement of the loans from the Industrial Development Bank of India and the Industrial Finance Corporation of India.

SOUTH INDIA STEEL

Dividend Resumed

SOUTH India Steel and Sugars Ltd has produced good results for the year ended June 1972. This has enabled the directors to announce a dividend of 9 per cent on ordinary shares after a lapse of two years. The profit for the year amounts to Rs. 16.91 lakhs, after providing depreciation of Rs. 15.33 lakhs. This compares with the previous year's loss of Rs. 21.42 lakhs, after providing depreciation of Rs. 14.93 lakhs. Adding to the year's profit a sum of Rs. 14 lakhs transferred from general reserve, there is a total of Rs. 30.91 lakhs available for appropriation. Out of this, development rebate reserve gets Rs. 95,000 (against Rs. 1.55 lakhs). The 9.3 per cent preference dividend absorbs Rs. 4.92 lakhs and the equity dividend claims Rs. 8.48 lakhs. After wiping off the brought-forward deficit of Rs. 16.33 lakhs, there is a surplus balance of Rs. 21,694 which is carried forward. During the year, 207,245 tons of cane were crushed and 18,528 tonnes of sugar produced. The recovery was 8.93 per cent. The Company earned Rs. 9.63 lakhs as rebate on excise duty for increased production.

In the steel division purchases and sales of iron and steel materials were 8,068 tonnes and 7,783 tonnes, respectively. In the previous year the

corresponding figures were 6,454 tonnes and 6,227 tonnes. Although sales of the steel division were higher during the year, the profit came down to Rs. 3.29 lakhs from Rs. 5.87 lakhs. The reason for this is that receipts from the steel plants were reduced to a trickle and the Company was compelled to make bulk purchases from local re-rollers and dealers at much higher prices than J.P.C. prices.

B.S.T.

Bonus Issue

THE board of directors of Bharat Steel Tubes Ltd has decided to recommend the issue of bonus shares in the ratio of one bonus share for one equity share held. The issue of bonus shares is being declared by capitalising a sum of Rs. 11,893,063 out of the general reserve of the Company, a sum of Rs. 1,599,000 standing to the credit of capital redemption reserve, a sum of Rs. 7,937 standing to the credit of profit on reissue of forfeited shares. The bonus shares will be distributed among the shareholders of the existing 1,350,000 equity shares of Rs. 10 each whose names stand on the register of members on a date to be fixed by the board of directors after seeking the approval of the members at the general meeting and after receiving the consent of the Controller of Capital Issues. After the issue of bonus shares the total paid-up capital of the Company will be Rs. 2.99 crores divided into 270,000 equity shares of Rs. 10 each and 14,010 9.3 per cent cumulative redeemable preference shares of Rs. 100 each and 15,000 9.5 per cent cumulative redeemable preference shares of Rs. 100 each. After the issue

PUBLICITY SOCIETY

Better Results

THE Publicity Society of India Ltd has reported improved working results for the year ended March 1972. Income from advertisements re up from Rs. 15.73 lakhs to Rs. 7.64 lakhs and the profit has risen from Rs. 2.24 lakhs to Rs. 3.74 lakhs, after providing Rs. 17,973 (against Rs. 16,191) for depreciation. In view of the Company's better performance, the taxable ordinary dividend has been raised from 10 per cent to 1.25 per cent which will absorb Rs. .03 lakhs (against Rs. 91,564). This offers a yield of 9 per cent at the present price of Rs. 5 a share of Rs. 1 each. Taxation is allocated Rs. 2.15 lakhs (against Rs. 1.60 lakhs) and general reserve Rs. 1 lakh (against Rs. 20,000). A sum of Rs. 44,903 (against Rs. 42,250) is written back from special bonus reserve. There is a carry-forward of Rs. 4,641, against Rs. 3,421 brought in.

SHREE SYNTHETICS

Good Progress

THE profit and loss account of Shree Synthetics Ltd, after providing Rs. 1.20 lakhs (against Rs. 40,029) for depreciation and Rs. 43,700 (against nil) for taxation, shows a debit balance of Rs. 32.02 lakhs for the period from 1st April, 1971 to 30th June, 1972 under the head "Project and Pre-operation Expenses" which will be allocated between capital and revenue in due course. The Company's financial year has been changed from March-February to July-June. Having erected the plant and equipment in a record period of 17 months, the Company has commenced trial runs and hopes to achieve the rated capacity at an early date. The test results in the laboratory are satisfactory and the yarn produced has been well received in the market. With the commencement of trial runs, it is expected that the Government will soon permit the Company to double the capacity as it is in line with the

KOTHARI SUGARS : SHARE ISSUE

KOTHARI Sugars is offering for public subscription 211,423 equity shares of Rs. 10 each at par. The subscription list opens on 28th December and will close on 3rd January, 1973. The issue is fully underwritten. The funds raised by this share issue will go to finance the Company's new factory in Mysore State. It may be noted that in May 1972, the Company offered 800,000 equity shares of Rs. 10 each to the existing shareholders, of which 588,577 were subscribed. The balance of 211,423 shares are now offered to the public for sub-

scription. The existing sugar factory at Kattur, Lalgudi, Triuchi district, is expected to crush 250,000 tonnes of cane in 1973 and about 300,000 tonnes in 1974. The factory is expected to start crushing by the end of 1973. The combined operations of the two factories are expected to result in an annual crushing capacity of about 600,000 tonnes within the next four years. The equity shares now offered will not be entitled to participate in any dividend or cash bonus declared for the year ended August 1972.

of bonus shares the reserves of the Company will stand at Rs. 10,475,478 which comes to about 35 per cent of the enhanced paid-up capital. Mr. Raunaq Singh, president of the Company, is confident that the Company will be able to maintain the dividend on the enhanced equity capital. The Company has declared dividend on equity shares at the rate of 12 per cent for the last two years.

FLEXTRAC NODWELL

Tracked Vehicle at Asia 72

ONE of the exhibits in the Canadian pavilion at Asia 72 was sent by Flextrac Nodwell of Calgary, Canada, and featured one of its universally known low-ground pressure tracked vehicles. A low-ground pressure vehicle is capable of negotiating terrain which is impassable to conventional wheeled vehicles. When one considers that the ground pressure of the Flextrac Nodwell 60 (on display) with full payload is approximately three times less than that of a normal-sized man walking, the capability of such a machine to cross swampy terrain can be easily recognised. Flextrac Nodwell vehicles are available in payload classes varying from 1,000 lbs to 60,000 lbs and all have the same low-

ground pressure characteristics and operate equally smoothly in deserts, deep snow, dense vegetation, mud or remote mountain regions. The sale of these vehicles in India is handled exclusively by their sole agents, Escorts Ltd, which renders all after-sales service and stocking of spare parts. Flextrac Nodwell equipment will soon be appearing at the four international airports in India to be employed in the rôle of fire-fighting or crash rescue tenders for use in crash rescue work where accidents occur away from paved surfaces.

INDIA FORGE

Results Disappoint

INDIA Forge and Drop Stampings Ltd has produced disappointing results for the year ended June 1972. The Company has incurred a loss of Rs. 4.82 lakhs, before providing for depreciation. The loss is the same as that incurred in the previous year. The loss has been adjusted against general reserve. Sales for the year amounted to Rs. 145.18 lakhs (against Rs. 152.04 lakhs). Due to the loss in working both the ordinary and preference dividends have been skipped. During the year the Company produced 2,255 tonnes of salable goods,

against 2,894 tonnes in the previous year. Despatches amounted to 2,096 tonnes (against 2,615 tonnes). The directors say that the working of the Company was adversely affected in the second half of the year as a result of reduced demand from the automotive industry in south India, consequent upon prolonged labour strikes in the larger units whose normal offtake accounts for 50 per cent of the Company's annual turnover. The Company's production had to be restricted in order to avoid accumulation of goods. The directors say that the increased capacity of captive units of the bigger customers on one side and competition to secure residual business on the other side resulted in prices falling to uneconomic levels. This was mainly responsible for the loss which the Company has sustained.

Referring to the prospects for the current year, the directors say that there has been considerable improvement so far. Production during the first five months compares favourably with the figures for the corresponding period of last year. The improvement in sales is reported to be about 50 per cent. But the power cut from October 1972 has inhibited the Company's production programme.

COMMODITIES

Maximum Statutory Prices of Sacking Bags Fixed

THE Central Government has fixed the maximum statutory prices of two constructions of sacking bags—B Twills and D.W. Flour—on the basis of the reworked estimates of fair costs of production by the Tariff Commission, subject to the proviso that no allowance will be permitted in respect of the minimum bonus of 4 per cent in the computation of costs. The authorities will, says a Government resolution on the report of the Commission, fix the statutory prices of the above two categories for each month from December 1972 onwards after determining the raw jute cost in the line of the formula suggested by the Commission. The Government's resolution on the report and the report on the fair cost structure of jute goods, laid recently on the table of the Rajya Sabha, says that the prices of carpet-backing cloth and hessian, of which a bulk of the indigenous output is exported, are governed by the normal conditions of supply and demand.

The Government had referred the question of price structure of certain varieties of jute goods to the Commission in July 1969. The Commission submitted its report in April

1971. Subsequently, the Commission, at the instance of the Central Government, reworked the estimates of the cost of conversion of B Twills. A further reworking of cost estimates of all types of jute goods had to be undertaken by the Commission following the changes in the wages structure of jute mill workers. In working out the estimates, the Commission has taken into account, among other things, the raw jute price at Rs. 50 a maund for Assam Bottoms, the element of compulsory bonus at 4 per cent as part of the costs of production and a return on capital of 15 per cent for carpet-backing cloth and 13.5 per cent for other goods. The Commission has also recommend a formula to regulate the batch cost of raw jute. The assessment of the costs of conversion of raw jute into jute goods, says the Government resolution, has been of considerable assistance to the Government. It may be recalled that in terms of an agreement with the industry, the Central Government resorted to the expedient of procuring its requirements of heavy goods direct from mills on a cost plus basis, making an on-account payment for such supplies. The ulti-

mate price structure was subject to determination by the Tariff Commission. The industry supplied 120,000 tonnes of goods between January 1970 and March 1971 and another lot of 161,000 tonnes between November 1971 and May 1972.

Bank Credit to Mills

The Reserve Bank of India has imposed restrictions on commercial bank advances to the jute industry, as indicated by the Jute Commissioner in Calcutta at a Press conference some time ago. The curbs are in the shape of powers of withdrawal from banks under its credit authorisation scheme to grant credit facilities to big jute mills without prior approval of the Reserve Bank beyond the limits in force during the 1970-71 season. Now banks will have to seek prior authorisation from the Bank even if they want to extend a nominal advance in excess of the 1970-71 sanctioned limits of Rs. 1 crore or more for the borrowing mills. The Reserve Bank had relaxed these restrictions in September 1971 and permitted banks to grant increased credit limits to enable mills to hold larger jute stocks during the 1971-72 season. Among major commercial banks, the State Bank, Central Bank of India, Punjab National, Bank of Baroda, United Commercial, Canara Bank, United Bank, Union Bank, Allahabad, First National City Bank, National and Grindlays, Chartered Bank, British Bank of the Middle East and Mercantile Bank had ex-

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 November 1972. As compared with October, the November index for Food shows a

rise of 3 points, while those for Fuel and Lighting, Clothing and Miscellaneous remain unchanged at 482, 752 and 402 points, respectively.

Combining all the factors, the Middle Class Cost of Living Index for Calcutta shows that the cost of living increased by 2 points during November 1972.

Middle Class Cost of Living Index Number for Calcutta. Prices in August 1939=100

Groups	Weights	GROUP INDICES												
		Nov. 1971	Dec. 1971	Jan. 1972	Feb. 1972	Mar. 1972	Apr. 1972	May 1972	June 1972	July 1972	Aug. 1972	Sept. 1972	Oct. 1972	Nov. 1972
Food ...	53.6	948	948	935	929	929	934	943	955	964	973	974	976	979
Fuel and Lighting ...	4.4	447	447	447	447	447	482	482	482	482	482	482	482	482
Clothing ...	12.4	704	704	704	704	704	704	704	704	704	704	752	752	752
Miscellaneous ...	29.6	401	401	401	401	402	402	402	402	402	402	402	402	402
Combined Index ...	100.0	734	734	727	724	724	728	733	739	744	749	755	756	758

Compiled and constructed by the Statistical Department of "Capital".

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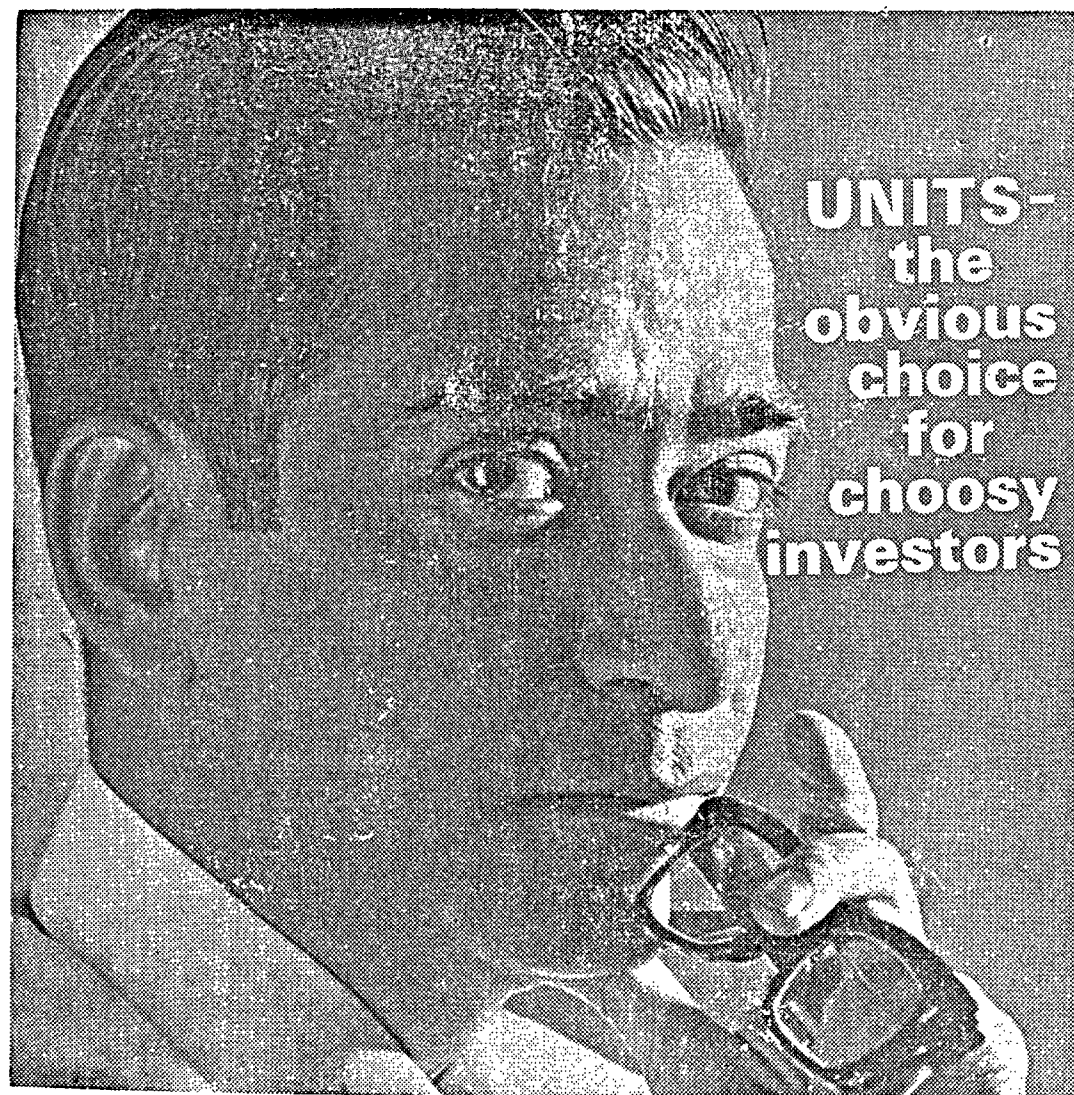
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tended bulk accommodation to the jute industry.

In terms of the latest restrictions, the Reserve Bank has advised commercial banks not to sanction funds to jute mills for purchases of raw jute beyond their consumption needs for eight weeks. The step has been taken on the advice of the Jute Commissioner. Against an estimated fibre production of around 5.7 million bales this season, there is likely to ensue a shortfall of some 750,000 bales. There lingers a particular apprehension of an acute scarcity of selected grade fibre, the prices of which have been showing indications of an unseasonal spurt for quite some time. The Reserve Bank has, however, made it clear that the curbs have been imposed on fibre advances and not in respect of export finance for the industry. It has urged commercial banks to exercise their discretion and extend adequate export credit facilities to the mills. But jute goods exports are unlikely to reach the 1971-72 level of Rs. 286.63 crores. Knowledgeable circles feel that the Reserve Bank seeks to utilise the opportunity to force mills to adopt the usance bills system on letter of credit basis, while procuring advances against fibre purchases. Besides reducing double financial accommodation currently availed of by some mills, the departure from the standing practices will enable commercial banks to draw Reserve Bank assistance under the Bill Rediscounting Scheme.

Ceiling on Stocks

In view of indifferent arrivals and persistent buoyancy in the fibre market, Mr. S. N. Chakravartee, Jute Commissioner, invoked the relevant provisions of the Jute (Licensing and Control) Order, 1961, restricting from 15th December the purchases of raw jute to stocks adequate for consumption by individual mills up to a ceiling of eight weeks. The Commissioner also advised the Reserve Bank of India to issue necessary instructions to the commercial banks to limit further advances against jute stocks of mills to the same ceiling. He also enjoined mills with less than eight weeks' consumption requirements of fibre to continue fresh buying in the raw jute market till their holdings reached the ceiling and others—some 19 mills—holding surplus stocks to commence their fresh purchases when their holdings dropped below the limit. Explaining the

reasons behind the latest move at a Press conference in Calcutta last week, Mr. Chakravartee, who also happens to be the managing director of the Jute Corporation of India, said that the measure had to be taken to arrest a hectic scramble for fibre among mills in what looked like a predominantly sellers' market in a short crop season. An analysis of fibre holdings of the 62 mills in the industry, said Mr. Chakravartee, revealed that 19 of them had been holding heavy stocks which might enable them to continue uninterrupted production well up to March next at the current levels, while others had been holding inventories adequate for running their units for various periods extending to eight weeks and even less.

The Season's Output

Although not quite sure about the precise size of the crop, the Jute Commissioner estimated this season's output around 5.7 million bales, against a normal crop of some 7 million bales. Adding a carryover of 1.1 million bales and imports of 227,000 bales, the total quantum of fibre available for the industry during the season was some 7.07 million bales. Against this, current estimates of seasonal consumption by mills of 7.1 million bales, exports

to east European countries of some 50,000 bales and the rural off-take of about 200,000 bales would absorb 7.35 million bales, leaving a seasonal deficit of some 280,000 bales. Since the industry had to build an adequate carry-forward for continuing production uninterruptedly during the first quarter of the next season, Mr. Chakravartee felt that "the total shortfall cannot be more than 750,000 bales." He did not believe that the shortage of supplies was serious enough to cause any worry, adding that forces had been operating to corner the stocks. He was sure that the enforcement of the latest restrictions would help in regulating the market.

The Jute Commissioner said that despite the talk of raw jute shortage and the gathering competition from Bangladesh and synthetics, India was sure to earn Rs. 250 crores in foreign exchange this season against exports of jute products. He ascribed the peak earnings of Rs. 280 crores last season to "very special circumstances." As for the performance of the Jute Corporation of India, he said that starting its operations "under many limitations" in September, the Corporation had so far purchased 76,000 bales of fibre. He hoped that this year's experience would help the J.C.I. to function

IISCO STANTON PIPE & FOUNDRY COMPANY LIMITED.

The Board of Directors of IISCO Stanton Pipe and Foundry Co. Ltd. have been reconstituted as under at the meeting of Directors held at the registered office of the Company of 24th November, 1972. Mr. Arabinda Ray was appointed Chairman of the Board of Directors.

Mr. Arabinda Ray — Custodian—The Indian Iron & Steel Co. Ltd.

Mr. K. V. Ramanathan—Jt. Secretary, Department of Steel.

Mr. D. K. Chakraborty—General Manager, Foundry Forge Plant—Heavy Engineering Corporation.

Mr. C. H. Wilson —General Manager, Stanton & Stavelly, U.K.

Mr. S. L. Dass —Chairman—Stewarts & Lloyds of India Ltd.

Mr. C. G. Mackie —Director—British Steel Corporation.

Alternate Director

Mr. W. Burt —Managing Director—Stewarts & Lloyds of India Ltd.

more efficiently in future to mop up a sizable share of the seasonal crop. Besides, the managing director said, the Corporation had plans to acquire "sick" jute mills, set up new and modern ones and also to enter the export market.

Twin Problems

India, Bangladesh and Thailand should put their heads together to find an enduring solution to the serious threat posed to jute products by synthetics in the U.S.A., its biggest market, suggested Mr. L. N. Mishra, Central Minister for Foreign Trade in the Lok Sabha last week. Replying to a member's question, he said that the industry had been facing the twin problems of fibre shortage and keen competition from synthetics in the overseas markets. He ruled out any major threat from Bangladesh or Thailand. As for exports of raw jute and jute products, he reiterated that a joint Indo-Bangladesh Study Group had been assigned the task of evolving a common strategy for the two major producing countries. Asked about the progress in the implementation of the Central Government's standing proposal of setting up new and modern jute mills in the major jute producing States other than West Bengal, Mr. Mishra indicated that the Governments of Andhra Pradesh and Tripura had submitted proposals for setting up new and modern jute mills in their States.

Brokers' Difficulties

Central and State Government imposts, combined with increases in the costs of conversion, had seriously affected the competitive capacity of the industry, observed Mr. K. K. Dhandhanja in Calcutta on Saturday. Addressing the annual meeting of the Jute Brokers' Association as the chairman, Mr. Dhandhanja said that the high cost had an adverse repercussion on India's exports. Besides, the industry had also been experiencing serious competition from synthetic products. The chairman emphasised the need for stepping up the output of raw jute in the country both by extending the acreage under the fibre and also by raising the unit yield. As for the jute broking trade, he complained that lean credit facilities from commercial banks constrained the optimum operation of units. He appealed to the authorities to remove these hurdles for ensuring maximum productive employment of the brokers.

Fed by the stimulus of a keen export demand, jute cultivation has been expanding fast in Burma. The quality of fibre has been very satisfactory. Starting from a mere 50,000 acres in 1962-63, the area under fibre has expanded sharply to 220,000 acres in 1971-72, ensuring an yield of 60,000 tonnes of selected grade fibre. This season the acreage has raising expanded to 330,000 acres, raising crop expectations to some 80,000 tonnes. The credit for the steady expansion has been attributed to the Burmese Agricultural Corporation which has been urging farmers to grow more jute.

Divergent Trends in Gunnies

After opening on a steady note on brisk short and shipper-covering against ready and near positions, the Calcutta gunny market developed divergent trends during the past week. The initial firmness was also reinforced by the report that the Government of India was likely to requisition some 12,000 tonnes of B Twills for January-March positions accentuating the shortage in the floating stocks of the construction. But since mid-week there was a reversal of the trend following hectic unloading by bulls on the report that the Central Government had accepted the reworked estimates of the Tariff Commission on the prices of jute goods, subject to the proviso that no allowance would be made in respect of the 4 per cent bonus admitted by the Commission in computing the cost structure. The Government, it was stated, had decided on fixing up statutory ceiling prices in respect of the two types of heavy goods, B Twills and D.W. flour bags, absorbed in bulk by it for official and semi-official agencies. The prospects of large-scale foodgrains imports failed to prop up the drooping sentiment. Industry circles were not at all happy at the Government decision on the statutory prices. Fibre holdings of mills were also inadequate and in spite of the theoretical estimates of adequate fibre supplies during the season, industry circles had already started feeling the positive problem of balancing their stocks with right grades and quantum of quality jute. Hessian hovered around the dips for about two days and turned firm, repairing the mid-week losses on talks of a substantial Syrian tender for an extended delivery schedule. The shortage in selected grade fibre supplies induced mills

to turn cautious. Fresh enquiries and business from overseas were few and far between and were ascribed, in part, to the Christmas recess. In the hedge market, the trend was mixed, following the pattern of trading in the spot goods market. The technical position appeared to be more or less well balanced towards the close after moderate fluctuation. Turnover was smaller for this time of the season. The closing undertone was basically firm.

Latest available quotations (in rupees) were as follows:

	Dec.	Jan.	Jan.-Mar.
40in. 7½oz.	73.25	74.50	75.50
40in. 8oz.	81.00	—	—
40in. 10oz.	98.25	99.25	99.75
B Twills	262.00	264.50	267.00
Heavy Cees	260.00	264.50	267.00
Cornsacks	—	—	—
A Twills (U.S.)	327.00	328.00	329.00
Liverpools	302.00	305.00	308.00

Small Turnover in Fibre

The raw jute market suffered a moderate reaction, easing by some Rs. 2.50 a maund over the preceding weekend level to Rs. 64.50 f.o.r. Calcutta ready, basis Assam Bottoms, last week on renewed offerings of lower grade fibre by weaker holders in an unwilling market. Mills and mill agents were conspicuous by their absence, while intermediaries turned cautious against increasing their holdings on the apprehension that the authorities might impose further curbs on the fibre trade. In view of the much higher costs of imported fibre, and the prospect that the Jute Corporation was likely to add reasonable profits thereon, Clive Row was sure that internal market prices of fibre would not fall much from the prevalent levels. Turnover was small and the closing undertone was cautious.

Latest available quotations (in rupees) were as follows:

	January-February		
	Rates a quintal	Rates a quintal	Rates a md.
	Mid.	Bot.	Bot.
Selected Assam-Agartala	182.19	171.47	64.00
Northern Jute	175.49	164.77	61.50
West Bengal	166.11	155.40	58.00
Desal	166.11	155.40	58.00
Selected Daissee	198.26	187.55	70.00
Assam-Agartala Tossa	198.26	187.55	70.00
Mesta : Assam Mesta	166.11	155.40	58.00
Selected	166.11	155.40	58.00
Murshidabad	160.75	150.04	56.00
Bihar Mesta	144.68	133.96	50.00

THE SCINDIA STEAM NAVIGATION CO., LTD.

SPEECH OF SHRI KRISHNARAJ M. D. THACKERSEY

Summary of Speech of Shri Krishnaraj M. D. Thackersey, chairman, The Scindia Steam Navigation Company Limited, made at the 53rd Annual General Meeting of the Shareholders on Wednesday, the 20th December, 1972 at Atkar Hall, Bombay-1.

I am glad to inform you that the company's earnings during the year as considerably improved as compared to last year. This has resulted in higher profits for the year by Rs. 1.90 crores. Due to the higher profits the board of Directors have, after due consideration of all aspects, recommended a cash bonus of 25 Paise per share over and above the dividend of Rs. 1.25 per share, both subject to tax. The Income-tax Officer has determined the percentage of dividend exempt under Section 80K at 33.88%.

After due consideration of the desire of the shareholders, the Board of Directors have now decided, subject to your concurrence and Government approval, to issue bonus shares in the ratio of one bonus share for five shares held by the shareholders.

The substantial increase in the freight earnings has to a large extent been offset by the increase in the cost of operation notably in stevedoring and crew charges. During the year stevedoring cost has increased from 10 to 20% in USA and U.K. trades and the crew cost has also shown considerable increase of about 40% as compared to last year. Further, strikes and delays and delays at various ports have now become a factor to be reckoned with in shipping operations.

The total number of ships in our fleet at present is 45 including one bulk carrier viz. m.v. "Narottam Morarjee". Four new ships have been delivered to the Company during the year and two ships after the close of the year. Your Company has continued diversification of its trade and is accordingly endeavouring to build a fleet of bulk carriers. At present we have on order two bulk carriers, one each from Emden and Lithgow, and one OBO from Sweden.

Indian Shipping presently carries only about 20% of our Overseas trade and our country has to depend upon foreign shipping to carry the balance of our trade, resulting in an outflow

of foreign exchange to the tune of 180 crores of rupees. There is dire need to develop our shipping as fast as possible.

Foreign Exchange

Shipping is an instrument of export promotion, earner and saver of foreign exchange, contributing substantially to the foreign exchange earnings of the country. Shipping deserves to be treated as an industry of vital national importance.

We are half-way through the Fourth Five Year Plan and acquisition of tonnage has not progressed fast enough to reach the target of 4 million GRT by March, 1974. It is reassuring to hear that the Government of India has been doing its best to make up the shortfall and to fix a bold overall target of 10 million GRT for the Fifth Five Year Plan. Shipowners will continue to extend full co-operation in realising the target.

All maritime countries of the world have been subsidising their shipbuilding and shipping industry by various concessions like incentive allowance, high rate of depreciation, tax free holiday, low rate of interest on shipbuilding, investment grants and repairs subsidy. In India the shipping industry has a valuable concession in the form of Development Rebate which has helped the industry to conserve and plough back their resources for the purpose of acquiring ships urgently required to carry our trade. Unfortunately, the Government has announced that this concession will be withdrawn from May, 1974. If this decision is implemented, it will be extremely difficult for shipping companies to conserve their resources for purchase of more ships and thus retard the growth of Indian Shipping. I sincerely hope the Government even at this late stage will reconsider this decision.

Although the Government had announced sometime back that they would release 70% of the purchase price of the ships in foreign exchange for down payment, they have curtailed this free foreign exchange release to 10%. I feel that in order to encourage speedy development of Indian Shipping, the Government should take a firm decision and release 70% of the price of the ship in foreign exchange for down payment.

Inordinate Delay

The Monopolies and Restrictive Trade Practices Act is also being applied to the shipping industry. As and when applications for purchase/construction of ships are made by shipping companies they have to get the clearance from the Company Law Board under the Monopolies Act. This takes considerable time and at times a proposal is lost due to inordinate delay. It is suggested that the shipping companies should be exempt from the application of the Monopolies Act and if it is not possible to do so at least shipping companies should be allowed to increase their tonnage up to a reasonable level without making any application to the Company Law Board under the Monopolies Act.

I must draw your attention to a new condition that Government now imposes on any loan granted by the Shipping Development Fund Committee requiring the shipping companies to agree to a part of the loan being converted into equity capital at the discretion of the Government. I have found it difficult to understand why Government has considered it necessary to impose this condition when they possess all powers necessary in order to control and regulate the shipping industry. Thus for instance, Government financial institutions hold a substantial number of shares of our Company; we have to obtain the approval of the Government every time we want to purchase a new or sell an old ship; their approval is necessary to the routes on which our ships may ply; and finally Government nominates two representatives on our Board of Directors.

I take this opportunity to thank the Minister for Shipping and Transport, Shri Raj Bahadur, for his help to the Indian Shipping. I also take this opportunity to convey our special thanks to the Deputy Minister for Shipping and Transport and officials of the Shipping Development Fund Committee and the various departments of the Government of India for their co-operation and assistance. I also thank our patrons shippers and other well-wishers of the Company and the Management, officers, and staff and agents at various ports.

N.B. The above does not purport to be the proceedings of the Annual General Meeting.

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COMPANY AND PUBLIC NOTICES

BIRDS INVESTMENTS LIMITED

Notice Convening General Meeting

NOTICE is hereby given that a General Meeting of the members of Birds Investments Limited will be held at the Registered Office of the Company at Chartered Bank Buildings, Calcutta-1 on Monday, the 29th January, 1973, at 3-30 p.m. to consider and, if thought fit, to pass the following resolutions, all of which will be proposed as special resolutions:

1. "RESOLVED that subject to the approval of the Central Government pursuant to the provisions of Section 21 of the Companies Act, 1956, the name of the Company be changed to "ANNIVERSARY INVESTMENTS AND AGENCIES LIMITED."
2. "RESOLVED that authority be and is hereby accorded to the Company to commence and to transact and carry on all kinds of agency business, as authorised under the existing Objects Clauses of its Memorandum of Association."
3. "RESOLVED that the Company be and is hereby authorised to make any loan to, or give any guarantee, or provide any security, in connection with a loan made by any other person or to any other person by any body corporate subject to a limit of 30 per cent of the aggregate of the subscribed capital of the Company and its free reserves where all such bodies corporate are not under the same management as the Company and 20 per cent of the aggregate of the subscribed capital of the Company and its free reserves where all such other bodies corporate are under the same management as the Company."

By Order of the Board
K. L. DUA
Director

Registered Office:
Chartered Bank Buildings,
Calcutta, 14th December, 1972

Note: 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.

2. An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of the Special Resolutions is being forwarded to the Shareholders separately.

DIVIDENDS DECLARED OR PROPOSED

Shalimar Wires and Industries Ltd—12 p.c. (0), subject to tax

Tulsipur Sugar Co. Ltd—5 p.c. (0), subject to tax

Southern Steel Ltd—Nil

Bormah Jan Tea Co. (1936) Ltd—5 p.c. (0), subject to tax

Shree Synthetics Ltd—Nil

Publicity Society of India Ltd—45 Paise per, subject to tax

Hingir-Rampur Coal Co. Ltd—12½ p.c. (0), subject to tax

Kothari Sugars And Chemicals Ltd—6 p.c. (f)(0) and a cash bonus* of 3 p.c. subject to tax

BOOKS RECEIVED

Statistical Outline of India 1972-73. (Published by Tata Services Ltd, Department of Economics and Statistics, 24 Bruce Street, Bombay. Price Rs. 7, pages 166.)

British Economy and Society 1870-1970. By R. W. Breach and R. M. Hartwell. (Published by Oxford University Press, Mercantile Buildings, Calcutta 1. Price £1.50, pages 406.)

The Indian Constitution: Cornerstone of a Nation. By Granville Austin. (Published by Oxford University Press, Mercantile Buildings, Calcutta 1. Price Rs. 25, pages 390.)

Essence of Modern Management. By N. H. Atthreya. (Published by M. M. C. School of Management, 3EI Court Chambers, New Marine Lines, Bombay 20. Price Rs. 19.50, pages 240.)

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"CAPITAL" STOCK AND SHARE LIST

GOVERNMENT LOANS

Outstanding Amount	Rs	Interest per cent	Year of issue	Repayable	Market quotations	GOVERNMENT OF INDIA		At the option of the Government of India after 3 months' notice	1986 or later	59/85
						Rs	Rp			
2,48,90,76,000		3	1946							
8,93,33,000		3	1896-97							
14,77,48,000		2½	1946							
86,63,53,000		3½	1956							
1,54,70,47,000		4	1957							
97,51,44,000		4	1958							
81,06,39,000		4	1959							
98,05,17,000		4	1960							
65,96,55,000		4	1961							
1,14,33,08,000		4½	1965							
28,22,34,000		4½	1962							
1,59,08,07,000		4½	1963							
1,14,03,37,000		4½	1962							
1,03,09,83,000		4½	1963							
1,40,26,47,000		4½	1964							
1,11,16,14,000		5½	1965							
1,07,97,66,000		5½	1966							
1,90,10,00,000		5½	1967							
1,50,20,00,000		5½	1967							
2,75,00,00,000		5½	1968							
1,35,00,00,000		4½	1968							
1,50,00,00,000		5½	1969							
2,75,00,00,000		4½	1969							
1,75,00,00,000		5½	1970							
2,25,00,00,000		4½	1970							
...		5½	1971							
...		5½	1971							
...		5½	1971							
...		5½	1972							
...		5½	1972							
...		5½	1972							

PORT TRUST LOANS

Amount	Rs.	Interest per cent	Year of issue	Repayable	Market quotations	CALCUTTA		At the option of the Government of India after 3 months' notice	1986 or later	59/85
						Rs.	Rp.			
90,24,300		4	1914	1974	94/00					
76,90,100		4	1915	1975	99/00					
68,02,300		3	1921	1981	82/00					
1,50,00,000		6½	1921	1981	144/00N					
£892,600		5	1923	1953-83	£86.5					
£901,000		5	1924	1954-84	£86.6					
1,24,00,000		4½	1957	1987	95/50					
1,30,00,000		4½	1958	1988	95/50					
50,00,000		4½	1959	1989	95/00					
30,00,000		4	1931	1991	70/50					
50,00,000		3	1946	1976	84/00					
50,00,000		3	1945	2005	74/25					
50,00,000		3	1945	1975	86/00					
50,00,000		3	1946	2006	69/00					
50,00,000		2½	1947	1977	80/50					
50,00,000		3	1948	1978	80/25					
50,00,000		3	1950	1980	81/00					
50,00,000		3	1951	1981	79/00					

IMPROVEMENT TRUST LOANS

Amount	Rs.	Interest per cent	Year of issue	Repayable	Market quotations	CALCUTTA		At the option of the Government of India after 3 months' notice	1986 or later	59/85
						Rs.	Rp.			
65,00,000		4½	1959	1974	95/50N					
£566,600		4	1909	1969	£95½					
£333,000		4	1910	1970	£95.50					
25,00,000		4	1912	1972	57.57N					
13,00,000		4	1913	1973	97/57N					
50,00,000		4	1914	1974	97/50N					
25,00,000		4	1916	1976	97/50N					
66,00,000		6	1920	1935-80	97/50N					
25,00,000		4	1927	1961-76	98/00N					

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
Rs.				Rs.	Rs.				Rs.
MAHARASHTRA									
15,00,00,000	5½	1965	1977	99/90					
10,00,00,000	4½	1961	1972	94/50					
12,00,00,000	4½	1962	1974	99/10					
15,00,00,000	4½	1964	1976	99/25					
MADRAS									
14,00,00,000	5½	1965	1977	99/90					
10,00,00,000	4½	1961	1972	99/50					
12,00,00,000	4½	1962	1974	99/00					
14,00,00,000	4½	1964	1976	98/75					
WEST BENGAL									
7,00,00,000	4½	1962	1974	99/00					
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					
8,00,00,000	5½	1968	1980	100/70					
11,00,00,000	5½	1969	1981	100/70					
...	5½	1970	1982	100/30					
...	5½	1971	1983	100/05					
CALCUTTA									
					72,50,000	4½	1954	1979	94/50N
BOMBAY									
					8,25,00,000	3½	1947	1977	83/00
					2,13,14,500	3½	1949	1979	79/00
					2,09,10,500	4½	1957	1969	99/60

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
Rs.	Rs.				25-9-72	8-7-72	
COAL							
60,00,000	27,03,000	6½	Bengal Bharat Collieries	1961	90/00†	9½/00	31-10-75
30,00,000	11,01,000	7½	Burrakur	1944	70/00†	80/00†	31-10-72
20,00,000	20,00,000	8		1967	90/00†	98/00†	30th June 31st Dec.

CAPITAL, 28th SEPTEMBER, 1972

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
Rs.	Rs.						
JUTE							
15,00,000	15,00,000	7½	Auckland	1945	25-9-72	8-7-72	31-12-79
30,00,000	22,88,000	7½	Howrah	1955	90/00†	90/00†	31-3-80
25,00,000	25,00,000	7½	Kinnison	1949	97/50†	97/50†	31-12-79
25,00,000	10,54,000	7½	Kamarhaty	1955	93/00†	93/00†	30-6-80
25,00,000	25,00,000	8	Nalhati	1952	86/00†	86/00†	31-3-82
5,00,000	5,00,000	6½	Nellimarla	1939	85/00†	85/00†	14-5-74
20,00,000	20,00,000	7½	Northbrook	1945	90/00†	90/00†	31-12-79
10,00,000	10,00,000	6½	Waverley	1925	93/00†	93/00†	31-8-72

†Nominal

MISCELLANEOUS

Amount Authorised	Amount Outstanding	Rate of interest per cent	NAME OF COMPANIES	Year of Issue	MARKET PRICE	Interest payable	Principal Repayable
Rs.	Rs.						
MISCELLANEOUS							
10,00,000	9,78,072	7	Aluminium Corporation of India Ltd.	1948	90/00†	90/00†	15-7-75
5,00,000	5,00,000	7½	Bareilly Electric Supply Co. Ltd.	1949	94/00†	96/00†	31-12-77
12,00,000	1,00,000	7½	Benares Elec. Ltd. & Power Co. Ltd.	1949	94/00†	96/00†	30-6-75
25,00,000	13,80,000	4½	Clive Buildings	1936	80/00†	80/00†	1-7-86
2,30,00,000	1,75,06,500	6½	Dunlop India	1950 & 1958	97/00†	97/00†	1-1-73
1,00,00,000	91,80,000	7½	Indian Cable Co. Ltd.	1954	97/50†	97/50†	30-6-84
10,00,000	10,00,000	8	Kumardhubl Engineering Works Ltd.	1946	98/00†	98/00†	31-5-79
6,50,000	6,50,000	6	Katakhal Lala Bazar Railway	1945	85/00†	88/00†	31-12-74
45,00,000	39,70,000	4	McLeod & Co. Ltd. (Con Notes)	1947	250/00 P note	300/00 P note	31-12-72
59,36,000	59,36,000	7½	MacNeill & Barry Ltd.	1969	85/00	87/00	1-4-86
20,00,000	20,00,000	7½	Patna Electric Supply Co. Ltd.	1949	93/00†	93/00†	1-12-73
90,00,000	63,50,000	6½	Rohitas Industries Ltd.	1946	90/00†	96/00†	31-12-72
75,00,000	75,00,000	7½	Shaw Wallace & Co. Ltd.	1967	97/50†	97/50†	31-3-79
10,00,000	10,00,000	8	Shree Gopal Paper Mills Ltd.	1944	95/00†	98/00†	15-7-76
15,00,000	11,40,000	5	Sijua Jheriah	1951	87/00†	87/00†	30-6-76

†Nominal

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.

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JOINT STOCK COMPANIES' PREFERENCE SHARES—Contd.

Year of Issue	NAMES	Amount Issued In 000's	Rate per up per cent Share	Market Quotations 25-9-72	Year of Issue	NAMES	Amount Issued In 000's	Rate per up per cent Share	Market Quotations 25-9-72
MISCELLANEOUS—Cont'd.									
1895	Bengal Assam Steamship (Nov.)	3.00	7 60	44/50	1935	Premier Construction "First" (Aug.)	10.00	6 1/2 T	56/50
1926	Bengal Chemical (Aug.)	9.00	10 1/2	8/75	1936	Premier Construction "Second" (Apr.)	15.00	6 1/2 T	45/00
1889	Bengal Paper Mill (Mar. Sept.)	2.00	7 50	39/50	1922	Puriabpore (Sugar) (Oct.)	6.00	10 1/2	10/25
1928	Bengal Paper Mill "A" (Mar. Sept.)	4.00	7 100	68/00	1936	Rannugger Cane & Sugar (Aug.)	4.00	6 100	55/50
1936	Birds Investment (Dec.)	24.00	5 1/2 T	32/75	1935-36	Rohtas Industries (April)	20.00	7 100	68/50
1962	Braithwaite & Co	40.00	9 T	57/50	1935-36	Rohtas Industries "B" (April)	86.00	4 1/2	41/00
1918	Britannia Biscuit (Feb. Aug.)	15.00	8 10	10/25	1944-48	Shaw Wallace & Co. Ltd.	75.00	6 T	44/00
1920	British India Corporation (Feb.)	81.00	8 100	77/00	1936-35	Shree Krishna Gyanoday Sugar "A" (Oct.)	6.00	6 100	66/00
1995-99	Burn Eng. (1st & 2nd) (Feb. Aug.)	13.00	7 100	67/00	1937	Shree Krishna Gyanoday Sugar "B" (Nov.)	12.00	5 100	45/00
1903-5	Burn Engineering (Feb. Aug.)	15.00	6 100	55/00	1938	Smith Stanistreet (Chemists) (Nov.)	5.00	10 50	45/00
1909-11	Calcutta Electric Supply (Apr. Nov.)	£1,900	6 £1	8/94	1933	South Behar Sugar (Oct.)	5.00	9 100	20/50
1937	Calcutta Silk Manufacturing (July Jan.)	2.00	10 100	82/00	1897	Spencer & Co. A (Provisions) (Jan. July)	23.20	6 1/2 T	5/40
1906	Calcutta Tramways (Jan. July)	£250	5 T £1	7/37	1923	Spencer & Co. B (Provisions) (Jan. July)	36.80	8 1/2 T	7/37
1938	Carew & Co. (Jan.)	8.00	6 1/2	64/50	1936	Star Paper (Apr. Oct.)	10.00	5 100	54/50
1905-24	Cawnpore Sugar Works (Feb. Aug.)	10.00	8 100	107/00	1925	Surat Electricity (April)	5.00	6 1/2	83/50
1940	Chrestien Mica Industries Ltd.	30.00	5 1/2 T	32/00	1939	Tata Chemicals (Nov.)	60.00	7.14	79/50
1937	Dalmia Cement (Bharat)	66.57	6 10	6/87	1910	Tata Hydro Electric Power (Sept. Mar.)	89.28	7 100	78/00
1935	Deshgarh Power Supply "A" (Jan.)	16.00	5 100	58/50	1906	Tata Iron & Steel (First) (Nov.)	75.00	6 T	96/50
1940	Duncan Brothers & Co. Ltd.	45.00	4 100	43/00	1918	Tata Iron & Steel (Second) (May)	6.93.82	7 1/2 T	77/00
1926	Dunlop India First (Jan. July)	30.00	8 100	97/00	1919	Tata Power (May Nov.)	86.97	7 1/2	81/00
1936	Dunlop India Second (Apr.)	40.00	5 1/2 T	60/00	1928	Titaghur Paper Mills (Mar. Sept.)	11.50	8 100	91/00
1897	East India Distilleries (Jan. July)	£200	9 20sh.	16/25	1936	Titaghur Paper Mills "2nd" (Mar. Sept.)	15.00	4 1/2	44/50
1946	Gillanders Arbuthnot (Apr. Oct.)	25.00	5 1/2 T	33/50	1934	Vellore Electric (Sept. Mar.)	1.25	6 10	2/64
1948	Godfrey Phillips India Ltd.	30.00	5 1/2 T	52/75					
1940	Gwalior Sugar (Redeemable) (Dec.)	6.75	7 100	...					
1940	Gwalior Sugar (Dec.)	5.00	7 100	...					
1956	Humayan Properties Ltd. (Nov.)	12.00	6 10	4/81					
1936	Indian Aluminium (Mar. Sept.)	40.00	5 T	60/50					
1927	Indo Burma Petroleum (Jan. July)	50.00	7 T	48/00					
1918	Indian Standard Wagon (Aug. or Sept.)	19.66	7 100	58/00					
1936	Indian Iron & Steel	2,69.95	5 100	47/00					
1937	Jardine Henderson Ltd.	50.00	5 100	40/00					
1941	Jessop & Co.	20.00	5 100	47/25					
1915	Kumardhubi Engineering (June)	12.00	5 100	71/50					
1915	McLeod & Co.	60.00	5 100	48/00					
1946	McLeod & Co.	10.00	5 T	19/00					
1930	McLeod & Co.	40.00	5 100	21/00					
1936	Mertur Chemical & Industrial (Sept.)	20.00	6 10	7/50					
1936	Metal Box Co. of India Ltd.	30.00	6 T	76/50					
TEA									
1903	Amiuckie (May Nov.)	75.00	7 10	21/96	1903	Amiuckie (May Nov.)	75.00	7 10	21/96
1901	Banarhat (Jan.)	4.00	6 1/2	5	1901	Banarhat (Jan.)	4.00	6 1/2	5
1900	Birpara (Jan.)	1.50	6 100	32/00	1900	Birpara (Jan.)	1.50	6 100	32/00
1947	Assambrook Estate	35.00	6 T	36/50	1947	Assambrook Estate	35.00	6 T	36/50
1901	Dimakuri (June Dec.)	70.00	8 T	8/81	1901	Dimakuri (June Dec.)	70.00	8 T	8/81
	Dhunseri	1.20	10 T	8/16		Dhunseri	1.20	10 T	8/16
1894	Gielle (Sept.)	2.00	6 100	45/00	1894	Gielle (Sept.)	2.00	6 100	45/00
1904	Hasimara (Mar.)	3.00	7 100	60/50	1904	Hasimara (Mar.)	3.00	7 100	60/50
1929	Moheema (May Nov.)	3.20	6 10	3/75	1929	Moheema (May Nov.)	3.20	6 10	3/75
1903	New Samanbagh (Nov.)	1.00	8 100	63/00	1903	New Samanbagh (Nov.)	1.00	8 100	63/00
1888	Okayti (Dec.)	0.50	7 100	85/50	1888	Okayti (Dec.)	0.50	7 100	85/50
1914	Peermade (July)	1.50	6 100	63/00	1914	Peermade (July)	1.50	6 100	63/00
1916	Pussimbug (Jan.)	2.00	7 100	100/00	1916	Pussimbug (Jan.)	2.00	7 100	100/00
1909	Sonai River (May)	1.00	8 100	80/00	1909	Sonai River (May)	1.00	8 100	80/00
1932	Tezporo (Jan.)	2.06	6 6	8/00	1932	Tezporo (Jan.)	2.06	6 6	8/00
1922	Tirrihannah (May Nov.)	11.46	10 10	11/46	1922	Tirrihannah (May Nov.)	11.46	10 10	11/46

BANKS

H indicates that Share capital is half paid. Figures in "accounts closed" column indicate the months of the calendar year in which accounts are closed

Paid-up Capital Ordinary	Reserve & other Funds	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until
Rs.	Rs.	Rs.	Rs.	Rs.			1968 1969 1970	Rs.	Rs.
2,50,00,000H 4,05,00,000H	3,40,76,510 6,52,00,000	1,54,80,10,876 1,58,91,26,293	92,80,951 1,49,82,705	62,908 ...	12 12	Bank of Baroda Bank of India	18 20 Nil	50 50	123/00 140/00 119/00 100/00
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 £2,149,3264	56,841 £542,098	12 12	Central Bank of India Chartered Bank	20 15 8 15	25 £1	75/00 470 75/00 427
1,25,00,000H 50,00,000H HK\$19,12,91,625	10,00,000 3,10,000 HK\$26,00,00,000 HK\$5,22,22,50,866	7,90,22,445 1,52,63,057 HK\$9,07,36,157	8,24,434 2,11,49,462 HK\$4,52,371	21,006 £2,289 HK\$4,52,371	12 12 12	Hindustan Commercial Hindusthan Mercantile Hong Kong & Shanghai	Nil Nil Nil Nil Nil Nil sh 12/24† sh 13† sh 7-1/10† HK\$25	50 50 50	18/00 29/50 £20½ £18
88,59,950	96,69,883	24,75,00,867	17,34,255	1,10,781	12	Indian Bank	12 6 3	100	185/00 161/00
1,00,00,000	1,14,80,738	99,46,53,120	15,15,535	43,447	12	Indian Overseas Bank	11 Nil 5	100	167/00 167/00
£7,604,000	£11,464,000	£213,359,000	£1,502,000†	£760,000	12	National & Grindlays Bank	13½ 13½ 18	£1	106½ 560
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 22-12*	10	30/50 28/56
1,00,00,000	84,00,000	26,93,06,358	32,28,551	1,46,209	12	Union Bank of India		5	9/44 8/88
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	9/50 10/25
2,80,00,000	5,50,00,000	10,66,79,073	44,31,565	8,01,285	12	United Commercial Bank	14 14 14-14*	50	103/00 111/00

*1971

†Per Share

P

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
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.			1968 1969 1970	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	8/22 7/81
18,00,000	446	42,80,380	6,12,200	9,61,678	13,38,541	12,28,415	12	Alexandra P.	Nil	100	42/00 42/00
30,00,000	1,264	43,75,072	12,28,250	2,85,586	18,27,284	24,42,555	5	Alliance P.	2½ 2½ 2½	100	40/50 40/50
59,04,900	2,581	1,72,65,253	1,22,78,484	88,95,860	34,64,292	10,009	3	Anglo-India P.	Nil	100	106/00 125/50
40,00,000	810	1,50,44,057	12,63,716	4,63,675	25,93,968	24,424	3	Auckland P.	Nil 5-7½†	100	64/00 67/00
20,00,000	959	1,02,10,363	46,32,069	6,64,478	15,79,586	1,33,355	6	Bally P.	10 10-10†	10	12/19 14/19
£275,000	1,889	£354,948	£248,568	£112,879	£5,282	40,062	3	Barnapore P.	Nil Nil Nil†	£5	70/00 73/00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	1,11,00,519	3	Bengal P.	15 15 9-11†	10	2/25 2/25
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	48,461	6-12	Birla	Nil	10	23/85 24/50
1,64,73,540	502	12,59,648	4,17,958	1,73,320	61,970	26,72,880	11	Calcutta P.	Nil 12-6*	10	7/00 7/00
18,00,000	3,721	1,90,14,205	1,14,48,403	21,57,917	26,72,880	7,332	11	Budge-Budge Amal	Nil	100	112/00 154/00
29,58,200	1,400	94,89,909	40,88,628	4,33,492	19,56,178	2,75,273	5	Caledonian P.	5 5 5-Nil†	10	13/00 15/25
30,15,000	500	1,04,86,571	1,15,61,287	9,58,455	3,37,639	2,98,286	7	Chandany P.	Nil Nil Nil†	10	11/25 11/25
31,49,200	766	1,15,61,961	19,99,699	8,87,958	7,16,245	14,01,691	3	Chitavahan P.	Nil Nil Nil†	100	59/25 58/00
30,00,000	500	27,63,874	14,93,60	14,69,475	8,47,643	14,46,346	7	Dalhousie P.	Nil Nil Nil†	10	5/50 5/94
41,99,250	1,014	1,50,10,198	34,03,848	7,00,361	31,65,636	2,901	3	Empire P.	Nil Nil Nil†	10	7/00 7/62
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	41,24,845	3	Fort William P.	Nil Nil Nil†	10	14/00 14/00
48,00,000	1,384	1,03,04,222	71,93,905	14,53,597	41,24,845	22,355	3	Ganges P.	Nil Nil Nil†	10	8/12 9/00
80,00,000	1,078	1,41,50,186	86,43,721	1,01,75,234	22,59,603	53,98,367	3	Gouropore P.	Nil 2½-1†	100	102/00 102/00
65,62,500	720	77,32,792	14,21,763	7,38,937	17,43,248	16,51,688	3	Haslines P.	Nil Nil Nil†	10	6/37 7/50
52,50,000	2,272	2,55,34,589	27,72,560	21,39,817	19,29,841	9,613	3	Howrah P.	Nil Nil Nil†	7½	13/44 14/00
16,80,000	2,272	3,14,95,248	57,53,568	10,96,375	11,13,303	37,14,080	3	Hukumchand P.	Nil Nil Nil†	10	14/19 14/19
87,30,000	1,118	1,04,84,696	75,43,095	40,76,313	37,14,080	10,651	3	Honghy P.	6.8 4.8-8†	12½	9/00 10/12
43,20,000	1,997	64,57,437	16,60,818	2,52,620	16,65,571	36,79,652	12	India	Nil Nil Nil†	100	103/00 103/00
54,00,000	1,527	67,94,246	1,36,374	1,89,284	2,36,689	1,15,74,559	12	Kamathar P.	Nil Nil Nil†	100	41/50 36/00
77,00,000	703	1,34,84,232	22,90,246	13,27,100	7,05,912	29,74,746	5	Kankarnah P.	Nil Nil Nil†	100	65/00 60/00
67,50,000	1,530	99,10,701	9,86,592	5,45,753	39,12,385	73,25,728	3	Kelvin P.	Nil Nil Nil†	100	3/50 3/87
59,96,400	1,337	1,67,09,076	28,48,377	9,45,896	29,35,04C	87,12,099	3	Khardah P.	Nil Nil Nil†	100	39/00 45/00
81,65,200	1,283	2,24,34,175	36,01,376	19,55,478	62,85,330	9,48,840	3	Kinnison P.	Nil Nil Nil†	10	4/25 5/00
29,98,900	815	97,08,300	32,50,383	20,56,128	5,26,808	17,816	4-10	Megna	Nil Nil Nil†	100	28/00 28/00
20,00,000	425	10,79,854	15,35,000	26,11,420	3,36,343	17,176	10	Naihati P.	Nil Nil Nil†	10	3/75 3/87
35,00,000	852	3,27,07,154	1,06,69,449	13,97,686	10,90,246	7,673	3	Naskarpara	Nil Nil Nil†	10	10/75 11/00
36,75,000	316	47,02,282	25,61,800	12,39,978	17,72,851	30,117	7	National P.	Nil Nil Nil†	10	8/25 8/06
2,56,00,000	1,276	3,08,96,118	2,42,19,122	26,20,231	18,53,066	15,550	3	Nellimaria P.	Nil Nil Nil†	10	4/25 4/87
16,79,880	567	1,20,68,442	21,73,203	3,78,132	29,25,207	14,956	12	New Central P.	Nil Nil Nil†	10	13/81 16/25
66,79,500	1,092	1,04,30,951	35,74,849	9,87,802	29,25,207	19,57,279	7	Northbrook P.	Nil Nil Nil†	10	5/50 6/69
25,00,000	400	23,02,605	6,08,654	7,76,711	19,57,279	3,10,181	3	Nuddea	Nil Nil Nil†	10	0/90 1/44
20,00,000	305	24,85,278	7,10,286	1,10,734	3,10,181	36,65,225	3	Presidency	Nil Nil Nil†	10	11/12 11/50
49,50,000	1,276	1,57,72,816	1,06,24,172	12,70,235	36,65,225	...	3	Rameshwara P.	Nil Nil Nil†	10	8/31 8/44
30,00,000	911	47,47,618	15,81,656	27,81,388	2,13,128	£1,327	9	Reliance P.	Nil Nil Nil†	10	7/50 8/50
£1,892,732	1,794	£1,220,775	£455,838	£38,677	£385,385	£1,327	12	Shree Ambica P.	Nil Nil Nil†	£1	10/00 12/62
55,98,600	1,926	75,21,073	60,455	4,37,186	18,48,343	34,63,090	3	Tinghur P.	Nil Nil Nil†	100	56/00 56/00
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	Union P.	Nil Nil Nil†	...	3/75 3/75
								Waverley P.	6	1	

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	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividend per cent			Paid-up per Share	Latest Market Quotations as available until	
								1968	1969	1970		Rs.	Rs.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						25-9-72	7-8-72
51,00,000	71,32,601	50,54,428	4,48,663	20,49,328	11,473	3	Amalgamated	74	10	10	10	10/31	11/19
1,20,00,000	4,60,21,970	5,73,73,255	27,49,322	4,94,269	...	10	Bengal P.	12	12	12	100	44/50	50/00
4,49,350	4,27,882	1,30,132	91,796	43,397	4,471	10	Bengal Bhatdee	...	...	...	...	3/50	3/50
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	Bengal Nagpur	...	...	...	...	5/25	5/25
15,97,000	25,07,455	4,47,308	14,214	-2,45,265	-6,47,481	9	Bhulgora	NIL	NIL	NIL	10	1/20	1/20
7,15,000	14,96,845	11,02,672	64,329	-3,06,406	-4,92,536	12	Bhulanbarce	NIL	NIL	NIL	10	8/56	8/56
16,00,000	38,87,275	16,18,636	7,185	1,21,936	-79,196	6	Bokaro & Rangur	...	...	...	...	12/00	12/00
15,00,000	42,47,955	27,76,392	9,31,166	5,13,268	...	12	Borra P	...	...	...	...	8/00	8/00
1,21,23,300	5,45,54,630	1,62,07,145	41,50,189	10,70,492	...	12	Burrakur P	NIL	12	12-5*	10	4/00	6/75
8,00,000	9,74,804	6,16,228	1,61,693	46,450	-5,34,766	6	Central Kurkend P.	NIL	NIL	NIL	10	4/94	4/94
16,00,000	25,01,305	NIL	19,429	-6,45,261	-5,49,034	12	Dhemo Main	NIL	NIL	NIL-NIL*	10	0/97	0/97
£614,000	£1,336,903	£532,036	£224,397	£125	-£303,832	4	East Indian	NIL	NIL	NIL	10	1/12	3/25
29,63,760	2,06,08,803	1,35,30,025	15,86,501	-27,12,505	-1,60,97,810	12	Equitable P.	NIL	NIL	NIL	10	1/50	2/00
15,00,000	26,44,248	2,30,000	16,401	2,89,347	-11,61,930	12	Ghusick & Muslia P.	NIL	NIL	NIL-NIL*	10	11/05	11/05
8,00,000	5,43,022	...	16,702	-10,172	-3,65,023	3	Hurriladh	...	...	...	...	1/43	1/43
15,00,000	21,64,011	6,66,585	1,12,18,92	49,054	...	12	Karanpura Development	NIL	5	5-5*	10	9/44	9/81
5,00,000F	...	...	...	...	...	...	...	...	...	...	...	...	...
50,00,000	33,65,454	34,26,999	3,23,733	17,29,065	...	2	Karanpura Collieries P.	12	12	20-10*	10	6/00	8/75
18,90,460	50,12,478	10,46,259	10,46,257	5,19,841	...	1	Katras Jheriah	10	10	...	10	7/06	9/06
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	Khas Kajora P.	8	8	...	...	9/25	9/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	Nazira	...	...	...	10	1/18	1/18
31,97,210	72,34,903	69,43,971	1,69,302	15,52,713	...	10	New Beerbhoom P.	...	...	...	10	5/69	6/87
10,00,000	14,60,892	3,23,512	19,872	2,87,458	-1,98,283	3	New Manbhoom	NIL	NIL	NIL	10	2/91	2/91
1,15,000	21,64,011	6,66,585	11,21,892	49,054	...	12	North West	74	5	24	10	5/25	5/25
1,57,500	...	...	...	...	...	...	...	...	...	...	...	...	...
16,68,000	86,95,091	18,35,371	4,30,954	2,99,204	3,757	12	Parasca P.	64	10	...	10	14/19	14/19
31,50,000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3	Pench Valley	74	10	...	10	10/31	11/25
52,48,010	1,35,82,461	66,87,133	21,09,134	4,61,277	26,542	3	Raneegunge	74	10	10-74*	10	10/50	10/50
40,50,000	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12	Rewa	15	20	20-20†	10	19/62	22/00
26,95,000	35,74,393	20,87,115	4,28,926	11,19,774	...	8	South Karanpura	10	20	20-20*	10	9/00	10/87
99,97,000	1,87,61,070	78,41,667	14,18,967	28,44,722	11,360	3	Western Bengal	74	8	84-84*	10	7/31	6/50

* 1971

CAPITAL, 28th SEPTEMBER, 1971

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	Dividend per cent			Paid-up per Share	Latest Market Quotations as available until	
									1968	1969	1970		25-9-72	7-8-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.							
15,00,000	17,044	356	61,38,514	99,386	2,07,009	-3,68,790	12	Basanti P	NIL	NIL	...	10	2/75	2/75
1,50,00,000	24,000	...	4,21,62,926	1,46,53,396	18,28,484	5,93,579	...	Bharat Commerce P	15	15	12-12*	10	16/52	16/50
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129	...	...	Birla Cotton	10	10	NIL-NIL*	10	11/06	11/06
60,95,340	60,336	937	1,85,11,743	57,22,577	4,07,955	-16,32,645	...	Bowreah P	174	174	124-10*	10	12/56	12/69
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	-4,33,646	5,031	Cawnpore Textile	10	8	NIL	5	2/31	2/56
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	...	Delhi Cloth & Genr P	6	12	...	25	46/16	43/03
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	-14,01,836	...	Dunbar	NIL	NIL	NIL	10	9/50	9/87
94,50,000	1,20,006	2,302	1,85,74,978	1,60,01,763	2,23,992	-19,04,302	5,050	Elgin P.	8	8	6-NIL*	10	6/25	6/56
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	1,22,795	12	J. K. Cotton (Rayon) P	5	6	...	10	6/90	7/35
59,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	-23,27,825	...	Jaya Shree P.	NIL	NIL	...	10	7/25	7/87
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	-23,98,843	Orissa Textiles P.	NIL	NIL	NIL	10	2/94	2/87
17,50,000	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	...	Swadeshi (Kampur) P.	5	5	...	10	11/50	11/50
1,57,50,000Po	...	...	...	...	...	...	12	...	10.71	10.71	...	10	5/94	5/94

* 1971

CAPITAL, 28th SEPTEMBER, 1972

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 Accounts closed	NAMES	Dividend per cent			Paid-up Share	Latest Market Quotations as available until		
				1969 Kgs.	Ra.				1970 Kgs.	Ra.	1968		1969	1970	Ra.
Ra.	Ra.	Ra.					Ra.						Ra.	Ra.	
ASSAM															
16,37,100	26,12,852	17,60,747	368	5,81,395	6.14	6,99,934	6.93	6,60,000	10,34,937	12	Nil	2	5	10	9/00
8,75,000	13,07,892	8,48,455	245	3,37,800	6.75	3,11,000	5.25	3,40,000	86,066	12	5	10	5	10	9/50
35,00,000	84,59,742	17,64,884	1,214	16,91,077	5.19	18,94,886*	6	8,74,807	8,74,807	6	10	1	12 1/2	10	8/00
5,50,000	20,36,928	6,36,983	242	4,21,958	6.08	4,29,321	7.17	4,30,000	1,46,417	12	Nil	Nil	7 1/2	10	6/00
7,65,000	22,41,003	12,29,593	197	2,86,700	7.20	3,17,900	...	3,00,000	78,928	12	Nil	12 1/2	10	9/75	18/25
991,800	...	...	337	...	...	...	...	...	...	12	5	Nil	12 1/2	10	18/25
10,24,400	19,41,030	12,36,077	293	4,45,300	6.82	4,12,400	7.73	4,20,000	4,70,045	12	Nil	15	10	10	10/75
41,23,960	76,87,444	15,43,234	1,836	18,59,072	7.36	...	...	...	2,01,501	12	Nil	10	...	10	7/31
7,50,000	25,86,115	15,77,826	220	3,97,140	6.78	4,01,496	7.62	4,15,000	3,52,120	12	10	12 1/2	...	10	6/44
9,60,000	17,91,844	2,79,816	137	2,87,929	6.34	3,23,589	6.88	3,30,000	1,98,905	12	Nil	Nil	Nil	10	3/50
17,53,440	...	...	194	...	...	...	...	...	...	12	Nil	3	5	10	8/25
10,00,000	21,77,134	19,70,520	369	4,79,708*	7.08	4,82,771	7.18	5,00,000+	5,04,909	12	13	10	12 1/2	10	9/50
4,50,000	18,00,531	22,83,826	205	4,27,654	6.95	...	...	...	5,48,018	12	30	30	...	10	22/50
9,46,800	14,07,658	12,32,600	271	3,45,223	7.01	3,68,602	8.42	3,70,000	6,15,576	12	12 1/2	15	...	10	16/12
10,00,000	...	...	518	...	...	...	...	...	...	12	Nil	Nil	...	10	9/00
10,14,000	13,32,443	8,78,200	226	2,86,898	7.41	2,35,148	8.21	2,89,900	1,45,593	12	5	5	...	10	10/06
23,29,085	60,09,872	36,45,057	1,088	11,86,693	6.47	11,42,110	8.04	11,80,000	1,60,907	12	Nil	Nil	Nil	5	2/62
10,00,000	...	...	285	...	...	...	...	...	...	12	3	...	...	10	9/75
8,70,000	31,50,892	24,18,419	365	3,21,100	7.91	3,12,100	7.99	3,50,000	-1,00,179	12	Nil	12 1/2	Nil	100	97/00
13,50,000	22,18,805	15,78,143	440	6,08,800	6.70	6,18,600	7.24	6,20,000	7,58,597	12	10	20	10	10	11/00
7,05,015	12,22,461	10,96,554	605	8,22,487	5.18	9,26,199	5.59	8,90,000	5,25,389	12	Nil	Nil	2 1/2	10	5/90
7,00,000	12,49,252	2,80,000	140	2,33,909	6.29	2,34,732	7.42	2,60,000	1,10,283	12	10	6	10	10	10/16
2,00,000	...	...	...	...	...	...	...	...	...	12	...	...	...	10	5/00
6,50,000	16,03,120	17,04,646	302	4,48,250	5.07	4,23,000	5.30	4,20,000	1,86,259	12	5	5	...	10	8/25
20,40,000	30,85,254	23,85,633	471	6,21,968	7.39	6,64,912	8.10	6,40,000	8,28,938	12	6	7	10	10	10/19
6,00,000	431	11,94,675	383	...	...	...	...	...	1,13,494	12	10	10	10-10*	100	123/00
8,00,000	23,07,340	9,84,630	207	2,16,900*	8.27	2,21,500	8.13	2,45,000+	22,545	12	7 1/2	8 1/2	10	10	9/50
2,00,000Po	...	...	...	...	...	...	...	...	...	12	13.14	13.14	13.14-5.63*	10	10/81
10,00,000	...	19,16,177	299	3,26,903	7.15	3,59,836	7.50	...	1,51,858	12	15	10	10	10	15/25
8,82,750	...	...	569	...	...	...	...	...	...	12	20	20	15	100	9/87
6,00,000	47,50,895	9,01,687	...	8,67,900*	7.66	8,45,600	7.82	8,65,000+	1,28,147	12	Nil	12 1/2	Nil-15*	10	9/37

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*1971

†1972

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 1971 Kgs.	Net Profits including taxation Accounts closed	NAMRS	Dividend per cent			Paid-up Share	Latest Market Quotations as per available until	
				1969 Kgs.	Rs.	1970 Kgs.	Rs.				1968	1969	1970		Rs.	Rs.
CACHAR																
18,00,000	27,41,352	5,57,913	674	4,44,233	6.28	4,36,577	6.95	4,60,000	1,97,453	12	Nil	Nil	10	8/25	8/25	
17,94,000	15,35,696	12,15,750	283	3,96,400	7.31	3,88,600	7.91	4,30,000	6,52,624	12	Nil	4	10	3/44	3/44	
10,00,000	45,79,517	34,41,100	1,000	13,52,101	5.43	14,43,916	6.20	14,80,000	9,82,780	12	5	2	10	12/12	30/06	
5,20,000	...	...	471	...	...	...	...	...	...	12	Nil	5	10	15/37	15/37	
3,00,000	...	...	349	...	...	...	...	...	...	12	Nil	...	10	17/12	17/12	
7,00,000	...	...	278	...	...	...	...	...	...	12	Nil	Nil	10	11/00	11/00	
12,60,000	19,98,894	11,94,492	983	7,23,990	4.81	7,44,554	5.68	7,20,000	4,71,647	12	Nil	5	10	5/19	5/19	
5,63,690	5,99,621	3,37,225	236	2,08,946	4.79	2,13,449	5.69	1,90,000	1,50,872	12	Nil	5	10	6/50	6/50	
12,60,000	...	...	888	...	...	...	...	...	...	12	Nil	...	100	4/50	4/50	
2,59,050	9,40,494	3,52,589	255	2,96,946	5.09	3,25,526	5.71	2,90,000	2,61,998	12	Nil	...	10	115/00	115/00	
2,60,000	8,04,720	7,16,432	255	2,52,587	5.11	2,72,336	5.82	2,72,336	275	12	Nil	10	10	7/00	7/00	
10,50,000	...	...	341	...	...	...	...	...	...	12	5	5	10	5/19	5/37	
4,00,000	...	...	292	...	...	...	...	...	...	12	Nil	...	10	8/00	8/00	
DARJEELING																
3,99,750	...	...	516	...	...	...	...	...	...	12	...	...	10	6/62	6/62	
16,79,400	...	...	400	...	...	...	...	...	...	12	2	3	10	4/06	4/06	
5,64,000	...	...	713	...	...	...	...	...	...	12	2 1/2	2 1/2	100	104/00	104/00	
10,32,000	...	...	333	...	...	...	...	...	...	12	Nil	...	10	2/94	2/94	
7,00,000	...	...	167	...	...	...	...	...	...	12	4	5	10	6/44	6/44	
4,77,000	6,02,262	23,600	286	8,02,000*	11.02	8,77,000	15.24	2,23,900	-2,35,527	12	Nil	7 1/2	100	72/50	70/00	
8,99,700	20,35,167	16,64,500	205	1,41,343	12.22	2,34,518	13.52	2,23,900	4,62,766	12	12 1/2	Nil	10	10/37	10/69	
4,00,000	...	...	618	...	...	...	...	...	...	12	2 1/2	2 1/2	10	600/00	600/00	
3,00,000	...	...	153	...	...	...	...	...	...	12	...	...	100	55/12	55/12	
2,05,000	...	...	228	...	...	...	...	...	...	12	Nil	...	100	5/25	5/25	
6,00,000	...	...	156	...	...	...	...	...	...	12	Nil	...	10	7/62	7/62	
6,25,000	...	...	293	...	...	...	...	...	...	12	...	...	10	4/56	4/56	
9,00,000	10,96,830	1,57,758	233	1,37,154	...	1,57,567	...	...	1,05,957	3	2 1/2	2 1/2	12	30/00	30/00	
6,00,000	11,13,382	11,48,300	224	1,26,456	13.00	1,47,000	...	...	97,747	12	Nil	5	10	3/19	3/19	
15,62,500	14,96,890	7,15,907	298	1,80,345	13.99	1,86,253	13.99	2,00,000	1,99,173	2	10	5	10	17/31	17/31	
6,40,000	...	...	306	...	...	...	...	...	...	12	8	8	10	6/06	7/19	
											10	7 1/2	10	7/44	7/87	

*1971

CALCUTTA TEA COMPANIES—Contd.

Paid-up Capital & other Ordinary Account Funds	Net Reserve Block & other Account Funds	Area Hectars	Outturn and Average Price per Kg. realised for crop		Estimate 1971	Net Profits including taxation	Accounts closed	NAMES	Dividend per cent		Paid-up per Share	Latest Market Quotations as available until
Rs.	Rs.	Rs.	1969	Rs. Kgs.	1970	Rs. Kgs.	Rs.	1968	1969	1970	Rs.	Rs.
DOOARS												
58,50,000	1,43,33,723	78,64,572	2,047	24,66,900	5,93	2,98,44,000	6,41	28,50,000	15,52,870	12	Banarhat P.	71/50 71/50
9,00,000	...	...	...	...	...	...	...	...	...	...	Bhatkara	9/25 7/00
1,11,71,700	2,34,97,632	1,89,50,650	3,790	54,57,820	5,33	62,52,604	5,72	58,05,000	29,50,503	12	Birpara P.	72/00 74/00
6,00,000	...	...	...	...	...	...	...	...	...	...	Carron	140/00 130/00
6,00,000	...	...	...	...	...	...	...	...	...	...	Ellenbric	82/50 82/50
2,40,000	...	...	...	...	...	...	...	...	...	...	Engo	225/00 225/00
4,90,000	...	...	...	...	...	...	...	...	...	...	Ethelbari	15/50 15/50
10,50,000	15,23,794	7,05,625	490	4,22,300	5,42	5,34,500	6,23	6,10,000	15,438	12	Gairkhata	7/00 7/00
14,00,000	60,26,463	18,50,921	766	5,73,520	4,73	6,46,974	4,79	...	74,749	3	Gopalpur	7/12 7/12
64,00,000	...	...	...	...	...	...	...	...	...	...	Hasimara	6/31 6/12
16,50,000	...	...	...	...	...	...	...	...	...	...	Huldbari	6/00 6/50
7,00,000	...	...	...	...	...	...	...	...	...	...	Jaybirpara	7/37 7/37
6,40,000	...	...	...	...	...	...	...	...	...	...	Oodlabari	7/00 7/00
2,50,000	...	...	...	...	...	...	...	...	...	...	Phaskowa	120/00 120/00
6,00,000	...	...	...	...	...	...	...	...	...	...	Rajabhat	5/12 5/12
7,65,000	18,96,542	8,26,638	...	500,390	5,37	5,88,010	6,06	3,30,000	78,077	12	Rancherra	4/81 5/06
74,85,000	94,10,477	66,36,347	2,189	26,30,516	5,77	30,07,251	5,65	30,26,000	17,76,293	12	Rydak	7/00 7/50
3,46,000	...	...	...	...	...	...	...	...	...	...	Sarugson	10/00 10/00
TERAI												
4,50,000	...	...	...	...	...	...	...	...	...	...	Atal	4/00 4/00
7,50,000	...	...	...	...	...	...	...	...	...	...	Belgachi	15/75 15/75
13,50,000	...	...	...	...	...	...	...	...	...	...	New Chumta	5/50 5/62
7,20,000	...	...	...	...	...	...	...	...	...	...	New Terai	15/50 14/37
11,70,000	...	...	...	...	...	...	...	...	...	...	Phargomiah	9/00 9/00
3,00,000	...	...	...	...	...	...	...	...	...	...	Putinbaree	15/20 15/20
2,20,000	14,33,171	17,58,775	2,145	3,77,068	6,16	4,32,415	6,64	4,52,500	3,23,520	12	Tirrihannah P.	43/00 43/00
SYLHET												
6,00,000	...	...	...	...	...	...	...	...	...	...	Daurachera	7/62 7/62
5,59,930	19,34,347	23,34,400	...	...	...	...	...	...	...	...	New Samanbagh P.	6/50 6/50
36,00,000	...	...	...	...	...	...	...	...	...	...	Patrakola	63/00 63/00
9,00,000	...	...	...	...	...	...	...	...	...	...	Teliapara	42/00 42/00

CAPITAL, 28th SEPTEMBER, 1972

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 & other Ordinary Account Funds	Net Reserve Block & other Account Funds	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts closed	NAMES	Dividend per cent		Paid-up per Share	Latest Market Quotations as available until	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		1968	1969	1970	Rs.	Rs.
MININGS												
£2,369,769	...	£285,782	£499,650	£620	£201,716	12	Burma Mines	Nil	Nil	34sh.	1/00	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	...	10	4/50	4/50
15,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	...	...	Nil	...	...	5Dd	3/12	3/12
£2,571,188	£5,928,979	£4,223,766	£467,079	£1,718,357	...	12	Indian Copper Corporation	9	9	11.1	2/36	2/86
2,39,52,727	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8	Metal Corporation P.	...	...	10	4/75	5/06
60,00,000	37,75,579	49,67,625	52,84,194	20,16,808	...	6	Orissa Mineral Development	5	10	12 1/2-12 1/2	9/12	9/00
CEMENT, LIME, SLATE, ETC.												
59,90,843	1,20,04,528	25,32,469	15,55,034	...	...	3	Ashoka Cement	7	6	6-Nil*	4/56	4/19
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6	Bengal Potteries	9	Nil	2 1/2	2/00	2/06
50,00,000	1,12,66,361	54,86,925	3,96,676	16,96,367	...	3	Bisra Stone Lime	12 1/2	15	15-15*	12/75	12/75
2,86,93,580	2,74,91,554	4,09,16,982	3,00,99,367	1,63,78,566	...	12	Dalmia Cement (Bharat) P.	12 1/2	12 1/2	12 1/2-12 1/2	12/00	11/87
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	Jaipur Udyog P.	10	10	10-5*	9/40	8/65
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	6	8	10	10/25	10/06
50,00,000	1,12,39,538	1,11,98,264	2,07,629	70,46,865	...	12	Kumardhubi Fireclay & Silica P.	Nil	Nil	20-20*	18/45	18/45
2,70,00,000	3,37,00,240	4,19,53,760	63,13,397	2,38,65,541	...	12	Orissa Cement P.	11	12 1/2	10	17/75	17/30
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	Reliance Firebricks & Pottery	Nil	Nil	10	6/62	6/62
75,00,000	63,28,018	44,95,600	5,26,119	12,18,128	6,195	12	Sone Valley Portland Cement	Nil	Nil	5	1/44	1/50
20,23,220	19,04,888	9,55,192	6,25,936	2,98,200	4,855	12	Sutna Stone & Lime	15	15	15-15*	13/75	13/47
CHEMICAL INDUSTRIES												
4,34,00,000	6,99,57,635	2,76,85,273	1,10,67,826	2,68,57,419	78	9	Alkali & Chemical Corp. of (I)	5	10	15-17 1/2*	24/19	24/00
15,00,000	...	...	...	...	...	3	Bengal Chemical & Pharm P.	7 1/2	7 1/2	Nil	34/50	34/50
11,08,900A	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	6	Calcutta Chemical P.	18	18	9-9*	10/81	11/25
22,54,700B	48,64,215	38,79,462	29,37,560	8,09,316	11,483	9	Chemicals And Fibres	27 1/2	27 1/2	27 1/2-25*	31/37	33/00
5,34,54,550	5,17,90,980	2,92,84,411	25,62,431	3,35,94,149	305	2	Frank Ross P.	Nil	2 1/2	6	1/37	1/37
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	9	Indian Explosives	15	15	10	20/00	21/00
4,80,20,000	52,70,62,104	5,60,65,954	1,51,88,269	2,98,94,320	751	6	Smith Stanstreet P	15	15	10	4/12	4/12
30,00,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	ELECTRIC LIGHTING, POWER					
19,99,600	2,78,34,554	48,06,732	15,68,313	—1,67,752	...	3	Agra Electric	10	10	10-10*	115/00	114/50
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	6	6	10-6*	13/81	13/44
17,00,000	1,23,17,670	60,56,252	15,26,090	1,78,574	831	3	Benares Electric	Nil	Nil	10	13/00	13/00
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	Bhagalpur Electric Supply	11	11	12-10*	8/50	8/50
£4,262,64	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	Calcutta Electric Supply P.	9	9	9-13*	8/87	9/25
£4,20,000	1,10,73,188	52,45,587	35,65,119	25,56,602	36,929	3	Dikheerah Power Supply P.	9	9	9-9*	9/94	00/01

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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	1968	1969	1970	Rs.	Latest Market Quotations as available until 25-9-72
Rs.	Rs.	Rs.	Rs.	Rs.	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	9/69	9/69
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Muzapur Electric Supply	Nil	...	...	9	4/00	4/00
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzaffarpore Electric Supply	10	10	...	10	12/25	12/25
6,99,700	13,79,705	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	1,35,35,224	61,40,656	1,96,943	13,09,947	80,097	3	Patna Electric Supply	11	11	11-12	10	12/25	12/31
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	10	8	10-10*	10	6/50	7/19
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	11	10	11-13*	10	13/00	13/00
ENGINEERING & METAL													
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	Arthur Butler (Muzaffarpore) P	...	...	...	10	6/75	6/75
50,00,000	41,79,909	40,56,968	4,60,972	11,78,441	2,116	12	Bhartia Electric Steel	24	...	4-5*	10	8/62	9/62
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	Nil	...	...	10	3/00	2/94
36,00,000	31,68,658	76,85,591	5,30,506	67,669	...	12	Bridge & Roof	10	8	24-Nil*	10	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	...	...	10	2/19	1/47
3,36,00,000	2,50,28,481	4,19,668	67,36,099	-47,52,044	-72,02,546	4	Burn P (Engineering)	Nil	...	Nil-Nil*	100	54/00	52/00
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	Calcutta Steel	124	Nil	5	10	7/81	8/50
80,00,000	1,15,71,041	1,08,05,000	10,64,931	43,90,387	4,372	9	Electrosteel Castings	Nil	Nil	6-10*	10	15/75	15/00
6,32,18,740	13,45,53,632	13,45,53,632	4,80,70,359	9,44,30,367	...	12	Guest Keen Williams	Nil	8	16-20*	10	30/30	33/40
17,50,000	19,81,222	4,69,100	44,641	-47,13,357	-92,69,970	12	Hooghly Docking	Nil	Nil	Nil-Nil*	50	28/00	28/00
24,88,17,980	65,39,32,169	42,44,61,83	4,74,98,058	3,68,75,944	...	3	Indian Iron & Steel P	Nil	5	6-6*	10	6/05	6/35
1,54,00,000	11,52,812	14,001	1,82,994	-4,15,836	-4,03,294	3	Indian Malleable Casting	...	...	...	5D	2/00	2/00
1,35,94,000	54,26,818	31,84,791	34,18,507	-82,15,695	-1,22,14,432	3	Indian Standard Wagon P	Nil	Nil	Nil	1	0/50	0/50
96,79,740	1,24,01,953	4,66,12,737	3,20,17,147	65,86,338	8,792	3	Indian Steel & Wire Products	20	20	20-20*	10	24/07	26/44
18,00,110	8,12,705	14,81,244	20,005	4,82,056	...	12	Industrial Containers	8	124	124-10*	10	11/50	11/00
1,97,43,750	2,32,42,313	1,32,43,055	32,49,297	62,29,372	...	3	Jay Engineering P.	8	10	8-10*	10	11/50	12/12
60,00,000	1,58,13,049	34,97,297	12,59,358	12,39,173	...	6	J. K. Steel P	Nil	Nil	Nil-3*	10	8/31	8/87
2,04,00,000	5,24,51,937	58,08,258	72,36,745	-52,423,917	...	10	Jessop & Co. P	Nil	Nil	Nil-Nil*	10	3/81	4/10
75,99,599	2,05,24,655	44,04,697	7,31,935	5,64,670	-14,83,064	11	Kumardhubi Engineering P	Nil	Nil	Nil	3	4/06	4/25
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	Marshall Sons (India)	4	Nil	Nil	2	0/90	0/95
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	Saran Engineering	Nil	6	10-6*	10	9/44	9/44
60,00,000	38,16,740	42,02,195	1,31,67,024	34,83,175	...	12	Simon-Carves	7	8	15-15*	10	14/19	13/94
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	Nil	Nil	...	10	4/69	4/12
21,00,110	18,80,041	31,95,945	72,948	18,61,059	26,409	12	Steel Containers	20	20	20	10	20/94	21/00
50,00,000	3,66,85,121	1,75,93,168	16,18,295	2,07,33,385	...	12	Textile Machinery	Nil	Nil	10-Nil*	10	7/95	8/50
24,98,770	10,37,976	1,72,445	95,723	-10,57,577	-2,93,669	3	Wellman Incandescent	8	8	10-Nil*	10	7/81	7/75

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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	1968	1969	1970	Rs.	Latest Market Quotations as available until 25-9-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.								Rs.
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	Balarampur Sugar	8	10	10	24	2/87	3/00
29,23,337	22,66,393	21,20,700	12,46,379	11,58,281	37,813	9	Belund Sugar	154	134	134-18*	74	6/12	7/19
32,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	Bharat Sugar P.	13	13	...	10	11/00	10/50
35,00,000	35,16,933	72,68,155	1,78,079	13,45,271	...	9	Carew (Sugar) P.	Nil	Nil	Nil	10	6/00	7/00
30,00,000	1,09,94,218	20,23,064	16,86,026	3,86,111	-98,54,689	10	Cawnpore Sugar P.	Nil	Nil	Nil-Nil*	10	3/25	4/12
18,00,000	47,67,752	57,47,706	12,47,451	3,56,145	-16,39,071	6	Champurun Sugar P.	15	5	Nil-Nil*	10	10/44	10/44
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	Durbhanga	10	74	Nil	10	3/87	3/87
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Savan Sugar and Gur	Nil	Nil	...	10	2/00	2/09
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purtapur Sugar P.	Nil	Nil	...	10	5/50	5/62
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Rannugger Cane & Sugar P.	20	10	6	10	4/25	6/00
65,00,000	98,92,935	5,13,700	90,088	8,92,545	-1,51,49,295	10	Raza Buland	Nil	Nil	Nil-Nil*	10	1/56	1/72
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	Ryam Sugar P.	Nil	Nil	Nil	10	2/12	2/12
11,99,000	92,10,161	18,54,067	2,09,163	-2,24,407	-2,20,853	7	Shree Krishna Gyanoday Sugar P.	6	Nil	Nil	10	5/56	6/94
15,89,000	1,00,22,238	18,34,483	5,60,693	-6,11,276	-10,54,435	8	Shree Sitaram Sugar	Nil	Nil	...	10	7/62	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	...	10	0/33	0/33
16,00,000	42,22,843	19,40,304	2,03,163	-11,15,414	-9,17,147	9	United Provinces	124	10	5	10	5/50	5/50
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	84	10	...	10	11/50	12/25
MISCELLANEOUS													
1,95,00,000	7,24,57,999	3,89,03,842	8,43,489	64,53,352	10,697	3	Aluminium Corporation P.	12	10	Nil-Nil*	10	5/87	10/06
2,00,00,000	1,11,31,101	31,64,369	2,20,83,574	-28,79,900	-20,74,845	12	Andrew Yule P.	10	10	Nil-Nil*	10	6/19	5/25
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	Angelo Bros.	174	74	...	10	3/94	5/81
50,00,000	51,31,822	68,22,629	34,88,627	60,38,048	...	12	Assam Match	15	17	20	10	22/12	22/12
2,12,40,000	1,51,62,982	1,96,52,643	47,28,730	1,98,20,213	...	8	Associated Battery	16	18	20-20*	10	...	...
13,99,398	26,77,314	27,24,034	7,342	1,52,254	...	9	Assam Saw Mills & Timber	10	10	10	10	3/19	4/00
1,44,03,000	47,27,247	1,07,27,103	83,56,085	-20,58,464	...	12	Balmer Lawrie & Co.	8	8	8-Nil*	100	74/00	94/00
12,00,000	10,18,311	24,26,777	1,96,804	6,40,179	...	3	Bararee Coke	20	20	15-15*	10	4/50	9/00
20,00,000	12,33,387	60,20,330	60,20,330	3,65,454	...	9	Birds Investments P.	Nil	Nil	Nil-Nil*	10	6/06	5/50
2,65,60,560	2,69,62,492	2,84,09,721	73,75,842	1,90,60,160	...	3	Britannia Biscuit P.	154	18	22-16*16+	10	26/37	27/87
3,25,00,000	95,93,193	3,16,34,118	1,50,80,755	1,17,40,873	520	12	British India Corporation P.	Nil	Nil	74-5*	5	5/62	6/62
75,00,000	40,55,543	80,69,118	5,07,823	43,49,118	190	12	British Paints	10	124	124	10	18/44	20/06
6,70,00,000	4,43,03,788	8,25,29,835	3,22,33,731	4,68,92,569	...	6	Brook Bond India	134	174	20-20*	10	25/12	26/62
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	Calcutta Silk Manufacturing P.	5	5	...	10	6/87	6/87
1,38,80,000	...	11,90,378	99,47,020	9,82,906	29,802	12	Clive Row Investment	44	44	3.6-5*	10	6/31	6/31
1,30,68,000	44,43,937	2,12,31,701	3,03,58,518	43,80,512	1,701	12	Duncan Brothers & Co. P.	12	12	12-12*	100	125/00	104/00
10,00,00,000	12,89,20,000	11,41,12,000	1,29,69,000	7,04,07,000	...	12	Dunlop India P.	174	20	20-20*	10	26/05	31/80

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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 Shares	Latest Market Quotations as available until
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.			1968	1970	25-9-72 22-5-72
76,89,000	12,886	72,15,524	1,73,93,710	8,56,617	...	12	Eastern Investments P.	4½	10-7*	Rs. 6/00
8,00,000	1,30,000	17,53,593	26,45,450	1,14,087	...	12	Garuda Investments	5	10-10*	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.	10	...	10/00 12/94
1,35,85,000	3,56,80,015	1,48,43,668	5,64,469	18,42,571	...	3	Fort Gloster P.	2½	7½-7½	224/00 238/00
30,00,000	34,79,154	46,900	11,48,349	15,43,626	8,57,415	3	French Motor Car	Nil	Nil	14/12 14/12
14,00,000	29,96,242	26,97,025	1,07,757	50,662	14,537	12	Ganges Rope	15	7½-7½	118/00
65,00,000	32,16,777	82,84,418	1,17,24,532	38,46,149	...	3	Gillanders, Arbuthnot & Co. P.	12	10-12*	9/06 9/12
60,00,000	1,11,02,321	1,64,22,765	62,728	1,49,24,337	...	12	Godfrey Phillips (India) P.	35	57½-35*	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	47½	43/75 47/06
60,00,000	85,99,204	89,83,480	15,36,551	56,83,645	50,050	6	Gramophone Co.	...	15-17½	25/50 23/87
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	Great Eastern Hotel	Nil	Nil	119/00 275/00
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	12½	17/44 21/37
13,16,52,080	42,95,80,819	9,66,13,650	1,34,39,528	2,84,296	5,08,570	12	Hindustan Motors P.	12½	Nil-Nil*	6/75 9/95
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	Hindustan Pilkington P.	10	8	6/09 7/56
73,89,685	1,32,59,144	55,33,981	3,53,018	28,56,511	...	3	Hindustan Sanitaryware	10	10-8*	16/87 14/31
35,20,000	38,70,309	...	28,22,894	32,82,526	24,61,728	12	Hoare Miller & Co.	...	...	1/00 1/31
60,00,000	2,61,55,040	1,99,83,908	2,23,962	38,94,334	2,019	6	India Carbon P.	16	16-18	30/50 32/50
18,94,72,008	12,84,72,008	19,28,02,459	1,76,13,525	7,58,96,179	...	3	India Tobacco	11	13½-14½	16/00 16/69
12,01,42,910	51,33,43,722	23,97,31,390	82,99,724	8,84,19,359	669	12	Indian Aluminium P.	14	14-17*	30/20 35/00
4,14,42,410	2,45,25,889	4,03,51,806	42,01,913	1,99,41,995	...	9	Indian Cable	5	2½-15*	20/75 23/30
4,62,00,000	6,38,04,037	5,72,17,647	44,41,845	2,01,58,480	...	9	Indian Oxygen	12	14-14*	21/00 24/25
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	3	Indian Rubber Manufacturers P.	Nil	Nil	4/50 4/25
36,00,000	3,27,367	23,27,768	6,65,286	9,23,042	...	9	Indian Wood Products	9	9-10*	8/75 10/56
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	15	45/00 47/12
2,00,00,000	34,05,575	1,46,21,613	5,60,66,475	15,68,387	...	3	Jardine Henderson P.	4	Nil-Nil*	35/00 40/50
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.	10	11	14/87 16/37
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	...	3	Keram Industries P.	13½	10	17/70 19/85
28,00,000	8,09,081	7,05,791	42,08,535	5,07,077	...	3	Lawrence Investment P.	2	Nil-Nil*	40/50 34/00
6,34,000	3,17,363	6,02,958	8,21,617	14,078	4,849	3	Macfarlane & Co.	Nil	...	2/00 2/00
1,50,00,000	2,22,97,239	1,55,41,279	2,00,49,020	26,44,596	10,434	12	Macneill & Barry P.	5	6-Nil*	0/56 0/56
2,20,68,370	87,69,962	1,18,40,997	2,20,50,875	66,42,426	6,075	9	Martin Burn Ltd. P.	10	10-10*	41/25 38/25
47,12,000	16,00,806	70,83,368	2,43,14,304	8,352	46,689	12	McLeod & Co. P.	6	...	5/81 7/50
6,64,12,500	8,55,94,455	3,42,60,151	1,04,93,946	1,85,48,253	34,234	3	Metal Box Co. of India P.	Nil	...	93/00 100/50
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)	9	6-8*9†	12/87 17/00
2,02,50,000	6,42,150	1,12,53,491	24,58,449	35,98,163	...	3	National Insulated Cable P.	12-10*	5	8/84 9/50
60,00,000	30,83,129	15,61,776	2,51,353	5,28,993	...	9	National Pipes & Tubes P.	10-8*	10	8/06 11/12
64,00,000	27,90,365	10,84,447	24,496	28,669	...	6	National Rolling & Steel Rope	4-Nil*	10	5/75 6/69
21,31,600	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	National Rubber P.	2½	Nil	4/87 4/94
79,79,000	79,90,738	2,19,79,083	51,23,324	49,14,579	...	12	National Tobacco P.	5	Nil	12/75 15/25
50,00,000	349	22,04,845	46,17,593	3,59,824	7,563	12	New India Investment Corpn	8½	75	50/00 37/25

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CAPITAL, 28th SEPTEMBER, 1972

CAPITAL, 28th SEPTEMBER, 1972

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 Share	Latest Market Quotations as available until
Ra.	Ra.	Ra.	Ra.	Ra.	Ra.			1968	1970	25-9-72 22-5-72
7,50,000	1,45,424	14,17,824	26,24,396	2,06,371	...	12	Onal Investments	7½	10-10*	14/10 14/10
2,06,25,000	1,15,52,807	1,16,24,371	71,27,888	56,84,173	...	12	Phillips Carbon	15	15-12*	17/06 17/06
5,46,00,000	8,46,74,317	5,07,60,571	1,25,85,376	6,72,31,786	...	3	Phillips India	20	20	50/75 50/75
2,25,00,000	9,15,840	1,21,513	5,48,306	2,24,446	3,421	8	Publicity Society	15	15-10*	5/00 5/00
5,00,00,000	1,70,09,152	1,63,07,489	3,17,04,611	1,38,08,197	...	3	Rallis India P.	13	13-14*	175/00 175/00
46,20,000	30,70,796	1,57,26,775	79,35,958	46,59,568	9,26,674	9	Rohas Industries P.	Nil	Nil-Nil*	4/95 4/95
12,84,000	4,73,05,083	50,41,065	57,82,419	57,85,613	9,029	10	S. S. Duncan	22½	25-25†	32/50 32/50
94,27,380	85,30,130	1,87,47,321	14,42,952	1,58,141	...	12	Sandra Investments	31	7-7*	4/75 4/75
1,00,00,000	21,00,22,876	10,58,34,115	1,62,17,249	84,37,851	13,613	12	Sirslit P.	Nil	Nil	2/04 3/69
12,28,50,000	1,60,21,457	66,75,525	1,38,672	78,72,326	36,958	12	Shaw Wallace P.	15	18	30/19 30/19
1,04,56,500	21,00,895	24,10,987	23,11,142	26,577	90,797	12	Union Carbide	15	15-17½*	92/50 92/50
31,53,000	1,95,19,738	68,36,747	73,11,329	20,62,997	26,577	12	Universal Cables	10	10	29/56 29/56
49,65,000	81,32,468	22,85,500	6,19,214	21,27,050	19,565	12	Walford Transport	7½	Nil	0/81 0/81
79,78,310	...	...	...	...	17,347	12	Williamson Magor P	...	7½	10/00 10/00
...	...	...	...	...	...	12	Woolcombers	3	6	14/62 16/00

MISCELLANEOUS (Contd.)

INSURANCE COMPANIES

13,50,000	25,62,842	1,73,03,719	1,69,70,197	24,44,374	8,216	12	Concord of India	18	21	12/00 10/50
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	12½	15	25/12 25/12
70,00,000	88,52,753	3,54,11,725	6,03,24,106	1,00,89,564	6,555	12	Ruby General	12½	17½	17/81 17/81
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	Triton	...	...	165/00 181/00

FLOUR MILLS

30,00,000	8,53,225	24,72,389	8,59,195	6,57,031	...	12	Bengal	3	4	13/50 13/50
9,00,000	43,29,35	10,08,825	1,12,313	5,88,936	9,191	12	Hooghly	Nil	10	18/50 18/50
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11	United	5	5	11/50 11/50

OIL COMPANIES

1,00,00,000	1,20,71,184	2,14,52,673	4,45,17,920	77,18,876	...	12	Indo Burma Petroleum P.	15	12½	16/87 20/12
12,00,000	13,06,860	12,83,186	6,05,708	2,77,070	...	10	Tide Water Oil	15	20-10*	9/75 9/62

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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.			1968	1969	1970	Rs.	Rs.
PAPER MILLS												
1,25,56,710	4,44,93,543	2,11,10,298	21,34,929	40,68,099	525	12	Bengal P	3.7	10	10-10*	14/69	19/12
1,23,48,000	1,43,86,660	11,56,270	6,90,791	—8,58,482	—99,91,583	3	India Paper Pulp	Nil	Nil	Nil-Nil*	4/28	5/56
3,81,74,500	24,89,00,000	3,61,27,428	55,63,530	1,15,53,401	39,858	3	Orient Paper P	10	10	10-11*	32/70	34/95
3,49,81,825	7,85,75,927	1,20,00,000	10,56,985	1,25,02,433	91,550	3	Seshasayee	Nil	Nil	Nil-12*	12/75	12/87
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	Sirpur P	Nil	Nil	3	8/87	11/62
10,00,000A	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	Star Paper P	Nil	Nil	3	10/81	10/12
4,37,500PO	5,85,38,888	1,19,14,969	68,19,204	22,99,386	9,906	3	Titaghur P	13	13	13-13*	3/12	3/19
5,64,03,500O								Nil	Nil	24-4*	7/06	9/19
56,95,600								Nil	Nil	24-4*	7/06	9/19
56,04,800B								Nil	18	15	16/75	18/00
3,24,20,800	3,97,86,845	1,57,39,525	10,26,69,115	1,07,73,940	537	12	Tribeni Tissue	...				
PRESSING COMPANY												
4,30,000	1,81,531	1,45,000	5,34,786	65,294	24,928	7	Camperdown	...	...	...	120/00	120/00
REAL PROPERTY STORAGE												
1,00,00,780O												
1,25,000B	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	Bengal Bonded Warehouse	...	...	...	700/00	700/00
2,00,000											101/00	101/00
25,000Dd											165/00	165/00
1,00,00,780O	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	9	Humayan Properties P	...	...	...	60/00	60/00
2,00,000Dd	7,58,697	11,25,847	8,77,051	15,97,604	6,235	4	Midnapore Commercial	Nil	Nil	2.35-4*	10/25	10/12
79,90,000											1/25	1/25
											42/00	45/25
TRAMWAYS & STEAMER												
20,00,000	4,53,770	18,50,801	11,49,498	—76,884	618	10	Bengal Assam Steamship	Nil	Nil	Nil-Nil*	40/00	40/00
6,25,000	6,52,342	7,29,818	...	2,76,704	2,558	10	Calcutta Landing & Shipping	3	6	Nil	8/25	9/00
£700,000	£2,889,537	£1,565,916	£315,682	£153,252	£2,006	12	Calcutta Tramways P	...	...	...	4/15	5/19
6,04,880	6,97,987	8,56,706	33,440	1,35,098	—633	3	Fraser & Co	...	...	...	2/56	2/56
2,47,50,000	11,40,45,033	4,54,36,418	2,02,39,857	—22,56,270	...	3	India Steamship P	8	10	Nil-Nil*	8/00	9/37
26,38,750	36,93,090	7,56,416	1,62,616	5,01,845	—7,77,604	12	Port Shipping	4	Nil	Nil-Nil*	10/50	13/44

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CAPITAL, 28th SEPTEMBER, 1972

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	
									1968	1969	1970		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	...	100	152/00	
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	Apollo	Nil	...	...	2	0/38	
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	Baroda Rayon	8	8	8	100	117/50	
3,61,41,125	2,03,942	4,911	5,29,41,763	3,86,89,251	41,34,967	1,29,92,335	5,742	Bombay Dyeing. etc.	12	12	13-13*	25	39/50	
3,54,88,200	1,18,296	2,760	13,29,50,831	17,91,06,285	12,43,04,683	11,66,59,128	...	Century P.	40	40	45	100	901/50	
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	34/00	
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	Coorla	9	9	...	100	95/50	
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	Dawn	10	10	...	50	62/50	
30,00,000	47,700	886	1,29,89,439	47,86,744	3,03,575	—2,29,847	1,578	Elphinstone P.	Nil	Nil	Nil	50	20/00	
50,00,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	Finlay	10	11	12	100	152/00	
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	Gokak	15	15	15	100	147/00	
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	10	2/02	
30,00,00,000	...	...	...	...	...	...	...	...	Nil	Nil	...	1Dd	0/36	
2,49,62,500	...	...	5,44,40,998	...	34,33,245	—31,38,833	—31,80,002	Indian Rayon P.	Nil	Nil	Nil	100	72/50	
50,00,000	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	Indore Malwa United	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	Khatam Mekanji P.	10	10	12	100	181/00	
1,04,90,900	1,20,504	1,846	1,43,20,058	1,28,29,461	10,80,024	44,56,905	12,863	Kobinor	Nil	12	17	100	163/00	
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	—24,99,262	—49,14,154	Lakshmi-Vishnu P.	Nil	Nil	...	100	98/00	
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	Morarjee Goculdas P.	15	15	15	100	140/00	
66,91,100	50,480	500	1,33,40,024	43,57,311	32,25,435	59,099	...	Mysore Spg. & Mfg. P.	Nil	Nil	Nil	10	5/52	
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	New City of Bombay	5	6	...	100	65/00	
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	New Great Eastern P.	Nil	Nil	...	100	50/00	
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	Phoenix	Nil	Nil	...	100	85/00	
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	Simplex	16	16	16	50	90/50	
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	Shree Niwas P.	5	10	...	100	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	Svadeshi P.	9	9	12	100	142/00	
36,09,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	Swan	15	12	13	100	121/50	
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	Tata	Nil	Nil	6	25	31/50	
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	Western India	9*	9*	9*	250	68/00	

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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			Paid-up per share	Latest Market Quotations as available until		
								1968	1969	1970		Rs.	Ra.	Rs.
28,48,19,000	54,03,18,992	2,309,51,069	5,67,61,310	7,22,02,669	26,574	7	CEMENT	12	12	12-12*	100	114/50	110/75	
							Associated Cement							
8,74,77,100	21,08,70,540	5,71,02,246	1,74,28,417	2,86,98,076	640	3	ELECTRIC LTG. POWER	9	9	12-9*	10†	84/00	81/50	
3,02,77,000	9,34,77,781	1,23,89,917	32,52,570	52,28,395	36,154	3	Ahmedabad Electricity	12	12	11-12*	12†	117/00	115/00	
3,08,62,525	17,32,36,060	7,09,54,506	95,51,600	1,63,63,630	5,804	3	Andhra Valley Power P.	11	11	11-12*	12†	107/00	107/50	
2,39,99,975	7,17,76,350	1,39,56,841	51,65,971	60,68,808	27,536	3	Bombay Suburban Elec. P.	12	12	12-12*		117/00	115/00	
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	117/00	115/00	
							Tata Power P.							
4,00,00,000	4,17,27,117	3,84,62,466	10,69,469	2,44,16,732	3,516	12	ENGINEERING & METAL	NIL	10	12-15*	100	248/00	248/00	
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	Associated Bearing	NIL	50	...	100	27/00	28/00	
4,51,72,090	8,65,88,248	5,78,47,971	2,44,12,757	2,61,26,790	...	7	Jost's Engineering	15	10	10-12†*14†	10	24/00	24/36	
11,00,000	24,82,776	9,19,770	3,79,367	10,04,439	2,261	7	Larsen & Toubro P.	NIL	...	...	100	82/00	30/00	
2,50,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Mckenzie's	36	40	32	50	76/50	72/00	
1,31,250F	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	Premier Construction P.	10	10	12-12*	100	262/50	260/00	
1,77,77,250	1,68,38,555	...	21,840	17,72,158	50,40,288	12	Sandvik	...	...	...	10	7/81	8/00	
7,99,97,300	17,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	Sankar Wheels	14†	14†	13-14†*	100	207/00	210/50	
38,58,01,715	1,06,01,94,089	55,58,00,520	14,65,79,877	14,12,24,932	...	3	Tata Engg. & Locomotive P.	11†	11	11-11*	75	83/00	86/00	
1,40,00,000	2,07,06,661	1,90,55,523	7,84,083	1,72,51,695	10,477	4	Tata Iron & Steel P.	9	10	10-12*	10	14/52	14/76	
							Zenith Steel							
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	INSURANCE COMPANIES	...	...	...	10	14/52	14/52	
18,74,940	25,01,134	2,88,61,155	2,61,49,442	38,951	4,65,316	12	British India General	...	...	...	15	11/80	11/00	
1,70,90,550	1,16,06,358	12,60,43,884	17,69,50,056	1,77,99,237	...	12	Jupiter General P.	40	40	40	15	36/00	37/00	
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	New India	20	20	...	10	15/52	15/52	
							Vulcan							
1,44,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	MISCELLANEOUS	12	12	12	100	147/50	147/50	
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	8,04,219	7,87,678	12	Alambic Chemical	NIL	NIL	...	100	306/00	285/00	
70,49,650	41,70,604	1,23,53,608	1,09,82,038	67,94,850	3,00,263	6	Bayer	22	22	...	50	74/00	50/50	
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,15,567	18,787	5	Belapur Sugar	14	15†	15	25	51/80	51/60	
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	Bombay Burmah Trading	9	11	11	100	280/00	250/00	
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	6	Ceat Tyres	22	12	10	100	156/00	160/00	
4,79,06,260	21,12,87,108	6,46,00,063	5,52,95,774	1,58,77,000	45,270	6	Dharangadhra Chemical	20	25	12	10	25/50	26/25	
							Great Eastern Shipping							

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CAPITAL, 28th SEPTEMBER, 19

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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	Paid-up per share	Latest Market Quotations as available until			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.	Rs.
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	MISCELLANEOUS (Contd.)	14	14	14	10	21/76	22/12
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	Hindustan Lever	7	7	8	200	104/00	103/00
11,99,900	13,82,957	7,34,142	14,05,234†	68,232	16,942	7	Industrial Invt Trust	...	...	...	100	177/00	195/00
1,24,95,600	61,65,744	95,74,496	2,03,71,096	38,51,469	6,216	11	Kemp (Chemists)	10	10	10-11*	100	77/00	76/50
3,19,98,800	10,24,08,522	7,56,48,606	75,11,530	3,45,72,768	6,674	12	Killick Nixon	28	28	32-40*	100	355/00	357/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	National Rayon	9	9	...	100	125/00	117/50
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Permanent Magnets	24	20	...	50	68/00	63/00
7,48,39,825	16,48,04,771	3,08,98,866	25,08,783	35,80,413	86,134	6	Phalton Sugar	NIL	NIL	NIL-NIL*	100	47/00	49/50
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	Premier Automobiles	10	10	11	10	17/88	18/12
1,27,72,980	45,59,05,602	18,66,12,210	27,16,96,643	2,70,72,552	5,06,469	6	Sandoz	74	74	84-114*	20	27/00	24/44
21,00,000	12,01,443	...	4,24,216	3,95,294	-2,92,250	11	Scindia Steam Navig	NIL	NIL	NIL-NIL*	10	23/84	23/84
5,74,62,660	6,38,89,149	4,09,20,991	65,01,693	2,56,20,037	19,330	12	Shivrajpur Synd	NIL	6	12-15*	100	163/50	163/50
3,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	Synthetics And Chemicals	15	15	15	10	29/00	28/25
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Chemicals P	17	19	18-18*	25	68/00	68/50
5,19,48,000	4,56,76,290	3,91,18,361	2,00,29,210	3,16,91,055	...	8	Tata Oil P	15	7	15-15*	100	218/00	205/00
4,95,00,000	4,24,16,171	2,76,57,332	1,86,60,810	1,81,42,255	...	12	Volta	11	12	12-12*	100	141/00	141/50
							Western Indip Match						

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CAPITAL, 28th SEPTEMBER, 1972

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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	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.		Kilograms	Rs.			1968	1969	1970	Rs.	Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	1.48	12	Anandam P.	Nil	Nil	Nil	10	11/75
10,98,990	13,96,078	4,83,841	...	225,168	4.34	3	Balanoor P.	15	15	15-15*	10	14/50
3,00,000	3,92,218	...	...	53,848	...	8	Balmadies P.	Nil	Nil	Nil-Nil*	2	2/10
17,32,230	13,36,710	3,36,253	...	5,59,531	1.65cts	5	Be Be P.	6	6	Nil-Nil*	5	1/95
84,00,000	1,23,85,834	14,69,845	...	11,27,000	7.50	8	Blue Mountain	Nil	Nil	Nil-Nil*	2	1/68
20,53,480	35,53,194	24,06,114	1,832	8,37,342	5.22	3	Chembra Peak	15	10	10-12 1/2*	2	2/65
32,29,536	54,21,817	28,91,936	2,627	14,99,643	3.85	2	Cochin Malabar P.	10	12 1/2	15-17 1/2*	3	4/95
32,50,000	39,31,709	30,58,661	2,710	19,48,320	...	6	Coffee Lands P.	16	16	20-20*	10	16/75
71,55,000	1,15,74,494	63,44,278	7,001	60,81,120	8,71,279	9	Consolidated Coffee P.	18 1/2	18 1/2	15-18*	10	26/75
5,66,730	22,17,651	13,84,267	174	29,08,68	3,26,850	9	Coonor P.	20	20	20-7 1/2*	10	28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1.52	3	Coorg P.	10	10	10	2	2/12
6,00,000	11,82,508	2,17,761	...	1,57,785	1.47	3	Cottanad Plantation P.	10	15	Nil-10*	10	15/75
6,00,000	8,89,831	4,80,155	...	3,25,310	2.66	12	Devashola (Nilgiri)	5	9	Nil-10*	10	13/75
7,50,000	9,14,644	3,31,040	...	1,38,386	4.26	3	Devon P.	15	15	15-15*	10	14/75
4,50,000	3,38,952	1,26,500	...	1,12,936	2.66	12	Emerald Valley	20	20	10-8*	5	10/60
25,00,000	3,64,462	20,000	...	62,830	...	12	Gokul	15	15	15	2	4/10
11,85,700	17,77,500	10,77,705	...	17,21,550	2.04	12	Hailevburia P.	10	8	10	10	7/65
9,00,000	28,02,058	7,23,749	...	9,59,804	1.67	3	Kailas	15	15	15-15*	2	3/17
9,00,000	12,32,263	7,23,749	378	3,14,942	...	3	Kalasa Tea Produce	14	16	15-15*	2	3/17
7,17,076	28,48,525	14,32,010	811	4,62,975	5.54	10	Kil Kotagiri P.	15	15	15-15*	2	2/36
5,00,000	9,11,259	1,21,604	267	305,757	2.81	12	Lucky Valley	10	10	...	10	21/00
3,50,000	19,78,359	9,14,031	1,785	3,42,784	4,63,747	3	Malankara	22 1/2	35	25	10	28 1/2

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RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees) Week Ended			
	8-9-72	1-9-72	10-9-71
Liabilities—			
Notes in Banking Dept. ...	32,91,07	58,95,04	16,31,03
Notes in Circulation ...	46,69,10,25	46,04,70,58	43,56,75,20
Total Notes Issued ...	47,02,01,32	46,63,65,62	43,73,06,23
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,11,65,38	2,11,65,38	1,93,42,00
Total of A ...	3,94,18,49	3,94,18,49	3,75,95,11
B. Rupee Coin ...	33,51,60	35,16,11	44,10,76
Rupee Securities ...	42,74,31,23	42,34,31,02	39,53,00,36
Total ...	47,02,01,32	46,63,65,62	43,73,06,33
BANKING DEPARTMENT			
Liabilities—			
Capital Paid-up ...	5,00,00	5,00,00	5,00,00
Reserve Fund ...	1,50,00,00	1,50,00,00	1,50,00,00
National Agricultural Credit (Long Term Operations) Fund ...	2,09,00,00	2,09,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund ...	15,00,00	45,00,00	39,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,75,00,00	1,75,00,00	1,35,00,00
Deposits—			
(a) 1. Central Govt. ...	52,67,31	54,88,48	54,70,45
2. State Govts. ...	48,76,32	25,64,91	6,81,70
(b) Banks—			
(i) Scheduled Banks ...	2,88,61,28	2,74,13,96	2,04,62,58
(ii) State Co-operative Banks ...	11,43,12	11,33,57	10,73,15
(iii) Non Scheduled State Co-operative Banks ...	98,84	96,64	82,15
(iv) Other Banks ...	42,40	46,08	38,00
(c) Others ...	1,29,65,81	1,17,57,97	73,82,03
Bills Payable ...	43,17,87	42,08,82	36,63,00
Other Liabilities ...	2,99,54,48	3,26,47,19	1,55,87,48
Total ...	14,64,27,43	14,37,57,62	10,63,40,54
Assets—			
Notes ...	32,91,07	58,95,04	16,31,03
Rupee Coin ...	3,09	5,55	4,24
Small Coin ...	2,55	2,71	3,97
Bills Purchased and Discounted:—			
(a) Internal ...	1,36,60	1,41,90	19,63,81
(b) External ...	6,26,37,00	4,16,07,02	74,89,12
(c) Govt. Treasury Bills ...	1,42,90,46	1,41,77,29	1,94,47,58
Balances held abroad ...	1,89,21,41	3,78,78,47	1,20,91,67
Investments ...			
Loans and Advances to:—			
(i) Central Government ...	24,16,00	6,14,00	1,37,85,31
(ii) State Governments ...	4,95,05	2,63,00	77,85,05
Loans and Advances to:—			
(i) Scheduled Banks ...	1,88,75,67	1,77,49,76	2,27,83,36
(ii) State Co-operative Banks ...	5,19,97	5,78,97	2,29,24
(iii) Others ...			
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...			
(a) Loans and Advances to:—			
(i) State Govts. ...	53,68,84	53,68,83	42,02,68
(ii) State Co-operative Banks ...	21,55,03	21,62,35	22,80,63
(iii) Central Land Mortgage Banks ...			
(iv) Agricultural Refinance Corp. ...	5,00,00	5,00,00	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,60,85	10,60,85	10,64,11
Loans and Advances to State Co-operative Banks ...	28,68,06	28,69,08	21,52,43
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	92,31,94	92,31,34	59,26,21
the Development Bank ...			
Other Assets ...	36,53,84	36,50,86	35,00,20
Total ...	14,64,27,43	14,37,57,62	10,63,40,54

SCHEDULED BANKS

(In lakh of Rupees) Week Ended				
	8-9-72	1-9-72	10-9-71	
(i) Demand Liabilities—				
(a) Demand Deposits: ...				
(1) From Banks ...	2,33,31	2,11,01	1,56,05	
(2) From others ...	33,96,75	34,02,22	28,51,92	
(b) Borrowing from Banks ...	46,62	51,31	73,80	
(c) Others ...	2,55,23	2,49,46	1,90,18	
(ii) Time Liabilities—				
(a) Time Deposits: ...				
(1) From Banks ...	2,06,67	2,02,44	1,32,22	
(2) From others ...	45,07,29	45,04,14	37,64,33	
(b) Borrowing from Banks ...	10,57	9,82	12,06	
(c) Others ...	50,98	52,18	45,66	
(iii) Borrowing from State Bank—				
(a) Demand Liabilities ...	12,04	10,38	11,80	
(b) Time Liabilities ...	86,86	87,75	75,30	
(iv) Borrowing from Reserve Bank ...	2,37,04	2,25,92	3,44,39	
(v) Cash ...	1,99,33	2,04,50	1,65,50	
(vi) Balances with Reserve Bank ...	2,56,10	2,87,66	2,12,27	
(vii) Balances with other banks in current account ...	94,88	1,01,41	75,18	
(viii) Money at call and short notice ...	80,38	83,72	95,63	
(ix) Investments in Central and State Govt. Securities ...	21,88,72	20,81,18	15,85,63	
(x) (a) Loans, Cash Credits and Overdrafts ...	43,42,18	43,79,04	38,82,97	
(b) Due from banks ...	4,61,33	4,43,33	4,51,51	
(xi) Inland Bills purchased and discounted ...	8,14,76	8,36,08	7,94,79	
(xii) Foreign bills purchased and discounted ...	2,06,03	2,05,76	2,16,19	
(xiii) Total of X, XI and XII ...	58,24,30	58,64,21	53,45,46	

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	1891.92	1567.52
1971		
April	144.33	127.12
May	159.15	132.16
June	184.08	124.60
July	178.87	154.18
August	145.19	127.29
September	153.25	117.57
October	130.88	125.11
November	159.56	134.84
December	188.45	143.61
1972		
January	177.79	143.37
February	152.05	134.86
March	142.97	156.85

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

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		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of issue		Repayable		Market quotations		Interest		Amount		Year of	
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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 25-9-72	Rs.
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.			1968	1970	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†	10	8/22
18.00,000	446	42,80,380	9,61,678	12,200	19,38,541	12	12	Alexandra P.	Nil	...	100	42/00
30.00,000	1,264	43,75,072	12,78,750	2,85,586	18,27,284	5	5	Alliance P.	2†	...	100	40/50
59.04,000	2,581	1,72,65,253	1,22,78,484	88,95,860	34,64,292	10,009	3	Ando-India P.	Nil	5-7†	100	106/00
40.00,000	810	1,50,44,057	12,63,716	4,63,675	25,93,968	24,424	3	Auckland P.	Nil	10-10†	100	64/00
20.00,000	959	1,02,10,303	46,32,069	6,64,478	15,79,586	58,292	3	Bally P.	Nil	Nil-Nil†	£5	13/00
£275,000	1,889	£354,948	£248,568	£112,879	£5,282	1,33,355	6	Barnagore P.	Nil	Nil-Nil†	£5	70/00
45.00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	40,062	3	Bengal P.	15	9-11†	10	2/25
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	48,461	6-12	Birla	Nil	12-6*	10	23/95
7,47,880	502	12,59,648	4,17,988	1,73,420	61,070	...	11	Calcutta P.	Nil	...	10	7/00
1,64,75,540	3,721	1,90,14,205	1,14,48,403	21,57,917	26,72,880	7,332	11	Budge-Budge Amal	5	5	100	112/00
18,00,000	616	54,89,909	40,88,698	4,33,492	19,56,178	2,73,273	3	Caledonian P.	Nil	5-Nil†	10	13/00
29,58,200	1,400	1,04,86,571	1,15,61,287	3,58,455	3,37,639	2,98,286	7	Chandany P.	Nil	Nil-Nil†	10	11/25
30,15,000	500	43,86,873	37,80,614	18,71,031	25,08,126	14,01,691	7	Chitavaksh P.	Nil	Nil-Nil†	100	59/25
37,49,200	766	1,13,61,961	19,99,699	8,87,958	7,16,245	14,46,346	7	Dalhousie P.	Nil	Nil-Nil†	10	5/50
30,00,000	500	27,63,874	14,93,600	14,69,475	8,47,643	...	3	Empire P.	Nil	Nil-Nil†	10	14/00
41,99,250	1,014	1,50,10,198	34,03,848	7,00,361	31,65,636	2,901	3	Fort William P.	7†	7†-7†	10	7/00
84,32,100	1,709	1,66,66,961	88,17,046	1,47,864	3,87,887	22,355	3	Ganges P.	2†	2†-1†	100	8/25
48,00,000	1,384	1,03,04,222	71,93,905	14,53,597	41,24,845	...	3	Gourepore P.	Nil	Nil-Nil†	10	102/00
80,00,000	1,078	1,41,50,186	86,43,721	1,01,75,234	22,59,603	...	3	Hastings P.	Nil	Nil-Nil†	10	13/44
65,62,500	720	77,32,792	14,21,763	7,38,937	17,43,248	16,51	3	Howrah P.	Nil	Nil-Nil†	7†	12/75
52,50,000	2,272	2,55,34,589	27,72,560	21,39,817	19,29,841	...	3	Hukumchand P.	Nil	Nil-Nil†	10	6/37
16,80,000	2,272	3,14,35,248	57,53,568	10,66,375	11,13,303	...	3	India	68	4-8-8†	12†	9/00
87,30,000	1,118	1,04,84,696	75,43,095	40,76,313	37,14,080	10,651	3	Kamarhatti P.	Nil	Nil-Nil†	100	103/00
43,20,000	1,997	64,57,437	16,60,818	2,52,620	16,65,571	...	12	Kankarhar P.	Nil	Nil-Nil†	100	41/50
54,00,000	1,527	67,94,246	1,36,374	1,89,284	2,36,689	1,15,74,559	5	Kelvin P.	Nil	Nil-Nil†	100	65/00
77,00,000	703	1,34,84,252	22,90,246	13,27,100	7,05,912	29,74,746	5	Kinnison P.	Nil	Nil-Nil†	100	39/00
67,50,000	1,530	99,10,701	28,48,377	9,86,592	29,35,04C	...	3	Megna	Nil	Nil-Nil†	100	3/81
59,96,400	1,337	1,67,09,076	36,01,376	19,55,478	62,85,530	...	3	Nahati P.	Nil	Nil-Nil†	100	28/00
81,65,200	1,283	2,24,34,175	32,50,383	20,56,128	5,26,808	17,816	4-10	Nackarpara	Nil	Nil-Nil†	100	3/75
29,98,900	815	97,08,304	1,06,69,444	13,97,686	10,99,246	...	10	National P.	Nil	Nil-Nil†	10	4/62
20,00,000	425	1,07,89,854	15,55,000	26,11,429	3,36,343	...	3	Nellimarla P.	Nil	Nil-Nil†	10	10/75
36,75,000	852	3,27,07,154	1,06,69,444	13,97,686	10,99,246	...	3	New Central P.	Nil	Nil-Nil†	10	8/25
2,56,00,000	1,765	3,08,96,118	2,42,19,122	26,90,981	18,43,066	...	3	Nuddica	Nil	Nil-Nil†	10	4/25
16,79,880	567	1,20,68,442	21,73,203	3,78,132	23,04,750	...	12	Presidency	Nil	Nil-Nil†	5	0/90
66,79,500	1,092	1,04,30,951	35,74,849	3,87,802	29,25,207	14,956	7	Rameshwara P.	Nil	Nil-Nil†	10	11/12
25,00,000	400	23,02,605	6,08,654	7,76,711	19,57,979	...	3	Reliance P.	Nil	Nil-Nil†	10	8/31
20,00,000	305	24,85,278	7,10,286	1,10,734	3,10,181	...	3	Shree Ambica P.	Nil	Nil-Nil†	10	7/50
49,50,000	1,276	1,57,72,816	1,06,24,172	12,70,235	36,65,225	...	3	Titachur P.	Nil	Nil-Nil†	10	10/00
30,00,000	911	47,47,618	15,81,656	27,81,998	2,18,198	...	9	Union P.	Nil	Nil-Nil†	100	56/00
£1,992,722	1,704	£1,220,775	£455,898	£38,677	£385,385	£1,327	12	Waverley P.	15	6	...	3/75
35,98,600	1,326	75,21,073	60,455	4,37,186	18,48,343	34,63,090	3					
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5					

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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.

Latest Market Quotations as available until										
			Dividend per cent			Paid-up per Share		13-10-72		
			1968			1970		25-9-72		Rs.
Reserve & other Funds			NAMES							
Paid-up Capital Ordinary	Net Block Account	Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed				
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					
51,00,000	71,35,601	50,54,428	4,48,663	20,49,328	11,473	3	Amalgamated	7½	10	10/31
120,00,000	4,60,27,970	3,73,73,255	27,49,322	4,84,269	...	10	Bengal P.	12	12	44/50
4,49,350	4,37,882	1,30,132	91,796	43,397	4,471	10	Bengal Bhatdee	...	...	3/50
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	Bengal Nagpur	5	2½	5/25
15,97,000	25,07,455	4,47,308	14,214	2,45,265	-6,47,481	9	Bhagora	Nil	Nil	1/20
7,15,000	14,96,845	11,02,672	64,329	3,06,406	-4,92,536	12	Bhulanbarree	Nil	Nil	8/56
16,00,000	38,87,275	16,18,636	7,185	1,21,936	-79,196	6	Bokaro & Ramgur	...	12½	12/00
15,00,000	42,47,955	27,76,392	9,31,166	5,13,268	...	12	Borra P	5	12	8/00
1,21,23,300	3,45,54,630	1,62,07,145	41,50,189	10,70,492	...	12	Burrakur P	Nil	12-5*	4/00
8,00,000	9,74,804	6,16,228	1,61,693	46,450	-5,34,766	6	Central Kurkend P.	Nil	Nil	4/25
16,00,000	25,01,305	Nil	19,429	-6,45,261	-5,39,034	12	Dhemo Main	Nil	Nil	0/97
£614,000	£1,336,903	£592,036	£224,897	£128	-£303,832	4	East Indian	Nil	Nil-Nil*	1/12
29,63,760	2,06,08,803	1,35,30,025	15,86,501	-27,12,505	-1,60,97,810	12	Equitable P.	Nil	Nil	1/50
15,00,000	26,44,248	2,30,000	16,401	2,89,347	-11,61,930	12	Ghustick & Muslia P.	Nil	Nil-Nil*	11/05
8,00,000	5,43,022	...	16,702	-10,172	-3,65,025	3	Huriladth	...	...	1/43
15,00,000	21,64,011	6,66,585	1,12,18,92	49,054	...	12	Karapura Development	Nil	5-5*	12/19
50,00,000	33,65,454	34,26,999	3,23,783	17,29,065	...	2	Karapura Collieries P.	12	20-10*	6/00
18,90,460	50,12,478	10,46,259	10,46,257	5,19,841	...	1	Katras Jheriah	10	10	7/06
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	Khas Kajora P.	8	...	9/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	Nazira	...	16	1/18
31,97,210	72,34,903	69,43,971	1,69,302	15,52,713	...	10	New Beerbhoom P.	12	16	5/69
10,00,000	14,60,892	3,25,512	19,872	2,87,458	-1,98,283	3	New Manbhoom	Nil	Nil	2/91
1,15,000	21,64,011	6,66,585	11,21,892	49,054	...	12	North West	7½	5	5/25
1,57,500	86,95,091	18,35,371	4,30,954	2,99,204	3,757	12	Paraseca P.	6½	...	14/19
16,68,000	47,55,061	34,20,575	4,26,425	8,17,254	2,826	3	Pench Valley	7½	10	10/31
52,48,010	1,35,82,461	66,87,133	21,09,194	4,61,277	26,342	3	Raneegunge	7½	10	10/50
40,50,000	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12	Rewa	15	20	19/62
26,95,000	35,74,393	20,87,115	4,28,926	11,19,774	...	8	South Karanpura	10	20-20*	9/00
99,97,000	1,87,61,070	78,41,667	14,18,967	28,44,722	11,360	3	Western Bengal	7½	8	8½-8½
										7/31
										6/56

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CALCUTTA COTTON MILLS

Po. and P.L. 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		Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividend per cent			Paid-up per Share	Latest Market Quotations as available until
			Premium & Forfeited Shares if any	Fortified						1968	1969	1970		
Ra.		Ra.	Ra.	Ra.	Ra.	Ra.	Ra.							25-9-72 13-10-72
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	...	10	2/75 2/75
1,50,00,000	24,000	...	4,21,62,926	1,46,53,396	18,28,484	5,93,579	...	12	Bharat Commerce P	15	15	12-12*	10	16/52 19/00
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129				Birla Cotton	10	10	Nil-Nil*	10	11/06 11/06
60,95,340	60,336	937	1,85,11,743	57,22,577	4,07,955	—16,32,645	...	12	Bowreah P	17½	17½	12½-10*	10	12/56 12/75
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	—4,33,646	5,051	12	Cawnpore Textile	10	8	Nil	5	2/31 2/31
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	6	12	...	25	46/16 41/34
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	—14,01,836	...	12	Dunbar	Nil	Nil	Nil	10	9/50 9/50
94,50,000	1,20,006	2,302	1,85,74,978	1,60,01,763	2,23,992	—19,04,302	5,050	12	Elgin P.	8	8	6-Nil*	10	6/25 6/87
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	5	6	...	10	6/90 8/80
29,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	—23,27,825	...	12	Jaya Shree P.	Nil	Nil	...	10	7/25 7/56
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	10	2/94 2/94
17,50,000	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	...	12	Swadeshi (Kanpur) P.	5	5	...	10	11/50 11/50
1,57,50,000Po										10.71	10.71	...	10	5/94 5/94

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CAPITAL, 26th OCTOBER, 1972

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	Net Profits including taxation	Account closed	NAMES	Dividend per cent			Paid-up Share	Latest Market Quotations as available until	
				1969 Kgs.	Rs.	1970 Kgs.					Rs.	1971 Kgs.	Rs.		1968	1969
															</	

*1972

*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.

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	Dividend per cent	Paid-up Share	Latest Market Quotations as available until
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	25-9-72 13-10-72
MININGS										
£2,369,769	...	£285,782	£499,650	£620	£201,716	12	Burma Mines	Nil	Nil	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	...	4/50
15,00,000Dd	£5,928,979	£4,223,766	£467,079	£1,718,357	...	12	Indian Copper Corporation	Nil	...	3/12
£2,571,188	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8	Metal Corporation P.	9	11.1	2/36
2,39,52,727	37,75,579	49,67,625	52,84,194	20,16,808	...	6	Orissa Mineral Development	5	10	4/69
60,00,000	...	...	...	...	...	...	...	...	12 1/2-12 1/2	4/69
CEMENT, LIME, SLATE, ETC.										
59,90,843	1,20,04,528	25,32,469	15,55,034	...	...	3	Ashoka Cement	7	6	4/56
55,23,546	1,04,34,291	40,16,797	18,888	-10,73,604	...	6	Bengal Potteries	9	Nil	2/00
50,00,000	1,12,66,361	54,86,925	3,96,676	16,96,367	...	3	Bisra Stone Lime	12 1/2	15	12/75
2,86,93,580	2,74,91,554	4,09,16,982	3,00,99,367	1,63,78,566	...	12	Dalmia Cement (Bharat) P.	12 1/2	12 1/2	12/25
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	Jaiपुर Udvog P.	10	10	9/40
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	6	8	10/37
50,00,000	1,12,39,538	1,11,98,264	2,07,629	70,46,865	...	12	Kumardhubi Fireclay & Silica P.	Nil	20-20*	18/45
2,70,00,000	3,37,00,240	4,19,53,760	63,13,397	2,38,65,541	...	12	Orissa Cement P.	11	12 1/2	19/00
6,00,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	Reliance Firebricks & Pottery	Nil	Nil	6/62
75,00,000	63,28,018	44,95,600	5,26,119	12,18,198	6,195	12	Sone Valley Portland Cement	Nil	Nil	1/44
20,23,220	19,04,888	9,55,192	6,25,936	2,98,200	4,855	12	Sutna Stone & Lime	15	15-15*	13/75
CHEMICAL INDUSTRIES										
4,34,00,000	6,99,57,635	2,76,85,273	1,10,67,826	2,68,57,419	78	9	Alkali & Chemical Corp of (I)	5	10	24/62
15,00,000Q	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	Bengal Chemical & Pharm P.	7 1/2	Nil	34/50
£2,54,700R	48,64,215	38,79,462	29,37,560	8,09,316	11,483	6	Calcutta Chemical P.	18	18	10/81
30,00,000	5,17,90,980	2,92,84,411	25,62,431	3,35,94,149	305	9	Chemicals And Fibres	27 1/2	27 1/2	31/37
5,34,54,550	1,31,355	1,33,245	41,188	1,15,552	210	2	Frank Rose P	Nil	2 1/2	1/37
4,95,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	Indian Explosives	15	15	20/00
4,80,20,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	Smith Stanistreet P	15	15	3/50
30,00,000	...	...	...	...	...	...	...	...	...	4/12
ELECTRIC LIGHTING, POWER										
19,99,600	2,78,34,554	48,06,732	15,68,313	-1,67,752	...	3	Agra Electric	10	10-10*	115/00
8,00,000	99,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	6	10	13/81
17,00,000	1,23,17,670	60,56,232	1,78,574	831	...	3	Behares Electric	6	Nil	13/00
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,207	3	Bhagalpur Electric Supply	11	...	8/50
£4,262,644	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	Calcutta Electric Supply P.	9	12-10*	9/25
43,20,000	1,10,73,188	52,45,587	35,65,119	25,36,602	36,929	3	Dishergarh Power Supply P.	9	9-9*	8/87
										9/94

CAPITAL, 26th OCTOBER, 1972

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 Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.
22,49,700	71,82,278	34,32,158	8,71,820	2,03,107	579	3	Jubbulpore Electric	10	10	10	10	9/69
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Mirzapur Electric Supply	Nil	...	...	9	4/00
5,82,300	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzafferpore Electric Supply	10	10	...	10	12/25
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	Muttra Electric	10	10	12	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	11	11	11-12*	10	12/25
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	10	8	10-10*	10	6/50
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	11	10	11-13*	10	13/00
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	...	...	...	10	6/75
50,00,000	41,79,909	40,56,968	4,60,972	11,78,441	2,116	12	Bhartia Electric Steel	2 1/2	Nil	4-5*	10	8/62
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	Nil	Nil	...	10	3/00
36,00,000	31,68,658	76,85,591	5,30,506	67,669	...	12	Bridge & Roof	10	8	2 1/2-Nil*	10	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	...	...	10	2/19
3,36,00,000	2,50,28,481	4,19,668	67,36,099	-47,52,044	-72,02,546	4	Burn P (Engineering)	Nil	Nil	Nil-Nil*	100	54/00
1,00,00,000	78,72,496	35,76,143	1,33,735	11,37,399	20,066	3	Calcutta Steel	12 1/2	Nil	5	10	7/81
80,00,000	1,15,71,041	1,08,05,000	10,64,931	43,90,387	4,372	9	Electrosteel Castings	Nil	Nil	6-10*	10	15/75
6,32,18,740	13,45,53,632	13,45,53,632	4,80,70,359	9,44,30,367	...	12	Guest Keen Williams	Nil	8	16-20*	10	33/20
17,50,000	19,81,222	4,69,100	44,641	-47,13,357	-92,69,970	12	Hooghly Docking	Nil	Nil	Nil-Nil*	50	28/00
24,88,17,980	65,39,32,169	42,44,61,83	4,74,98,058	3,68,75,944	...	3	Indian Iron & Steel P	Nil	5	6-6*	10	6/05
3,65,000	11,52,812	14,001	1,82,994	-4,15,836	-4,03,294	3	Indian Malleable Casting	...	...	...	5D	2/00
1,54,000Dd	...	...	...	...	...	3	Indian Standard Wagon P	...	...	...	1	0/50
1,55,94,000	54,26,818	31,84,791	34,18,507	-82,15,695	-1,22,14,432	3	...	Nil	Nil	Nil	10	3/62
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	20	20	20-20*	10	24/07
18,00,110	8,12,705	14,81,244	20,005	4,82,056	...	12	Industrial Containers	8	12 1/2	12 1/2-10*	10	11/50
1,97,43,750	2,92,42,313	1,32,43,055	32,49,297	62,29,372	...	3	Jay Engineering P.	8	10	8-10*	10	11/50
60,00,000	1,58,13,049	34,97,297	12,59,358	12,39,173	...	6	J. K. Steel P	Nil	Nil	Nil-Nil*	10	8/31
2,04,00,000	5,24,51,937	58,08,258	72,36,745	-52,43,917	...	10	Jessop & Co. P	Nil	Nil	Nil-Nil*	10	3/81
76,99,599	2,05,24,655	44,04,697	7,51,935	5,64,670	-14,88,064	11	Kumardhubi Engineering P	Nil	Nil	Nil	3	4/50
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,795	6	Marshall Sons (India)	Nil	Nil	Nil	2	4/06
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	Saran Engineering	Nil	6	10-6*	10	0/90
60,00,000	38,16,740	42,02,195	1,31,67,024	34,83,175	...	12	Simon-Carves	7	8	15-15*	10	9/44
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	Nil	Nil	...	10	14/19
21,00,110	18,80,041	31,95,945	72,948	18,61,059	...	12	Steel Containers	20	20	20	10	4/69
30,00,000	3,46,85,121	1,75,93,168	16,18,295	2,07,33,885	26,409	12	Textile Machinery	Nil	Nil	...	10	20/94
24,98,770	10,37,976	1,72,445	95,723	-10,57,577	-2,93,669	3	Wellman Incandescent	8	8	10-Nil*	10	7/95

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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.			1968	1969	1970	Rs.	Rs.
SUGAR BREWERIES ETC.												
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	Balarampur Sugar	8	10	10	2½	2/87
29,23,537	22,66,893	21,20,700	12,46,379	11,58,281	37,813	9	Belsund Sugar	13½	13½	13½-18½*	7½	6/12
15,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	Bharat Sugar P.	13½	18½	Nil	10	10/81
32,00,000	35,16,933	72,08,155	1,78,079	13,45,271	...	9	Carew (Sugar) P.	6	Nil	Nil	10	6/00
30,00,000	1,09,94,218	20,28,064	16,86,026	3,86,111	-98,54,689	10	Cawnpore Sugar P.	Nil	Nil	Nil-Nil*	10	3/25
18,00,000	47,67,752	57,47,706	12,47,451	3,56,145	-16,39,071	6	Champanur Sugar P.	15	5	Nil-Nil*	10	10/44
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	Durbhanga	10	7½	Nil	10	2/81
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Savan Sugar and Gur	Nil	Nil	...	10	2/00
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purnabpur Sugar P.	Nil	Nil	...	10	5/50
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Ramnagar Cane & Sugar P.	20	10	6	10	4/25
65,00,000	98,92,935	5,13,700	90,088	8,92,545	-1,51,49,295	10	Raza Buland	Nil	Nil	Nil-Nil*	10	1/56
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	Ryam Sugar P.	Nil	Nil	Nil	10	2/12
11,99,000	22,10,161	18,54,067	2,09,163	-2,24,407	-2,20,853	6	Shree Krishna Granoday Sugar P.	6	Nil	Nil	10	5/56
40,00,000	1,00,22,238	18,34,483	5,60,693	-6,11,276	...	7	Shree Sitaram Sugar	5	Nil	...	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	...	10	0/33
16,00,000	42,22,843	19,40,304	2,03,163	-11,15,414	-9,17,147	9	United Provinces	12½	10	5	10	5/50
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	8½	10	...	10	11/56
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.	12	10	Nil	10	5/87
2,00,00,000	1,11,31,101	31,64,369	2,20,83,574	-28,79,900	-20,74,845	12	Andrew Yule P.	10	10	Nil-Nil*	10	6/19
45,00,000	21,08,091	41,32,092	16,15,805	8,78,163	7,745	12	Angelo Bros.	17½	7½	Nil	10	3/87
50,00,000	51,31,822	68,22,629	34,88,627	60,38,048	...	12	Assam Match	15	17	20	10	22/12
2,12,40,000	1,51,62,982	1,96,52,643	47,28,730	1,98,20,213	...	8	Associated Battery	16	18	20-20*	10	...
13,99,998	26,77,314	27,24,034	7,342	1,52,254	...	9	Assam Saw Mills & Timber	10	10	10	10	3/22
1,44,03,000	47,27,247	1,07,27,103	83,56,085	-20,58,464	...	12	Balmer Lawrie & Co.	8	8	8-Nil*	100	74/00
12,00,000	10,18,311	24,26,777	1,96,804	6,40,179	...	3	Bararce Coke	20	20	15 1/2*	10	4/50
20,00,000	...	12,33,387	60,20,330	3,65,454	...	9	Birds Investments P.	Nil	Nil	15 1/2*	10	6/05
2,65,60,500	2,69,62,492	2,84,09,721	73,75,842	1,90,60,160	...	3	Britannia Biscuit P.	15½	18	22-16*16*	10	26/37
3,25,00,000	95,93,193	3,16,34,118	1,50,80,755	1,17,40,873	520	12	British India Corporation P.	Nil	Nil	71-5*	5	5/81
75,00,000	40,55,543	80,69,118	5,07,823	43,49,118	190	12	British Paints	10	12½	12½	10	18/44
6,70,00,000	4,43,03,788	8,25,29,835	3,22,33,731	4,68,92,569	...	6	Brook Bond India	13½	17½	20-20*	10	25/12
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	Calcutta Silk Manufacturing P.	5	5	...	10	6/87
1,38,80,000	...	11,90,378	99,47,020	9,82,906	29,802	12	Clive Row Investment	4½	...	3.6-5*	10	6/31
1,30,68,000	44,43,937	2,12,31,701	3,03,58,518	43,80,512	1,701	12	Duncan Brothers & Co. P.	12	12	12-12*	100	125/00
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	20	20-20*	10	26/05

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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 Shares	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.
76,89,000	12,886	72,15,524	1,73,93,710	8,56,617	...	12	Eastern Investments P.	4 1/2	9 1/2	10-7*	10	6/00
8,00,000	1,30,000	17,53,593	26,45,450	1,14,087	...	12	Garuda Investments	5	10	10-10*	10	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.	Nil	Nil	...	10	10/00
1,35,85,000	3,56,80,015	1,48,43,668	5,64,469	18,42,571	...	3	Fort Gloster P.	2 1/2	2 1/2	7 1/2*	100	224/00
30,00,000	34,79,154	46,960	11,48,349	-15,43,626	-8,57,415	3	French Motor Car	Nil	Nil	Nil	20	14/12
14,00,000	29,96,242	26,97,025	1,07,757	50,662	14,537	12	Ganges Rope	15	7 1/2	7 1/2*	100	118/00
65,00,000	32,16,777	82,84,418	1,17,24,532	38,46,149	...	12	Gillanders Arbuthnot & Co. P.	12	6	10-12*	10	9/06
60,00,000	1,11,02,321	1,64,22,765	62,728	1,49,24,337	...	3	Godfrey Phillips (India) P.	35	12 1/2	57 1/2-35*	10	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	17 1/2	47 1/2	10	43/75
60,00,000	85,99,204	89,83,480	15,36,551	56,83,645	50,050	6	Gramophone Co.	Nil	15	15-17 1/2*	10	26/50
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	Great Eastern Hotel	Nil	Nil	Nil	250	119/00
5,99,15,000	12,12,97,091	1,57,327	36,27,386	4,65,783	-1,90,67,933	12	Hindustan Aluminium P.	10	10	12 1/2	10	17/44
13,16,52,080	42,95,80,819	9,66,13,650	1,34,39,528	2,84,296	5,08,570	3	Hindustan Motors P.	12 1/2	10	Nil	10	6/75
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	Hindustan Pilkington P.	10	8	8	10	6/09
73,89,685	1,32,59,144	55,33,981	3,53,018	28,56,511	...	3	Hindustan Sanitaryware	10	10	10-8*	10	16/87
35,20,000	38,70,309	...	28,22,894	32,82,526	-24,61,728	12	Hoare Miller & Co.	...	...	...	10	1/00
60,00,000	2,61,55,040	1,99,83,908	2,23,962	38,94,334	2,019	6	India Carbon P.	16	16	16-18	10	30/50
18,94,72,008	12,54,72,008	19,28,02,459	1,76,18,525	7,58,96,179	...	3	India Tobacco	11	13	13 1/2-14 1/2*	10	16/37
12,01,29,907	51,33,43,722	23,97,31,390	82,99,724	8,84,19,359	669	12	Indian Aluminium P.	14	14	14-17*	10	30/20
4,14,42,410	2,45,25,889	4,03,51,806	42,01,913	1,99,41,995	...	3	Indian Cable	5	2 1/2	2 1/2-15*	10	20/75
4,62,00,000	6,38,04,037	5,72,17,647	44,41,845	2,01,58,480	...	9	Indian Oxygen	12	12	14-14*	10	21/60
8,27,070	8,87,019	12,42,783	10,00,551	12,01,372	53,791	3	Indian Rubber Manufacturers P.	Nil	Nil	Nil	10	4/50
36,00,000	3,27,367	23,27,768	6,65,286	9,23,042	...	9	Indian Wood Products	9	15	9-10*	10	8/75
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	12 1/2	12 1/2	15	10	45/00
2,00,00,000	34,05,575	1,46,21,613	5,60,66,475	15,68,387	...	3	Jardine Henderson P.	4	Nil	Nil	100	35/00
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.	10	10	11	10	14/87
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,89,365	...	3	Keonam Industries P.	13 1/2	Nil	Nil	10	17/70
28,00,000	8,09,081	7,05,791	42,08,535	-6,07,077	...	3	Lawrence Investment P.	Nil	Nil	Nil	100	40/50
66,00,000	3,17,363	6,02,938	8,21,617	-14,078	-4,849	3	Macfarlane & Co.	Nil	Nil	...	100	2/00
1,50,00,000	2,22,97,239	1,35,41,279	2,00,49,020	26,44,596	10,434	12	Macmillan & Barry P.	5	10	6-Nil*	10	41/25
2,20,68,370	87,69,962	1,18,40,997	2,20,50,875	66,42,426	6,075	9	Martin Burn Ltd. P.	5	5	10-10*	10	5/81
47,12,000	16,00,806	70,83,368	2,43,14,304	-8,832	46,680	12	McLeod & Co. P.	Nil	Nil	...	100	93/00
6,64,12,500	8,55,94,455	3,42,60,151	1,04,93,946	1,85,48,253	34,234	3	Meral Box Co. of India P.	9	9	6.8-9*	5	12/87
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)	9	10	12-10*	10	8/84
2,02,50,000	6,42,150	1,12,33,491	24,58,449	35,98,163	...	3	National Insulated Cable P.	5	5	10.8*	10	8/06
60,00,000	30,83,129	15,61,776	2,51,353	-5,28,993	...	9	National Prices & Timber P.	2 1/2	2 1/2	4-Nil*	10	5/75
64,00,000	27,90,365	10,84,447	24,496	28,669	36,426	12	National Rolling & Steel Rope	5	5	Nil	10	4/87
23,31,600	1,08,74,661	78,05,713	28,75,516	23,55,797	...	12	National Rubber P.	12	5	Nil	10	6/44
79,79,000	79,90,738	2,19,79,083	51,23,324	49,14,579	...	12	National Tobacco P.	8 1/2	9	10	10	12/75
50,00,000	349	22,04,845	46,17,593	3,59,824	7,563	12	New India Investment Corpn	3 1/2	4	...	75	50/00

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	
								1968	1969	1970		25-9-72	13-10-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs.	
MISCELLANEOUS (Contd.)													
7,50,000	1,45,424	14,17,824	26,24,396	2,06,371	...	12	Ondal Investments	7½	10	10-10*	10	14/10	
1,06,25,000	1,15,52,807	1,16,24,371	71,27,888	56,84,173	...	12	Phillips Carbon	15	15	15-12*	10	15/75	
5,46,00,000	8,46,74,417	5,07,60,571	1,25,85,376	6,72,31,786	...	3	Phillips India	20	23	20	10	45/62	
9,15,840	1,21,513	5,48,306	5,58,468	2,24,446	3,421	8	Publicity Society	15	10	15-10*	4	5/00	
2,25,00,000	1,70,09,152	1,63,07,489	8,17,04,611	1,38,08,197	...	3	Rail India P.	13	13	13-14*	100	170/00	
5,00,00,000	9,03,40,428	1,57,26,775	79,35,968	46,59,568	9,26,674	9	Rohas Industries P.	Nil	Nil	Nil-Nil*	10	3/95	
46,20,000	30,70,796	50,41,065	57,82,419	57,85,613	9,029	10	S. S. Duncan	22½	22½	25-25½	10	32/00	
12,84,000	2,475	7,03,253	20,26,403	1,58,141	...	12	Sendra Investments	3½	7	7-7*	10	4/75	
94,27,380	4,73,05,083	10,00,000	14,42,952	1,00,411	13,613	12	Sir Silk P.	Nil	Nil	...	10	2/94	
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	15-17½*	10	29/56	
2,28,50,000	21,00,22,876	10,58,34,115	1,62,17,249	7,87,62,326	...	3	Union Carbide	15	15	15-17½*	10	29/56	
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	12	Universal Cables	10	10	10	16	18/37	
31,53,000	21,00,895	24,10,887	23,11,142	23,192	26,527	12	Walford Transport	7½	7½	Nil	1	0/81	
49,65,000	1,95,19,738	68,36,747	73,11,329	20,62,997	19,565	12	Williamson Magor P	...	...	10-10*	10	10/00	
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	Woolcombers	...	6	7½	10	14/62	
INSURANCE COMPANIES													
13,50,000	25,62,842	1,73,03,719	1,69,70,197	24,44,374	8,216	12	Concord of India	18	21	...	15	12/00	
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	12½	15	20	10	21/50	
70,00,000	88,52,753	3,54,11,725	6,03,24,106	1,00,89,564	6,555	12	Ruby General	12½	17½	...	100	18/94	
5,75,000	16,564	80,62,937	1,10,14,358	6,25,089	...	12	Triton	...	...	...	...	165/00	
FLOUR MILLS													
30,00,000	8,53,225	24,72,889	3,59,195	6,57,031	...	12	Bengal	3	4	10-10*	10	13/50	
9,00,000	43,29,35	10,08,825	1,12,313	5,88,939	9,191	12	Hooghly	Nil	10	15	10	18/50	
5,00,000	2,74,745	8,46,582	7,17,820	3,83,596	1,06,671	11	United	5	5	...	10	11/50	
OIL COMPANIES													
1,00,00,000	1,20,71,184	2,14,52,673	4,45,17,920	77,18,876	...	12	Indo Burma Petroleum P.	15	12½	17-18*	10	16/87	
12,00,000	13,06,860	12,83,186	6,05,708	2,77,070	...	10	Tide Water Oil	15	15	20-10*	10	9/75	

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CAPITAL, 26th OCTOBER, 1972

CALCUTTA MISCELLANEOUS COMPANIES—Contd.

Paid up Capital Or Inry	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Closed Accounts	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.
PAPER MILLS												
1,25,56,710	4,44,93,543	2,11,10,298	21,34,929	40,68,099	525	12	Bengal P	3.7	10	10-10*	10	14/69
1,23,48,000	1,43,86,660	11,56,270	6,90,791	-8,58,482	-99,91,583	3	India Paper Pulp	Nil	Nil	Nil-Nil*	10	4/28
5,81,74,500	24,89,00,000	3,61,27,438	55,63,530	1,15,53,401	39,888	3	Orient Paper P	10	10	10-11*	10	32/70
3,49,81,825	7,85,75,927	1,20,00,000	10,56,985	1,25,02,433	91,550	3	Seshasayee	Nil	Nil	Nil-12*	10	12/75
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	Sirpur P	Nil	Nil	3	10	8/87
10,00,000A	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	Star Paper P	Nil	Nil	3	10	10/81
4,37,500PO	5,85,38,888	1,19,14,969	68,19,204	22,99,386	9,906	3	Titaghar P	13	13	13-13*	2 1/2 PO	3/25
56,04,800B	3,97,86,845	1,57,39,525	10,26,69,115	1,07,73,940	537	12	Tribeni Tissue	Nil	Nil	2 1/4*	10 RO	7/06
3,24,20,800								...	18	15	10	16/75
PRESSING COMPANY												
4,30,000	1,81,531	1,45,000	5,34,786	65,294	24,928	7	Camperdown	...	...	...	100	120/00
REAL PROPERTY STORAGE												
1,90,00,7800	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	Bengal Bonded Warehouse	...	...	...	A500	700/00
1,25,000B											B624	101/00
2,00,000											C100	165/00
25,000D											D12 1/2	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	...	...	...	100	10/25
2,00,000D	7,58,697	11,25,847	8,77,051	15,97,604	6,235	4	Midnapore Commercial	Nil	Nil	2,35-4*	85	1/25
79,90,000												42/00
TRAMWAYS & STEAMER												
20,00,000	4,53,770	18,50,801	11,49,498	-76,884	618	10	Bengal Assam Steamship	Nil	Nil	Nil-Nil*	100	40/00
6,25,000	6,52,342	7,29,818	2,76,704	2,76,704	2,558	10	Calcutta Landing & Shipping	3	6	Nil	10	8/25
7,00,000	52,889,537	51,565,916	53,15,682	51,53,252	52,006	12	Calcutta Tramways P	...	...	...	£1	4/15
6,04,880	6,97,987	8,56,706	33,440	1,35,098	-633	3	Fraser & Co	...	...	...	...	2/56
2,47,50,000	11,40,45,033	4,54,36,418	2,02,39,857	-22,56,270	...	3	India Steamship P	8	10	Nil-Nil*	10	8/00
26,38,750	36,93,090	7,56,416	1,62,616	5,01,845	-7,77,604	12	Port Shipping	4	Nil	Nil-Nil*	10	10/50

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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			Latest Market Quotations as available until	
									1968	1969	1970	22-9-72	20-10-72
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	...	100	152/00
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	Apollo	Nil	...	...	2	0/38
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	Baroda Rayon	8	8	...	100	117/50
3,61,41,125	2,03,942	4,911	5,29,41,763	3,86,89,251	41,34,967	1,29,92,335	5,742	Bombay Dyeing, etc.	12	12	13-13*	25	39/50
3,54,88,200	1,18,296	2,760	13,29,50,831	17,91,06,285	12,43,04,683	11,66,59,128	...	Century P.	40	40	45	100	901/50
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	34/00
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	Coolia	9	9	...	100	95/50
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	Dawn	10	10	...	50	62/50
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	50	20/00
50,00,000	63,212	784	95,32,658	71,62,852	16,838	4,09,432	37,155	Finlay	10	11	12	100	152/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	Gokak	15	15	15	100	147/00
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	10	2/02
50,00,00,000	...	...	5,44,40,998	...	34,33,245	-31,38,833	...	Indore Malwa United	Nil	Nil	...	100	78/50
2,49,62,500	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	Indore Malwa United	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	Khatrau Maknaji P.	10	10	12	100	181/00
1,04,90,900	1,20,504	1,846	1,43,20,058	1,28,29,461	10,80,024	44,56,905	12,863	Kohinoor	Nil	12	17	100	163/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	-24,99,262	-49,14,154	Lakshmi-Vishnu P.	Nil	Nil	...	100	98/00
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	Morarjee Goculdas P.	15	15	15	100	140/00
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	New City of Bombay	5	6	...	100	65/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	New Great Eastern P.	Nil	Nil	...	100	50/00
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	Phoenix	Nil	Nil	...	100	85/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	Simplex	16	16	16	50	90/50
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	Shree Niwas P.	5	10	...	100	117/00
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	8,176	Srardeshi P.	9	9	12	100	142/00
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	Swan	15	12	13	100	121/50
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	Tata	Nil	Nil	6	25	31/50
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	Western India	9 1/2	9 1/2	9 1/2	250	68/00

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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			Latest Market Quotations as available until	
								1968	1969	1970	22-9-72	20-10-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.
28,48,19,000	54,03,18,992	2,309,51,069	5,67,61,310	7,22,02,669	26,574	7	Associated Cement	12	12	12-12*	100	114/50
8,74,77,100	21,08,70,540	5,71,02,246	1,74,28,417	2,86,98,076	640	3	Ahmedabad Electricity	9	9	12-9+10+	100	84/00
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	11-12+12+	100	122/00
3,08,62,525	17,32,36,060	7,09,54,506	95,51,600	1,63,63,6630	5,804	3	Bombay Suburban Elec. P.	11	11	11-12+12+	100	107/00
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	117/00
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	117/00
4,00,00,000	4,17,27,117	3,84,62,466	10,69,469	2,44,16,732	...	12	Associated Bearing	Nil	10	12+15*	100	248/00
15,00,000	1,99,34,223	1,01,744	1,37,52,145	-8,04,219	-7,87,678	12	Jost's Engineering	Nil	...	...	50	27/00
4,51,72,090	8,65,88,248	4,08,067	6,49,653	13,462	3,516	3	Larsen & Toubro P.	15	10	10-12+14+	10	24/00
1,31,25,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Premier Construction P.	36	40	32	50	76/50
75,00,000	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	Sandvik	10	10	12-12*	100	262/50
1,77,77,250	1,68,38,555	...	21,840	-17,72,168	-50,40,288	12	Sankey Wheels	...	...	...	10	7/81
7,09,97,300	17,30,38,018	5,09,28,017	13,84,385	3,61,61,616	14,962	3	Tata Engg. & Locomotive P.	14 1/2	14 1/2	13+14+	100	207/00
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.	11 1/2	11	11-11*	75	83/00
1,40,00,000	2,07,06,661	1,90,55,523	7,84,083	1,72,51,695	10,477	4	Zenith Steel	9	10	10-12*	10	14/52
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	British India General	...	...	...	10	14/52
1,70,90,550	1,16,06,358	12,60,43,884	17,69,50,956	1,77,99,237	...	12	New India	40	40	40	15	36/00
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	Vulcan	20	20	...	10	15/52
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	100	147/50
2,64,82,500	1,99,34,223	1,01,744	1,37,52,145	-8,04,219	-7,87,678	12	Bayer	Nil	Nil	Nil	100	306/00
3,67,81,250	3,08,81,124	2,08,72,353	2,60,35,402	1,07,15,567	18,787	5	Bombay Burnah Trading	14	15 1/2	15	25	51/80
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	Cent Tyres	9	11	11	100	260/00
1,07,50,000	4,44,53,202	2,79,30,083	8,89,331	78,04,785	6,478	12	Dharangadhira Chemical	12	12	10	100	156/00
4,79,06,260	2,11,87,108	6,46,00,063	5,52,95,724	1,58,77,000	45,270	6	Great Eastern Shipping	20	25	12	10	25/50

*1971

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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	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	22-9-72	20-10-72
MISCELLANEOUS (Contd.)												
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	Rs. 21/76	Rs. 21/76
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	Industrial Invt Trust	7	7	8	104/00	117/00
11,99,900	13,82,957	7,34,142	14,05,223+	68,292	16,942	7	Kemp (Chemists)	...	...	...	177/00	185/00
1,24,95,600	61,65,744	95,74,496	2,03,71,096	38,51,469	6,216	11	Killick Nixon	10	10	10-11*	77/00	88/00
3,19,98,800	10,24,08,522	7,56,48,606	75,11,530	3,45,72,768	6,674	12	National Rayon	28	28	52-40*	355/00	374/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	Permanent Magnets	9	...	...	125/00	122/50
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Phalton Sugar	24	20	...	68/00	69/00
7,48,39,825	16,48,04,771	9,08,98,866	25,08,786	35,80,413	86,134	6	Premier Automobiles	Nil	Nil	Nil-Nil*	47/00	54/50
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	Sandoz	10	10	11	17/88	18/00
11,27,72,980	45,59,05,602	18,66,12,210	27,16,96,643	2,70,72,552	5,06,469	6	Scindia Steam Navign	74	74	84-11 1/2*	23/84	23/84
21,00,000	12,01,443	...	4,24,216	-3,95,294	19,330	11	Shivrajpur Synd	Nil	Nil	Nil-Nil*	100	163/50
5,74,62,660	6,38,89,149	4,09,20,991	65,01,693	2,56,20,037	19,330	12	Synthetics And Chemicals	6	6	12-15*	100	163/50
9,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	Tata Chemicals P	17	15	10	29/00	29/50
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Oil P	17	25	68/00	70/00	70/00
5,19,48,000	4,56,76,290	3,91,18,361	2,00,29,210	3,16,91,055	...	8	Volta	15	7	18-18*	100	226/00
4,95,00,000	4,24,16,171	2,76,57,332	1,86,60,810	1,81,42,255	...	12	Western Indip Match	11	12	12-12*	100	143/50

* 1971

SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Outturn and Average Price per kg/lb realised for crop	Net Profits	Accounts closed	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.		Kilograms	Rs.			1968	1969	1970	Rs.	Rs.
5,50,000	12,57,795	5,72,253	...	1,12,000	70,011	12	Anandam P.	Nil	Nil	Nil	11/75	11/75
10,98,990	13,96,078	4,83,841	...	225,168	4,11,290	3	Balanoor P.	15	15	15-15*	10/50	14/50
17,32,230	13,86,710	3,56,253	...	5,59,531	63,110	5	Be Be P.	6	6	Nil-5*	1/95	1/95
20,53,480	35,53,194	24,06,114	1,832	8,37,342	3,94,950	3	Chembra Peak	15	10	10-12 1/2*	2/65	2/65
32,29,536	54,21,817	28,91,936	2,627	14,99,643	27,62,235	2	Cochin Malabar P.	10	12 1/2	15-17 1/2*18†	4/95	4/95
32,50,000	39,31,709	30,58,661	2,710	19,48,320	8,71,279	6	Coffee Lands P.	16	16	20-20*	16/75	16/75
71,55,000	1,15,74,494	63,44,278	7,001	60,81,120	25,60,562	6	Consolidated Coffee P.	18 1/2	18 1/2	15-18*	26/75	26/75
5,66,730	22,17,651	13,84,267	174	29,08,68	3,26,850	9	Coonoor P.	20	20	20-7 1/2*	10	28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1,19,880	3	Coorg P.	10	10	10	2/12	2/00
6,00,000	11,82,508	2,17,761	...	1,57,785	1,47	3	Cottanad Plantation P.	10	15	Nil-10*	10/05	10/05
6,00,000	8,89,831	4,80,155	...	3,25,310	1,25,313	12	Devashola (Nilgiri)	5	9	15	13/75	13/75
6,74,650	9,14,644	3,31,040	...	1,38,386	1,56,712	3	Devon P.	15	15	15-15*	10/75	14/75
7,50,000	3,38,952	1,26,500	...	1,12,936	2,66	12	Emerald Valley	20	20	10-8*	5	10/60
4,50,000	3,64,462	20,000	...	62,830	28,121	12	Gokul	15	15	15	2/73	2/73
25,00,000	42,82,150	17,77,500	...	17,21,550	2,13,414	12	Hailevburia P.	10	8	10	7/65	7/72
11,85,700	28,02,058	10,77,705	...	9,59,804	3,60,461	2	Kailasa Tea Produce	15	15	15-15*	2/87	2/95
9,00,000	12,32,263	7,23,749	378	3,14,942	4,04,443	3	Kil Kotagiri P.	14	16	15-15*	3/17	3/12
17,17,076	28,48,259	14,32,910	811	4,62,975	7,80,209	10	Lucky Valley	15	15	...	2/36	2/33
5,00,000	9,11,259	1,21,604	267	305,757	96,485	12	Malankara	10	10	10	21/00	21/00
13,50,000	19,78,359	9,14,031	1,785	3,42,784	4,63,747	3	Malankara	22 1/2	35	25	28/25	28/25

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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.	1968	1969		1970	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	7 1/2	10-10*	10	10/12	10/00
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	1,60,000	3	Nilgiri P	Nil	5	5-7*	10	6/35	6/35
23,10,000	24,28,291	11,02,621	1,057	7,29,106	2.92	16,62,532	1	Nonsuch	17 1/2	17 1/2	20-20*	10	17/25	17/25
9,75,000	11,21,586	3,67,000	293	2,29,900	...	3,27,700	3	Ossoor	12	15	15-18*	2	3/06	3/06
17,00,000	27,55,157	13,87,519	1,099	10,69,078	4.19	7,13,678	12	Parkside Neigherry	30	30	30-30*	10	29/00	29/00
17,00,000	27,36,576	12,82,318	1,563	10,83,565	4.20	11,29,838	12	Peermade P	10	10	11 1/2	10	11/10	11/10
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	14/65	14/25
57,94,880	78,72,019	20,68,711	2,074	23,46,900	3.88	13,16,964	3	Pertakaramalai	18	14	14-15*	2	2/82	2/85
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	14/87	14/75
2,00,000	3,14,567	1,53,963	711	...	4.48	1,18,791	3	Rajendra P	30	30	40-50*	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.	15	15	6-Nil*	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	6	5	1	1/67	1/78
6,00,000	6,51,402	46,742	1,307	2,24,794	3.21	30,950	12	Travancore Rubber	8	8	Nil	10	5/60	5/60
41,00,000	72,63,801	12,63,584	2,535	12,19,484	...	10,61,172	12	Travancore Rub & Tea P	8	8	8	10	6/40	6/30
20,00,000	23,48,701	1,36,000	3,028	6,88,402	1.00	2,02,762	12	Tropical Plantation	14	14	14-17 1/2*	25	18/37	18/37
81,93,280	30,03,223	17,04,089	3,658	8,28,976	5.11	12,85,658	3	United Nilgiri	15	15	15	10	19/25	19/25
8,80,010	9,26,839	2,82,051	952	4,94,400	1.50	2,20,09	12	Vaikundam	10	12	Nil	10	19/00	18/75

SOUTH INDIAN COTTON MILLS

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.					1968 1969 1970		25-9-72 23-10-72
30,00,000	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12	Anglo-French P.	15 15 15	Rs.	Rs.
20,00,000	22,72,373	31,406	96,302	7,68,513	42,421	12	Cambodia P.	Nil Nil Nil	10	142/50 146/00
35,99,600	74,98,712	39,35,014	8,68,959	20,95,517		12	Coimbatore Cotton	5 10 11	100	1/40 1/40
50,76,900	47,91,212	7,98,681	22,227	-7,52,342	-10,23,340	1	Coimbatore Spg. & Wvg	Nil Nil ..	50	94/00 104/00
1,59,75,000	2,32,44,382	90,38,303	60,65,440	24,96,190	1,354	3	Lakshmi	8 12-12*10† 50		115/50 115/50
7,00,09,920	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	9,370	3	Madura	10 8 15		58/00 62/00
1,13,61,000	50,79,268	46,70,299	5,84,128	51,61,924	179	3	Mettur Beardsell	20 15 17 1/2-19* 100		16/00 16/87
										173/00 171/00

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V

RESERVE BANK

ISSUE DEPARTMENT (In 000's of Rupees) Week Ended			
	29-9-72	22-9-72	1-10-71
Liabilities—			
Notes in Banking Dept. ...	26,77,70	24,24,53	8,07,79
Notes in Circulation ...	45,03,37,23	45,45,55,53	43,45,55,13
Total Notes Issued ...	45,30,14,93	45,69,80,06	43,53,62,92
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	2,11,65,38	2,11,65,38	2,18,42,00
Total of A ...	3,94,18,49	3,94,18,49	4,00,95,11
B. Rupee Coin ...	36,66,96	36,30,04	44,64,04
Rupee Securities ...	40,99,29,48	4,39,31,53	43,53,62,92
Total ...	45,30,14,93	45,69,80,06	43,53,62,92
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 ...	2,09,00,00	2,09,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund ...	15,00,00	45,00,00	39,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,75,00,00	1,75,00,00	1,35,00,00
Deposits—			
(a) 1. Central Govt. ...	1,25,05,34	2,64,17,89	1,54,18,17
2. State Govts. ...	16,75,39	23,56,10	5,45,62
(b) Banks—			
(i) Scheduled Banks ...	2,63,05,94	2,53,27,82	1,76,85,41
(ii) State Co-operative Banks ...	12,15,10	11,07,97	9,55,23
(iii) Non Scheduled State Co-operative Banks ...	1,00,30	98,45	81,92
(iv) Other Banks ...	44,15	45,00	34,60
(c) Others ...	84,25,14	97,64,05	86,43,18
Bills Payable ...	57,28,84	52,27,96	34,75,70
Other Liabilities ...	3,10,25,45	3,04,20,06	1,45,12,89
Total ...	14,54,25,65	15,91,65,30	11,32,52,72
Assets—			
Notes ...	26,77,70	24,24,53	8,07,79
Rupee Coin ...	9,19	3,94	6,41
Small Coin ...	3,03	3,02	3,87
Bills Purchased and Discounted:—			
(a) Internal ...	1,21,01	1,18,44	28,09,65
(b) External ...	5,91,41,75	8,86,10,01	49,74,54
(c) Govt. Treasury Bills ...	1,40,59,76	1,52,97,96	1,71,36,18
Balances held abroad ...	2,32,15,07	73,94,81	1,35,55,76
Investments ...			
Loans and Advances to:—			
(i) Central Government ...	2,28,00	2,16,00	2,31,37,12
(ii) State Governments ...			
Loans and Advances to:—			
(i) Scheduled Banks ...	3,67,40	4,90,40	74,88,30
(ii) State Co-operative Banks ...	2,04,11,95	1,94,66,44	2,35,88,58
(iii) Others ...	3,46,02	4,07,47	4,05,54
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...			
(a) Loans and Advances to:—			
(i) State Govts. ...	53,64,78	53,66,28	41,99,57
(ii) State Co-operative Banks ...	21,15,75	21,29,98	22,60,22
(iii) Central Land Mortgage Banks ...			
(iv) Agricultural Refinance Corp'n. ...	5,00,00	5,00,00	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,60,85	10,60,85	10,64,11
Loans and Advances to State Co-operative Banks ...	28,72,85	28,67,12	21,44,07
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	93,06,94	93,06,94	61,10,21
the Development Bank			
Other Assets ...	36,23,60	35,01,11	35,60,80
Total ...	14,54,25,65	15,91,65,30	11,32,52,72

SCHEDULED BANKS

(In lakh of Rupees) Week Ended				
	29-9-72	22-9-72	1-10-71	
(i) Demand Liabilities—				
(a) Demand Deposits: ...				
(1) From Banks ...	2,02,83	2,00,30	1,57,14	
(2) From others ...	34,07,12	33,94,99	28,45,64	
(b) Borrowing from Banks ...	50,67	57,53	50,29	
(c) Others ...	227,59	2,36,25	1,90,13	
(ii) Time Liabilities—				
(a) Time Deposits: ...				
(1) From Banks ...	207,97	2,10,56	1,31,55	
(2) From others ...	45,45,09	45,27,62	37,80,15	
(b) Borrowing from Banks ...	13,42	11,62	15,62	
(c) Others ...	46,55	49,25	44,67	
(iii) Borrowing from State Bank—				
(a) Demand Liabilities ...	20,32	18,86	10,87	
(b) Time Liabilities ...	83,89	86,79	74,36	
(iv) Borrowing from Reserve Bank ...	2,52,04	2,46,36	3,51,93	
(v) Cash ...	1,92,47	1,93,53	1,68,60	
(vi) Balances with Reserve Bank ...	2,53,47	2,89,00	2,23,66	
(vii) Balances with other banks in current account ...	90,69	93,69	77,60	
(viii) Money at call and short notice ...	99,26	1,02,44	73,55	
(ix) Investments in Central and State Govt. Securities ...	21,42,11	20,67,51	15,85,63	
(x) (a) Loans, Cash Credits and Overdrafts ...	43,73,38	43,93,31	39,90,69	
(b) Due from banks ...	4,82,80	4,84,40	4,56,35	
(xi) Inland Bills purchased and discounted ...	7,17,91	7,46,79	7,26,04	
(xii) Foreign bills purchased and discounted ...	2,01,69	2,00,07	2,12,20	
(xiii) Total of X, XI and XII ...	57,75,78	58,24,57	53,85,28	

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	1891.92	1567.52
1971		
April	144.33	127.12
May	159.15	132.16
June	184.08	124.60
July	178.87	154.18
August	145.19	127.29
September	153.25	117.52
October	130.88	125.11
November	159.56	134.81
December	188.45	143.61
1972		
January	177.79	143.37
February	152.05	134.86
March	142.97	156.85

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

"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

GOVERNMENT OF INDIA			
Outstanding Amount	Rs.	Year of issue	Repayable
2,48,90,76,000	3	1946	1986 or later
8,93,33,000	3	1896-97	At the option of the Government after 3 months' notice
14,77,48,000	2½	1946	1976
86,63,53,000	3½	1956	1974
1,54,70,47,000	4	1957	1972
97,51,44,000	4	1958	1973
81,06,39,000	4	1959	1979
98,05,17,000	4	1960	1980
65,96,55,000	4	1961	1981
1,14,33,08,000	4½	1965	1972
28,22,34,000	4½	1962	1972
1,59,08,07,000	4½	1963	1973
1,14,03,37,000	4½	1962	1985
1,03,09,83,000	4½	1963	1986
1,40,26,47,000	4½	1964	1989
1,11,16,14,000	5½	1963	1990
1,07,97,66,000	5½	1966	1991
1,00,10,00,000	5	1967	1992
1,50,20,00,000	5½	1967	1992
2,75,00,00,000	5½	1968	1995
1,35,00,00,000	4½	1968	1975
1,50,00,00,000	5½	1969	1999
2,75,00,00,000	4½	1969	1976
1,75,00,00,000	5½	1970	2000
2,25,00,00,000	4½	1970	1977
...	5	1971	1981
...	5½	1971	1986
...	5½	1971	2001
...	4½	1972	1979
...	5	1972	1983
...	5½	1972	2002
CALCUTTA			
Amount	Rs.	Year of issue	Repayable
90,24,300	4	1914	1974
76,90,100	4	1915	1975
68,02,300	3	1921	1981
1,50,00,000	6½	1921	1981
£892,600	5	1923	1933-83
£5901,000	5	1924	1934-84
1,24,00,000	4½	1957	1987
1,30,00,000	4½	1958	1988
50,00,000	4½	1959	1989
30,00,000	4	1931	1991
50,00,000	3	1946	1976
50,00,000	3	1945	2005
50,00,000	3	1945	1975
50,00,000	3	1946	2006
50,00,000	2½	1947	1977
WEST BENGAL			
Amount	Rs.	Year of issue	Repayable
7,00,00,000	4½	1961	1972
7,00,00,000	4½	1962	1974
7,00,00,000	4½	1964	1976
7,00,00,000	5½	1965	1977
6,00,00,000	5½	1966	1978
8,00,00,000	5½	1967	1979
8,00,00,000	5½	1968	1980
11,00,00,000	5½	1969	1981
...	5½	1970	1982
...	5½	1971	1983
MAHARASHTRA			
Amount	Rs.	Year of issue	Repayable
10,00,00,000	4½	1961	1972
12,00,00,000	4½	1962	1974
15,00,00,000	4½	1964	1976
15,00,00,000	5½	1965	1977
TAMIL NADU			
Amount	Rs.	Year of issue	Repayable
12,00,00,000	4½	1962	1974
10,00,00,000	4½	1961	1972
14,00,00,000	4½	1964	1976
14,00,00,000	5½	1965	1977

CAPITAL, 30th NOVEMBER, 1972

CAPITAL, 26th OCTOBER, 1972

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 13-10-72
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.			1968	1970	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†	8/31
18.00.000	446	42,80,380	6,12,200	9,61,678	13,38,541	12,28,415	12	Alexandra P.	Nil	100	46/00
30.00.000	1,264	43,75,072	12,28,250	2,85,386	18,27,284	24,42,555	5	Alliance P.	Nil	100	40/50
59.04.900	2,581	1,72,65,253	1,22,78,484	88,95,860	34,64,292	10,009	3	Anglo-India P.	24	5-7†	106/00
40.00.000	810	1,50,44,057	12,63,716	4,63,675	25,93,968	24,424	3	Auckland P.	Nil	100	63/00
20.00.000	959	1,02,10,363	46,32,069	6,64,478	15,74,586	24,424	3	Bally P.	10	10-10†	12/75
£275,000	1,889	£344,064	£295,036	177,736	£105,230	£119,439	3	Barnagore P.	Nil	Nil-Nil†	13/00
45.00.000	600	29,61,854	15,46,700	8,93,683	5,85,851	1,33,355	6	Bengal P.	Nil	Nil-Nil†	70/00
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	40,062	3	Birla	15	9-11†	2/25
7,47,380	502	12,59,648	4,17,958	1,73,320	61,970	48,461	6-12	Calcutta P.	Nil	10	25/20
1,64,75,540	3,721	1,90,14,205	1,14,48,403	21,57,917	26,72,880	7,332	11	Budge-Budge Amal.	Nil	12-6*	7/06
18.00.000	616	54,80,909	40,88,628	4,33,492	19,36,178	7,332	11	Caledonian P.	5	5-Nil†	112/00
29,58,200	1,400	1,00,95,365	1,21,03,887	1,05,457	13,14,297	90,204	3	Chandany P.	Nil	10	12/62
30.15.000	500	43,86,873	37,80,614	18,71,031	25,08,126	2,98,286	7	Chitavaksh P.	Nil	Nil	8/12
31,49,200	766	1,15,61,961	19,99,699	8,87,958	7,16,245	14,01,691	3	Dalhousie P.	Nil	Nil-Nil†	59/25
30.00.000	500	27,63,874	14,93,600	14,69,473	8,47,643	14,46,346	7	Empire P.	Nil	Nil	6/44
41,99,250	1,014	1,27,98,746	63,47,005	6,09,253	45,61,661	...	3	Fort William P.	Nil	Nil-Nil†	14/00
84,32,100	1,709	1,37,07,199	1,04,49,520	1,09,877	20,36,676	...	3	Ganges P.	74	74-74†	6/75
48.00.000	1,384	1,03,04,222	71,93,905	14,53,597	14,53,597	22,355	3	Goutapore P.	5	Nil-Nil†	8/25
80.00.000	1,078	1,29,73,832	83,70,189	1,00,24,994	17,43,248	...	3	Hastings P.	24	24-11†	102/00
65,62,500	720	77,32,792	14,21,703	7,38,937	17,43,248	...	3	Hawrah P.	Nil	Nil-Nil†	6/12
52.50.000	2,272	2,60,82,207	1,40,11,918	11,06,766	1,12,48,410	9,085	3	Hukumchand P.	Nil	Nil-Nil†	13/05
16,80.000	2,272	3,14,95,248	57,53,568	10,96,375	11,13,303	9,085	3	Hoochly P.	10	10	14/19
87,30.000	1,718	1,04,84,696	75,43,095	40,76,313	37,14,080	10,651	3	India	68	4,8-8†	8/94
43,30.000	1,997	64,57,437	16,60,818	2,52,620	16,65,571	36,79,652	12	Kamarhatti P.	Nil	Nil	101/00
54,00.000	1,927	67,94,246	1,36,374	1,89,284	2,36,689	23,73,910	5	Kanknarrh P.	Nil	Nil	36/50
77.00.000	703	2,05,32,694	22,56,800	10,57,632	6,00,836	...	3	Kelvin P.	Nil	Nil	65/00
67,50.000	1,530	99,10,701	9,86,592	5,45,753	39,12,383	73,25,728	3	Khardah P.	Nil	Nil-Nil†	3/50
59,96,400	1,337	1,67,09,076	28,48,377	9,45,806	29,35,040	87,12,009	3	Kinnison P.	Nil	Nil-Nil†	36/50
81,63,200	1,283	2,10,57,943	69,16,365	27,78,087	41,65,455	223	3	Mema	Nil	Nil	3/81
29,98,900	815	97,08,500	32,50,383	20,56,128	5,26,808	17,816	4-10	Nahati P.	Nil	Nil	28/00
20.00.000	425	10,79,854	15,55,000	26,11,429	3,36,343	17,176	10	Naskarna	Nil	Nil	4/62
35.00.000	852	3,27,07,154	1,06,69,449	12,97,686	10,90,246	7,673	3	National P.	Nil	Nil	10/75
86,75.000	316	47,02,282	25,61,800	13,99,978	17,72,831	30,117	7	Nellimarla P.	Nil	Nil	8/25
2,56,00.000	1,765	3,08,96,118	2,42,19,122	26,30,231	18,53,066	15,530	3	New Central P.	Nil	Nil	4/12
16,79,880	567	1,20,68,442	21,73,203	3,76,132	23,04,750	14,956	12	Northbrook P.	10	Nil-Nil†	14/00
66,79,500	1,092	1,04,30,951	35,74,849	3,87,802	29,25,207	...	3	Nuddea	24	Nil-Nil†	5/44
25.00.000	400	23,02,605	6,08,654	7,76,711	10,57,979	25,79,189	7	Presidency	Nil	Nil	0/90
20.00.000	305	32,44,980	13,30,845	1,09,804	29,75,711	...	3	Rameshwara P.	Nil	Nil-Nil†	11/12
49,50.000	1,276	1,44,60,989	1,18,51,470	16,14,589	38,55,298	...	3	Reliance P.	Nil	Nil-Nil†	8/31
31.00.000	911	47,47,618	15,81,656	27,81,188	2,13,198	...	3	Shree Ambica P.	Nil	Nil	7/75
£1,392,752	1,794	£1,220,775	£455,838	£38,677	£385,335	£1,327	12	Titehar P.	Nil	Nil	6/00
55,98,600	1,326	75,21,073	60,455	4,37,186	18,48,343	34,63,090	3	Union P.	Nil	Nil-Nil†	10/06
2,50.000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	Waverley P.	15	6	56/00
											3/75

CAPITAL, 30th NOVEMBER, 1972

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	Net Block Account	Reserve & other Funds Premium & Forfeited Shares if any	Cash & Securities	Net Profits including taxation	Carry forward	Accounts Closed	NAMES	Dividend per cent	Paid-up per Share	Latest Market Quotations as available until 13-10-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1970	Rs.
51.00.000	71,32,601	50,54,428	4,48,663	20,49,328	11,473	3	Amalgamated	74	10	10/62
1,20,00.000	4,60,22,970	3,73,73,255	27,49,322	4,84,269	...	10	Bengal P.	12	12	43/50
4,49,350	4,37,882	1,30,132	91,796	43,397	4,471	10	Bengal Bhatdee	...	...	3/50
2,25.000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12	Bengal Nagpur	5	24	5/25
15,97.000	25,07,455	4,47,308	14,214	2,45,265	6,47,481	9	Bhulgura	Nil	Nil	1/20
7,15.000	14,96,845	11,02,672	64,329	3,06,406	4,92,536	12	Bhulanbarree	Nil	Nil	8/56
16.00.000	38,87,275	16,18,636	7,185	1,21,936	79,196	6	Bokaro & Ramgur	...	...	12/00
15.00.000	42,47,955	27,76,392	9,31,166	5,13,268	...	12	Borika P.	124	124	8/00
1,21,23,300	3,45,54,630	1,62,07,145	41,50,189	10,70,492	...	12	Burrakur P.	5	12-5*	4/06
8.00.000	9,74,804	6,16,228	1,61,693	46,450	5,34,766	6	Central Kirkeend P.	Nil	Nil	4/94
16.00.000	25,01,305	Nil	19,429	6,45,261	5,30,034	12	Dhemo Main	Nil	Nil	0/97
£614,000	£1,336,903	£532,036	£224,897	£128	£303,832	4	East Indian	Nil-Nil†	£1	1/44
29,63,750	2,06,08,803	1,35,30,025	15,86,501	27,12,505	1,60,97,810	12	Equitable P.	Nil	Nil	1/75
15.00.000	26,44,248	2,30,000	16,401	2,89,347	11,61,930	12	Ghusick & Muslia P.	Nil	Nil-Nil†	11/05
8.00.000	5,43,022	...	16,702	10,172	3,65,025	3	Huriladhi	...	...	1/43
15.00.000	21,64,011	6,66,585	1,12,18,92	49,054	...	12	Karanpura Development	Nil	5-5*	10/94
50.00.000	33,65,454	34,26,999	3,23,733	17,29,065	...	2	Karanpura Collieries P.	12	20-10*	6/00
18,90,460	50,12,478	10,46,259	10,46,257	5,19,841	...	1	Katras Jheriah	10	10	5/94
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12	Khas Kajora P.	8	...	9/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12	Nazira	...	...	1/18
31,97,210	72,34,903	69,43,971	1,69,302	15,52,713	1,98,283	10	New Reerhoom P.	12	16	5/62
10,00.000	14,60,892	3,25,512	19,872	2,87,458	...	3	New Manbhoom	Nil	Nil	2/91
1,15.000	21,64,011	6,66,585	11,21,892	49,054	...	12	North West	74	5	5/25
1,57,500	86,95,091	18,35,371	4,30,954	2,99,204	3,757	12	Parasa P.	64	10	14/19
16,68.000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3	Pench Valley	74	10	10/62
31,50.000	1,35,82,461	66,87,133	21,09,134	4,61,277	26,542	3	Raneegunge	74	10	10/50
52,48,010	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12	Rewa	15	20-20†	19/62
26,95,000	35,74,393	20,87,115	4,28,926	11,19,774	...	8	South Karanpura	10	20	10/06
99,97,000	1,87,61,070	78,41,667	14,18,967	28,44,722	11,360	3	Western Bengal	74	8	6/56

CAPITAL, 30th NOVEMBER, 1972

* 1971

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' 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	Dividend per cent	Paid-up per Share	Latest Market Quotations as available until
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	1968 1969 1970		27-11-72 13-10-72
15,00,000	17,044	366	61,38,514	99,386	2,07,009	—3,68,790	Nil Nil ...	10	2/75 2/75
1,50,00,000	24,000	...	4,21,62,926	1,46,53,396	18,28,484	5,93,579	15 15 12-12*	10	18/62 19/00
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129	...	10 10 Nil-Nil*	10	11/06 11/06
60,95,340	60,336	937	1,83,11,743	57,22,577	4,07,955	—16,32,645	17½ 17½ 12½-10*	10	14/12 12/75
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	—4,33,646	10 8 Nil	5	2/44 2/31
9,65,80,125	76,744	1,645	47,91,772	16,66,97,709	1,36,94,493	3,58,26,564	6 12 ...	25	41/62 41/34
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	—14,01,836	Nil Nil Nil	10	10/31 9/50
94,50,000	1,20,006	2,302	1,85,74,978	1,60,01,763	2,23,992	—19,04,302	8 8 6-Nil*	10	7/00 6/87
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	5 6 ...	10	8/15 8/80
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	—23,27,825	Nil Nil ...	10	8/81 7/56
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	Nil Nil Nil	10	2/94 2/94
17,50,000	...	...	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	5 5 ...	10	11/50 11/50
1,57,50,000Po	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	10.71 10.71 ...	10	5/62 5/94

* 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	Net Profits including taxation	NAMES	Dividend per cent			Paid-up per Share	Latest Market Quotations as available until	
				1969	1970				1968	1969	1970			Rs.
Rs.	Rs.	Rs.		Kgs.	Kgs. Rs.	Kgs.	Rs.					27-11-72	13-10-72	
Ra.	Ra.	Ra.										Ra.	Ra.	
ASSAM														
16,37,100	26,12,852	17,60,747	368	5,81,395	6,14	6,99,934	6.93	6,60,000	10,34,937	12	Nil	2	5	9/00
8,75,000	13,07,892	8,48,455	245	3,37,800	6.75	3,11,000	5.25	3,40,000	86,066	12	5	10	5	9/50
35,00,000	84,59,742	17,64,884	1,214	16,91,077	5.19	18,94,886*	...	...	8,74,807	6	10	1	12 1/2-10*	6/06
5,50,000	20,36,928	6,36,983	242	4,21,958	6.08	4,29,321	7.17	4,30,000	1,46,417	12	Nil	Nil	7 1/2	6/00
7,65,000	22,41,003	12,29,593	197	2,86,700	7.20	3,17,900	...	3,00,000	78,928	12	Nil	12 1/2	10	9/75
991,800	...	...	337	...	...	...	...	...	...	12	5	Nil	12 1/2	18/25
10,24,400	19,41,030	12,36,077	293	4,45,300	6.82	4,12,400	7.73	4,20,000	4,70,045	12	Nil	15	10	10/75
41,23,960	76,87,444	15,43,234	1,836	18,59,072	7.36	...	...	...	2,01,501	12	Nil	Nil	...	7/44
7,50,000	25,86,115	15,77,826	220	3,97,140	6.78	4,01,496	7.62	4,15,000	3,52,120	12	10	12 1/2	6	6/44
9,60,000	17,91,844	2,79,816	137	2,87,929	6.34	3,23,589	6.88	3,30,000	1,98,905	12	Nil	Nil	Nil	3/50
17,53,440	...	...	194	...	...	...	...	...	...	12	Nil	3	5	8/25
10,00,000	21,77,134	19,70,520	369	4,79,708*	7.08	4,82,771	7.18	5,00,000+	5,04,909	12	13	10	12 1/2-12 1/2*	9/50
4,50,000	18,06,531	22,83,826	205	4,27,654	6.95	...	...	...	5,48,018	12	30	30	...	23/06
9,46,800	14,07,658	12,32,600	271	3,45,223	7.01	3,68,602	8.42	3,70,000	6,15,576	12	12 1/2	15	16/12	16/25
10,00,000	...	...	518	...	...	...	...	...	...	12	Nil	Nil	...	9/00
10,14,000	13,32,443	8,78,200	226	2,86,898	7.41	2,35,148	8.21	2,89,900	1,45,593	12	5	5	...	10/06
23,29,085	60,09,572	36,45,057	1,088	11,86,693	6.47	11,42,110	8.04	11,80,000	1,60,907	12	Nil	Nil	Nil	2/62
10,00,000	...	...	285	...	...	...	...	...	...	12	3	...	...	11/00
8,70,000	31,50,892	24,18,419	365	3,21,100	7.91	3,12,100	7.99	3,50,000	—1,00,179	12	Nil	12 1/2	Nil	9/100
13,50,000	22,18,505	15,78,143	440	6,08,800	6.70	6,18,600	7.24	6,20,000	7,58,597	12	10	20	10	11/00
7,05,015	12,22,461	10,96,554	605	8,22,487	5.18	9,26,199	5.59	8,90,000	5,25,389	12	Nil	Nil	2 1/2	3/84
7,00,000	12,49,252	2,80,000	140	2,33,909	6.29	2,34,732	7.42	2,60,000	1,10,283	12	10	6	10	10/16
6,50,000	16,03,120	17,04,646	302	4,48,250	5.07	4,23,000	5.30	4,20,000	1,86,259	12	5	5	10	8/25
20,40,000	30,85,254	23,85,633	471	6,21,968	7.39	6,64,912	8.10	6,40,000	8,28,938	12	6	7	10	10/19
6,00,000	431	11,94,675	383	...	...	...	...	...	1,13,494	12	10	10	10-10*	113/00
8,00,000	23,07,340	9,84,630	207	2,16,900*	8.27	2,21,500	8.13	2,45,000+	22,545	12	7 1/2	7 1/2	8 1/2-Nil*	9/50
2,00,000Po	...	...	...	...	...	...	...	...	...	12	13.14	13.14	13.14-5.63*	10/81
10,00,000	...	19,16,177	299	3,26,903	7.15	3,59,836	7.50	...	1,51,858	12	15	10	10	14/00
8,82,750	...	...	569	...	7.66	8,45,600	7.82	8,65,000+	1,28,147	12	20	12	15	10/31
6,00,000	47,50,895	9,01,687	...	8,67,900*	7.66	8,45,600	7.82	8,65,000+	1,28,147	12	Nil	12 1/2	Nil-15*	9/37
17,94,000	27,41,352	5,57,913	674	444,233	6.28	436,577	6.95	4,60,000	1,97,453	12	Nil	4	...	3/44
10,00,000	15,35,696	12,15,750	283	396,400	7.31	388,600	7.91	4,30,000	6,52,624	12	10	20	12 1/2	9/00
19,82,880	45,79,517	34,41,100	1,000	1,352,101	5.43	1,443,916	6.20	14,80,000	9,82,780	12	5	5	15	15/25
														15/31
					</									

* 1971

† 1972

CALCUTTA MISCELLANEOUS COMPANIES

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	Dividend per cent	Latest Market Quotations as available until
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968 1969 1970	Rs. Rs. Rs.
MININGS									
£2,369,769	...	£285,782	£499,650	£620	£201,716	12	Burma Mines	Nil	1/00
30,00,000	18,42,300	19,17,592	48,53,513	9,74,317	24,849	12	Chresten Mica Industries P.	Nil	1/00
15,00,000	£2,571,188	£4,094,901	£293,392	£985,728	...	12	Indian Copper Corporation	...	5/00
2,30,52,727	40,07,495	22,25,150	1,11,140	5,75,782	18,044	8	Metal Corporation P.	9	3/12
60,00,000	37,75,579	49,67,625	52,84,194	20,16,808	...	6	Orissa Mineral Development	5	2/38
								10	5/69
								12 1/2-12 1/2	9/25
								10	9/12
CEMENT, LIME, SLATE, ETC.									
59,90,843	1,20,04,528	25,32,469	15,55,034	...	...	3	Ashoka Cement	7	4/25
55,23,546	1,04,34,291	40,16,797	18,888	-10,73,604	...	6	Bengal Potteries	Nil	1/81
50,00,000	1,12,66,361	54,86,925	3,96,676	16,96,367	...	3	Bisra Stone Lime	12 1/2	12/75
								15	12/75
2,86,93,580	2,74,91,554	4,09,16,982	3,00,99,367	1,63,78,566	...	12	Dalmia Cement (Bharat) P.	12 1/2	12/25
								10	12/25
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3	Jaipur Udyog P.	10	9/15
1,00,00,000	4,68,78,451	52,68,042	2,25,121	19,87,662	2,11,202	12	Kalyanpur Lime	6	10/37
50,00,000	1,12,30,538	1,11,08,264	2,07,629	70,46,805	...	12	Kumardhubi Fireclay & Silica P.	Nil	18/45
2,70,00,000	3,37,00,240	4,19,53,760	63,13,397	2,38,65,541	...	12	Orissa Cement P.	20-20*	19/00
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2	Reliance Firebricks & Pottery	12 1/2	6/62
75,00,000	63,28,018	44,98,600	5,26,119	12,18,198	6,195	12	Sone Valley Portland Cement	Nil	1/34
20,23,220	19,04,888	9,55,192	6,25,936	2,98,200	4,855	12	Sutna Stone & Lime	15	13/75
								15	9/75
CHEMICAL INDUSTRIES									
4,34,00,000	6,99,57,635	2,76,85,273	1,10,67,826	2,68,57,419	78	9	Alkali & Chemical Corp of (I)	5	24/81
15,00,000	...	...	...	...	...	...		10	33/62
11,08,900	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3	Bengal Chemical & Pharm P.	7 1/2	34/50
52,54,700	...	...	...	...	...	...		10	11/00
30,00,000	48,64,215	38,79,462	29,37,560	8,09,316	11,483	6	Calcutta Chemical P.	18	31/37
5,34,54,550	5,17,90,980	2,92,84,411	25,62,431	3,35,94,149	305	9	Chemicals And Fibres	27 1/2	33/25
4,95,000	1,31,355	1,33,245	41,188	1,15,552	210	2	Frank Ross P	Nil	1/37
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9	Indian Explosives	15	21/87
30,00,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6	Smith Stanistreet P	15	3/50
								10	10/06
ELECTRIC LIGHTING, POWER									
19,99,600	2,78,34,554	48,06,732	15,68,313	-1,67,752	...	3	Agra Electric	10	115/00
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3	Bareilly Electricity	10	13/56
17,00,000	1,23,17,670	60,56,242	15,26,090	1,78,574	831	3	Benares Electric	10	10/25
5,91,000	16,64,579	10,99,239	13,29,578	1,66,823	25,297	3	Bhagatpur Electric Supply	11	8/50
£4,262,64	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3	Calcutta Electric Supply P.	9	10/62
43,20,000	1,10,73,188	52,45,587	35,65,119	25,36,602	36,929	3	Dishergarh Power Supply P.	9	9/25

CAPITAL, 30th NOVEMBER, 1972

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	Latest Market Quotations as available until
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968 1969 1970	Rs. Rs. Rs.
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	Jubbulpore Electric	10	8/94
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Mirzapur Electric Supply	Nil	5/50
5,82,390	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzaffarpore Electric Supply	10	12/25
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	Nutria Electric	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	11	12/25
								10	12/25
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	10	6/50
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	11	10/75
								10	13/00
ENGINEERING & METAL									
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	Arthur Butler (Muzaffarpore) P	...	6/75
50,00,000	41,79,909	40,56,968	4,60,972	11,78,441	2,116	12	Bharatia Electric Steel	24	9/06
1,60,00,000	2,99,78,876	68,19,483	4,66,566	-1,24,85,483	-99,58,070	12	Braithwaite & Co. (India) P	Nil	3/06
36,00,000	31,68,658	76,85,591	5,30,506	67,669	...	12	Bridge & Roof	Nil	2/81
1,00,00,000	1,69,30,485	27,07,000	10,24,766	-85,28,723	-69,11,305	12	Britannia Engineering P	2 1/2	35/19
3,36,00,000	2,50,28,481	4,19,668	67,36,099	-47,52,044	-72,02,546	4	Burn P (Engineering)	Nil	2/47
1,00,00,000	78,72,406	35,76,143	1,33,735	11,37,399	20,066	3	Calcutta Steel	12 1/2	53/50
80,00,000	1,15,71,041	1,08,05,000	10,64,931	43,90,387	4,572	9	Electrosteel Castings	Nil	8/31
								6-10*	18/56
6,32,18,740	13,45,53,632	13,45,53,632	4,80,70,359	9,44,30,367	...	12	Guest Keen Williams	8	32/85
17,50,000	19,81,222	4,69,100	44,641	-47,13,357	-92,69,970	12	Hooghly Docking	Nil	28/00
24,88,17,980	65,39,32,169	42,44,61,83	4,74,98,058	3,68,75,944	...	3	Indian Iron & Steel P	Nil	5/05
3,65,000	...	...	...	...	...	...		6-6*	2/00
1,54,000	11,52,812	14,001	1,82,994	-4,15,836	-4,03,294	3	Indian Malleable Casting	...	0/50
1,55,94,000	54,26,818	31,84,791	34,18,507	-82,15,695	-1,22,14,432	3	Indian Standard Wagon P	Nil	3/69
								Nil	3/56
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	20	25/12
18,00,110	8,12,705	14,81,244	20,005	4,82,056	...	12	Industrial Containers	8	13/12
1,97,43,750	2,92,42,313	1,32,43,055	32,40,297	62,29,372	...	3	Jay Engineering P.	12 1/2	11/50
60,00,000	1,36,13,049	34,97,297	12,59,358	12,59,173	...	6	J. K. Steel P	10	11/06
2,04,00,000	5,24,51,937	58,08,258	72,36,745	-52,423,917	...	10	Jessop & Co. P	Nil	9/25
76,99,599	2,40,73,420	62,34,017	8,34,928	42,20,254	...	11	Kumardhubi Engineering P	Nil	8/75
15,75,000	49,41,339	10,55,004	11,90,197	36,407	11,795	6	Marshall Sons (India)	Nil	4/12
6,00,000	7,80,750	25,09,189	4,00,276	6,40,851	882	3	Saran Engineering	4	0/69
60,00,000	38,16,740	42,02,195	1,31,67,024	34,83,175	...	12	Simon-Carves	6	10/06
1,30,00,000	2,42,12,335	1,14,74,736	15,34,774	5,46,376	1,796	9	Sen Raleigh Industries P	7	14/94
21,00,110	18,80,041	31,05,945	72,948	18,61,059	...	12	Steel Containers	20	4/75
50,00,000	3,66,85,121	1,75,03,168	16,18,295	2,07,33,385	26,409	12	Textile Machinery	Nil	21/00
24,98,770	9,57,264	8,62,208	54,061	11,63,624	...	3	Wellman Incandescent	8	8/50
								10	7/81

CAPITAL, 30th NOVEMBER, 1972

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.			1968	1969	1970	Rs.	Rs.
SUGAR BREWERIES ETC.												
14,00,000	38,18,156	27,09,640	4,77,178	4,84,309	2,034	6	Balarampur Sugar	8	10	10	2 1/2	3/06
29,23,537	22,66,393	21,20,700	12,46,379	11,58,281	97,813	9	Beisund Sugar P.	13 1/2	13 1/2	13 1/2	7 1/2	6/12
15,00,000	7,50,511	15,38,462	16,06,010	10,82,824	8,118	6	Bharat Sugar P.	13 1/2	13 1/2	13 1/2	10	10/81
32,00,000	35,16,933	72,68,155	1,78,079	13,45,271		9	Carew (Sugar) P.	6	Nil	Nil	10	5/06
30,00,000	99,94,218	20,28,064	16,86,026	3,86,111	-98,54,689	10	Cawnpore Sugar P.	Nil	Nil	Nil-Nil*	10	4/62
18,00,000	47,67,752	57,47,706	12,47,451	3,56,145	-16,39,071	6	Champanur Sugar P.	15	5	Nil-Nil*	10	10/44
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8	Durbhanga	10	7 1/2	Nil	10	5/12
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Savan Sugar and Gur	Nil	Nil	...	10	2/09
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purbapur Sugar P.	Nil	Nil	...	10	5/50
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Ramnagar Cane & Sugar P.	20	10	6	10	4/50
65,00,000	98,92,935	5,13,700	90,088	8,92,545	-1,51,49,295	10	Raza Buland	Nil	Nil	Nil-Nil*	10	1/56
8,00,000	6,07,233	7,72,778	3,77,846	4,24,492	13,204	6	Ryam Sugar P.	Nil	Nil	Nil	10	2/12
11,99,000	22,10,161	18,54,067	2,09,163	2,24,407	-2,20,853	6	Shree Krishna Gyanoday Sugar P.	6	Nil	Nil	10	5/94
40,00,000	1,00,22,238	18,34,483	5,60,693	-6,11,276	-10,54,435	7	Shree Sitaram Sugar	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	...	10	0/33
16,00,000	42,22,845	19,40,804	2,03,163	-11,15,414	-9,17,147	9	United Provinces	12 1/2	10	5	10	4/36
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	8 1/2	10	...	10	11/50

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CAPITAL, 30th NOVEMBER, 1972

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	
								1968	1969	1970		Rs.	Rs.
76,89,000	12,886	72,15,524	1,73,93,710	8,56,617	...	12	Eastern Investments P.	4 1/2	9 1/2	10-7*	10	5/25	5/44
8,00,000	1,30,000	17,53,593	26,45,450	1,14,087	...	12	Garuda Investments	5	10	10-10*	10	6/75	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.	10	Nil	...	10	12/50	10/31
1,35,85,000	3,83,69,513	2,30,70,952	11,32,581	94,62,574	...	3	Fort Gloster P.	2 1/2	2 1/2	7 1/2-7 1/2*	100	203/00	224/00
30,00,000	34,79,154	46,900	11,48,349	-15,43,626	-8,57,415	3	French Motor Car	Nil	Nil	Nil	20	14/12	14/12
65,00,000	32,16,777	82,84,418	1,07,757	50,662	14,537	12	Ganges Rope	15	7 1/2	7 1/2*	100	118/00	118/00
60,00,000	1,11,02,321	1,64,22,765	62,728	38,46,149	...	12	Gillanders Arbuthnot & Co. P.	12	6	10-12*	10	8/50	9/06
53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	...	12	Godfrey Phillips (India) P.	35	12 1/2	57 1/2-33*	10	55/00	55/00
60,00,000	85,99,204	89,83,480	15,36,551	56,83,645	50,050	6	Goodyear India	15	17 1/2	47 1/2	10	43/75	44/75
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	Gramophone Co.	...	15	15-17 1/2*	10	26/50	26/50
599,15,000	12,12,97,991	1,57,327	36,27,386	4,65,783	-1,90,67,933	12	Great Eastern Hotel	Nil	Nil	Nil	250	199/00	199/00
13,16,52,080	39,55,60,435	9,62,29,604	1,12,45,565	1,10,91,716	1,16,00,286	3	Hindustan Aluminium P.	10	10	12 1/2	10	19/87	20/12
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	40,939	12	Hindustan Motors P.	12 1/2	10	Nil-Nil*-Nil†	10	7/35	7/80
35,20,000	38,70,309	55,33,981	3,53,018	28,56,511	...	3	Hindustan Pilkington P.	10	8	8	10	6/19	6/09
60,00,000	2,61,55,040	1,99,83,908	2,23,962	38,94,334	2,019	6	Hindustan Sanitaryware	...	...	10-8*	10	17/50	16/06
18,94,72,008	12,54,72,008	19,28,02,459	1,76,13,525	7,58,96,179	-24,61,728	12	Hoare Miller & Co.	...	...	...	10	1/09	1/09
12,01,29,907	51,33,43,722	23,97,31,390	82,99,724	8,84,19,359	669	12	India Carbon P.	16	16	16-18	10	31/37	30/50
4,14,42,410	2,63,02,442	4,28,60,340	31,80,714	1,80,24,896	...	3	India Tobacco	11	13	13 1/2-14 1/2†	10	16/62	16/37
4,62,00,000	6,38,04,037	5,72,17,647	44,41,845	2,01,58,480	...	9	Indian Aluminium P.	14	14	14-17*	10	32/30	33/75
8,82,919	8,82,919	12,42,783	10,90,551	12,01,372	53,791	3	Indian Cable	5	2 1/2	2 1/2-15*15†	10	20/05	21/30
36,00,000	3,27,367	23,27,768	6,65,286	9,23,042	...	9	Indian Oxygen	12	12	14-14*	10	24/12	21/60
							Indian Rubber Manufacturers P.	Nil	Nil	Nil	10	4/50	4/50
							Indian Wood Products	9	15	9-10*	10	8/75	8/75
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	4,671	6	I. K. Synthetics	12 1/2	12 1/2	15	10	49/56	44/81
2,00,00,000	34,05,575	1,46,21,613	5,60,66,475	15,68,387	...	3	Jardine Henderson P.	4	Nil	Nil-Nil*	100	40/00	35/00
1,63,99,940	3,86,90,000	1,35,27,609	22,48,962	63,38,319	...	12	Jay Shree Industries P.	10	10	11-14†	10	16/75	15/50
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,58,80,365	...	3	Keoram Industries P.	13 1/2	13 1/2	10	10	18/10	18/80
28,00,000	8,09,081	7,05,791	42,08,535	-6,07,077	...	3	Lawrence Investment P.	2	Nil	Nil-Nil*	100	40/50	40/50
66,00,000	3,17,363	6,02,958	8,21,617	-14,078	-4,849	3	Macfarlane & Co.	Nil	Nil	...	5	2/00	2/00
1,50,00,000	2,22,97,239	1,55,41,279	2,00,49,020	26,44,506	10,434	12	Macneill & Barry P.	5	5	6-Nil*	100	41/25	41/25
2,20,68,370	87,69,962	1,18,40,997	2,20,50,875	66,42,426	6,075	9	Martin Burn Ltd. P.	6	10	10-10*	100	6/19	5/94
47,12,000	16,00,806	70,83,368	2,43,14,304	-8,352	46,689	12	McLeod & Co. P.	Nil	Nil	10-10*	100	93/00	93/00
6,64,12,500	8,55,94,455	3,42,60,151	1,04,93,946	1,85,48,253	34,234	3	Metal Box Co. of India P.	9	9	6-8*9†	100	13/37	13/50
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)	9	10	12-10*	5	8/56	9/69
2,02,50,000	55,30,652	1,10,83,185	12,83,219	19,65,154	...	3	National Insulated Cable P.	5	5	10-8*8†	10	8/19	8/25
60,00,000	30,83,129	15,61,776	2,51,353	-5,28,993	...	9	National Pipes & Tubes P.	5	5	10-8*8†	10	5/19	5/50
24,00,000	27,90,365	10,84,447	24,496	28,669	...	6	National Rolling & Steel Rope	5	2 1/2	4-Nil*	10	3/75	4/00
63,31,600	1,08,73,661	28,05,713	28,75,516	23,55,797	36,426	12	National Rubber P.	12	5	2 1/2	10	5/19	6/44
79,79,000	79,90,738	2,19,79,083	51,23,324	49,14,579	7,563	12	National Tobacco P.	8 1/2	9	Nil	10	12/75	12/75
50,00,000	...	22,04,845	46,17,593	3,59,824	7,563	12	New India Investment Corpn	3 1/2	4	10	75	50/00	50/00

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CAPITAL, 30th NOVEMBER, 1972

* 1971

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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	Closed Accounts	NAMES	Dividends per cent			Paid up per Share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.	Rs.	
MISCELLANEOUS (Contd.)														
7,50,000	1,45,424	14,17,824	26,24,396	2,06,371	...	12	Onal Investments	7½	10	10-10*	10	14/10	14/10	
2,06,25,000	1,15,52,807	1,16,24,371	71,27,888	56,84,173	...	12	Phillips Carbon	15	15	15-12*	10	18/37	18/31	
5,46,00,000	8,46,74,317	5,07,60,571	1,25,85,376	6,72,31,786	...	3	Phillips India	20	23	20	10	41/37	45/62	
9,15,840	1,21,513	5,48,306	5,58,468	2,24,446	3,421	8	Publicity Society	15	10	15-10*	4	5/00	5/00	
2,25,00,000	1,70,09,152	1,63,07,489	3,17,04,611	1,38,08,197	...	3	Rallis India P.	13	13	13-14*	100	173/00	172/00	
5,00,00,000	9,03,40,428	1,57,26,775	79,35,968	46,59,568	9,26,674	9	Rohas Industries P.	Nil	Nil	Nil-Nil*	10	3/55	4/15	
46,20,000	30,70,796	50,41,065	57,82,419	57,85,613	9,029	10	S. S. Duncan	22½	22½	25-25½	10	31/50	32/00	
12,84,000	2,475	7,03,253	20,26,403	1,58,141	...	12	Sendra Investments	9½	7	7-7*	10	4/75	4/75	
94,27,380	4,73,05,083	10,00,000	14,42,952	—1,00,411	13,613	12	Sirsilk P.	Nil	Nil	...	10	2/87	2/93	
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	18	10	28/00	30/00	
2,28,50,000	21,00,22,876	10,58,34,115	1,62,17,249	7,87,62,326	...	3	Union Carbide	15	15	15-17½*	10	32/65	31/94	
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	12	Universal Cables	10	10	10	16	18/94	19/00	
31,53,000	21,00,895	24,10,887	23,11,142	—23,192	26,527	12	Walford Transport P	7½	7½	Nil	1	0/94	0/81	
49,65,000	1,95,19,738	68,36,747	73,11,329	20,62,997	19,565	12	Williamson Magor P	...	...	10-10*	10	10/19	10/00	
49,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	Woolcombers	...	6	7½	10	17/19	15/56	
INSURANCE COMPANIES														
13,50,000	25,62,842	1,73,03,719	1,69,70,197	24,44,374	8,216	12	Concord of India	18	21	...	15	12/00	12/00	
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	12½	15	20	10	20/50	21/50	
70,00,000	88,52,753	3,54,11,725	6,03,24,106	1,00,89,564	6,555	12	Ruby General	12½	17½	...	100	20/50	18/19	
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	Triton	...	...	...	...	165/00	165/00	
FLOUR MILLS														
30,00,000	8,53,225	24,72,389	3,59,195	6,57,031	...	12	Bengal Hooghly United	3	4	10-10*	10	13/00	13/50	
9,00,000	43,29,35	10,08,825	1,12,313	5,88,939	9,191	12		Nil	10	15	10	18/50	18/50	
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11		5	5	...	10	11/50	11/50	
OIL COMPANIES														
1,00,00,000	1,20,71,184	2,14,52,673	4,45,17,920	77,18,876	...	12	Indo Burma Petroleum P.	15	12½	17-18*	10	19/06	18/69	
12,00,000	13,06,860	12,83,186	6,03,708	2,77,070	...	10	Tide Water Oil	15	15	20-10*	10	9/75	9/75	

*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	Closed Accounts	NAMES	Dividends per cent	Paid-up per Share	Latest Market Quotations as available until			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.	Rs.	Rs.
PAPER MILLS													
1,25,56,710	4,44,93,543	2,11,10,298	21,34,929	40,68,099	525	12	Bengal P	3.7	10	10-10*	14/31	14/87	14/87
1,23,48,000	1,43,86,660	11,56,270	6,90,791	-8,58,482	-99,91,583	3	India Paper Pulp	Nil	Nil	Nil-Nil*	3/69	4/00	4/00
3,81,74,500	24,89,00,000	3,61,27,428	55,63,530	1,15,53,401	39,858	3	Orient Paper P	10	10	10-11*	34/60	36/25	36/25
3,49,81,825	7,85,75,927	1,20,00,000	10,56,985	1,25,02,433	91,550	3	Seshasayee	Nil	Nil	Nil-12*	11/87	12/37	12/37
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	Sirpur P	Nil	3	3	11/44	10/12	10/12
10,00,000A	3,75,86,520	73,75,834	7,81,658	37,13,376	...	3	Star Paper P	Nil	Nil	3	10/06	10/06	10/06
4,37,500PO	5,85,38,888	1,19,14,969	68,19,204	22,99,386	9,906	3	Titagur P	13	13	13-13*	3/25	3/25	3/25
3,64,03,500O								Nil	Nil	2 1/4*	7/12	7/62	7/62
56,04,800B								Nil	Nil	2 1/4*	16/75	17/56	17/56
3,24,20,800	3,97,86,845	1,57,39,525	10,26,69,115	1,07,73,940	557	12	Tribeni Tissue	...	...	18	...	...	...
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	120/00
REAL PROPERTY STORAGE													
1,00,00,780O	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	Bengal Bonded Warehouse	...	...	A500	700/00	700/00	700/00
1,25,000B										B62 1/2	101/00	101/00	101/00
2,00,000										C100	165/00	165/00	165/00
25,000Dd										D12 1/2	60/00	60/00	60/00
1,00,00,780O	18,59,983	6,80,906	12,73,261	-1,59,346	-1,59,346	9	Humayan Properties P	...	...	100	10/25	10/25	10/25
2,00,000Dd	7,58,697	11,25,847	8,77,051	15,97,604	6,235	4	Midnapore Commercial	Nil	Nil	2.35-4*	1/25	1/25	1/25
79,90,000										85	37/00	42/00	42/00
TRAMWAYS & STEAMER													
20,00,000	4,53,770	18,50,801	11,49,498	-76,884	618	10	Bengal Assam Steamship	Nil	Nil	Nil-Nil*	40/00	40/00	40/00
6,25,000	6,52,342	7,29,818	2,76,704	2,558	2,558	10	Calcutta Landing & Shipping	3	6	Nil	8/25	8/25	8/25
5700,000	52,889,537	51,565,916	53,15,682	515,252	52,006	12	Calcutta Tramways P	...	...	£1	3/87	4/00	4/00
6,04,880	6,97,987	8,56,706	53,440	1,35,098	-633	3	Fraser & Co	...	...	...	2/56	2/56	2/56
2,47,50,000	11,40,45,033	4,54,36,418	2,02,39,857	-22,56,270	...	3	India Steamship P	8	10	Nil-Nil*	9/12	8/81	8/81
26,38,750	36,93,090	7,56,416	1,62,616	5,01,845	-7,77,604	12	Port Shipping	4	Nil	Nil-Nil*	10/44	10/50	10/50

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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			Latest Market Quotations as available until	
									1968	1969	1970	1966	24-11-72 20-10-72
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	...	100	142/00
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	Apollo	Nil	...	...	2	0/46
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	Baroda Rayon	8	8	...	100	115/00
3,61,41,125	2,03,942	4,911	5,29,41,763	3,86,89,251	41,34,967	1,29,92,335	5,742	Bombay Dyeing etc.	12	12	13-13*	25	40/75
3,54,88,200	1,18,296	2,760	13,29,50,831	17,91,06,285	12,43,04,683	11,66,59,128	...	Century P.	40	40	45	100	457/50
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	31/00
76,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	Coorla	9	9	...	100	98/10
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	Dawn	10	10	...	50	64/00
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	50	24/00
50,00,000	63,212	784	83,32,658	71,62,852	16,838	4,09,432	37,155	Finlay	10	11	12	100	159/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	Gokak	15	15	15	100	147/50
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	10	1/82
50,00,00,000	...	...	5,44,40,998	...	34,33,245	31,38,833	31,80,002	Indian Rayon P.	Nil	Nil	Nil	100	80/00
2,49,62,500	50,074	1,426	95,21,338	34,30,000	28,02,268	3,23,559	16,269	Indore Malwa United	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	Khatau Makanji P.	10	10	12	100	179/00
1,04,90,900	1,20,504	1,846	1,43,20,058	1,28,29,461	10,80,024	44,56,905	12,863	Kohinoor	Nil	12	17	100	163/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	24,99,262	49,14,154	Lakshmi-Vishnu P.	Nil	Nil	...	100	103/50
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,31,920	...	Morarjee Goculdas P.	15	15	15	100	140/00
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	New City of Bombay	5	6	...	100	68/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	New Great Eastern P.	Nil	Nil	...	100	49/50
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	Phoenix	Nil	Nil	...	100	78/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	Simplex	16	16	16	50	90/50
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	Shree Niwas P.	5	10	...	100	115/00
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	8,176	Svadeshi P.	9	9	12	100	145/00
36,09,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	Swan	15	12	13	100	130/00
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	Tata	Nil	Nil	6	25	30/50
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	Western India	9 1/2	9 1/2	9	250	95/00

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CAPITAL, 30th NOVEMBER, 1971

DUMDAT 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			Latest Market Quotations as available until	
								1968	1969	1970	24-11-72 20-10-72	Rs.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.
28,48,19,000	54,03,18,992	2,309,51,069	5,67,61,310	7,22,02,669	26,574	7	Associated Cement	12	12	12-12*	100	109/75 121/25
8,74,77,100	21,08,70,540	5,71,02,246	1,74,28,417	2,86,98,076	640	3	Ahmedabad Electricity	9	9	12-9 1/2*10 1/2	100	84/30 86/00
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	11-12*12 1/2	100	122/00 122/00
3,08,62,525	17,32,36,060	7,09,54,506	95,51,600	1,63,63,660	5,804	3	Bombay Suburban Elec. P.	11	11	11-12*12 1/2	100	107/50 108/00
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	122/50 122/00
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	100	122/50 123/00
4,00,00,000	4,17,27,117	3,84,62,466	10,69,469	2,44,16,732	...	12	Associated Bearing	Nil	10	12 1/2*	100	258/00 255/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	Jost's Engineering	Nil	...	...	50	25/00 25/00
4,51,72,090	8,65,88,248	5,78,47,971	2,44,12,757	2,61,26,790	...	3	Larsen & Toubro P.	15	10	10-12 1/2*14 1/2	10	23/52 24/52
1,31,250F	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Premier Construction P.	36	40	32	50	87/50 85/00
75,00,000	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	12	Sandvik	10	10	12-12*	100	295/00 271/85
1,77,77,250	1,68,38,555	...	21,840	17,72,188	50,40,288	12	Sankey Wheels	...	...	...	10	8/00 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 1/2	14 1/2	13 1/2-14 1/2*	100	216/50 219/00
38,58,01,715	1,06,01,94,089	55,58,00,520	14,65,79,877	14,12,24,952	...	3	Tata Iron & Steel P.	11 1/2	11	11-11*	75	82/00 82/80
1,40,00,000	2,07,06,661	1,90,55,523	7,81,083	1,72,51,695	10,477	4	Zenith Steel	9	10	10-12*	10	14/88 15/36
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	British India General	...	...	...	10	14/52 14/52
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	40/00 37/50
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	Vulcan	20	20	...	10	15/52 15/52
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	148/75 147/50
2,64,82,500	1,99,34,225	1,01,744	1,37,52,145	8,04,219	7,87,678	12	Bayer	Nil	Nil	Nil	100	250/00 323/50
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	14	15 1/2	15	25	54/50 56/70
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	Cear Tyres	9	11	11	100	267/50 277/50
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	10	100	150/00 154/00
4,79,06,260	21,12,87,108	6,46,00,063	5,52,93,724	1,58,77,000	45,270	6	Great Eastern Shipping	20	25	12	10	30/00 28/35

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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 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 24-11-72 20-10-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.
11,55,63,120	8,37,72,828	5,86,47,579	59,72,647	5,15,58,234	...	12	MISCELLANEOUS (Contd.)			
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	Hindustan Lever	14	14	21/00
11,99,990	13,82,957	7,34,142	14,05,223	68,232	16,942	7	Industrial Invt Trust	7	8	120/00
1,24,95,600	61,65,744	95,74,496	2,03,71,096	38,51,469	6,216	11	Kemp (Chemists)	...	...	185/00
3,19,98,800	10,24,08,522	7,56,48,606	75,11,530	3,45,72,768	6,674	12	Killick Nixon	10	10-11*	88/00
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	National Rayon	28	32-40*	974/00
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Permanent Magnets	9	...	122/50
7,48,39,825	16,48,04,771	3,08,98,866	25,08,783	35,80,413	86,134	6	Phalton Sugar	24	...	69/00
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	Premier Automobiles	Nil	Nil-11*	54/50
11,27,72,980	45,59,05,602	18,66,12,210	27,16,96,643	2,70,72,552	5,06,469	6	Sandoz	10	11	18/24
21,00,000	12,01,443	...	4,24,216	3,95,294	-2,92,250	11	Scindia Steam Navign	74	83-111*	28/20
5,74,62,660	6,38,89,149	4,09,20,991	65,01,693	2,56,20,037	19,330	12	Shivrajpur Synd	Nil	Nil-11*	23/84
3,02,35,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	Synthetics And Chemicals	Nil	12-15*	163/50
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Chemicals P	17	15	29/50
5,19,48,000	4,56,76,290	3,91,18,361	2,00,20,210	3,16,91,055	...	8	Tata Oil P	19	18-18*	70/00
4,95,00,000	4,24,16,171	2,76,57,332	1,86,60,810	1,81,42,255	...	12	Volta	15	15-15*	226/00
					...		Western Indip Match	11	12	143/50

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SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Outturn and Average Price per kg/lb realised for crop	Net Profits	Accounts closed	NAMES	Dividends per cent 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-11-72 23-10-72
Rs.	Rs.	Rs.		Kilograms	Rs.				Rs.	Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	1,48	12	Anandam P.	Nil	Nil	11/75
10,98,990	13,96,078	4,83,841	...	225,168	4,34	3	Balanoor P.	15	15-15*	14/50
17,32,230	13,36,710	3,36,253	...	3,59,531	1,65cts	5	Be De P.	8	Nil-5*	1/95
20,53,480	35,53,194	24,06,114	1,892	8,37,342	5,22	3	Chembra Peak	15	10-12*	2/85
32,29,436	54,21,817	28,91,936	2,627	14,99,643	3,85	2	Cochin Malabar P.	10	12 1/2	15-17 1/2* 18†
32,50,000	39,31,709	30,58,661	2,710	19,48,320	...	6	Coffee Lands P.	16	20-20*	5/05
71,55,000	1,15,74,404	68,44,278	7,001	60,81,120	...	6	Consolidated Coffee P.	18 1/2	15-18*	16/75
5,66,730	22,17,651	13,84,267	174	29,08,68	5,69	9	Coonoor P.	20	20-7 1/2*	24/50
4,80,000	10,36,448	4,76,798	...	3,53,888	1,52	3	Coorg P.	10	10	28/00
6,00,000	11,82,508	2,17,761	...	1,57,785	1,47	3	Cottanad Plantation P.	10	Nil-10*	2/00
6,00,000	8,89,831	4,80,155	...	3,25,310	2,66	12	Devashola (Nilgiri)	10	15	10/05
6,74,650	9,14,644	3,31,040	...	1,38,386	4,26	3	Devon P.	5	9	13/75
7,50,000	3,38,952	1,26,500	...	1,12,936	2,66	12	Emerald Valley	15	15-15*	14/75
4,50,000	3,64,462	20,000	...	62,830	...	12	Gokul	20	10-8*	10/60
25,00,000	42,82,150	17,77,500	...	17,21,550	2,04	12	Hailevburia P.	15	15	2/73
11,85,700	28,02,058	10,77,705	...	9,59,804	1,67	12	Kailas	10	8	7/72
9,00,000	12,42,263	7,23,749	...	3,14,942	...	3	Kalasa Tea Produce	15	15-15*	2/95
17,17,076	28,48,525	14,32,010	811	4,62,975	5,54	3	Kil Kotagiri P.	14	16	3/10
5,00,000	9,11,259	1,21,604	267	305,757	2,31	12	Luckv Valley	15	...	2/35
13,50,000	19,78,339	9,14,031	1,785	3,42,784	3,03	3	Malankara	10	10	21/00
								22 1/2	25	28/25

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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	Accounts closed	NAMES	Dividends per cent 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-11-72 23-10-72
Rs.	Rs.	Rs.		Kilograms	Rs.				Rs.	Rs.
40,50,000	67,47,600	17,25,166	4,013	12,60,448	3,85	3	Midland Rub & Prod P.	10	7 1/2	10-10*
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2,90	3	Nilgiri P	Nil	5	10-10*
23,10,000	24,28,291	11,02,621	1,057	7,29,106	16,62,532	1	Noosuch	17 1/2	20-20*	5-7*
9,75,000	11,21,586	3,67,000	293	2,29,900	3,27,700	3	Osoor	12	15-18*	3/06
17,00,000	27,55,157	13,87,519	1,099	10,69,078	4,19	12	Parkside Neigherry	30	30-30*	29/00
17,00,000	27,36,576	12,82,318	1,563	10,83,565	4,20	12	Peermade P	10	11 1/2	11/10
6,00,000	7,90,316	3,35,530	1,167	3,83,968	1,50	2	Perinsular	10	10-10*	14/25
57,94,880	78,72,019	20,68,711	2,074	23,46,900	3,88	3	Periakaramalai	18	14	14/25
13,50,000	48,44,469	13,58,959	952	845,000	8,05,161	6	Rajagiri Rub & Prod P	13	13-13*	2/85
2,00,000	3,14,567	1,53,963	711	...	1,18,791	3	Rajendra P	30	40-50*	14/25
									5	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1,51	3	Teekov P.	15	Nil	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3,20	9	Thirumbadi	Nil	6	1/90
6,00,000	6,51,402	46,742	1,307	2,23,794	3,21	12	Travancore Rubber	8	8	5/60
41,00,000	72,63,801	12,63,584	2,535	12,19,484	10,61,172	12	Travancore Rub & Tea P	15	15	6/30
20,00,000	23,48,701	1,36,000	3,028	6,38,402	2,02,762	12	Tropical Plantation	14	14-17 1/2*	18/37
81,93,280	30,03,223	17,04,089	3,638	8,28,976	12,85,658	3	United Nilgiri	15	15	18/85
8,80,010	9,26,839	2,82,051	952	4,94,400	2,20,09	12	Vaikundam	10	12	19/25
										18/75

SOUTH INDIAN COTTON MILLS

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 1968 1969 1970	Paid-up per share	Latest Market Quotations as available until 26-11-72 23-10-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.
30,00,000	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12	Anglo-French P.	15	15	146/00
20,00,000	22,72,373	31,406	96,302	7,68,513	42,421	12	Cambodia P.	Nil	Nil	1/40
35,99,600	74,98,712	39,35,014	8,68,959	20,95,517	...	12	Coimbatore Cotton	5	10	94/00
30,76,900	47,91,212	7,98,681	22,227	-7,52,342	-10,23,340	1	Coimbatore Spg. & Wvg.	Nil	Nil	115/50
1,59,75,000	2,32,44,382	90,38,303	60,65,440	24,96,190	1,354	3	Lakshmi	8	12-12* 10†	64/00
7,00,09,920	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	9,370	3	Madura	10	8	18/12
1,13,61,000	50,79,268	46,70,299	5,84,128	51,61,924	179	3	Mettur Beardsell	20	15	174-19* 100
										173/00

†1972

*1971

V

RESERVE BANK			
ISSUE DEPARTMENT (In 000's of Rupees) Week Ended			
	17-11-72	10-11-72	19-11-71
Liabilities—			
Notes in Banking Dept. ...	36,50,31	43,10,09	21,70,27
Notes in Circulation ...	47,49,19,72	47,68,22,16	43,63,44,62
Total Notes Issued ...	47,85,70,03	48,11,32,25	43,35,14,89
Assets—			
A. Gold Coin and Bullion ...	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities ...	1,91,65,38	1,96,65,28	2,10,92,00
Total of A ...	3,74,18,49	3,79,18,49	3,93,45,11
B. Rupee Coin ...	22,20,50	22,83,72	41,14,84
Rupee Securities ...	43,89,31,04	44,09,30,04	39,50,54,94
Total ...	47,85,70,03	48,11,32,25	43,85,14,89
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 ...	2,09,00,00	2,09,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund ...	15,00,00	45,00,00	39,00,00
National Industrial Credit (Long Term Operations) Fund ...	1,75,00,00	1,75,00,00	1,35,00,00
Deposits—			
(a) 1. Central Govt. ...	52,31,11	1,11,77,23	53,33,42
2. State Govts. ...	13,81,74	8,89,91	5,84,13
(b) Banks—			
(i) Scheduled Banks ...	2,83,51,73	2,65,50,37	2,45,88,80
(ii) State Co-operative Banks ...	10,52,63	10,94,07	9,06,20
(iii) Non Scheduled State Co-operative Banks ...	1,07,52	1,07,46	85,71
(iv) Other Banks ...	27,23	36,35	45,82
(c) Others ...	88,89,45	95,16,19	73,90,55
Bills Payable ...	72,24,15	70,01,10	60,73,86
Other Liabilities ...	3,40,07,14	3,31,38,22	2,23,60,92
Total ...	14,46,72,70	14,79,10,90	11,92,69,41
Assets—			
Notes ...	36,50,31	43,10,09	21,70,27
Rupee Coin ...	3,59	3,96	3,57
Small Coin ...	2,95	3,01	3,07
Bills Purchased and Discounted:—			
(a) Internal ...	1,13,53	1,17,58	9,89,43
(b) External ...	...	...	...
(c) Govt. Treasury Bills ...	3,39,62,78	3,44,20,00	74,65,84
Balances held abroad ...	1,51,06,72	1,44,32,04	1,89,26,63
Investments ...	3,88,21,70	4,00,84,16	93,87,45
Loans and Advances to:—			
(i) Central Government ...	35,13,00	45,69,99	3,35,16,44
(ii) State Governments ...	...	...	...
Loans and Advances to:—			
(i) Scheduled Banks ...	4,28,50	5,90,50	7,99,00
(ii) State Co-operative Banks ...	2,26,98,17	3,26,77,69	2,57,05,45
(iii) Others ...	5,12,97	3,23,22	2,03,25
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund ...	...	...	...
(a) Loans and Advances to:—			
(i) State Govts. ...	53,59,15	53,59,16	41,90,26
(ii) State Co-operative Banks ...	20,93,58	20,87,05	22,34,66
(iii) Central Land Mortgage Banks ...	...	...	...
(iv) Agricultural Refinance Corp. ...	10,00,00	10,00,00	...
(b) Investment in Central Land Mortgage Bank Debentures ...	10,87,75	10,87,75	10,39,97
Loans and Advances to State Co-operative Banks ...	28,98,84	28,97,24	22,29,56
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund ...	93,06,94	93,06,94	69,03,21
Other Assets ...	41,17,22	46,40,52	35,01,35
Total ...	14,46,72,70	14,79,10,90	11,92,69,41

SCHEDULED BANKS			
(In lakh of Rupees) Week Ended			
	10-11-72	3-11-72	12-11-71
(i) Demand Liabilities—			
(a) Demand Deposits: ...			
(1) From Banks ...	1,98,86	2,06,60	1,65,3
(2) From others ...	34,26,40	34,22,17	28,66,0
(b) Borrowing from Banks ...	61,39	63,50	55,3
(c) Others ...	2,25,88	2,24,94	1,70,2
(ii) Time Liabilities—			
(a) Time Deposits: ...			
(1) From Banks ...	2,09,94	2,13,15	1,50,6
(2) From others ...	46,52,53	46,31,63	38,93,3
(b) Borrowing from Banks ...	14,55	16,09	10,9
(c) Others ...	53,40	50,88	50,9
(iii) Borrowing from State Bank—			
(a) Demand Liabilities ...	24,68	19,03	13,2
(b) Time Liabilities ...	87,56	84,71	76,3
(iv) Borrowing from Reserve Bank ...	2,75,32	2,69,82	3,11,7
(v) Cash ...	2,10,04	2,09,83	1,81,4
(vi) Balances with Reserve Bank ...	2,85,53	2,65,55	2,32,0
(vii) Balances with other banks in current account ...	90,79	99,26	86,0
(viii) Money at call and short notice ...	1,06,77	1,23,18	1,12,2
(ix) Investments in Central and State Govt. Securities ...	22,91,72	23,13,52	16,51,98
(x) (a) Loans, Cash Credits and Overdrafts ...	44,16,45	43,85,90	39,85,52
(b) Due from banks ...	5,11,07	4,96,30	4,78,65
(xi) Inland Bills purchased and discounted ...	7,77,06	7,64,88	7,37,45
(xii) Foreign bills purchased and discounted ...	2,15,98	2,16,17	2,14,47
(xiii) Total of X, XI and XII ...	59,20,56	58,63,25	54,16,07

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	1891.92	1567.52	
1971			
August	145.19	127.29	
September	159.25	117.57	
October	130.88	125.11	
November	159.56	134.84	
December	188.45	143.61	
1972			
January	177.79	143.37	
February	152.05	134.86	
March	142.97	156.85	
April	143.90	156.01	
May	127.62	153.77	
June	138.26	140.86	
July	148.82	141.37	

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

"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

GOVERNMENT OF INDIA			
Outstanding Amount	Rs.	Year of issue	Interest per cent
2,48,90,76,000	3	1946	3
8,93,33,000	3	1896-97	3
14,77,48,000	2½	1946	2½
86,63,53,000	3½	1956	3½
1,54,70,47,000	4	1957	4
97,51,44,000	4	1958	4
81,06,39,000	4	1959	4
98,05,17,000	4	1960	4
65,96,55,000	4	1961	4
28,22,34,000	4½	1962	4½
1,59,08,07,000	4½	1963	4½
1,14,03,37,000	4½	1962	4½
1,03,09,83,000	4½	1963	4½
1,40,26,47,000	4½	1964	4½
1,14,33,08,000	4½	1965	4½
1,11,16,14,000	5½	1965	5½
1,07,97,66,000	5½	1966	5½
1,00,10,00,000	5½	1967	5½
1,50,20,00,000	5½	1967	5½
2,75,00,00,000	5½	1968	5½
1,35,00,00,000	5½	1968	5½
1,50,00,00,000	5½	1969	5½
2,75,00,00,000	4½	1969	4½
1,75,00,00,000	4½	1970	4½
2,25,00,00,000	5½	1971	5½
...	...	...	...

PORT TRUST LOANS

CALCUTTA			
Amount	Market quotations	Year of issue	Interest per cent
90,24,300	94/00	1914	4
76,90,100	99/00	1915	4
68,02,300	82/00	1921	3
1,50,00,000	144/00N	1921	6½
£892,600	£86.5	1923	5
£901,000	£86.6	1924	5
1,24,00,000	95/50	1957	4½
1,30,00,000	95/50	1958	4½
50,00,000	95/00	1959	4½
50,00,000	74/25	2005	3
50,00,000	86/00	1975	3
50,00,000	84/00	1976	3
50,00,000	69/00	2006	3
50,00,000	80/50	1977	2½

STATE GOVERNMENT LOANS

WEST BENGAL			
Amount Outstanding	Rs.	Year of issue	Interest per cent
7,00,00,000	4½	1961	4½
7,00,00,000	4½	1962	4½
7,00,00,000	4½	1964	4½
7,00,00,000	5½	1965	5½
6,00,00,000	5½	1966	5½
8,00,00,000	5½	1967	5½
8,00,00,000	5½	1968	5½
11,00,00,000	5½	1969	5½
...	...	...	...
MAHARASHTRA			
10,00,00,000	4½	1961	4½
12,00,00,000	4½	1962	4½
15,00,00,000	4½	1964	4½
15,00,00,000	5½	1965	5½
TAMIL NADU			
12,00,00,000	4½	1962	4½
10,00,00,000	4½	1961	4½
14,00,00,000	4½	1964	4½
14,00,00,000	5½	1965	5½

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 Quotation as available until 27-11-72	Rs.
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.			1968	1970	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+	10	8/81
18,00,000	446	42,80,380	6,12,200	9,61,678	13,38,541	-12,28,415	12	Alexandra P.	Nil	...	100	46/00
30,00,000	1,264	43,75,072	12,28,250	2,85,586	-18,27,284	-24,42,555	5	Alliance P.	24	...	100	40/50
59,04,900	2,581	1,72,65,253	1,22,78,484	88,95,860	34,64,292	10,009	3	Anglo-India P.	24	5-7 1/2	100	103/00
40,00,000	810	1,44,06,123	58,84,006	38,87,794	33,73,084	24,424	3	Auckland P.	Nil	Nil-Nil+12*	100	65/00
20,00,000	959	1,02,10,363	46,32,069	6,64,478	15,79,586	£119,439	3	Bally P.	10	10-10+	10	12/75
£275,000	1,889	£344,064	£295,036	1,77,736	£105,230	1,33,355	6	Barnagore P.	Nil	Nil-Nil+5*	£5	68/00
45,00,000	600	29,61,854	15,46,700	8,93,663	5,85,851	40,062	3	Bengal P.	15	9-11+	10	2/25
1,59,56,210	1,373	7,39,53,838	4,30,61,136	96,39,875	1,11,00,519	48,461	6-12	Birla	Nil	...	10	24/65
7,47,380	502	12,59,648	4,17,958	1,73,320	61,970	61,970	11	Calcutta P.	Nil	...	10	7/00
1,64,75,540	3,721	1,90,14,205	1,14,48,403	21,57,917	26,72,880	7,332	11	Budge-Budge Amal	Nil	12-6*	10	7/06
18,00,000	616	54,89,909	40,88,628	4,33,492	19,56,178	90,204	3	Caledonian P.	5	10-10+	100	112/00
29,58,200	1,400	1,00,95,365	1,21,03,887	1,05,457	13,14,297	-2,98,286	7	Chandany P.	Nil	5-Nil+10*	10	12/62
30,15,000	500	43,86,873	37,80,614	18,71,031	25,08,126	-14,01,691	3	Chitavalah P.	Nil	Nil-Nil	100	8/12
31,49,200	766	1,15,61,961	19,99,699	8,87,958	7,16,245	-14,46,346	7	Dalhousie P.	Nil	Nil-Nil	100	59/25
30,00,000	500	27,63,874	14,93,60	14,69,475	8,47,643	...	3	Empire P.	Nil	Nil-Nil+15*	10	6/12
67,50,000	1,530	99,10,701	65,47,005	6,09,223	45,61,661	...	3	Fort William P.	7 1/2	7 1/2+12 1/2	10	14/00
59,96,700	1,337	1,56,08,803	1,04,49,520	1,09,877	20,36,676	22,355	3	Ganges P.	5	Nil-Nil+12*	10	6/75
81,63,200	1,283	2,10,57,943	71,93,905	14,53,597	41,24,845	...	3	Gouropore P.	24	Nil-Nil+12*	10	8/12
29,98,900	815	97,08,300	83,70,189	1,00,24,994	2,20,258	-53,98,367	3	Hastings P.	Nil	Nil-Nil+7 1/2	10	102/00
20,00,000	425	1,07,98,54	14,21,763	7,38,937	17,43,248	...	3	Howrah P.	Nil	Nil-Nil	10	6/12
85,00,000	852	3,27,07,154	1,40,11,918	11,06,766	1,12,48,410	9,613	3	Hukumchand P.	Nil	Nil-Nil+7 1/2	7 1/2	13/05
86,75,000	316	47,02,282	57,53,568	10,96,375	1,13,303	...	3	Hooghly P.	10	6	10	14/19
43,20,000	1,997	64,57,437	16,60,818	2,52,620	37,14,080	10,651	3	India	Nil	4.8-8+	12 1/2	9/12
54,00,000	1,527	67,94,246	1,36,374	1,89,284	16,65,571	-36,79,652	12	Kamarhatti P.	Nil	Nil	100	101/00
77,00,000	703	2,05,32,694	22,56,800	10,57,632	6,00,836	-23,73,910	5	Kankarnarrah P.	Nil	Nil	100	36/50
67,50,000	1,530	99,10,701	9,86,592	5,45,753	-39,12,385	-73,25,728	3	Kelvin P.	Nil	Nil-Nil	10	65/00
59,96,700	1,337	1,56,08,803	29,48,497	13,48,838	49,10,950	-42,09,380	3	Kinnison P.	Nil	Nil-Nil+*	100	36/50
81,63,200	1,283	2,10,57,943	69,16,366	27,78,087	41,65,455	...	3	Megna	Nil	Nil-Nil	10	3/81
29,98,900	815	97,08,300	82,50,383	20,56,128	5,26,808	17,816	4-10	Naihati P.	Nil	Nil	100	28/00
20,00,000	425	1,07,98,54	15,55,000	26,11,429	3,36,343	17,176	10	Naskarpara	Nil	Nil	10	4/62
85,00,000	852	3,27,07,154	1,06,69,449	13,97,686	-10,90,246	7,673	3	National P.	Nil	Nil	10	10/75
86,75,000	316	47,02,282	25,61,800	12,39,978	17,72,851	30,117	7	Nellimarla P.	4	10-10+	10	9/25
2,56,00,000	1,765	3,08,96,118	2,42,19,122	26,20,231	-18,53,066	15,530	3	New Central P.	Nil	Nil	10	4/37
16,79,880	567	1,14,91,151	41,83,336	5,49,883	26,01,932	14,956	12	Northbrook P.	10	Nil-Nil+25*	10	14/00
66,79,500	1,092	1,04,30,951	35,74,849	3,87,802	29,25,207	...	12	Nuddea	24	Nil-Nil+*	10	5/44
25,00,000	400	23,02,605	6,08,654	7,76,711	-19,57,279	-25,79,189	3	Presidency	Nil	Nil	5	5/44
20,00,000	305	32,44,980	18,30,845	1,09,804	29,75,711	...	3	Rameshwara P.	Nil	Nil-Nil+5*	10	11/81
49,50,000	1,276	1,44,60,989	1,18,51,470	16,14,589	38,55,298	...	3	Reliance P.	Nil	Nil-Nil+7 1/2	10	7/75
30,00,000	911	47,47,618	15,81,656	27,81,388	2,13,128	3,184	9	Shree Ambica P.	Nil	Nil	10	6/00
£1,892,722	1,794	£1,220,775	£455,838	£38,677	-£385,885	£1,327	12	Titagur P.	Nil	...	£1	10/06
35,98,600	1,326	97,04,456	59,516	5,21,228	-2,72,044	-32,20,205	3	Union P.	Nil	Nil-Nil+*	100	50/00
2,50,000	465	7,58,391	8,10,000	9,73,942	3,91,079	20,102	5	Waverley P.	15	...	1	3/75

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.

Latest Market Quotations as available until												
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	Dividend per cent	Paid-up per Share	Rs.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970	Rs.
51,00,000	71,32,601	50,54,428	4,48,663	20,49,328	11,473	3		Amalgamated Bengal P.	7½	10	10	10/62
1,20,00,000	4,60,27,970	3,73,73,255	27,49,322	4,84,269	...	10		Bengal P.	12	12	100	43/50
4,49,350	4,37,882	1,30,132	91,796	43,397	4,471	10		Bengal Bhatdee	...	...	10	3/50
2,25,000	3,06,216	5,45,835	5,19,015	1,55,638	16,129	12		Bengal Nagpur	5	5	2½	5/25
15,97,000	25,07,455	4,47,308	14,214	-2,45,265	-6,47,481	9		Bhagora	Nil	Nil	Nil	1/00
7,15,000	14,96,845	11,02,672	64,329	-3,06,406	-4,92,536	12		Bhulanbarree	Nil	Nil	Nil	8/56
16,00,000	38,87,275	16,18,636	7,185	1,21,936	-79,196	6		Bokaro & Ramgur	...	...	10	12/00
15,00,000	42,47,955	27,76,392	9,31,166	5,13,268	...	12		Borra P	5	12½	10	8/00
1,21,23,300	3,45,54,630	1,62,07,145	41,50,189	10,70,492	...	12		Burra P	Nil	12	12-5*	4/06
8,00,000	9,74,804	6,16,228	1,61,693	46,450	-5,34,766	6		Central Kurkend P.	Nil	Nil	10	4/94
16,00,000	25,01,305	Nil	19,429	-6,45,261	-5,39,034	12		Dhemo Main	Nil	Nil	10	0/97
£614,000	£1,336,903	£532,086	£224,897	£128	-£303,832	4		East Indian Equitable P.	Nil	Nil-Nil*	£1	1/44
29,63,760	2,06,08,803	1,35,30,025	15,86,501	-27,12,505	-1,60,97,810	12		Chusick & Muslia P.	Nil	Nil	10	1/75
15,00,000	26,44,248	2,30,000	16,401	2,89,347	-11,61,930	12		Hurriladih	Nil	Nil-Nil*	10	11/05
8,00,000	5,43,022	...	16,702	-10,172	-3,65,025	3			...	...	10	1/43
15,00,000	21,64,011	6,66,585	1,12,18,92	49,054	...	12		Karanpura Development	Nil	5	5-5*	10/94
50,00,000	33,65,454	34,26,999	3,23,733	17,29,065	...	2		Karanpura Collieries P.	12	12	20-10*	6/00
18,90,460	50,12,478	10,46,259	10,46,257	5,19,841	...	1		Katras Jherriah	10	10	10	5/94
1,38,400	6,75,000	95,000	11,80,294	49,776	1,918	6-12		Khas Kajora P.	8	8	...	9/25
7,48,240	3,39,261	56,489	7,29,802	1,15,573	74,711	12		Nazira	...	...	10	1/18
31,97,210	72,34,903	69,43,971	1,69,302	15,52,713	...	10		New Beerbhoom P.	12	16	16	5/62
10,00,000	14,60,892	3,25,512	19,872	2,87,458	-1,98,283	3		New Manbhoom	Nil	Nil	10	2/91
1,15,000	21,64,011	6,66,585	11,21,892	49,054	...	12		North West	7½	5	2½	5/25
1,57,500	1,03,17,995	19,87,814	7,01,380	-12,74,323	-13,32,766	12		Parasa P.	6½	10	2½-Nil*	14/19
16,68,000	47,55,061	34,20,575	4,26,425	8,17,254	2,326	3		Pench Valley	7½	10	10	10/62
52,48,010	1,35,82,461	66,87,183	21,09,134	4,61,277	26,542	3		Raneegunge	7½	10	10-7½*	10/75
40,50,000	52,92,369	53,96,724	23,89,362	47,80,842	6,473	12		Rewa	15	20	20-20+	7/06
26,95,000	35,74,393	20,87,115	4,28,926	11,19,774	...	8		South Karanpura	10	20	20-20*	19/62
99,97,000	1,87,61,070	78,41,667	14,18,967	28,44,722	11,360	3		Western Bengal	7½	8	8½-8*	10/00
												6/56
												6/62

* 1971

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' 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	Dividend per cent	Paid-up-Share	Latest Market Quotations as available until
Rs.		Rs.	Rs.	Rs.	Rs.	Rs.			1968 1969 1970		27-11-72 23-12-72
15,00,000	17,044	366	61,38,514	99,386	2,07,009	-3,68,790	12	Basanti P	Nil Nil ...	10	2/75 2/75
1,50,00,000	24,000	...	4,21,62,926	1,46,53,396	18,28,484	5,93,579	...	Bharat Commerce P.	15 15 12-12*	10	18/62 20/75
39,95,950	45,000	1,100	1,41,21,067	2,04,63,885	46,60,129	...	...	Birla Cotton	10 10 Nil-Nil*	10	11/06 11/06
60,95,340	60,336	937	1,85,11,743	57,22,577	4,07,955	-16,32,645	...	Bowreah P	17 17 12-10*	10	14/12 15/25
60,00,000	33,384	604	87,52,901	44,30,132	14,31,861	-4,33,646	...	Cawnpore Textile	10 8 Nil	5	2/44 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	...	Delhi Cloth & Genr P	6 12 ...	25	41/62 40/81
47,50,000	68,084	734	1,38,40,304	15,61,664	5,60,325	-14,01,836	...	Dunbar	Nil Nil Nil	10	10/31 10/31
94,50,000	1,20,006	2,302	1,85,74,978	1,60,01,763	2,23,992	-19,04,302	...	Elgin P.	8 8 6-Nil*	10	7/00 7/50
1,25,00,000	...	...	3,48,97,571	56,34,321	85,50,730	19,28,764	12	J. K. Cotton (Rayon) P	5 6 ...	10	8/15 8/30
99,26,625	6,272	218	3,43,53,817	36,41,804	3,08,668	-23,27,825	...	Jaya Shree P.	Nil Nil ...	10	8/81 8/30
48,45,700	...	...	88,96,755	5,30,972	1,26,038	4,60,553	3	Orissa Textiles P.	Nil Nil Nil	10	2/94 3/00
17,50,000	...	...	...	...	...	...	...	Swadeshi (Kanpur) P.	5 5 ...	10	11/50 11/50
1,57,50,000Po	2,30,394	2,800	6,35,67,315	4,39,07,383	2,04,97,429	23,00,906	12	Swadeshi (Kanpur) P.	10.71 10.71	10	5/62 5/62

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	Net Profits including taxation	Accounts closed	NAMES	Dividend per cent			Paid-up Share	Latest Market Quotations as available until		
				1969 Kgs.	Ra.	Kg.					1970 Kgs.	Ra.	1971 Kgs.		Ra.	1968	1969
16,37,100	26,12,852	17,60,747	368	5,81,395	6.14	6,99,934	6.93	6,60,000	10,34,937	12	Amluckle P.	Nil	2	5	10	9/00	9/00
8,75,000	13,07,892	8,48,455	245	3,37,800	6.75	3,11,000	5.25	3,40,000	86,066	12	Ananda Bag.	5	10	5	10	9/50	7/87
35,00,000	84,59,742	17,64,884	1,214	16,91,077	5.19	18,94,886*	...	...	8,74,807	6	Assambrook P.	10	1	12 1/2	10	6/19	6/15
5,50,000	20,36,928	6,36,983	242	4,21,938	6.08	4,29,321	7.17	4,30,000	1,46,417	12	Baghmari	Nil	Nil	7 1/2	10	6/00	6/00
7,65,000	22,41,003	12,29,593	197	2,86,700	7.20	3,17,900	...	3,00,000	78,928	12	Basmatia	Nil	12 1/2	10	9/75	9/75	
58,50,000	1,43,33,723	78,64,572	2,047	2,466,000	5.93	2,98,44,000	6.41	28,50,000	15,52,870	12	Banarhat	5	Nil	16	100	75/00	67/00
1,11,71,700	2,34,97,632	1,89,50,650	3,790	5,457,820	5.33	6,252,604	5.72	5,805,000	29,50,503	12	Birpara	5	5	11	10	77/50	69/00
10,24,400	19,41,030	12,36,077	293	4,45,300	6.82	4,12,400	7.73	4,20,000	4,70,045	12	Betjan	Nil	15	10	10	77/50	11/00
41,23,960	73,35,595	38,51,789	1,757	1,074,546	7.63	11,89,284*	7.74	4,61,000+	1,833,230	12	Bishnauth	Nil	Nil	Nil-10*	10	7/44	7/37
7,50,000	25,86,115	15,77,826	220	3,97,140	6.78	4,01,496	7.62	4,15,000	3,52,120	12	Bormah Jan. P.	Nil	12 1/2	6	10	6/44	6/44
9,60,000	17,91,844	2,79,816	137	2,87,929	6.34	3,23,589	6.88	3,30,000	1,98,905	12	Dejoo Valley	Nil	Nil	Nil	10	3/50	3/50
17,53,440	21,77,134	19,70,520	369	4,79,708*	7.08	4,82,771	7.18	5,00,000+	...	12	Dhelaakhat	Nil	3	5	10	8/50	8/62
10,00,000	18,06,531	22,83,826	205	4,27,654	6.95	...	...	...	5,04,909	12	Dhunseri	13	10	12 1/2	10	9/50	9/50
9,46,800	14,49,497	13,30,810	271	368,602	8.42	398,853*	8.32	400,000+	5,48,018	12	Dibrugarh	30	30	...	10	23/06	23/06
10,14,000	12,84,388	12,84,388	226	235,518	8.21	287,349*	7.87	290,000+	7,29,186	12	Dimakusi	12 1/2	12 1/2	15-20*	10	16/25	16/25
23,29,085	60,09,872	36,45,057	1,088	11,86,693	6.47	11,42,110	8.04	11,80,000	1,60,907	12	Golpur	5	5	5-Nil*	10	10/06	8/20
8,70,000	31,50,892	24,18,419	365	3,21,100	7.91	3,12,100	7.99	3,50,000	-1,00,179	12	Grob	Nil	Nil	Nil	5	2/62	2/69
13,50,000	22,18,805	15,78,143	440	6,08,800	6.70	6,18,600	7.24	6,20,000	7,58,597	12	Hoolungoorie	Nil	12 1/2	Nil	100	97/00	97/00
7,05,015	12,22,461	10,96,554	605	8,22,487	5.18	9,26,199	5.59	8,90,000	5,25,389	12	Judibari	10	20	10	10	11/00	11/00
6,50,000	12,49,252	2,80,000	140	2,33,909	6.29	2,34,732	7.42	2,60,000	1,10,283	12	Kotamullat P.	Nil	Nil	2 1/2	10	3/71	3/84
20,40,000	16,03,120	17,04,646	302	4,48,250	5.07	4,23,000	5.30	4,20,000	1,86,259	12	Krishnabehari	5	6	10	10	10/16	10/16
6,00,000	30,85,254	23,85,633	471	6,21,968	7.39	6,64,912	8.10	6,40,000	8,28,938	12	Ledo	6	7	10	10	8/25	8/25
6,00,000	...	...	383	...	...	...	...	...	1,13,494	12	Methoni	10	10	10-10*	100	10/19	10/19
8,00,000Po	23,07,340	9,84,630	207	2,16,900*	8.27	2,21,500	8.13	2,45,000+	22,545	12	Metholia	7 1/2	7 1/2	8 1/2	10	113/00	113/00
10,00,000	...	19,16,177	299	3,26,903	7.15	3,59,836	7.50	...	...	12	Murphulani	13.14	13.14	13.14-5.63*	10	9/50	9/50
8,99,700	17,84,281	16,96,300	286	234,518	13.52	2,34,622*	11.74	240,000+	1,51,858	12	Naga Hills	15	10	10	10	14/00	14/00
6,00,000	49,50,895	9,01,687	...	8,67,900*	7.66	8,45,600	7.82	8,65,000+	2,30,305	12	Nagri Farm	12 1/2	Nil	12 1/2	10	10/69	11/44
74,85,000	94,10,477	66,36,347	2,189	2,630,516	5.77	3,007,251	5.68	3,026,000	1,28,147	12	Rajgarh	7 1/2	Nil	12 1/2	10	9/37	9/37
17,94,000	27,41,352	5,57,913	674	444,233	6.28	436,577	6.95	4,60,000	1,776,293	12	Rydaik	Nil	5	40	10	7/09	7/09
10,00,000	15,35,696	12,15,750	283	396,400	7.31	388,600	7.91	4,30,000	1,97,453	12	Telojan	Nil	4	...	10	3/44	3/44
19,82,880	45,79,517	34,41,100	1,000	1,352,101	5.43	1,443,916	6.20	14,80,000	6,52,624	12	Tenzpani	5	20	12 1/2	10	9/00	9/00
									9,82,780	12	Tenzpore	5	5	15	10	15/25	15/25

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	Dividend per cent	Paid-up per share	Latest Market Quotations as available until 27-11-72 23-12-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970
MININGS											
£2,369,769	...	£285,782	£499,650	£620	£201,716	12		Burma Mines	Nil	Nil	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	...	5/00
£2,571,188	£7,014,046	£4,994,901	£293,392	£985,728	...	12		Indian Copper Corporation	9	10.1-10.5*	3/12
2,39,52,727	40,07,495	22,25,150	1,11,140	5,75,762	18,044	8		Metal Corporation P.	...	28h.	2/52
60,00,000	33,99,717	50,47,972	54,51,501	18,79,984	...	6		Orissa Mineral Development	5	10 12 1/2-12 1/2*	5/69
CEMENT, LIME, SLATE, ETC.											
59,90,843	1,20,04,528	25,32,469	15,55,034	...	...	3		Ashoka Cement	7	6	4/25
55,23,546	1,04,34,291	40,16,797	18,888	—10,73,604	...	6		Bengal Potteries	9	Nil	1/81
50,00,000	1,02,01,263	42,57,078	3,78,288	1,07,970	...	3		Bisra Stone Lime	12 1/2	15 15-15*Nil†	12/75
2,86,93,580	2,74,91,554	4,09,16,982	3,00,99,367	1,63,78,566	...	12		Dalmia Cement (Bharat) P.	12 1/2	12 1/2-12 1/2*	12/75
3,00,00,000	4,69,93,753	1,64,70,210	65,45,205	51,15,119	...	3		Jainpur Udvog P.	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	6	8	10/12
50,00,000	1,12,39,538	1,11,98,264	2,07,629	70,46,865	...	12		Kumardhubi Fireclay & Silica P.	Nil	20-20*	18/45
2,70,00,000	3,37,00,240	4,19,53,760	63,13,397	2,38,65,541	...	12		Orissa Cement P.	11	12 1/2	20/15
6,00,000	20,07,006	21,78,065	17,41,738	4,85,806	30,441	2		Reliance Firebricks & Pottery	Nil	Nil	6/62
75,00,000	63,28,018	44,95,600	5,26,116	12,18,198	6,105	12		Sone Valley Portland Cement	Nil	15	1/44
20,23,220	19,04,888	9,55,192	6,25,936	2,98,200	4,855	12		Sutna Stone & Lime	15	15-15*	8/81
CHEMICAL INDUSTRIES											
4,34,00,000	6,99,57,635	2,76,85,273	1,10,67,826	2,68,57,419	78	9		Alkali & Chemical Corpn of (I)	5	10 15-17 1/2*	24/69
15,00,000	...	...	...	...	...	3		Bengal Chemical & Pharm P.	7 1/2	Nil	35/50
£2,54,700R	76,41,344	68,84,605	21,11,440	18,06,053	1,30,717	3		Calcutta Chemical P.	18	9-9*	11/00
30,00,000	48,64,215	38,79,462	29,37,560	8,09,316	11,483	6		Chemicals And Fibres	27 1/2	27 1/2-25*	33/25
5,34,54,550	5,17,90,980	2,92,84,411	25,62,431	3,35,94,149	305	9		Frank Ross P.	Nil	21	1/37
4,95,000	1,31,355	1,38,245	41,188	1,15,552	210	2		Indian Explosives	15	15	23/60
4,80,20,000	52,70,62,104	3,60,65,954	1,51,88,269	2,98,94,320	751	9		Smith Stanistreet P	15	15	4/12
30,00,000	15,66,300	20,35,238	11,31,033	12,74,506	2,720	6		ELECTRIC LIGHTING, POWER			
19,99,600	2,78,34,554	48,06,732	15,68,313	—1,67,752	...	3		Agra Electric	10	10-10*	115/00
8,00,000	39,77,346	16,69,259	6,68,814	1,56,078	221	3		Bareilly Electricity	6	10	13/56
17,00,000	1,28,17,670	60,56,232	15,26,090	1,78,574	831	3		Benares Electric	6	Nil	10/25
5,91,000	16,64,579	10,99,239	13,29,578	1,66,821	25,297	3		Bhagalpur Electric Supply	11	11	8/50
£4,262,64	£21,086,133	£11,221,520	£1,141,964	£1,842,345	£80,891	3		Calcutta Electric Supply P.	9	9	10/62
43,20,000	1,10,73,188	52,45,587	35,65,119	25,36,602	36,929	3		Dishergarh Power Supply P.	9	9-9*	10/06
†1971											
†1972											

CAPITAL, 28th DECEMBER, 1972

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	Share paid up	Latest Market Quotations as available until 27-11-72 23-12-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			1968	1969	1970
22,49,700	71,82,278	34,32,158	8,71,829	2,03,107	879	3	Jubbulpore Electric	10	10	8/94
4,95,000	6,76,324	2,24,149	1,09,770	46,495	39,015	3	Muzaffarpore Electric Supply	Nil	...	5/50
5,82,300	25,58,752	11,94,466	2,92,621	5,39,691	970	3	Muzaffarpore Electric Supply	10	10	12/25
6,99,700	13,79,795	4,94,586	2,61,730	2,31,127	5,727	3	Muttra Electric	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	11	11	12/25
9,10,000	10,02,146	3,78,590	3,92,989	2,09,883	80,824	3	Shahjahanpur Electric P	10	8	6/50
16,80,000	23,25,097	21,59,665	5,72,754	8,19,417	...	3	Sijua (Jheriah) Electric	11	10	10/75
ENGINEERING & METAL										
6,00,000	17,68,727	7,28,551	3,76,395	8,30,823	4,14,416	12	Arthur Butler (Muzaffarpore) P	...	Nil	6/75
50,00,000	41,79,909	40,56,968	4,60,972	11,78,441	2,116	12	Bhartia Electric Steel	2 1/2	4-5*	9/06
1,60,00,000	2,95,78,876	68,19,483	4,66,566	—1,24,85,483	—99,88,070	12	Brithwaite & Co. (India) P	Nil	...	3/06
36,00,000	31,68,658	76,85,591	5,30,506	67,669	...	12	Bridge & Roof	10	2 1/2-Nil*	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	2/06
3,36,00,000	2,50,28,481	4,19,668	67,36,099	—47,52,044	—72,02,546	4	Burn P (Engineering)	Nil	Nil	53/50
1,00,00,000	78,72,496	35,76,143	1,38,735	11,37,299	20,066	3	Calcutta Steel	12 1/2	Nil	8/31
80,00,000	1,15,71,041	1,08,05,000	10,64,931	43,90,387	4,372	9	Electrosteel Castings	Nil	6-10*	18/56
6,32,18,740	13,45,53,632	13,45,53,632	4,80,70,359	9,44,30,367	...	12	Guest Keen Williams	Nil	8	33/95
17,50,000	19,81,222	4,69,100	44,641	—47,13,357	—92,69,970	12	Hooghly Docking	Nil	Nil	28/00
24,88,17,980	65,39,32,169	42,44,61,83	4,74,98,058	3,68,75,944	...	3	Indian Iron & Steel P	Nil	5	5/95
3,65,000	11,52,812	14,001	1,82,994	—4,15,836	—4,03,294	3	Indian Malleable Casting	...	...	2/00
1,54,000Dd	45,27,492	21,448	38,15,586	—79,03,827	—2,65,21,440	5	Indian Standard Wagon P	Nil	Nil	0/50
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	20	20-20*	25/37
18,00,110	8,12,705	14,81,244	20,005	4,82,056	...	12	Industrial Containers	8	12 1/2-10*	13/12
1,97,43,750	2,32,42,313	1,32,43,055	92,49,297	62,29,372	...	3	Jay Engineering P.	10	8-10*	11/06
60,00,000	1,58,15,049	34,97,297	12,59,358	12,39,173	...	6	J. K. Steel P	Nil	Nil	9/25
2,04,00,000	5,24,51,337	58,08,258	72,36,745	—52,42,917	...	10	Jessop & Co. P	Nil	Nil	4/06
76,99,599	2,49,73,420	62,34,017	8,34,928	42,20,254	...	11	Kumardhubi Engineering P	Nil	Nil	4/06
15,75,000	49,41,339	10,85,004	11,90,197	36,407	11,705	6	Marshall Sons (India)	4	Nil	0/69
6,00,000	7,80,759	25,02,189	4,09,276	6,40,851	882	3	Saran Engineering	Nil	6	0/69
60,00,000	38,16,740	42,02,195	1,31,67,024	34,83,175	...	12	Simon-Carves	7	15-15*	11/37
1,85,00,000	2,42,12,335	1,14,74,736	15,34,774	5,46,376	1,796	9	Sen Raleich Industries P	8	...	14/94
21,00,110	18,80,041	31,95,945	72,948	18,61,059	...	12	Steel Containers	20	...	4/75
50,00,000	3,66,85,121	1,75,98,168	16,18,295	2,07,33,885	26,409	12	Textile Machinery	Nil	Nil	21/00
24,98,770	9,57,264	8,62,208	54,061	11,63,624	...	3	Wellman Incandescent	8	10-Nil*10†	8/00

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.			1968	1969	1970	Rs.	Rs.
SUGAR BREWERIES ETC.												
14,00,000	37,57,555	29,56,633	3,69,922	76,906	23,683	6	Balarampur Sugar	8	10	10-Nil*8†	3/25	3/25
29,23,537	22,66,393	21,20,700	12,46,379	11,58,281	37,813	9	Belsund Sugar P.	13‡	13‡	13‡-18‡*	7‡	6/12
15,00,000	7,50,511	15,58,462	16,06,010	10,82,824	8,118	6	Carw (Sugar) P.	13‡	13‡	13‡	10	12/19
32,00,000	35,16,993	72,68,155	1,78,079	13,45,271	...	9	Cawnpore Sugar P.	6	Nil	Nil	10	5/06
30,00,000	1,09,94,218	20,28,064	16,86,026	3,86,111	-98,54,689	10	Champarun Sugar P.	Nil	Nil	Nil-Nil*	10	4/62
18,00,000	47,67,752	57,47,706	12,47,451	3,56,145	-16,39,071	6	Durbhanga	15	5	Nil-Nil*	10	9/56
38,01,380	34,96,500	42,10,647	1,65,304	17,20,330	18,493	8		10	7‡	Nil	10	5/12
11,00,000	6,45,722	3,75,000	10,90,564	95,437	52,205	6	New Savan Sugar and Gur	Nil	Nil	...	10	2/09
9,00,000	19,47,931	23,02,870	2,05,743	2,86,458	4,006	10	Purabpur Sugar P.	Nil	Nil	...	10	5/50
33,19,640	66,90,747	49,99,358	35,462	18,11,949	4,02,403	8	Rannugger Cane & Sugar P.	20	10	6	10	4/12
65,00,000	98,92,935	5,13,700	90,088	8,92,545	-1,51,49,295	10	Raza Buland	Nil	Nil	Nil-Nil*	10	1/81
8,00,000	6,07,238	7,72,778	3,77,846	4,24,492	13,204	6	Ryam Sugar P.	Nil	Nil	Nil	10	2/12
11,99,000	22,10,161	18,54,067	2,09,163	-2,24,407	-2,20,853	6	Shree Krishna Gyanoday Sugar P.	6	Nil	Nil	10	5/94
40,00,000	1,00,22,238	18,34,485	5,60,693	-6,11,276	...	7	Shree Sitaram Sugar	5	...	...	10	7/62
*15,89,000	13,29,503	16,01,933	30,60,111	-10,56,886	-10,54,435	8	Samasatipur Central Sugar	Nil	Nil	...	10	0/33
16,00,000	42,22,843	19,40,304	2,03,163	-11,15,414	-9,17,147	9	United Provinces	12‡	10	5	10	4/06
8,00,000	1,06,95,053	93,34,827	10,83,673	58,12,885	49,700	6	Upper Ganges Sugar P.	8‡	10	...	10	12/50
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.	12	10	Nil-Nil*	10	6/12
2,00,00,000	1,11,31,101	31,64,369	2,20,83,574	-28,79,900	-20,74,845	12	Andrew Yule P.	10	10	Nil-Nil*	10	5/69
45,00,000	21,08,091	41,32,692	16,15,805	8,78,163	7,745	8	Angelo Bros.	17‡	7‡	...	10	4/00
50,00,000	51,31,822	68,22,629	34,88,627	60,38,048	...	12	Assam March	15	17	20	10	21/00
2,12,40,000	1,51,62,982	1,96,52,643	47,28,730	1,98,20,213	...	8	Chloride India	16	18	20-20*	10	32/25
13,99,998	26,77,514	27,24,034	7,342	1,52,254	...	9	Assam Saw Mills & Timber	10	10	10	10	3/00
1,44,03,000	47,27,247	1,07,27,103	88,56,085	-20,58,464	...	12	Balmer Lawrie & Co.	8	8	8-Nil*	100	61/00
12,00,000	10,18,311	24,26,777	1,96,804	6,40,179	...	3	Bararce Coke	20	20	15-15*	10	4/50
20,00,000	...	12,33,387	60,20,330	3,65,454	...	3	Birds Investments P.	Nil	Nil	Nil-Nil*	10	6/62
2,65,60,560	2,69,62,492	2,84,09,721	73,75,842	1,90,60,160	...	3	Britannia Biscuit P.	15‡	18	22-16*16†	10	26/81
3,25,00,000	95,93,193	3,16,34,118	1,50,80,755	1,17,40,873	520	12	British India Corporation P.	Nil	Nil	7‡-5*	5	5/50
75,00,000	40,55,543	80,69,118	5,07,823	43,49,118	190	12	British Paints	10	12‡	12‡	10	19/00
6,70,00,000	4,43,03,788	8,25,29,835	3,22,33,731	4,68,92,569	...	6	Brook Bond India	13‡	17‡	20-20*	10	24/00
5,00,000	6,83,781	1,65,739	1,54,429	2,63,717	5,201	3	Calcutta Silk Manufacturing P.	5	5	...	10	6/87
1,38,80,000	...	11,90,378	99,47,020	9,82,906	29,802	12	Clive Row Investment	4‡	3	3.6-5*	10	6/31
1,30,68,000	44,43,937	2,12,31,701	3,03,58,518	43,80,512	1,701	12	Duncan Brothers & Co. P.	12	12	12-12*	100	112/00
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‡	20	20-20*	10	26/50

CAPITAL, 28th DECEMBER, 1972

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	
								1968	1969	1970		27-11-72	23/12-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.					Rs.	Rs.	Rs.	
76,89,000	12,886	72,15,524	1,73,93,710	8,56,617	...	12	Eastern Investments P.	4½	9½	10-7*	10	5/25	
8,00,000	1,30,000	17,53,593	26,45,450	1,14,087	...	12	Garuda Investments	5	10	10-10*	10	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.	10	Nil	...	10	12/50	
1,35,85,000	3,83,69,513	2,30,70,952	11,32,581	94,62,574	...	3	Fort Gloster P.	2½	2½	7½-7½*20†	100	203/00	
30,00,000	34,79,154	46,900	11,48,349	-15,43,626	-8,57,415	3	French Motor Car	Nil	Nil	Nil	20	14/12	
65,00,000	32,16,777	82,84,418	1,07,757	50,662	14,537	12	Ganges Rope	15	7½	7½-7½*	100	118/00	
60,00,000	1,11,02,321	1,64,22,765	62,728	1,49,24,337	...	3	Gillanders Arbuthnot & Co. P.	12	6	10-12*	10	8/50	
2,53,85,770	3,57,28,891	6,31,46,316	2,43,90,979	2,89,72,547	...	12	Godfrey Phillips (India) P.	35	12½	57½-35*	10	55/00	
60,00,000	85,99,204	89,83,480	15,36,551	56,83,645	50,050	6	Goodyear India	15	17½	47½	10	43/75	
30,00,000	43,74,366	17,66,560	1,60,432	1,09,512	794	3	Gramophone Co.	...	15	15-17½*	10	26/50	
59,15,000	12,12,97,991	1,57,327	36,27,386	4,65,783	...	12	Great Eastern Hotel	Nil	Nil	Nil	250	199/00	
13,16,52,080	39,55,60,435	9,62,29,604	1,12,45,563	1,10,91,716	-1,90,67,933	12	Hindustan Aluminium P.	10	10	12½	10	19/87	
1,80,00,000	1,89,35,894	70,29,294	9,44,407	17,77,745	1,16,00,286	3	Hindustan Motors P.	12½	10	Nil-Nil*-Nil†	10	7/35	
73,89,685	1,32,59,144	55,33,981	3,53,018	28,56,511	40,939	12	Hindustan Pilkington P.	10	8	8	10	6/19	
35,20,000	38,70,309	...	28,22,894	32,82,526	-24,61,728	12	Hindustan Sanitaryware	...	10	10-8*	10	17/50	
60,00,000	2,61,55,040	1,99,83,908	2,23,962	38,94,334	...	6	Hoare Miller & Co.	...	...	...	10	1/09	
18,94,72,008	12,54,72,008	19,28,02,459	1,76,13,525	7,58,96,179	2,019	3	India Carbon P.	16	16	16-18	10	31/37	
12,01,29,907	51,33,43,722	23,97,31,390	82,99,724	8,84,19,359	...	12	India Tobacco	11	13	13½-14½*14½†	10	16/62	
4,14,42,410	2,63,02,442	4,28,60,340	31,80,714	1,80,24,896	669	3	Indian Aluminium P.	14	14	14-17*	10	32/30	
4,62,00,000	6,38,04,037	5,72,17,647	44,41,845	2,01,58,480	...	3	Indian Cable	5	2½	2½-15*15†	10	20/05	
8,27,970	8,82,919	12,42,783	10,99,551	12,01,372	53,791	9	Indian Oxygen	12	12	14-14*	10	24/12	
36,00,000	3,27,367	23,27,768	6,65,286	9,23,042	...	9	Indian Rubber Manufacturers P.	Nil	Nil	Nil	10	4/50	
3,00,00,000	12,59,81,963	9,32,07,064	6,49,86,610	3,95,29,709	...	6	Indian Wood Products	9	15	9-10*	10	8/75	
2,00,00,000	34,05,575	1,46,21,613	5,60,66,475	15,68,387	4,671	3	J. K. Synthetics	12½	12½	15	10	49/56	
1,63,99,940	3,86,90,000	1,85,27,609	22,48,962	63,38,319	...	12	Jardine Henderson P.	4	Nil	Nil-Nil*	100	40/00	
1,99,95,910	8,34,86,880	5,94,09,281	54,62,407	1,38,89,365	...	3	Jay Shree Industries P.	10	10	11-14†	10	16/75	
28,00,000	7,77,149	12,44,497	41,75,893	5,38,942	...	3	Keenram Industries P.	13½	13½	Nil-Nil*†	10	18/10	
66,00,000	3,17,363	6,02,958	8,21,617	-4,078	-4,849	3	Lawrence Investment P.	2	Nil	...	100	40/50	
1,50,00,000	2,22,97,269	1,55,41,279	2,00,49,020	26,44,596	10,434	12	Macfarlane & Co.	Nil	Nil	Nil-Nil*†	5	2/00	
2,20,68,370	87,69,962	1,18,40,997	2,20,50,875	66,42,426	...	9	Macneill & Barry P.	Nil	Nil	...	10	0/56	
47,12,000	16,00,806	70,83,368	2,43,14,304	-8,352	6,075	12	Martin Burn Ltd. P.	5	5	6-Nil*	100	41/25	
6,64,12,500	8,55,94,455	3,42,60,151	1,04,93,946	1,85,48,253	46,689	3	McLeod & Co. P.	6	10	10-10*	10	5/62	
2,43,09,940	3,74,67,212	4,65,92,074	84,90,675	2,46,12,954	34,234	9	Metal Box Co. of India P.	Nil	Nil	...	100	93/00	
2,02,50,000	55,30,652	1,10,83,185	12,83,219	19,65,154	30,455	9	Mohan Meakin (Breweries)	9	9	6-8*†	10	13/37	
64,00,000	24,37,458	5,49,717	37,303	-1,18,321	...	3	National Insulated Cable P.	9	10	12-10*	5	8/56	
23,31,600	1,08,73,661	28,05,713	24,496	28,669	...	9	National Pipes & Tubes P.	5	5	10-8*†	10	8/19	
79,79,000	79,90,738	2,19,79,083	51,23,324	49,14,579	36,426	16	National Rolling & Steel Rope	2½	2½	4-Nil*	10	5/19	
50,00,000	349	22,04,845	46,17,593	3,59,824	7,563	12	National Rubber P.	5	5	2½-Nil*†	10	3/75	
					...	12	National Tobacco P.	12	5	Nil	10	4/00	
					...	12	New India Investment Corpn	8½	9	10	10	12/75	
					...	12		3½	4	...	75	50/00	

* 1971

† 1972

Paid-up Capital Ordinary	Net Block Account	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.			1968	1969	1970	Rs.	Rs.	Rs.

MISCELLANEOUS (Contd.)

7,50,000	1,45,424	14,17,824	26,24,396	2,06,371	...	12	Ondal Investments	7½	10	10-10*	10	14/10	14/10
2,06,25,000	1,15,52,807	1,16,24,371	71,27,888	56,84,173	...	12	Phillips Carbon	15	15	15-12*	10	18/37	19/25
5,46,00,000	8,46,74,317	5,07,60,571	1,25,85,376	6,72,31,786	...	3	Phillips India	20	23	20	10	41/37	41/50
9,15,840	1,21,513	5,48,306	5,58,468	2,24,446	3,421	8	Publicity Society	15	10	15-10*	4	5/00	5/00
2,25,00,000	1,70,09,152	1,63,07,489	3,17,04,611	1,38,08,197	...	3	Rallus India P.	13	13	13-14*	100	173/00	187/50
5,00,00,000	10,00,03,060	1,16,92,490	71,00,109	1,38,08,197	...	9	Rohas Industries P.	Nil	Nil	Nil-Nil*	10	3/55	3/80
46,20,000	30,70,796	50,41,065	57,82,419	57,85,613	9,029	10	S. S. Duncan	22½	22½	25-25½	10	31/50	31/50
12,84,000	2,475	7,03,253	20,26,403	1,58,141	...	12	Sendra Investments	3½	7	7-7*	10	4/75	4/75
94,27,380	4,73,03,083	10,00,000	14,42,952	1,00,411	13,613	12	Sirilk P.	Nil	Nil	...	10	2/87	2/81
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	...	10	28/00	28/75
12,28,50,000	21,00,22,876	10,58,34,115	1,62,17,249	7,87,62,326	90,797	3	Union Carbide	15	15	15-17½*	10	32/63	32/70
1,04,56,500	1,60,21,457	66,75,525	1,38,672	82,31,472	90,797	12	Universal Cables	10	10	10	10	18/94	19/25
31,53,000	21,00,895	24,10,887	23,11,142	20,62,997	26,527	12	Walford Transport	7½	7½	Nil	1	0/94	0/90
49,65,000	1,95,19,738	68,36,747	73,11,329	20,62,997	19,565	12	Williamson Magor P	...	...	10-10*	10	10/19	10/25
79,78,310	81,32,468	22,85,500	6,19,214	21,27,050	17,347	12	Woolcombers	3	6	7½	10	17/19	17/94

INSURANCE COMPANIES

13,30,000	25,62,842	1,73,03,719	1,69,70,197	24,44,374	8,216	12	Concord of India	18	21	...	15	12/00	12/00
54,00,000	9,76,169	1,40,13,348	1,89,99,721	26,29,556	1,708	12	Hercules	12½	15	20	10	20/50	20/50
70,00,000	88,52,753	3,54,11,725	6,03,24,106	1,00,89,564	6,555	12	Ruby General	12½	17½	...	100	20/50	21/00
5,75,000	16,564	80,62,937	1,10,14,358	6,29,089	...	12	Triton	...	...	...	100	165/00	165/00

FLOUR MILLS

30,00,000	8,53,225	24,72,889	3,59,195	6,57,031	...	12	Bengal Hooghly United	3	4	10-10*	10	13/00	13/00
9,00,000	43,29,335	10,08,825	1,12,313	5,88,939	9,191	12		Nil	10	15	10	11/50	18/50
5,00,000	2,74,745	8,46,582	7,17,820	3,83,396	1,06,671	11		5	5	...	10	18/50	11/50

OIL COMPANIES

1,00,00,000	1,20,71,184	2,14,52,673	4,45,17,920	77,18,876	...	12	Indo Burma Petroleum P.	15	12½	17-18*	10	19/06	18/62
12,00,000	13,06,860	12,83,186	6,05,708	2,77,070	...	10	Tide Water Oil	15	15	20-10*	10	9/75	9/75

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.			1968	1969	1970	Rs.	Rs.	Rs.
1,25,56,710	4,44,93,543	2,11,10,298	21,34,929	40,68,099	525	12	Bengal P	3.7	10	10-10*	10	14/31	14/31
1,23,48,000	1,43,86,660	11,56,270	6,90,791	—99,91,583	—99,91,583	3	India Paper Pulp	Nil	Nil	Nil-Nil*	10	3/69	3/90
8,81,74,500	24,89,00,000	3,61,27,428	55,68,530	1,15,51,401	39,888	3	Orient Paper P	10	10	10-11½*	10	34/60	35/15
3,49,92,051	7,75,30,726	2,14,50,604	27,29,740	1,35,95,008	37,035	3	Seshasayee	Nil	Nil	Nil-12*12½	10	11/87	12/19
2,73,19,050	4,28,25,108	94,29,176	63,90,889	2,93,680	1,08,791	6	Sirpur P	Nil	Nil	3	10	11/44	10/06
10,00,000A	3,75,86,520	73,75,834	7,81,658	37,13,676	...	3	Star Paper P	Nil	Nil	3	10	10/06	10/12
4,37,500PO	5,85,88,888	1,19,14,969	68,19,204	22,99,386	9,906	3	Titaghur P	13	13	13-13*	2½PO	3/25	3/50
3,64,03,500O	...	...	...	...	...	...	...	Nil	Nil	2½-4*	10AO	7/12	7/12
56,95,600	...	...	...	...	...	...	...	Nil	Nil	2½-4*	10BO	7/12	7/12
56,04,800B	...	...	...	...	...	...	...	...	...	...	10	16/75	19/06
1,24,20,800	...	...	...	...	...	...	...	...	...	...	...	...	...

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

1,59,00,780O	14,69,599	8,53,120	3,54,870	1,24,262	3,212	4-10	Bengal Bonded Warehouse	...	...	...	A500 R62½ C100 D12½	700/00 101/00 165/00 60/00	700/00 101/00 165/00 60/00
1,00,00,780O	18,59,983	6,80,906	12,73,261	—1,59,346	—1,59,346	9	Humayan Properties P	...	...	...	100	10/25	10/25
79,90,000	7,58,697	11,25,847	8,77,051	15,97,604	6,235	4	Midnapore Commercial	Nil	Nil	2.55-4*	85	1/25	1/25

TRAMWAYS & STEAMER

20,00,000	4,53,770	18,50,801	11,49,498	—76,884	618	10	Bengal Assam Steamship	Nil	Nil	Nil-Nil*	100	40/00	40/00
6,25,000	6,52,342	7,29,818	...	2,76,704	2,558	10	Calcutta Landing & Shipping	3	6	Nil	10	8/25	8/25
£700,000	£2,889,537	£1,565,916	£315,682	£153,252	£2,006	12	Calcutta Tramways P	...	...	...	£1	3/87	3/87
6,04,880	6,97,987	8,56,706	33,440	1,35,098	—633	3	Fraser & Co	...	...	...	10	2/55	2/56
2,47,50,000	11,40,45,033	4,54,36,418	2,02,39,857	—22,56,270	...	3	India Steamship P	8	10	Nil-Nil*	10	9/12	9/44
26,38,750	36,93,090	7,56,416	1,62,616	5,01,845	—7,77,604	12	Port Shipping	4	Nil	Nil-Nil*	10	10/44	—10/44

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			Latest Market Quotations as available until	
									1968	1969	1970	24-11-72	22-12-72
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	...	100	142/00
50,00,000	48,254	896	20,17,010	9,99,960	10,78,394	1,49,501	2,24,486	Apollo	Nil	...	...	2	0/46
4,75,80,675	...	...	7,93,95,787	36,820	66,397	52,12,519	8,54,505	Baroda Rayon	8	...	8	100	115/00
3,61,41,125	2,03,942	4,911	5,29,41,763	3,86,89,251	41,34,967	1,29,92,335	5,742	Bombay Dyeing, etc.	12	12	13-13*	25	40/75
3,54,88,200	1,18,296	2,760	13,29,50,831	17,91,06,285	12,43,04,683	11,66,59,128	...	Century P.	40	40	45	100	457/50
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	31/00
26,00,000	24,916	719	37,34,829	32,52,434	1,01,653	7,46,029	1,28,751	Coordia	9	9	...	100	98/10
28,00,000	43,512	...	33,97,504	29,03,230	5,19,246	23,98,267	2,06,873	Dawn	10	10	...	50	64/00
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	50	24/00
50,60,000	63,212	784	85,32,658	71,62,852	16,838	4,09,432	37,155	Finlay	10	11	12	100	159/00
39,04,700	77,966	...	19,75,309	43,25,176	23,64,706	12,85,523	85,195	Gokak	15	15	15	100	147/50
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	10	1/82
50,00,00,000	...	...	5,44,40,998	...	34,33,245	31,38,833	...	Indore Malwa United	Nil	Nil	...	100	165/00
2,49,62,500	50,074	1,426	93,21,338	34,30,000	28,02,268	3,23,559	16,269	Indian Rayon P.	Nil	Nil	...	100	80/00
59,85,000	65,260	1,514	1,07,21,545	82,79,165	25,00,707	76,87,297	38,751	Khatam Makarji P.	10	10	12	100	179/00
1,04,90,900	1,20,504	1,846	1,43,20,058	1,28,29,461	10,80,024	44,56,905	12,863	Kohinoor	Nil	12	17	100	163/00
89,60,000	49,880	1,369	1,68,41,759	73,73,674	4,43,460	24,99,262	49,14,154	Lakshmi-Vishnu P.	Nil	Nil	...	100	103/50
74,75,000	71,652	1,620	3,52,53,062	1,90,80,703	7,56,803	4,319,209	...	Morarjee Goculdas P.	15	15	15	100	140/00
24,00,000	45,944	432	23,52,760	7,45,700	10,79,000	15,67,753	8,456	New City of Bombay	5	6	...	100	68/00
30,00,000	46,884	1,029	22,27,098	25,72,444	27,32,568	12,48,697	153	New Great Eastern P.	Nil	Nil	...	100	49/50
48,00,000	54,244	728	53,94,222	35,02,899	1,54,21,523	21,027	27,380	Phoenix	Nil	Nil	...	100	78/00
60,48,000	49,840	1,258	1,23,70,283	66,23,351	1,51,647	48,66,416	4,444	Simplex	16	16	16	50	90/50
1,00,00,000	77,436	1,640	1,76,11,644	1,03,86,202	57,34,437	44,31,691	55,007	Shree Niwas P.	5	10	...	100	115/00
1,00,00,000	65,040	2,000	1,96,83,714	1,42,81,829	24,73,107	35,08,617	3,08,617	Svadeshi P.	9	9	12	100	145/00
36,00,000	40,328	549	56,94,838	71,73,330	7,774	8,20,551	26,062	Swan	15	12	13	100	130/00
65,57,875	63,248	1,800	2,12,86,475	1,12,83,538	11,32,192	20,80,953	1,422	Tata	Nil	Nil	6	25	30/50
12,00,000	45,508	1,308	62,07,441	12,11,933	31,81,227	52,10,985	8,027	Western India	9 1/2	9 1/2	9 1/2	250	95/00

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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			Latest Market Quotations as available until	
								1968	1969	1970	24-11-72	22-12-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.
28,48,19,000	54,03,18,992	2,309,51,069	5,67,61,310	7,22,02,669	26,574	7	Associated Cement	12	12	12-12*	100	109/75
8,74,77,100	21,08,70,540	5,71,02,246	1,74,28,417	2,86,98,076	640	3	Ahmedabad Electricity	9	9	12-9 1/2*10 1/2	100	84/30
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	11-12*12 1/2	100	122/00
3,08,62,525	17,32,36,060	7,09,54,506	95,51,600	1,63,63,660	5,804	3	Bombay Suburban Elec. P.	11	11	11-12*12 1/2	100	107/50
2,39,99,975	7,17,76,350	1,39,56,841	51,65,971	60,68,808	27,336	3	Tata Hydro Elec. Power P.	12	12	12-12*	100	122/50
5,15,56,000	17,59,03,832	3,61,11,341	57,28,753	1,22,80,113	29,988	3	Tata Power P.	12	12	12	100	122/50
4,00,00,000	4,17,27,117	3,84,62,466	10,69,469	2,44,16,732	...	12	Associated Bearing	Nil	10	12 1/2-15*	100	258/00
15,00,000	11,96,078	4,08,067	6,49,653	13,462	3,516	3	Jost's Engineering	Nil	...	10-12 1/2*11 1/2	50	23/52
4,51,72,090	8,65,88,248	5,78,47,971	2,44,12,757	2,61,26,790	...	3	Larsen & Toubro P.	15	10	10-12 1/2*11 1/2	10	23/52
1,31,25,000	5,834	1,00,53,052	1,79,52,042	3,35,178	59,102	12	Premier Construction P.	36	40	32	50	87/50
75,00,000	1,88,51,658	45,13,087	1,26,659	31,01,174	11,174	3	Sandvik	10	10	12-12*	100	295/00
1,77,77,250	1,68,38,555	...	21,840	17,72,188	50,40,288	12	Sankey Wheels	...	...	...	10	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 1/2	14 1/2	13 1/2-14 1/2*	100	216/50
38,58,01,715	1,06,01,94,089	55,88,00,520	14,65,79,877	14,12,24,932	...	3	Tata Iron & Steel P.	11 1/2	11	11-11*	75	82/00
1,40,00,000	2,07,06,661	1,90,55,523	7,84,083	1,72,51,693	10,477	4	Zenith Steel	9	10	10-12*	10	14/88
20,00,000	...	23,84,913	95,96,033	4,24,629	1,18,606	12	British India General	...	...	...	10	14/52
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	15	40/00
15,99,270	...	29,41,860	59,86,789	6,05,803	3,81,242	12	Vulcan	20	20	...	10	15/52
1,41,50,000	2,47,08,875	1,29,75,000	45,67,297	65,29,734	54,973	12	Alembic Chemical	12	12	12	100	148/75
2,64,82,500	1,99,34,223	1,01,714	1,37,52,145	8,04,219	7,87,678	12	Bayer	Nil	Nil	Nil	100	250/00
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	14	15 1/2	15	25	54/50
2,76,00,000	2,55,98,043	91,53,835	52,54,287	14,72,827	...	12	Ceat Tyres	9	11	11	100	267/50
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	10	100	150/00
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	20	25	12	10	30/00

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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			Paid-up per share	Latest Market Quotations as available until	
								1968	1969	1970		24-11-72	22-12-72
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.	
MISCELLANEOUS (Contd.)													
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	21/00	
99,99,250	3,754	20,08,796	1,44,31,515	8,97,490	30,418	12	Industrial Invt Trust	7	7	8	200	120/00	
11,99,900	13,82,957	7,34,142	14,05,223+	68,232	16,942	7	Kemp (Chemists)	...	...	...	100	185/00	
1,24,95,600	61,65,744	95,74,496	2,03,71,096	38,51,469	6,216	11	Killick Nixon	10	10	10-11*	100	95/00	
3,19,98,800	10,24,08,522	7,56,48,606	75,11,530	3,45,72,768	6,674	12	National Rayon	28	28	32-40*	100	379/00	
27,50,000	44,01,695	10,55,700	11,095	5,46,010	7,648	12	Permanent Magnets	9	...	...	100	129/00	
50,00,000	74,57,939	75,02,973	14,81,167	22,17,633	47,092	9	Phalton Sugar	24	20	...	50	88/00	
7,48,39,825	16,48,04,771	3,08,98,866	25,08,783	35,80,413	86,134	6	Premier Automobiles	Nil	Nil	Nil	100	52/50	
1,49,06,425	2,51,55,945	46,47,505	14,28,288	37,07,065	5,919	12	Sandoz	10	10	11	10	18/12	
11,27,72,980	45,59,05,602	18,66,12,210	27,16,96,643	2,70,72,552	5,06,469	6	Scindia Steam Navign	74	74	84-11*	20	26/35	
5,74,62,660	6,38,89,149	4,09,20,991	65,01,693	2,56,20,037	19,830	12	Synthetics And Chemicals	Nil	6	12-15*	100	157/00	
5,02,33,815	6,32,84,424	1,44,04,272	23,87,449	89,88,449	3,923	6	Tata Chemicals P	17	15	15	20	29/25	
1,05,05,475	2,21,88,319	1,25,42,386	47,75,465	50,73,815	1,187	8	Tata Oil P	17	19	18-18*	25	68/50	
5,19,48,000	4,56,76,290	3,91,18,361	2,00,29,210	3,16,91,055	...	8	Volta	15	7	15-15*	100	231/00	
4,95,00,000	4,24,16,171	2,76,57,532	1,86,60,810	1,81,42,255	...	12	Western Indip Match	11	12	12-12*	100	144/00	

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SOUTH INDIAN PLANTATION COMPANIES

Paid-up Capital Ordinary	Net Block Account	Reserve & other Funds	Hectares	Outturn and Average Price per kg/lb realised for crop	Net Profits	Accounts closed	NAMES	Dividends per cent	Paid-up per share	Latest Market Quotations as available until		
Rs.	Rs.	Rs.		Kilograms	Rs.			1968	1969	1970	Rs.	Rs.
3,50,000	12,57,795	5,72,253	...	1,12,000	1,48	12	Anandam P.	Nil	Nil	Nil	11/75	11/75
10,98,990	13,96,078	4,83,841	...	225,168	4.34	3	Balanoor P.	15	15	15-15*	10	14/50
17,32,230	3,36,253	3,36,253	...	3,59,331	1,65cts	5	Be Be P.	8	6	Nil-5*	5	1/95
20,53,480	35,53,194	24,06,114	1,832	8,37,342	5.22	3	Chemura Peak	15	10	10-12*	2	2/55
32,29,536	54,21,817	28,91,936	2,627	14,99,643	3.85	2	Cochin Malabar P.	10	124	15-17*18+	2	5/05
32,50,000	39,31,709	30,58,661	2,710	19,48,320	8,71,279	6	Coffee Lands P.	16	16	20-20*	10	18/55
71,55,000	1,15,74,494	63,44,278	7,001	60,81,120	25,60,562	6	Consolidated Coffee P.	184	184	15-18*	10	24/30
5,66,730	22,17,651	13,84,267	174	29,08,68	3,26,850	9	Conoor P.	20	20	20-7 1/2*	10	28/00
4,80,000	10,36,448	4,76,798	...	3,53,888	1.52	3	Coorg P.	10	10	10	2	2/10
6,00,000	11,82,508	2,17,761	...	1,57,785	1.47	3	Cottanad Plantation P.	10	15	Nil-10*	10	10/05
6,00,000	8,89,831	4,80,155	...	3,25,310	2.66	12	Devashola (Nilgiri)	5	9	15-15*	10	13/75
6,74,650	9,14,644	3,31,040	...	1,38,386	4.26	3	Devon P.	15	15	15-15*	10	14/75
7,50,000	3,38,952	1,26,500	...	1,12,936	2.66	12	Emerald Valley	20	20	10-8*	5	10/60
4,50,000	3,64,462	20,000	...	62,830	...	12	Gokul	15	15	15	2	2/73
25,00,000	42,82,150	17,77,500	...	17,21,550	2.04	12	Hailevburia P.	10	8	10	10	7/72
1,85,700	28,02,058	10,77,705	...	9,59,804	1.67	3	Kailasa	15	15	15-15*	2	2/95
9,00,000	12,32,263	7,23,749	378	3,14,942	...	3	Kalasa Tea Produce	14	16	15-15*	2	3/10
17,17,076	28,48,525	14,32,010	811	4,62,975	5.54	10	Kil Kotagiri P.	15	...	...	2	2/35
5,00,000	9,11,259	1,21,604	267	305,757	2.31	10	Lucky Valley	10	10	10	10	21/00
13,50,000	19,78,359	9,14,031	1,785	3,42,784	3.03	3	Malankara	22 1/2	35	25	10	28/25

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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.	1968	1969		
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	74	10-10*	10	10/00
14,06,250	33,53,804	7,45,346	1,587	9,98,596	2.90	1,60,000	3	Nilgiri P	Nil	5	5-7*	10	6/45
23,10,000	24,28,291	11,02,621	1,057	7,29,106	2.92	16,62,532	1	Nonsuch	174	174	20-20*	10	17/25
9,75,000	11,21,586	3,67,000	293	2,29,900	...	3,27,700	3	Ossoor	12	15	15-18*	2	3/10
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	29/00
17,00,000	27,36,576	12,82,318	1,563	10,83,565	4.20	11,29,838	12	Peermade P	10	10	114	10	11/10
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	14/25
57,94,880	78,72,019	20,68,711	2,074	23,46,900	3.88	13,16,964	3	Periakaramalai	18	14	14-15*	2	2/87
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	14/25
2,00,000	3,14,567	1,53,963	711	...	4.48	1,18,791	3	Rajendra P	30	30	40-50*	5	22/00
10,00,000	20,71,084	2,48,373	1,454	4,30,695	1.51	63,263	3	Teekoy P.	15	15	6-Nil*	10	6/15
9,15,300	14,26,883	10,75,840	2,365	2,35,780	3.20	2,77,689	9	Thirumbadi	Nil	6	5	1	1/90
6,00,000	6,51,402	46,742	1,307	2,23,794	3.21	30,950	12	Travancore Rubber	8	8	Nil	10	5/60
41,00,000	72,63,801	12,63,584	2,535	12,19,484	...	10,61,172	12	Travancore Rub & Tea P	8	8	8	10	6/45
20,00,000	23,48,701	1,36,000	3,028	6,38,402	1.00	2,02,762	12	Tropical Plantation	14	14	14-17*	25	18/37
81,93,280	30,03,223	17,04,089	3,638	8,28,976	5.11	12,85,658	3	United Nilgiri	15	15	15	10	18/85
8,80,010	9,26,839	2,82,051	952	4,94,400	1.50	2,20,09	12	Vaikundam	10	12	Nil	10	22/00
													16-12-72

SOUTH INDIAN COTTON MILLS

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.					1968 1969 1970		26-11-72 16-12-72
30,00,000	67,98,387	62,16,405	2,33,650	15,12,989	4,952	12	Anglo-French P.	15 15 15		Rs. Rs.
20,00,000	22,72,373	31,406	96,302	7,68,513	42,421	12	Cambodia P.	Nil Nil Nil	10	146/00 153/50
35,99,600	74,98,712	39,35,014	8,68,959	20,95,517		12	Coimbatore Cotton	5 10 11	100	1/40 3/00
30,76,900	47,91,212	7,98,681	22,227	-7,52,342	-10,23,340	1	Coimbatore Spg. & Wvg.	Nil Nil	50	94/00 108/00
										115/50 115/50
1,59,75,000	2,32,44,382	90,38,303	60,65,440	24,96,190	1,354	3	Lakshmi	8 12-12*10† 50	50	64/00 64/00
7,00,09,920	6,35,99,316	4,44,31,862	70,04,795	2,01,35,292	9,370	3	Madura	10 10 8	15	18/12 18/50
1,13,61,000	50,79,268	46,70,299	5,84,128	51,61,924	179	3	Mettur Beardsell	20 15 174-19* 100	100	173/00 185/00

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ISSUE DEPARTMENT (In 000's of Rupees) Week Ended

	15-12-72	8-12-72	17-12-71
Liabilities—			
Notes in Banking Dept.	24,47,94	11,56,25	21,16,67
Notes in Circulation	48,14,02,36	48,01,94,61	44,33,92,78
Total Notes Issued	48,38,50,30	48,13,50,86	44,55,09,45
Assets—			
A. Gold Coin and Bullion	1,82,53,11	1,82,53,11	1,82,53,11
Foreign Securities	1,71,65,38	1,76,65,38	1,70,92,00
Total of A	3,54,18,49	3,59,18,49	3,53,45,11
B. Rupee Coin	19,98,98	20,00,04	41,09,79
Rupee Securities	44,64,32,83	44,34,32,33	40,60,54,55
Total	48,38,50,30	48,13,50,86	44,55,09,45

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	2,09,00,00	2,09,00,00	1,90,00,00
National Agricultural Credit (Stabilisation) Fund	15,00,00	45,00,00	39,00,00
National Industrial Credit (Long Term Operations) Fund	1,75,00,00	1,75,00,00	1,35,00,00
Deposits—			
(a) 1. Central Govt.	52,16,93	55,99,63	1,17,17,46
2. State Govts.	15,00,16	20,09,81	3,20,43
(b) Banks—			
(i) Scheduled Banks	3,27,09,86	2,79,90,24	2,40,19,01
(ii) State Co-operative Banks	10,95,63	12,04,63	9,20,93
(iii) Non Scheduled State Co-operative Banks	1,03,77	11,03,52	94,22
(iv) Other Banks	30,87	31,57	33,93
(c) Others	86,55,44	89,56,12	1,06,25,93
Bills Payable	90,11,22	60,02,05	64,97,43
Other Liabilities	3,46,30,84	3,46,19,84	2,55,99,76
Total	15,13,54,72	14,49,17,41	13,17,29,10

Assets—			
Notes	24,47,94	11,56,25	21,16,67
Rupee Coin	5,62	3,36	4,25
Small Coin	3,16	3,03	2,89
Bills Purchased and Discounted:—			
(a) Internal	1,07,48	96,45	3,43,38
(b) External	3,90,98,40	3,59,54,45	78,43,38
(c) Govt. Treasury Bills	1,51,03,35	1,44,63,50	2,30,06,54
Balances held abroad	3,54,71,22	3,61,96,33	61,05,38
Investments			
Loans and Advances to:—			
(i) Central Government	48,00,00	44,59,51	4,00,88,83
(ii) State Governments			
Loans and Advances to:—			
(i) Scheduled Banks	17,02,35	12,95,30	15,00
(ii) State Co-operative Banks	2,60,70,53	2,38,85,46	3,81,12,29
(iii) Others	3,89,72	4,10,92	5,23,90
Loans, Advances and Investments from			
National Agricultural Credit (Long Term Operations) Fund			
(a) Loans and Advances to:—			
(i) State Govts.	53,60,16	53,63,21	42,67,90
(ii) State Co-operative Banks	21,79,77	2,18,07	21,08,37
(iii) Central Land Mortgage Banks			
(iv) Agricultural Refinance Corp.	10,00,00		
(b) Investment in Central Land Mortgage Bank Debentures	11,08,56	11,08,56	10,40,61
Loans and Advances to State Co-operative Banks	28,98,83	29,00,69	21,93,79
Loans, Advances and Investments from			
National Industrial Credit (Long Term Operation) Fund	93,06,94	93,06,94	76,17,71
the Development Bank			
Other Assets	43,00,69	41,95,38	38,16,21
Total	15,13,54,72	14,49,17,41	13,17,29,10

(In lakh of Rupees) Week Ended

	8-12-72	1-12-72	10-12-71
(i) Demand Liabilities—			
(a) Demand Deposits:—			
(1) From Banks	2,13,04	2,07,52	1,71,24
(2) From others	34,66,44	34,81,77	29,07,83
(b) Borrowing from Banks	71,62	73,92	61,09
(c) Others	2,24,49	2,22,74	1,63,80
(ii) Time Liabilities—			
(a) Time Deposits:—			
(1) From Banks	2,36,77	2,25,72	1,77,33
(2) From others	47,44,89	47,24,75	39,65,37
(b) Borrowing from Banks	16,01	14,05	13,58
(c) Others	53,39	52,08	50,53
(iii) Borrowing from State Bank—			
(a) Demand Liabilities	26,05	24,78	12,55
(b) Time Liabilities	89,08	88,30	76,55
(iv) Borrowing from Reserve Bank	3,01,66	2,97,33	3,18,17
(v) Cash	2,09,28	2,15,61	1,76,52
(vi) Balances with Reserve Bank	2,94,00	2,90,26	2,46,90
(vii) Balances with other banks in current account	91,08	95,07	88,36
(viii) Money at call and short notice	1,22,17	1,12,18	92,17
(ix) Investments in Central and State Govt. Securities	22,97,98	23,32,15	17,04,28
(x) (a) Loans, Cash Credits and Overdrafts	44,65,64	44,48,05	40,04,69
(b) Due from banks	5,25,68	5,14,77	5,15,22
(xi) Inland Bills purchased and discounted	7,63,10	7,74,54	7,15,41
(xii) Foreign bills purchased and discounted	2,20,36	2,19,65	2,09,23
(xiii) Total of X, XI and XII	59,74,78	59,57,01	54,44,55

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	1891.92	1567.52
1971		
August	145.19	127.29
September	153.25	117.52
October	130.88	125.11
November	159.56	134.84
December	188.45	143.61
1972		
January	177.79	143.37
February	152.05	134.86
March	142.97	156.85
April	143.90	156.01
May	127.62	153.77
June	138.26	140.86
July	148.82	141.37

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

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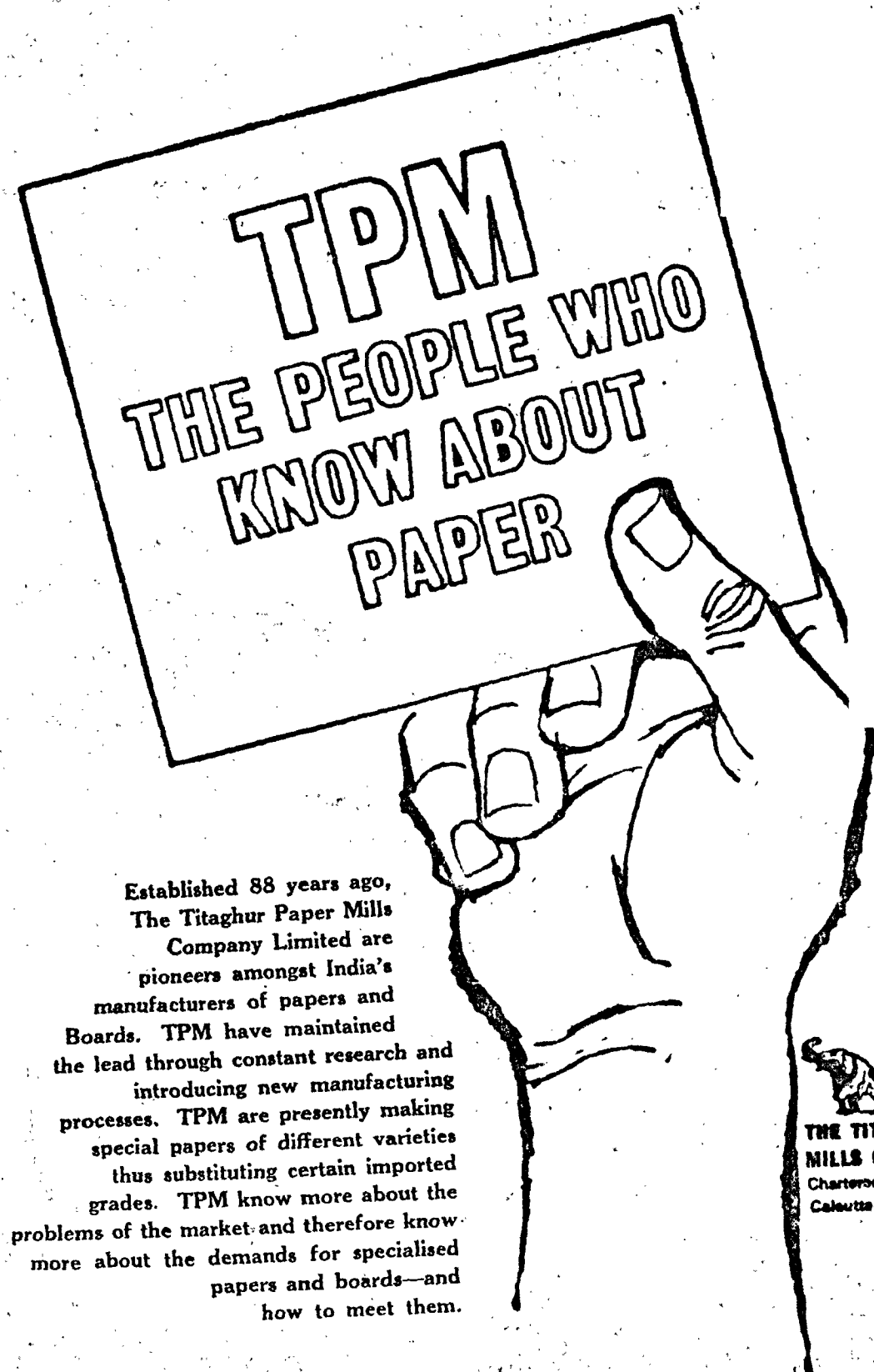
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